5.1.3 *AirAsia Group in Indonesia*

PT Indonesia AirAsia was established in 2004 and has grown to an operation with five hubs and 19 A320-200s. Although Indonesia AirAsia reduced its fleet size in 2011 from 18 to 17, two aircraft have already been added to the fleet in 2012 and two additional are scheduled to enter the fleet before year end 2012. The decrease in fleet number resulted from the retirement of Boeing 737s, accomplishing AirAsia Group's goal of operate a single-type fleet of Airbus A320s.

In 2012, AirAsia Berhad presented but then rescinded a bid to purchase Batavia Air, the second largest LCC in Indonesia after Lion Air, with the plan to combine Batavia Air's operations with those of PT Indonesia AirAsia. Instead, PT Indonesia AirAsia and Batavia plan to cooperate on ground handling, distribution and inventory systems and to establish an aviation training joint venture to address an expected shortage of skilled pilots in Indonesia.

Table 18, below, documents the total number of domestic and international passenger movements at airports in Indonesia.

Table 18

HISTORICAL PASSENGER MOVEMENTS
Airports in Indonesia
2009~2011[23]

	Passenger Movements				CAGR
Service	2009	2010	2011	2011 share	2009~2011
Domestic	87,616,066	103,551,312	120,078,586	88.0%	17.1%
International	10,008,112	13,229,874	16,304,266	12.0%	27.6%
Total	97,624,178	116,781,186	136,382,852	100.0%	18.2%
Growth					
Indonesia AirAsia	3,461,896	3,921,039	5,009,924		20.3%
Share of all activity	3.5%	3.4%	3.7%		

[23] Sources: Indonesia Directorate General of Civil Aviation and AirAsia Group annual reports.

5.1.4 *AirAsia Group in the Philippines*

AirAsia Philippines Inc. was launched in March, 2012 with routes to Kalibo, Davao, and Puerto Princesa from Manila's Clark Field, and with plans for at least two more destinations before year-end 2012.[24] AirAsia expects high growth to occur in the Philippines due to the large population, archipelago geography, current government focus on tourism, strong historical tourism growth, and expectations for high growth of aviation traffic in general in the country. The Philippines Civil Aeronautics Board expects air travel in the country to grow by double digits.[25]

Table 19, below, documents passenger movement growth in the Philippines over the last several years. As shown, passenger movements in the country grew at a CAGR of 12.0% from 2009 to 2011. LCC Cebu Pacific now has the largest share of passenger activity in the Philippines.

Table 19

HISTORICAL AIR PASSENGER MOVEMENTS
Philippines
2009~2011

	Passenger Movements				CAGR
Carrier	2009	2010	2011	2011 share	2009~2011
Philippine Airlines	9,442,563	9,244,324	8,218,053	23.9%	-6.7%
Cebu Pacific	8,860,548	10,047,944	10,940,581	31.8%	11.1%
Zest Airways	879,694	1,326,807	2,374,420	6.9%	64.3%
SEAIR	184,367	199,771	335,138	1.0%	34.8%
Airphil Express	408,863	1,872,277	3,849,953	11.2%	206.9%
Spirit of Manilla	39	10,464	4,841	0.0%	1014.1%
Others	7,671,305	8,149,826	8,710,172	25.3%	6.6%
Total	27,447,379	30,851,413	34,433,158	100.0%	12.0%

Source: Philippines Civil Aeronautics Board, 2012.

[24] AirAsia Annual Report, 2012.
[25] AirAsia Annual Report, 2012.

5.1.5 *AirAsia Group in Japan*

Efforts in 1998 to deregulate Japan's domestic aviation industry led to the creation of several discount carriers, including Skymark Airlines and Hokkaido International Airlines (Air Do). However, the LCC model has taken longer to fully develop in Japan due in part to high operating costs, constrained airport capacity, and competition from train services in the country. LCC capacity has recently begun to increase rapidly, with LCC shares of domestic seat capacity offered in Japan at 21.9% in 2012 YTD, more than doubling from the LCC seat market share of 9.0% in 2011.[26]

Skymark is currently Japan's largest discount carrier, with its headquarters at Tokyo Haneda Airport. It is the dominant carrier at Kobe Airport. Other LCCs operating in Japan are Starflyer, based on the hybrid LCC model offered by JetBlue in the US, and JAL Express, a wholly owned subsidiary of Japan's flag carrier, Japan Airlines, that operates scheduled and non-scheduled passenger services.

Three new LCCs will commence operating in 2012 in Japan including AirAsia Japan Co. Ltd., a joint venture between AirAsia and ANA. AirAsia Japan Co. Ltd. received its operating certificate in February 2012 and launched services with its first flight on 1 August 2012 from Narita to Fukuoka. AirAsia Japan Co. Ltd. expects to grow to a fleet of four A320s during its initial phase of operations. Operations will focus first on domestic service but are expected to expand in the future to destinations in the neighbouring countries of China, Korea, the Philippines, and Russia.

Other new LCCs that will be competing with AirAsia Japan Co. Ltd. are Jetstar Japan, a low cost airline joint venture between Qantas subsidiary Jetstar and Japan Airlines, and ANA's LCC subsidiary, Peach, which commenced operations on 1 March 2012 between Osaka Kansai and Sapporo New Chitose Airport.

Despite competition in the market, AirAsia expects strong growth from AirAsia Japan Co. Ltd. due to AirAsia's competitive advantages in the region and the strong market for air travel in Japan. Japan has the highest GDP per capita in Asia and large population with a historical interest in tourism.

5.1.6 *AirAsia Group in China and India*

Although AirAsia Group has not announced plans to establish operation bases in China or India, AirAsia Group carriers operate a significant number of flights to/from the countries and has announced plans to increase the number of routes and frequencies for both countries. Due to the size of the populations and rapid development and increase in income occurring in these countries, S-A-P believes that significant opportunities exist for growth into China and India.

[26] CAPA (Centre for Aviation) based on OAG data, 18 August 2012. 2012 data reflects January~August 2012 activity.

Current markets served by AirAsia Group carriers in the two countries include the following:

China	India
Beijing	Kolkata
Hangzhou	Chennai
Chengdu	Tiruchirappalli
Chongqing	Kochi
Guilin	Bangalore
Guangzhou	
Shenzhen	

5.2 AirAsia Group's Fleet Plan and Growth Prospects

Table 20 outlines AirAsia Group's current fleet and aircraft on order. 211 Airbus A320s are currently on order, with deliveries currently in process. Another 264 Airbus A320-NEOs are on order, for delivery between 2016 and 2026. Based on the number aircraft on order, AirAsia Group has the capacity to more than triple its current fleet.

Due to the young age of the 100 aircraft currently in operation, retirement of existing aircraft could be avoided for several years into the future, giving AirAsia Group significant potential for expansion.

Table 20

AIRASIA GROUP FLEET PLAN
As of Year-End 2011

Current Fleet	Aircraft
Airbus A320s	
AirAsia	57
Thai AirAsia	24
Indonesia AirAsia	17
Philippines' AirAisa	2
Subtotal	100
Airbus A330s and A340s	
AirAsia X	11
Total: Current Fleet	111
On Order	
Airbus A320	211
Airbus A320-NEO	264
Airbus A330s and A350s	34
Total: On Order	509

Source: AirAsia Annual Report 2011 and other sources, 2012.

AirAsia Group has been very successful in growing their business over the past ten years. The company is aggressive in leveraging its successful brand, marketing strength, and unique culture to enter new markets, stimulate demand, and compete successfully against incumbent, full-service carriers and other LCC start-ups. S-A-P expects AirAsia Group to continue its growth and expansion in existing markets and new markets as opportunities become available.

6 AVIATION INDUSTRY OUTLOOK

6.1 Global Aviation Demand Forecasts

Historical and forecast passenger growth rates for select air markets are provided in the sections that follow. The forecasts are based on industry publications that rely on econometric analysis of socioeconomic growth factors, global surveys of origins and destinations and infrastructure development, and other factors and analysis. As with most aviation activity forecasts, significant levels of judgment are employed and actual results may be significantly different than the forecasts.

As shown in Table 21, which follows, global passenger air travel, as measured in revenue passenger kilometres (RPKs), grew at a CAGR of 4.5% from 2001 to 2010 and is forecasted to grow at a CAGR of 5.1% from 2011 to 2030.

Table 21

HISTORICAL AND FORECAST ANNUAL PASSENGER GROWTH RATES
Activity (in RPKs) Within Select Regions of the World
2001 to 2030

	CAGR	
	Historical	Forecast
	2001-2010	2011-2030
Global	4.5%	5.1%
Within regions		
within China	16.2%	7.5%
within Europe	4.1%	4.0%
within Middle East	12.3%	5.0%
within North America	1.4%	2.3%
within Northeast Asia	-1.2%	3.3%
within Oceania	5.3%	4.7%
within South America	9.4%	7.0%
within South Asia	12.8%	9.4%
within Southeast Asia	9.7%	7.4%

Source: The Boeing Company, Current Market Outlook, 2003, 2009, and 2011.
Northeast Asia: Japan, North Korea and South Korea
South Asia: India, Pakistan, and Afghanistan
Southeast Asia: Brunei, Burma, Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Taiwan, Thailand, and Vietnam
Oceania: Australia, New Zealand, Melanesia, Micronesia and Polynesia

6.2 Asia-Pacific Aviation Growth Considerations

For several reasons, S-A-P anticipates that Southeast Asia's domestic and international markets will enjoy strong long-term growth rates:

- *Proximity to major populations with strong economic growth.* Approximately one-tenth of the world's population lives within Southeast Asia, one-third within Asia-Pacific, and half in Asia, indicating the potential size of the regional aviation market. However, as a result of low GDP per capita throughout most of the region and other factors, a large proportion of the population has, historically, been unable to afford air transportation. As mentioned previously, S-A-P expects the affordability of air travel to grow with increases in GDP per capita and growth in LCC development, which should result in higher population penetration of air travel.
- *Location on major trade routes*. Southeast Asia is well positioned between Europe/Middle East and the Pacific region, as well as between North Asia and South Asia, all containing large population and emerging economic centres.
- *Proximity to China*. With strong economic growth, business links, and increasingly relaxed restrictions on travel to foreign destinations, travellers from the world's most populous country have and will continue to create significant demand for leisure and business travel to Southeast Asian countries.
- *Proximity to Australia and Japan*. Australia and Japan have two of the most mature economies in the region, with a high GDP per capita, high levels of disposable income, high propensity to travel rates per capita, and strong tourism connections with Southeast Asia.
- *Location between South Asia and China*. The region's role as a destination for visitors from China (the world's most populous country) and South Asia, which includes India (the world's second most populous country), Pakistan (sixth), and Bangladesh (seventh) will grow in prominence as the people of these countries increase their frequency of travel.
- *Transport substitution*. As income levels increase and air transport costs decrease, S-A-P expects air transport will increasingly substitute for land and sea-based transport modes such as rail, buses, and ferries.
- *Liberalisation of aviation agreements*. Southeast Asian countries have become more liberal with their aviation agreements, both within ASEAN and with other countries.
- *Tourist infrastructure*. The region's well-developed tourist infrastructure will continue to attract leisure travellers.
- *Urbanisation*. The share of the population in Southeast Asian countries living in and moving to cities is generally expected to continue to increase.

6.3 Potential Constraints to Aviation Industry Growth in Asia-Pacific

The opportunities for industry-wide aviation activity growth could be offset by:

- *Increased fuel prices and/or unfavourable currency exchange levels* could constrain aviation demand if air and other travel costs increase and travellers' disposable income levels decrease.
- *Regional conflicts or scares*. Civil unrest, terrorist events, or other events could constrain future activity levels.
- *Travel restrictions*. Government restrictions on travel, by limiting the number of entry/exit visas issued or by imposing high visa costs, could limit future aviation growth.
- *Insufficient airport or airspace capacity*. Economic or other constraints could result in delays or changes in plans by governments regarding planned aviation industry infrastructure expansion. However, significant investments have been made in airline and airport infrastructure during the previous decade, notwithstanding economic and other shocks that negatively affected airline traffic growth.
- *Environmental factors*. Natural and man-made environmental events, such as haze, volcanic ash, and natural disasters could negatively impact future activity levels.

6.4 Asia-Pacific Aviation Demand Forecasts

According to the Boeing Company, passenger air travel in the Asia-Pacific region—as measured in RPKs—grew at a CAGR of 9.5% from 2003 to 2010, one of the highest growth rates in the world during this period, and is expected to experience strong growth rates from 2011 to 2030, continuing to be one of the fastest growing regions in the world long term[27].

Travel volumes in the Asia-Pacific region are already large, accounting for approximately 27% of global travel, according to Boeing[28]. Air travel, as measured in RPKs, within the Asia-Pacific region is projected by Boeing to grow at a CAGR of 7.0% from 2011 to 2030. Boeing expects air travel (RPKs) to, from, and within the Asia-Pacific region to grow at a CAGR of 6.7% during the same period.

Table22, below, documents forecasted growth rates between major regions of the world. As shown, growth rates to and from the Asia-Pacific region are some of the highest inter-regional growth rates.

[27] Boeing Current Market Outlook, 2011
[28] Boeing Current Market Outlook, 2011

Table 22

FORECAST AVERAGE ANNUAL PASSENGER GROWTH RATES
Activity (in RPKs) Between Regions of the World
2011~2030

	Forecast CAGR					
Region	Africa	Latin America	Middle East	Europe	North America	Asia-Pacific
Asia Pacific	8.1%	5.7%	7.2%	5.9%	5.1%	7.0%
North America	6.4%	5.4%	7.3%	3.6%	2.3%	
Europe	4.6%	4.8%	5.4%	4.0%		
Middle East	6.4%	-	5.0%			
Latin America	6.0%	6.7%				
Africa	5.1%					
Global/Total	5.1%	6.9%	6.6%	4.3%	2.9%	6.7%

Source: The Boeing Company, Current Market Outlook 2011.

6.5 Southeast Asia Aviation Demand Forecasts

Southeast Asia is one of the world's most dynamic regions for air travel. Passenger air travel within Southeast Asia grew at a CAGR of 7.3% from 1985 to 2010, as measured in RPKs, and is projected to grow at a CAGR of 7.4% from 2011 to 2030.

Historical and forecast growth rates for passenger activity within the Southeast Asia region and between the Southeast Asia region and select world regions are shown in Table 23, below.

Table 23

HISTORICAL AND FORECAST ANNUAL PASSENGER GROWTH RATES
Activity (in RPKs) Within and Between Southeast Asia and Select Regions of the World
1985~2030

	CAGR						
	Historical						Forecast
	1985~1990	1990~1995	1995~2000	2000~2005	2005~2010	**1985~2010**	2011~2030
Within Southeast Asia	11.1%	12.5%	-0.1%	9.7%	3.7%	**7.3%**	7.4%
Between Southeast Asia and:							
China	12.4%	9.7%	5.0%	9.1%	3.3%	**7.8%**	8.3%
Oceania	14.7%	6.4%	6.9%	4.8%	2.0%	**6.9%**	5.9%
Northeast Asia	15.2%	6.4%	1.8%	7.0%	0.9%	**6.1%**	6.0%
South Asia	0.5%	6.9%	6.2%	8.1%	6.9%	**5.7%**	8.5%

Source: The Boeing Company, Current Market Outlook, 2003, 2009, and 2011.
Northeast Asia: Japan, North Korea and South Korea
South Asia: India, Pakistan, and Afghanistan
Southeast Asia: Brunei, Burma, Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Taiwan, Thailand, and Vietnam

7 THE NON-LIFE INSURANCE MARKETS OF MALAYSIA, THAILAND, INDONESIA, THE PHILIPPINES AND THE REST OF ASIA (EX-JAPAN)

7.1 Overview

The following tables set forth the historical and nominal amounts and growth of non-life premiums by country in the Asia ex-Japan region, as well as Europe, North America and Japan, from 2006 to 2011.

Table 24

NOMINAL NON-LIFE PREMIUMS
US$ millions
2006 to 2011

	Year					
Location	2006	2007	2008	2009	2010	2011
China	25,708	33,810	44,986	53,872	71,628	87,319
South Korea	30,342	35,019	30,046	34,835	42,905	51,223
Taiwan	10,318	10,708	11,517	11,444	12,505	14,283
India	5,747	7,597	7,299	8,274	10,395	12,187
Singapore	3,450	4,204	4,827	6,037	6,688	8,188
Thailand	3,240	3,764	4,321	4,336	5,285	6,028
Malaysia	2,683	2,981	3,175	3,331	4,434	4,965
Indonesia	2,025	2,210	2,199	2,777	3,839	4,655
Hong Kong	2,339	2,480	2,736	2,961	3,080	3,293
Vietnam	419	514	672	800	916	1,027
Philippines	641	774	857	690	865	991
Kazakhstan	974	1,164	1,062	705	823	989
Sri Lanka	250	282	354	365	330	382
Bangladesh	129	155	183	205	229	255
Asia ex Japan	**102,742**	**123,318**	**135,406**	**153,259**	**189,177**	**225,439**
Europe	**573,703**	**649,538**	**707,615**	**660,968**	**658,573**	**713,699**
North America	**690,708**	**714,090**	**719,072**	**702,425**	**718,847**	**736,152**
Japan	**95,895**	**96,084**	**103,022**	**108,619**	**117,246**	**130,741**

Source: Swiss Reinsurance Company Sigma Reports No. 4/2007, 3/2008, 3/2009, 2/2010, 2/2011, 3/2012.

Table 25

NOMINAL NON-LIFE INSURANCE MARKET GROWTH
2006 to 2011

Location	2006~2007	2007~2008	2008~2009	2009~2010	2010~2011	CAGR (2006~2011)
China	31.5%	33.1%	19.8%	33.0%	21.9%	27.7%
Vietnam	22.7%	30.7%	19.0%	14.5%	12.1%	19.6%
Singapore	21.9%	14.8%	25.1%	10.8%	22.4%	18.9%
Indonesia	9.1%	-0.5%	26.3%	38.2%	21.3%	18.1%
India	32.2%	-3.9%	13.4%	25.6%	17.2%	16.2%
Bangladesh	20.2%	18.1%	12.0%	11.7%	11.4%	14.6%
Thailand	16.2%	14.8%	0.3%	21.9%	14.1%	13.2%
Malaysia	11.1%	6.5%	4.9%	33.1%	12.0%	13.1%
South Korea	15.4%	-14.2%	15.9%	23.2%	19.4%	11.0%
Philippines	20.7%	10.7%	-19.5%	25.4%	14.6%	9.1%
Sri Lanka	12.8%	25.5%	3.1%	-9.6%	15.8%	8.8%
Hong Kong	6.0%	10.3%	8.2%	4.0%	6.9%	7.1%
Taiwan	3.8%	7.6%	-0.6%	9.3%	14.2%	6.7%
Kazakhstan	19.5%	-8.8%	-33.6%	16.7%	20.2%	0.3%
Asia ex Japan	**20.0%**	**9.8%**	**13.2%**	**23.4%**	**19.2%**	**17.0%**
Europe	**13.2%**	**8.9%**	**-6.6%**	**-0.4%**	**8.4%**	**4.5%**
North America	**3.4%**	**0.7%**	**-2.3%**	**2.3%**	**2.4%**	**1.3%**
Japan	**0.2%**	**7.2%**	**5.4%**	**7.9%**	**11.5%**	**6.4%**

Source: Swiss Reinsurance Company Sigma Reports No. 4/2007, 3/2008, 3/2009, 2/2010, 2/2011, 3/2012.

Asia ex-Japan non-life premiums have been growing strongly at a CAGR of 17.0% from 2006 to 2011, notwithstanding the slowdown in growth in 2008 due to the global financial crisis. Total non-life insurance premiums grew from US$102.7 billion in 2006 to US$225.4 billion in 2011.

Figures 14 and 15 summarise the insurance penetration and density by country from 2006 to 2011. Insurance penetration and density are defined as percentage of gross total non-life premium over GDP and gross non-life premium per capita, respectively.

Figure 14

NON-LIFE INSURANCE PENETRATION
2011

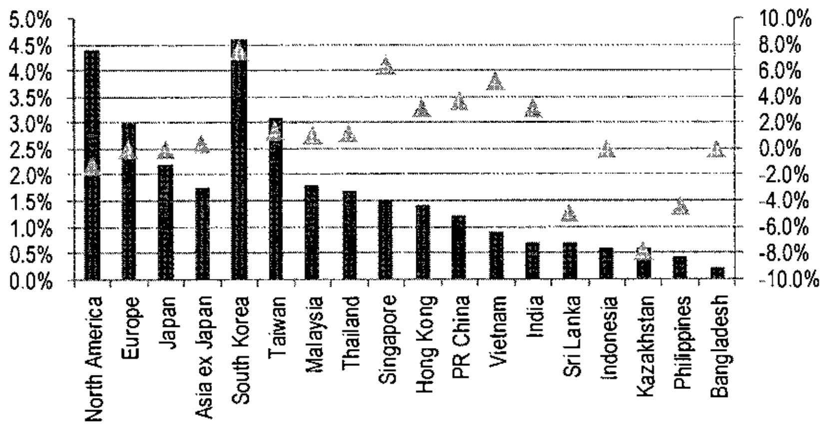
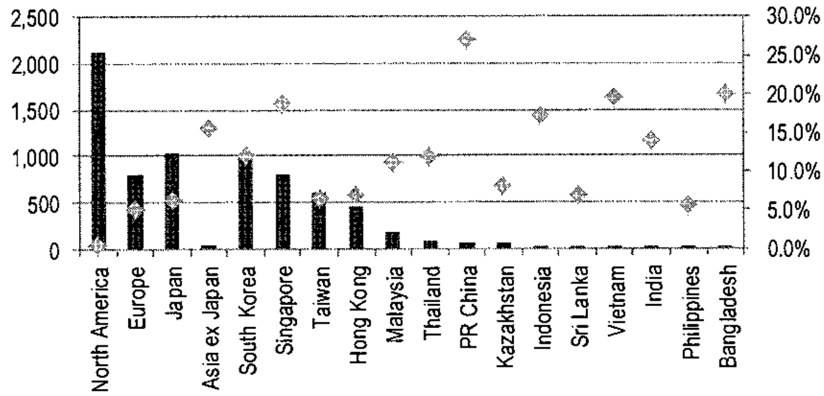


Figure 15

NON-LIFE INSURANCE DENSITY (US$)
2011



Source: Swiss Reinsurance Company Sigma Reports No. 4/2007, 3/2008, 3/2009, 2/2010, 2/2011, 3/2012

7.2 Strong Economic Growth

Despite the global economic downturn, Asia ex-Japan consistently outperformed other world economies with a CAGR of 16.5% from 2006 to 2011.

7.3 Insurance Penetration and GDP growth

Despite strong insurance market growth in recent years, markets such as Malaysia, Thailand, Indonesia, and the Philippines all have reported non-life insurance penetration rates under 2.0% and corresponding density rates under US$200, which are much lower than the mature markets in the region as well as Europe, North America and Japan.

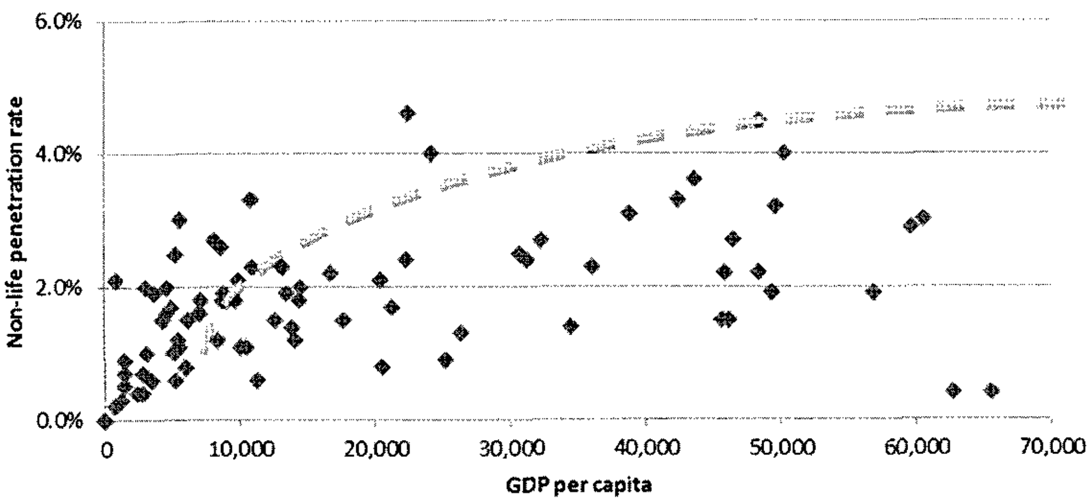
According to a paper published by the Geneva Association[29] in 2000 about the correlation between per-capita GDP and insurance penetration, due to the change of income elasticity of demand for insurance while the economy matures, the insurance penetration could increase at a higher rate than the per-capita GDP. This is better represented by non-life than life insurance penetration.

Figure 16 is a plot of 2011 non-life insurance penetration of various countries in the world against their respective GDP per capita. It shows that non-life insurance penetration increases with the growth of per-capita GDP. On the other hand, insurance density is the product of insurance penetration and GDP per capita, with insurance penetrations growing with GDP per capita, insurance density would increase at even a higher rate.

Based on this study, it is expected that the non-life insurance markets of these developing markets will grow at a faster pace than their GDP growth.

Figure 16

NON-LIFE INSURANCE PENETRATION OF VARIOUS COUNTRIES IN THE WORLD AGAINST THEIR RESPECTIVE GDP PER CAPITA
2011



Source: World Bank, EIU as of December 2011

7.4 Distribution Trends

Most non-life insurance companies in Asia have initially developed around the agency and broker distribution models, as face to face communication presents the best opportunity to educate customers and interact with them.

Direct marketing is another widely used distribution channel in the region for more than a decade. Some companies in the region have their entire business built around this channel.

Direct Mail and Telemarketing (DMTM) used to be two common forms of direct marketing. However, with the increasing cost of printing and postage, direct mail is used only selectively today and DMTM has evolved to be mostly telemarketing. Telemarketing has an advantage over other direct marketing channels in that it involves human interaction, which facilitates two-way communication and gives customers immediate feedback. At the same time, a telemarketing agent can handle a large number of customers in a day, which makes it a more cost effective and productive marketing medium compared with direct mail.

While the above remains a significant distribution channel, with the advancement of communication technology and the encouragement of the local regulators, non-life insurance companies have started to distribute their insurance products using other direct methods, such as through the Internet. In recent years, several non-life insurers have emerged in the region such as Singapore and Hong Kong focusing on online channels to distribute personal non-life insurance products, such as travel and motor insurance. This is a convenient and relatively low cost channel to sell and it makes it easy to understand products, especially if the purchase is incidental to another activity (e.g., a simple add-on travel insurance coverage when purchasing an airline ticket online).

South Korea is one of the regional pioneers in developing an online insurance market. With the high population of internet users, several foreign insurers established a niche in the online market in 2005 and local insurers gradually followed to expand their presence in this space. The Internet is now an important channel for distributing motor, travel and other accident and health insurance coverage in South Korea.

According to the Internet World Stats, the number of Internet users in the Asia ex-Japan region has a CAGR of 26.8% from 2000 to 2011 compared to CAGRs of 8.8% in North America and 15.2% in Europe in the same period. Outside South Korea, while internet penetration is rapidly growing, , internet penetration in the Asia ex-Japan region on average is still far below that of North America (78.6%) and Europe (61.3%) at a rate of 24.4% as of 31 December 2011.

Although the Internet distribution channel is still in its infancy in Asia ex-Japan markets, online Travel insurance sales have enjoyed some initial success through airline and bank websites, given the simple and standard structure of the products without complicated underwriting rules or protocols. Although we do not have the relevant statistics in Asia, according to the US Travel Insurance Association, the online sales of the US travel insurance for 2010 grew by 38% from 2008 and nearly 25% from 2009, while the corresponding amounts for traditional agency channels were 3.4% and 13%, respectively. In Thailand, some companies are experimenting with iPhone apps as a medium to distribute travel insurance.

7.5 Travel Insurance in Asia ex Japan

As mentioned in Section 2, travel demand in Asia ex-Japan is being fuelled by strong economic growth, a rising population coupled with an emerging middle class. The advent of low cost carriers in the region has further boosted demand for travel by driving down travel costs and thus making it more affordable. All of this travel growth, in turn, fuels the demand for travel insurance.

More people are buying travel insurance today as they become increasingly more knowledgeable about the risks of travel, the high cost of overseas medical treatment and the financial losses incurred from trip cancellations. A string of catastrophic events such as the 9/11 attacks, the Icelandic volcano eruptions which affected flights across Europe and the March 2011 Japanese earthquakes have also heightened awareness for the need of travel insurance. Wanting a peace of mind, protection against unforeseen events and refunds for travel cancellations are prime motivators for consumers to buy travel insurance.

Travel insurance is a fairly simple and standardised product in Asia, typically providing coverage for travel delays, loss or damage of baggage, personal liability, medical expenses, international emergency assistance and personal accident. Insurers usually offer several product choices with varying amount of cover, ranging from the lower end ones for domestic travel and higher end ones for international travel with substantially higher limits. What follows is an illustrative product design of policies typically offered in Malaysia.

Table 26

ILLUSTRATIVE SAMPLE PRODUCT OF POLICIES TYPICALLY OFFERED IN MALAYSIA

Benefits (Amounts in RM)	Plan 1 Domestic/Regional Travel	Plan 2 International Travel
Accidental Death and Bodily Disablement	Up to 125,000	Up to 250,000
Medical Expenses	Up to 50,000	Up to 200,000
Emergency Medical Evacuation and Repatriation of Mortal Remains	Up to 100,000	Unlimited
Compassionate Visit	n.a.	Up to 5,000
Travel Cancellation	Up to 1,000	Up to 10,000
Flight Delay	Up to 150 (150 per 6 hour delay period)	Up to 1,500 (150 per 6 hour delay period)
Lost or Damaged Baggage	Up to 1,000 (Max 500 per item)	Up to 5,000 (Max 500 per item)
Loss of Money	n.a.	Up to 1,000
Loss of Travel Documents	n.a.	Up to 2,000
Personal Liability	n.a.	Up to 500,000
Travel Assistance Service	Included	Included

Source for this illustrative example: Milliman Ltd.

Although the traditional agency and broker distribution model is still predominant in Asia, Internet sales of travel insurance have also started to take off with several insurers enjoying some initial success with their launch of direct sales websites (see Section 7.4, Distribution Trends). Online sales can also be facilitated through an airline's own website.

This distribution model has the distinct advantage of bringing greater convenience to airline customers by providing a one-stop-shop for booking flights, arranging accommodations and the buying of insurance, without the need to complete multiple forms containing essentially similar information. Customers can obtain insurance simply by pointing and clicking to choose the coverage they desire.

Several insurers are already exploiting this distribution model with TIH's partnership with AirAsia being the most prominent. Its products are tailored especially for AirAsia customers with benefits tied specifically to its on-time performance which increases the product attraction to customers. Chartis is another well-known insurer that markets its travel insurance products through the airline partnership distribution model. Together with Jetstar and Air Philippines, it sells its TravelGuard policies online in several countries including Singapore, Thailand, Indonesia, Vietnam, and the Philippines. eTiQa also has similar arrangements with Malaysian Airlines although sales are limited to trips originating from Malaysia only.

The following section discusses the non-life insurance industry and major trends for Malaysia, Thailand, Indonesia, and the Philippines.

7.6 Malaysia

Malaysia's non-life insurance market is the seventh largest in the Asia ex-Japan region, generating approximately US$5 billion in non-life premiums in 2011. The country has experienced strong economic growth, with GDP growing at a CAGR of 12.2% from 2006 to 2011. Both non-life penetration rate (1.8% in 2011) and density rate (US$175 in 2011) are relatively low, suggesting that there are ample opportunities for growth.

There were 28 non-life direct insurers in Malaysia as of 2011. The number has been reducing since the implementation of Risk Based Capital ("RBC") regulation in 2009. It may reduce further if the reaction to the regulator's move to strengthen capital requirements for the industry results in continued consolidation efforts.

Table 27 shows the number of non-life insurers in Malaysia from 2006 to 2011.

Table 27

NUMBER OF NON-LIFE INSURERS
Malaysia
2006~2011

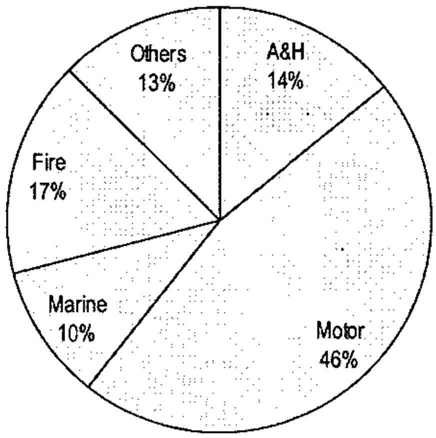
	2006	2007	2008	2009	2010	2011
Number of non-life Insurers	34	33	33	31	30	28

Source: Bank Negara Malaysia, Insurance Statistics

Figure 17 shows a breakdown of Malaysia's non-life insurance premiums by major lines of business for 2011. Motor is the largest single line of business accounting for almost half of the non-life premiums, followed by Fire and Accident & Health ("A&H").

Figure 17

MARKET SHARE OF PRIMARY NON-LIFE INSURANCE PREMIUM
Malaysia
2011



Source: Bank Negara Malaysia, Insurance Statistics

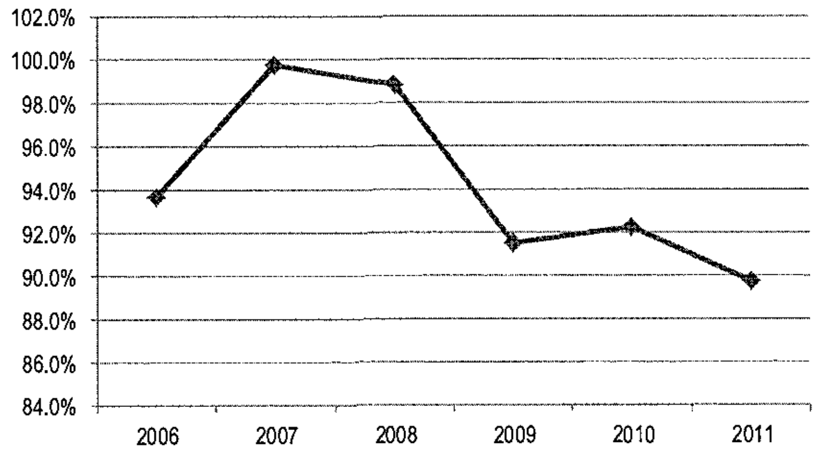
7.6.1 *Underwriting Experience and Investment Income*

Figure 18 shows the non-life combined ratios in Malaysia for the 2006~2011 period.

Non-life operating profits have been steadily improving since 2007 including the lowest combined ratio[30] in the last six years of 89.8% in 2011. The 6 year average combined ratio from 2006 to 2011 is 94.0%. Based on Bank Negara Malaysia ("BNM") statistics, the improved underwriting experience is driven by improving motor insurance loss ratios. At the same time, net investment income grew at 13.1% in 2011, the highest rate over the 2006 to 2011 period.

Figure 18

NON-LIFE COMBINED RATIO
Malaysia
2006~2011



Source: Bank Negara Malaysia, Insurance Statistics.

[30] Combined Ratio – Defined as the sum of Net Claims Incurred, Net Commissions and Management Expenses divided by Earned Premium Income

Table 28 shows the investment income of non-life insurers in Malaysia in RM millions.

Table 28

INVESTMENT INCOME OF NON-LIFE INSURERS (RM MILLIONS)
Malaysia
2006~2011

	2006	2007	2008	2009	2010	2011
Net Investment Income	697.8	759.3	782.3	740.1	780.8	883.1
Year-to-Year Growth		8.8%	3.0%	-5.4%	5.5%	13.1%

Source: Bank Negara Malaysia, Insurance Statistics

7.6.2 *Regulations and Developments*

BNM is responsible for insurance regulation and derives its powers from the Insurance Act 1996. The BNM has broad powers, including the power to issue guidelines and circulars, create regulations, review and direct the insurers to recall any insurance products offered, compensate consumers who have suffered losses, modify product terms and conditions, impose capital charges, and take corrective actions against an insurer.

BNM has put in place an RBC framework since 1 January 2009 and introduced guidelines on dynamic solvency testing. In addition to the RBC framework requirements, insurers must also consider their own risk profile to determine their own solvency capital needs and maintain a capital adequacy ratio that is higher than the 130% benchmark. The RBC framework is constantly reviewed and enhanced, with proposals being put forward on refining life insurance valuation methodologies and the treatment of reinsurance arrangements. There are also plans to extend the RBC framework to Takaful operators.

BNM also have plans to liberalise the insurance market. Plans include the deregulation of fire and motor tariffs, and relaxing foreign ownership limits from 49% to 70% for all financial institutions except commercial banks.

There is an industry pool, Malaysian Motor Insurance Pool ("MMIP"). The pool is the residual insurer in the market catering to those cannot obtain motor insurance from any insurer.

When MMIP established in 1992, there were only two insurers acting as Servicing Insurers. Since May 2011, all non-life and Takaful companies have been required to issue MMIP covers on behalf of MMIP. The losses of MMIP are shared equally by all non-life and Takaful companies.

According to the General Insurance Association of Malaysia, MMIP recorded gross written premiums of RM 210.5 million in 2011.

7.6.3 *Market Trend*

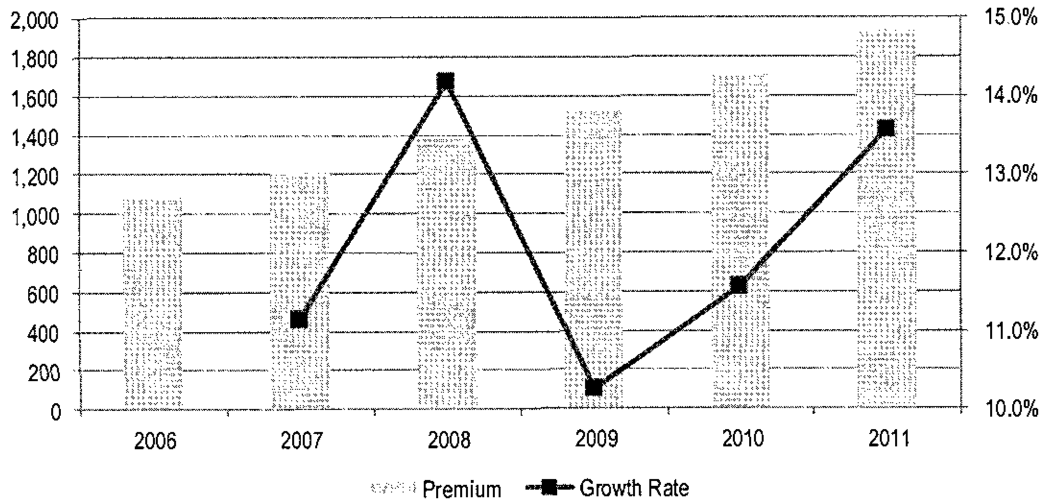
Continued Growth of A&H Insurance

Following Motor and Fire, A&H insurance is the third largest line of business in Malaysia. This line of business includes general personal accident, health, and travel insurance. It experienced annual double-digit premium growth from 2006 to 2011 except in 2009 due to the global financial crisis and has significantly outperformed the overall non-life market premium growth as evidenced by its 11.3% share of total non-life premium in 2006 and a 14.2% share in 2011. The strong growth of A&H insurance is driven by an increase in healthcare expenditures, a rise in the volume of outbound tourists and growing consumer awareness regarding the benefits of insurance products.

Figure 19 shows the historical A&H direct gross written premiums (RM millions) from 2006 to 2011.

Figure 19

HISTORICAL A&H DIRECT GROSS WRITTEN PREMIUMS (RM MILLIONS)
2006 to 2011

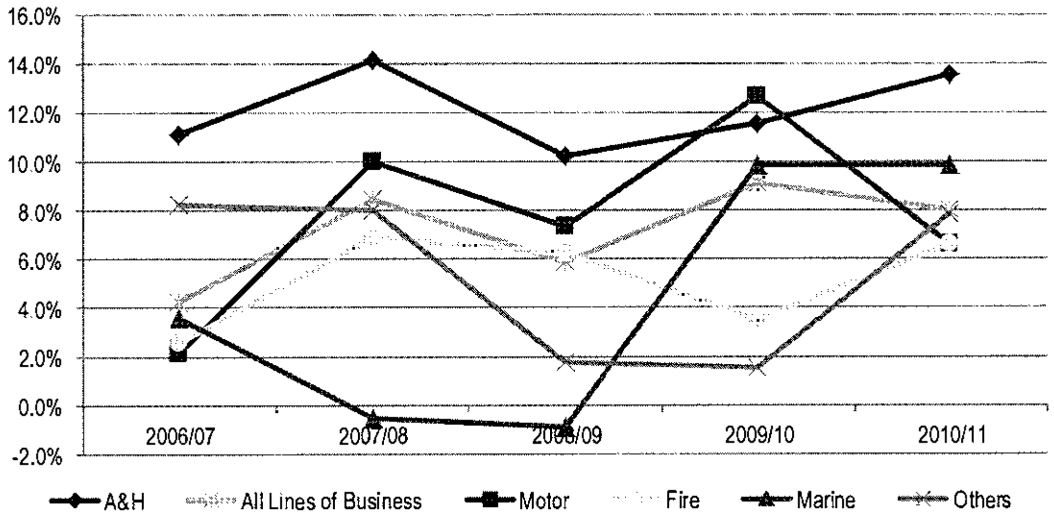


Source: Bank Negara Malaysia, Insurance Statistics

Figure 20 shows the annual growth rates of direct non-life premiums in Malaysia by major line of business and in total from 2006/07 to 2010/11.

Figure 20

ANNUAL GROWTH RATES OF DIRECT NON-LIFE PREMIUMS
Malaysia
2006/07 to 2010/11



Source: Bank Negara Malaysia, Insurance Statistics

7.6.4 *Shift to Innovative Delivery Channels*

In 2011, BNM released a ten-year Financial Sector Master Plan that laid out a recommendation to encourage insurers and Takaful operators to enhance the offering of insurance and Takaful products through more innovative delivery channels. This is intended to expand the outreach of insurance and Takaful services through more cost-effective means and contribute towards enhancing the insurance and Takaful penetration rate in the country.

7.7 Thailand

Thailand is the sixth largest non-life insurance market in the Asia ex-Japan region, having approximately US$6 billion of non-life premium in 2011. The country had good economic growth from 2006 to 2011, with GDP increasing at a CAGR of 10.8% during that period. Non-life insurance penetration rate (1.7% in 2011) and density rate (US$88 in 2011) are still relatively low. All these point to significant growth opportunities in the non-life insurance market.

The Thailand insurance market is relatively fragmented, with 67 non-life direct insurers in Thailand as of 2011. However, some consolidation has occurred recently after the introduction of the actuarial reserving regulation in 2009 and the RBC regulation in 2011.

Table 29 shows the number of direct non-life insurers in Thailand during 2006~2011.

Table 29

NUMBER OF DIRECT NON-LIFE INSURERS
Thailand
2006~2011

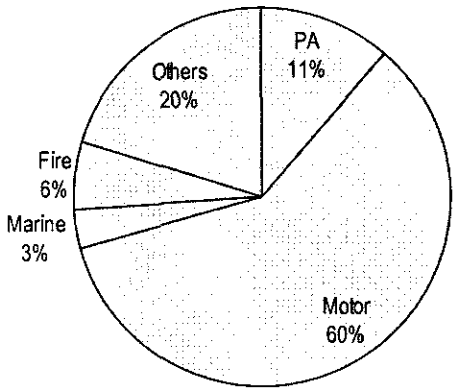
	2006	2007	2008	2009	2010	2011
Number of non-life insurers	74	75	74	71	69	67

Source: The Office of Insurance Commission

Figure 21 shows a breakdown of Thailand's non-life insurance premiums by major lines of business for 2011 (provisional statistics). The largest non-life insurance line, Motor, represents 60.0% of total non-life insurance premiums in Thailand.

Figure 21

MARKET SHARE OF PRIMARY NON-LIFE PREMIUM
Thailand
2011 (Provisional)



Source: The Office of Insurance Commission

7.7.1 *Underwriting Experience and Investment Income*

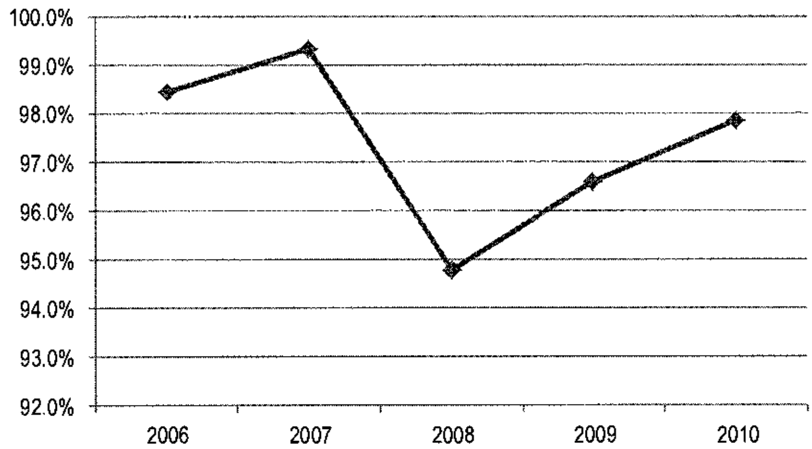
Thai non-life operating profits reached its peak in 2008 when the combined ratio was 94.8% and the net investment income peaked at Baht 4.07 billion. The industry combined ratio increased thereafter and stood at 97.8% as of 2010. This was compounded by the reduction of net investment income in the same period due to interest rate cuts in the market.

While the 2011 annual insurance statistics have not yet been released, the industry expects an underwriting loss for the year due to the severe floods in the country in 2011 September to December (to be discussed below).

Figure 22 shows the non-life combined ratio in Thailand for 2006 to 2010.

Figure 22

NON-LIFE COMBINED RATIO
Thailand
2006 to 2010



Source: The Office of Insurance Commission

Table 30 shows investment income of non-life insurers in Thailand (Baht millions) for 2006 to 2010.

Table 30

INVESTMENT INCOME OF NON-LIFE INSURERS (BAHT MILLIONS)
Thailand
2006 to 2010

	2006	2007	2008	2009	2010
Net Investment Income	2,724.1	3,701.6	4,069.9	4,019.6	3,452.2
Year-to-Year Growth		35.9%	9.9%	-1.2%	-14.1%

Source: The Office of Insurance Commission

7.7.2 *Regulation*

Regulation of the insurance industry is overseen by the Office of Insurance Commission ("OIC"), which is an independent governmental body under the Ministry of Finance. In addition to the prudential supervision of insurers and ensuring compliance with capital requirements, the OIC also plays a large role in regulating the insurance market, with powers to control the number of insurers, types of products, policy wordings, and premiums that may be charged.

There have been several regulatory reforms in Thailand recently. First, the OIC introduced mandatory loss reserving requirements in 2009, including the involvement of a qualified actuary in setting loss reserves for non-life insurers in Thailand. Very recently, the RBC regimes became effective on 1 September 2011.

The new RBC rules require insurers to calculate the capital required for market risk, credit risk, concentration risk, and insurance risk. Insurers must hold solvency capital at a level not lower than the minimum Capital Adequacy Ratio ("CAR"), which is initially set at 125% but will go up to 140% by 1 January 2013. While changes are not expected to be made until 2015, the OIC is already considering a review of the risk charges and RBC enhancements, with a particular focus on stress testing and operational risk.

The OIC has also been active on the regulation of non-agency distribution channels such as telemarketing and direct marketing over the past 2 to 3 years, to provide a robust regulatory framework for future development of these channels.

7.7.3 *Market Trend*

Strong Growing Personal Accident Insurance ("PA")

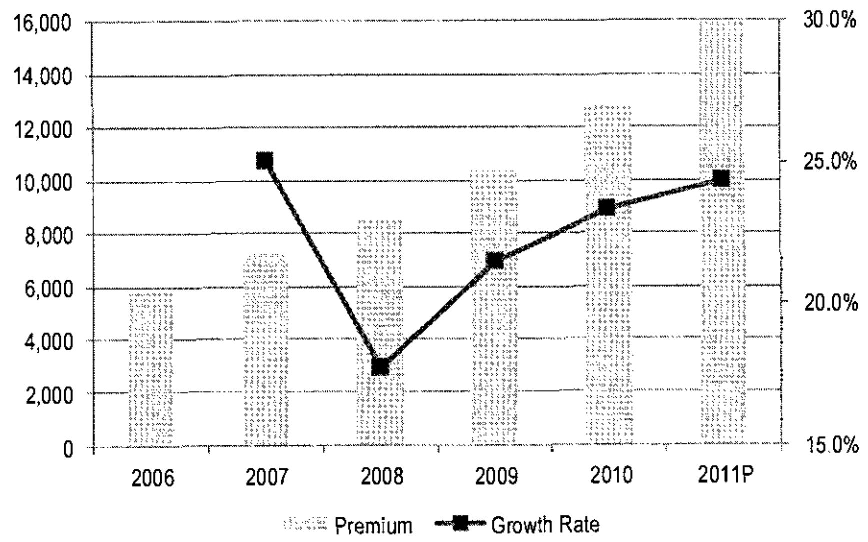
Personal Accident ("PA") insurance is the second largest line of business by gross written premium in 2011 after Motor. It includes both general PA insurance as well as travel insurance products. Premium growth is very strong, with growth rates exceeding 20.0% almost every year from 2006 to 2011 even during the economic downturn of 2008~2009, while the overall Thai non-life market only realised a CAGR of 8.0% in the same period.

Similar to Malaysia, the strong growth of PA insurance is due to a rise in the volume of outbound tourists and growing consumer awareness regarding the benefits of insurance products.

Figure 23 shows historical PA gross written premium (Baht millions) in 2011 (provisional).

Figure 23

HISTORICAL PA GROSS WRITTEN PREMIUM (BAHT MILLIONS)
2011 (provisional)

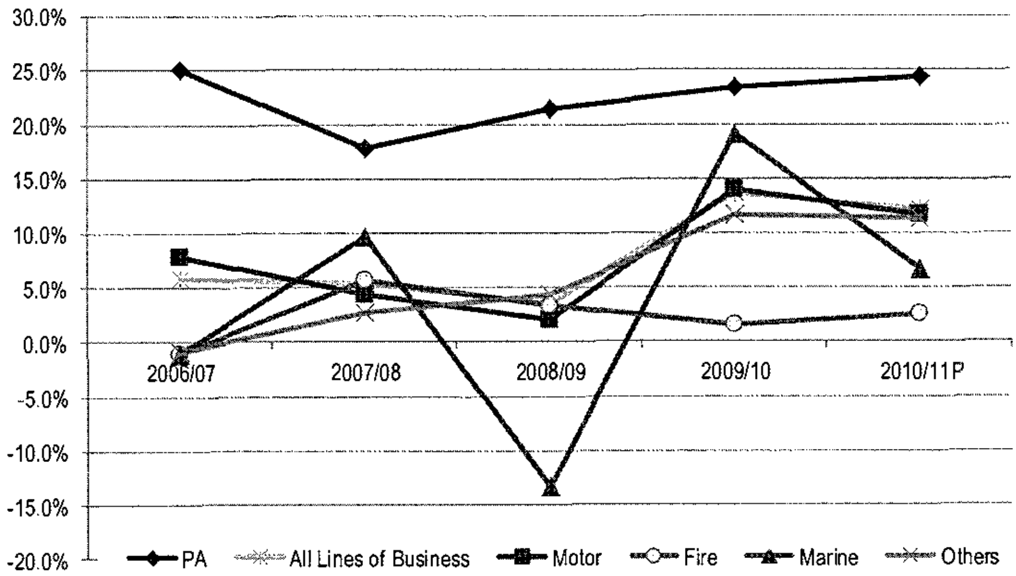


Source: The Office of Insurance Commission

Figure 24 shows the growth rates of non-life premiums in Thailand by major line of business and in total (2010/11 amounts are provisional).

Figure 24

GROWTH RATES OF NON-LIFE PREMIUMS
Thailand
2006/07~2010/11P
(2010/11 amounts are provisional)



Source: The Office of Insurance Commission

7.7.4 *Impact from the 2011 Flood Losses*

Severe flooding occurred in Thailand from September to December 2011. According to a briefing issued by A.M. Best Company, Inc. in February 2012[31], the estimated insured losses on an industry wide basis was about US$15 billion. This would place the Thai floods in a tie for the fifth costliest insured loss event in the past 31 years, and the costliest natural disaster in Southeast Asia.

Immediately after the event, the market observed a hardening of premium rates coupled with contracted capacity in the domestic insurance and reinsurance markets. To ease insurers' concerns and ensure that flood protection remains available and affordable in the Thai market, the Thai government has established a US$1.62 billion National Catastrophe Insurance Fund in March 2012 which is capable of covering losses up to US$16.2 billion. This potential risk-sharing scheme between the Thai government and non-life insurance companies, if successful, would be the biggest excess-of-loss property catastrophe treaty in the world.

7.7.5 *Possible Industry Consolidation*

Mounting claims related to the 2011 Thai floods and the increase of minimum capital adequacy ratio requirement in 2013 may force financially weak insurers to seek new partners, as evidenced by Fairfax's recent agreement to acquire 25% of Thai Re for US$70 million.

7.8 Indonesia

Indonesia is the eighth largest non-life market in the Asia ex-Japan region, with approximately US$4.7 billion of non-life premium in 2011. The country's GDP has been growing robustly at a CAGR of 18.4% from 2006 to 2011. Recent economic growth combined with one of the lowest non-life penetration rates (0.6% in 2011) and density rates (US$88 in 2011) in the Asia Pacific region, signal strong growth opportunities in the non-life market.

Similar to Thailand, the Indonesia non-life insurance market is fragmented, but experienced some consolidation in recent years. There were 87 non-life direct insurers as of 2010. The number of insurers may reduce further if market players react to the regulator's move to strengthen the capital requirements for the industry.

Table 31 shows the number of direct non-life insurers in Indonesia during 2006~2010.

[31] Flood Losses Prompt Key Changes in Thai Insurance Industry. A.M. Best Company, Inc. 9 February 2012

Table 31

NUMBER OF DIRECT NON-LIFE INSURERS
Indonesia
2006~2010

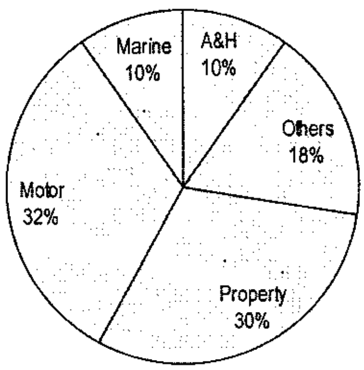
	2006	2007	2008	2009	2010
Number of non-life insurers	97	94	90	89	87

Source: Bapepam-LK

Figure 25 shows a breakdown of Indonesia's non-life insurance premiums by major lines of business for 2010. Motor, Property and A&H represented more than 70.0% of total non-life insurance premiums.

Figure 25

MARKET SHARE OF NON-LIFE DIRECT WRITTEN PREMIUM[32]
Indonesia
2010



Source: Bapepam-LK

[32] Direct Written Premium – Defined as Gross Written Premium less Reinsurance Inward Premium

7.8.1 *Regulation*

Indonesia's insurance sector falls under the jurisdiction of the Ministry of Finance and is currently regulated by the Insurance Bureau of the Capital Markets and Financial Institution Supervisory Agency ("CMFISA" or "Bapepam-LK"). The main duties of Bapepam-LK include the drafting of insurance legislation, initiating and supporting educational initiatives in relation to insurance and providing supervision and enforcement over insurance companies.

In 2011, Indonesia passed a bill to create a new, independent financial regulator, Otoritas Jasa Keuangan ("OJK"), to supervise and regulate financial services. OJK ultimately will replace Bank Indonesia and Bapepam-LK as supervisor for banking and insurance, respectively. Commissioners for OJK are presently being chosen. It will take time for the new regulatory body to be up and running, with an initial transition for the banking sector first. It is expected that OJK will help to implement insurance regulations more actively.

There has been an increased focus on solvency and capital adequacy in recent years. Insurance (and also reinsurance) companies are required to progressively increase their capital base until it has reached specified minimum levels, which are Rp.40 million currently, Rp.70 million by December 31, 2012 and Rp.100 million by December 31, 2014.

In January 2011, the Ministry of Finance issued a draft guideline entitled "Financial Health of Insurance and Reinsurance Companies", which set out new proposed regulations on the solvency level of insurance/reinsurance companies. The proposed regulations included a requirement to adopt a gross premium valuation for life insurance liabilities and discussed the establishment of a policyholders' protection fund. Following feedback from the industry, a revised draft was issued in April 2011 and new gross premium valuation rules are expected to apply from 31 December, 2012.

Foreign insurers' shareholdings in joint ventures are capped at 80%. This level is flexible; however, provided that the Indonesian partner's aggregate paid-up capital is maintained. Then, the foreign insurer can increase its stake beyond 80%.

7.8.2 *Market Trend*

Emerging A&H Insurance Market

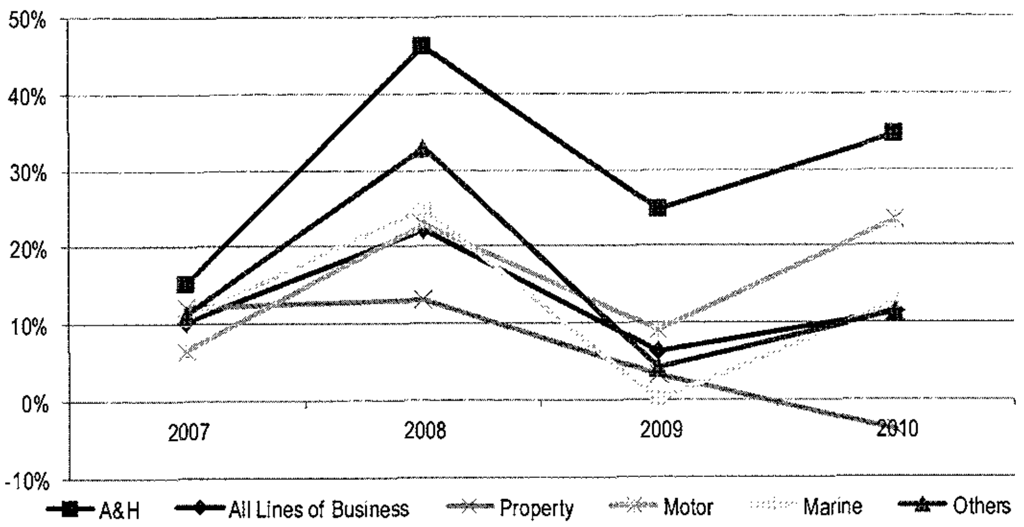
There is a new national social security law, BPJS, requiring workers to pay medical insurance premiums and removing their current coverage provided by the public health insurance scheme. Together with the increasing awareness of the private health insurance products and growing expenditures on private medical care in Indonesia, the A&H insurance premium has been growing at a CAGR of 30.0% in recent years.

A&H was the third largest line of business by gross written premium in 2010, after Motor and Property.

Figure 26 shows the growth rate of non-life premium in Indonesia, by line of business and in total, during 2007~2010.

Figure 26

GROWTH RATE OF NON-LIFE PREMIUM
Indonesia
2007~2010

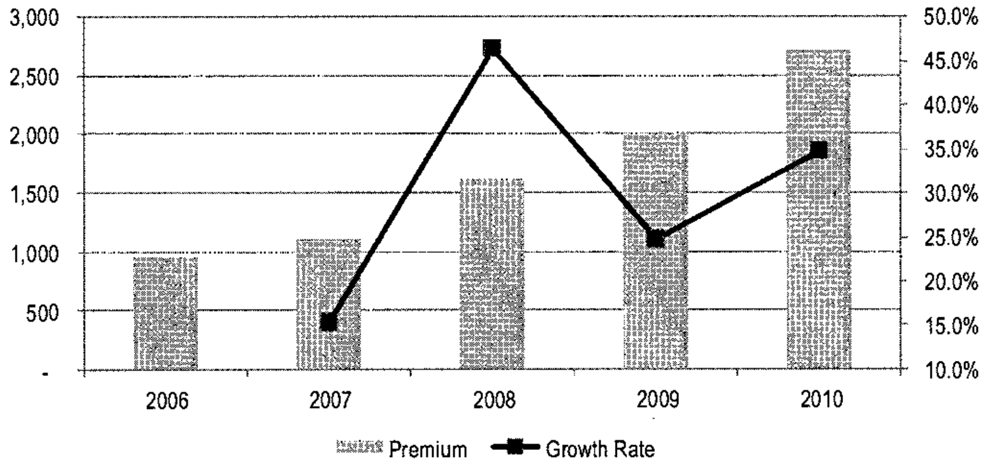


Source: Bapepam-LK

Figure 27 shows the historical A&H gross written premium (Rupiah billion) during 2006~2010.

Figure 27

HISTORICAL A&H GROSS WRITTEN PREMIUM (RUPIAH BILLION)
2006~2010



Source: Bapepam-LK.

7.8.3 *Market Consolidation Continues*

In the first phase of increase of minimum capital in 2010, five insurance companies surrendered their licenses after not meeting the deadline for the requirement. It is expected that the reduction will continue towards the end of the second phase of the increasing capitalisation in 2014.

7.8.4 *A More Open Policy for Foreign Participation*

Indonesia has adopted an open regulatory policy for foreign investments, with relatively less restricted operating conditions for foreign insurers. However, local competition is the biggest issue for global players, as the domestic companies have a strong hold on local customers through their established agency forces and brand recognition.

7.9 The Philippines

The Philippines is ranked the 11th in market size in the Asia ex-Japan region, with approximately US$1.0 billion of non-life premium in 2011. The country has seen its GDP grow at a CAGR of 13.0% from 2006 to 2011.

The Philippines is another fragmented market that has seen consolidation in the recent past. Table 32 shows the number of nonlife and composite insurers in the past six years.

Table 32

NUMBER OF DIRECT NON-LIFE AND COMPOSITE INSURERS
The Philippines
2006~2011

	2006	2007	2008	2009	2010	2011
Number of non-life and composite insurers	94	90	87	86	87	83

Source: Insurance Commission

7.9.1 *Regulation and Capital Requirement*

Insurance companies in the market are regulated by the Insurance Commission of the Philippines.

As of 2012, the minimum paid-up capital for existing companies is PHP 250 million and will be increased to PHP 1 billion in 2016, which is applied to new insurers already. There are no restrictions on ownership related to foreign investment.

The regulator also requires insurers to hold a minimum capital of 100% RBC capital adequacy ratio.

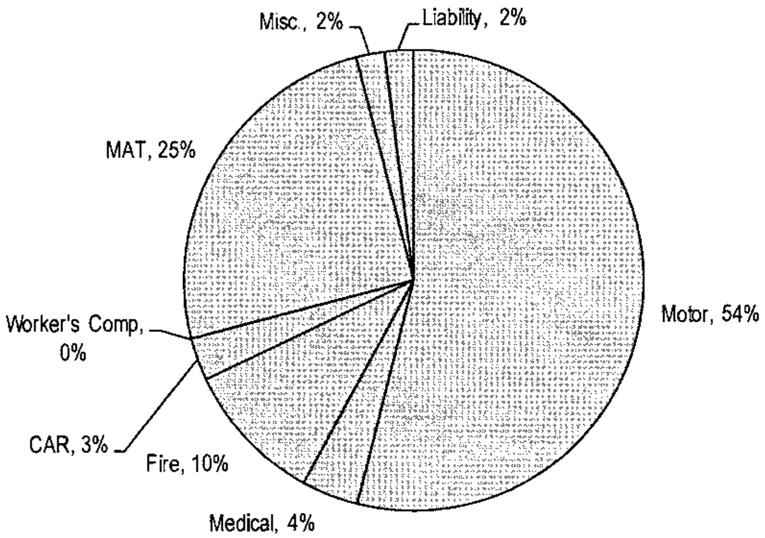
8 TIH'S INSURANCE OPERATION

8.1 Overview

TIMB is a Malaysian nonlife insurance company, majority-owned (83.26%) by TIH. TIMB was known as the Oriental Capital Assurance Bhd prior to TIH's acquisition of its majority ownership in May 2012 and its gross written premium ("GWP") amounted to RM 213 million in 2011, which made up 2% of the total market. Figure 28, which follows, shows the breakdown of TIMB's 2011 premium by line of business. Travel and accident products are recorded under Misc.

Figure 28

BUSINESS MIX OF TIMB BY GROSS WRITTEN PREMIUM
2011



Source: Bank Negara Malaysia, Insurance Statistics

Travel and accident coverage only accounted for a fraction of the total portfolio in 2011. However, with a ten-year contract that secures TIMB as the exclusive insurance product manager for Air Asia and Tune Hotels, TIMB will have a significant boost in its distribution channel as the contract gives TIMB a unique competitive advantage to tap into both Air Asia and Tune Hotels' vast client base. This distributional change could result in additional business for TIMB in the future.

In terms of market environment, as discussed in Section 7.6.3, A&H business in Malaysia has been growing notably over the past few years. We expect this momentum to continue in the near future, which in turn would create a favourable base for TIMB to grow its business.

TIH is also a non-exclusive insurance product manager for Air Asia Expedia. This agreement enables TIH to provide insurance products to AirAsia Expedia customers making online bookings, initially through three of their websites in Asia. TIH is considering acquiring more insurance companies in the region, too. Should these deals go through, it would allow TIH to write business directly in these countries.

9 THE DIRECT LIFE INSURANCE BUSINESS IN MALAYSIA, THAILAND, CHINA, INDONESIA, INDIA, AUSTRALIA, AND THE REST OF ASIA EX-JAPAN REGION

9.1 Overview

Here we provide a market overview of direct distribution of life insurance ("Direct Life") in six markets: Australia, China, India, Indonesia, Malaysia, and Singapore. We take Direct Life to mean direct mail, telemarketing, SMS, and online distribution of life products. In most of the six markets, the Direct Life channel is poised for growth off a small base, partly spurred by growth in online distribution, particularly in the Indian market. For all six countries except Australia, Direct Life has an approximate estimated channel market share of between 1% and 4% of New Business Annual Premium Equivalent ("APE").

Absolute growth of the segment is driven particularly by (1) foreign-invested life companies eager to leapfrog barriers to expansion—mainly economic and practical, but in the case of India and China, also regulatory—in the primary agency and bancassurance channels in many of these markets; and (2) the presence of Direct Life specialists like Cigna, Aegon, and Metlife, who focus on their channel niche in their chosen markets and thereby expand the segment. Products tend to be similar across all markets ex-Australia: term life, health and medical cover, and other simple-to-understand life products.

9.2 Indonesia

The Direct Life market in Indonesia in 2011 constituted an estimated 4.1% of total New Business[33], or around US$99.7 million, up from around 3.4% in 2010, or around US$75.5 million. Almost all companies in the market have a Direct presence, and several foreign life companies are becoming particularly active in the telemarketing space, including through their bancassurance partners. The largest Direct Life provider in Indonesia is Cigna, which derives most of its new business premiums from telemarketing (not bancassurance related) and whose Direct New Business alone constituted 2.7% of the industry's total new business in 2011[34].

Online distribution is currently limited. Sinarmas MSIG has an online life insurance purchase engine and Cigna allows online quotation and application with telemarketing follow up for most products. There has been some experimentation with Direct Response Television ("DRTV") campaigns over 2011 by Cigna and Sinarmas MSIG, mainly around term life, but this has not yet become a significant distribution channel. Typical products in the Direct Life channel are hospital cash plans, personal accident, term life and simple endowment plans. Many of the policies are one year duration with automatic renewal provided the policyholder continues paying premiums.

[33] Midpoint of 3.6-4.7% of total New Business estimated as follows: 3.6% being Cigna and AXA Mandiri's APE market share of New Business from the "Other" channel in AAJI's 2011 statistics, and known to be non-bancassurance related telemarketing; 4.7% is market share from all "Other" channel Individual Regular Premium business, less Jiwasraya premiums which are known to be not through telemarketing. 2010 estimates made on same basis

[34] AAJI statistics 2011

9.3 Malaysia

In Malaysia, Direct Life sourced through bancassurance relationships, which is thought to constitute most of the Direct Life business, constituted around 1.0% of new business market share in 2009 and 0.7% in 2011[35]. In 2011, most conventional life insurers used Direct in some form, while a third of all family (i.e. life) takaful providers used the Direct Life channel. In 2011, AXA Affin Life sourced 24.5% of its New Business through the Direct Life channel, representing 133% growth over 2010[36], while other foreign companies like Allianz and AIA are also active in this channel. There is some experimentation with social media marketing, but purely as a lead generator. At present, online life insurance distribution is limited to quotation engines and lead generation and it is not yet possible to transact fully over the internet for life insurance.

Much of the Direct Life activity is through bancassurance partnerships, mainly focused on selling term life products (e.g., Tokio Marine Life with RHB Bank, ING with Public Bank, and CIMB Aviva Life). Other than bank partnerships, Direct Life has also marketed to affinity groups, such as the telemarketing partnership between AIA and AirAsia (actually, its related company Tune Money) for term life with cancer protection riders. The Takaful provider, Takaful Malaysia, announced in 2011 plans to provide an online Takaful life plan called FirstLife. As of mid-2012, this was not operational. Term life, and sometimes Personal Accident, is the main products sold through the Direct Life channel in Malaysia.

9.4 Thailand

The Thai Direct Life segment produced US$81.1 million in New Business APE in 2011[37], constituting a 3.5% channel market share. The Direct Life segment has grown at a CAGR of 3.3% since 2009 on a local currency basis, but channel share has decreased from 3.8% in 2009. The top five companies in this segment in 2011 by New Business market share were AACP, AIA, Generali, Muang Thai Life, and Prudential, constituting close to 70% of total new business in this channel, and none of these companies are direct marketing specialists. Both AACP and Cigna began DRTV advertising campaigns to promote simple products via cable and TV in 2011. Similar to Korea's well-entrenched home shopping life insurance channel, in Thailand the DRTV channel promotes simple products on television and the customer then phones in to make the purchase.

There are no life insurance products sold fully online in Thailand, although several companies, including Cigna and AACP, have online quotation engines and the ability to initiate inquiries (to then be followed up usually by telephone). The Direct Life channel in Thailand is focused on telemarketing activity, mainly outbound, and to affinity groups such as credit card customer bases. Typical products sold are Personal Accident (classified as a life insurance product in Thailand) and credit card balance insurance. There is a well-established third-party call centre industry that serves the needs of life insurers (and other financial services providers) that do not have telemarketing capability in-house.

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[35] Channel estimates provided by LIAM in August 2012.
[36] Channel estimates provided by LIAM in August 2012.
[37] TLAA Channel New Business statistics, 2011

9.5 Australia

The Australian Direct Life segment produced US$171 million in New Business APE in 2011, constituting 16% channel market share. The Life Direct channel has grown at a CAGR of 17% since 2009 on a local currency basis and channel share has increased from 13% in 2009[38]. Unlike most Asian markets (except India) online distribution is well-established in Australia. Australia's life insurance market is highly disintermediated, and some life companies market only through Direct bases, such as Allianz. Other companies have a large Direct Life presence, such as CommInsure, AAMI, AIA, AXA, OnePath, and the insurance distributor Hollard. There is also a significant online aggregator and broker presence (e.g. www.insurancewatch.com.au, www.lifebroker.com.au). Products sold through the Direct Life channel are typically Term Life, Critical Illness, Income Protection (which is popular in Australia, but not in any other Asian market), and Funeral Insurance (mainly online).

9.6 China

A number of the life foreign ventures in China have been actively developing their telemarketing channels over the past few years. According to a recent survey,[39] the DMTM channel had between 1.5% and 6% market shares (depending on the product type) in China on a policy count basis in 2011, although this would likely translate to lower market share on a premium basis. The channel is significantly more important to the foreign joint venture life companies in China than local companies, partly because it allows some relief from the primary channel (agency and Bancassurance) growth constraints they face. Direct Life is particularly important for several of the foreign joint ventures whose foreign parent company has a specialisation in this distribution channel, such as Cigna CMC Life, Metlife, and Aegon-CNOOC Life.

Several companies have developed their online platforms relatively rapidly since 2010, notably Ping An, the third party intermediary CNInsure, and aggregators like www.taobao.com, although the focus tends to be on non-life products and lead generation (for conclusion of the sale by telephone). As of mid-2012 there was no fully online distribution of core life products in China, merely non-life and health products. Products typically sold through Direct Life channels are critical illness, personal accident, endowments with return of premium, and hospital income plans.

[38] NMG Consulting - Australia Life Insurance Insights Report 2012

[39] KPMG online survey of 1,220 life insurance purchasers in China, 2012. Policy count channel shares by product type were: Life non-participating - 2%; Life participating - 1.5%; Hospital cash - 3%; Critical illness - 3%; Universal life - 1.5%; Investment linked plans - 6%

9.7 India

Unlike other regional markets, it is online distribution of life insurance, rather than telemarketing, which has captured most of the attention over the past two years. The size of the total Direct Life channel is unknown, but most estimates put the online distribution portion at being less than 0.5% of total market new business in 2011. Online term insurance was first offered in India in 2009, by Aegon Religare, but is now a feature of most life companies in the market. Recent foreign new entrants like Future Generali and Aegon Religare, which are still very small, are particularly focused on Direct Life channels, and specifically online distribution: Aegon Religare in 2011 made 18% of its new business sales through Direct, and 6% through online[40] means.

The Indian non-life insurance direct distributor, Berkshire India, a subsidiary of Berkshire Hathaway, stated in August 2012 that it will expand into life insurance in the near future. While direct distribution allows some respite for market participants from the regulatory constraints placed on other primary channels, the Indian life insurance regulator has imposed some rules on the direct channel which restricts provision of services such as those provided by online aggregators.

Most companies in the market now allow purchase of life insurance online: typically health, investment (unit linked) and term life. Term life, in particular, when bought online is offered at steep price discounts of up to 50% off the offline equivalent.

[40] "Online boost to term insurance plans", Times of India, 10 January 2012

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

8.1 PROMOTERS

8.1.1 Profiles

Tune Money Sdn Bhd ("TMSB")
Promoter and Substantial Shareholder

TMSB was incorporated in Malaysia as a private company limited by shares under the Act on 30 December 2005. The principal activity of TMSB is the provision of financial and other related services. As at the LPD, the authorised share capital of TMSB is RM100,000,000.00 comprising 90,000,000 ordinary shares of RM1.00 each and 10,000,000 irredeemable convertible preference shares of RM1.00 each, of which RM36,000,000.00 comprising 27,000,000 ordinary shares of RM1.00 each and 9,000,000 irredeemable convertible preference shares of RM1.00 each are issued and credited as fully paid-up.

As at the LPD, the direct substantial shareholders (holding more than 5% of shares in TMSB) are Tune Group Sdn Bhd holding 42.64%, CIMB SI II Sdn Bhd holding 25%, Dato' Seri Kalimullah Bin Masheerul Hassan holding 8.21%, Lim Kian Onn holding 8.21% and East Pacific Capital Limited holding 11.21%.

The directors of TMSB as at the LPD are Dato' Kamarudin Bin Meranun, Tan Sri Dr Anthony Francis Fernandes, Dato' Seri Kalimullah Bin Masheerul Hassan (Alternate: Lim Kian Onn), Tan Hong Kheng and Fazlin Binti Abu Hassan Shaari.

Tune Group Sdn Bhd ("Tune Group")
Promoter and Substantial Shareholder

Tune Group was incorporated in Malaysia as a private company limited by shares under the Act on 10 December 2007 under the name of Atlas Bond Sdn Bhd and assumed its present name on 30 January 2008. The principal activity of Tune Group is investment holding. As at the LPD, the authorised share capital of Tune Group is RM50,000,000.00 comprising 50,000,000 ordinary shares of RM1.00 each, of which RM36,300,000.00 comprising 36,300,000 ordinary shares of RM1.00 each are issued and credited as fully paid-up.

As at the LPD, Tune Group is jointly owned by Tan Sri Dr Anthony Francis Fernandes and Dato' Kamarudin Bin Meranun. The directors of Tune Group as at the LPD are Tan Sri Dr Anthony Francis Fernandes (Alternate: Lee Yu-Chern), Dato' Kamarudin Bin Meranun (Alternate: Fazlin Binti Abu Hassan Shaari) and Fazlin Binti Abu Hassan Shaari.

Tan Sri Dr Anthony Francis Fernandes ("Tan Sri Dr Tony Fernandes")
Promoter, Non-Independent Non-Executive Director and Substantial Shareholder

Tan Sri Dr Tony Fernandes, a Malaysian, aged 48, graduated with a Bachelor of Science in Accounting and Finance from the London School of Economics in 1987. He was admitted as an Associate Member of the Association of Chartered Certified Accountants in 1991, and became a Fellow Member in 1996. He also received an Honorary Doctorate of Business Innovation from Universiti Teknologi Malaysia (UTM) in March 2010 for his role in changing the face of aviation and benefitting travellers and economies locally and in the region. He was also a recipient of the Masterclass Global CEO of the Year award at the 2nd Malaysia Business Leadership Award (MBLA) 2010 ceremony for his contributions to the country's economy.

He was the Financial Controller at Virgin Communications Limited in London from 1987 to 1989 and subsequently, the Senior Financial Analyst at Warner Music International Services Limited in London from 1989 to 1992. He was later appointed as the Managing Director at Warner Music (Malaysia) Sdn Bhd in 1992 and held the position until 1996. He was later appointed by Warner Music Group Corp. as the Regional Managing Director, Asean from 1996 to 1999 and subsequently, Vice President, Asean from 1999 to 2001.

In 2001, he joined AirAsia Berhad as the Group Chief Executive Officer until June 2012 when he was redesignated as a non-independent non-executive director of AirAsia Berhad and Group Chief Executive Officer of AirAsia ASEAN Inc.

He was appointed to the Board on 5 October 2012 as a Non-Independent Non-Executive Director and is one of the co-founders of TMSB. He is also the co-founder and director of Tune Group Sdn Bhd.

In addition, he is also an independent non-executive director of Star Publications (Malaysia) Berhad, a company listed on the Main Market of Bursa Securities.

Dato' Kamarudin Bin Meranun ("Dato' Kamarudin")
Promoter and Substantial Shareholder

Dato' Kamarudin, a Malaysian, aged 51, received a Diploma in Actuarial Science from Universiti Teknologi MARA (UiTM) and was named the "Best Actuarial Student" by the Life Insurance Institute of Malaysia in 1983. He further received a Bachelor of Science (BSc) with Distinction (Magna Cum Laude) majoring in Finance in 1986, and a Master of Business Administration (MBA) in 1987 from Central Michigan University.

He worked in Arab-Malaysian Merchant Bank from 1988 to 1993 as a Portfolio Manager, managing both institutional and high net-worth individual clients' investment funds. In 1994, he was appointed as an executive director of Innosabah Capital Management Sdn Bhd, a subsidiary of Innosabah Securities Sdn Bhd. He subsequently acquired the shares of the joint venture partner of Innosabah Capital Management Sdn Bhd, which was later renamed Intrinsic Capital Management Sdn Bhd and remains as an executive director to date.

In 2001, he joined AirAsia Berhad as the Deputy Group Chief Executive Officer and President of Group Finance, Treasury, Corporate Finance and Legal until June 2012 when he was redesignated as a non-independent non-executive director of AirAsia Berhad and appointed as Deputy Group Chief Executive Officer and President of Group Finance, Treasury, Corporate Finance and Legal of AirAsia ASEAN Inc.

He is one of the co-founders of TMSB. He is also the co-founder and director of Tune Group Sdn Bhd.

Dato' Seri Kalimullah Bin Masheerul Hassan
Promoter

Dato' Seri Kalimullah bin Masheerul Hassan, a Malaysian, aged 54, was a student of Pykett Methodist School from 1965 to 1969 and Methodist Boys School from 1970 to 1974. He began a career in journalism in 1979 and served in various local and international news organizations before becoming a businessman in 1995.

In September 2002, he was appointed chairman of the national news agency, Bernama, for a two-year term by DYMM Yang di-Pertuan Agong but resigned to become Group Editor-in-Chief and deputy chairman of the News Straits Times Press (M) Bhd ("**NST**") on 1 January 2004.

He retired from NST as Group Editor-in-Chief on 31 December 2005 to resume his position as Chief Executive Officer and Executive Chairman of ECM Libra group of companies, which he started with two partners in 2002. He retired as Deputy Chairman of NST on 31 December 2008.

He has also served on various Government agencies and boards such as a member of the National Unity Advisory Panel for four years from 1 January 2005; a director of Multimedia Development Corporation Sdn Bhd (MDeC) from 1 May 2005 to 3 June 2009 and a council member of the National Information Technology Council in 2008. In 2010, he co-founded a charitable organisation, ECM Libra Foundation.

He remains Chairman of ECM Libra Financial Group Berhad and is also an adjunct professor at the Limkokwing University. He is also a member of the Methodist Boys School Board of Governors, a trustee of the ECM Libra Foundation and remains a director of several companies within the Tune Companies.

Lim Kian Onn
Promoter

Lim Kian Onn, a Malaysian, aged 56, has been a member of the Institute of Chartered Accountants in England & Wales since 1981. He served his articleship with KMG Thomson McLintock in London for 4 years from 1977 to 1981 and was a consultant with Andersen Consulting from 1981 to 1984. Between 1984 and 1993, he was with Hong Leong Finance Bhd where he helped set up the stockbroking business, Zalik Securities Sdn Bhd (now known as HLG Securities Sdn Bhd).

He founded the Libra Capital group of companies in 1994 and co-founded the ECM Libra group of companies in 2002. Subsequently, he was appointed to the Board of Directors of ECM Libra Financial Group Berhad in June 2006 and redesignated as Managing Director in May 2007, a position that he held until August 2010. In August 2010, he was redesignated as non-independent non-executive director of ECM Libra Financial Group Berhad. During this period, he was also appointed as the Acting Chief Executive Officer and executive director of ECM Libra from February 2008 to August 2008 when he was redesignated as non-executive director of ECM Libra.

Lim Kian Onn is also the non-executive Chairman of Plato Capital Limited, a company listed on the Catalist Board of Singapore Exchange Securities Trading Limited, and a trustee of ECM Libra Foundation.

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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

8.1.2 Shareholdings

The shareholdings of our Promoters in our Company before and after our IPO are as follows:

Name	Nationality/ Place of Incorporation	Before IPO				After IPO(*)			
		Direct		Indirect		Direct		Indirect	
		No. of Shares held	% held	No. of Shares held	% held	No. of Shares held	% held	No. of Shares held	% held
TMSB	Malaysia	486,708,080	80.00	-	-	419,858,080	55.85	-	-
Tune Group Sdn Bhd	Malaysia	-	-	486,708,080(1)	80.00	-	-	419,858,080(1)	55.85
Tan Sri Dr Anthony Francis Fernandes	Malaysian	-	-	608,385,080(2)	100.00	100,000(4)	0.01	541,535,080(2)	72.04
Dato' Kamarudin Bin Meranun	Malaysian	-	-	608,385,080(3)	100.00	-	-	541,535,080(3)	72.04
Dato' Seri Kalimullah Bin Masheerul Hassan	Malaysian	-	-	-	-	-	-	-	-
Lim Kian Onn	Malaysian	-	-	-	-	-	-	-	-

Notes:

(*) *Assuming that the Over-Allotment Option is not exercised*
(1) *Deemed interested by virtue of its 42.64% interest in TMSB pursuant to Section 6A of the Act*
(2) *Deemed interested by virtue of his 50% interest in Tune Group Sdn Bhd and 48.83% interest in Tune Air Sdn Bhd pursuant to Section 6A of the Act*
(3) *Deemed interested by virtue of his 50% interest in Tune Group Sdn Bhd and 40.23% interest in Tune Air Sdn Bhd pursuant to Section 6A of the Act*
(4) *Assuming full subscription of the Pink Form Shares allocated to him under the Retail Offering*

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

8.1.3 Changes in Promoters' Shareholdings since Incorporation

Save as disclosed below, there has been no change in the shareholdings of our Promoters in our Company since incorporation up to the date of this Prospectus:

Name	Date of Acquisition/ Disposal	Direct: No. of Shares Acquired/ (Disposed)	Direct: Cumulative No. of Shares	Indirect: No. of Shares Acquired/ (Disposed)	Indirect: Cumulative No. of Shares
TMSB	01.08.2011	2#	2#	-	-
	05.10.2011	14,200,000#	14,200,002#	-	-
	31.10.2011	38,506#	14,238,508#	-	-
	04.10.2012	142,385,080*	142,385,080		
	04.10.2012	466,000,000	608,385,080		
	27.11.2012	(121,677,000)	486,708,080		
Tune Group Sdn Bhd	26.09.2012	-	-	14,238,508#	14,238,508#(1)
	04.10.2012	-	-	142,385,080*	142,385,080(1)
	04.10.2012	-	-	466,000,000	608,385,080(1)
	27.11.2012	-	-	(121,677,000)	486,708,080(1)
Tan Sri Dr Anthony Francis Fernandes	01.08.2011	-	-	2#	2#(2a)
	05.10.2011	-	-	14,200,000#	14,200,002#(2a)
	31.10.2011	-	-	38,506#	14,238,508#(2a)
	26.09.2012	-	-	14,238,508#	14,238,508#(2b)
	04.10.2012	-	-	142,385,080*	142,385,080(2b)
	04.10.2012	-	-	466,000,000	608,385,080(2b)
	27.11.2012	-	-	(121,677,000)	486,708,080(2b)
	27.11.2012	-	-	121,677,000	608,385,080(2c)
Dato' Kamarudin Bin Meranun	01.08.2011	-	-	2#	2#(3a)
	05.10.2011	-	-	14,200,000#	14,200,002#(3a)
	31.10.2011	-	-	38,506#	14,238,508#(3a)
	26.09.2012	-	-	14,238,508#	14,238,508#(3b)
	04.10.2012	-	-	142,385,080*	142,385,080(3b)
	04.10.2012	-	-	466,000,000	608,385,080(3b)
	27.11.2012	-	-	(121,677,000)	486,708,080(3b)
	27.11.2012	-	-	121,677,000	608,385,080(3c)

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

Notes:

#	*Ordinary shares of RM1.00 each*
*	*Subdivision of shares par value from RM1.00 to RM0.10*
(1)	*Deemed interested by virtue of its 42.64% interest in TMSB pursuant to Section 6A of the Act*
(2a)	*Deemed interested by virtue of his 40% interest in Tune Ventures Sdn Bhd pursuant to Section 6A of the Act*
(2b)	*Deemed interested by virtue of his 50% in Tune Group Sdn Bhd pursuant to Section 6A of the Act*
(2c)	*Deemed interested by virtue of his 50% interest in Tune Group Sdn Bhd and 48.83% interest in Tune Air Sdn Bhd pursuant to Section 6A of the Act*
(3a)	*Deemed interested by virtue of his 30% interest in Tune Ventures Sdn Bhd pursuant to Section 6A of the Act*
(3b)	*Deemed interested by virtue of his 50% in Tune Group Sdn Bhd pursuant to Section 6A of the Act*
(3c)	*Deemed interested by virtue of his 50% interest in Tune Group Sdn Bhd and 40.23% interest in Tune Air Sdn Bhd pursuant to Section 6A of the Act*

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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

8.2 SUBSTANTIAL SHAREHOLDERS

8.2.1 Profiles

The profiles of TMSB, Tune Group Sdn Bhd, Tan Sri Dr Anthony Francis Fernandes and Dato' Kamarudin Bin Meranun are set out in Section 8.1.1 of this Prospectus.

CIMB SI II Sdn Bhd ("CIMB SI II")
Substantial shareholder

CIMB SI II was incorporated in Malaysia as a private company limited by shares under the Act on 2 March 2007 under the name of Value Profile Sdn Bhd and assumed its present name on 15 March 2007. The principal activity of CIMB SI II is investment holding. As at the LPD, the authorised share capital of CIMB SI II is RM500,000.00 comprising 100,000 ordinary shares of RM1.00 each and 40,000,000 redeemable preference shares of RM0.01 each, of which RM93,102.20 comprising 2 ordinary shares of RM1.00 each and 9,310,020 redeemable preference shares of RM0.01 each are issued and credited as fully paid-up.

As at the LPD, CIMB SI II is a wholly-owned subsidiary of CIMB Group Sdn Bhd. The directors of CIMB SI II are Chew Ker Chee and Tan Hong Kheng.

CIMB Group Sdn Bhd ("CIMB GSB")
Substantial shareholder

CIMB GSB was incorporated in Malaysia as a private company limited by shares under the Act on 18 August 2005. The principal activity of CIMB GSB is investment holding. As at the LPD, the authorised share capital of CIMB GSB is RM10,119,200,000.00 comprising 10,000,000,000 ordinary shares of RM1.00 each, 10,000,000 Class A redeemable preference shares of RM0.01 each, 100,000 Class B redeemable preference shares of RM1.00 each, 10,000,000,000 Class C redeemable preference shares of RM0.01 each and 1,900,000,000 Class D redeemable preference shares of RM0.01 each, of which RM9,766,298,290.00 comprising 9,671,119,945 ordinary shares of RM1.00 each, 7,905,592,000 Class C redeemable preference shares of RM0.01 each and 1,612,242,500 Class D redeemable preference shares of RM0.01 each are issued and credited as fully paid-up.

As at the LPD, CIMB GSB is a wholly-owned subsidiary of CIMB Group Holdings Berhad. The directors of CIMB GSB are Tan Sri Dato' Md Nor Yusof, Dato' Sri Nazir Razak, Dato' Zainal Abidin Putih, Dato' Robert Cheim Dau Meng, Watanan Petersik, Cezar Peralta Consing, Datuk Dr. Syed Muhamad Syed Abdul Kadir, Glenn Muhammad Surya Yusuf, Katsumi Hatao and Dato' Hamzah Bakar.

CIMB Group Holdings Berhad ("CIMB GHB")
Substantial shareholder

CIMB GHB was incorporated as Bian Chiang Bank Limited in Sarawak under the Sarawak Ordinance No.38 of 1956 on 24 December 1956. On 20 August 1979, its name was changed to Bank of Commerce Berhad. Bank of Commerce Berhad changed its name to Commerce Asset-Holdings Berhad on 10 October 1991, and subsequently to Bumiputra-Commerce Holdings Berhad on 13 October 2005, and thereafter assumed its present name on 9 September 2009.

The principal activity of CIMB GHB is investment holding. The principal activities of the significant subsidiaries consist of commercial banking, investment banking, Islamic banking, offshore banking, debt factoring, trustee and nominee services, property ownership and management, management of unit trust funds and fund management business, stock and sharebroking and the provision of other related financial services.

CIMB GHB is a public limited liability company, domiciled in Malaysia, and listed on the Main Market of Bursa Securities.

As at the LPD, the authorised share capital of CIMB GHB is RM10,000,000,000.00 comprising 10,000,000,000 ordinary shares of RM1.00 each, of which RM7,432,774,646.00 comprising 7,432,774,646 ordinary shares of RM1.00 each are issued and credited as fully paid-up.

As at the LPD, the direct substantial shareholders of CIMB GHB (holding more than 5% of shares in CIMB GHB) are Khazanah Nasional Berhad, holding 29.9% and Employee Provident Fund, holding 13.68%. The directors of CIMB GHB are Tan Sri Dato' Md Nor Yusof, Dato' Sri Nazir Razak, Dato' Zainal Abidin Putih, Dato' Robert Cheim Dau Meng, Watanan Petersik, Cezar Peralta Consing, Datuk Dr. Syed Muhamad Syed Abdul Kadir, Glenn Muhammad Surya Yusuf, Katsumi Hatao and Dato' Hamzah Bakar.

AirAsia Berhad
Substantial shareholder

AirAsia Berhad was incorporated in Malaysia as a private company limited by shares under the Act on 20 December 1993 under the name of AirAsia Sdn Bhd. It had subsequently converted to a public company on 8 June 2004 and assumed its present name. AirAsia Berhad is principally providing air transportation services and an investment holding company while the principal activities of its subsidiaries includes the provision of insurance services, the provision of financing and leasing arrangements and others. As at the LPD, the authorised share capital of AirAsia Berhad is RM500,000,000.00 comprising 5,000,000,000 ordinary shares of RM0.10 each, of which RM277,998,658.00 comprising of 2,779,986,580 ordinary shares of RM0.10 each are issued and credited as fully paid-up.

As at the LPD, AirAsia Berhad is 23.04% owned by Tune Air Sdn Bhd, 8.12% owned by Employees Provident Fund Board, 10.82% owned by Wellington Management Company, LLP and the remaining 58.02% owned by other shareholders. The directors of AirAsia Berhad as at the LPD are Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar, Tan Sri Dr Anthony Francis Fernandes, Dato' Kamarudin Bin Meranun, Mr. Conor Mc.Carthy, Dato' Leong Sonny @ Leong Khee Seong, Dato' Fam Lee Ee, Dato' Mohamed Khadar Bin Merican, Datuk Mohd Omar Bin Mustapha and Cik Aireen Omar.

Tune Air Sdn Bhd ("Tune Air")
Substantial shareholder

Tune Air was incorporated in Malaysia as a private company limited by shares under the Act on 24 May 2001. The principal activity of Tune Air is investment holding. As at the LPD, the authorised share capital of Tune Air is RM1,000,000.00 comprising 1,000,000 ordinary shares of RM1.00 each, of which RM1,000,000.00 comprising of 1,000,000 ordinary shares of RM1.00 each are issued and credited as fully paid-up.

As at the LPD, Tune Air is 48.83% owned by Tan Sri Dr Anthony Francis Fernandes, 40.23% owned by Dato' Kamarudin Bin Meranun and the remaining 10.94% owned by Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar. The directors of Tune Air as at the LPD are Tan Sri Dr Anthony Francis Fernandes, Dato' Kamarudin Bin Meranun and Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

8.2.2 Shareholdings

The shareholdings of our substantial shareholders in our Company before and after our IPO are as follows:

		Before IPO				After IPO[*]			
		Direct		Indirect		Direct		Indirect	
Name	Nationality/ Place of Incorporation	No. of Shares held	% held	No. of Shares held	% held	No. of Shares held	% held	No. of Shares held	% held
TMSB	Malaysia	486,708,080	80.00	-	-	419,858,080	55.85	-	-
Tune Group Sdn Bhd	Malaysia	-	-	486,708,080[(1)]	80.00	-	-	419,858,080[(1)]	55.85
Tan Sri Dr Anthony Francis Fernandes	Malaysian	-	-	608,385,080[(2)]	100.00	100,000[(8)]	0.01	541,535,080[(2)]	72.04
Dato' Kamarudin Bin Meranun	Malaysian	-	-	608,385,080[(3)]	100.00	-	-	541,535,080[(3)]	72.04
CIMB SI II Sdn Bhd	Malaysia	-	-	486,708,080[(4)]	80.00	-	-	419,858,080[(4)]	55.85
CIMB Group Sdn Bhd	Malaysia	-	-	486,708,080[(5)]	80.00	-	-	419,858,080[(5)]	55.85
CIMB Group Holdings Berhad	Malaysia	-	-	486,708,080[(6)]	80.00	-	-	419,858,080[(6)]	55.85
AirAsia Berhad	Malaysia	121,677,000	20.00	-	-	121,677,000	16.19	-	-
Tune Air Sdn Bhd	Malaysia	-	-	121,677,000[(7)]	20.00	-	-	121,677,000[(7)]	16.19

Notes:

(*) *Assuming that the Over-Allotment Option is not exercised*
(1) *Deemed interested by virtue of its 42.64% interest in TMSB pursuant to Section 6A of the Act*
(2) *Deemed interested by virtue of his 50% interest in Tune Group Sdn Bhd and 48.83% interest in Tune Air Sdn Bhd pursuant to Section 6A of the Act*
(3) *Deemed interested by virtue of his 50% interest in Tune Group Sdn Bhd and 40.23% interest in Tune Air Sdn Bhd pursuant to Section 6A of the Act*
(4) *Deemed interested by virtue of its 25% interest in TMSB pursuant to Section 6A of the Act*
(5) *Deemed interested by virtue of its 100% interest in CIMB SI II Sdn Bhd pursuant to Section 6A of the Act*

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (*Cont'd*)

(6) *Deemed interested by virtue of its 100% interest in CIMB Group Sdn Bhd pursuant to Section 6A of the Act*
(7) *Deemed interested by virtue of its 23.04% interest in AirAsia Berhad pursuant to Section 6A of the Act*
(8) *Assumed full subscription of the Pink Form Shares allocated to him under the Retail Offering*

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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

8.2.3 Changes in Suhstantial Shareholders' Shareholdings since Incorporation

Save as disclosed below, there has been no change in the shareholdings of our substantial shareholders in our Company since incorporation up to the date of this Prospectus:

		Direct		Indirect	
Name	**Date of Acquisition/ Disposal**	**No. of Shares Acquired/ (Disposed)**	**Cumulative No. of Shares**	**No. of Shares Acquired/ (Disposed)**	**Cumulative No. of Shares**
TMSB	01.08.2011	2[#]	2[#]	-	-
	05.10.2011	14,200,000[#]	14,200,002[#]	-	-
	31.10.2011	38,506[#]	14,238,508[#]	-	-
	04.10.2012	142,385,080[*]	142,385,080		
	04.10.2012	466,000,000	608,385,080		
	27.11.2012	(121,677,000)	486,708,080		
Tune Group Sdn Bhd	26.09.2012	-	-	14,238,508[#]	14,238,508[#(1)]
	04.10.2012	-	-	142,385,080[*]	142,385,080[(1)]
	04.10.2012	-	-	466,000,000	608,385,080[(1)]
	27.11.2012	-	-	(121,677,000)	486,708,080[(1)]
Tan Sri Dr Anthony Francis Fernandes	01.08.2011	-	-	2[#]	2[#(2a)]
	05.10.2011	-	-	14,200,000[#]	14,200,002[#(2a)]
	31.10.2011	-	-	38,506[#]	14,238,508[#(2a)]
	26.09.2012	-	-	14,238,508[#]	14,238,508[#(2b)]
	04.10.2012	-	-	142,385,080[*]	142,385,080[(2b)]
	04.10.2012	-	-	466,000,000	608,385,080[(2b)]
	27.11.2012	-	-	(121,677,000)	486,708,080[(2b)]
	27.11.2012	-	-	121,677,000	608,385,080[(2c)]
Dato' Kamarudin Bin Meranun	01.08.2011	-	-	2[#]	2[#(3a)]
	05.10.2011	-	-	14,200,000[#]	14,200,002[#(3a)]
	31.10.2011	-	-	38,506[#]	14,238,508[#(3a)]
	26.09.2012	-	-	14,238,508[#]	14,238,508[#(3b)]
	04.10.2012	-	-	142,385,080[*]	142,385,080[(3b)]
	04.10.2012	-	-	466,000,000	608,385,080[(3b)]
	27.11.2012	-	-	(121,677,000)	486,708,080[(3b)]
	27.11.2012	-	-	121,677,000	608,385,080[(3c)]

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

		Direct		Indirect	
Name	**Date of Acquisition/ Disposal**	**No. of Shares Acquired/ (Disposed)**	**Cumulative No. of Shares**	**No. of Shares Acquired/ (Disposed)**	**Cumulative No. of Shares**
CIMB SI II Sdn Bhd	01.08.2011	-	-	$2^{\#}$	$2^{\#(4)}$
	05.10.2011	-	-	$14,200,000^{\#}$	$14,200,002^{\#(4)}$
	31.10.2011	-	-	$38,506^{\#}$	$14,238,508^{\#(4)}$
	04.10.2012			$142,385,080^{*}$	$142,385,080^{(4)}$
	04.10.2012	-	-	466,000,000	$608,385,080^{(4)}$
	27.11.2012	-	-	(121,677,000)	$486,708,080^{(4)}$
CIMB Group Sdn Bhd	01.08.2011	-	-	$2^{\#}$	$2^{\#(5)}$
	05.10.2011	-	-	$14,200,000^{\#}$	$14,200,002^{\#(5)}$
	31.10.2011	-	-	$38,506^{\#}$	$14,238,508^{\#)(5)}$
	04.10.2012			$142,385,080^{*}$	$142,385,080^{(5)}$
	04.10.2012	-	-	466,000,000	$608,385,080^{(5)}$
	27.11.2012	-	-	(121,677,000)	$486,708,080^{(5)}$
CIMB Group Holdings Berhad	01.08.2011	-	-	$2^{\#}$	$2^{\#(6)}$
	05.10.2011	-	-	$14,200,000^{\#}$	$14,200,002^{\#(6)}$
	31.10.2011	-	-	$38,506^{\#}$	$14,238,508^{\#)(6)}$
	04.10.2012			$142,385,080^{*}$	$142,385,080^{(6)}$
	04.10.2012	-	-	466,000,000	$608,385,080^{(6)}$
	27.11.2012	-	-	(121,677,000)	$486,708,080^{(6)}$
AirAsia Berhad	27.11.2012	121,677,000	121,677,000	-	-
Tune Air Sdn Bhd	27.11.2012	-	-	121,677,000	$121,677,000^{(7)}$

Notes:

\# *Ordinary shares of RM1.00 each*
* *Subdivision of shares par value from RM1.00 to RM0.10*
(1) *Deemed interested by virtue of its 42.64% interest in TMSB pursuant to Section 6A of the Act*
(2a) *Deemed interested by virtue of his 40% interest in Tune Ventures Sdn Bhd pursuant to Section 6A of the Act*
(2b) *Deemed interested by virtue of his 50% in Tune Group Sdn Bhd pursuant to Section 6A of the Act*
(2c) *Deemed interested by virtue of his 50% interest in Tune Group Sdn Bhd and 48.83% interest in Tune Air Sdn Bhd pursuant to Section 6A of the Act*

(3a) *Deemed interested by virtue of his 30% interest in Tune Ventures Sdn Bhd pursuant to Section 6A of the Act*
(3b) *Deemed interested by virtue of his 50% in Tune Group Sdn Bhd pursuant to Section 6A of the Act*
(3c) *Deemed interested by virtue of his 50% interest in Tune Group Sdn Bhd and 40.23% interest in Tune Air Sdn Bhd pursuant to Section 6A of the Act*
(4) *Deemed interested by virtue of its 25% interest in TMSB pursuant to Section 6A of the Act*
(5) *Deemed interested by virtue of its 100% interest in CIMB SI II Sdn Bhd pursuant to Section 6A of the Act*
(6) *Deemed interested by virtue of its 100% interest in CIMB Group Sdn Bhd pursuant to Section 6A of the Act*
(7) *Deemed interested by virtue of its 23.04% interest in AirAsia Berhad pursuant to Section 6A of the Act*

8.2.4 Involvement in other businesses and corporations carrying on a similar trade as that of our Group or in other businesses and corporations which are our customers or suppliers

Save as disclosed below, as at the LPD, none of our substantial shareholders has direct or indirect interests in other businesses and corporations carrying on a similar trade as that of our Group or in other businesses and corporations which are our customers or suppliers:

			As at the LPD			
			Direct		Indirect	
Substantial Shareholders	Businesses/Corporations	Description of business activities	No. of shares held	% held	No. of shares held	% held
CIMB Group Holdings Berhad and CIMB Group Sdn Bhd	CIMB Insurance Brokers Sdn Bhd	Insurance brokers who play an intermediary role between, among others, corporate customers of CIMB Group Holdings Berhad and the insurers	-	-	1,000,000[(1)(2)]	100
	CIMB Aviva Assurance Berhad	Provides a range of life insurance products through its various distribution channels, namely bancassurance, direct marketing, telemarketing and corporate business in Malaysia. Their primary target segment is the customers of CIMB Bank Berhad.	-	-	123,420,000[(1)(2)]	51
	CIMB Aviva Takaful Berhad	Provides a range of Takaful products (Islamic insurance products) through its various distributions channels namely bancassurance, direct marketing, telemarketing and corporate business in Malaysia.	-	-	51,000,000[(1)(2)]	51
	PT CIMB Sun Life	Provides a range of life insurance products through its various distribution channels, namely bancassurance, direct marketing, telemarketing and corporate business in Indonesia. Their primary target segment is the customers of CIMB Niaga.	-	-	137,837[(1)(3)]	51

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

			As at the LPD			
			Direct		Indirect	
Substantial Shareholders	**Businesses/Corporations**	**Description of business activities**	**No. of shares held**	**% held**	**No. of shares held**	**% held**
AirAsia Berhad	AirAsia Corporate Services Limited	Provides captive insurance and/or reinsurance in relation to, inter alia, aircraft hull all risk, hull war and allied risks, hull deductible and airline general third party liability to AirAsia Berhad and companies within the AirAsia group.	1,000	100	-	-
Tune Air Sdn Bhd			-	-	1,000[4]	100

Notes:

[1] *With respect to CIMB Group Holdings Berhad, deemed interested by virtue of its 100% interest in CIMB Group Sdn Bhd pursuant to Section 6A of the Act*

[2] *With respect to CIMB Group Sdn Bhd, deemed interested by virtue of its 100% interest in CIG Berhad pursuant to Section 6A of the Act*

[3] *With respect to CIMB Group Sdn Bhd, deemed interested by virtue of its 100% interest in CIG Berhad and 96.92% interest in PT Bank CIMB Niaga TBK pursuant to Section 6A of the Act*

[4] *Deemed interested by virtue of its 23.04% interest in AirAsia Berhad pursuant to Section 6A of the Act*

The indirect interests of CIMB Group Holdings Berhad and CIMB Group Sdn Bhd in the businesses/corporations set out above, either as insurance brokers, underwriter of life insurance or Takaful operators operating Takaful products do not compete directly with our Group, as our Group is not involved in the business of insurance brokers, underwriting life insurance or Takaful products.

The direct interest of AirAsia Berhad and the indirect interest of Tune Air Sdn Bhd in AirAsia Corporate Service Limited do not compete directly with our Group, as our Group is not offering the products offered by AirAsia Corporate Services Limited.

8.3 BOARD OF DIRECTORS

8.3.1 Profile

The profile of Tan Sri Dr Anthony Francis Fernandes is set out in Section 8.1.1 of this Prospectus.

Razman Hafidz Bin Abu Zarim, Malaysian, aged 57
Chairman, Independent Non-Executive Director

Razman Hafidz Bin Abu Zarim was appointed to the Board on 5 October 2012 as our Chairman, Independent Non-Executive Director.

He graduated with a joint-honours degree in Economics and Accounting, BSc (Econs) from University College, Cardiff, Wales, in 1977. He is a fellow member of the Institute of Chartered Accountants in England & Wales and a member of the Malaysian Institute of Accountants. He has more than thirty years of experience in the fields of corporate restructuring, mergers and acquisitions, corporate finance, management consulting and auditing.

He started his career with Touche Ross & Co., Chartered Accountants, London, England in 1977 as an Audit Junior and later joined Hacker Young, Chartered Accountants, London, England in 1984 as an Audit Assistant Manager, where he was subsequently admitted as an Audit Partner in 1987 and held the position until 1989. In 1989, he returned to Malaysia as an Audit Partner of Price Waterhouse and later Partner-in-Charge of Price Waterhouse's Management Consulting Practice and became an Executive Committee member. He left his position as the Partner-in-Charge of Price Waterhouse's Management Consulting Practice at the end of 1993. In 1994, he established Norush Sdn Bhd., an investment holding and business advisory firm, where he remains as Chairman.

He holds independent directorships in Panasonic Manufacturing Malaysia Berhad and Yeo Hiap Seng (Malaysia) Berhad, both of which are public listed companies. He presently serves as an independent director on the board of non-listed public entities at Linde Malaysia Holdings Berhad (formerly Malaysian Oxygen Berhad) and Sumitomo Mitsui Banking Corporation Malaysia Berhad, where he is currently the Chairman. He also sits on the boards of several private limited companies.

Tan Hong Kheng, Malaysian, aged 44
Non-Independent Non-Executive Director

Tan Hong Kheng was appointed to the Board on 5 October 2012 as our Non-Independent Non-Executive Director.

He obtained his Bachelor of Economics (Accounting major) and Bachelor of Laws from Monash University, Australia in 1992. He was called to the Malaysian Bar in 1992 and has been a member of the Australian Society of CPA's (Certified Practising Accountants) since 2002.

He started his career in the legal sector as a legal assistant with Shook Lin & Bok from 1992 to 1993. He embarked on his career path in the financial sector in 1993 where he held various positions within the Corporate Finance and Capital Markets departments of CIMB group of companies ("**CIMB Group**") from 1993 to 1997 and HLG Capital Markets Sdn Bhd in 1997. He joined Jerneh Insurance Berhad as an Investment Manager from 1997 to 1999.

Subsequently, he returned to the legal sector when he joined Lee Choon Wan & Co as a legal assistant from 1999 to 2000. He returned to the CIMB Group in 2000 where he held various positions within the Investment Banking and Corporate Finance departments, before being selected to establish and head up CIMB Group's first investment banking foray out of Malaysia in 2003 as Executive Director of PT CIMB Niaga Securities Indonesia ("**CNS**"). Under his leadership, CNS was named by Bloomberg as the most active lead underwriter for initial public offerings and market leader for equity and equity-related issues in Indonesia in 2005.

From 2006 to the present, he is the Head of the Special Situation Investments department of CIMB Group which he set up then with the mandate for direct principal investments and investments in private equity and hedge funds. Direct principal investments made include take-private transactions, leveraged buyouts, expansion capital and early stage investing. Total realised internal rate of return on the direct principal investments originated or managed by him for the CIMB Group from 2006 to 2012 was 22.7% per annum.

Ng Soon Lai @ Ng Siek Chuan, Malaysian, aged 58
Independent Non-Executive Director

Ng Soon Lai @ Ng Siek Chuan was appointed to the Board on 5 October 2012 as our Independent Non-Executive Director. He has been a member of the Institute of Chartered Accountants in England & Wales since 1977.

He started his career in audit and accounting with Portlock & Co. in London as an Articled Clerk from 1973 to 1977 where he was subsequently appointed as Qualified Senior. In 1977, he left Portlock & Co. in London and joined Coopers & Lybrand in London as Qualified Senior and subsequently, Coopers & Lybrand in Kuala Lumpur as Audit Supervisor in 1979 before embarking on his career path in the financial sector in 1980. He was with Arab-Malaysian Development Bank Bhd from 1980 to 1987 where he served in various positions. From 1987 to 1989, he was with Kuala Lumpur Finance Berhad (now known as Malayan Banking Berhad) and he re-joined Arab-Malaysian Development Bank Bhd in 1989 as General Manager, Business Development until 1991.

Subsequently, he joined Alliance Bank (M) Berhad in July 1991 as General Manager of Credit. He was appointed as Chief Executive Director of Alliance Bank (M) Berhad on 21 January 1994 and to the Board of Alliance Bank (M) Berhad on 22 July 2002 until his resignation on 31 August 2005. He also sits on the boards of S P Setia Bhd, Deutsche Bank (Malaysia) Berhad, Hiap Teck Venture Berhad, TIMB, Unico-Desa Plantations Berhad and ELK-Desa Resources Berhad.

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8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

8.3.2 Shareholdings

The shareholdings of our Directors in our Company before and after our IPO (assuming full subscription of the Pink Form Shares allocated to our Directors under the Retail Offering) are as follows:

			Before IPO				After IPO[*]			
			Direct		Indirect		Direct		Indirect	
Name	Designation	Nationality	No. of Shares held	% held	No. of Shares held	% held	No. of Shares held	% held	No. of Shares held	% held
Razman Hafidz Bin Abu Zarim	Chairman, Independent Non-Executive Director	Malaysian	-	-	-	-	100,000[2]	0.01	-	-
Tan Sri Dr Anthony Francis Fernandes	Non-Independent Non-Executive Director	Malaysian	-	-	608,385,080[1]	100.00	100,000[2]	0.01	541,535,080[1]	72.04
Tan Hong Kheng	Non-Independent Non-Executive Director	Malaysian	-	-	-	-	100,000[2]	0.01	-	-
Ng Soon Lai @ Ng Siek Chuan	Independent Non-Executive Director	Malaysian	-	-	-	-	100,000[2]	0.01	-	-

Notes:

(*) *Assuming that the Over-Allotment Option is not exercised*

(1) *Deemed interested by virtue of his 50% interest in Tune Group Sdn Bhd and 48.83% interest in Tune Air Sdn Bhd pursuant to Section 6A of the Act*

(2) *Assuming full subscription of the Pink Form Shares allocated to our Directors under the Retail Offering*

8.3.3 Principal Activities Performed Outside Our Group

Save as disclosed below, none of our Directors has performed any principal business activities outside our Group.

The directorships of our Directors outside our Group at present and in the last five years preceding the LPD are as follows:

Name	Directorships	Involvement in business activities other than as a director
Razman Hafidz Bin Abu Zarim	*Present directorships* • Panasonic Manufacturing Malaysia Berhad • Yeo Hiap Seng (Malaysia) Bhd • Linde Malaysia Holdings Berhad (formerly Malaysian Oxygen Bhd) • Sumitomo Mitsui Banking Corporation Malaysia Berhad • Norush Sdn Bhd • Green Peninsula Agencies Sdn Bhd • L.T. Shipping Sdn Bhd • Permodalan K.T. Sdn Bhd • RHAZ Sdn Bhd • NRT Ventures Holdings Sdn Bhd • Style Ventures Sdn Bhd • Evergreen Marine Corp. (Malaysia) Sdn Bhd • Perceptive Logistics Properties Sdn Bhd • Round-The-World Corp (M) Logistics Sdn Bhd *Past directorships* • eBworx Bhd *(resigned on 4 July 2012)* • Mithril Bhd *(resigned on 31 August 2010)* • Toyochem Corporation Bhd *(resigned on 9 April 2009)* • Courts Mammoth Bhd *(resigned on 30 August 2007)* • J P Morgan Chase Bank Bhd *(resigned on 23 May 2011)* • PIT Capital Corporation Bhd *(resigned on 31 December 2008)* • Mithril Saferay Sdn Bhd *(resigned on 31 August 2010)* • Mithril Clay Manufacturing Sdn Bhd *(resigned on 31 August 2010)* • Mithril FRP Industries Sdn Bhd *(resigned on 31 August 2010)* • Mithril Management Services Sdn Bhd *(resigned on 31 August 2010)* • Mithril Marketing Sdn Bhd *(resigned on 31 August 2010)* • Mithril Clay Industries Sdn Bhd *(resigned on 31 August 2010)* • Mithril PVC Sdn Bhd *(resigned on 31 August 2010)* • Mithril Polymers Sdn Bhd *(resigned on 31 August 2010)* • Mithril Realty Sdn Bhd *(resigned on 31 August 2010)* • Mithril FRP Sdn Bhd *(resigned on 31 August 2010)*	-

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

Name	Directorships	Involvement in business activities other than as a director
	• Prominent Landscape Sdn Bhd *(resigned on 31 August 2010)* • Tajo Project Management Sdn Bhd *(resigned on 31 August 2010)* • Alpha Glow Sdn Bhd *(resigned on 31 August 2010)* • Resolute Omega Sdn Bhd *(resigned on 31 August 2010)* • Tajo Development Sdn Bhd *(resigned on 31 August 2010)* • Esperanza Mgt Advisors Sdn Bhd *(resigned on 17 March 2009)* • Avon Cosmestics (Malaysia) Sdn Bhd *(resigned on 15 August 2008)*	
Tan Sri Dr Anthony Francis Fernandes	<u>*Present directorships*</u> Non-profit organisations: • Mahathir Science Award Foundation • Yayasan Satu Malaysia Listed issuer(s): • AirAsia Berhad • Star Publications (Malaysia) Berhad Other corporations: • 1Malaysia Racing Team Sdn Bhd • 1Malaysia Racing Team (UK) Ltd • AAE Travel Pte Ltd • Aero Ventures Sdn Bhd • AirAsia Exp Pte Ltd • AirAsia Go Holiday Sdn Bhd • AirAsia Go Holiday Co. Ltd • AirAsia Inc. • AirAsia Japan Co., Ltd • AirAsia (Mauritius) Ltd • AirAsia Philippines Inc • AirAsia X Berhad • Amulya Property Limited • Asia IP Ventures Pte Ltd • Asian Aviation Centre of Excellence Sdn Bhd • Asian Contact Centres Sdn Bhd • Caterham Cars Group Limited • Caterham Composites Limited • Caterham Enterprises Limited • Caterham Factory Limited • CaterhamJet Holdings Pte Ltd • CaterhamJet Malaysia Sdn Bhd • Caterham Merchandising Limited • Caterham Tech (M) Sdn Bhd • Caterham Technology and Innovation Limited • Caterham Ventures Sdn Bhd • Crunchtime Culinary Services Sdn Bhd • Dinato Racing Limited • Dublin Aerospace Limited • Due Voci LLC • Epsom College Malaysia Sdn Bhd • EQ8 Limited	• Group CEO, AirAsia ASEAN Inc.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

Name	Directorships	Involvement in business activities other than as a director
	• Kuala Lumpur Education City Sdn Bhd • Thai AirAsia Co. Ltd • The Queens Park Rangers Football &Athletic Club Limited • Think Big Digital Sdn Bhd • Tune Air Sdn Bhd • Tune Box Sdn Bhd • Tune Group Sdn Bhd • Tune Group.com Limited • Tune Hotels • Tune Hotels Sdn Bhd • Tune Hotels.com Limited • Tune Longhaul Sdn Bhd • Tune Middle East • TMSB • Tune QPR Sdn Bhd • Tune Service Sdn Bhd • Tune Studios Sdn Bhd • Tune Talk Sdn Bhd • Tune Tones Sdn Bhd • Merlot 73 Limited • QPR Holdings Limited *Past directorships* • Malaysian Airline System Berhad *(resigned on 30 April 2012)* • Tune Café Sdn Bhd *(resigned on 1 January 2012)* • Tune Properties Sdn Bhd *(resigned on 10 July 2009)* • Tune Hotels Real Estate Sdn Bhd *(resigned on 3 March 2010)* • Forum 88 Sdn Bhd *(resigned on 1 January 2012)* • Tune Retail Sdn Bhd *(resigned on 20 October 2010)* • Tune Sport Sdn Bhd *(resigned on 1 January 2012)* • Asean Basketball League Sdn Bhd *(resigned on 12 January 2010)* • Tune Hotels.com Capital Partners Limited *(resigned on 1 January 2012)* • Tune Hotels Real Estates Pte Ltd *(resigned on 3 March 2010)* • Tune Ventures Sdn Bhd *(in members' voluntary liquidation)*	
Tan Hong Kheng	*Present directorships* • CIMB SI Sdn Bhd • CIMB SI 1 Sdn Bhd • CIMB SI II Sdn Bhd • Engage Media Sdn Bhd • TMSB • Maju Uni-Concept Sdn Bhd • CIMB Private Equity Sdn Bhd • CIMB Real Estate Sdn Bhd • Financial Park (Labuan) Sdn Bhd • Asia Advisory Partners Ltd	-

Name	Directorships	Involvement in business activities other than as a director
	• CIMB Securities International Pte Ltd *Past directorships* • Commerce Asset Ventures Sdn Bhd *(resigned on 25 November 2011)* • TTK Holdings Sdn Bhd *(resigned on 31 July 2012)*	
Ng Soon Lai @ Ng Siek Chuan	*Present directorships* • S P Setia Bhd • Deutsche Bank (Malaysia) Berhad • Hiap Teck Venture Berhad • Unico-Desa Plantations Berhad • ELK-Desa Resources Berhad • Pekemojaya Sdn Bhd • Stellar Crest Sdn Bhd • Herlitz AG • Herlitz PBS AG *Past directorships* • Proton Commerce Sdn Bhd *(resigned on 1 August 2010)* • Proton Finance Limited *(resigned on 1 March 2010)* • Lotus Finance Limited (resigned on 1 March 2010)	-

Our Directors believe their involvement in other directorships and business activities outside our Group will not affect their contribution to our Group as they are all non-executive Directors and are not involved in the day-to-day operations of our Group.

8.3.4 Directors' Remuneration and Material Benefits-in-Kind

The current remunerations and proposed remunerations for services rendered/to be rendered by our Directors in all capacities to our Group for FY2011 and FY2012 are as follows:

	Compensation Band (RM)	
Director	**FY2011**	**FY2012**
Razman Hafidz Bin Abu Zarim	-	70,001 – 120,000
Tan Sri Dr Anthony Francis Fernandes	-	70,001 – 120,000
Tan Hong Kheng	-	70,001 – 120,000
Ng Soon Lai @ Ng Siek Chuan	-	70,001 – 120,000

The above remunerations, which comprise salaries, incentives, bonuses, fees, allowances and other benefits-in-kind must be considered and recommended by the Remuneration Committee and subsequently approved by our Board. Our Directors' fees and incentives must be further approved or endorsed by our shareholders at a general meeting.

8.3.5 Directors' Term of Office

Our Directors were appointed to the Board and have served in their respective capacities since the dates set out in Sections 8.1.1 and 8.3.1 of this Prospectus. Our Board comprises two Non-Independent Non-Executive Directors and two Independent Non-Executive Directors and their respective terms of office are as follows:

Name	Designation	Expiration of term of office*
Razman Hafidz Bin Abu Zarim	Chairman, Independent Non-Executive Director	Until the next annual general meeting of our Company, which shall not be later than 30 June 2013
Tan Sri Dr Anthony Francis Fernandes	Non-Independent Non-Executive Director	Until the next annual general meeting of our Company, which shall not be later than 30 June 2013
Tan Hong Kheng	Non-Independent Non-Executive Director	Until the next annual general meeting of our Company, which shall not be later than 30 June 2013
Ng Soon Lai @ Ng Siek Chuan	Independent Non-Executive Director	Until the next annual general meeting of our Company, which shall not be later than 30 June 2013

Note:

* *According to Article 128 of our Articles of Association:*

"The Directors may appoint a person who is willing to act as Director, either to fill a casual vacancy or as an additional Director, provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with these Articles as the maximum number of Directors. A Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election. This power shall be exercised by the Directors in the manner required in order to preserve the majority requirement in Article 106, failing which either the Chairman of the board of Directors or the Directors who are Malaysian nationals shall be seized with such power and shall exercise the same accordingly."

In addition, according to Article 123 of our Articles of Association on Retirement of Directors:

"At every annual general meeting, one-third (1/3) of the Directors are subject to retirement by rotation such that each Director shall retire from office once in every three (3) years or, if their number is not three (3) or a multiple of three (3), the number nearest to one-third (1/3) shall retire from office such that each Director shall retire from office once in every three (3) years, and if there is only one (1) Director who is subject to retirement by rotation, he shall retire. An election of Directors shall take place every year."

8.4 AUDIT AND RISK, NOMINATION AND REMUNERATION COMMITTEES

8.4.1 Audit and Risk Committee

Our Audit and Risk Committee was established on 5 October 2012 and comprises three Non-Executive Directors, of which two are independent. Members of our Audit and Risk Committee are as follows:

Name	Designation	Directorship
Ng Soon Lai @ Ng Siek Chuan	Chairman	Independent Non-Executive Director
Razman Hafidz Bin Abu Zarim	Member	Chairman, Independent Non-Executive Director
Tan Hong Kheng	Member	Non-Independent Non-Executive Director

Our Audit and Risk Committee was established by our Board in order to assist it in overseeing the internal controls of our Group independent from our management and to oversee the risk management activities of our Group, approving appropriate risk management procedures and methodologies across the organisation as well as to identify business risks of our Group. Our Audit and Risk Committee has full access to both internal and external auditors and vice versa.

Under our Audit and Risk Committee's terms of reference, at least one member of our Audit and Risk Committee must either be a member of the Malaysian Institute of Accountants, or if not, he/she must have at least three years' working experience and must have passed certain examinations stipulated in the Accountants Act 1967, or any other requirement as prescribed by Bursa Securities or the SC. The Chairman of our Audit and Risk Committee must be an independent Director appointed by the Board, based on the recommendation of our Nomination Committee.

Our Audit and Risk Committee's terms of reference include the following:

(i) To consider the appointment or re-appointment of the external auditor, the audit fees, any questions of resignation or dismissal of the external auditor and to recommend the nomination of the external auditors;

(ii) To assess the suitability and independence of the external auditor;

(iii) To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;

(iv) To provide a line of communication between our Board and the external auditors;

(v) To review the quarterly and year-end financial statements of the Group and Company, focusing particularly on:

   (a) any change and appropriateness of accounting policies and practices;
   (b) significant adjustments arising from the audit;
   (c) litigation that could affect the results materially;
   (d) significant and unusual events;
   (e) the going concern assumption;
   (f) compliance with approved accounting standards and other legal requirements; and
   (g) ensuring the timely release of such financial statements;

(vi) To discuss problems and reservations arising from the interim and final audits, and any matter the external auditor may wish to discuss (in the absence of management where necessary) including the audit report and the level of assistance given by our employees to the external auditor;

(vii) To review the external auditor's management letter and management's response in evaluating our Company's and our Group's system of internal control;

(viii) To do the following, in relation to the internal audit function:

(a) mandate the internal audit function to report directly to our Audit and Risk Committee;
(b) review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary independence and authority to carry out its work, which should be performed professionally and with impartiality and proficiency;
(c) review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit functions;
(d) review any appraisal or assessment of the performance of members of the internal audit function;
(e) approve any appointment or termination of senior staff members of the internal audit function; and
(f) take cognisance of resignations of internal audit staff and provide the staff an opportunity to submit reasons for resigning;

(ix) Review and monitor the adequacy and integrity of our Company's system of internal controls and management information systems, including systems to ensure compliance with applicable laws, regulations, rules, directives and guidelines;

(x) To consider and evaluate any related party transactions or conflict of interest situations that may arise within our Company or our Group including any transaction, procedure or course of conduct that raises questions of management integrity;

(xi) To consider the major findings of internal investigations and management's response;

(xii) To review the risk management framework of our Group and our Company to ensure the existence of effective risk management policies and controls to monitor and manage all financial and non-financial risks;

(xiii) To review our Company's procedures for detecting fraud and whistle blowing and ensure that arrangements are in place by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or any other matters (in compliance with provisions made in the Act; and

(xiv) To consider any other matters as directed by our Board.

8.4.2 Nomination Committee

Our Nomination Committee was established on 5 October 2012 and comprises three Non-Executive Directors, of which two are independent. Members of our Nomination Committee are as follows:

Name	Designation	Directorship
Ng Soon Lai @ Ng Siek Chuan	Chairman	Independent Non-Executive Director
Razman Hafidz Bin Abu Zarim	Member	Chairman, Independent Non-Executive Director
Tan Sri Dr Anthony Francis Fernandes	Member	Non-Independent Non-Executive Director

Our Nomination Committee was established by our Board in order to, inter alia, ensure that our Board is composed of effective and qualified members by nominating and appointing, current and prospective members of our Board.

Our Nomination Committee's terms of reference include the following:

(i) Recommending to our Board for approval, the minimum requirements for our Board, i.e. required mix of skills, knowledge, experience, qualification and other core competencies required of a Director;

(ii) Recommend to our Board, candidates for all directorships to be filled by the shareholders or our Board, taking into consideration the candidates':

- (a) skills, knowledge, expertise and experience;
- (b) professionalism;
- (c) integrity; and
- (d) in the case of candidates for the position of independent non-executive Directors, ability to discharge such responsibilities/ functions as expected from independent non-executive Directors;

(iii) Consider, in making its recommendation, candidates proposed by our Chief Executive Officer and within the bounds of practicality, by any senior executive or any Director or shareholder;

(iv) Assessing and evaluating, on an annual basis:

- (a) the desirability of the overall composition of our Board, considering the structure and development of excessive number of directorships, to ensure appropriate size, skills and professionalism;
- (b) the balance between executive Directors, non-executive Directors and independent Directors are maintained in accordance with the Listing Requirements and in consideration of corporate governance best practices;
- (c) the required mix of skills and experience and other qualities, including core competencies, which non-executive Directors should bring to our Board;
- (d) the desirable number of independent Directors and independence of our Board's independent Directors consistent with all legal and regulatory requirements including, but not limited to, the Listing Requirements and the Malaysian Code of Corporate Governance 2012 issued by the SC;
- (e) the desirability of renewing existing directorships, with due consideration given to the extent to which the interplay of the Directors' expertise, skills, knowledge and experience was demonstrated with those of other Board members; and
- (f) the possible representation of interest groups on our Board;

(v) Recommending to our Board the removal of Director(s) from our Board, if the Director is ineffective, errant and/or negligent in discharging his/her responsibilities;

(vi) Establishing a mechanism for the formal annual assessment on the effectiveness of our Board as a whole and the contribution of each Director to the effectiveness of our Board and the contribution of the Board's various committees. Our Nomination Committee's annual assessment should be based on objective performance criteria, in line with established key performance indicators, as approved by our Board. All assessments and evaluations carried out by our Nomination Committee in the discharge of all its functions should be properly documented;

(vii) Recommending and ensuring that all Directors receive appropriate continuous training in order to maintain an adequate level of competency in order to effectively discharge their roles as Directors, including but not limited to keeping abreast with developments in the financial industry and with changes in the relevant statutory and regulatory requirements;

(viii) Overseeing the appointment, management succession planning and performance evaluation of our Board, our Board committees and individual Directors and to report their performance and areas of improvement to our Board at the end of each fiscal year; and

(ix) Periodically reporting to the Board on succession planning for the Board Chairman and Chief Executive Officer, and working with the Board to evaluate potential successors.

The Nomination Committee is authorised to seek independent professional advice, at the expense of our Company, in carrying out their duties.

8.4.3 Remuneration Committee

Our Remuneration Committee was established on 5 October 2012 and comprises three Non-Executive Directors, of which two are independent. Members of our Remuneration Committee are as follows:

Name	Designation	Directorship
Ng Soon Lai @ Ng Siek Chuan	Chairman	Independent Non-Executive Director
Razman Hafidz Bin Abu Zarim	Member	Chairman, Independent Non-Executive Director
Tan Sri Dr Anthony Francis Fernandes	Member	Non-Independent Non-Executive Director

Our Remuneration Committee was established by our Board in order to, inter alia, develop remuneration policy for the Directors and Chief Executive Officer and ensure that compensation is competitive and consistent with our Company's business strategy and long-term objectives.

Our Remuneration Committee's terms of reference include the following:

(i) Review annually and recommend to our Board the overall remuneration policy for Directors and Chief Executive Officer (including but not limited to Directors' fees, salaries, allowances, bonuses, share options and benefits-in-kind) that support our Company's long-term success and shareholder value, and ensure that compensation is consistent with our Company's business strategy and long-term objectives, including but not limited to:

(a) attracting and retaining Directors and a Chief Executive Officer of requisite quality that increases productivity and profitability in the long run;

(b) motivating and creating incentives for Directors and the Chief Executive Officer to perform at their best; and

(c) focusing attention on the achievement of desired goals and objectives;

(ii) make recommendations to our Board on the individual remuneration packages for executive Directors and the Chief Executive Officer (including but not limited to Director's fees, salaries, allowances, bonuses, share options and benefits-in-kind). Our Remuneration Committee shall ensure that such remuneration packages are competitive, fair and not excessive, and in determining such packages and arrangements our Remuneration Committee must consider:

(a) the individual level of responsibilities undertaken, skills and experience as well as performance and contribution to our Company's growth and profitability, ensuring that the linkage between remuneration and performance is robust;
(b) the underlying performance of our Company as a company on the whole, in light of our Company's business plans and consider competitors' results, analyst reports and the views of the Chairman of other Board committees;
(c) the relative weighting of fixed and variable remuneration for target performance varies with level of responsibility, complexity of the role and typical market practice;
(d) relevant market comparisons and practice as well as any other relevant guidance;
(e) that the performance criteria set are genuinely challenging and that they are more suitable than possible alternatives; and
(f) any other such factors as our Remuneration Committee considers necessary or appropriate;

(iii) Review annually the performance of the Directors and the Chief Executive Officer and recommend to our Board specific adjustments in remuneration and/or reward payments, if any, taking into account the consideration the points set out in paragraphs (ii)(a) to (f) above;

(iv) Obtain advice from external sources or experts, if necessary, regarding remuneration practices of other companies of a similar size in a comparable industry sector for the purposes of comparison;

(v) Review and recommend to our Board the compensation payable to Directors and the Chief Executive Officer in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for our Company;

(vi) Review and recommend to our Board compensation arrangements relating to dismissal or removal of executive Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable, appropriate, fair and not excessive for our Company;

(vii) Review its own performance and terms of reference at least once a year to ensure that our Remuneration Committee is operating at maximum effectiveness and recommend any change it considers necessary to our Board for approval; and

(viii) Ensure adequate disclosure of the remuneration of Directors for the financial year in our Company's annual report in accordance with the Listing Requirements.

8.5 KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

8.5.1 Profiles

Peter Dixon Miller, British, aged 47
Chief Executive Officer of TIH

Peter Dixon Miller is the Chief Executive Officer of TIH. He graduated with a Bachelor of Science, Mathematics from Leicester University, England in 1986. He began his career as an IT professional with global insurance broker, Willis, Faber & Dumas (now known as Willis Group Holdings Public Limited Company) before joining Clerical Medical Investment Group Ltd. He first came to Malaysia in 1995 with United Kingdom based consultancy firm, TBOi Management Consultants to work on a major bancassurance project and then spent the next 5 years across 5 continents (Africa, America, Asia, Australasia and Europe) in financial services distribution, in particular alternative distribution including initiatives such as Branchless Banking (based in USA), Internet Insurance (based in USA), Supermarket Financial Services (based in South Africa), Direct Distribution (based in Australia) and Pre-eminent Advice Network (based in New Zealand). He then spent 5 years with American International Assurance (now known as AIA Group Ltd) between 2001 to 2006 where he was Regional Bancassurance Director from 2001 to 2004 and Head of Bancassurance, China from 2004 to 2006. In 2006, he joined Southern Bank Berhad as the Head of Consumer Banking. When Southern Bank Berhad merged with CIMB group of companies, Peter oversaw CIMB's insurance interests in Malaysia, Indonesia, Singapore and Thailand and was the President Commissioner of PT CIMB Sun Life and a director of CIMB Aviva Assurance Berhad, CIMB Aviva Takaful Berhad, Labuan Reinsurance (L) Ltd and CIG Bhd.

He joined TMSB in October 2010 and holds directorships in our subsidiaries, TIL, TMGR, TMLR, TIMB and Capital OCA, as well as in companies outside our Group, namely Tune Money Capital Sdn Bhd, Think Big Digital Sdn Bhd, Tune Money Employee Holding Sdn Bhd, Tune Money Company Limited and PT Tune Money.

Sasitharan A/L Krishnan, Malaysian, aged 41
General Manager of TIH

Sasitharan A/L Krishnan is the General Manager of TIH and oversees TIH's life and general reinsurance business as well as partnerships with AirAsia and the Tune Companies. As part of his role, he develops the insurance direct marketing business as well as manages the expansion of our Group's business regionally.

He graduated with a Bachelor of Laws (Hons) from University of London in 1994 and was certified as a Chartered Financial Consultant (ChFC) in 2000, Certified Financial Planner (CFP) and Chartered Life Underwriter (CLU) in 2002.

He has 17 years of experience in the financial services industry, including bancassurance distribution and financed reinsurance. He started his career as a law lecturer at Stamford College in 1994. In 1996, he joined Mayban Life Assurance Berhad as a training specialist with the bancassurance channel development team. In 2002, he was the Head of Sales Management in Consumer Sales Division of AmBank (M) Berhad. From 2004 to 2007, he was the Head of Insurance Services at HSBC Bank Malaysia Berhad. Thereafter, Sasitharan served as Country Manager for ReMark Malaysia Pte Ltd covering Direct Marketing channel development consultancy from 2007 to 2010. He was employed by TMSB as the Head of Direct Marketing from January 2011 and subsequently in March 2012, he was promoted as the General Manager for the insurance arm of TMSB. In August 2012, he joined TIH.

Teng Mee Nguk, Malaysian, aged 45
Head of Finance of TIH

Teng Mee Nguk is the Head of Finance in TIH and has over 20 years of working experience in accounting, tax and finance operations. She graduated from the Chartered Institute of Management Accountants (UK) in 1992 and became an Associate Member (of the Chartered Institute of Management Accountants (UK)) in 1996. In 2001, she obtained membership in the Malaysian Institute of Accountants.

In 1991, she started her career as a tax assistant with Khoo Wong & Chan. From 1992 to 1997, she served as an Assistant Accountant at Sime Darby group of companies, namely The China Engineers (M) Sdn Bhd. In 1998, she joined Rothmans of Pall Mall Berhad as an accountant. In 2000, she joined Cosmos Consultants (M) Sdn Bhd as a finance consultant and in 2001, she joined Intan Insurance Broker Sdn Bhd as a Finance Manager. Thereafter, from 2005 to January 2012, she was heading the Finance division at Jerneh Insurance (now known as ACE Jerneh). She was employed by TMSB as the Head of Finance for the insurance arm of TMSB since January 2012. In August 2012, she joined TIH.

Andria Geni Adnani, Malaysian, aged 41
Head of General Insurance of TIH

Andria Geni Adnani is the Head of General Insurance in TIH with particular focus on general insurance partnerships with AirAsia and the Tune Companies. She graduated with a Certificate in Insurance (General) from Universiti Teknologi MARA (UiTM) (formerly known as MARA Institute of Technology) in 1990 and has been in the insurance business and sales development for the last 17 years.

She began her career as a Broking Executive at Sun Alliance Insurance (M) Sdn Bhd (now known as Royal & Sun Alliance Insurance (M) Berhad) in 1993. Thereafter, she was made Broking Manager with focus on developing insurance brokers' relation whilst building the commercial risk sales portfolio. In 2005, she was appointed as Senior Manager of the Corporate Partnership department where she lead the retail insurance business division to grow personal lines class of business through bank and non-bank partnerships. In December 2006, she joined AmAssurance Berhad (a member of AMMB Holdings Berhad ("**AMMB**") as the Head of Direct Marketing/Telemarketing and subsequently moved to AmG Insurance Berhad (a joint venture between AMMB and Insurance Australia Group Limited) post the life and general license split. She served for more than 4 years with AMMB group of companies. She was employed by TMSB as the Head of General Insurance for the insurance arm of TMSB since April 2011. In August 2012, she joined TIH.

Sarah Sri Cabaya Binti Abdul Hamid, Malaysian, aged 32
Head of Programme Management Office of TIH

Sarah Sri Cahaya Binti Abdul Hamid is the Head of Programme Management Office at TIH where she manages all corporate and business projects. She graduated with a Bachelor of Science degree in Biomedical Sciences from Universiti Kebangsaan Malaysia in 2002 and has more than 10 years of working experience in the financial services industry.

She began her career as a life underwriter at Prudential Assurance Malaysia Berhad in April 2002 and was responsible for the setting up and implementation of a New Business training and development unit before heading both the technical helpdesk and New Business project team at Prudential Services Asia Sdn Bhd in 2005. In August 2005, she joined Mayban Life Assurance Berhad's new business operations and was involved in the merger programme involving Mayban Life Assurance Berhad, Mayban General Assurance Berhad, Mayban Takaful Berhad, Malaysia National Insurance Berhad andTakaful Nasional Sdn Bhd (merged entity is now known as Etiqa Insurance Berhad and Etiqa Takaful Berhad) both to develop an operating model and serve as a project manager before moving to Malayan Banking Berhad ("**Maybank**") to set up the Programme Management Office for the Maybank group's transformation/performance improvement programme, for which she subsequently managed the finances of the programme. She was employed by TMSB as the Head of Programme Management Office for the insurance arm of TMSB since March 2011. In August 2012, she joined TIH.

Virendra Antony Sukrutaraj, Indian, aged 38
Head of Information & Communication Technology of TIH

Virendra Antony Sukrutaraj is the Head of Information & Communication Technology in TIH. In TIH, his role includes the development and implementation of an ICT strategy for the Group in order for the business to be supported and enabled by state-of-the-art technology. His main focus currently is the implementation of the core general insurance system which will be used as a regional technology platform. He graduated with a First Class Bachelor of Science in Computer Science from Bharatidasan University in India in 1995 and has over 15 years of working experience in India and Singapore.

He began his career as a programmer with Odessy Computer Workstation in Tiruchirapalli upon his graduation in 1995. In May 1997, he joined Eurotech Marketing in Chennai and subsequently in February 1998, he joined Focus (in association with RJT Medisoft, Oxford United Kingdom) in Pondicherry, both as an analyst programmer. In August 1999, he moved to Singapore where he worked as a software consultant with i-Benefits Pte Ltd where he focused on design and development of applications for insurance and benefits administration. In 2000, he joined Out-Smart.com Pte Ltd as a senior software engineer in charge of designing and developing core components for web services delivery portal. In June 2004, he joined Convergys HR Management Singapore Pte Ltd as an Information System and Technology Manager and subsequently in May 2005, he was promoted to Asia Pacific Head of IT and stayed in the position for 5 years. Thereafter, he provided freelance IT consultancy services before he joined TMSB as the Head of Information & Communication Technology for the insurance arm of TMSB in February 2012. In September 2012, he was seconded by TMSB to TIH.

Yeoh Chi Chern, Malaysian, aged 33
IT Manager for Insurance Systems of TIH

Yeoh Chi Chern is the IT Manager for Insurance Systems whereby he is involved in system development, system support and project management of system implementation. He graduated with a Bachelor of Science in Computer Science from Coventry University, UK in 1999 and has over 10 years of experience in IT solutions, including the design and development of the Tune Insurance Policy Gateway.

He started his career as a programmer with Viztel Solutions Sdn Bhd (now known as Systech Berhad) in 1999. In 2001, he joined ALIF DHY GIS Sdn Bhd in Brunei as a programmer for Geographical Information Systems and subsequently moved to Infinity Innovations Sdn Bhd to lead a team of web development programmers. In 2004, he re-joined Viztel Solutions Sdn Bhd (now known as Systech Berhad) where he managed the system development and system support departments. In 2006, he set up Mplay Solutions Sdn Bhd, followed by Halcyon Digital Sdn Bhd in 2008 and Alpha Red Solutions Sdn Bhd in 2009, all of which are IT system development companies. He was employed by TMSB as an IT Manager since February 2012. In August 2012, he joined TIH.

He held directorships at Viztel Solutions Bhd (now known as Systech Berhad), Mplay Solutions Sdn Bhd, Halcyon Digital Sdn Bhd, Alpha Red Solutions Sdn Bhd and Oriented Media Group Bhd. He currently still holds directorships at Halcyon Digital Sdn. Bhd, Alpha Red Solutions Sdn Bhd and Oriented Media Group Bhd.

Su Tieng Teck, Malaysian, aged 52
Chief Executive Officer of TIMB

Su Tieng Teck is the Chief Executive Officer of TIMB. He obtained his Diploma in Commerce (majoring in Financial Accounting) from Kolej Tunku Abdul Rahman in 1983. In 1992, he was conferred as a Fellow Member of the Australia & New Zealand Institute of Insurance & Finance and in 1999, he obtained his Master in Business Administration (majoring in Strategic Management and Marketing) from University of Portsmouth, United Kingdom. He began his career as an accounting apprentice in Hii King Hiong & Co (an audit firm based in Sibu, Sarawak) in 1984.

He started his career in General Insurance when he joined Antah Sedgwick Chartered Insurance Brokers Sdn Bhd as an Assistant Manager, running its Penang branch. In 1992, he joined Arab Malaysian Eagle Assurance Bhd (now known as AmG Insurance Bhd) as Northern Regional Manager based in Penang. In 1994, he was transferred to the Head Office in Kuala Lumpur taking charge of Direct & Corporate Department and subsequently took over other marketing departments namely, International Business Department, Public Sector Department, Agency Department and Branch Operations Department. Before leaving AmG Insurance Bhd in 2001, he held the position of Assistant General Manager in charge of Agency & Branch for 5 years. In 2001, he joined Tokio Marine Insurans (Malaysia) Berhad as Assistant General Manager responsible for the development of the entire Agency Business on a nationwide basis. In 2010, he left Tokio Marine Insurans (Malaysia) Berhad with his last posting as a Senior General Manager in charge of Agency & Branch. From June 2010 to January 2012, he was the Chief Executive Officer of MUI Continental Insurance Bhd. In February 2012, he joined TMSB as an advisor to assist the Chief Executive Officer of TMSB and subsequently in May 2012, he joined TIMB. He does not hold any directorships in any other companies.

Leong Pang Cheung, Malaysian, aged 57
Chief Financial Officer of TIMB

Leong Pang Cheung is the Chief Financial Officer of TIMB. He became an Associate of the Chartered Institute of Management Accountants (UK) in 1981, a Chartered Member of the Malaysian Institute of Accountants in 1983 and a Chartered Global Management Accountant (CGMA) of the Association of International Certified Professional Accountants (AICPA), a joint venture of the American Institute of Certified Public Accountants (USA) and the Chartered Institute of Management Accounts (UK) in 2012.
He previously served in various middle, professional and managerial groups in the Office of the Auditor General Malaysia for 20 years from 1976 to 1996 until his last position as Auditor/Deputy to the Assistant Auditor-General. Subsequently, he joined Mayban Securities Sdn Bhd as its Compliance Officer before starting his career in the insurance industry when he joined PanGlobal Insurance Berhad as the Chief Internal Auditor in 2002, where he subsequently assumed the role as Chief Financial Officer in 2003. In July 2003, in addition to his role as Chief Financial Officer, he also assumed the role as Company Secretary of PanGlobal Insurance Berhad. In 2009, he had a short stint in Corporate Planning in Tokio Marine Insurans (Malaysia) Berhad before joining Tahan Insurance Malaysia Berhad, where he served as Company Secretary and Chief Financial Officer until he left in March 2011 to join TIMB effective 1 July 2011.

Goh Ching On, Malaysian, aged 51
Senior General Manager – Claims Operations of TIMB

Goh Ching On is the Senior General Manager for Claims Operations at TIMB. He qualified as an Associate member of the Australian Insurance Institute and Institute of Chartered Secretaries and Administrators (ICSA) in 1986. He became a Fellow Member (specializing in Underwriting and Claims Management) of the Insurance Institute of Canada/University of Toronto in 1992 and obtained associateship from Insurance & Risk Management Society of Canada (now known as The Risk and Insurance Management Society, Inc. (RIMS), Canada) in 1993. He subsequently obtained a Masters in Business Administration (MBA) from Universiti Kebangsaan Malaysia in 2000. He is also certified as a Certified Financial Planner in 2002.

He started his insurance career as a loss adjuster with McLaren International Sdn Bhd (now known as McLaren Saksama (Malaysia) Sdn Bhd) from 1986 to 1988, Toplis & Harding (M) Sdn Bhd from 1988 to 1989 and McAdam Insurance Adjusters Ltd in Ontario from 1989 to 1990. In 1990, he joined Commercial Union Assurance of Canada as a Senior Claims Examiner. In 1996, he served as Technical Advisor in charge of designing and implementing claims procedures at Jerneh Insurance Berhad before joining Zurich Insurance Malaysia Berhad (formerly known as Malaysian Assurance Alliance Berhad) ("**Zurich**") in 1997. He was the project lead in Zurich in the development of the electronic paperless claims system, which was introduced at Zurich in year 2000. He last served as the Chief Claims Officer of Zurich for 15 years before joining TIMB to head its Claims Operations in September 2012.

He is active in claims training and education in the industry. He has been serving in various sub-committees in the General Insurance Association of Malaysia. He leads a project team in the General Insurance Association of Malaysia to develop and implement the e-KfK (Knock-for-Knock) Paperless Workflow System, which is a paperless workflow system for members of the General Insurance Association of Malaysia to exchange claims documents and information for settlement of KfK claims between members of the General Insurance Association of Malaysia. He is also the founding Chairman of the National Insurance Claims Society (NICS) of Malaysia.

Lim Thai Yoong, Malaysian, aged 50
General Manager – Underwriting/Risk Survey of TIMB

Lim Thai Yoong is the General Manager for Underwriting/Risk Survey at TIMB. He is a Certified Insurance Professional (from Australian Insurance Institute) and an Associate Member of both the Australian Insurance Institute and the Institute of Chartered Secretaries & Administrators, United Kingdom. He has more than 20 years of experience in general insurance.

He started as a risk surveyor at Hong Leong Assurance Berhad in 1990 before moving on to Aetna Universal Insurance Berhad (now known as ING Insurance Berhad) to head broking business development department in 1995. Prior to joining TIMB in July 2012, He was with MUI Continental Insurance Berhad for 14 years, where he headed the broking division and subsequently was appointed as Chief Underwriter.

Low Yew Pong, Malaysian, aged 50
Assistant General Manager – Investment Management of TIMB

Low Yew Pong is the Assistant General Manager for Investment Management at TIMB. He obtained a Bachelor of Business Administration degree (double major in Finance and Information Systems) from University of Texas at Austin, Texas, USA in 1986 and Masters in Business Administration (MBA) from St. Edward's University at Austin, Texas, USA in 1989. He has more than 20 years of experience in securities dealing and fund management business. He has also been a CFA Charterholder since 2000.

He started his career as a remisier with TA Securities Holdings Berhad before subsequently moving on to MSC-Syme Business School in 1991 to serve as a lecturer for the Monash University Twinning program in Kuala Lumpur where he taught Investment and Statistics related subjects. He joined Capital Insurance Berhad as the Assistant Manager – Investment in 1996 where he was responsible for the management of the company's general insurance fund. He became an employee of Oriental Capital Assurance Berhad (now known as TIMB) when Capital Insurance Berhad was acquired by TIMB in 2002. In May 2008, he was promoted and assumed his current position in TIMB.

Ng Teck Sing, Malaysian, aged 48
Assistant General Manager – Information & Communication Technology of TIMB

Ng Teck Sing is the Assistant General Manager heading the IT department at TIMB. He obtained a postgraduate diploma in Business Strategy Information Technology from the National Computer Centre Education, UK in 2008 and has more than 20 years of General Insurance system development and IT management experience.

He started his career in 1985 as an electronic data processing executive at Pacific & Orient Insurance Co. Bhd. He joined Power Computer Services Sdn Bhd (now known as P&O Global Technologies Sdn Bhd) in 1989 and was posted to Hong Kong where he implemented General Insurance Systems for a general insurance company and an insurance broker that helped to improve premium collection as well as policy issuance turnaround time. He joined Zurich Insurance Malaysia Berhad (formerly known as Malaysian Assurance Alliance Berhad) ("**Zurich**") in 1992 and subsequently transferred to Zurich Technology Services Malaysia Sdn Bhd (formerly known as MAAGNET Systems Sdn Bhd) 10 years later to oversee system development and application support for Zurich as well as other MAA Holdings Berhad overseas insurance operations prior to acquisition of Zurich by Zurich Insurance Company Ltd. He last served as an IT Senior Manager until he left in August 2012 to join TIMB.

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8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

8.5.2 Shareholdings

The shareholdings of our key management and key technical personnel before and after our IPO are as follows:

			Before IPO				After IPO			
			Direct		Indirect		Direct		Indirect	
Name	Designation	Nationality	No. of Shares held	% held	No. of Shares held	% held	No. of Shares held	% held	No. of Shares held	% held
Peter Dixon Miller	Chief Executive Officer of TIH	British	-	-	-	-	75,000[1]	0.01	-	-
Sasitharan A/L Krishnan	General Manager of TIH	Malaysian	-	-	-	-	75,000[1]	0.01	-	-
Teng Mee Nguk	Hcad of Financc of TIH	Malaysian	-	-	-	-	50,000[1]	0.01	-	-
Andria Geni Adnani	Head of General Insurance of TIH	Malaysian	-	-	-	-	50,000[1]	0.01	-	-
Sarah Sri Cahaya Binti Abdul Hamid	Head of Programme Management Office of TIH	Malaysian	-	-	-	-	75,000[1]	0.01	-	-
Virendra Antony Sukrutaraj	Hcad of Information & Communication Technology of TIH	Indian	-	-	-	-	50,000[1]	0.01	-	-
Yeoh Chi Chern	IT Manager for Insurance Systems of TIH	Malaysian	-	-	-	-	50,000[1]	0.01	-	-
Su Ticng Tcck	Chief Executive Officer of TIMB	Malaysian	-	-	-	-	75,000[1]	0.01	-	-
Leong Pang Cheung	Chicf Financial Officer of TIMB	Malaysian	-	-	-	-	50,000[1]	0.01	-	-

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

			Before IPO				After IPO			
			Direct		Indirect		Direct		Indirect	
Name	Designation	Nationality	No. of Shares held	% held	No. of Shares held	% held	No. of Shares held	% held	No. of Shares held	% held
Goh Ching On	Senior General Manager – Claims Operations of TIMB	Malaysian	-	-	-	-	30,000[(1)]	*	-	-
Lim Thai Yoong	General Manager – Underwriting/Risk Survey of TIMB	Malaysian	-	-	-	-	30,000[(1)]	*	-	-
Low Yew Pong	Assistant General Manager – Investment Management of TIMB	Malaysian	-	-	-	-	30,000[(1)]	*	-	-
Ng Teck Sing	Assistant General Manager – Information & Communication Technology of TIMB	Malaysia	-	-	-	-	30,000[(1)]	*	-	-

Notes:

* *Negligible*

(1) *Assuming full subscription of the Pink Form Shares allocated to our eligible employees under the Retail Offering*

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

8.5.3 Involvement of Key Management and Key Technical Personnel in Other Businesses or Corporations

Save as disclosed below, none of our key management and key technical personnel has any interest, direct or indirect, in any other businesses and corporations outside of our Group or are involved in other businesses/corporations outside of our Group as at the LPD:

					As at LPD			
					Direct		Indirect	
Name	Company	Principal Activities	Designation	Date Appointed	No. of shares held	% held	No. of shares held	% held
Peter Dixon Miller	Think Big Digital Sdn Bhd	Marketing of loyalty program	Director	9 December 2010	-	-	-	-
	Tune Money Capital Sdn Bhd	Dormant	Director	23 September 2010	-	-	-	-
	Tune Money Employee Holding Sdn Bhd	Investment holding	Director	23 September 2010	327,750	92	-	-
	Tune Money Company Limited	Loyalty management	Director	13 January 2012	-	-	-	-
	PT Tune Money	Management consulting	President Director	18 October 2011	2,500	1	-	-
Yeoh Chi Chern	Halcyon Digital Sdn Bhd	Telecommunications Systems Consultancy Services	Director	27 May 2008	51	51	-	-
	MPlay Solutions Sdn Bhd	Business and System Development and IT Consulting	-	-	30	30	-	-
	Alpha Red Solutions Sdn Bhd	IT Consultancy & Systems Intergrator	Director	1 September 2009	49	49	-	-
	Oriented Media Group Bhd	Internet Ad-Servers, Game Publishing, Interactive Media Outsourcing Services	Executive Director	27 December 2011	-	-	-	-

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

Save as disclosed above, as at the LPD, none of our key management and key technical personnel has any interest, direct or indirect, in any other businesses and corporations outside of our Group. The involvement of Peter Dixon Miller and Yeoh Chi Chern in other businesses/corporations outside our Group is minimal and does not affect their duties to our Group. Hence, we do not foresee any conflict of interest arising from this.

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8.5.4 Chief Executive Officer's Remuneration and Material Benefits-in-Kind

The current remunerations and proposed remunerations for services rendered/to be rendered by our Chief Executive Officer for FY2011 and FY2012 are as follows:

	Compensation Band (RM)	
Name	**FY2011**	**FY2012**
Peter Dixon Miller	-	950,001 – 1,000,000

The above remunerations, which comprise salaries, incentives, bonuses, fees, allowances and other benefits-in-kind must be considered and recommended by the Remuneration Committee and subsequently approved by our Board.

8.6 DECLARATIONS BY PROMOTERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

Based on the declarations by our Promoters, Directors, key management and key technical personnel, none of our Promoters, Directors, key management and key technical personnel is or has been involved in any of the following events (whether in or outside Malaysia):

(i) A petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;

(ii) Disqualification from acting as a director of any corporation, or from taking part directly or indirectly in the managing of a corporation;

(iii) Charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;

(iv) Any judgement entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or

(v) The subject of any order, judgment or ruling of any court, government or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

8.7 FAMILY RELATIONSHIPS AND ASSOCIATIONS

There are no family relationships (as defined under Section 122A of the Act) or associations amongst our Promoters, Directors, substantial shareholders, key management and key technical personnel.

8.8 BENEFITS PAID OR INTENDED TO BE PAID

Save as disclosed in Section 8.3.4 of this Prospectus, there is no amount or benefit paid or intended to be paid or given to any of our Promoters, Directors or substantial shareholders within the two years preceding the date of this Prospectus.

8.9 SERVICE AGREEMENTS WITH DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

Save as disclosed below, as at the LPD, there are no other existing or proposed service agreements entered into or to be entered into between our Group and our Directors, key management and key technical personnel.

Pursuant to his service agreement with TIMB, Leong Pang Cheung was appointed as the Chief Financial Officer of TIMB for a period of two years effective from 2 July 2012. His service agreement with TIMB is subject to mutual termination provisions by giving of three months' prior notice from either party. Upon termination of his service agreement, he is not entitled to any termination benefits.

8.10 INFORMATION ON EMPLOYEES

8.10.1 Employment Structure

As at the LPD, we have a total workforce of 352 personnel. All of our employees are employed in Malaysia.

The breakdown of our employees by category as at 31 December 2009, 2010 and 2011 as well as at the LPD is as follows:

	Number of Employees			
	As at 31 December			As at the
Category	**2009#**	**2010#**	**2011**	**LPD***
Managerial	1	-	2	21
Supervisory	-	-	-	90
Sales and marketing	1	1	9	77
Finance, human resource and administration	1	1	1	49
Operations	2	2	4	13
Clerical/ non-executive	-	-	-	95
Others non clerical	-	-	-	7
Total	5	4	16	352[(a)]

Notes:

\# *Employed by TMSB for the operation of TIL*

* *The significant change in number of employees of our Group as at the LDP is pursuant to our acquisition of TIMB*

(a) *Including 15 employees employed based on fixed term contracts and 1 personnel seconded by TMSB to our Company*

8.10.2 Training and Development

Our Group understands and is committed to the importance of the training and development of our workforce. Training and development plans are rolled out based on the role and scope, the responsibilities and impact, regulatory compliance and mostly, customer satisfaction. Our goal is to continuously orientate and instil within our employees our Group's culture, vision and business priorities. Managers are required to give on-the-job training and coaching frequently. We provide employees opportunities for lateral movement and internal promotions as a key component to learn new skills and develop their existing strengths.

New employees will participate in our Group's Induction and Orientation Programme. The new employees are given an overview of the business of our Group and an introduction to our vision and corporate culture. New employees also undergo a briefing on risk management policies, an introduction to ISO and Compliance processes, and a briefing on anti-money laundering policies as well as covering the Employee Handbook with our Human Resource Department. New employees will be assigned their Key Result Areas for their first six months, during which on-the-job training and coaching is conducted on an on-going basis to impart functional knowledge and skills to the new employees.

Our Human Resource Department is responsible for the preparation of annual training plans and calendar, taking into account the need for technical and non-technical skills. The training calendar is shared with the head of departments of our Group, who can then nominate attendees to our Human Resource Department. Employees can also request for training either listed in the calendar or in addition to the calendar. However, this is, subject to the approval of the head of departments and Human Resource Department.

As our Group possesses the MS ISO 9001:2008 certification; in-house training on standard operating procedures are conducted by the Internal Quality Auditor. Other in-house training conducted on technical subjects include Motor Insurance; Introduction to Insurance; Fire Insurance; Misc Classes; Marine Insurance; Reinsurance; Engineering and Claims. Employees are regularly encouraged to upgrade themselves and to keep abreast with the latest market trends and developments.

Our employees have had the opportunity to participate in training programmes to develop industry knowledge to enhance proficiency in their daily tasks. Some of the training programmes attended by our employees in year 2012 are as follows:

Date	Programme	Venue	Facilitator/ Organiser
30 March	The 2nd General Insurance & Takaful Actuarial Seminar	Prince Hotel	Actuarial Society of Malaysia
24 April	Financing Reporting Standards for Insurance Companies	Pacific Regency Hotel	Labuan International Insurance Association
14 May	Managing Discipline	AirAsia Training Facility	AirAsia Berhad
21 May	Towards Supervisory Excellence	Malaysian Institute of Management, Jalan Ampang	Malaysian Institute of Management
28 May	Managing Performance Improvement in the Workplace	Malaysian Institute of Management, Jalan Ampang	Malaysian Institute of Management
11 June	How to Enhance Customer Service & Retention	Malaysian Institute of Management, Jalan Ampang	Malaysian Institute of Management
20 June	Effective Middle Management	Malaysian Institute of Management, Jalan Ampang	Malaysian Institute of Management
27 June	Risk Based Capital	Novotel Hotel	Labuan International Insurance Association
4 July	Talent Management in Challenging Economic Climate	Sunway Putra Hotel	HR Rcpublic
18 July	How to Increase Sales & Develop Effective Marketing Strategies	Malaysian Institute of Management, Jalan Ampang	Malaysian Institute of Management

8.10.3 Management Succession Plan

Our corporate culture places high emphasis on employee engagement and employee development. We know that our success depends on the passion and performance of our employees, more so our key talent in pivotal roles and our high-potential employees.

Our Group has a management succession plan consisting of:

(a) Identifying Pivotal Roles within the Organisation

Pivotal roles include key management roles, high customer/partner interaction roles and roles which have a higher or longer learning curve.

(b) Identifying Core Competencies and Job Competencies

Competencies and attributes that drive organisational success are identified and groomed, through our performance management process.

(c) Identifying High Potentials

Employees who are in the top percentile of the organisation are high potentials and are rewarded accordingly during the annual performance review. All internal positions are also broadcasted for internal employees to apply and have the opportunity at career advancement or career enhancement.

(d) Learning & Development

Apart from attending in-house or external training, employees who are identified based on any process above are given opportunities to develop and sharpen their skills by taking on additional tasks and projects, conducting training on their areas of expertise and cross exposure in different departments.

(e) Implementing & Review

While succession planning is a continuous effort and inter-twined with leadership and human resource responsibilities, it is reviewed formally during the annual business planning process where all employees in pivotal roles are required to identify, groom and develop employees for their own succession plans. If the need arises, external talent will be recruited to close any talent gaps.

In addition, entry level employees and new employees joining our Group will be encouraged to contribute ideas and participate actively in organisational activities to allow them to develop their full potential.

8.10.4 Unions

As at the LPD, certain of our employees who are employed under TIMB, are members of the following unions:

(a) in respect of employees who are categorised as clerical, the National Union of Commercial Workers in Companies Represented by Association of Insurance Employers; and

(b) in respect of employees who are categorised as executive, Persatuan Pegawai-Pegawai Pentadbiran Industri Insuran Semenanjung Malaysia.

As at the LPD, there have been no industrial disputes with the unions involving our Group.

9. APPROVALS AND CONDITIONS

9.1 APPROVALS FROM RELEVANT AUTHORITIES

Our IPO is subject to the following approvals being obtained:

(a) the approval of the SC, pursuant to Section 212(5) of the CMSA and the equity requirements for public companies, which was obtained vide its letter dated 10 December 2012;

(b) Minister of Finance, through BNM, pursuant to Section 67(2) of the Insurance Act, which was obtained vide its letters dated 18 October 2012 and 21 December 2012; and

(c) Bursa Securities for the admission to the Official List and the listing of and quotation for our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities, which was obtained vide its letter dated 8 January 2013.

In addition, Bursa Securities has, vide its letter dated 8 January 2013, approved the additional listing of up to 10% of the total issued and paid-up share capital of our Company to be issued pursuant to the Employees' Share Option Scheme.

Conditions on Approvals

The conditions imposed by the SC vide its letters dated 10 December 2012 and 4 January 2013 and the status of compliance with these conditions are as follows:

Conditions Imposed by the SC	Status of Compliance of Conditions (if any)
TIH to allocate at least 12.5% of its enlarged issued and paid-up share capital to Bumiputera investors at the point of listing. This includes the IPO Shares offered under the balloted public offer portion, of which 50% are to be offered to Bumiputera investors.	To be complied
RHB Investment/TIH to fully comply with the relevant requirements under the SC's Equity Guidelines and Prospectus Guidelines – Equity and Debt pertaining to the implementation of the IPO	Noted

The SC has vide its letter dated 10 December 2012, noted that the equity structure relating to Bumiputera, non-Bumiputera and foreign shareholdings in our Company arising from our IPO would change as follows (assuming that the Over-Allotment Option is not exercised):

Shareholders	**Existing** %	**After IPO** %
Bumiputera		
- to be nominated and approved by MOF	-	10.00
- via public balloting	-	2.50
	-	**12.50**
Non-Bumiputera	100.00	87.50
Foreign[(1)]	-	-
Total	**100.00**	**100.00**

Note:

(1) *The Public Issue would involve private placement to Malaysian institutional and identified investors and foreign institutional and identified investors. As such, there would be foreign shareholders, the quantum of which would only be determined during the bookbuilding process.*

9. APPROVALS AND CONDITIONS *(Cont'd)*

The SC has, vide its letter dated 6 December 2012, approved some of waivers sought in relation to compliance with certain requirements under the Prospectus Guidelines. The details of the waivers sought, accompanying conditions imposed by the SC and the status of compliance with these conditions are as follows:

Reference	Details of Waiver Sought	Decision of the SC and Conditions Imposed	Status of Compliance of Conditions (if any)
Paragraphs 8.02(m) and 18.01(c)	Relief from disclosing Clauses 9.1 and 9.2 of the Distribution Agreement dated 4 October 2012 between TIH and AirAsia X Berhad and from making the said clauses available for public inspection	Approved	Not applicable

Reference	Details of Waiver Sought	Decision of the SC and Conditions Imposed	Status of Compliance of Conditions (if any)
Paragraph 13.10	Relief from disclosing the auditors' report in this Prospectus in respect of the financial years under review	Approved, subject to the auditors' opinion on the audited financial statements for financial years be disclosed in the Accountants Report	Complied

The conditions imposed by the Minister of Finance, through BNM vide its letters dated 18 October 2012 and 21 December 2012 and the status of compliance with these conditions are as follows:

Conditions Imposed by the Minister of Finance, through BNM	Status of Compliance of Conditions (if any)
TMSB is required to seek separate approval pursuant to the Insurance Act should any investor or group of investors acting in concert acquire more than 5% of TIH Shares, or if undersubscription of the IPO result in any of the underwriters acquiring more than 5% equity stake In this regard, should the underwriters be given approval to hold more than 5% equity stake, the underwriters are required to divest within 6 months from the date of acquisition, any TIH Shares in excess of 5% of total TIH Shares, to parties approved by the Minister of Finance pursuant to the Insurance Act.	Noted

9.2 MORATORIUM ON SALE OF SHARES

In accordance with the Equity Guidelines, TMSB, in its capacity as one of our Promoters, will not be allowed, and has undertaken not to sell, transfer or assign its entire shareholding in our Company, as at the date of Listing, save for the number of our Shares which are allocated under the Over-Allotment Option, for a period of six months from the date of Listing.

In accordance with the Equity Guidelines, the shareholders of TMSB (including our Promoters), have undertaken not to sell, transfer or assign their respective shareholdings in TMSB as at the date of Listing, for a period of six months from the date of Listing.

In accordance with the Equity Guidelines, the respective shareholders of Tune Group Sdn Bhd, CIMB SI II Sdn Bhd, CIMB Group Sdn Bhd, SBB Berhad, Tune Money Employee Holding Sdn Bhd, Tune Strategic Investments Limited and East Pacific Capital Limited, have undertaken not to sell, transfer or assign their respective shareholdings in Tune Group Sdn Bhd, CIMB SI II Sdn Bhd, CIMB Group Sdn Bhd, SBB Berhad, Tune Money Employee Holding Sdn Bhd, Tune Strategic Investments Limited and East Pacific Capital Limited as at the date of Listing, for a period of six months from the date of Listing.

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

10.1 RELATED PARTY TRANSACTIONS

Under the Listing Requirements, a "related party transaction" is a transaction entered into by a listed issuer or its subsidiaries that involves the interest, direct or indirect, of a related party. A "related party" of a listed issuer (not being a special purpose acquisition company) is:

(i) a director falling within the meaning given in Section 2(1) of the CMSA and includes any person who is or was within the preceding six months of the date on which the terms of the transaction were agreed upon, a director of the listed issuer, its subsidiary or holding company or a chief executive of the listed issuer, its subsidiary or holding company; or

(ii) a major shareholder of the listed issuer or its subsidiaries or holding company, being a shareholder who has or had an interest or interests in one or more voting shares in a corporation (being either the listed issuer, or its subsidiaries or holding company, or a combination of the said corporations) and the nominal amount of that share or aggregate of the nominal amounts of those shares is:

(a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the corporation; or

(b) 5% or more of the aggregate of the nominal amounts of all the voting shares in the corporation where such person is the largest shareholder of the corporation;

and includes such person who is or was within the preceding six months of the date on which the terms of the transaction were agreed upon, a major shareholder of the issuer or its subsidiaries or holding company; or

(iii) a person connected with such director or major shareholder.

Certain transactions, despite falling within the definition above, are not normally regarded as related party transactions. These are detailed in paragraph 10.08(11) of the Listing Requirements.

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST *(Cont'd)*

10.1.1 Existing and proposed related party transactions

(a) Non-recurrent related party transactions

Save as disclosed below, our Board confirms that there is no other existing or presently proposed related-party transactions entered/to be entered into between our Group and our Directors, major shareholders and/or persons connected with them, during the past three FY2009 to FY2011 and current FY2012:

Related Party	Nature of Relationship	Nature of Transaction	<----FY 2009 RM	2010 RM	2011 RM---->	Estimate for the FY 2012 RM
Tune Money Sdn Bhd ("**TMSB**")	TMSB is a major shareholder of our Company. TMSB is 42.64% owned by Tune Group Sdn Bhd ("**Tune Group**"), which in turn is jointly owned by Tan Sri Dr Anthony Francis Fernandes ("**Tan Sri Dr Tony Fernandes**") and Dato' Kamarudin Bin Meranun ("**Dato' Kamarudin**"). Tan Sri Dr Tony Fernandes and Tan Hong Kheng are our Directors and directors of TMSB.	Call Option Agreement in respect of the option granted by TMSB and our Company to AirAsia Berhad for AirAsia Berhad to acquire up to 20% of the issued and paid-up share capital of our Company at the time the call option is exercised from TMSB	N/A	N/A	N/A	Please refer to note (1)
		The sale and transfer of the Tune Insurance Policy Gateway by TMSB to our Company pursuant to the Source Code Transfer Agreement entered between TMSB and our Company	N/A	N/A	N/A	130,000
		Advances made by our Company to TMSB	N/A	N/A	3,800,000	15,400,000
		Advances made by TMGR to TMSB	N/A	N/A	N/A	200,000

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST *(Cont'd)*

Related Party	Nature of Relationship	Nature of Transaction	<------ FY ------> 2009 RM	2010 RM	2011 RM	Estimate for the FY 2012 RM
AirAsia Berhad	AirAsia Berhad is a major shareholder of our Company. AirAsia Berhad is 23.04% owned by Tune Air Sdn Bhd ("**Tune Air**"), which in turn is 48.8% owned by Tan Sri Dr Tony Fernandes and 40.2% owned by Dato' Kamarudin. Tan Sri Dr Tony Fernandes is our Director and director of AirAsia Berhad.	Call Option Agreement in respect of the option granted by TMSB and our Company to AirAsia Berhad for AirAsia Berhad to acquire up to 20% of the issued and paid-up share capital of our Company at the time the call option is exercised from TMSB	N/A	N/A	N/A	Please refer to note (1)
CIMB Bank Berhad	CIMB Bank Berhad is a 99.99% subsidiary of CIMB Group Sdn Bhd, which in turn is the holding company of CIMB SI II Sdn Bhd. CIMB SI II Sdn Bhd holds 25% equity interest in TMSB, our major shareholder.	The lease by TIMB of the property with the address at No. 77, Jalan Kapar, 41400 Klang, Selangor held in the name of TIMB to CIMB Bank Berhad	N/A	N/A	N/A	196,000

Note:

(1) *The purchase consideration of RM16,000,000.00 was paid by AirAsia Berhad to TMSB on 22 October 2012*

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST *(Cont'd)*

(b) Recurrent related party transactions

Save as disclosed below, our Board confirms that there is no other existing or presently proposed recurrent related-party transactions entered/to be entered into between our Group and our Directors, major shareholders and/or persons connected with them, during the past three FY2009 to FY2011, 9M2012 and the 9 months ending 30 June 2013:

Related Party	Nature of Relationship	Nature of Transaction	<---------- FY	----------	---------->	9M2012	Estimate for the 9 months period ending 30 June 2013
			2009	2010	2011		
			RM	RM	RM	RM	RM
TMSB	TMSB is a major shareholder of our Company. TMSB is 42.64% owned by Tune Group, which in turn is jointly owned by Tan Sri Dr Tony Fernandes and Dato' Kamarudin. Tan Sri Dr Tony Fernandes and Tan Hong Kheng are our Directors and directors of TMSB.	The provision of services by TMSB to our Company, including human resources, information technology and other services as may be agreed upon from time to time, including general management, corporate functions, legal and administrative services pursuant to the Shared Services Agreement entered between TMSB and our Company, for which service fees are payable by our Company to TMSB	N/A	N/A	N/A	108,938	228,500

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST *(Cont'd)*

Related Party	Nature of Relationship	Nature of Transaction	<------ FY ------> 2009 RM	2010 RM	2011 RM	9M2012 RM	Estimate for the 9 months period ending 30 June 2013 RM
AirAsia Berhad	AirAsia Berhad is a major shareholder of our Company. AirAsia Berhad is 23.04% owned by Tune Air, which in turn is 48.8% owned by Tan Sri Dr Tony Fernandes and 40.2% owned by Dato' Kamarudin. Tan Sri Dr Tony Fernandes is our Director and director of AirAsia Berhad.	The outsourcing and appointment of our Company to manage the travel insurance business of AirAsia Berhad on an exclusive basis and the grant of right to our Company to market insurance products to the customers of AirAsia Berhad via direct marketing initiatives pursuant to the Distribution Agreement between AirAsia Berhad and our Company. A portion of the revenue to be received by our Company arising from the marketing of insurance products to the customers of AirAsia Berhad is paid by our Company to AirAsia Berhad.	N/A	N/A	N/A	29,284	355,888
		Business Collaboration and Marketing Agreement to enable TIMB to underwrite the Travel Protection Plan originating in Malaysia for passengers of AirAsia Berhad, for which commission is payable by TIMB to AirAsia Berhad	N/A	N/A	N/A	757,207	7,642,350

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST *(Cont'd)*

Related Party	Nature of Relationship	Nature of Transaction	<---- FY 2009 RM	2010 RM	2011 ----> RM	9M2012 RM	Estimate for the 9 months period ending 30 June 2013 RM
AirAsia X Berhad	AirAsia X Berhad is a person connected to AirAsia Berhad as AirAsia Berhad owns 18.34% equity interest in AirAsia X Berhad. AirAsia Berhad is a major shareholder of our Company. AirAsia Berhad is 23.04% owned by Tune Air, which in turn is 48.8% owned by Tan Sri Dr Tony Fernandes and 40.2% owned by Dato' Kamarudin. Tan Sri Dr Tony Fernandes is our Director and director of AirAsia X Berhad.	The outsourcing and appointment of our Company to manage the travel insurance business of AirAsia X Berhad on an exclusive basis and the grant of right to our Company to market insurance products to the customers of AirAsia Berhad via direct marketing initiatives pursuant to the Distribution Agreement between AirAsia X Berhad and our Company. A portion of the revenue to be received by our Company arising from the marketing of insurance products to the customers of AirAsia X Berhad is paid by our Company to AirAsia X Berhad	N/A	N/A	N/A	N/A	N/A
		The appointment of AirAsia X Berhad as a corporate agent of TIMB pursuant to the Agency Agreement between AirAsia X Berhad and TIMB, for which commission is payable by TIMB to AirAsia X Berhad	N/A	N/A	N/A	171,063	1,497,199

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST *(Cont'd)*

Related Party	Nature of Relationship	Nature of Transaction	<---- FY ---- 2009 RM	2010 RM	2011 ----> RM	9M2012 RM	Estimate for the 9 *months* period ending 30 June 2013 RM
PT Indonesia AirAsia	PT Indonesia AirAsia is a person connected to AirAsia Berhad as AirAsia Berhad owns 100% equity interest in AirAsia Investment Ltd, which in turn owns 49% of PT Indonesia AirAsia. AirAsia Berhad is a major shareholder of our Company. AirAsia Berhad is 23.04% owned by Tune Air, which in turn is 48.8% owned by Tan Sri Dr Tony Fernandes and 40.2% owned by Dato' Kamarudin. Tan Sri Dr Tony Fernandes is our Director and director of PT Indonesia AirAsia.	The outsourcing and appointment of our Company to manage the travel insurance business of PT Indonesia AirAsia on an exclusive basis and the grant of right to our Company to market insurance products to the customers of PT Indonesia AirAsia via direct marketing initiatives pursuant to the Distribution Agreement between PT Indonesia AirAsia and our Company. A portion of the revenue to be received by our Company arising from the marketing of insurance products to the customers of PT Indonesia AirAsia is paid by our Company to PT Indonesia AirAsia	N/A	N/A	N/A	5,694	56,979
		Business Collaboration Agreement to enable TIMB to underwrite the Travel Protection Plan originating in Malaysia for passengers of PT Indonesia AirAsia, for which fees are payable by TIMB to PT Indonesia AirAsia	N/A	N/A	N/A	51,127	603,689

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST *(Cont'd)*

Related Party	Nature of Relationship	Nature of Transaction	<---- FY ---- 2009 RM	2010 RM	2011 ----> RM	9M2012 RM	Estimate for the 9 months period ending 30 June 2013 RM
Thai AirAsia Co. Ltd	Thai AirAsia Co. Ltd is a person connected to AirAsia Berhad as AirAsia Berhad owns 100% equity interest in AirAsia Investment Ltd, which in turn owns 45% of Thai AirAsia Co. Ltd. AirAsia Berhad is a major shareholder of our Company. AirAsia Berhad is 23.04% owned by Tune Air, which in turn is 48.8% owned by Tan Sri Dr Tony Fernandes and 40.2% owned by Dato' Kamarudin. Tan Sri Dr Tony Fernandes is our Director and director of Thai AirAsia Co. Ltd.	The outsourcing and appointment of our Company to manage the travel insurance business of Thai AirAsia Co. Ltd on an exclusive basis and the grant of right to our Company to market insurance products to the customers of Thai AirAsia Co. Ltd via direct marketing initiatives pursuant to the Distribution Agreement between Thai AirAsia Co. Ltd and our Company. A portion of the revenue to be received by our Company arising from the marketing of insurance products to the customers of Thai AirAsia Co. Ltd is paid by our Company to Thai AirAsia Co. Ltd	N/A	N/A	N/A	2,246	39,595
		Business Collaboration Agreement to enable TIMB to underwrite the Travel Protection Plan originating in Malaysia for passengers of Thai AirAsia Co. Ltd, for which fees are payable by TIMB to Thai AirAsia Co. Ltd	N/A	N/A	N/A	17,030	177,311

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST *(Cont'd)*

Related Party	Nature of Relationship	Nature of Transaction	<---- FY 2009 RM	FY 2010 RM	FY 2011 ----> RM	9M2012 RM	Estimate for the 9 months period ending 30 June 2013 RM
AirAsia Inc.	AirAsia Inc. is a person connected to AirAsia Berhad as AirAsia Berhad owns 39.9% equity interest in AirAsia Inc. AirAsia Berhad is a major shareholder of our Company. AirAsia Berhad is 23.04% owned by Tune Air, which in turn is 48.8% owned by Tan Sri Dr Tony Fernandes and 40.2% owned by Dato' Kamarudin. Tan Sri Dr Tony Fernandes is our Director and director of AirAsia Inc.	The outsourcing and appointment of our Company to manage the travel insurance business of AirAsia Inc. on an exclusive basis and the grant of right to our Company to market insurance products to the customers of AirAsia Inc. via direct marketing initiatives pursuant to the Distribution Agreement between AirAsia Inc. and our Company. A portion of the revenue to be received by our Company arising from the marketing of insurance products to the customers of AirAsia Inc. is paid by our Company to AirAsia Inc.	N/A	N/A	N/A	N/A	N/A
		Business Collaboration Agreement to enable TIMB to underwrite the Travel Protection Plan originating in Malaysia for passengers of AirAsia Inc., for which fees are payable by TIMB to AirAsia Inc.	N/A	N/A	N/A	2,594	31,622

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST *(Cont'd)*

Related Party	Nature of Relationship	Nature of Transaction	<------ FY 2009	2010	2011 ------>	9M2012	Estimate for the 9 months period ending 30 June 2013
			RM	RM	RM	RM	RM
AirAsia Japan Co. Ltd	AirAsia Japan Co. Ltd is a person connected to AirAsia Berhad as AirAsia Berhad owns 100% equity interest in Asia Investment Co. Ltd, which in turn own 49% in AirAsia Japan Co. Ltd. AirAsia Berhad is a major shareholder of our Company. AirAsia Berhad is 23.04% owned by Tune Air, which in turn is 48.8% owned by Tan Sri Dr Tony Fernandes and 40.2% owned by Dato' Kamarudin. Tan Sri Dr Tony Fernandes is our Director and director of AirAsia Japan Co., Ltd.	The outsourcing and appointment of our Company to manage the travel insurance business of AirAsia Japan Co. Ltd on an exclusive basis and the grant of right to our Company to market insurance products to the customers of AirAsia Japan Co. Ltd via direct marketing initiatives pursuant to the Distribution Agreement between AirAsia Japan Co. Ltd and our Company. A portion of the revenue to be received by our Company arising from the marketing of insurance products to the customers of AirAsia Japan Co. Ltd is paid by our Company and AirAsia Japan Co. Ltd	N/A	N/A	N/A	N/A	N/A

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST *(Cont'd)*

Related Party	Nature of Relationship	Nature of Transaction	<---- FY ---- 2009 RM	2010 RM	2011 ----> RM	9M2012 RM	Estimate for the 9 months period ending 30 June 2013 RM
AAE Travel Pte Ltd	AAE Travel Pte Ltd is a person connected to AirAsia Berhad as AirAsia Berhad owns 50% equity interest in AAE Travel Pte Ltd. AirAsia Berhad is a major shareholder of our Company. AirAsia Berhad is 23.04% owned by Tune Air, which in turn is 48.8% owned by Tan Sri Dr Tony Fernandes and 40.2% owned by Dato' Kamarudin. Tan Sri Dr Tony Fernandes is our Director and director of AAE Travel Pte Ltd.	The appointment of our Company as the insurance manager for travel insurance products which are marketed by our Company directly to end-users through certain websites operated by AAE Travel Pte Ltd pursuant to the Travel Insurance Services Agreement between our Company and AAE Travel Pte Ltd. A percentage of the revenue to be received by our Company from the travel insurance products marketed through websites of AAE Travel Pte Ltd is payable by our Company to AAE Travel Pte Ltd	N/A	N/A	N/A	-	1,582
Multi-Purpose Insurans Bhd	Multi-Purpose Insurans Bhd is a person connected to Multi-Purpose Capital Holdings Berhad as it is a wholly-owned subsidiary of Multi-Purpose Capital Holdings Berhad. Multi-Purpose Capital Holdings Berhad holds 20% in TIL.	Reinsurance arrangement between Multi-Purpose Insurans Bhd and TIL in respect of the Travel Protection Plan underwritten by Multi-Purpose Insurans Bhd where reinsurance premiums are paid by Multi-Purpose Insurans Bhd to TIL	18,859,659	27,828,648	36,582,469	10,233,535	851,655

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST *(Cont'd)*

Related Party	Nature of Relationship	Nature of Transaction	<——FY 2009	2010	2011——>	9M2012	Estimate for the 9 months period ending 30 June 2013
			RM	RM	RM	RM	RM
Think Big Digital Sdn Bhd	Think Big Digital Sdn Bhd is a person connected to our major shareholders, TMSB and AirAsia Berhad as Think Big Digital Sdn Bhd is a 50:50 joint venture between TMSB and AirAsia Berhad. Tan Sri Dr Tony Fernandes is our Director and director of Think Big Digital Sdn Bhd.	Merchant Partner Agreement in respect of our Company's participation in the "BIG Loyalty Programme" which entitles our Company to purchase "BIG Points" from Think Big Digital Sdn Bhd as part of our Group's marketing initiatives	N/A	N/A	N/A	-	100,000
Tune Group.com Limited	Tune Group.com Limited is jointly owned by Tan Sri Dr Tony Fernandes and Dato' Kamarudin, who are persons connected to our major shareholders, TMSB and AirAsia Berhad. TMSB is 42.64% owned by Tune Group, which in turn is jointly owned by Tan Sri Dr Tony Fernandes and Dato' Kamarudin. AirAsia Berhad is 23.04% owned by Tune Air, which in turn is 48.8% owned by Tan Sri Dr Tony Fernandes and 40.2% owned by Dato' Kamarudin.	The grant of the licence and right to use the 'Tune Insurance' trademark by Tune Group.com Limited to our Company, for which our Company pays license fee and royalty fee to Tune Group.com Limited	N/A	N/A	N/A	-	530,720

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST *(Cont'd)*

Related Party	Nature of Relationship	Nature of Transaction	<---- FY 2009	2010	2011 ---->	9M2012	Estimate for the 9 months period ending 30 June 2013
			RM	RM	RM	RM	RM
Tune Hotels Regional Services Sdn Bhd	Tune Hotels Regional Services Sdn Bhd is a wholly-owned subsidiary of Tune Hotels.com Limited. Tune Hotels.com Limited is 44.9% owned by Tune Group, which in turn is jointly owned by Tan Sri Dr Tony Fernandes and Dato' Kamarudin, who are persons connected to our major shareholders, TMSB and AirAsia Berhad. TMSB is 42.64% owned by Tune Group, which in turn is jointly owned by Tan Sri Dr Tony Fernandes and Dato' Kamarudin. AirAsia Berhad is 23.04% owned by Tune Air, which in turn is 48.8% owned by Tan Sri Dr Tony Fernandes and 40.2% owned by Dato' Kamarudin. Tan Sri Dr Tony Fernandes is our Director and director of Tune Hotels Regional Services Sdn Bhd.	Business Collaboration and Outsourcing Agreement in respect of the retail insurance partnership and outsourcing arrangement for our Company to manage, amongst others, the direct marketing initiatives of Tune Hotels Regional Services Sdn Bhd. A portion of the revenue to be received by our Company arising from the direct marketing initiatives is paid by our Company to Tune Hotels Regional Services Sdn Bhd	N/A	N/A	N/A	1,896	17,786

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST *(Cont'd)*

Related Party	Nature of Relationship	Nature of Transaction	<---- FY ---- 2009 RM	2010 RM	2011 ----> RM	9M2012 RM	Estimate for the 9 months period ending 30 June 2013 RM
PT CIMB Sunlife	PT CIMB Sunlife is a 51% indirect subsidiary of CIMB Group Sdn Bhd, which in turn is the holding company of CIMB SI II Sdn Bhd. CIMB SI II Sdn Bhd holds 25% equity interest in TMSB, our major shareholder.	The marketing and distribution of life insurance products of PT CIMB Sunlife to passengers of AirAsia in Indonesia pursuant to the Cooperation Agreement between our Company and PT CIMB Sunlife, for which fees are payable by PT CIMB Sunlife to our Company	N/A	N/A	N/A	11,388	113,958
CIMB Insurance Brokers Sdn Bhd	CIMB Insurance Brokers Sdn Bhd is an indirect subsidiary of CIMB Group Sdn Bhd, which in turn is the holding company of CIMB SI II Sdn Bhd. CIMB SI II Sdn Bhd holds 25% equity interest in TMSB, our major shareholder.	Broking arrangement between CIMB Insurance Brokers Sdn Bhd and TIMB where broking fees are payable by TIMB to CIMB Insurance Brokers Sdn Bhd	N/A	N/A	N/A	-	500,000

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST *(Cont'd)*

Related Party	Nature of Relationship	Nature of Transaction	<---- FY		---->		Estimate for the 9 months period
			2009	2010	2011	9M2012	ending 30 June 2013
			RM	RM	RM	RM	RM
SP&G Insurance Brokers	SP&G Insurance Brokers is a company owned by Dato' Zakaria Bin Meranun, the brother of Dato' Kamarudin, a person connected to our major shareholders, TMSB and AirAsia Berhad. TMSB is 42.64% owned by Tune Group, which in turn is 50% owned by Dato' Kamarudin. AirAsia Berhad is 23.04% owned by Tune Air, which in turn is 40.2% owned by Dato' Kamarudin.	Broking arrangement between SP&G Insurance Brokers and TIMB where broking fees are payable by TIMB to SP&G Insurance Brokers	N/A	N/A	N/A	-	3,000,000

All the related party transactions disclosed above would not give rise to any conflict of interest situation and were transacted based on arm's length basis, which are not detrimental to the interests of our Group.

Upon Listing, our Directors, through our Audit and Risk Committee, will ensure that any related party transactions (recurrent inclusive, if any) are carried out on an arm's length basis and are also not to our detriment and to the detriment of our minority shareholders.

Our Directors and substantial shareholders are also not aware of any other transactions that may give rise to conflict of interest situations between our Group and any of our Directors, substantial shareholders, key management and key technical personnel and/or persons connected with them.

10.2 TRANSACTIONS THAT ARE UNUSUAL IN NATURE OR CONDITIONS

There are no transactions that are unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which our Group or its parent, TMSB, was a party to during the past three FY2009 to FY2011 and current FY2012. Our Directors and substantial shareholders are also not aware of any transaction that is unusual in nature or condition, involving goods, services, tangible or intangible assets, to which our Group was a party.

10.3 INTERESTS IN SIMILAR BUSINESSES, INTERESTS IN BUSINESSES OF OUR CUSTOMERS OR SUPPLIERS AND OTHER CONFLICTS OF INTEREST

Save as disclosed in Sections 8.2.4 and 8.3.3 of this Prospectus, as at the LPD, none of our Directors and/or substantial shareholders has any interest, direct or indirect, in any other businesses and corporations carrying on a trade similar to that of our Group and/or any business or corporations which are also the customers or suppliers of our Group.

Our Board is of the opinion that there is no existing or potential conflict of interest situation arising from the interests of the Directors and/or substantial shareholders of our Group in the businesses and corporations disclosed in Sections 8.2.4 and 8.3.3 of this Prospectus.

10.4 LOANS MADE BY OUR GROUP AND ITS PARENT TO OR FOR THE BENEFIT OF RELATED PARTIES

There are no outstanding loans, including guarantees of any kind, made by our Group or its parent, TMSB, to or for the benefit of related parties during the past three FY2009 to FY2011 and up to the LPD.

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10.5 DECLARATION BY ADVISERS

10.5.1 Declaration by RHB Investment Bank

RHB Investment Bank and/or its related companies ("**RHB Banking Group**") engage in private banking, commercial banking and investment banking transaction including, inter-alia brokerage, securities trading, asset and funds management and credit transaction service businesses. The RHB Banking Group has engaged and may in the future, engage in transactions with and perform services for our Company and/or our affiliates, in addition to the roles set out in this Prospectus. In addition, in the ordinary course of business, any member of the RHB Banking Group may at any time offer or provide their services to or engage in any transactions (on their own account or otherwise) with any member of our Group or any other entity or person, hold long or short positions, and may trade or otherwise effect transactions for their own account or the account of their other customers in debt or equity securities or senior loans of our Company and/or our affiliates. The related companies of RHB Investment Bank may bid for the IPO Shares to be offered under the Institutional Offering.

As at the LPD, RHB Bank Berhad, a company related to RHB Investment Bank has in the ordinary course of business extended credit facilities to our Group and our Company's major shareholder, TMSB. RHB Bank Berhad and CIMB Bank Berhad jointly extended term loan facilities to our Group and TMSB, of which RHB Bank Berhad's portion amounted to RM100.0 million and RM11.8 million respectively. The outstanding borrowings owing by our Group and TMSB as at the LPD stood at RM83.1 million and RM11.8 million respectively. The said borrowings were utilised to, among others, part finance the acquisition of TIMB, which was completed in May 2012.

It is expected that our Group and TMSB will channel part of the proceeds arising from the IPO to prepay (partially or fully) the amount owing to RHB Bank Berhad.

Although the term loan facilities have maximum tenure of 5 years, it was agreed pursuant to the relevant facility agreement that in the event of a listing of any member of our Group on any stock exchanges, the proceeds raised from the said listing shall be used to prepay (partially or fully) the said loan.

RHB Investment Bank as part of the RHB Banking Group confirms that there is no conflict of interest in its capacities as the Principal Adviser, Managing Underwriter and Joint Bookrunner in relation to the IPO as:

(i) the credit facilities granted to our Group and TMSB are not material compared to RHB Bank Berhad's total loan, advances and financing of RM95.1 billion as at 31 December 2011;

(ii) the total outstanding amounts owed by our Group and TMSB are not material when compared to RHB Banking Group's audited consolidated total assets of RM152.4 billion as at 31 December 2011; and

(iii) the team(s) in charge of the IPO in RHB Banking Group is independent from the team handling the credit facilities.

10.5.2 Declaration by KIBB

Izlan Bin Izhab, is an Independent Non-Executive Director of KIBB and is also an Independent Non-Executive Director of CIMB Aviva Assurance Berhad ("**CIMB Aviva**"), an indirect subsidiary of CIMB Group Holdings Berhad, which in turn is a substantial shareholder of TIH.

KIBB is an agent of TIMB to transact insurance business on its behalf pursuant to an Agency Agreement dated 4 June 2012 ("**Agency Agreement**") whereby KIBB's licensed brokers can sell TIMB's general insurance products on a commission basis.

KIBB has in its ordinary course of business extended credit facilities to the following:

(i) Tan Sri Dr Tony Fernandes, Non-Independent Non-Executive Director, promoter and substantial shareholder of our Company;

(ii) Dato' Kamarudin Bin Meranun, promoter and substantial shareholder of our Company; and

(iii) Tune Hotels Sdn Bhd and Tune Sports Sdn Bhd, being companies within the Tune Companies,

(collectively referred to as the "**Tune Parties**").

The outstanding borrowings owing by the Tune Parties as at the LPD stood at RM138.30 million.

KIBB and/or its related companies ("**KIBB Group**") are engaged in investment banking, inter-alia, securities trading and brokerage, local and foreign nominee services, provision of asset and funds management, investment research, Labuan investment banking and related financial services and credit transaction services in their ordinary course of business. In addition, any member of the KIBB Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with any member of our Group or any other entity or person, hold long or short positions, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of our Group. The related companies of KIBB may bid for the IPO Shares to be offered under the Institutional Offering.

Notwithstanding the aforementioned, KIBB confirms that the above does not result in a conflict of interest situation which prevents KIBB from acting as the Co-Adviser, Joint Underwriter and Joint Bookrunner for the IPO, in relation to the listing of TIH on the Main Market of Bursa Securities as:

(i) Izlan Bin Izhab does not hold any executive position in both CIMB Aviva and KIBB;

(ii) the Agency Agreement and the granting of the financing facilities are part of the ordinary course of business of KIBB;

(iii) the outstanding borrowings owing by the Tune Parties are not material when compared to K&N Kenanga Holdings Berhad's proforma audited consolidated total assets of RM5.67 billion as at 31 December 2011; and

(iv) the outstanding borrowings by the Tune Parties will not be repaid from the proceeds arising from the IPO.

10.5.3 Declaration by CLSA

CLSA confirms that there is no existing or potential conflict of interests in its capacity as the Joint Global Coordinator and Joint Bookrunner for our Listing.

In the ordinary course of business, CLSA and/or its affiliated companies (collectively, the "**CLSA Group**") do or may engage in transactions with and perform services for our Company and/or our affiliates. Members of the CLSA Group may extend credit facilities or may engage in private banking, commercial banking and investment banking transactions including, inter alia, brokerage, securities trading, asset and funds management and credit transaction services in their ordinary course of business with our Company and/or our affiliates. Further, any member of the CLSA Group may at any time offer or provide its services to, or engage in any transactions (on its own account or otherwise), with our Company and/or our affiliates, hold long or short positions, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of our Company and/or our affiliates.

10.5.4 Declaration by CIMB

CIMB, its subsidiaries and associated companies, as well as its holding company, CIMB Group Holdings Berhad and the subsidiaries and associated companies of its holding company ("**CIMB Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and funds management and credit transaction service businesses. The CIMB Group has engaged and may in the future, engage in transactions with and perform services for any member of our Group and any of its respective affiliates, in addition to the roles set out in this Prospectus. In addition, in the ordinary course of business, any member of the CIMB Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with any member of our Group, its affiliates and/or any other persons, hold long or short positions in securities issued by our Company and/or its affiliates, make investment recommendation and/or publish or express independent research views on such securities, and may trade or otherwise effect transactions for its own account or for the account of its customers in debt or equity securities or senior loans of any member of our Group or its affiliates. This is a result of the businesses of CIMB Group generally acting independent of each other, and accordingly there may be situations where parts of the CIMB Group and/or its customers currently have or in the future, may have interest or take actions that may conflict with the interests of our Group.

CIMB Group has in the ordinary course of its banking business, granted credit facilities to our Group and our Company's major shareholder, TMSB. As at the LPD, CIMB Bank Berhad and RHB Bank Berhad jointly extended term loan facilities to our Group and TMSB, of which CIMB Bank Berhad's portion amounted to RM60.0 million and RM12.1 million respectively. The outstanding borrowings owing by our Group and TMSB as at the LPD stood at RM49.9 million and RM11.8 million respectively. The said borrowings were utilised to, among others part finance the acquisition of TIMB, which was completed in May 2012.

It is expected that our Group and TMSB will channel part of the proceeds arising from the IPO to prepay (partially or fully) the amount owing to the CIMB Group.

Although the term loan facilities have maximum tenure of 5 years, it was agreed pursuant to the relevant facility agreement that in the event of a listing of any member of our Group on any stock exchanges, the proceeds raised from the said listing shall be used to prepay (partially or fully) the said loan.

CIMB Group Holdings Berhad, through its indirect wholly-owned subsidiary, CIMB SI II Sdn Bhd ("**CIMB SI II**") owns 25% of the total issued and paid-up ordinary share capital and 28% of the outstanding irredeemable convertible preference shares of TMSB. TMSB owns 80% equity interests in our Company as at the LPD. Upon completion of the IPO, TMSB's equity interest in our Company is expected to be reduced to 55.85%.

CIMB SI II is an investment holding company established to invest in TMSB on behalf of CIMB Group. CIMB SI II has a corporate representative on the board of TMSB in a capacity of a non-executive director of TMSB and who is not involved in the day-to-day management and operations of TMSB and its subsidiaries.

CIMB SI II and CIMB are deemed related companies, by virtue of both companies being subsidiaries of CIMB Group Holdings Berhad. There are no common directors between CIMB SI II and CIMB.

CIMB confirms that the above does not result in a conflict of interest situation which prevents it from acting in its capacity as the Joint Global Coordinator, Joint Bookrunner and Joint Underwriter for the IPO as:

(i) the granting of the financing facilities is part of the ordinary course of business of the CIMB Group;

(ii) the conduct of the CIMB Group in its banking business is strictly regulated by the Banking and Financial Institution Act, 1989 and CIMB Group's own internal controls and checks;

(iii) the total outstanding amounts owed by our Group and TMSB are not material when compared to CIMB Group's audited consolidated total assets of RM300.2 billion as at 31 December 2011;

(iv) CIMB SI II's investment in TMSB and indirectly in our Company was made independent of the role of CIMB as the Joint Global Coordinator, Joint Bookrunner and Joint Underwriter and is not contingent upon the successful listing of our Company;

(v) CIMB SI II's investment in TMSB was made in its ordinary course of business as an investment holding company. Further, the divisions of CIMB (including the division responsible for CIMB SI II's investments) are required to comply with strict policies and guidelines issued by the SC, BNM and relevant authorities governing its investment banking business, which call for, among others, strict Chinese wall policies between different business divisions, and clear segregation between investment, dealing and advisory activities; and

(vi) the pricing of the IPO Shares will be market driven after considering the demand and supply for the said shares and market conditions and sentiments at the point of IPO, through a book building process.

10.5.5 Declaration by Standard Chartered

Standard Chartered, its subsidiaries and associated companies, as well as its holding company, Standard Chartered PLC and the subsidiaries and associated companies of its holding company ("**Standard Chartered Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and funds management and credit transaction service businesses. The Standard Chartered Group has engaged and may in the future, engage in transactions with and perform services for any member of our Group and any of its respective affiliates, in addition to the roles set out in this Prospectus. In addition, in the ordinary course of business, any member of the Standard Chartered Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with any member of our Group, its affiliates and/or any other persons, hold long or short positions in securities issued by our Company and/or its affiliates, make investment recommendation and/or publish or express independent research views on such securities, and may trade or otherwise effect transactions for its own account or for the account of its customers in debt or equity securities or senior loans of any member of our Group or its affiliates. This is a result of the businesses of Standard Chartered Group generally acting independent of each other, and accordingly there may be situations where parts of the Standard Chartered Group and/or its customers currently have or in the future, may have interest or take actions that may conflict with the interests of our Group.

Standard Chartered Group has in the ordinary course of its banking business, granted credit facilities to TIH's major shareholder, TMSB. As at the LPD, Standard Chartered Group extended a bridging loan facility to TMSB amounting to RM53.0 million. The outstanding borrowings owing by TMSB under the bridging loan facility as at the LPD stood at RM53.0 million.

The bridging loan facility was utilised to part finance the acquisition of TIMB, which was completed in May 2012.It is expected that TMSB will channel part of the proceeds arising from the IPO to fully repay the bridging loan facility owing to the Standard Chartered Group.

Although the bridging loan facility has a maximum tenure of 1 year, it was agreed pursuant to the facility agreement that in the event of a listing of any member of our Group on any stock exchange, the proceeds raised from the said listing shall be used to fully repay the said loan.

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST *(Cont'd)*

Standard Chartered is of the view that the aforementioned extension of the bridging loan facility does not result in a conflict of interest situation as the bridging loan facility is not material when compared to the audited total assets of the Standard Chartered Group of USD599 billion as at 31 December 2011. Furthermore, the extension of the bridging loan arose in the ordinary course of business of the Standard Chartered Group in view of Standard Chartered Group's extensive participation in the Malaysian capital market and banking industry.

10.5.6 Declaration by EY

EY confirms that there is no existing or potential conflict of interests in its capacity as the Auditors and Reporting Accountants of our Company for our Listing.

10.5.7 Declaration by Foong & Partners

Foong & Partners confirms that there is no existing or potential conflict of interests in its capacity as Malaysian Counsel to our Company for our Listing.

10.5.8 Declaration by WongPartnership LLP

WongPartnership LLP has acted as advisers for the Joint Bookrunners and other companies controlled by or associated with any of them in other transactions. WongPartnership LLP confirms that there is no existing or potential conflict of interests in its capacity as International Counsel to our Company as to certain matters of United States federal securities law and English law for our Listing.

10.5.9 Declaration by Zaid Ibrahim & Co

Zaid Ibrahim & Co confirms that there is no existing or potential conflict of interests in its capacity as Malaysian Counsel for the Joint Global Coordinators, Joint Bookrunners and Joint Underwriters for our Listing.

10.5.10 Declaration by Baker & McKenzie.Wong & Leow

Baker &McKenzie.Wong & Leow confirms that there is no existing or potential conflict of interests in its capacity as International Counsel to the Joint Global Coordinators, Joint Underwriters and Joint Bookrunners as to certain matters of United States federal securities law for our Listing.

10.5.11 Declaration by S-A-P

S-A-P confirms that there is no existing or potential conflict of interests in its capacity as the independent market research consultant for our Listing.

10.5.12 Declaration by Milliman

Milliman confirms that there is no existing or potential conflict of interests in its capacity as the independent market research consultant for our Listing.

11. FINANCIAL INFORMATION

11.1 OVERVIEW

We are an insurance product manager for our online partners (currently AirAsia, Tune Hotels and AirAsia Expedia) where we, amongst others, design and manage insurance products that will be sold to the customers of our online partners. Our subsidiaries are insurance providers or underwriters, directly and via reinsurance, of general and life insurance products across the Asia-Pacific region.

We operate two core businesses, an online insurance business through which insurance products are sold to customers as part of their online booking process with our online partners, and other general insurance business, currently only in Malaysia, through our 83.26%-owned subsidiary, TIMB (which we acquired in May 2012).

Our online insurance business comprises primarily our Travel Protection Plan but also includes other online insurance products as set out in Section 6.4.3 of the Prospectus, such as the AA Lifestyle Protection Plan and the Tune Hotels Lifestyle Protection Plan. We facilitated the issuance of approximately 5.6 million Travel Protection Plan policies to AirAsia customers in FY2011 and 6.0 million policies in FY2012 (4.3 million policies in 9M2012), primarily as reinsurers but also as underwriters, commencing in September 2012 through TIMB, which underwrote approximately 1.1 million of these policies. Our online insurance business is now underpinned by exclusive long-term agreements with AirAsia. In addition to our relationship with AirAsia, we have entered into a contractual arrangement with Tune Hotels and are considering entering into similar long-term arrangements with other partners within the Tune Companies.

As the exclusive insurance product manager for AirAsia and Tune Hotels, we design and manage both general and life insurance products for their customers pursuant to 10-year agreements with AirAsia Berhad, AirAsia Japan Co., Ltd and Tune Hotels (expiring in 2022), 15-year agreements with certain other affiliates of AirAsia Berhad (namely PT Indonesia AirAsia, AirAsia X Berhad and AirAsia Inc, expiring in 2027) and a 5-year agreement with Thai AirAsia Co. Ltd (expiring in 2017). These arrangements provide us with the opportunity to market to AirAsia's and Tune Hotels' substantial pool of customers, in addition to our own extensive customer database. We utilise the distribution channels of both AirAsia and the Tune Hotels, primarily their respective online booking websites, to offer these products to their customers as part of their booking process. As part of our role as the insurance product manager, we arrange for local insurance partners in various countries and territories across the Asia-Pacific region that AirAsia (currently in 14 countries and territories, including Malaysia) and Tune Hotels (currently in Malaysia and Indonesia) operate in to underwrite these products. In accordance with these arrangements with local insurance partners, we, through our subsidiaries, reinsure a portion of the risk associated with the writing of each policy. Where necessary, in order to optimise our risk-adjusted returns and to manage our own underwriting exposure, we have external reinsurance arrangements with highly-rated global reinsurance companies, as well as with national reinsurers.

We currently depend on AirAsia for a substantial portion of our online insurance business where we facilitate the issuance of insurance products to AirAsia customers. In light of our dependency on AirAsia, we are also susceptible to any adverse developments in air travel or tourism in the Asia-Pacific region that cause a significant reduction in the number of passengers flying AirAsia.

In May 2012, we acquired an established Malaysian general insurance business, TIMB, which has approximately 1,000 agents and 15 branches throughout Malaysia as at the LPD and through which we carry out our other general insurance business. This acquisition enables us (through TIMB) to, in addition to our role as insurance product manager for our online partners, undertake the role as an insurance provider and underwrite general insurance policies directly in Malaysia, as well as to offer a broader range of insurance products.

In addition to our relationships with AirAsia and Tune Hotels, we have also entered into arrangements with AirAsia Expedia to provide our insurance products to AirAsia Expedia customers making online bookings initially through three of their websites in Asia. We are also in discussions with other third party airlines and other potential partners to provide similar services to their online booking customers. We are actively pursuing acquisition targets in other Southeast Asia markets, specifically Indonesia and Thailand, to enable us to own general insurers in these markets and through which we can underwrite our online insurance business and offer products through other channels to these fast growing and sizeable markets whose insurance needs are under-served.

Our operating revenues were approximately RM30.0 million in FY2009, RM43.5 million in FY2010, RM55.9 million in FY2011 and RM136.2 million in 9M2012. Our pro forma operating revenues (reflecting the TIMB Acquisition) were approximately RM319.3 million in FY2011 and RM249.9 million in 9M2012.

11.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This discussion and analysis are based on historical consolidated financial information of our Company and our subsidiaries (including TIMB Group from the date of its acquisition on 23 May 2012) and contain forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from those stated in such forward-looking statements. Factors that could cause future results to differ significantly from those stated in these forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly in Section 4 - "Risk Factors" of this Prospectus. Unless the context otherwise requires, references in this section to "we", "our", "us" or like terms, when used with respect to the periods prior to May 2012, refer to the TIH Group (comprising TIH, TIL, TMGR and TMLR). References when used with respect to periods including and after May 2012 refer to TIH Group and TIMB Group as a whole.

11.3 BASIS OF PRESENTATION

Our Company was incorporated on 14 June 2011. Except as otherwise indicated, the discussions in this Section relate to our consolidated financial statements. Our consolidated financial statements for FY2009, FY2010, FY2011, 9M2011 and 9M2012 were prepared and accounted for on the following bases.

(a) Pooling of interest method

This method is used for purposes of consolidating our Company, TIL, TMGR and TMLR for FY2009, FY2010, FY2011, 9M2011 and 9M2012, as if our group structure had been in existence throughout FY2009, FY2010, FY2011, 9M2011 and 9M2012, or since their respective dates of incorporation, whichever is the shorter period.

The manner of presentation above reflects the economic substance of the combined companies, which were under common control (i.e. our Shares and the shares of our subsidiaries were owned by the same shareholder, i.e. TMSB) throughout the relevant periods, as a single economic entity, although certain legal parent-subsidiary relationships were not established until after the respective reporting dates.

(b) Purchase method

This method is used for purposes of consolidating TIMB for 9M2012 from the date of acquisition on 23 May 2012, which was the date on which we obtained control of TIMB. Under the purchase method, TIH is the acquirer that obtains control of TIMB.

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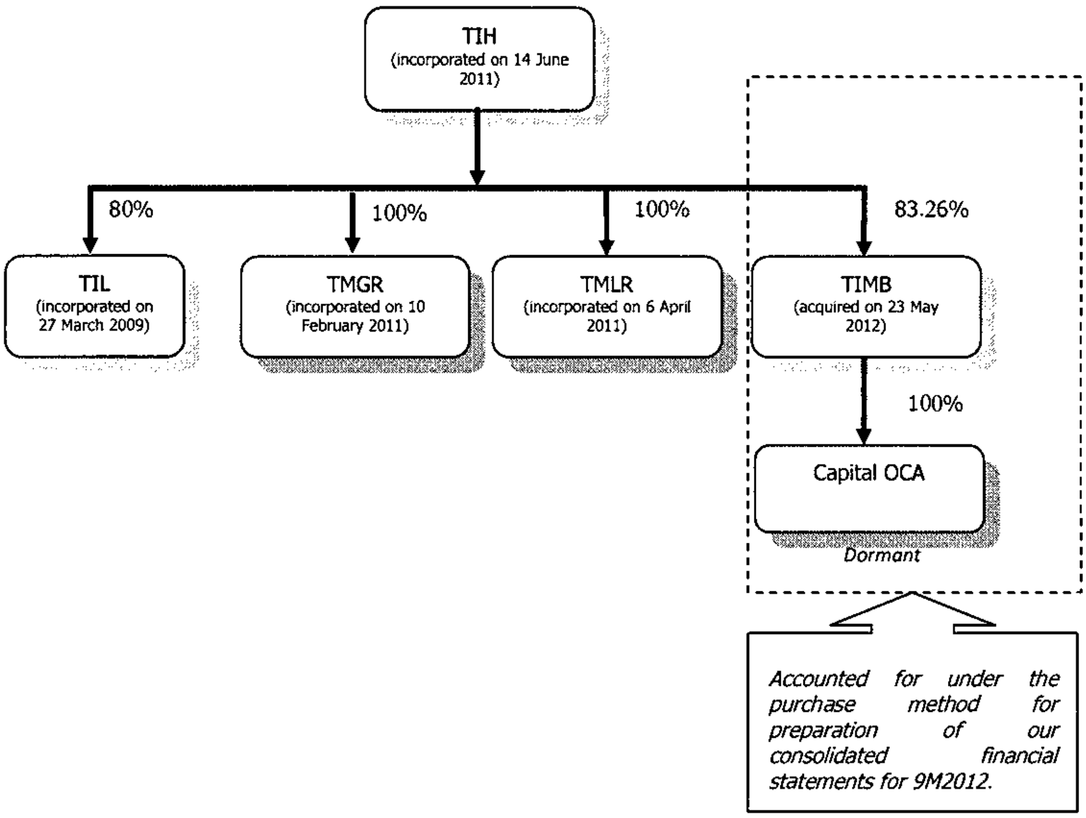
The above relationships are illustrated in the diagram below:



For purposes of clarity, the consolidated financial statements presented in this Prospectus for FY2009, FY2010, FY2011, 9M2011 and 9M2012 were prepared to include the following entities and using the following bases:

Financial year / period	Entity/(entities) included within the consolidated financial statements	Date of incorporation / acquisition of relevant entities	Basis of consolidation
FY2009 and FY2010	• TIL	• 27 March 2009	Pooling of interest
FY2011 and 9M2011	• TIH • TMGR • TMLR • TIL	• 14 June 2011 • 10 February 2011 • 6 April 2011 • 27 March 2009	Pooling of interest
9M2012	• TIH • TMGR • TMLR • TIL	• 14 June 2011 • 10 February 2011 • 6 April 2011 • 27 March 2009	Pooling of interest for TIH, TMGR, TMLR and TIL
	• TIMB	• 23 May 2012	Purchase method for TIMB

Our consolidated financial statements are the financial statements of the companies of our Group. All material intra-group transactions and balances have been eliminated on consolidation. Please refer to Section 5 - "Information on our Group" of this Prospectus for more information regarding our corporate structure and history.

Our consolidated financial statements are prepared in accordance with MFRS on a historical cost basis, except where otherwise stated in the notes to the financial statements. The financial statements are presented in Malaysian Ringgit which is our functional currency. For our detailed consolidated financial information, please refer to the "Reporting Accountants' Report in relation to the Consolidated Financial Statements" and the notes thereon set forth in Section 13 of this Prospectus.

11.4 SEGMENT INFORMATION

Our business consists of two principal segments: (a) online insurance business (mainly travel insurance conducted through TIL and TMGR, and since September 2012 also through TIMB which underwrites travel insurance directly in Malaysia); and (b) other general insurance business (motor and non-motor insurance conducted through TIMB since the TIMB Acquisition in May 2012). Accordingly, there is no segment information for our other general insurance business from FY2009 to FY2011. Our online insurance business also comprises, among others, our lifestyle protection plan (conducted through TMLR) which does not contribute in a material way to our operating revenue or our net profits.

Our online insurance products offerings are sold through the websites of our online partners, currently AirAsia, Tune Hotels and AirAsia Expedia. In particular, we or our local insurance partners, as the case may be, offer core products to customers of our online partners in travel insurance (sold to customers of AirAsia and branded as the "AirAsia INSURE Travel Protection Plan" as well as to customers of AirAsia Expedia and co-branded with "Tune Insurance" and "Expedia" trademarks), lifestyle protection insurance (sold to customers of AirAsia and branded as "AirAsia INSURE Lifestyle Protection Plan" as well as to customers of Tune Hotels, whose information is made available to us under the respective distribution and/or collaboration agreements) and guest personal accident insurance (sold to customers of Tune Hotels).

Our other general insurance business comprises motor insurance and non-motor insurance. Our non-motor insurance comprises among others, fire insurance and marine, aviation and transit insurance.

Our business can also be segmented by geography to two principal segments: (a) Malaysia and (b) non-Malaysia. With our acquisition of TIMB in May 2012, we expect that the operating revenue contribution for Malaysia will increase.

11.4.1 Segment information by business

The following tables set forth our operating revenue and profit before taxation and such amount as a percentage of total operating revenue and profit before taxation by principal segments for the periods indicated. The information for 9M2012 reflects our acquisition of TIMB in May 2012. Accordingly, there is no other general insurance business segment from FY2009 to FY2011.

Operating revenue

	FY2009		FY2010		FY2011		9M2011		9M2012	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Online Insurance Business:										
Travel insurance	30,049	100	43,523	100	55,687	99.7	40,149	100	49,587[1]	36.4
Other online insurance business[2]	-	-	-	-	183	0.3	-	-	771	0.6
Other General Insurance Business:										
Motor insurance	-	-	-	-	-	-	-	-	-[3]	-[3]
Non-motor insurance	-	-	-	-	-	-	-	-	-[3]	-[3]
Total for other general insurance business	-	-	-	-	-	-	-	-	85,691[4]	62.9
Others										
Others[5]	-	-	-	-	14,000	25.1	-	-	10,106	7.4
Adjustments and elimination	-	-	-	-	(14,000)	(25.1)	-	-	(10,000)	(7.3)
Total	**30,049**	**100**	**43,523**	**100**	**55,870**	**100**	**40,149**	**100**	**136,155**	**100**

Notes:

(1) *Includes operating revenues of RM335,000 as a result of TIMB underwriting our travel insurance product directly in Malaysia.*

(2) *Other online insurance business comprises business through TMLR relating to the AA Lifestyle Protection Plan and Tune Hotels Lifestyle Protection Plan.*

(3) *We do not monitor our operating revenue by specific segments (i.e. motor and non-motor insurance) as it is not the industry practice to do so.*

(4) *TIMB, operating our other general insurance business, underwrites the online travel insurance products, resulting in operating revenues of RM335,000. These have been classified in the table under "Travel insurance".*

(5) *Our other segment of our business comprises our investment income.*

Profit before taxation

	FY2009		FY2010		FY2011		9M2011		9M2012	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Online Insurance Business:										
Travel insurance	17,233	100	26,422	100	34,489	100.8	25,735	100	26,273[1]	80.9
Other online insurance business[2]	-	-	-	-	(38)	(0.1)	-	-	(1,040)	(3.2)
Other General Insurance Business:										
Motor insurance	-	-	-	-	-	-	-	-	-[3]	-[3]
Non-motor insurance	-	-	-	-	-	-	-	-	-[3]	-[3]
Total for other general insurance business	-	-	-	-	-	-	-	-	17,870[4]	55.0
Others										
Others[5]	-	-	-	-	13,744	40.2	-	-	261	0.8
Adjustments and elimination	-	-	-	-	(14,000)	(40.9)	-	-	(10,881)	(33.5)
Total	**17,233**	**100**	**26,422**	**100**	**34,195**	**100**	**25,735**	**100**	**32,483**	**100**

Notes:

(1) *Includes profit before taxation of RM132,000 as a result of TIMB underwriting our travel insurance product directly in Malaysia.*

(2) *Other online insurance business comprises business through TMLR relating to the AA Lifestyle Protection Plan and Tune Hotels Lifestyle Protection Plan.*

(3) *We do not monitor our operating revenue by specific segments (i.e. motor and non-motor insurance) as it is not the industry practice to do so.*

(4) *TIMB, operating our other general insurance business, underwrites the online travel insurance products, resulting in profit before taxation of RM132,000. These have been classified in the table under "Travel insurance".*

(5) *Our other segment of our business comprises our investment income.*

11.4.2 Segment information by legal entities

The following tables set forth our operating revenue and profit before taxation and such amount as a percentage of total operating revenue and profit before taxation by entity within our Group for the periods indicated. The information for 9M2012 reflects our acquisition of TIMB in May 2012. Accordingly, there is no other general insurance business segment from FY2009 to FY2011.

Operating revenue

	FY2009		FY2010		FY2011		9M2011		9M2012	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
TIL[(1)]	30,049	100	43,523	100	54,469	97.5	40,149	100	13,889	10.2
TMGR	-	-	-	-	1,218	2.2	-	-	35,698	26.2
TMLR	-	-	-	-	183	0.3	-	-	771	0.5
TIMB	-	-	-	-	-	-	-	-	85,691	63.0
TIH	-	-	-	-	-	-	-	-	106	0.1
Total	**30,049**	**100**	**43,523**	**100**	**55,870**	**100**	**40,149**	**100**	**136,155**	**100**

Note:

(1) *We have also channelled our business previously conducted through TIL to TMGR since the incorporation of TMGR.*

Profit before taxation

	FY2009		FY2010		FY2011		9M2011		9M2012	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
TIL[(1)]	17,233	100	26,422	100	34,619	101.2	25,735	100	10,848	33.4
TMGR	-	-	-	-	(130)	(0.4)	-	-	15,425	47.5
TMLR	-	-	-	-	(38)	(0.1)	-	-	(1,040)	(3.2)
TIMB	-	-	-	-	-	-	-	-	17,870	55.0
TIH	-	-	-	-	(256)	(0.7)	-	-	(10,620)	(32.7)
Total	**17,233**	**100**	**26,422**	**100**	**34,195**	**100**	**25,735**	**100**	**32,483**	**100**

Note:

(1) *We have also channelled our business previously conducted through TIL to TMGR since the incorporation of TMGR.*

11.4.3 Segment information by geography

The following tables set forth our operating revenue and profit before taxation and such amount as a percentage of total operating revenue and profit before taxation by geography (Malaysia and non-Malaysia) based on jurisdiction of our local insurance partners for the respective underlying policies for the periods indicated. The information for 9M2012 reflects our acquisition of TIMB in May 2012.

Operating revenue

	FY2009		FY2010		FY2011		9M2011		9M2012	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	21,175	70.5	30,085	69.1	35,656	63.8	25,788	64.2	112,012	82.3
Non-Malaysia										
Thailand	3,493	11.6	5,053	11.6	8,256	14.8	5,774	14.4	9,172	6.7
Indonesia	3,201	10.7	4,143	9.5	5,394	9.7	4,040	10.1	5,887	4.3
Others[(1)]	2,180	7.2	4,242	9.8	6,564	11.7	4,547	11.3	9,084	6.7
Total	**30,049**	**100**	**43,523**	**100**	**55,870**	**100**	**40,149**	**100**	**136,155**	**100**

Note:

(1) *Others refer to, among others, Singapore, Macau and Hong Kong.*

Profit before taxation

	FY2009[(1)]		FY2010[(1)]		FY2011[(1)]		9M2011[(1)]		9M2012[(1)]	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	12,609	73.2	19,247	72.8	22,854	66.8	17,016	66.1	20,129	62.0
Non-Malaysia										
Thailand	1,815	10.5	2,760	10.4	4,727	13.8	3,530	13.7	4,818	14.8
Indonesia	1,791	10.4	2,397	9.1	3,288	9.6	2,614	10.2	3,357	10.3
Others[(2)]	1,018	5.9	2,018	7.7	3,326	9.8	2,575	10.0	4,179	12.9
Total	**17,233**	**100**	**26,422**	**100**	**34,195**	**100**	**25,735**	**100**	**32,483**	**100**

Notes:

(1) *The profit before taxation figures by geographical segment are derived from: (a) the gross earned premiums received from our local insurance partners from the various countries and territories; (b) management expenses are apportioned to respective geographical segment based on the gross earned premiums; and (c) investment income is earned and recognised in Malaysia only.*

(2) *Others refer to, among others, Singapore, Macau and Hong Kong.*

11.5 FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our financial condition and results of operations, as well as the period-to-period comparability of our financial results, are significantly affected by a number of external factors, most of which are beyond our control and are described below.

11.5.1 Premiums

Online Insurance Business

During FY2009, FY2010, FY2011 and 9M2012, our Travel Protection Plan was directly underwritten by our local insurance partners or TIMB (commencing in September 2012) in all the markets in which we offer it and then ceded to us as reinsurer. Our gross earned premium from this arrangement contributed all of our operating revenue for FY2009 and FY2010 and substantially all of our operating revenue for FY2011 and 9M2012 (excluding the operating revenue from TIMB after its acquisition). The "quota-share" arrangement between us and our local insurance partner is determined following negotiations with the local insurance partner after taking into account factors such as regulation, competition between insurers, expected volume of policies and other prevailing market conditions.

The premiums charged to customers of AirAsia for our Travel Protection Plan have remained fairly constant from 2009 to date and does not differ significantly among most of our markets as it is a standard product for most of our markets, except from time to time due to an increase in additional product benefits. The average premium (being gross written premium over the number of travel insurance policies issued) for our key markets, i.e. Malaysia, Thailand, Indonesia, Singapore and China (which for the avoidance of doubt, includes Hong Kong and Macau) ranges from RM14 to RM21 in each of FY2011 and 9M2012. We determine the premium to be charged after consultation with our local insurance partners taking into account market rates and regulatory requirements. Consequently, we do not expect significant changes to premiums charged except adjusting for inflation or changes in market conditions.

If the amount of actual claims varies from the assumptions that we make both when we design and price our products and when we calculate our insurance contract liabilities, our profitability will be adversely affected.

Our agreements with our local insurance partners are for one-year terms, renewable annually and our "quota-share" may be re-negotiated each year. Our "quota-share" with different local insurance partners can vary among our different markets. We recognise only that portion of our "quota-share" of the premium paid by the purchasers of our Travel Protection Plan as our gross earned premium. Our "quota-share" of the premium for our key markets of Malaysia, Thailand, Indonesia, Singapore and China (which for the avoidance of doubt, includes Hong Kong and Macau) ranged from 60% to 80% in FY2011 and 9M2012.

We acquired TIMB in May 2012, which allows us to underwrite our Travel Protection Plan directly in Malaysia. Since 4 September 2012, we have been using TIMB to underwrite our Travel Protection Plan directly in Malaysia and hence we expect to recognise the full amount of premium paid by purchasers of our Travel Protection Plan in Malaysia less the compulsory ceding (2.5%) to the national reinsurer, Malaysian Reinsurance Berhad. Please refer to Section 10.1.1 – "Existing and proposed related party transactions" of this Prospectus for a description of the agreements between TIMB and AirAsia in relation to the underwriting and marketing of the Travel Protection Plan by TIMB. As part of our strategy, we are seeking opportunities to acquire other licensed general insurers in other jurisdictions, such as Thailand and Indonesia. This would similarly allow us to underwrite our Travel Protection Plan in these countries and territories and hence recognise the full value of the premiums. Where we underwrite the Travel Protection Plan directly through our locally-licensed subsidiaries, we will also be liable to pay the full amount of the commission to our partners, such as AirAsia and Tune Hotels. Please refer to Section 11.5.9 - "Commissions under the AA Distribution Agreements" of this Prospectus for further details.

Other General Insurance Business

Certain of our insurance products (for example, motor insurance) are products which premiums are regulated by tariff and we are unable to set premiums beyond a cap or range allowed by regulators. Among our products not subject to tariff, we have retail products and corporate risk products. Premiums for our retail products are affected by pricing set by our competitors and depend on the target market for such products. Typically, pricing for these products depend on a variety of factors such as risks covered and pricing of the risks, pricing proposed by competitors or lead underwriters in syndicated transactions, cost of reinsurance if we are the fronting underwriter and actuarial analysis. Our ability to attract customers to purchase corporate risk products, which generally have higher premiums, is primarily dependent on our brokers', or our own, relationship with the corporate customer. In addition, in periods of economic downturns, we have experienced some pricing pressure leading to declines in premiums for insurance products. As and when we acquire other licensed general insurers in other jurisdictions, we would be able to offer customers of such insurers a broader range of insurance products, subject to applicable regulations. We also intend to offer a broader suite of products and change the product mix currently offered by TIMB. To this end, we aim to offer more products with premiums which are not subject to or capped by tariff, as this may lead to improved revenue as a result of such higher premium products.

11.5.2 Number of policies issued

Our operating revenue is affected by the number of policies issued, in particular for our travel and retail insurance products. The number of policies issued is generally affected by, among others, the following:

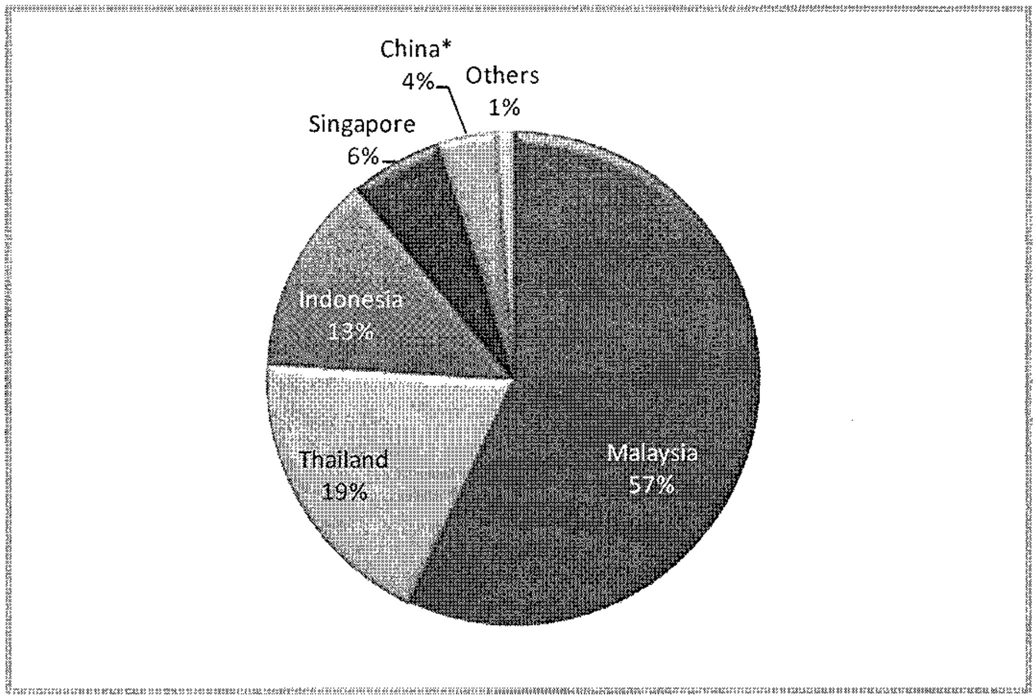
(a) General industry factors

Online Insurance Business

Growth in air-travel or tourism in the Asia-Pacific region would generally result in increases in the number of travel insurance policies taken up. Demand for air-travel or tourism is affected by a variety of factors including the price of the air tickets, which is in turn more generally affected by the economy in the Asia-Pacific region and oil prices. 5.6 million Travel Protection Plan policies were issued in FY2011 and 6.0 million policies in FY2012 (4.3 million policies were issued in 9M2012). The geographical breakdown of the 5.6 million and 4.3 million Travel Protection Plan policies in FY2011 and 9M2012 is as follows:

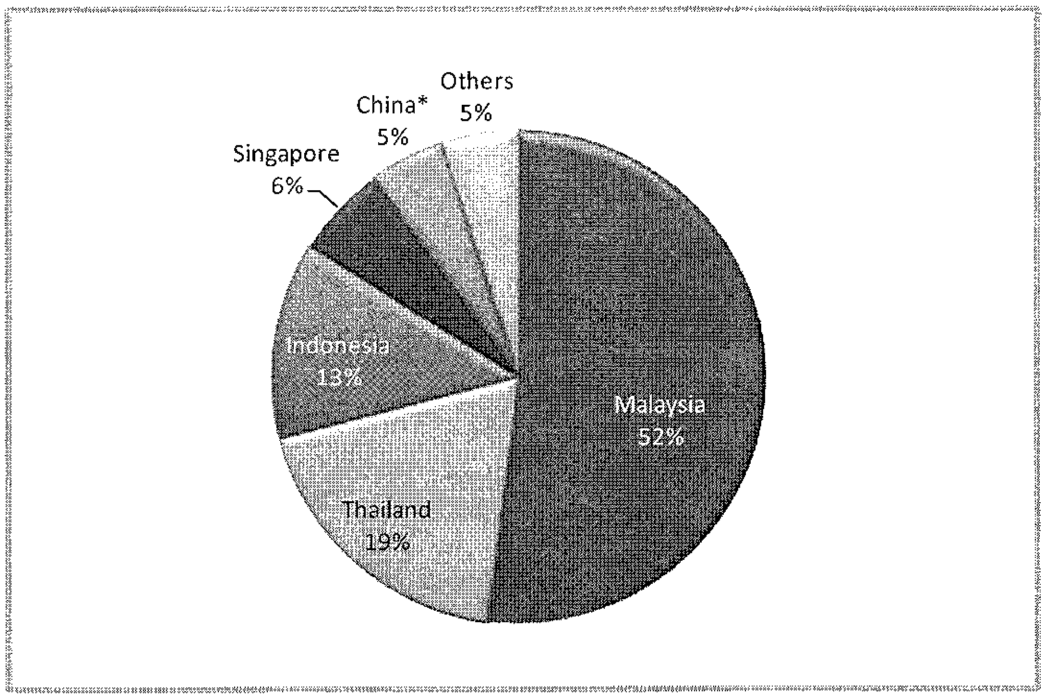
11. FINANCIAL INFORMATION *(Cont'd)*

FY2011



* *China includes Hong Kong and Macau*

9M2012



* *China includes Hong Kong and Macau*

According to S-A-P, as the economy in Asia develops and the middle class grows and becomes a larger proportion of the population, air travel will increase and Asian airlines have the opportunity to benefit from the air travel demand spurred by regional economic growth. Conversely, threats or perceived threats of terrorist activity, incidents of violence in Asia-Pacific region and other world events have had a negative impact on air travel and tourism industries in Asia. The outbreaks of SARS or similar contagious diseases have had and would also have a material adverse impact on air travel.

General industry factors, such as demand for travel insurance, differ from market to market within the Asia-Pacific region. For example, Singapore and Hong Kong generally experience higher Take-up Rates relative to other countries in the region, and Take-up Rates in Australia tend to be relatively lower as the result of the method of offering insurance policies online. According to Milliman, in recent years, several non-life insurers have emerged in the region such as Singapore and Hong Kong focusing on online channels to distribute personal non-life insurance products, such as travel and motor insurance. This is a convenient and relatively low cost channel to sell relatively low cost and easy to understand products, especially if the purchase is incidental to another activity, e.g. a simple add-on travel insurance coverage when purchasing an air ticket online.

Other General Insurance Business

Our other general insurance products offered in Malaysia are generally affected by general industry factors in Malaysia. According to Milliman, accident and hospital insurance in Malaysia is driven by an increase in healthcare expenditure, a rise in the volume of outbound tourists and growing consumer awareness regarding the benefits of insurance products. To the extent we make any acquisitions in other jurisdictions, such as Thailand and Indonesia, we would generally be affected by industry factors in such jurisdictions as well.

(b) Ability to access potential customers through our sales and distribution channels

Our ability to grow our operating revenue is affected by our ability to attract new customers to purchase our insurance products or to sell new or additional products to existing customers. We leverage on AirAsia and the Tune Companies in our marketing of our services/products in relation to general and life insurance or reinsurance, as the case may be. For example, the "AirAsia INSURE" branded products are marketed and sold on the website of AirAsia and also through other distribution channels, such as selected travel agents in Malaysia and Indonesia, while the Tune Hotels insurance plan is marketed and sold on the website of Tune Hotels. We also utilise agents of TIMB located in 15 branches (as at the LPD) in all states of Malaysia except Perlis to promote TIMB's core insurance products, including motor, property (fire and contents), foreign workers, individual and employee benefits (health, dental, personal accident), marine-related (cargo, transit, hull) and engineering.

Online Insurance Business

Our operating results for our Travel Protection Plan are materially affected by the number of AirAsia customers during any financial period as our Travel Protection Plan is primarily offered to such customers during the course of their flight booking.

In addition to the factors affecting the demand for air-travel or tourism as set out above, the growth in AirAsia customers is also affected by a number of factors including increasing the frequency of flights to markets that it currently serves, expanding its route network and managing the competition it faces from full-service carriers and low-cost carriers.

We intend to diversify our distribution channels to grow and are considering entering into similar long-term arrangements with other partners within the Tune Companies, which allows us to attract more customers and consequently improve our operating revenue. In addition to our relationships with AirAsia and Tune Hotels, we have also entered into arrangements with AirAsia Expedia to provide our insurance products to AirAsia Expedia customers making online bookings initially through three of their websites in Asia.

Other General Insurance Business

The number and quality of agents are key factors that affect our ability to attract customers through our agent distribution channels. As of the LPD, TIMB had approximately 1,000 agents throughout Malaysia. We are focused on motivating our agents so that they promote our products over those of other insurance companies and ensure that we can attract customers to use us to meet all their insurance needs. Please refer to Section 6.6.2 – "Our Other General Insurance Business" of this Prospectus for more information on our strategies to motivate our agents. We aim to position TIMB as a provider of a diversified portfolio of insurance products. We will use our motor insurance plan as a gateway insurance product to introduce our customers to a broader range of insurance products and our online relationships to introduce a broader range of no "frills" products.

(c) ***Take-up Rate for our Online Insurance Business***

The number of Travel Protection Plan policies issued depends on the Take-up Rate of AirAsia customers which is in turn dependent on various factors affecting consumer preferences such as promotions by AirAsia, availability of other travel insurance products in the market, premium to be paid by the purchasers of our Travel Protection Plan, ease of process and consumers' benefit awareness. Our Take-up Rates for our key markets, i.e. Malaysia, Thailand, Indonesia, Singapore and China (which for the avoidance of doubt, includes Hong Kong and Macau) range from 25% to 34% in FY2011 and 23% to 31% in 9M2012. We have undertaken several marketing efforts to increase Take-up Rates, such as providing customers the ability to purchase our Travel Protection Plan in the course of a flight booking with pre-checked boxes in most jurisdictions, marketing campaigns to promote benefit awareness and brand awareness, and messaging customers post-flight booking if they have not purchased our Travel Protection Plan.

We do not track similar take-up rate for our other general insurance business.

(d) ***Brand recognition***

We believe one of the key factors affecting consumer preferences in their choice of insurance provider is their familiarity with and perception of the reputation or brand of the distributor. Consequently, our Travel Protection Plan provided to AirAsia customers is branded "AirAsia INSURE" leveraging the consumers' affinity with and familiarity with the AirAsia brand as we believe that potential customers are already familiar with the AirAsia brand, particularly as it relates to air travel.

In addition, we intend to build up the "Tune Insurance" brand going forward by embarking on marketing efforts to enhance our brand by advertising on AirAsia related materials, such as boarding pass and in-flight magazines. Feedbacks and/or claims from our customers are taken seriously and are processed quickly and effectively, usually within seven days upon receipt of such feedback and/or claims. We believe efficient claim procedures and prompt claim payout would encourage more new customers as well as repeat customers.

11.5.3 Claims made and claims experience

Our gross claims paid reflect the amount of valid claims made and paid during the particular financial period. This is affected by the occurrence of incidents which lead to a valid claim and policyholder behaviour (including whether the policyholder is interested in making the claim).

Our gross change to contract liabilities reflects the actuarial valuation of our incurred but not reported claims. Our actuary will consider, among others, our historical claims experience, the policies issued and the gross claims paid in evaluating the gross change to contract liabilities which we should provide for. Claims experience varies over time and from one type of product to another, and, in particular for our non-travel products, may be impacted by specific events and changes in macroeconomic conditions, population demographics, mortality, morbidity and other factors.

Online Insurance Business

Generally, our policy for travel insurance requires policyholders to notify our local insurance partners of a claim within 30 days from the date of incidence. Our local insurance partners examine and verify the claims. For more complex or serious cases or where our local insurance partners need to verify certain information with us, they do so expediently. Once the claim is verified, the amount payable is calculated and, once approved, is distributed to the policyholder. For those claims that are distributed to policyholder directly by our local insurance partners, they will submit a claim to us pursuant to our respective reinsurance agreement. Upon receipt of these claims from our local insurance partners, we will distribute the amount payable in proportion to the risk we are reinsuring.

Other General Insurance Business

Claims with respect to other insurance products are submitted to our agents, brokers and direct sales representatives. The claim details are then relayed to the TIMB claims department. The claims department appoints adjusters if necessary and corresponds with the reinsurers to distribute liability.

In relation to our other general insurance business, TIMB also considers the net claims incurred ratio (also known as the "loss ratio", being net claims incurred over net earned premiums) in determining whether to continue offering its insurance products. TIMB has from time to time discontinued an insurance product when its net claims incurred ratio reached a very high and unsustainable level.

11.5.4 Costs and availability of reinsurance

We cede a portion of our risk to external reinsurers in order for us to optimise our risk-adjusted returns and to manage our own underwriting exposure. For example, for underwriting risk we incur through TIMB, reinsurance is provided through our own subsidiary TMGR and other panel reinsurers such as Malaysian Reinsurance Berhad (rated "A" by Fitch Ratings), Sompo Japan Insurance Inc. (rated "A" by Fitch Ratings), Labuan Reinsurance (L) Ltd (rated "A-" by Fitch Ratings). TMGR reinsures TIMB's business and then obtains retrocessional coverage through third party reinsurance providers. With respect to policies reinsured with TMGR, we obtain retrocessional coverage with other rated reinsurers and cede to such insurers a portion of the risk we have assumed. The retrocessionaires we obtain coverage from are Lloyd's market syndicate members with a minimum rating "A" by Standard & Poor's.

The reinsurance market is cyclical, with periodic fluctuations in underwriting capacity in the market affecting the price at which reinsurance can be obtained. Underwriting capacity and rates in the reinsurance market, which are determined largely by underwriting conditions in the international market, may not necessarily move in tandem with those in the Malaysian direct insurance market. Generally, offshore reinsurance is more expensive than reinsuring onshore. Scarcity of underwriting capacity in the reinsurance market may result in increases in reinsurance rates which could raise the cost of reinsurance for us and potentially decrease our profitability. Reinsurance rates have increased in recent years following the occurrence of major regional natural disasters, such as earthquakes in Japan and New Zealand and the 2008 global financial crisis.

In addition, we are subject to credit risks of our reinsurers, especially our offshore reinsurers, which could increase our financial losses arising out of a risk we have insured should any of them default on their obligations towards us. In particular, due to a major catastrophic event with significant claimable events or otherwise, a default by one or more of our reinsurers under our reinsurance arrangements would increase the financial losses arising out of a risk we have insured or reinsured, as the case may be, which would reduce our profitability and may have a material adverse effect on our liquidity position.

Online Insurance Business

For our Travel Protection Plan we typically cede catastrophe excess-of-loss risk and this is based on a percentage of reinsurance premiums received. The reinsurance premium and the percentage we cede to our reinsurers are subject to negotiation and have changed from FY2009 to 9M2012.

The table below sets forth the premiums paid to reinsurers for our travel insurance product in connection with our reinsurance arrangements (excluding TIMB after its acquisition in 9M2012) for the respective periods:

	FY2009	FY2010	FY2011	9M2012
Premiums paid to reinsurers (RM'000)	524	803	1,063	882
% of total gross earned premiums (%)	1.7	1.8	1.9	1.8

Other General Insurance Business

The cost and availability of reinsurance is affected by general conditions in the reinsurance market, particularly for our non-travel insurance products. For many of our non-travel insurance products, particularly our non-retail corporate and commercial products, we cede the bulk of the risk to our reinsurers and we retain a small percentage of the risk. For our motor insurance, we cede a portion of the gross earned premium. As part of TIMB's risk management strategy, it entered into a new reinsurance arrangement with Swiss Re pursuant to which it will cede 25% of all motor insurance policies with effect from 1 August 2012 on a "quota share" basis. Prior to this, there were no such "quota share" arrangements entered into for the motor insurance business of TIMB.

The table below sets forth the premiums ceded to reinsurers in connection with TIMB's reinsurance arrangements for the respective periods:

	FY2009	FY2010	FY2011	9M2012
Premiums paid to reinsurers (RM'000)	117,387	121,484	89,345	72,890
% of total gross earned premiums of TIMB (%)	51.9	49.8	36.4	39.1

11.5.5 Acquisition of TIMB

In May 2012, we completed the acquisition of 79.84% interest in TIMB. Following the acquisition, we made a mandatory general offer, which closed on 9 July 2012, for all the remaining shares in TIMB from its minority shareholders. We now hold 83.26% interest in TIMB. The acquisition of TIMB and the mandatory general offer was settled with cash, which was fully funded by bank borrowings and advances from our shareholder, TMSB. This will contribute to a finance cost of approximately RM12.0 million from May 2012 to February 2013 (assuming repayment of the bank term loan by the end of February 2013 and of which approximately RM7.2 million has been recognised as finance cost in 9M2012) which will have an adverse impact on our profitability for FY2012 and the first quarter of FY2013. In addition, we had to take into consideration any amortisation of intangibles or other related costs of the acquisition. Upon the completion of such acquisition, we have begun to integrate TIMB's operations and streamline our costs and product offerings, requiring us to incur additional capital expenditure.

For FY2011 and 9M2012, TIMB would have comprised 82.5% and 80.0% of our pro forma operating revenues, respectively. Our results for FY2012 and future periods, after consolidating the results of TIMB, will differ significantly from our results for prior periods.

For FY2009, FY2010, FY2011 and 9M2012, gross earned premiums from TIMB's motor products have been the most significant contributor to TIMB's total gross earned premiums, followed by gross earned premiums from its MAT (marine, aviation and transit) products and its fire products. We intend to encourage TIMB's agents to sell a more balanced portfolio of insurance products (including an emphasis on selling more foreign worker, fire, personal accident and extended warranty products) which may consequently result in a decline in the proportion of motor insurance products sold.

Please see Section 12 – "Pro forma Financial Information" of this Prospectus for further details.

11.5.6 Investment

Our investment portfolio is comprised primarily of fixed-term deposits and short-term deposits and we hold significant amounts of governmental agency bonds and corporate bonds. Fluctuations in interest rates will affect our holdings in the floating rate term deposits and our debt securities. The following table sets forth our investment portfolio as at 31 December 2011 and 30 September 2012:

	As at	
Investment	**31 December 2011**	**30 September 2012**
	RM'000	**RM'000**
Debts securities from non-government corporate	-	132,873
Equities	-	10,178
Unit trusts	-	18,421
Fixed deposit	24,715	320,054
Loans	-	792
Total investment assets	**24,715**	**482,318**
Total assets	50,330	812,458
Total investment assets as a percentage of total assets (%)	**49.1**	**59.4**

A sustained period of lower interest rates would generally reduce the investment yield of our investment portfolio over time as higher yielding investments mature or are redeemed and proceeds are reinvested in new investments with lower yields. Conversely, rising interest rates should, over time, increase our investment income, but may reduce the market value of our investment portfolio. Our holding of debt securities also exposes us to counterparty default risk. Fluctuations in the equity markets will also affect our investment returns. Please refer to Section 11.13 – "Market Risks" of this Prospectus for sensitivity analysis on fluctuations in foreign currencies, interest rate and the FTSE Bursa Malaysia KLCI Index.

11.5.7 Regulatory Environment

Our business operations, which are conducted in Malaysia, are highly regulated. We are subject to the regulatory oversight of a number of regulators, primarily BNM, which has broad authority over our business. Our ability to price our other general insurance products, such as motor insurance and fire insurance, is also directly regulated by BNM. In addition, regulatory action may require us to underwrite certain unprofitable risks. For example, the Malaysian Motor Insurance Pool is a high-risk insurance pool participated by all general insurance companies (including TIMB). Please refer to Section 11.5.12 – "Malaysian Motor Insurance Pool" of this Prospectus.

We may have to incur significant costs and expenses to comply with, and our prospects may be adversely affected by, the applicable laws, rules and regulations, which may reduce our profitability as well as affect our future growth.

11.5.8 Competition

There is significant competition in the insurance industry and we face competition in our online and other general insurance businesses. We compete based on factors including our marketing channels such as "BIG" loyalty points, pricing, size and reach of our distribution channels, product design features, customer services, reputation, perceived financial strength and our experience in the line of the insurance to be underwritten. However, because of the nature of our travel and other insurance products, we employ different approaches to deal with our competition.

Online Insurance Business

We are the exclusive insurance product manager for AirAsia and Tune Hotels and we offer travel insurance for customers of AirAsia and lifestyle insurance for AirAsia and Tune Hotels customers in the course of the booking process for flights and/or rooms (as the case may be), which is one of the earliest points of time at which customers would consider purchasing insurance. Consequently, we face limited competition for AirAsia and Tune Hotels customers for these products. Nevertheless, AirAsia customers may have purchased annual travel insurance from our competitors or may have complimentary travel insurance, though generally quite limited, from these competitors when they pay for their air tickets using certain credit cards. Please refer to Section 7.5 of the IMR Report for details of our competitors.

Other General Insurance Business

We face significant competition for the products offered by TIMB as many of these are standard insurance products offered by many insurance companies in Malaysia. The premiums for motor insurance products, in particular, are subject to tariff and we are unable to significantly distinguish ourselves based on premiums.

For our other general insurance products, the success of our sales and distribution channel lies in the capabilities of our agents. Agents in Malaysia are permitted to sell products of up to two insurance companies and therefore we compete with other insurance companies for agency sales. We mitigate the effects of competition by leveraging on our extensive database of customers and utilising customer information to customise product offerings. We also face competition in developing relationships with key corporates for our corporate insurance products.

Some of our competitors are large multinational insurance companies that offer a wider range of insurance products than us and have a substantial capitalisation which allows them to diversify their risk portfolio and underwrite more sophisticated risks. These competitors can also utilise their experience and resources in other markets to launch new products and have the financial resources to withstand a big launch of a new product.

11.5.9 Commissions under the AA Distribution Agreements for our Online Insurance Business

Pursuant to the AA Distribution Agreements and the corresponding agreements that AirAsia has with each partner local insurance underwriter, AirAsia receives a portion of the premium paid by the purchasers of our Travel Protection Plan as commission.

The commission paid under the AA Distribution Agreements is generally a fixed percentage for policies issued by our local insurance partner in that market although the respective agreements are subject to renewal annually or bi-annually (as the case may be) and this agreed percentage may change in subsequent periods and ranges from 16.0% to 31.0%. This commission however differs from market to market depending on the prevailing market conditions in that country and whether there is regulation on the commissions paid.

We and the respective local insurance underwriter account for the premium received and the commission paid to AirAsia according to the agreed "quota-share" as described in Section 11.5.1 – "Premiums – Online Insurance Business" of this Prospectus.

11.5.10 Geographical mix

We offer our Travel Protection Plan in 14 countries and territories. Our principal markets for our online insurance business based on operating revenue contribution are Malaysia, Indonesia, and Thailand; Singapore and China (which for the avoidance of doubt, includes Hong Kong and Macau) have also been key contributors. Our operating results are affected by the relative sales of the Travel Protection Plan in these countries and territories during the relevant period as the premiums charged, "quota-share" with local insurance partners and commissions paid under the AA Distribution Agreements differ from market to market. In addition, with the acquisition of TIMB and consequently the commencement of our direct underwriting of these policies in Malaysia effective 4 September 2012, Malaysia as a market will contribute even more to our gross earned premiums as we will no longer be sharing the premiums with a local insurance partner. Any future acquisitions of locally-licensed insurance underwriters will similarly affect our geographical mix.

In addition, the average Take-up Rate for AirAsia customers for our online insurance business in certain markets tends to be higher than others, reflecting in part the general online Take-up Rate in sophisticated markets as compared with relatively emerging economies. According to Milliman, relatively under-insured markets include Malaysia, Thailand, Indonesia and the Philippines which have reported "penetration rates" of less than 2.0% and "density rates" of under USD200, much lower than in mature markets in the region as well as Europe, North America and Japan. Consequently, we expect to benefit in the near-term from growth in AirAsia customers in markets where the Take-up Rate is higher and to benefit in the long-term from an eventual improvement in Take-up Rates in markets with high customer volumes but where the Take-up Rate is relatively lower.

The geographical mix will be further affected by the launching of new or removal of any AirAsia markets, addition or removal of routes within those countries and territories, changes to the frequency to/from any particular market, marketing and promotional campaigns in certain markets, political, economic or social factors in specific markets and other factors specifically affecting customer growth in any particular market.

With our acquisition of TIMB in May 2012, we expect that the operating revenue contribution for Malaysia will increase. On a pro forma basis after the acquisition of TIMB, our operating revenue in FY2011 and 9M2012, respectively, derived from Malaysia was 93.7% and 90.3%.

Our other general insurance business is conducted solely in Malaysia.

11.5.11 Exchange rates

Our reporting currency is the Malaysian Ringgit and a significant portion of our operating revenue (primarily our Travel Protection Plan sold in Malaysia and, effective May 2012, also including our TIMB insurance business) and expenses (primarily consisting of claims, corresponding fee and commission expenses and fixed overheads such as management expenses) are denominated in Malaysian Ringgit.

We face foreign exchange rate risk arising from the conversion of the functional currencies relating to any insurance product sold outside Malaysia, primarily our Travel Protection Plan for our online insurance business, to our reporting currency. Our exposure to foreign exchange rate risk in each of the 14 countries and territories, however, is mitigated because the premium earned and corresponding expenses associated with that policy (other than certain costs such as overhead costs which are incurred in Malaysian Ringgit) are typically denominated in the same local currency. We are also exposed to fluctuations in the US Dollar arising from ceding of risk to reinsurers as certain international reinsurers charge us in US Dollar. Foreign exchange rates between the Malaysian Ringgit and local currencies in the other 13 countries and territories, in particular, the Indonesian Rupiah, the Thai Baht, the Singapore Dollar and the Australian Dollar, have in the past and will likely in the future fluctuate.

We do not engage in foreign exchange currency hedging activities. Please see Section 11.13 "Market Risks" of this Prospectus for a sensitivity analysis of our foreign exchange risk.

11.5.12 Participation in the Malaysian Motor Insurance Pool affects our Other General Insurance Business

As with all general insurance companies in Malaysia, TIMB participates in the Malaysian Motor Insurance Pool which is a high risk insurance pool. It seeks to provide motor insurance to vehicle owners who have difficulty obtaining motor insurance in the market. Our share of gross earned premium, investment income, net claims, fee and commission expense and management expense from the Malaysian Motor Insurance Pool is reflected in the respective line items in our financial statements. Previously, these were reflected as and when the quarterly statements were received from the Malaysian Motor Insurance Pool which may not occur on a timely basis and which, in the past, has resulted in an uneven impact on our results of operations. For example, TIMB did not recognise most of its share of the Malaysian Motor Insurance Pool in FY2011 until the fourth quarter of FY2011 as a result of a delay in receiving the statements. Since July 2012, we have commenced recognising our share of the Malaysian Motor Insurance Pool on a best estimate basis to reduce the uncertainty of fluctuations. In 9M2012, statements from the Malaysian Motor Insurance Pool have generally been received on a timely basis and our 9M2012 statement of comprehensive income has been prepared with such statements without requiring an estimation of our share. Our share of the Malaysian Motor Insurance Pool is generally a share of loss. All general insurance companies (including TIMB) bear an equal share of loss in the Malaysian Motor Insurance Pool regardless of their size or market share in the industry. Accordingly, in the event of consolidation of general insurance companies in the future, TIMB would have to bear a larger proportion of loss.

11.6 RESULTS OF OPERATIONS

The following table sets forth our consolidated statement of comprehensive income for the periods indicated:

	Audited FY2009	Audited FY2010	Audited FY2011	Unaudited 9M2011	Audited 9M2012
	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue	**30,049**	**43,523**	**55,870**	**40,149**	**136,155**
Gross earned premiums	30,049	43,523	55,493	40,149	129,032
Premiums ceded to reinsurers	(524)	(803)	(1,063)	(759)	(25,586)
Net earned premiums	**29,525**	**42,720**	**54,430**	**39,390**	**103,446**
Investment income	-	-	377	-	7,123
Realised gains and losses	-	-	-	-	3,838
Fees and commission income	-	-	-	-	3,632
Other operating income	-	-	26	-	103
Other revenue	**-**	**-**	**403**	**-**	**14,696**
Gross claims paid	(127)	(1,222)	(1,123)	(623)	(81,730)
Claims ceded to reinsurers	-	-	-	-	48,567
Gross change to contract liabilities	(925)	(302)	(819)	(103)	(22,416)
Change in contract liabilities ceded to reinsurers	-	-	-	-	20,203
Net claims	**(1,052)**	**(1,524)**	**(1,942)**	**(726)**	**(35,376)**
Fee and commission expenses	(11,062)	(14,473)	(17,292)	(12,794)	(23,546)
Management expenses	(178)	(202)	(1,404)	(135)	(16,699)
Other operating expenses	-	(99)	-	-	(2,881)

11. FINANCIAL INFORMATION *(Cont'd)*

	Audited FY2009	Audited FY2010	Audited FY2011	Unaudited 9M2011	Audited 9M2012
	RM'000	RM'000	RM'000	RM'000	RM'000
Finance cost	-	-	-	-	(7,157)
Other expenses	**(11,240)**	**(14,774)**	**(18,696)**	**(12,929)**	**(50,283)**
Profit before taxation	**17,233**	**26,422**	**34,195**	**25,735**	**32,483**
Taxation	(20)	(20)	(20)	(20)	(4,616)
Net profit for the year / period	**17,213**	**26,402**	**34,175**	**25,715**	**27,876**
Net other comprehensive income for the year / period	-	-	-	-	(943)
Total comprehensive income for the year / period	**17,213**	**26,402**	**34,175**	**25,715**	**26,924**
Total comprehensive income attributable to:					
Equity attributable to owners of the parent	13,770	21,122	27,255	20,572	22,668
Non-controlling interests	3,443	5,280	6,920	5,143	4,256
	17,213	**26,402**	**34,175**	**25,715**	**26,924**
Other selected financial data					
Profit before taxation margin[(1)] (%)	57	61	61	64	24
Net profit margin[(2)] (%)	57	61	61	64	20
Earnings per share (RM per share)					
Basic[(3)]	N/A[(5)]	N/A[(5)]	6.8	35.9	1.6
Based on enlarged share capital[(4)]	N/A[(5)]	N/A[(5)]	0.036	0.027	0.031

Notes:

(1) *Profit before taxation margin refers to profit before taxation divided by operating revenue.*
(2) *Net profit margin refers to net profit divided by operating revenue.*
(3) *Computed based on net profit for the year / period attributable to the equity holders of our Company divided by the weighted average number of ordinary shares in issue during the year / period.*
(4) *Computed based on net profit for the year / period attributable to the equity holders of our Company divided by the enlarged share capital of 751.8 million Shares, after taking into account, among others, the Public Issue.*
(5) *Not applicable as there were no ordinary shares in issue during the relevant financial years.*

11.6.1 Revenue

The principal components of our operating revenue are revenue from gross earned premiums and investment income.

Gross earned premium is recognised after deducting unearned premiums from the gross written premiums. Gross written premiums are the amount of premium charged for a policy. Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a time apportioned basis over the period of the risks or the method that most accurately reflects the actual unearned premium. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums. In other words, the unearned premium refers to the portion of the gross written premium for the unexpired policy period.

Gross earned premiums

Our gross earned premiums for FY2009, FY2010 and FY2011 are the proportionate share of the gross premiums received by us from our customers in relation to the reinsurance of our Travel Protection Plan, less provision for unearned premiums. The majority of our gross earned premiums for 9M2012 are in relation to our Travel Protection Plan and other general insurance products underwritten by TIMB since our acquisition in May 2012, while the balances are for our lifestyle plans. Gross earned premiums contributed by TIMB consist of the gross premiums TIMB receives from its customers on motor insurance products and non-motor insurance products as well as its share from the Malaysian Motor Insurance Pool, less provision for unearned premiums. TIMB's non-motor insurance products include fire, MAT (marine, aviation and transit) and miscellaneous insurance products (including health, dental, engineering, workman compensation and foreign workers).

For FY2009, FY2010, FY2011, 9M2011 and 9M2012, our total gross earned premiums were approximately RM30.0 million, RM43.5 million, RM55.5 million, RM40.1 million and RM129.0 million, respectively.

The following table sets forth the gross earned premiums by each business segment and as a percentage of our total gross earned premiums and, for 9M2012, reflecting our acquisition of TIMB in May 2012. Accordingly, there is no other general insurance business segment from FY2009 to FY2011.

	FY2009		FY2010		FY2011		9M2011		9M2012	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Online Insurance Business:										
Travel insurance	30,049	100	43,523	100	55,493	100	40,149	100	49,197[1]	38.1
Other online insurance business[2]	-	-	-	-	-	-	-	-	544	0.4
Other General Insurance Business:										
Motor insurance	-	-	-	-	-	-	-	-	46,445	36.0
Non-motor insurance										
Fire	-	-	-	-	-	-	-	-	8,279	6.4
Marine, aviation and transit	-	-	-	-	-	-	-	-	17,902	13.9
Others	-	-	-	-	-	-	-	-	6,665	5.2
Total for non-motor insurance	-	-	-	-	-	-	-	-	32,846	25.5
Total for other general insurance business	-	-	-	-	-	-	-	-	79,291[3]	61.5
Total	**30,049**	**100**	**43,523**	**100**	**55,493**	**100**	**40,149**	**100**	**129,032**	**100**

Notes:

(1) *Includes gross earned premiums of RM335,000 as a result of TIMB underwriting our travel insurance product directly in Malaysia.*

(2) *Other online insurance business comprises business through TMLR relating to the AA Lifestyle Protection Plan and Tune Hotels Lifestyle Protection Plan.*

(3) *TIMB, operating our other general insurance business, underwrites the online travel insurance products, resulting in gross earned premiums of RM335,000. These have been classified in the table under "Travel insurance".*

Premiums ceded to reinsurers

Premiums ceded to reinsurers are reinsurance premiums we pay to our external reinsurers in order for us to optimise our risk-adjusted returns and to manage our own underwriting exposure. Since our acquisition of TIMB in May 2012, our premiums ceded to reinsurers also include those ceded by TIMB. TIMB cedes out a small percentage of the premiums for its motor insurance products and cedes out the majority of the premiums for its non-motor insurance products.

Net earned premiums

Our net earned premiums comprises mainly gross earned premiums received by us from our customers in relation to the reinsurance and/or sale of our other general insurance products after deducting the premiums ceded to external reinsurers.

For FY2009, FY2010, FY2011, 9M2011 and 9M2012, our total net earned premiums were approximately RM29.5 million, RM42.7 million, RM54.4 million, RM39.4 million and RM103.4 million, respectively.

The following table sets forth the net earned premiums by each business segment and as a percentage of our total net earned premiums and, for 9M2012, reflecting our acquisition of TIMB in May 2012. Accordingly, there is no other general insurance business segment from FY2009 to FY2011.

	FY2009		FY2010		FY2011		9M2011		9M2012	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Online Insurance Business:										
Travel insurance	29,525	100	42,720	100	54,430	100	39,390	100	48,311[(1)]	46.7
Other online insurance business[(2)]	-	-	-	-	-	-	-	-	544	0.5
Other General Insurance Business:										
Motor insurance	-	-	-	-	-	-	-	-	40,526	39.2
Non-motor insurance							-	-		
Fire	-	-	-	-	-	-	-	-	3,282	3.2
Marine, aviation and transit	-	-	-	-	-	-	-	-	4,677	4.5
Others	-	-	-	-	-	-	-	-	6,106	5.9
Total for non-motor insurance	-	-	-	-	-	-	-	-	14,065	13.6
Total for other general insurance business	-	-	-	-	-	-	-	-	54,591[(3)]	52.8
Total	**29,525**	**100**	**42,720**	**100**	**54,430**	**100**	**39,390**	**100**	**103,446**	**100**

Notes:

(1) *Includes net earned premiums of RM331,000 as a result of TIMB underwriting our travel insurance product directly in Malaysia.*

(2) *Other online insurance business comprises business through TMLR relating to the AA Lifestyle Protection Plan and Tune Hotels Lifestyle Protection Plan.*

(3) *TIMB, operating our other general insurance business, underwrites the online travel insurance products, resulting in net earned premiums of RM331,000. These have been classified in the table under "Travel insurance".*

Investment income

Our investment income comprises primarily interest income from our fixed deposit. Since our acquisition of TIMB in May 2012, investment income also includes primarily interest income from "held-to-maturity" financial assets, "available-for-sale" financial assets, loans-and-receivables and others, as well as TIMB's share of investment income from the Malaysian Motor Insurance Pool.

Realised gains and losses

Our realised gains and losses, which are attributable solely to TIMB and reflected in our consolidated financial statements from 9M2012, comprise TIMB's gains and losses on disposal of equity investments.

Fees and commission income

Our fees and commission income, which is attributable solely to TIMB and reflected in our consolidated financial statements from 9M2012, comprises the commissions TIMB receives from its external reinsurers when it enters into reinsurance arrangements with them.

Other operating income

Our other operating income comprises realised foreign exchange gains on the settlement of foreign denominated balance due from cedants. Since our acquisition of TIMB in May 2012, other operating income also includes sundry income which comprises primarily administrative printing fees it receives for its policies, motor ownership transfer fees and proceeds from the disposal of small assets.

11.6.2 Expenses

The principal components of our expenses are net claims, fee and commission expenses, management expenses and other operating expenses.

Net claims

The following table sets out the components of our net claims for the financial years and periods indicated.

	Audited FY2009 RM'000	Audited FY2010 RM'000	Audited FY2011 RM'000	Unaudited 9M2011 RM'000	Audited 9M2012 RM'000
Gross claims paid	(127)	(1,222)	(1,123)	(623)	(81,730)
Claims ceded to reinsurers	-	-	-	-	48,567
Gross change in contract liabilities	(925)	(302)	(819)	(103)	(22,416)
Change in contract liabilities ceded to reinsurers	-	-	-	-	20,203
Net claims	**(1,052)**	**(1,524)**	**(1,942)**	**(726)**	**(35,376)**

Our net claims are the gross claims paid to our local insurance partners and/or customers who made a claim on the insurance purchased less claims ceded to reinsurers and gross change to contract liabilities less change in contract liabilities ceded to reinsurers.

Gross claims are actual amounts paid for losses suffered and claimed by our customers while gross change to contract liabilities refers to change in our provision for reported claims and "incurred but not reported" claims, which are based on an actuarial valuation by a qualified actuary, using a mathematical method of estimation based on, among others, actual claims development pattern.

Since our acquisition of TIMB in May 2012, net claims also include net claims relating to TIMB. Net claims for TIMB are the summation of (a) gross claims paid by TIMB to its customers, (b) claims ceded to reinsurers, which are amounts paid by its reinsurers pursuant to claims paid by TIMB to its customers, (c) gross change in contract liabilities, which refers to the change in provision for reported claims and "incurred but not reported" claims and are based on an actuarial valuation by a qualified actuary, using a mathematical method of estimation based on, among others, actual claims development pattern and (d) change in contract liabilities ceded to reinsurers, which is the change in provision for the amount to be paid by TIMB's reinsurers for its reported claims and "incurred but not reported" claims. Gross claims paid and gross change to contract liabilities also include TIMB's share from the Malaysian Motor Insurance Pool.

For FY2009, FY2010, FY2011, 9M2011 and 9M2012, our total net claims were approximately RM1.1 million, RM1.5 million, RM1.9 million, RM0.7 million and RM35.4 million, respectively.

The following table sets forth the net claims by each business segment and as a percentage of our total net claims and, for 9M2012, reflecting our acquisition of TIMB in May 2012. Accordingly, there is no other general insurance business segment from FY2009 to FY2011.

	FY2009		FY2010		FY2011		9M2011		9M2012	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Online Insurance Business:										
Travel insurance	(1,052)	100	(1,524)	100	(1,942)	100	(726)	100	(1,734)[(1)]	4.9
Other online insurance business[(2)]	-	-	-	-	-	-	-	-	(287)	0.8
Other General Insurance Business:										
Motor insurance	-	-	-	-	-	-	-	-	(27,813)	78.6
Non-motor insurance										
Fire	-	-	-	-	-	-	-	-	(1,046)	3.0
Marine, aviation and transit	-	-	-	-	-	-	-	-	(1,680)	4.7
Others	-	-	-	-	-	-	-	-	(2,816)	8.0
Total for non-motor insurance	-	-	-	-	-	-	-	-	(5,542)	15.7
Total for other general insurance business	-	-	-	-	-	-	-	-	(33,355)	94.3
Total	**(1,052)**	**100**	**(1,524)**	**100**	**(1,942)**	**100**	**(726)**	**100**	**(35,376)**	**100**

Notes:

(1) *Includes net claims as a result of TIMB underwriting our travel insurance product directly in Malaysia which, in the period indicated, is a negligible amount.*

(2) *Other online insurance business comprises business through TMLR relating to the AA Lifestyle Protection Plan and Tune Hotels Lifestyle Protection Plan.*

Fee and commission expenses

Our fee and commission expenses are paid to our local insurance partners, primarily for our proportionate share of the commissions and reinsurance commissions. Since our acquisition of TIMB in May 2012, fee and commission expenses also include commissions paid to its agents, brokers and franchisees as well as TIMB's share from the Malaysian Motor Insurance Pool.

Management expenses

Our management expenses primarily comprise staff costs (including salaries and bonuses and contributions to Employees Provident Fund in Malaysia), marketing expenses and administration and general expenses. Since our acquisition of TIMB in May 2012, management expenses also comprise certain expenses relating to TIMB, including employee benefits expenses, directors' remuneration, auditors' remuneration, depreciation of property and equipment, depreciation of investment property, amortisation of intangible assets, reversal of allowance for impairment losses on insurance receivables, provision for Takaful and Insurance Benefits Protection System levy, rental of premises, publicity and marketing expenses, communication expenses, computer expenses, administration and general expenses, as well as TIMB's share of management expenses from the Malaysian Motor Insurance Pool.

Other operating expenses

Our other operating expenses comprise unrealised foreign exchange losses, accruals of listing fees and, since May 2012, acquisition related costs for TIMB which comprise primarily professional fees incurred.

Finance cost

Our finance cost comprises interest attributable to our term loan from RHB Bank Berhad and CIMB Bank Berhad granted to us on 21 May 2012 as well as advances from TMSB.

11.6.3 Other selected financial data

Profit before taxation margin and net profit margin

The decrease in profit before taxation margin from 64% in 9M2011 to 24% in 9M2012 and the decrease in net profit margin from 64% in 9M2011 to 20% in 9M2012 were primarily a result of acquisition of TIMB. The higher net claims ratio and management expenses ratio registered in TIMB coupled with finance cost for the acquisition of TIMB resulted in a lower profit before taxation in 9M2012. Other factor contributing to a lower 9M2012 profit before taxation was an increase in operating expenses. Our online insurance business registered a higher management expenses in 9M2012 compared to 9M2011 as part of our management expenses in 9M2011 were shared by our insurance partner.

The profit before taxation margin and the net profit margin remained constant at 61% from FY2010 to FY2011.

The increase in profit before taxation margin and the net profit margin from 57% in FY2009 to 61% in FY2010 was primarily a result of lower fees and commission expenses registered in FY2010 against operating revenue.

11.6.4 9M2012 compared to 9M2011

The following table sets forth selected information from our statements of comprehensive income, such amount as a percentage of total operating revenue and the respective percentage change for the periods indicated.

	Unaudited 9M2011		Audited 9M2012		
	RM'000	% of Operating revenue	RM'000	% of Operating revenue	% Change
Operating revenue	40,149	100	136,155	100	239.1
Gross earned premiums	40,149	100	129,032	94.8	221.4
Premiums ceded to reinsurers	(759)	(1.9)	(25,586)	(18.8)	3,271.0
Net earned premiums	39,390	98.1	103,446	76.0	162.6
Investment income	-	-	7,123	5.2	-
Realised gains and losses	-	-	3,838	2.8	-
Fees and commission income	-	-	3,632	2.7	-
Other operating income	-	-	103	0.1	-
Net claims	(726)	(1.8)	(35,376)	(26.0)	4,772.7
Fee and commission expenses	(12,794)	(31.9)	(23,546)	(17.3)	84.0
Management expenses	(135)	(0.3)	(16,699)	(12.3)	12,269.6
Other operating expenses	-	-	(2,881)	(2.1)	-
Finance cost	-	-	(7,157)	(5.3)	-
Profit before taxation	25,735	64.1	32,483	23.9	26.2
Net profit	25,715	64.0	27,867	20.5	8.4

Operating Revenue

Total operating revenue increased from RM40.1 million for 9M2011 to RM136.2 million for 9M2012.

Gross earned premiums

Our gross earned premiums increased from RM40.1 million for 9M2011 to RM129.0 million for 9M2012 primarily as a result of our acquisition of TIMB in May 2012 and the consolidation of TIMB's gross earned premiums of RM81.0 million since the date of acquisition, as well as an increase in gross earned premiums for policies issued by our local insurance partners from RM40.1 million in 9M2011 to RM49.4 million in 9M2012. Gross earned premiums for such policies increased primarily because of:

(a) an increase in the number of policies issued by our local insurance partners from 4.2 million in 9M2011 to 4.3 million in 9M2012 which was driven primarily by double-digit growth in gross earned premiums issued in our key markets of Thailand, Indonesia and Singapore and the addition of new markets (Japan in 2012 as well as Laos, Vietnam and New Zealand, all in the second half of 2011), and consequently an increase in policies ceded by the respective local insurance partners, partially offset by the cancellation of routes by AirAsia X Berhad to London, Paris, Mumbai and Delhi in 2012; and

(b) an increase of 13% in the average premium charged to end-customers from RM15 in 9M2011 to RM17 in 9M2012 due to enhanced product benefits such as the introduction of a flight delay benefit to our Travel Protection Plan in a number of new and existing markets.

Premiums ceded to reinsurers

Premiums ceded to reinsurers increased from RM759,000 for 9M2011 to RM25.6 million for 9M2012 primarily as a result of our acquisition of TIMB in May 2012 and the consolidation of TIMB's premiums ceded to reinsurers of RM26.0 million since the date of acquisition. Excluding the premiums ceded to reinsurers by TIMB, our premiums ceded to reinsurers on our online insurance business increased slightly by RM123,000 in 9M2012. This was due to an increase in our gross earned premiums and was partially offset by a slight reduction in percentage of reinsurance premiums we ceded to external reinsurers from 1.9% in 9M2011 to 1.8% in 9M2012. The reduction in percentage of reinsurance premiums ceded was a result of a renegotiation of cession terms with external reinsurers.

Net earned premiums

As a result of the above, our net earned premiums increased 162.6% from RM39.4 million for 9M2011 to RM103.4 million for 9M2012. Our net earned premiums are affected by the change in our gross earned premiums and premiums ceded to reinsurers.

Investment income

Our investment income increased from nil for 9M2011 to RM7.1 million for 9M2012 as a result of our acquisition of TIMB in May 2012 and the consolidation of TIMB's investment income of RM6.4 million since the date of acquisition, as well as interest of RM0.7 million accruing from our fixed deposits of which we started making placements from the fourth quarter of 2011.

Realised gains and losses

Our realised gains and losses increased from nil for 9M2011 to RM3.8 million for 9M2012 as a result of our acquisition of TIMB in May 2012 and the consolidation of TIMB's realised gains and losses since the date of acquisition.

Fees and commission income

Our fees and commission income increased from nil for 9M2011 to RM3.6 million for 9M2012 as a result of our acquisition of TIMB in May 2012 and the consolidation of TIMB's fees and commission income since the date of acquisition.

Other operating income

Our other operating income increased from nil for 9M2011 to RM103,000 for 9M2012 as a result of our acquisition of TIMB in May 2012 and the consolidation of TIMB's other operating income since the date of acquisition.

Expenses

Total expenses increased from RM13.7 million for 9M2011 to RM85.7 million for 9M2012.

Net claims

Our net claims increased from RM726,000 for 9M2011 to RM35.4 million for 9M2012 as a result of our acquisition of TIMB in May 2012 and the inclusion of TIMB's net claims of RM33.4 million since the date of acquisition, as well as an increase in the gross claims paid by our other subsidiaries from RM623,000 in 9M2011 to RM1.3 million in 9M2012 and an increase in gross changes to contract liabilities of our other subsidiaries, namely TIL and TMGR, from RM103,000 in 9M2011 to RM729,000 in 9M2012. Gross change to contract liabilities refers to change in our provision for reported claims and "incurred but not reported" claims, which are based on an actuarial valuation by a qualified actuary, using a mathematical method of estimation based on, among others, actual claims development pattern. The fluctuations in gross change to contract liabilities are mainly due to change in claims development pattern.

Fee and commission expenses

Our fee and commission expenses increased by 84.0% from RM12.8 million for 9M2011 to RM23.5 million for 9M2012 as a result of our acquisition of TIMB in May 2012 and the inclusion of TIMB's fees and commission expenses of RM9.1 million since the date of acquisition, as well as an increase in the fee and commission expenses paid by our other subsidiaries from RM12.8 million in 9M2011 to RM15.1 million in 9M2012. The proportion of gross premiums paid as commission by our other subsidiaries did not change from 9M2011 to 9M2012. Since our gross premiums increased from 9M2011 to 9M2012, the amount of commission paid correspondingly also increased.

Management expenses

Our management expenses increased from RM135,000 for 9M2011 to RM16.7 million for 9M2012 as a result of our acquisition of TIMB in May 2012 and the inclusion of TIMB's management expenses of RM9.1 million since the date of acquisition, as well as an increase in the management expenses for the other entities in our Group from RM135,000 for 9M2011 to RM7.6 million for 9M2012 due mainly to an increase of staff costs and administration and general expenses following the commencement of operations of TIH, TMGR and TMLR as well as the cessation in 9M2012 of a cost sharing arrangement for management expenses with our insurance partner that was in place in 9M2011.

Other operating expenses

Our other operating expenses increased from nil for 9M2011 to RM2.9 million for 9M2012 as a result of a one-off acquisition cost of RM881,000 for the acquisition of TIMB and accruals of listing expenses of RM2.0 million. We expect to incur approximately RM1.6 million with respect to the accruals of listing expenses for the fourth quarter of 2012.

Finance cost

Our finance cost increased from nil for 9M2011 to RM7.2 million for 9M2012 as a result of interest arising from our term loan and advances from TMSB for our acquisition of TIMB in May 2012. We expect to incur approximately RM4.8 million of finance cost for the fourth quarter of 2012.

11.6.5 FY2011 compared to FY2010

The following table sets forth our selected information from our statements of comprehensive income, such amount as a percentage of total operating revenue and the respective percentage change for the periods indicated.

	Audited FY2010		Audited FY2011		
	RM'000	% of Operating revenue	RM'000	% of Operating revenue	% Change
Operating revenue	43,523	100	55,870	100	28.4
Gross earned premiums	43,523	100	55,493	99.3	27.5
Premiums ceded to reinsurers	(803)	(1.8)	(1,063)	(1.9)	32.4
Net earned premiums	42,720	98.2	54,430	97.4	27.4
Investment income	-	-	377	0.7	-
Other operating income	-	-	26	0.05	-
Net claims	(1,524)	(3.5)	(1,942)	(3.5)	27.4
Fee and commission expenses	(14,473)	(33.3)	(17,292)	(31.0)	19.5
Management expenses	(202)	(0.5)	(1,404)	(2.5)	595.0
Other operating expenses	(99)	(0.2)	-	-	-
Profit before taxation	26,422	60.7	34,195	61.2	29.4
Net profit	26,402	60.7	34,175	61.2	29.4

Operating Revenue

Total operating revenue increased by 28.4% from RM43.5 million for FY2010 to RM55.9 million for FY2011.

Gross earned premiums

Our gross earned premiums increased by 27.5% from RM43.5 million for FY2010 to RM55.5 million for FY2011 primarily because of:

(a) an increase in the number of policies issued by our local insurance partners from 4.9 million in FY2010 to 5.6 million in FY2011 which was driven primarily by:

  (i) an increase in the number of end-customers being offered our Travel Protection Plan;

  (ii) local insurance partners in new markets (the Philippines, Cambodia, Laos, Vietnam and New Zealand);

  (iii) the introduction of mobile phones as a distribution channel; and

  (iv) increased marketing by our insurance partners. For example, we had extensive advertisements of our Travel Protection Plan benefits in the Kuala Lumpur low cost carrier terminal international boarding area and we introduced the sale of travel insurance via mobile; and

(b) an increase of 7% in the average premium charged to end-customers from RM14.32 in FY2010 to RM15.37 in FY2011 due to enhanced benefits such as increased sum assured and the introduction of a flight delay benefit to our product in a number of new markets.

Premiums ceded to reinsurers

Premiums ceded to reinsurers increased by 32.4% from RM0.8 million for FY2010 to RM1.1 million for FY2011. We pay a fixed percentage of our reinsurance premiums to external reinsurers and this percentage did not change from FY2010 to FY2011. Accordingly, our premiums ceded to reinsurers correspondingly increased when our gross earned premiums increased.

Net earned premiums

As a result of the above, our net earned premium increased by 27.4% from RM42.7 million for FY2010 to RM54.4 million for FY2011. Our net earned premiums are affected by the change in our gross earned premiums and premiums ceded to reinsurers.

Investment income

Our investment income increased from nil for FY2010 to RM377,000 for FY2011 as a result of interests accruing from our fixed deposit of RM24.7 million which we started making placements in May 2011.

Other operating income

Our other operating income increased from nil for FY2010 to RM26,000 for FY2011 as a result of realised foreign exchange gains on the settlement of foreign denominated balances due from cedants.

Expenses

Total expenses increased by 26.4% from RM16.3 million for FY2010 to RM20.6 million for FY2011.

Net claims

Our net claims increased by 27.4% from RM1.5 million for FY2010 to RM1.9 million for FY2011. Net claims are affected by gross claims paid, which decreased by 8.1% from RM1.2 million for FY2010 to RM1.1 million for FY2011 and gross change to contract liabilities, which increased by 171.2% from RM302,000 for FY2010 to RM819,000 for FY2011. Gross change to contract liabilities refers to change in our provision for reported claims and "incurred but not reported" claims, which are based on an actuarial valuation by a qualified actuary, using a mathematical method of estimation based on, among others, actual claims development pattern. The fluctuations in gross change to contract liabilities are mainly due to change in claims development pattern.

Fee and commission expenses

Our fee and commission expenses increased by 19.5% from RM14.5 million for FY2010 to RM17.3 million for FY2011. The proportion of gross premiums that is paid as commission did not change from FY2010 to FY2011. Since our gross premiums increased from FY2010 to FY2011, the amount of commission paid would correspondingly also increase. The reinsurance commissions paid to our local insurance partners increased from RM3.1 million for FY2010 to RM3.4 million for FY2011 as a result of renegotiation of terms with our local insurance partners.

Management expenses

Our management expenses increased by 595.0% from RM202,000 for FY2010 to RM1,404,000 for FY2011 primarily due to increase of staff costs and administration and general expenses following the commencement of operations of TIH, TMGR and TMLR in 2011, which were reimbursed to TMSB.

Other operating expenses

Our other operating expenses decreased from RM99,000 for FY2010 to nil for FY2011 as a result of lower unrealised foreign exchange loss recognised due to more favourable exchange rates.

11.6.6 FY2010 compared to FY2009

The following table sets forth our selected information from our statements of comprehensive income, such amount as a percentage of total operating revenue and the respective percentage change for the periods indicated.

	Audited FY2009		Audited FY2010		
	RM'000	% of Operating revenue	RM'000	% of Operating revenue	% Change
Operating revenue	30,049	100	43,523	100	44.8
Gross earned premiums	30,049	100	43,523	100	44.8
Premiums ceded to reinsurers	(524)	(1.7)	(803)	(1.8)	53.2
Net earned premiums	29,525	98.3	42,720	98.2	44.7
Net claims	(1,052)	(3.5)	(1,524)	(3.5)	44.9
Fee and commission expenses	(11,062)	(36.8)	(14,473)	(33.3)	30.8
Management expenses	(178)	(0.6)	(202)	(0.5)	13.5
Other operating expenses	-	-	(99)	(0.2)	-
Profit before taxation	17,233	57.3	26,422	60.7	53.3
Net profit	17,213	57.3	26,402	60.7	53.4

Operating Revenue

Total operating revenue increased by 44.8% from RM30.0 million for FY2009 to RM43.5 million for FY2010.

Gross earned premiums

Our gross earned premiums increased by 44.8% from RM30.0 million for FY2009 to RM43.5 million for FY2010 as a result of an increase in the number of policies issued by our local insurance partners from 4.1 million in FY2009 to RM4.9 million in FY2010 which was driven primarily by:

(a) an increase in the number of end-customers being offered our Travel Protection Plan; and

(b) an increase of 13% in the average premium charged to end-customers from RM12.66 in FY2009 to RM14.32 in FY2010 due to the introduction of a flight delay benefit to our product in Malaysia.

Premiums ceded to reinsurers

Premiums ceded to reinsurers increased by 53.2% from RM0.5 million for FY2009 to RM0.8 million for FY2010. We reinsure a fixed percentage of our premiums to external reinsurers which did not change from FY2009 to FY2010. Accordingly, our premiums ceded to reinsurers would correspondingly increase when our gross earned premiums increase.

Net earned premiums

As a result of the above, our net earned premiums increased by 44.7% from RM29.5 million for FY2009 to RM42.7 million for FY2010. Our net earned premiums are affected by the change in our gross earned premiums and premiums ceded to reinsurers.

Investment income

We had no investment income in FY2009 and FY2010.

Other operating income

We had no other operating income in FY2009 and FY2010.

Expenses

Total expenses increased by 32.5% from RM12.3 million for FY2009 to RM16.3 million for FY2010.

Net claims

Our net claims increased by 44.9% from RM1.1 million for FY2009 to RM1.5 million for FY2010. Net claims are affected by gross claims paid, which increased by 862.2% from RM127,000 for FY2009 to RM1,222,000 for FY2010 and gross change to contract liabilities, which decreased by 67.4% from RM925,000 for FY2009 to RM302,000 for FY2010. Gross change to contract liabilities refers to change in our provision for reported claims and "incurred but not reported" claims, which are based on an actuarial valuation by a qualified actuary, using a mathematical method of estimation based on, among others, actual claims development pattern. The fluctuations in gross change to contract liabilities are mainly due to change in claims development pattern.

Fee and commission expenses

Our fee and commission expenses increased by 30.8% from RM11.1 million for FY2009 to RM14.5 million for FY2010. The proportion of gross premiums that is paid as commission did not change from FY2009 to FY2010. Since our gross premiums increased from FY2009 to FY2010, the amount of commission paid correspondingly also increased. The reinsurance commissions paid to our local insurance partners increased from RM2.3 million for FY2009 to RM3.1 million for FY2010 as a result of renegotiation of terms with our local insurance partners.

Management expenses

Our management expenses increased by 13.5% from RM178,000 for FY2009 to RM202,000 for FY2010 as a result of an increased in payment to the Insurance Guarantee Scheme Fund Levies of Malaysia from RM66,000 in FY2009 to RM84,000, which was due to an increase in our gross premiums.

Other operating expenses

Our operating expenses increased from nil for FY2009 to RM99,000 for FY2010. We had no unrealised foreign exchange loss in FY2009 while in FY2010, we had an unrealised foreign exchange loss of RM99,000 as a result of translation loss of foreign denominated cash and bank balances.

11.7 LIQUIDITY AND CAPITAL RESOURCES

11.7.1 Working capital

Our principal sources of liquidity are cash generated from our operations, cash and cash equivalents and borrowings from financial institutions. In the last three financial years and 9M2012, we used these funds for, among others, the funding of our acquisition of TIMB and general working capital. As at 30 September 2012, we had cash and cash equivalents of RM167.6 million and total banking facilities of RM160.0 million, of which RM132.96 million is outstanding. Our ability to obtain these sources of funding is affected by a number of factors, including the results of our operations and financial position and the conditions in the Malaysian and international financial markets. Further, in the event we incur new borrowings, we may be subject to financial covenants.

After taking into consideration the existing level of cash and cash equivalents, the available lines of credit, the expected cash flow from operations and the proceeds from the Public Issue allocated for working capital purposes, our Board is of the opinion that our future cash flow generated by operating activities and our borrowing capacity will be sufficient for our working capital requirements for a period of 12 months from the date of this Prospectus.

11.7.2 Cash flow

The following table is a summary of our cash flow statements for the periods indicated:

	Audited FY2009	Audited FY2010	Audited FY2011	Audited 9M2012
	RM'000	RM'000	RM'000	RM'000
Net cash generated from operating activities	6,577	20,944	44,096	54,741
Net cash used in investing activities	-	(4)	-	(78,711)
Net cash (used in)/generated from financing activities	(5,900)	(21,161)	(11,282)	158,297
Net increase / (decrease) in cash and cash equivalents	**677**	**(221)**	**32,814**	**134,327**
Cash and cash equivalents at beginning of the year / period	-	677	456	33,270
Cash and cash equivalents at end of the year / period	**677**	**456**	**33,270**	**167,597**

Cash flows generated from operating activities

For 9M2012, net cash from operating activities was RM54.7 million mainly due to the RM32.5 million of profit before taxation, with adjustments for reduction in non-cash items of RM33.2 million and RM7.5 million of cash items such as interest and dividend received, offset by movement in working capital items of RM12.8 million. These movements are mainly a result of our acquisition of TIMB in May 2012. Income tax paid was RM5.8 million.

For FY2011, net cash from operating activities was RM44.1 million mainly due to the RM34.2 million of profit before taxation, with adjustments for non-cash investment income of RM377,000 and working capital movement of RM9.9 million. Net working capital inflow was mainly due to a decrease in insurance receivables by RM10.0 million. The insurance receivables were mainly for balances receivables from our reinsurer from travel business, which had decreased during the year. Cash generated from operating activities was further adjusted for increase in insurance contract liabilities of RM1.0 million and decrease in insurance payables of RM1.2 million. Income tax paid was RM20,000.

For FY2010, net cash from operating activities was RM20.9 million mainly due to the RM26.4 million of profit before taxation, with adjustments primarily for working capital movement of RM5.5 million. Net working capital outflow was mainly due to an increase in insurance receivables by RM9.3 million and increase in insurance contract liabilities of RM2.9 million and insurance payables of RM1.0 million. The increase in amount in insurance receivables mainly relates to increase in travel business and timing of settlements. The increase in insurance contract liabilities and insurance payables were mainly as a result of increase in business volume during the year. Income tax paid was RM20,000.

For FY2009, net cash from operating activities was RM6.6 million mainly due to the RM17.2 million profit before taxation, with adjustments for working capital movement of RM10.6 million. Net working capital outflow was mainly contributed by the increase in the insurance receivables of RM17.5 million and insurance contract liabilities of RM6.6 million. No income tax was payable in FY2009.

Cash flows used in investing activities

Our net cash used in investing activities was nil for FY2009, RM4,000 in FY2010, nil for FY2011 and RM78.7 million for 9M2012.

For 9M2012, our net cash used in investing activities was primarily for net cash used in the acquisition of TIMB.

No cash was used in investing activities in FY2011.

For FY2010, our net cash used in investing activities was from investment in office equipment.

No cash was used in investing activities in FY2009.

Cash flows (used in)/generated from financing activities

Our net cash used in financing activities was approximately RM5.9 million for FY2009, RM21.2 million for FY2010 and RM11.3 million for FY2011 and net cash generated from financing activities was approximately RM158.3 million for 9M2012.

For 9M2012, our net cash generated from financing activities was primarily from proceeds from borrowings and advances from TMSB which were partially used for the acquisition of TIMB.

For FY2011, the net cash used in financing activities was primarily for the payment of dividends to our shareholders and non-controlling interest and was offset by advances from holding company amounting to RM17.2 million.

FY2010 and FY2009, our net cash used in financing activities was primarily for the payment of dividends to our shareholders and non-controlling interest, being TMSB and Multi-Purpose Capital Holdings Berhad, respectively.

Save as disclosed elsewhere in Section 4 - "Risk Factors" and Section 15.6 - "Regulations" of this Prospectus, there is no legal, financial or economic restriction on the abilities of our subsidiaries to transfer funds to us in the form of cash dividends, loans or advances.

11.8 BORROWINGS

Our total outstanding borrowings as at 30 September 2012, which are interest-bearing and secured are set forth below:

	Interest rate	Audited As at 30 September 2012
		RM'000
Short-term borrowings		
Term loan	2.75% to 3.75% per annum above the banks' cost of funds	130,925

Most of our borrowings comprised term loans to finance the acquisition of TIMB. As at the LPD, our total borrowings amounted to RM132.96 million. As at 30 September 2012, the outstanding borrowings recognised in our financial statements was RM130.93 million which was measured at the amortised cost after deducting transaction costs incurred. The following loan facility remains outstanding as at the LPD:

Term Loan from RHB Bank Berhad and CIMB Bank Berhad

On 21 May 2012, RHB Bank Berhad and CIMB Bank Berhad granted us a term loan facility of RM160.0 million for the purpose of the TIMB Acquisition. The term loan facility is denominated in Ringgit Malaysia and is secured by ordinary shares in TIMB owned by our Company. The term loan is to be repaid in 16 quarterly principal instalments commencing from the end of the 15th month from the date of the first drawdown, being 23 May 2012. The interest on the term loan is chargeable at rates ranging from 2.75% to 3.75% per annum above the banks' cost of funds. However, pursuant to the provisions of the term loan, we are required to undertake mandatory repayment of the loan in whole or in part at any time during the tenure upon receiving the proceeds arising from the IPO. Accordingly, the term loan is classified as short-term and repayable within one year as at 30 September 2012. The facility also imposes a restriction on the payment of dividends.

As at the LPD, we had drawn down RM132.96 million. We intend to utilise the net proceeds of this IPO to repay this loan in whole or in part. Please refer to Section 3.7 – "Use of Proceeds" of this Prospectus for further details.