



# **TUNE INS HOLDINGS BERHAD (948454-K)**

## **Interim Financial Statements**

**Fourth Quarter Ended 31 December 2012**

**TUNE INS HOLDINGS BERHAD (948454-K)**  
**Interim Financial Statements (Unaudited)**

**Condensed Consolidated Statement of Financial Position**  
**As at 31 December 2012**

	<b>As at 31 Dec 2012 Unaudited RM'000</b>	<b>As at 31 Dec 2011 Audited RM'000</b>
<b>ASSETS</b>		
Property and equipment	10,411	3
Investment property	2,395	-
Intangible assets	157	-
Goodwill	29,818	-
Investments	474,615	24,715
Reinsurance assets	159,826	223
Insurance receivables	75,977	16,771
Other receivables	36,832	63
Cash and bank balances	22,587	8,555
<b>Total assets</b>	<b>812,618</b>	<b>50,330</b>
<b>EQUITY</b>		
Share capital	60,838	14,238
Merger deficit	(13,838)	(13,838)
Available-for-sale reserves	(455)	-
Retained earnings	61,178	19,698
Equity attributable to owners of the parent	107,723	20,098
Non-controlling interests	32,052	1,631
<b>Total equity</b>	<b>139,775</b>	<b>21,729</b>
<b>LIABILITIES</b>		
Insurance contract liabilities	439,771	10,481
Deferred tax liabilities	508	-
Provision for taxation	-	20
Borrowings	132,106	-
Insurance payables	68,022	156
Retirement benefits	1,148	-
Other payables	31,288	17,944
<b>Total liabilities</b>	<b>672,843</b>	<b>28,601</b>
<b>Total equity and liabilities</b>	<b>812,618</b>	<b>50,330</b>
<b>Net assets per ordinary share attributable to owners of the parent (RM)</b>	<b>0.18</b>	<b>1.41</b>

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2011.

**TUNE INS HOLDINGS BERHAD (948454-K)**  
**Interim Financial Statements (Unaudited)**

**Condensed Consolidated Statement of Comprehensive Income**  
**For the financial period ended 31 December 2012**

	Note	Individual Quarter		Cumulative Quarter	
		3 months ended	3 months ended	12 months ended	12 months ended
		31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
		RM'000	RM'000	RM'000	RM'000
<b>Operating revenue</b>		<b>90,225</b>	<b>15,721</b>	<b>226,380</b>	<b>55,870</b>
Gross earned premiums		85,924	15,344	214,956	55,493
Premiums ceded to reinsurers		(30,892)	(304)	(56,478)	(1,063)
<b>Net earned premiums</b>		<b>55,032</b>	<b>15,040</b>	<b>158,478</b>	<b>54,430</b>
Investment income	17	4,301	377	11,424	377
Realised gains and losses		15	-	3,853	-
Fees and commission income		5,877	-	9,509	-
Other operating income		577	26	680	26
<b>Other revenue</b>		<b>10,770</b>	<b>403</b>	<b>25,466</b>	<b>403</b>
Gross claims paid		(43,775)	(500)	(125,505)	(1,123)
Claims ceded to reinsurers		13,539	-	62,106	-
Gross changes to contract liabilities		40,063	(716)	17,647	(819)
Change in contract liabilities ceded to reinsurers		(17,991)	-	2,212	-
<b>Net claims</b>		<b>(8,164)</b>	<b>(1,216)</b>	<b>(43,540)</b>	<b>(1,942)</b>
Fee and commission expenses		(13,497)	(4,498)	(37,043)	(17,292)
Management expenses		(13,357)	(1,269)	(30,056)	(1,404)
Other operating expenses		(1,855)	-	(4,736)	-
Finance costs		(2,858)	-	(10,015)	-
<b>Other expenses</b>		<b>(31,567)</b>	<b>(5,767)</b>	<b>(81,850)</b>	<b>(18,696)</b>
Profit before taxation	18	26,071	8,460	58,554	34,195
Taxation	19	(5,350)	-	(9,966)	(20)
<b>Net profit for the period</b>		<b>20,721</b>	<b>8,460</b>	<b>48,588</b>	<b>34,175</b>
<b>Other comprehensive income:</b>					
<u>Movements in available-for-sale fair value reserves:</u>					
Gain on fair value changes of AFS investments		543	-	3,120	-
Realised gain transferred to profit or loss		(15)	-	(3,849)	-
Deferred tax relating to components of other comprehensive income		(131)	-	183	-
Net other comprehensive income for the period		<b>397</b>	<b>-</b>	<b>(546)</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>21,118</b>	<b>8,460</b>	<b>48,042</b>	<b>34,175</b>
<b>Profit attributable to:</b>					
Owners of the parent		18,027	6,683	41,480	27,255
Non-controlling interests		2,694	1,777	7,108	6,920
		<b>20,721</b>	<b>8,460</b>	<b>48,588</b>	<b>34,175</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		18,357	6,683	41,025	27,255
Non-controlling interests		2,761	1,777	7,017	6,920
		<b>21,118</b>	<b>8,460</b>	<b>48,042</b>	<b>34,175</b>
<b>Basic earnings per ordinary share (sen)</b>	23	<b>3.07</b>	<b>4.69</b>	<b>16.28</b>	<b>67.83</b>

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2011.

**TUNE INS HOLDINGS BERHAD (948454-K)**  
**Interim Financial Statements (Unaudited)**

**Condensed Consolidated Statement of Changes In Equity**  
**For the financial period ended 31 December 2012**

	Attributable to the owners of the parent				Non-controlling interests	Total equity	
	Share capital	Merger (deficit) / reserve	Available for-sale reserves	Retained earnings			Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At 1 January 2012</b>	14,238	(13,838)	-	19,698	20,098	1,631	21,729
Total comprehensive income for the period	-	-	(455)	41,480	41,025	7,017	48,042
Arising from acquisition of subsidiaries	-	-	-	-	-	26,904	26,904
Issuance of ordinary shares during the period	46,600	-	-	-	46,600	-	46,600
Dividends	-	-	-	-	-	(3,500)	(3,500)
<b>At 31 December 2012</b>	<b>60,838</b>	<b>(13,838)</b>	<b>(455)</b>	<b>61,178</b>	<b>107,723</b>	<b>32,052</b>	<b>139,775</b>
<b>At 1 January 2011</b>	-	400	-	12,843	13,243	3,311	16,554
Issuance of ordinary shares during the period	14,238	(14,238)	-	-	-	-	-
Total comprehensive income for the period	-	-	-	27,255	27,255	6,920	34,175
Dividends	-	-	-	(20,400)	(20,400)	(8,600)	(29,000)
<b>At 31 December 2011</b>	<b>14,238</b>	<b>(13,838)</b>	<b>-</b>	<b>19,698</b>	<b>20,098</b>	<b>1,631</b>	<b>21,729</b>

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2011.

**TUNE INS HOLDINGS BERHAD (948454-K)**  
**Interim Financial Statements (Unaudited)**

**Condensed Consolidated Statement of Cash Flows**  
**For the financial period ended 31 December 2012**

	<b>12 months ended 31 Dec 2012</b>	<b>12 months ended 31 Dec 2011</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities:</b>		
Profit before taxation	58,554	34,195
Adjustments for non-cash items:	8,982	(376)
Operating profit before working capital changes:	<b>67,536</b>	<b>33,819</b>
Net change in operating assets	(18,126)	9,977
Net change in operating liabilities	(23,988)	(57)
Cash generated from operating activities	<b>25,422</b>	<b>43,739</b>
Net interest received	11,758	377
Net dividend received	667	-
Rental received	211	-
Retirement benefits paid	(78)	-
Income tax paid	(7,333)	(20)
Net cash generated from operating activities	<b>30,647</b>	<b>44,096</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property and equipment	7	-
Purchase of property and equipment	(669)	-
Purchase of subsidiaries	(78,489)	-
Purchase of intangibles	(84)	-
Net cash used in investing activities	<b>(79,235)</b>	<b>-</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	132,964	-
Interest paid	(4,171)	-
Issuance of ordinary shares	46,600	-
Amount owing to ultimate holding company	(16,893)	17,218
Dividends paid to equity holders of the parent	-	(20,400)
Dividends paid to non-controlling interest	(4,000)	(8,100)
Net cash generated from/(used in) financing activities	<b>154,500</b>	<b>(11,282)</b>
<b>Net increase in cash and cash equivalents</b>	<b>105,912</b>	<b>32,814</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>33,270</b>	<b>456</b>
<b>Cash and cash equivalents at end of period</b>	<b>139,182</b>	<b>33,270</b>
<b>Cash and cash equivalents comprise:</b>		
Fixed and call deposits (with maturity of less than three months) with licensed financial institutions	116,595	24,715
Cash and bank balances	22,587	8,555
	<b>139,182</b>	<b>33,270</b>

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2011.

# **TUNE INS HOLDINGS BERHAD (948454-K)**

## **Interim financial statements for the period ended 31 December 2012**

### **Notes to the Interim Financial Statements**

#### **1. Basis of preparation**

The unaudited interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134 'Interim Financial Reporting' issued by the Malaysian Accounting Standards Board ("MASB"), International Accounting Standard 34 'Interim Financial Reporting' as issued by International Accounting Standards Board ("IASB") and Paragraph 9.22 of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the Group audited financial statements for the financial year ended 31 December 2011.

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to gain an understanding of the changes in the financial position and performance of the Group since the last financial year ended 31 December 2011.

#### **2. Significant accounting policies**

The adoption of the revised MFRSs, amendments to MFRSs and IC Interpretations issued by MASB and revised guidelines issued by BNM which are effective in the current year do not have any material impact to the financial statements of the Group.

As at the date of authorisation of these interim financial statements, the adoption of the revised MFRSs, amendments to MFRSs and IC Interpretations issued by MASB but not yet effective in the current year is not expected to have any material impact on the financial statements of the Group.

#### **3. Status of audit qualification**

There was no audit qualification in the annual financial statements for the preceding financial year ended 31 December 2011.

#### **4. Seasonal and cyclical factors**

The business operations of the Group are not significantly affected by any seasonal or cyclical factors.

#### **5. Unusual items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial period/year ended 31 December 2012.

#### **6. Change in estimates**

There were no material changes of estimates of amount reported in current financial quarter and financial year ended 31 December 2012.

# **TUNE INS HOLDINGS BERHAD (948454-K)**

## **Interim financial statements for the period ended 31 December 2012**

### **7. Debt and equity securities**

#### ***Share split***

On 4 October 2012, the Company implemented a share split of the par value of the Company shares whereby each existing ordinary share of RM1.00 each in the Company is subdivided into 10 ordinary shares of RM0.10 each. Upon the completion of the share split, the issued and paid up share capital of the Company stood at RM14,238,508 comprising 142,385,080 ordinary shares of RM0.10 each.

#### ***Capitalisation of advances from holding company***

On 4 October 2012, the Company increased its issued and fully paid share capital from RM14,238,508 to RM60,838,508 via the capitalisation of advances from holding company of 466,000,000 new ordinary shares of RM0.10 each to the shareholder of the Company. The new ordinary shares issued during the year ended 31 December 2012 ranked pari passu with the shares in issue at the date of issuance.

#### ***Call option***

On 20 April 2012, the Company and the holding company, Tune Money Sdn Bhd ("TMSB") entered into a call option agreement with AirAsia Berhad whereby the Company and TMSB agreed to grant to AirAsia Berhad an option to acquire up to 20% of the issued and paid-up share capital of the Company at the time the call option is exercised from TMSB for a purchase consideration computed based on the net asset value of the Company at the time of exercise of the option (subject to a maximum purchase consideration of RM16.0 million) to be satisfied in cash.

On 11 October 2012, AirAsia Berhad has exercised its right under the call option agreement to purchase 121,677,000 ordinary shares of RM0.10 each in the Company, for a consideration of RM16.0 million, which represents 20% of the Company's issued and paid up share capital of 608,385,080 shares as at 11 October 2012.

### **8. Dividends**

There was no dividend paid or proposed during the current financial year ended 31 December 2012.

### **9. Material events subsequent to the end of the financial year**

Saved as disclosed in Note 20, the status of corporate proposal, there were no other material events from 31 December 2012 to the date of this report.

### **10. Changes in composition of the Group**

#### **(a) Acquisition of a subsidiary**

On 23 April 2012, the Company signed a Share Sale Agreements with Maika Holdings Berhad, G Team Resources & Holding Sdn. Bhd. and Gryss Holdings Sdn. Bhd to acquire their 77.92% and 1.92% equity holdings respectively in Tune Insurance Malaysia Berhad ("TIMB") (formerly known as Oriental Capital Assurance Berhad ("OCA")) and its subsidiary, Capital OCA Berhad ("TIMB Group").

Pursuant to the Share Sale Agreements and in accordance with the Malaysian Code on Take-Overs and Mergers, the Company made a mandatory general offer ("general offer") to the remaining shareholders of TIMB to acquire their respective individual shareholdings thereon.

# TUNE INS HOLDINGS BERHAD (948454-K)

## Interim financial statements for the period ended 31 December 2012

### 10. Changes in composition of the Group (cont'd.)

#### (a) Acquisition of a subsidiary (cont'd.)

Certain individual shareholders had accepted the general offer, which ended on 9 July 2012. As a result of this exercise, the Company has acquired an additional 3.42% in TIMB, resulting in an equity holding of 83.26% in TIMB. The total purchase consideration for the said 83.26% stake in TIMB amounted to RM163,631,636.

The acquisition of TIMB was based on their net assets as of 23 May 2012, which resulted in a goodwill of RM29,818,280.

#### (b) Subscription of additional shares

On 12 September 2012, the Company subscribed for additional shares in Tune Money GenRe Ltd ("TMGR") and Tune Money LifeRe Ltd ("TMLR"), as follows:

- (i) the Company's investment in TMGR was increased by USD3,207,287 (RM10.0 million), via the issuance of 3,207,287 new ordinary shares of USD1.00 each in TMGR at an issue price of USD1.00 per share; and
- (ii) the Company's investment in TMLR was increased by USD3,207,287 (RM10.0 million), via the issuance of 3,207,287 new ordinary shares of USD1.00 each in TMLR at an issue price of USD1.00 per share.

There was no change in the Group's composition other than those disclosed above for the current financial year ended 31 December 2012.

### 11. Contingent liabilities

There were no contingent liabilities as at the date of this report.

### 12. Capital commitments

Approved but not contracted for:  
Property and equipment

**RM'000**

10,000



**TUNE INS HOLDINGS BERHAD (948454-K)**  
**Interim financial statements for the period ended 31 December 2012**

**13. Segmental information**

The Group is organised into four major business segments, investment holding, general reinsurance, life reinsurance and general insurance business. Segment information is presented in respect of the Group's business segments which are as follows:

Investment holding : Investment holding operations  
 General reinsurance business : Underwriting of all classes of general reinsurance business  
 Life reinsurance business : Underwriting of all life reinsurance business  
 General insurance business : Underwriting of all classes of general insurance business

**Financial period ended 31 December 2012**

	<b>Investment holding</b>	<b>General reinsurance business</b>	<b>Life reinsurance business</b>	<b>General insurance business</b>	<b>Inter-Group Adjustments</b>	<b>Consolidated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Operating revenue</b>						
External	164	60,525	302	165,389	-	226,380
Inter-segment	27,000	9,142	-	-	(36,142)	-
	<u>27,164</u>	<u>69,667</u>	<u>302</u>	<u>165,389</u>	<u>(36,142)</u>	<u>226,380</u>
<b>Results</b>						
Profit before taxation	11,041	37,717	(356)	38,619	(28,467)	58,554
Taxation	-	(40)	-	(9,926)	-	(9,966)
Net profit for the period	<u>11,041</u>	<u>37,677</u>	<u>(356)</u>	<u>28,693</u>	<u>(28,467)</u>	<u>48,588</u>
<b>Segment assets</b>	<u>221,821</u>	<u>40,416</u>	<u>10,270</u>	<u>718,559</u>	<u>(178,448)</u>	<u>812,618</u>
<b>Segment liabilities</b>	<u>136,199</u>	<u>15,508</u>	<u>958</u>	<u>529,695</u>	<u>(9,517)</u>	<u>672,843</u>

# TUNE INS HOLDINGS BERHAD (948454-K)

Interim financial statements for the period ended 31 December 2012

## 13. Segmental information (cont'd.)

Financial period ended 31 December 2011

	<b>Investment holding</b>	<b>General reinsurance business</b>	<b>Life reinsurance business</b>	<b>General insurance business</b>	<b>Inter-Group Adjustments</b>	<b>Consolidated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Operating revenue</b>						
External	-	55,687	183	-	-	55,870
Inter-segment	14,000	-	-	-	(14,000)	-
	<u>14,000</u>	<u>55,687</u>	<u>183</u>	<u>-</u>	<u>(14,000)</u>	<u>55,870</u>
<b>Results</b>						
Profit before taxation	13,744	34,489	(38)	-	(14,000)	34,195
Taxation	-	(20)	-	-	-	(20)
Net profit for the period	<u>13,744</u>	<u>34,469</u>	<u>(38)</u>	<u>-</u>	<u>(14,000)</u>	<u>34,175</u>
<b>Segment assets</b>	<u>27,993</u>	<u>32,007</u>	<u>10,193</u>	<u>-</u>	<u>(19,863)</u>	<u>50,330</u>
<b>Segment liabilities</b>	<u>11</u>	<u>23,983</u>	<u>10,232</u>	<u>-</u>	<u>(5,625)</u>	<u>28,601</u>

# TUNE INS HOLDINGS BERHAD (948454-K)

## Interim financial statements for the period ended 31 December 2012

### 14. Review of performance

#### Results of current year-to-date ("YTD") against preceding YTD (Financial year ended 31 December 2012 ("FYE 2012") versus financial year ended 31 December 2011 ("FYE 2011"))

##### **Operating revenue**

The Group recorded an operating revenue of RM226.4 million for FYE 2012, an increase of 305% or RM170.5 million as compared to the preceding FYE 2011 of RM55.9 million due to higher gross earned premiums and investment income by RM159.5 million and RM11.0 million respectively.

##### Gross earned premiums

The gross earned premiums increased from RM55.5 million for FYE 2011 to RM215.0 million for FYE 2012 primarily as a result of the acquisition of TIMB in May 2012 and the consolidation of TIMB's gross earned premiums of RM154.9 million since the date of acquisition, as well as an increase in gross earned premiums of the general reinsurance operations (i.e. TMGR and Tune Insurance (Labuan) Ltd ("TIL")) from RM55.5 million in FYE 2011 to RM69.2 million (including inter-segment) in FYE 2012.

The increase in gross earned premiums of the general reinsurance operations was primarily because of:

- (a) an increase in the number of policies issued by the local insurance partners which was driven primarily by double-digit growth in gross earned premiums issued in the 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 in the average premium charged to end-customers in FYE 2012 due to enhanced product benefits such as the introduction of a flight delay benefit to the Travel Protection Plan in a number of new and existing markets.

##### Investment income

The investment income increased from RM377,000 for FYE 2011 to RM11.4 million for FYE 2012 as a result of the acquisition of TIMB in May 2012 and the consolidation of TIMB's investment income of RM10.5 million since the date of acquisition, as well as interest of RM547,000 accruing from the fixed deposits of which we started making placements from the fourth quarter of FYE 2011.

##### **Profit before taxation**

The Group recorded a profit before taxation of RM58.6 million for FYE 2012, an increase of 71% or RM24.4 million as compared to the preceding FYE 2011 of RM34.2 million, primarily as a result of the acquisition of TIMB in May 2012 and the consolidation of TIMB's profit before taxation of RM38.6 million since the date of acquisition. The increase is however offset by the:

- (a) 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 FYE 2012 of a cost sharing arrangement for management expenses with the insurance partner that was in place in FYE 2011.
- (b) increase in other operating expenses from nil for FYE 2011 to RM4.7 million for FYE 2012 as a result of a one-off acquisition cost of RM881,000 for the acquisition of TIMB and accruals of listing expenses of RM3.6 million.
- (c) increase in finance cost from nil for FYE 2011 to RM10.0 million for FYE 2012 as a result of interest arising from the term loan and advances from TMSB for our acquisition of TIMB in May 2012.

**TUNE INS HOLDINGS BERHAD (948454-K)**  
**Interim financial statements for the period ended 31 December 2012**

**14. Review of performance (cont'd.)**

**Results of current quarter against immediate preceding quarter**  
**(4th quarter 2012 versus 3rd quarter 2012)**

**Operating revenue**

The Group recorded operating revenue of RM90.2 million for the quarter under review, an increase of 32% or RM21.8 million as compared to the preceding quarter ended 30 September 2012 of RM68.4 million due mainly to the increase in gross earned premiums by RM22.7 million from both general insurance and reinsurance operations.

**Profit before taxation**

The Group recorded a profit before taxation of RM26.1 million for the quarter under review, an increase of 85% or RM12.0 million as compared to the preceding quarter ended 30 September 2012 of RM14.1 million. This was mainly contributed by higher underwriting contribution from the general insurance subsidiary due to its current quarter results being better than that of the preceding quarter.

**15. Next financial year prospects**

The Group will continue to capture additional revenue by diversifying product offerings and improving portfolio mix of general insurance subsidiary, TIMB's insurance products and leveraging on growth in air-travel, tourism and consumer awareness of the need to purchase travel protection. The Group is expected to continue to grow profits for the financial year ending 31 December 2013.

**16. Explanatory note for variance from profit forecast**

The Group did not issue any profit forecast during the financial period ended 31 December 2012.

**17. Investment income**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31 Dec 2012</b>	<b>31 Dec 2011</b>	<b>31 Dec 2012</b>	<b>31 Dec 2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Rental income from investment property	92	-	211	-
Interest income:				
- AFS financial assets	1,518	-	3,529	-
- Loan and receivables	2,230	377	5,974	377
- Others	352	-	1,143	-
Dividend income:				
- AFS financial assets	110	-	571	-
	<u>4,302</u>	<u>377</u>	<u>11,428</u>	<u>377</u>
Net amortisation of premiums on investments	(1)	-	(4)	-
	<u>4,301</u>	<u>377</u>	<u>11,424</u>	<u>377</u>

**TUNE INS HOLDINGS BERHAD (948454-K)**  
**Interim financial statements for the period ended 31 December 2012**

**18. Profit before taxation**

Profit before taxation is arrived at after charging/(crediting):

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31 Dec 2012</b>	<b>31 Dec 2011</b>	<b>31 Dec 2012</b>	<b>31 Dec 2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Amortisation of intangible assets	27	-	55	-
Depreciation of property and equipment	(168)	1	87	1
Depreciation of investment property	6	-	13	-
Investment income	(4,301)	(377)	(11,424)	(377)
Realised gain on disposal of property and equipment	(3)	-	(7)	-
Realised gain on disposal of AFS investments	(374)	-	(4,208)	-
Allowance for/(reversal of allowance for) impairment losses of insurance receivables	262	-	(532)	-
Net foreign exchange loss	101	-	242	-
Unrealised foreign exchange loss/(gain)	127	(26)	127	(26)
Finance costs	2,858	-	10,015	-
Accrual for listing expenses	1,600	-	3,600	-

**19. Taxation**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31 Dec 2012</b>	<b>31 Dec 2011</b>	<b>31 Dec 2012</b>	<b>31 Dec 2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit before taxation	26,071	8,460	58,554	34,195
Current income tax expense	5,581	-	10,214	20
Deferred tax expense	(231)	-	(248)	-
Total income tax expense	5,350	-	9,966	20
Effective tax rate (%)	20.52%	0.00%	17.02%	0.06%

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expenses at the effective income tax rate is as follows:

Profit before taxation	26,071	8,460	58,554	34,195
Taxation at Malaysian statutory tax rate of 25%	6,518	2,115	14,639	8,549
Effect of chargeable profits subject to RM20,000	(2,822)	(2,221)	(9,976)	(8,635)
Income not subject to tax	-	(353)	-	(353)
Expenses not deductible for tax	1,654	459	5,421	459
Over provision of taxation in prior period	-	-	(112)	-
Over provision of deferred taxation in prior period	-	-	(6)	-
Tax expense for the period	5,350	-	9,966	20

The effective tax rate is lower than the statutory rate because certain subsidiaries based in Labuan had elected to be taxed at RM20,000 per entity in accordance with Section 7(1) of the Labuan Business Activity Tax Act, 1990.

## TUNE INS HOLDINGS BERHAD (948454-K)

### Interim financial statements for the period ended 31 December 2012

#### 20. Status of corporate proposal and utilisation of proceeds

On 8 January 2013, the Company obtained approval for the following:-

Initial public offering (IPO) of up to 210,224,900 ordinary shares of RM0.10 each in Tune Ins Holdings Berhad ("TIH") ("TIH shares") comprising a public issue of up to 143,374,900 new TIH shares ("public issue shares") and an offer for sale of up to 66,850,000 existing TIH shares ("offer shares") comprising:

- (i) the institutional offering of up to 102,028,100 public issue shares and up to 66,850,000 offer shares to:
- (a) Malaysian institutional and selected investors including bumiputera investors approved by the Ministry of Finance; and
  - (b) foreign institutional and selected investors outside the United States in reliance on regulations under the United States Securities Act of 1933, as amended,

at the institutional price to be determined by way of bookbuilding; and

- (ii) the retail offering of up to 41,346,800 public issue shares to:

- (a) Malaysian citizens, companies, co-operatives, societies and institutions; and
- (b) the eligible directors, employees and persons who have contributed to the success of TIH and its subsidiaries,

at the retail price of RM1.35 per public issue share,

On 20 February 2013, the Company's shares were successfully listed on the Main Market of Bursa Securities.

Status of utilisation of proceeds raised from IPO:

Purposes	Proposed utilisation RM million	Actual utilisation RM million	Estimated timeframe for use from the listing date
(i) Repayment of bank borrowings	133.0	133.0	Upon listing - repaid on 20 Feb 2013
(ii) Working capital	16.6	-	Within 24 months
(iii) Strategic investments	33.0	-	Within 24 months
(iv) Listing expenses	11.0	10.5	Within 1 month
Total gross proceeds	193.6	143.5	

#### 21. Borrowings and debts securities

The Group borrowings as at 31 December 2012 is as follows:

	<b>Group RM'000</b>
Short term borrowings	
Secured:	
Term loan	132,106

The Group has no outstanding borrowings and debts securities other than as disclosed above as at the end of the reporting period.

**TUNE INS HOLDINGS BERHAD (948454-K)**  
**Interim financial statements for the period ended 31 December 2012**

**22. Material litigation**

There are no material litigations at the date of this report.

**23. Earnings per share**

Basic earnings per share of the Group are calculated by dividing the net profit attributable to ordinary equity holders for the financial period by the weighted average number of ordinary shares in issue.

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31 Dec 2012</b>	<b>31 Dec 2011</b>	<b>31 Dec 2012</b>	<b>31 Dec 2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit attributable to the owners of the parent	18,027	6,683	41,480	27,255
Weighted average number of ordinary shares in issue ('000)	588,124	142,385	254,736	40,180
Basic earnings per share (sen)	<u>3.07</u>	<u>4.69</u>	<u>16.28</u>	<u>67.83</u>

**24. Disclosure of realised and unrealised earnings**

Pursuant to the directive and guidance issued by Bursa Securities, the breakdown of the Group's retained earnings into realised and unrealised earnings is analysed as follows:

	<b>As at 31 Dec 2012 RM'000</b>	<b>As at 31 Dec 2011 RM'000</b>
Total retained earnings of the Group:		
- Realised	118,145	21,203
- Unrealised	423	26
	<u>118,568</u>	<u>21,229</u>
Consolidation adjustments	(57,390)	(1,531)
Total retained earnings as per statement of financial position	<u>61,178</u>	<u>19,698</u>

The analysis of realised and unrealised earnings is made reference to the Guidance On Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Securities Listing Requirements" issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised earnings above is solely for complying with the disclosure requirement of Bursa Securities and should not be applied for any other purposes.

This note should be read in conjunction with the Consolidated Statement of Changes in Equity.

**BY ORDER OF THE BOARD**

Jasmindar Kaur A/P Sarban Singh  
 Company Secretary  
 28 February 2013