



Tune Ins Holdings Berhad (948454-K)

Interim Financial Statements

For the Quarter and Nine Months Ended 30 September 2013

Tune Ins Holdings Berhad (948454-K)

Condensed consolidated statement of financial position As at 30 September 2013

	As at 30 Sept 2013 Unaudited RM'000	Restated As at 31 Dec 2012 Audited RM'000
Assets		
Property and equipment	13,854	13,306
Investment property	2,914	2,934
Intangible assets	4,996	5,239
Goodwill	24,165	24,165
Investments	546,021	474,615
Deferred tax asset	583	-
Reinsurance assets	223,912	159,970
Insurance receivables	85,036	75,977
Other receivables	60,066	36,832
Cash and bank balances	14,484	22,587
Total assets	976,031	815,625
Equity		
Share capital	75,176	60,838
Share premium	173,343	-
Merger deficit	(13,838)	(13,838)
Available-for-sale reserves	(2,753)	(455)
Retained earnings	107,860	60,844
Equity attributable to owners of the parent	339,788	107,389
Non-controlling interests	35,812	33,120
Total equity	375,600	140,509
Liabilities		
Insurance contract liabilities	484,670	439,915
Deferred tax liabilities	1,956	2,637
Provision for taxation	248	-
Borrowings	-	132,106
Insurance payables	71,217	68,022
Retirement benefits	871	1,148
Other payables	41,469	31,288
Total liabilities	600,431	675,116
Total equity and liabilities	976,031	815,625
Net assets per ordinary share attributable to owners of the parent (RM)	0.45	0.18

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012.

Tune Ins Holdings Berhad (948454-K)

Condensed consolidated statement of comprehensive income For the nine-month period ended 30 September 2013

	Note	Restated		Restated	
		Current quarter		Cumulative quarters	
		30 Sept 2013	30 Sept 2012	30 Sept 2013	30 Sept 2012
		RM'000	RM'000	RM'000	RM'000
Operating revenue		98,810	68,462	282,263	136,155
Gross earned premiums		94,444	63,181	268,494	129,032
Premiums ceded to reinsurers		(32,992)	(6,146)	(93,189)	(25,586)
Net earned premiums		61,452	57,035	175,305	103,446
Investment income	8	4,366	5,281	13,769	7,123
Realised gains and losses		303	2,777	3,991	3,838
Fees and commission income		6,163	2,272	20,388	3,632
Other operating income		124	-	429	103
Other revenue		10,956	10,330	38,577	14,696
Gross claims paid		(39,119)	(68,820)	(119,645)	(81,730)
Claims ceded to reinsurers		11,883	44,938	32,232	48,567
Gross changes to contract liabilities		(15,684)	(19,442)	(21,795)	(22,416)
Change in contract liabilities ceded to reinsurers		21,425	17,949	38,515	20,203
Net claims		(21,495)	(25,375)	(70,693)	(35,376)
Fee and commission expenses		(16,246)	(10,983)	(45,728)	(23,546)
Management expenses		(14,593)	(10,322)	(41,646)	(17,007)
Other operating expenses		-	(2,355)	(897)	(2,881)
Finance costs		-	(4,424)	(1,903)	(7,157)
Other expenses		(30,839)	(28,084)	(90,174)	(50,591)
Profit before taxation	9	20,074	13,906	53,015	32,175
Taxation	10	(2,451)	(2,846)	(2,846)	(4,540)
Net profit for the period		17,623	11,060	50,169	27,635
Other comprehensive (loss)/income:					
<u>Movements in available-for-sale fair value reserves:</u>					
Gain on fair value changes of AFS investments		168	1,504	270	2,577
Realised gain transferred to profit or loss		(280)	(2,777)	(3,949)	(3,834)
Deferred tax relating to components of other comprehensive income		28	318	920	314
Net other comprehensive loss for the period		(84)	(955)	(2,759)	(943)
Total comprehensive income for the period		17,539	10,105	47,410	26,692

Tune Ins Holdings Berhad (948454-K)

Condensed consolidated statement of comprehensive income (contd.)
For the nine-month period ended 30 September 2013

		Restated		Restated	
		Current quarter 3 months ended 30 Sept 2013	30 Sept 2012	Cumulative quarters 9 months ended 30 Sept 2013	30 Sept 2012
	Note	RM'000	RM'000	RM'000	RM'000
Profit attributable to:					
Owners of the parent		16,816	9,351	47,016	23,260
Non-controlling interests		807	1,709	3,153	4,375
		17,623	11,060	50,169	27,635
Total comprehensive income attributable to:					
Owners of the parent		16,746	8,556	44,718	22,475
Non-controlling interests		793	1,549	2,692	4,217
		17,539	10,105	47,410	26,692
Basic earnings per share attributable to owners of the parent (sen per share)	11	2.32	65.68	6.48	163.36

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012.

Tune Ins Holdings Berhad (948454-K)

Condensed consolidated statement of cash flows For the nine-month period ended 30 September 2013

	Restated	
	Cumulative quarters	
	9 months ended	
	30 Sept 2013	30 Sept 2012
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	53,015	32,175
Adjustments for:		
Non-cash items	4,741	6,960
Non-operating activities items	(24,012)	26,506
Operating profit before working capital changes:	33,744	65,641
Net change in operating assets	(92,665)	(5,505)
Net change in operating liabilities	58,132	(7,144)
Cash (used in)/generated from operating activities	(789)	52,992
Net interest received	13,573	7,016
Net dividend received	263	519
Rental received	261	119
Retirement benefits paid	(277)	(78)
Income tax paid	(4,679)	(5,827)
Net cash generated from operating activities	8,352	54,741
Cash flows from investing activities		
Proceeds from disposal of property and equipment	42	4
Purchase of property and equipment	(1,048)	(226)
Acquisition of a subsidiary	-	(78,489)
Purchase of intangible assets	(422)	-
Net cash used in investing activities	(1,428)	(78,711)
Cash flows from financing activities		
(Repayment of)/Proceeds from borrowings	(132,106)	132,964
Interest paid	(1,903)	(2,065)
Proceeds from issuance of ordinary shares	187,681	-
Advances from holding company	-	30,398
Dividends paid to non-controlling interests	-	(3,000)
Net cash generated from financing activities	53,672	158,297
Net increase in cash and cash equivalents	60,596	134,327
Cash and cash equivalents at beginning of period	139,182	33,270
Cash and cash equivalents at end of period	199,778	167,597
Cash and cash equivalents comprise:		
Fixed and call deposits (with maturity of less than three months) with licensed financial institutions	185,294	148,032
Cash and bank balances	14,484	19,565
	199,778	167,597

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012.

Tune Ins Holdings Berhad (948454-K)

Condensed consolidated statement of changes in equity For the nine-month period ended 30 September 2013

	Attributable to the owners of the parent						Non-controlling interests	Total equity
	← Non-distributable →			Distributable				
	Share capital	Share premium	Merger deficit	Available-for-sale reserves	Retained earnings	Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2013								
As previously stated	60,838	-	(13,838)	(455)	61,178	107,723	32,052	139,775
Arising from fair value adjustments on the completion of initial accounting for business combination	-	-	-	-	(334)	(334)	1,068	734
As restated	60,838	-	(13,838)	(455)	60,844	107,389	33,120	140,509
Total comprehensive income for the period	-	-	-	(2,298)	47,016	44,718	2,692	47,410
Issuance of ordinary shares during the period	14,338	179,219	-	-	-	193,557	-	193,557
Share issuance expense	-	(5,876)	-	-	-	(5,876)	-	(5,876)
At 30 September 2013	75,176	173,343	(13,838)	(2,753)	107,860	339,788	35,812	375,600
At 1 January 2012	14,238	-	(13,838)	-	19,698	20,098	1,631	21,729
Arising from acquisition of subsidiaries	-	-	-	-	-	-	27,386	27,386
Total comprehensive income for the period	-	-	-	(785)	23,260	22,475	4,217	26,692
Dividends	-	-	-	-	-	-	(2,000)	(2,000)
At 30 September 2012 (As restated)	14,238	-	(13,838)	(785)	42,958	42,573	31,234	73,807

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012.

Tune Ins Holdings Berhad (948454-K)

Explanatory Notes Pursuant to MFRS 134

For the nine-month period ended 30 September 2013

1. Basis of preparation

The condensed consolidated interim financial statements, for the period ended 30 September 2013, have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

The condensed consolidated interim financial statements should be read in conjunction with the Group audited financial statements for the financial year ended 31 December 2012.

The explanatory notes attached to the condensed consolidated 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 2012.

2. Changes in accounting policies

2.1 Adoption of new and revised MFRSs, Amendments to MFRSs and IC Interpretations

In the current period ended 30 September 2013, the Group adopted the following new and revised MFRSs, Amendments to MFRSs and IC Interpretations which are applicable to its financial statements effective for annual periods beginning on or after 1 July 2012 and 1 January 2013:

- Amendments to MFRS 1 First-time Adoption of Malaysian Reporting Standards- Government Loans
- Amendments to MFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities
- MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)
- MFRS 10 Consolidated Financial Statements
- MFRS 11 Joint Arrangements
- MFRS 12 Disclosure of Interests in Other Entities
- MFRS 13 Fair Value Measurement
- Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income
- MFRS 119 Employee Benefits
- Amendments to MFRS 10, MFRS 11 and MFRS 12 Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
- MFRS 127 Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)
- MFRS 127 Separate Financial Statements
- MFRS 128 Investments in Associates and Joint Ventures
- IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

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Explanatory Notes Pursuant to MFRS 134 For the nine-month period ended 30 September 2013

2. Changes in accounting policies (contd.)

2.1 Adoption of new and revised MFRSs, Amendments to MFRSs and IC Interpretations (contd.)

- Annual Improvements 2009-2011 Cycle:
 - Amendment to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards
 - Amendment to MFRS 101 Presentation of Financial Statements
 - Amendment to MFRS 116 Property, Plant and Equipment
 - Amendment to MFRS 132 Financial Instruments: Presentation
 - Amendment to MFRS 134 Interim Financial Reporting
 - Amendment to IC 2 Members' Shares in Co-operatives Entities and Similar Instruments

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except for MFRS 12 and Amendments to MFRS 101 which affect presentation and disclosures only and has no impact on the Group's financial position and performance.

2.2 Standards issued but not yet effective

The following MFRSs and Amendments to MFRSs have been issued but are not yet effective, and have yet to be adopted by the Group:

Effective for financial periods beginning on or after 1 January 2014

- Amendments to MFRS 132 Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 10, MFRS 12 and MFRS 127 : Investment Entities

Effective for financial periods beginning on or after 1 January 2015

- MFRS 9 Financial Instruments

3. Restatement of comparatives

In prior year, the Company completed the acquisition of Tune Insurance Malaysia Berhad ("TIMB"). However, the Group has accounted for the acquisition of TIMB on a provisional basis as the purchase price allocation ("PPA") exercise and allocation of goodwill to specific cash generating units was still ongoing as of 31 December 2012.

During the current financial period, the PPA exercise has been completed including the identification of intangible assets. The effects arising from the changes between the provisional PPA amounts as compared to the finalised PPA amounts are as follows:

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Explanatory Notes Pursuant to MFRS 134 For the nine-month period ended 30 September 2013

3. Restatement of comparatives (contd.)

	As previously stated RM'000	Restate- ments RM'000	As restated RM'000
Consolidated statement of financial position as at 31 December 2012			
Property and equipment	10,411	2,895	13,306
Investment property	2,395	539	2,934
Intangible assets	157	5,082	5,239
Goodwill	29,818	(5,653)	24,165
Retained earnings	61,178	(334)	60,844
Non-controlling interests	32,052	1,068	33,120
Deferred tax liabilities	508	2,129	2,637

Consolidated statement of comprehensive income for cumulative quarters 9 months ended 30 September 2012

Management expenses	16,699	308	17,007
Profit before taxation	32,483	(308)	32,175
Taxation	4,616	(76)	4,540
Net profit for the period	27,867	(232)	27,635

Consolidated statement of comprehensive income for current quarter 3 months ended 30 September 2012

Management expenses	10,091	231	10,322
Profit before taxation	14,137	(231)	13,906
Taxation	2,903	(57)	2,846
Net profit for the period	8,335	(174)	11,060

4. Change in estimates

There were no changes in estimates that have had a material effect in the current interim results.

Tune Ins Holdings Berhad (948454-K)

Explanatory Notes Pursuant to MFRS 134 For the nine-month period ended 30 September 2013

5. Changes in composition of the Group

5.1 Incorporation of a new subsidiary, Tune Direct Ltd ("TDL")

TDL was incorporated in Malaysia as a wholly-owned subsidiary of the Company on 26 July 2013, under the Labuan Companies Act 1990, as a private company limited by shares. TDL received the certificate of incorporation on 14 August 2013.

The issued and paid-up share capital of TDL is USD2 comprising 2 ordinary shares of USD 1 each. The principal activities of TDL are investment holding and manager of the online distribution platform. The commencement of such activities is subject to regulatory consent.

As of the date of this report, TDL has not commenced business.

5.2 Incorporation of a new subsidiary, Tune Direct (M) Sdn Bhd ("TDM")

TDM was incorporated in Malaysia as a wholly-owned subsidiary of TDL on 9 September 2013, under the Companies Act 1965, as a private company limited by shares.

The authorised share capital of TDM is RM400,000 comprising 400,000 ordinary shares of RM1 each, of which 2 ordinary shares of RM1 each have been issued and fully paid-up. The principal activities of TDM are insurance intermediary business for life, general and Takaful business. The commencement of such activities is subject to regulatory consent.

As of the date of this report, TDM has not commenced business.

5.3 Striking off of a dormant subsidiary, Capital OCA Berhad ("Capital OCA")

Following the application made to the Companies Commission of Malaysia ("CCM") for voluntary striking off of Capital OCA, a dormant wholly-owned subsidiary of Tune Insurance Malaysia Berhad, which in turn a subsidiary of the Company, CCM had vide its letter dated 10 September 2013 ("Letter") advised that if an answer showing cause to the contrary is not received within one month from the date of the Letter, a notice will be published in the Gazette with a view to striking the name of Capital OCA off the register under Section 308(1) of the Companies Act 1965.

As of the date of this report, there is no further development on this matter.

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Explanatory Notes Pursuant to MFRS 134

For the nine-month period ended 30 September 2013

6. Segment information

The Group is organised into business units based on their products and services, and has four business segments as follows:

Investment holding and others	:	Investment holding operations and other dormant subsidiaries
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

	Investment holding and others		General reinsurance		Life reinsurance		General insurance		Adjustments and eliminations		Consolidated	
	30 Sept 2013	30 Sept 2012	30 Sept 2013	30 Sept 2012	30 Sept 2013	30 Sept 2012	30 Sept 2013	30 Sept 2012	30 Sept 2013	30 Sept 2012	30 Sept 2013	30 Sept 2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue												
External	1,180 ¹	106	41,365 ²	49,252	235 ³	771	239,483 ⁴	87,364	-	(1,338)	282,263 ⁵	136,155
Inter-segment	9,900	10,000	30,224	-	-	-	-	-	(40,124)	(10,000)	-	-
	11,080	10,106	71,589	49,252	235	771	239,483	87,364	(40,124)	(11,338)	282,263	136,155
Segment profit/(loss)	4,352	261	37,059	26,434	279	(747)	21,915	18,002	(10,590)	(11,775)	53,015 ⁵	32,175
Segment assets	280,402	215,196	76,371	44,591	11,305	11,818	796,113	720,120	(188,160)	(179,499)	976,031	812,226
Segment liabilities	2,829	186,953	24,561	12,967	792	2,897	590,694	546,915	(18,445)	(10,331)	600,431	739,401

¹ investment income of RM1,180k

² included investment income of RM656k

³ investment income of RM235k

⁴ included investment income of RM11.7 million

⁵ included investment income of RM13.8 million

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Explanatory Notes Pursuant to MFRS 134

For the nine-month period ended 30 September 2013

7. Seasonality of operations

The Group is subject to seasonal fluctuation in the general reinsurance business within an annual cycle. The Group records higher gross earned premiums for our product, Tune Insure Travel Protection Plan, during festivals and holiday periods with high travel volume, in particular first and fourth quarters of each calendar year. There is no significant seasonal trend for the other businesses of the Group.

8. Investment income

	Current quarter 3 months ended		Cumulative quarters 9 months ended	
	30 Sept 2013	30 Sept 2012	30 Sept 2013	30 Sept 2012
	RM'000	RM'000	RM'000	RM'000
Rental income from investment property	88	88	261	119
Interest income:				
- available-for-sale financial assets	1,446	1,511	4,542	2,011
- loan and receivables	2,373	2,560	7,394	3,744
- others	366	763	1,263	791
Dividend income:				
- available-for-sale financial assets	113	362	263	461
	4,386	5,284	13,723	7,126
Net amortisation of (premiums)/discount on investments	(20)	(3)	46	(3)
	4,366	5,281	13,769	7,123

9. Profit before taxation after charging/(crediting) the following:

	Restated		Restated	
	Current quarter 3 months ended	Cumulative quarters 9 months ended	Current quarter 3 months ended	Cumulative quarters 9 months ended
	30 Sept 2013	30 Sept 2012	30 Sept 2013	30 Sept 2012
	RM'000	RM'000	RM'000	RM'000
Finance costs	-	4,424	1,903	7,157
Depreciation of property and equipment	42	196	500	264
Depreciation of investment property	7	7	20	9
Amortisation of intangible assets	221	245	665	324
Allowance for/(Reversal of) impairment losses of insurance receivables	406	(90)	699	(794)
Allowance for impairment losses of reinsurance assets	1,210	-	1,210	-

Tune Ins Holdings Berhad (948454-K)

Explanatory Notes Pursuant to MFRS 134

For the nine-month period ended 30 September 2013

9. Profit before taxation after charging/(crediting) the following: (contd.)

	Restated		Restated	
	Current quarter		Cumulative quarters	
	3 months ended		9 months ended	
	30 Sept 2013	30 Sept 2012	30 Sept 2013	30 Sept 2012
	RM'000	RM'000	RM'000	RM'000
Realised gain on disposal of property and equipment	(23)	-	(42)	(4)
Realised gain on disposal of available-for-sale investments	(280)	(2,777)	(3,949)	(3,834)
Loss on foreign exchange- realised	180	-	395	-
Gain on foreign exchange- unrealised	(64)	-	(168)	-
Listing expenses	-	-	897	-

10. Taxation

	Restated		Restated	
	Current quarter		Cumulative quarters	
	3 months ended		9 months ended	
	30 Sept 2013	30 Sept 2012	30 Sept 2013	30 Sept 2012
	RM'000	RM'000	RM'000	RM'000
Income tax expense	1,088	2,770	3,019	4,557
Deferred tax expense/(benefit)	1,363	76	(173)	(17)
	2,451	2,846	2,846	4,540
Effective tax rate	12%	20%	5%	14%

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

During the period ended 30 September 2013, a subsidiary company has effected payment to Malaysian Motor Insurance Pool, resulting a tax relief of RM2.7 million.

11. Earnings per share

Basic earnings per share are calculated by dividing profit for the period, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period.

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Explanatory Notes Pursuant to MFRS 134

For the nine-month period ended 30 September 2013

11. Earnings per share (contd.)

The following reflect the profit and share data used in the computation of basic earnings per share:

	<u>Restated</u>		<u>Restated</u>	
	<u>Current quarter</u>		<u>Cumulative quarters</u>	
	<u>3 months ended</u>		<u>9 months ended</u>	
	<u>30 Sept</u>	<u>30 Sept</u>	<u>30 Sept</u>	<u>30 Sept</u>
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Profit net of tax attributable to owners of the parent (RM'000)	16,816	9,351	47,016	23,260
Weighted average number of ordinary shares in issue ('000)	725,501	14,238	725,501	14,238
Basic earnings per share (sen per share)	2.32	65.68	6.48	163.36

The Company has no potential ordinary shares in issue as at 30 September 2013. As such, the fully diluted earnings per share of the Company are equivalent to the basic earnings per share.

12. Share capital and share premium

In conjunction with and as an integral part of the listing of the Company on the Main Market of Bursa Malaysia Securities Berhad, the Company had allotted 143,374,900 new ordinary shares of RM0.10 each in the Company ("TIH Shares") pursuant to the Company's initial public offering at an issue price of RM1.35 per TIH Shares. The share premium of RM179,218,625 arising from the issuance of ordinary shares and the share issue cost of RM5,875,843 has been included in the share premium account. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

The entire issued and paid-up share capital of the Company of RM75,175,998 comprising 751,759,980 TIH Shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 20 February 2013.

During the three months ended 30 September 2013, there were no movement in share capital and share premium.

13. Dividends

No interim dividend has been declared or paid for the financial period ended 30 September 2013.

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Explanatory Notes Pursuant to MFRS 134

For the nine-month period ended 30 September 2013

14. Capital commitments

	As at 30 Sept 2013	As at 31 Dec 2012
	RM'000	RM'000
Approved and contracted for:		
- Property and equipment	2,105	-
Approved but not contracted for:		
- Property and equipment	7,212	10,000
	9,317	10,000

15. Contingencies

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

16. Related party transactions

Details of the relationship between the Group and its related parties are as described below.

Name of company	Relationship
AirAsia Berhad ("AAB")	Corporate shareholder of the Company
AirAsia X Berhad ("AAX")	Related company
AirAsia Inc. ("AAI")	Related company
AAE Travel Pte Ltd ("AAE")	Related company
CIMB Insurance Brokers Sdn Bhd ("CIMB")	Related company
Multi-Purpose Insurans Bhd ("MPIB")	Corporate shareholder of a subsidiary
PT CIMB Sunlife ("CSL")	Related company
PT Indonesia AirAsia ("PTAA")	Related company
SP&G Insurance Brokers ("SP&G")	Related company
Thai AirAsia Co. Ltd ("TAA")	Related company
Think Big Digital Sdn Bhd ("TBD")	Related company
Tune Group.com Limited ("TGL")	Related company
Tune Hotels Regional Services Sdn Bhd ("THRS")	Related company
Tune Money Sdn Bhd ("TMSB")	Ceased to be the ultimate holding company with effect from 30 September 2013
Tune Talk Sdn Bhd ("TTSB")	Related company

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Explanatory Notes Pursuant to MFRS 134

For the nine-month period ended 30 September 2013

16. Related party transactions (contd.)

The following table provides information on the transactions which have been entered into with related parties during the following period:

	Current quarter		Cumulative quarters	
	3 months ended		9 months ended	
	30 Sept 2013	30 Sept 2012	30 Sept 2013	30 Sept 2012
	RM'000	RM'000	RM'000	RM'000
TMSB				
Reimbursement of expenses incurred	(33)	(1,049)	(511)	(3,247)
AAB				
Fee and commission expenses	(2,767)	-	(7,944)	(757)
Data management fee	(88)	-	(260)	-
MPIB				
Dividend paid	-	(500)	-	(2,500)
Gross earned premiums	-	1,518	-	13,726
Fee and commission expenses	-	-	-	(2,194)
Gross claims paid	-	(301)	-	(982)
AAX				
Fee and commission expenses	(567)	-	(1,571)	(171)
PTAA				
Telemarketing commission expenses	(14)	-	(49)	-
Fee and commission expenses	(190)	-	(573)	-
TAA				
Telemarketing commission expenses	(16)	-	(38)	-
Fee and commission expenses	(88)	-	(208)	-
AAI				
Fee and commission expenses	-	-	(15)	-
AAE				
Fee and commission expenses	(2)	-	(4)	-
TBD				
Purchase of products	-	-	(2)	-
TGL				
Royalty fee	(250)	-	(750)	-

Tune Ins Holdings Berhad (948454-K)

Explanatory Notes Pursuant to MFRS 134

For the nine-month period ended 30 September 2013

16. Related party transactions (contd.)

The following table provides information on the transactions which have been entered into with related parties during the following period: (contd.)

	Current quarter		Cumulative quarters	
	3 months ended		9 months ended	
	30 Sept 2013	30 Sept 2012	30 Sept 2013	30 Sept 2012
	RM'000	RM'000	RM'000	RM'000
THRS				
Data management fee	(2)	-	(9)	-
CSL				
Telemarketing commission expenses	(32)	-	(103)	-
CIMB				
Brokerage fee	(68)	-	(135)	-
SP&G				
Brokerage fee	(54)	-	(531)	-
TTSB				
Gross written premium	-	780	-	780

The related party transactions described above were carried out on the terms and conditions obtainable in transactions with unrelated parties unless otherwise stated.

17. Events after the reporting period

There has not arisen in the interval between the end of this reporting period and the date of this announcement, any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group.

Tune Ins Holdings Berhad (948454-K)

Explanatory Notes Pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A

For the nine-month period ended 30 September 2013

18. Performance review

18.1 Current quarter ("3Q13") against corresponding quarter in prior year ("3Q12")

	Investment holding and others		General reinsurance		Life reinsurance		General insurance		Adjustments and eliminations		Consolidated	
	30 Sept 2013	30 Sept 2012	30 Sept 2013	30 Sept 2012	30 Sept 2013	30 Sept 2012	30 Sept 2013	30 Sept 2012	30 Sept 2013	30 Sept 2012	30 Sept 2013	30 Sept 2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue												
External	503	74	15,081	16,489	81	619	83,145	52,618	-	(1,338)	98,810	68,462
Inter-segment	9,900	10,000	21,506	-	-	-	-	-	(31,406)	(10,000)	-	-
	10,403	10,074	36,587	16,489	81	619	83,145	52,618	(31,406)	(11,338)	98,810	68,462
Segment profit/(loss)	9,290	4,304	13,609	9,541	134	142	7,171	11,617	(10,130)	(11,698)	20,074	13,906

Operating revenue (gross earned premiums + investment income)

The Group's operating revenue increased from RM68.5 million in 3Q12 to RM98.8 million in 3Q13, contributed by an increase of RM31.3 million in gross earned premiums ("GEP") offset by RM1.0 million in reduction of investment income.

The growth in general insurance has contributed to an increase of RM31.3 million in GEP, mainly contributed by increase in GEP of personal accident, marine and fire class of business.

The GEP (including inter-segment) of general reinsurance segment increased from RM16.9 million in 3Q12 to RM26.1 million in 3Q13 due to growth in GEP of all markets especially from Malaysia, China, Thailand, Indonesia and GEP of new markets in Vietnam and Myanmar. The number of policies earned has increased by 38% over that of 2012.

Profit before taxation

The Group's profit before taxation surged 61% from RM13.9 million in 3Q12 to RM20.1 million in 3Q13. The increase of RM6.2 million was mainly due to:

- (i) Increase of RM4.1 million in profit before taxation of general reinsurance in line with the growth in GEP of 54% over that of 2012 and increase in volume of policies of 38%; and
- (ii) Lower expense of investment holding, mainly due to finance costs of RM4.2 million incurred in 3Q12.

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Explanatory Notes Pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A

For the nine-month period ended 30 September 2013

18. Performance review (contd.)

18.2 Current year to date ("YTD 2013") against corresponding year to date ("YTD 2012")

	Investment holding and others		General reinsurance		Life reinsurance		General insurance		Adjustments and eliminations		Consolidated	
	30 Sept 2013	30 Sept 2012	30 Sept 2013	30 Sept 2012	Cumulative quarters		6 months ended		30 Sept 2013	30 Sept 2012	30 Sept 2013	30 Sept 2012
	RM'000	RM'000	RM'000	RM'000	30 Sept 2013	30 Sept 2012	30 Sept 2013	30 Sept 2012	RM'000	RM'000	RM'000	RM'000
Operating revenue												
External	1,180	106	41,365	49,252	235	771	239,483	87,364	-	(1,338)	282,263	136,155
Inter-segment	9,900	10,000	30,224	-	-	-	-	-	(40,124)	(10,000)	-	-
	11,080	10,106	71,589	49,252	235	771	239,483	87,364	(40,124)	(11,338)	282,263	136,155
Segment profit/(loss)	4,352	261	37,059	26,434	279	(747)	21,915	18,002	(10,590)	(11,775)	53,015	32,175

Operating revenue

The Group recorded operating revenue of RM282.3 million for YTD 2013, a significant increase of RM146.1 million or 107%, from RM136.2 million for YTD 2012. The said increase of RM146.1 million was contributed by an increase of RM139.5 million in gross earned premiums and RM6.6 million in investment income.

Gross earned premiums ("GEP")

The increase of RM139.5 million in GEP is mainly due to consolidation of 9 months of GEP of TIMB in YTD 2013 as compared to 4 months GEP in YTD 2012, as a result of the acquisition of TIMB on 23 May 2012.

The increase of RM21.6 million in GEP (including inter-segment) of general reinsurance segment was mainly due to continuous growth in GEP in key markets of Malaysia, Thailand, Indonesia, China, Australia and Japan, as well as small contribution from the new markets of Vietnam and Myanmar. The number of policies earned has increased by 26% over that of 2012.

Investment income

The increase of RM6.6 million in investment income mainly due to consolidation of 9 months investment income of TIMB in YTD 2013 as compared to 4 months in YTD 2012, as a result of the acquisition of TIMB on 23 May 2012.

Profit before taxation

The Group's profit before taxation jumped 65% or RM20.8 million. This was mainly due to:

- (i) Increase of RM11.7 million in general reinsurance segment mainly attributable to the growth in GEP;
- (ii) Increase of RM4.1 million in investment holding and others mainly due to decrease of RM3.9 million in finance costs; and
- (iii) Increase of RM3.9 million in general insurance segment due to consolidation of 9 months results of TIMB in YTD 2013 as compared to 4 months in YTD 2012.

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Explanatory Notes Pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A

For the nine-month period ended 30 September 2013

18. Performance review (contd.)

18.3 Current quarter ("3Q13") against preceding quarter in current year ("2Q13")

	Investment holding and others		General reinsurance		Life reinsurance		General insurance		Adjustments and eliminations		Consolidated	
	30 Sept 2013	30 Jun 2013	30 Sept 2013	30 Jun 2013	30 Sept 2013	30 Jun 2013	30 Sept 2013	30 Jun 2013	30 Sept 2013	30 Jun 2013	30 Sept 2013	30 Jun 2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue												
External	503	419	15,081	12,720	81	79	83,145	83,489	-	-	98,810	96,707
Inter-segment	9,900	-	21,506	10,232	-	-	-	-	(31,406)	(10,232)	-	-
	10,403	419	36,587	22,952	81	79	83,145	83,489	(31,406)	(10,232)	98,810	96,707
Segment profit/(loss)	9,290	(1,021)	13,609	12,165	134	113	7,171	5,117	(10,130)	(460)	20,074	15,914

Operating revenue

The Group's operating revenue increased from RM96.7 million in 2Q13 to RM98.8 million in 3Q13. The increase of RM2.1 million was contributed by increase of RM2.9 million in gross earned premiums, offset by decrease of RM0.8 million in investment income.

Gross earned premiums ("GEP")

The increase of RM2.9 million in GEP was mainly contributed by general reinsurance segment in line with the increase of 15% in number of policies.

Investment income

The decrease of RM0.8 million was mainly due to lower interest income earned in general insurance segment.

Profit before taxation

There was an increase of RM4.2 million in profit before taxation, was mainly contributed by both general insurance and general reinsurance segments, as a result of the improvement in combined ratio and also growth in number of policies.

19. Commentary on prospects

The Group will continue to capture additional revenue by diversifying product offerings and opening new markets 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 as the Group now provides travel insurance for passengers from Myanmar (with effect from May 2013 onwards) and aims to leverage on the acquisition of Zest Air by AirAsia in Philippines as well as the setting up of AirAsia India. Additionally, the Group continues its business development efforts to offer its online insurance solution to other online distributors as well as in pursuing acquisitions of general insurance businesses.

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For the nine-month period ended 30 September 2013

20. Profit forecast or profit guarantee

The Group did not issue any profit forecast or profit guarantee for the financial year ending 31 December 2013.

21. Status of corporate proposal and utilisation of proceeds

21.1 Investment in 70% equity interest in PT. Batavia Mitratama Insurance

On 30 April 2013, the Company had entered into an Investment Agreement and Conditional Sale and Purchase Agreement to obtain 16,499 ordinary shares of Rp. 1,000,000 each or 70% of the issued and paid-up shares of PT. Batavia Mitratama Insurance ("BMI") from PT Olympindo Multi Finance, Ang Andi Bintoro, and to obtain rights to subscribe to new shares of BMI from Emmanuel Yao Mendoza, at a total collective purchase consideration of approximately Rp. 83,852,487,868 (equivalent to approximately RM26.13 million or USD8.62 million). Upon the completion of the investment in BMI, BMI shall become a subsidiary of the Company.

On 9 September 2013, BMI has submitted a formal application to Otoritas Jasa Keuangan, the Financial Service Authority of the Republic of Indonesia for the Company to acquire a 70% equity interest in BMI.

As at the date of this report, the Company has not subscribed for any shares in BMI.

21.2 Utilisation of proceeds

The entire issued and paid-up share capital of the Company of RM75,175,998 comprising 751,759,980 TIH Shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 20 February 2013.

Status of utilisation of proceeds raised from IPO as at 30 September 2013 is as follows:

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	5.7	Within 24 months
(iii) Strategic investments	33.0	6.2	Within 24 months
(iv) Listing expenses	11.0	10.3	Within 3 months
Total gross proceeds	193.6	155.2	

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Explanatory Notes Pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A

For the nine-month period ended 30 September 2013

21. Status of corporate proposal and utilisation of proceeds (contd.)

21.3 Proposed disposal of properties

On 2 July 2013, a subsidiary of the Company had entered into a conditional Sale & Purchase Agreement with Santa Grand Hospitality Sdn Bhd for the proposed disposal of its properties at a total cash consideration of RM12.8 million.

As of the date of this report, the approval has been received from the State Authority on 31 October 2013. The proposed disposal is expected to be completed by first quarter of 2014.

22. Borrowings and debts securities

	As at 30 Sept 2013	As at 31 Dec 2012
	RM'000	RM'000
Current Secured	-	132,106

23. Material litigation

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

24. Disclosure of nature of outstanding derivatives

There were no outstanding derivatives as at the end of the reporting period.

25. Rationale for entering into derivatives

The Group did not enter into any derivatives during the period ended 30 September 2013 or the previous financial year ended 31 December 2012.

26. Risks and policies for derivatives

The Group did not enter into any derivatives during the period ended 30 September 2013 or the previous financial year ended 31 December 2012.

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Explanatory Notes Pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A

For the nine-month period ended 30 September 2013

27. Disclosures of gains/losses arising from fair value changes of financial liabilities

The Group did not have any financial liabilities measures at fair value through profit or loss as at 30 September 2013 and 31 December 2012.

28. Breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group as at 30 September 2013 and 31 December 2012 into realised and unrealised profits is presented in accordance with the directives issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and 20 December 2010, prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	<u>As at</u> <u>30 Sept</u> <u>2013</u> <u>RM'000</u>	<u>Restated</u> <u>As at</u> <u>31 Dec</u> <u>2012</u> <u>RM'000</u>
Total retained earnings of the Company and its subsidiaries:		
- Realised	168,661	118,145
- Unrealised	594	423
	<u>169,255</u>	<u>118,568</u>
Less: Consolidation adjustments	<u>(61,395)</u>	<u>(57,724)</u>
Total retained earnings as per statement of financial position	<u>107,860</u>	<u>60,844</u>

29. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2012 was not qualified.

By order of the Board

Jasmindar Kaur A/P Sarban Singh
Company Secretary