



Tune Ins Holdings Berhad (948454-K)

Interim Financial Statements

For the Quarter and Twelve Months Ended 31 December 2013

Tune Ins Holdings Berhad (948454-K)

Condensed consolidated statement of financial position As at 31 December 2013

	As at 31 Dec 2013 Unaudited RM'000	Restated As at 31 Dec 2012 Audited RM'000
Assets		
Property and equipment	13,928	13,306
Investment property	2,906	2,934
Intangible assets	5,417	5,239
Goodwill	24,165	24,165
Investments	534,572	474,349
Reinsurance assets	246,411	159,970
Insurance receivables	87,360	75,977
Other receivables	84,658	37,092
Cash and bank balances	24,063	22,607
Total assets	1,023,480	815,639
Equity		
Share capital	75,176	60,838
Share premium	173,343	-
Merger deficit	(13,838)	(13,838)
Available-for-sale reserves	(4,443)	(699)
Retained earnings	129,660	61,088
Equity attributable to owners of the parent	359,898	107,389
Non-controlling interests	37,133	33,120
Total equity	397,031	140,509
Liabilities		
Insurance contract liabilities	503,634	439,915
Deferred tax liabilities	2,145	2,637
Provision for taxation	498	-
Borrowings	-	132,106
Insurance payables	67,418	68,022
Retirement benefits	945	1,148
Other payables	51,809	31,302
Total liabilities	626,449	675,130
Total equity and liabilities	1,023,480	815,639
Net assets per ordinary share attributable to owners of the parent (RM)	0.48	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 year ended 31 December 2013

		Restated		Restated	
		Current quarter		Cumulative quarters	
		3 months ended		12 months ended	
		31 Dec	31 Dec	31 Dec	31 Dec
		2013	2012	2013	2012
Note		RM'000	RM'000	RM'000	RM'000
	Operating revenue	107,363	90,508	389,626	226,663
	Gross earned premiums	99,035	85,923	367,529	214,955
	Premiums ceded to reinsurers	(33,229)	(30,891)	(126,418)	(56,477)
	Net earned premiums	65,806	55,032	241,111	158,478
	Investment income	8,328	4,585	22,097	11,708
	Realised gains and losses	(45)	16	3,946	3,854
	Fees and commission income	6,971	5,877	27,359	9,509
	Other operating income	401	327	830	430
	Other revenue	15,655	10,805	54,232	25,501
	Gross claims paid	(44,883)	(43,775)	(164,528)	(125,505)
	Claims ceded to reinsurers	15,088	13,539	47,320	62,106
	Gross changes to contract liabilities	(12,024)	40,063	(33,819)	17,647
	Change in contract liabilities ceded to reinsurers	18,480	(17,991)	56,995	2,212
	Net claims	(23,339)	(8,164)	(94,032)	(43,540)
	Fee and commission expenses	(17,625)	(13,497)	(63,353)	(37,043)
	Management expenses	(16,716)	(13,200)	(58,359)	(30,207)
	Other operating expenses	257	(1,982)	(640)	(4,863)
	Finance costs	-	(2,858)	(1,903)	(10,015)
	Other expenses	(34,084)	(31,537)	(124,255)	(82,128)
	Profit before taxation	24,038	26,136	77,056	58,311
	Taxation	(872)	(5,291)	(3,718)	(9,831)
	Net profit for the year	23,166	20,845	73,338	48,480
	Other comprehensive (loss)/income:				
	<u>Movements in available-for-sale fair value reserves:</u>				
	(Loss)/Gain on fair value changes of AFS investments	(1,429)	250	(1,159)	2,827
	Realised gain transferred to profit or loss	(90)	(15)	(4,039)	(3,849)
	Deferred tax relating to components of other comprehensive income	(219)	(131)	701	183
	Net other comprehensive (loss)/income for the year	(1,738)	104	(4,497)	(839)
	Total comprehensive income for the year	21,428	20,949	68,841	47,641

Tune Ins Holdings Berhad (948454-K)

**Condensed consolidated statement of comprehensive income (contd.)
For the year ended 31 December 2013**

	Restated		Restated	
	Current quarter 3 months ended 31 Dec 2013	31 Dec 2012	Cumulative quarters 12 months ended 31 Dec 2013	31 Dec 2012
Note	RM'000	RM'000	RM'000	RM'000
Profit attributable to:				
Owners of the parent	21,553	18,130	68,572	41,390
Non-controlling interests	1,613	2,715	4,766	7,090
	23,166	20,845	73,338	48,480
Total comprehensive income attributable to:				
Owners of the parent	20,106	18,216	64,828	40,691
Non-controlling interests	1,322	2,733	4,013	6,950
	21,428	20,949	68,841	47,641
Basic earnings per share attributable to owners of the parent (sen per share)				
11	2.87	7.12	9.37	16.25

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 year ended 31 December 2013

	Restated	
	Cumulative quarters	
	12 months ended	
	31 Dec 2013	31 Dec 2012
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	77,056	58,311
Adjustments for:		
Non-cash items	4,830	10,670
Non-operating activities items	9,569	48,703
Operating profit before working capital changes:	91,455	117,684
Net change in operating assets	(138,125)	(18,191)
Net change in operating liabilities	83,601	(24,228)
Cash generated from operating activities	36,931	75,265
Net interest received	20,556	11,973
Net dividend received	403	667
Rental received	355	211
Retirement benefits paid	(203)	(78)
Income tax paid	(7,997)	(7,333)
Net cash generated from operating activities	50,045	80,705
Cash flows from investing activities		
Proceeds from disposal of property and equipment	86	5
Purchase of property and equipment	(1,662)	(612)
Transfer of property and equipment from ultimate holding company (net)	-	(63)
Acquisition of a subsidiary	-	(78,489)
Purchase of intangible assets	(1,142)	(84)
Net cash used in investing activities	(2,718)	(79,243)
Cash flows from financing activities		
(Repayment of)/Proceeds from borrowings	(132,106)	132,964
Interest paid	(1,903)	(4,171)
Proceeds from issuance of ordinary shares	187,681	-
Advances from holding company	-	29,705
Dividends paid to non-controlling interests	-	(4,000)
Net cash generated from financing activities	53,672	154,498
Net increase in cash and cash equivalents	100,999	155,960
Cash and cash equivalents at beginning of year	189,230	33,270
Cash and cash equivalents at end of year	290,229	189,230
Cash and cash equivalents comprise:		
Fixed and call deposits (with maturity of less than three months) with licensed financial institutions	266,166	166,623
Cash and bank balances	24,063	22,607
	290,229	189,230

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 year ended 31 December 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 initial application of MFRS 10	-	-	-	(244)	244	-	-	-
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)	(699)	61,088	107,389	33,120	140,509
Total comprehensive income for the year	-	-	-	(3,744)	68,572	64,828	4,013	68,841
Issuance of ordinary shares during the year	14,338	179,219	-	-	-	193,557	-	193,557
Share issuance expense	-	(5,876)	-	-	-	(5,876)	-	(5,876)
At 31 December 2013	75,176	173,343	(13,838)	(4,443)	129,660	359,898	37,133	397,031
At 1 January 2012	14,238	-	(13,838)	-	19,698	20,098	1,631	21,729
Arising from acquisition of subsidiaries	-	-	-	-	-	-	28,039	28,039
Issuance of shares during the year	46,600	-	-	-	-	46,600	-	46,600
Total comprehensive income for the year	-	-	-	(699)	41,390	40,691	6,950	47,641
Dividends	-	-	-	-	-	-	(3,500)	(3,500)
At 31 December 2012 (As restated)	60,838	-	(13,838)	(699)	61,088	107,389	33,120	140,509

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 year ended 31 December 2013

1. Basis of preparation

The condensed consolidated interim financial statements, for the year ended 31 December 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 year ended 31 December 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

Tune Ins Holdings Berhad (948454-K)

Explanatory Notes Pursuant to MFRS 134 For the year ended 31 December 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 adoption of the above standards and interpretations did not have any material impact on the financial statements in the period of initial application except as discussed below:

(a) MFRS 12 and Amendments to MFRS 101

The application of these standards affected the presentation and disclosures only and has no impact on the Group's financial position and performance.

(b) MFRS 10

The Group adopted MFRS 10 in the current year. The application of this standard has affected the accounting for the Group's investment in a collective investment scheme, Libra MoneyEXTRA Fund II ("Libra Fund"). Libra Fund commenced its operations on 25 October 2012. As at 31 December 2012, the investment was classified as available-for-sale financial assets and was measured at fair value.

At the date of initial application of MFRS 10, the Group assessed that it controls Libra Fund based on the key requirements of MFRS 10.

The Group has consolidated the financial statements of Libra Fund. The profit or loss, assets and liabilities of Libra Fund have been consolidated retrospectively in the financial statements of the Group. The quantitative impact arising from the initial application of MFRS 10 are disclosed in Note 3.

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 at a date to be determined by MASB

- MFRS 9 Financial Instruments

Tune Ins Holdings Berhad (948454-K)

Explanatory Notes Pursuant to MFRS 134 For the year ended 31 December 2013

3. Restatement of comparatives

In the 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 year, the PPA exercise has been completed including the identification of intangible assets. The effects arising from the changes between the provisional amount as compared to the finalised amount are as below.

	As previously stated RM'000	Restatements		As restated RM'000
		MFRS 10 Note 2.1(b) RM'000	PPA 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
Investments	474,615	(266)	-	474,349
Other receivables	36,832	260	-	37,092
Cash and bank balances	22,587	20	-	22,607
Available-for-sale reserves	(455)	(244)	-	(699)
Retained earnings	61,178	244	(334)	61,088
Non-controlling interests	32,052	-	1,068	33,120
Other payables	31,287	15	-	31,302
Deferred tax liabilities	508	-	2,129	2,637

Consolidated statement of comprehensive income for cumulative quarters 12 months ended 31 December 2012

Investment income	11,389	319	-	11,708
Management expenses	29,645	26	536	30,207
Profit before taxation	58,554	293	(536)	58,311
Taxation	9,966	-	(135)	9,831
Net profit for the year	48,588	293	(401)	48,480
Other comprehensive loss	(546)	(293)	-	(839)

Tune Ins Holdings Berhad (948454-K)

Explanatory Notes Pursuant to MFRS 134 For the year ended 31 December 2013

3. Restatement of comparatives (contd.)

	As previously stated RM'000	Restatements		As restated RM'000
		MFRS 10 Note 2.1(b) RM'000	PPA RM'000	
Consolidated statement of comprehensive income for current quarter 3 months ended 31 December 2012				
Investment income	4,266	319	-	4,585
Management expenses	12,944	26	230	13,200
Profit before taxation	26,073	293	(230)	26,136
Taxation	5,349	-	(58)	5,291
Net profit for the year	20,724	293	(172)	20,845
Other comprehensive loss	397	(293)	-	104

4. Change in estimates

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

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. 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.

TDL has commenced business on 30 December 2013.

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.

TDM has commenced business on 30 December 2013.

Tune Ins Holdings Berhad (948454-K)

**Explanatory Notes Pursuant to MFRS 134
For the year ended 31 December 2013**

5. Changes in composition of the Group (contd.)

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 is 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.

Tune Ins Holdings Berhad (948454-K)

Explanatory Notes Pursuant to MFRS 134 For the year ended 31 December 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	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 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	1,768 ¹	164	57,053 ²	60,489	312 ³	302	330,493 ⁴	165,389	-	319	389,626 ⁵	226,663
Inter-segment	9,900	27,000	43,822	9,142	-	-	-	-	(53,722)	(36,142)	-	-
	<u>11,668</u>	<u>27,164</u>	<u>100,875</u>	<u>69,631</u>	<u>312</u>	<u>302</u>	<u>330,493</u>	<u>165,389</u>	<u>(53,722)</u>	<u>(35,823)</u>	<u>389,626</u>	<u>226,663</u>
Segment profit/(loss)	<u>2,420</u>	<u>11,040</u>	<u>53,233</u>	<u>37,717</u>	<u>402</u>	<u>(356)</u>	<u>31,817</u>	<u>38,620</u>	<u>(10,816)</u>	<u>(28,710)</u>	<u>77,056⁵</u>	<u>58,311</u>
Segment assets	<u>278,929</u>	<u>221,821</u>	<u>93,051</u>	<u>40,417</u>	<u>11,361</u>	<u>10,270</u>	<u>830,277</u>	<u>718,712</u>	<u>(190,138)</u>	<u>(175,581)</u>	<u>1,023,480</u>	<u>815,639</u>
Segment liabilities	<u>3,439</u>	<u>136,199</u>	<u>25,130</u>	<u>15,509</u>	<u>745</u>	<u>958</u>	<u>617,428</u>	<u>529,844</u>	<u>(20,293)</u>	<u>(7,380)</u>	<u>626,449</u>	<u>675,130</u>

¹ investment income of RM1,768k

² included investment income of RM1,000k

³ investment income of RM312k

⁴ included investment income of RM19.0 million

⁵ included investment income of RM22.1 million

Tune Ins Holdings Berhad (948454-K)

Explanatory Notes Pursuant to MFRS 134 For the year ended 31 December 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

	Restated		Restated	
	Current quarter 3 months ended		Cumulative quarters 12 months ended	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	RM'000	RM'000	RM'000	RM'000
Rental income from investment property	94	92	355	211
Interest income:				
- available-for-sale financial assets	1,346	1,518	5,888	3,529
- loan and receivables	4,973	2,514	12,367	6,258
- others	1,775	352	3,038	1,143
Dividend income:				
- available-for-sale financial assets	154	110	417	571
	8,342	4,586	22,065	11,712
Net amortisation of (premiums)/discount on investments	(14)	(1)	32	(4)
	8,328	4,585	22,097	11,708

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

	Restated		Restated	
	Current quarter 3 months ended		Cumulative quarters 12 months ended	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	RM'000	RM'000	RM'000	RM'000
Finance costs	-	2,858	1,903	10,015
Depreciation of property and equipment	244	(161)	744	103
Depreciation of investment property	8	7	28	16
Amortisation of intangible assets	577	249	1,242	573
(Reversal of)/allowance for impairment losses of insurance receivables	(437)	374	262	(420)
Reversal of impairment losses of reinsurance assets	(1,210)	-	-	-

Tune Ins Holdings Berhad (948454-K)

Explanatory Notes Pursuant to MFRS 134 For the year ended 31 December 2013

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

	Restated		Restated	
	Current quarter 3 months ended		Cumulative quarters 12 months ended	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	RM'000	RM'000	RM'000	RM'000
Realised gain on disposal of property and equipment	(4)	(1)	(46)	(5)
Realised loss/(gain) on disposal of available-for-sale investments	49	(15)	(3,900)	(3,849)
Impairment loss of property and equipment	-	255	-	255
Loss on foreign exchange- realised	315	-	710	-
Loss on foreign exchange- unrealised	897	127	729	127
Listing expenses	(257)	1,600	640	3,600

10. Taxation

	Restated		Restated	
	Current quarter 3 months ended		Cumulative quarters 12 months ended	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	RM'000	RM'000	RM'000	RM'000
Income tax expense	1,191	5,522	4,210	10,079
Deferred tax benefit	(319)	(231)	(492)	(248)
	872	5,291	3,718	9,831
Effective tax rate	4%	20%	5%	17%

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 year ended 31 December 2013, a subsidiary company has effected payment to Malaysian Motor Insurance Pool, resulting in a tax relief of RM4.5 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 year.

Tune Ins Holdings Berhad (948454-K)

Explanatory Notes Pursuant to MFRS 134 For the year ended 31 December 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>12 months ended</u>	
	<u>31 Dec</u>	<u>31 Dec</u>	<u>31 Dec</u>	<u>31 Dec</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)	<u>21,553</u>	<u>18,130</u>	<u>68,572</u>	<u>41,390</u>
Weighted average number of ordinary shares in issue ('000)	<u>751,760</u>	<u>254,736</u>	<u>732,120</u>	<u>254,736</u>
Basic earnings per share (sen per share)	<u>2.87</u>	<u>7.12</u>	<u>9.37</u>	<u>16.25</u>

The Company has no potential ordinary shares in issue as at 31 December 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 31 December 2013, there were no movement in share capital and share premium.

13. Dividends

No interim dividend has been declared or paid for the financial year ended 31 December 2013.

Tune Ins Holdings Berhad (948454-K)

Explanatory Notes Pursuant to MFRS 134 For the year ended 31 December 2013

14. Capital commitments

	<u>As at</u> <u>31 Dec</u> <u>2013</u> <u>RM'000</u>	<u>As at</u> <u>31 Dec</u> <u>2012</u> <u>RM'000</u>
Approved and contracted for:		
- Property and equipment	938	-
Approved but not contracted for:		
- Property and equipment	6,280	10,000
	<u>7,218</u>	<u>10,000</u>

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
Tune Group Sdn Bhd ("TGSB")	Related company

Tune Ins Holdings Berhad (948454-K)

Explanatory Notes Pursuant to MFRS 134 For the year ended 31 December 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 year:

	Current quarter		Cumulative quarters	
	3 months ended		12 months ended	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	RM'000	RM'000	RM'000	RM'000
TMSB				
Reimbursement of expenses incurred	(42)	(1,049)	(553)	(3,247)
AAB				
Fee and commission expenses	(2,993)	-	(10,937)	(757)
Data management fee	(84)	-	(344)	-
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	(790)	-	(2,361)	(171)
PTAA				
Telemarketing commission expenses	(12)	-	(61)	-
Fee and commission expenses	(253)	-	(826)	-
TAA				
Telemarketing commission expenses	(20)	-	(58)	-
Fee and commission expenses	(74)	-	(282)	-
AAI				
Fee and commission expenses	-	-	(15)	-
AAE				
Fee and commission expenses	(2)	-	(6)	-
TBD				
Purchase of products	-	-	(2)	-

Tune Ins Holdings Berhad (948454-K)

Explanatory Notes Pursuant to MFRS 134 For the year ended 31 December 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 year: (contd.)

	Current quarter		Cumulative quarters	
	12 months ended		12 months ended	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	RM'000	RM'000	RM'000	RM'000
TGL				
Royalty fee	(250)	-	(1,000)	-
TGSB				
Royalty fee	(948)	-	(948)	-
THRS				
Data management fee	(2)	-	(11)	-
CSL				
Telemarketing commission expenses	(23)	-	(126)	-
CIMB				
Brokerage fee	(113)	-	(248)	-
SP&G				
Brokerage fee	(64)	-	(595)	-
TTSB				
Gross written premium	527	780	731	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 year ended 31 December 2013

18. Performance review

18.1 Current quarter ("4Q13") against corresponding quarter in prior year ("4Q12")

	Investment holding and others		General reinsurance		Life reinsurance		General insurance		Adjustments and eliminations		Consolidated	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 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
	Cumulative quarters 3 months ended											
Operating revenue												
External	588	58	15,688	11,237	77	(469)	91,010	78,025	-	1,657	107,363	90,508
Inter-segment	-	17,000	13,598	9,142	-	-	-	-	(13,598)	(26,142)	-	-
	588	17,058	29,286	20,379	77	(469)	91,010	78,025	(13,598)	(24,485)	107,363	90,508
Segment (loss)/profit	(1,932)	10,779	16,174	11,283	123	391	9,902	20,618	(229)	(16,935)	24,038	26,136

Operating revenue (gross earned premiums + investment income)

The Group's operating revenue increased from RM90.5 million in 4Q12 to RM107.4 million in 4Q13, contributed by an increase of RM13.1 million in gross earned premiums ("GEP") and RM3.8 million in investment income.

The growth in general insurance has contributed to an increase of RM9.8 million in GEP, mainly contributed by increase in GEP of travel personal accident, marine and fire classes of businesses.

The GEP (including inter-segment) of general reinsurance segment increased from RM19.8 million in 4Q12 to RM28.9 million in 4Q13 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 39% over that of 2012.

Profit before taxation

There was a slight decrease of 8% in Group's profit before taxation, from RM26.1 million in 4Q12 to RM24.0 million in 4Q13. The decrease of RM2.1 million was mainly due to a decrease of RM10.7 million in profit before taxation of general insurance, where higher profit in 4Q12 was contributed by a significant release in claims reserve. The said decrease was then mitigated by:

- (i) Increase of RM4.9 million in profit before taxation of general reinsurance in line with the growth in GEP of 46% over that of 4Q12 and increase in volume of policies of 39%; and
- (ii) Lower expense of investment holding, mainly due to finance costs of RM2.9 million and listing expenses of RM1.6 million in 4Q12.

Tune Ins Holdings Berhad (948454-K)

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

For the year ended 31 December 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	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 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
					Cumulative quarters 12 months ended							
Operating revenue												
External	1,768	164	57,053	60,489	312	302	330,493	165,389	-	319	389,626	226,663
Inter-segment	9,900	27,000	43,822	9,142	-	-	-	-	(53,722)	(36,142)	-	-
	11,668	27,164	100,875	69,631	312	302	330,493	165,389	(53,722)	(35,823)	389,626	226,663
Segment profit/(loss)	2,420	11,040	53,233	37,717	402	(356)	31,817	38,620	(10,816)	(28,710)	77,056	58,311

Operating revenue

The Group recorded operating revenue of RM389.6 million for YTD 2013, a significant increase of RM162.9 million or 72%, from RM226.7 million for YTD 2012 was mainly contributed by an increase of RM152.6 million in gross earned premiums and RM10.3 million in investment income.

Gross earned premiums ("GEP")

The increase of RM152.6 million in the Group's GEP is mainly due to consolidation of 12 months of GEP of TIMB in YTD 2013 as compared to 7 months GEP in YTD 2012, as a result of the acquisition of TIMB on 23 May 2012.

The increase of RM30.7 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 30% over that of 2012.

Investment income

The increase of RM10.3 million in investment income mainly due to consolidation of 12 months investment income of TIMB in YTD 2013 as compared to 7 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 32% or RM18.7 million. This was mainly due to increase of RM15.5 million in general reinsurance mainly attributable to the growth in GEP and decrease of RM3.0 million in listing expenses in investment holding segment.

Tune Ins Holdings Berhad (948454-K)

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

For the year ended 31 December 2013

18. Performance review (contd.)

18.3 Current quarter ("4Q13") against preceding quarter in current year ("3Q13")

	Investment holding and others		General reinsurance		Life reinsurance		General insurance		Adjustments and eliminations		Consolidated	
	31 Dec 2013	30 Sept 2013	31 Dec 2013	30 Sept 2013	31 Dec 2013	30 Sept 2013	31 Dec 2013	30 Sept 2013	31 Dec 2013	30 Sept 2013	31 Dec 2013	30 Sept 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
					Cumulative quarters		3 months ended					
Operating revenue												
External	588	503	15,688	15,081	77	81	91,010	83,145	-	-	107,363	98,810
Inter-segment	-	9,900	13,598	21,506	-	-	-	-	(13,598)	(31,406)	-	-
	588	10,403	29,286	36,587	77	81	91,010	83,145	(13,598)	(31,406)	107,363	98,810
Segment (loss)/profit	(1,932)	9,290	16,174	13,609	123	134	9,902	7,171	(229)	(10,130)	24,038	20,074

Operating revenue

The Group's operating revenue increased from RM98.8 million in 3Q13 to RM107.4 million in 4Q13. The increase of RM8.6 million was contributed by increase of RM4.6 million in gross earned premiums and RM4.0 million in investment income.

Gross earned premiums ("GEP")

The increase of RM4.6 million in GEP was mainly contributed by general reinsurance segment in line with the increase of 12% in number of policies earned are that of Q313.

Investment income

The increase of RM4.0 million was mainly due to higher interest income earned in general insurance segment.

Profit before taxation

There was an increase of RM4.0 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 earned.

19. Commentary on prospects

The group will continue to pursue the strategies outlined at the time of its Initial Public Offering in particular leveraging the continued growth of AirAsia whilst continuing to pursue other travel related partnerships; ownership stakes in general insurance companies in Asia in particular Indonesia and Thailand; the implementation and roll out of its e-commerce platform and the continued optimization and growth of its general insurance subsidiary TIMB. The group is expected to continue to grow its profits for the financial year ended December 2014.

Tune Ins Holdings Berhad (948454-K)

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

For the year ended 31 December 2013

20. Profit forecast or profit guarantee

The Group did not issue any profit forecast or profit guarantee for the financial year ended 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 ("the Agreements") 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 ("OJK"), the Financial Service Authority of the Republic of Indonesia for the Company to acquire a 70% equity interest in BMI.

On 31 December 2013, all parties have agreed to terminate the Agreements due to time taken and no substantial progress on the approval obtained from OJK. Upon the termination of the Agreements, the Company will be refunded with the deposit of IDR 18.0 billion (equivalent to RM4.9 million) and the termination will have no material financial effect on the Company.

On 18 February 2014, the deposit of IDR 18.0 billion has been fully refunded to the Company.

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.

Tune Ins Holdings Berhad (948454-K)

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

For the year ended 31 December 2013

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

21.2 Utilisation of proceeds (cont'd.)

Status of utilisation of proceeds raised from IPO as at 31 December 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	7.6	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	<u>193.6</u>	<u>157.1</u>	

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 ("Santa Grand") for the proposed disposal of its properties at a total cash consideration of RM12.8 million.

The approval has been received from the State Authority on 31 October 2013. The disposal was completed on 29 January 2014. The Company will continue to occupy the disposed properties on a rent back basis from Santa Grand up to 29 April 2014 before it moves to a new location to be announced in due course.

The approved capital commitment for moving office to new location is RM3.4 million.

21.4 Joint venture with Cozmo Travel LLC

On 20 January 2014, the Company has entered into Joint Venture Agreement ("JV") with Cozmo Travel LLC for the provision of travel insurance as well as customised travel solutions for independent and corporate travelers. The JV shall operate through a joint venture company to be incorporated under the laws of the Emirate of Dubai, United Arab Emirates ("UAE") as defined under the Commercial Companies Law of the UAE, under the name of Tune Arabia LLC, or such other alternative suitable name mutually agreed by both parties, subject to approval by the competent authorities in UAE.

As at the date of this report, the joint venture company has not been incorporated.

Tune Ins Holdings Berhad (948454-K)

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

For the year ended 31 December 2013

22. Borrowings and debts securities

	As at 31 Dec 2013 RM'000	As at 31 Dec 2012 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 year.

25. Rationale for entering into derivatives

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

26. Risks and policies for derivatives

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

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 31 December 2013 and 31 December 2012.

Tune Ins Holdings Berhad (948454-K)

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

For the year ended 31 December 2013

28. Breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group as at 31 December 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>31 Dec</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	192,073	118,145
- Unrealised	(1,915)	423
	<u>190,158</u>	<u>118,568</u>
Less: Consolidation adjustments	(60,498)	(57,480)
Total retained earnings as per statement of financial position	<u>129,660</u>	<u>61,088</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