



Tune Ins Holdings Berhad (948454-K)

Interim Financial Statements

For the Quarter and Nine Months Ended 30 September 2014

Tune Ins Holdings Berhad (948454-K)

Condensed consolidated statement of financial position As at 30 September 2014

	As at 30 Sept 2014 Unaudited RM'000	As at 31 Dec 2013 Audited RM'000
Assets		
Property and equipment	8,356	5,348
Investment property	2,886	2,906
Intangible assets	5,794	5,416
Investment in associates	44,160	-
Investment in a joint venture company	528	-
Goodwill	24,165	24,165
Investments	535,188	534,571
Reinsurance assets	250,655	246,410
Insurance receivables	94,463	87,360
Other receivables	100,244	84,364
Cash and bank balances	19,261	24,063
Assets held for sale	-	8,580
Total assets	1,085,700	1,023,183
Equity		
Share capital	75,176	75,176
Share premium	173,343	173,343
Merger deficit	(13,838)	(13,838)
Available-for-sale reserves	(3,341)	(3,296)
Retained earnings	149,829	129,087
Equity attributable to owners of the parent	381,169	360,472
Non-controlling interests	37,017	37,133
Total equity	418,186	397,605
Liabilities		
Insurance contract liabilities	535,497	503,636
Deferred tax liabilities	1,476	1,851
Provision for taxation	30	498
Insurance payables	75,421	67,418
Retirement benefits	761	945
Other payables	54,329	51,230
Total liabilities	667,514	625,578
Total equity and liabilities	1,085,700	1,023,183
Net assets per ordinary share attributable to owners of the parent (RM)	0.51	0.48

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2013.

Tune Ins Holdings Berhad (948454-K)

Condensed consolidated statement of comprehensive income For the period ended 30 September 2014

	Note	Current quarter		Cumulative quarters	
		3 months ended		9 months ended	
		30 Sept 2014	30 Sept 2013	30 Sept 2014	30 Sept 2013
		RM'000	RM'000	RM'000	RM'000
Operating revenue		109,510	98,810	324,972	282,263
Gross earned premiums		104,805	94,444	310,490	268,494
Premiums ceded to reinsurers		(36,919)	(32,992)	(117,900)	(93,189)
Net earned premiums		67,886	61,452	192,590	175,305
Investment income	7	4,705	4,366	14,482	13,769
Realised gains and losses	8	484	303	5,454	3,991
Fair value gains and losses	8	315	-	613	-
Fees and commission income		7,488	6,163	22,871	20,388
Other operating income		443	124	1,610	429
Other revenue		13,435	10,956	45,030	38,577
Gross claims paid		(32,558)	(39,119)	(115,616)	(119,645)
Claims ceded to reinsurers		8,670	11,883	49,773	32,232
Gross changes to contract liabilities		(23,927)	(15,684)	(9,270)	(21,795)
Change in contract liabilities ceded to reinsurers		16,109	21,425	(7,372)	38,515
Net claims		(31,706)	(21,495)	(82,485)	(70,693)
Fee and commission expenses		(19,435)	(16,246)	(54,530)	(45,728)
Management expenses		(16,597)	(14,593)	(49,328)	(41,646)
Other operating expenses		(23)	-	(166)	(897)
Finance costs	8	-	-	-	(1,903)
Other expenses		(36,055)	(30,839)	(104,024)	(90,174)
Share of results of a joint venture company		125	-	95	-
Share of results of associates		1,979	-	2,318	-
Profit before taxation	8	15,664	20,074	53,524	53,015
Taxation	9	1,260	(2,451)	(1,571)	(2,846)
Net profit for the period		16,924	17,623	51,953	50,169

Tune Ins Holdings Berhad (948454-K)

**Condensed consolidated statement of comprehensive income (contd.)
For the period ended 30 September 2014**

	Current quarter		Cumulative quarters	
	3 months ended		9 months ended	
	30 Sept 2014	30 Sept 2013	30 Sept 2014	30 Sept 2013
Note	RM'000	RM'000	RM'000	RM'000
Other comprehensive income/(loss):				
<u>Movements in available-for-sale fair value reserves:</u>				
Gain on fair value changes of AFS investments	233	168	381	270
Realised gain transferred to profit or loss	(461)	(280)	(1,320)	(3,949)
Share of other comprehensive income of associates	246	-	609	-
Deferred tax relating to components of other comprehensive income	65	28	153	920
Net other comprehensive income/(loss) for the period	83	(84)	(177)	(2,759)
Total comprehensive income for the period	17,007	17,539	51,776	47,410
Profit attributable to:				
Owners of the parent	16,166	16,816	49,760	47,016
Non-controlling interests	758	807	2,193	3,153
	16,924	17,623	51,953	50,169
Total comprehensive income attributable to:				
Owners of the parent	16,277	16,746	49,715	44,718
Non-controlling interests	730	793	2,061	2,692
	17,007	17,539	51,776	47,410
Earnings per share attributable to owners of the parent (sen per share):				
Basic	10	2.15	2.32	6.62
Diluted	10	2.14	2.32	6.60

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2013.

Tune Ins Holdings Berhad (948454-K)

Condensed consolidated statement of changes in equity For the period ended 30 September 2014

	Attributable to the owners of the parent							Non-controlling interests	Total equity	
	← Non-distributable →			Distributable		Total	RM'000			RM'000
	Share capital	Share premium	Merger deficit	Available-for-sale reserves	Retained earnings					
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
At 1 January 2014	75,176	173,343	(13,838)	(3,296)	129,087	360,472	37,133	397,605		
Net profit for the period	-	-	-	-	49,760	49,760	2,193	51,953		
Other comprehensive loss for the period	-	-	-	(45)	-	(45)	(132)	(177)		
Total comprehensive (loss)/income for the period	-	-	-	(45)	49,760	49,715	2,061	51,776		
Dividends paid to non-controlling interests	-	-	-	-	-	-	(2,177)	(2,177)		
Dividends on ordinary shares	-	-	-	-	(29,018)	(29,018)	-	(29,018)		
At 30 September 2014	75,176	173,343	(13,838)	(3,341)	149,829	381,169	37,017	418,186		
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		
At 1 January 2013 (as restated)	60,838	-	(13,838)	(455)	60,844	107,389	33,120	140,509		
Net profit for the period	-	-	-	-	47,016	47,016	3,153	50,169		
Other comprehensive loss for the period	-	-	-	(2,298)	-	(2,298)	(461)	(2,759)		
Total comprehensive (loss)/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		

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2013.

Tune Ins Holdings Berhad (948454-K)

Condensed consolidated statement of cash flows For the period ended 30 September 2014

	Cumulative quarters	
	9 months ended	
	30 Sept 2014	30 Sept 2013
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	53,524	53,015
Adjustments for:		
Non-cash items	(1,392)	4,741
Non-operating activities items	50,092	(24,012)
Operating profit before working capital changes:	102,224	33,744
Net change in operating assets	(24,536)	(92,665)
Net change in operating liabilities	43,536	58,132
Cash generated from/(used in) operating activities	121,224	(789)
Net interest received	13,170	13,573
Net dividend received	4,230	263
Rental received	264	261
Retirement benefits paid	(184)	(277)
Income tax paid	(7,600)	(4,679)
Net cash generated from operating activities	131,104	8,352
Cash flows from investing activities		
Proceeds from disposal of property and equipment	13,005	42
Purchase of property and equipment	(4,391)	(1,048)
Purchase of intangible assets	(1,595)	(422)
Net cash outflow on investment in a joint venture company	(433)	-
Net cash outflow on investment in associates	(41,233)	-
Net cash used in investing activities	(34,647)	(1,428)
Cash flows from financing activities		
Repayment of borrowings	-	(132,106)
Interest paid	-	(1,903)
Dividend paid to equity holders of the parent	(29,018)	-
Dividend paid to non-controlling interests	(2,177)	-
Proceeds from issuance of ordinary shares	-	187,681
Net cash (used in)/generated from financing activities	(31,195)	53,672
Net increase in cash and cash equivalents	65,262	60,596
Cash and cash equivalents at beginning of period	290,229	139,182
Cash and cash equivalents at end of period	355,491	199,778
Cash and cash equivalents comprise:		
Fixed and call deposits (with maturity of less than three months) with licensed financial institutions	336,230	185,294
Cash and bank balances	19,261	14,484
	355,491	199,778

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2013.

Tune Ins Holdings Berhad (948454-K)

Explanatory Notes Pursuant to MFRS 134 For the period ended 30 September 2014

1. Basis of preparation

The condensed consolidated interim financial statements, for the period ended 30 September 2014, 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 2013.

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 2013.

2. Changes in accounting policies

2.1 Adoption of Amendments to MFRSs and IC Interpretations

The Group adopted the following Amendments to MFRSs and IC Interpretations which are applicable to its financial statements effective for annual 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
- Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21 Levies

The adoption of the above pronouncements did not have any impact on the financial statements of the Group.

2.2 Standards issued but not yet effective

At the date of authorisation of the condensed report, the following Standards were issued but not yet effective and have not been adopted by the Group:

Description	Effective for annual period beginning on or after
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010–2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011–2013 Cycle	1 July 2014
MFRS 14: Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operation	1 January 2016

Tune Ins Holdings Berhad (948454-K)

Explanatory Notes Pursuant to MFRS 134 For the period ended 30 September 2014

2. Changes in accounting policies (contd.)

2.2 Standards issued but not yet effective (contd.)

Description	Effective for annual period beginning on or after
Amendments to MFRS 116 and MFRS 138: Classification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)	To be announced
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)	To be announced
MFRS 9 Financial Instruments: Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139	To be announced

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group upon the initial application, other than for MFRS 9 Financial Instruments. The Group will assess the financial implications of MFRS 9 Financial Instruments when the full standard is issued.

3. Change in estimates

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

4. Changes in composition of the Group

4.1 Joint venture with Cozmo Travel LLC

On 20 January 2014, the Company entered into a Joint Venture Agreement ("JV") with Cozmo Travel LLC for the provision of travel insurance as well as customised travel solutions for independent and corporate travellers. The JV is to operate through a joint venture company ("JV company").

On 12 March 2014, a JV company was registered with the Department of Economic Development of Dubai, United Arab Emirates, under the name of Tune Protect Commercial Brokerage LLC ("Tune Protect"), a limited liability company with authorised and paid-up share capital of AED1,000,000 (approximately USD273,000) comprising 1,000 shares of AED1,000 each. The Company and Cozmo Travel LLC subscribed for 49% and 51% of Tune Protect shares respectively.

On 14 April 2014, the Company made a payment of AED490,000 for its 49% equity interest in Tune Protect.

Tune Ins Holdings Berhad (948454-K)

**Explanatory Notes Pursuant to MFRS 134
For the period ended 30 September 2014**

4. Changes in composition of the Group ("contd.")

4.2 Investment in Tune Insurance Public Company Limited (formerly known as Osotspa Insurance Public Company Limited) and Permpoonsub Broker Company Limited

On 2 May 2014, the Company completed the Share Purchase and Sale Agreements to acquire 49% of the issued and paid up share capital of Tune Insurance Public Company Limited and Permpoonsub Broker Company Limited at a purchase consideration of THB408,653,974 (equivalent to approximately RM41.2 million or USD 12.6 million).

4.3 Incorporation of a subsidiary, Tune Insurance PCC Ltd ("TIPCC")

On 27 October 2014, TIPCC was incorporated as a subsidiary of Tune GenRe Ltd ("TGR"), a wholly-owned subsidiary of the Company.

TIPCC was incorporated as a Protected Cell Company Limited by Shares under Labuan Companies Act 1990, with Company No. PCC11332. TGR will be the subscriber of 100 ordinary shares of USD1 each for the incorporation of TIPCC. TIPCC is principally engaged in captive insurance business.

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

Tune Ins Holdings Berhad (948454-K)

Explanatory Notes Pursuant to MFRS 134
For the period ended 30 September 2014

5. 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, other subsidiaries and wholesale funds
 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 2014	30 Sept 2013	30 Sept 2014	30 Sept 2013	30 Sept 2014	30 Sept 2013	30 Sept 2014	30 Sept 2013	30 Sept 2014	30 Sept 2013	30 Sept 2014	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
Operating revenue												
External	7,533 ¹	1,180	44,384 ²	41,365	282 ¹	235	278,371 ³	239,483	(5,598)	-	324,972 ⁴	282,263
Inter-segment	21,826	9,900	36,263	30,224	-	-	-	-	(58,089)	(40,124)	-	-
	<u>29,359</u>	<u>11,080</u>	<u>80,647</u>	<u>71,589</u>	<u>282</u>	<u>235</u>	<u>278,371</u>	<u>239,483</u>	<u>(63,687)</u>	<u>(40,124)</u>	<u>324,972</u>	<u>282,263</u>
Segment profit/(loss)	<u>23,226</u>	<u>4,352</u>	<u>40,705</u>	<u>37,059</u>	<u>117</u>	<u>279</u>	<u>15,168</u>	<u>21,915</u>	<u>(25,692)</u>	<u>(10,590)</u>	<u>53,524</u>	<u>53,015</u>
	Investment holding and others		General reinsurance		Life reinsurance		General insurance		Adjustments and eliminations		Consolidated	
	30 Sept 2014	31 Dec 2013	30 Sept 2014	31 Dec 2013	30 Sept 2014	31 Dec 2013	30 Sept 2014	31 Dec 2013	30 Sept 2014	31 Dec 2013	30 Sept 2014	31 Dec 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
Segment assets	596,265	299,488	99,458	93,051	11,326	11,361	874,918	829,983	(496,267)	(210,700)	1,085,700	1,023,183
Segment liabilities	3,507	2,865	22,481	45,690	605	745	661,767	617,134	(20,846)	(40,856)	667,514	625,578

¹ Investment income only

² included investment income of RM1.4 million

³ included investment income of RM10.9 million

⁴ included investment income of RM14.5 million

Tune Ins Holdings Berhad (948454-K)

Explanatory Notes Pursuant to MFRS 134 For the period ended 30 September 2014

6. Seasonality of operations

The Group is subject to seasonal fluctuation in the general reinsurance business. Within an annual cycle, quarter 4 should typically be the best for TIH travel business as this will coincide with peak holiday demand as well as benefit from additions to the airlines fleet occurring during the year.

7. Investment income

	Current quarter 3 months ended		Cumulative quarters 9 months ended	
	30 Sept 2014	30 Sept 2013	30 Sept 2014	30 Sept 2013
	RM'000	RM'000	RM'000	RM'000
Rental income from investment property	91	88	264	261
Interest income:				
- available-for-sale financial assets	1,097	1,446	3,611	4,542
- loan and receivables	3,455	2,373	9,822	7,394
- held for trading investments	-	366	-	1,263
Dividend income:				
- available-for-sale financial assets	154	113	911	263
	<u>4,797</u>	<u>4,386</u>	<u>14,608</u>	<u>13,723</u>
Net (amortisation of premiums)/accretion of discounts on investments	(92)	(20)	(126)	46
	<u>4,705</u>	<u>4,366</u>	<u>14,482</u>	<u>13,769</u>

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

	Current quarter 3 months ended		Cumulative quarters 9 months ended	
	30 Sept 2014	30 Sept 2013	30 Sept 2014	30 Sept 2013
	RM'000	RM'000	RM'000	RM'000
Finance costs	-	-	-	1,903
Depreciation of property and equipment	487	42	1,104	500
Depreciation of investment property	8	7	21	20
Amortisation of intangible assets	410	221	1,175	665
Allowance for impairment losses of insurance receivables	-	406	137	699
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 period ended 30 September 2014

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

	Current quarter		Cumulative quarters	
	3 months ended		9 months ended	
	30 Sept 2014	30 Sept 2013	30 Sept 2014	30 Sept 2013
	RM'000	RM'000	RM'000	RM'000
Realised gain on disposal of property and equipment	(23)	(23)	(4,134)	(42)
Realised gain on disposal of available-for-sale investments	(461)	(280)	(1,320)	(3,949)
Realised gains and losses	(484)	(303)	(5,454)	(3,991)
Fair value gain on financial assets carried at fair value through profit & loss	(315)	-	(613)	-
Loss on foreign exchange- realised	119	180	123	395
(Gain)/loss on foreign exchange - unrealised	(331)	(64)	230	(168)
Listing expenses	-	-	-	897

9. Taxation

	Current quarter		Cumulative quarters	
	3 months ended		9 months ended	
	30 Sept 2014	30 Sept 2013	30 Sept 2014	30 Sept 2013
	RM'000	RM'000	RM'000	RM'000
Income tax (benefit)/expense	(1,203)	1,088	2,237	3,019
Deferred tax (benefit)/expense	(58)	1,363	(666)	(173)
	(1,260)	2,451	1,571	2,846
Effective tax rate	(8)%	12%	3%	5%

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, and tax relief in relation to payment to Malaysia Motor Insurance Pool ("MMIP") in current quarter.

During the period ended 30 September 2014, a subsidiary of the Company had effected payment to MMIP, resulting in a tax relief of RM2.3 million (YTD 30 Sept 2013: RM2.7 million).

10. 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.

Tune Ins Holdings Berhad (948454-K)

Explanatory Notes Pursuant to MFRS 134 For the period ended 30 September 2014

10. Earnings per share (contd.)

Diluted 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, plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

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

	Current quarter		Cumulative quarters	
	3 months ended		9 months ended	
	30 Sept 2014	30 Sept 2013	30 Sept 2014	30 Sept 2013
Profit net of tax attributable to owners of the parent (RM'000)	16,166	16,816	49,760	47,016
Weighted average number of ordinary shares in issue ('000)	751,760	725,501	751,760	725,501
Effects of dilution- Employees' Share Option Scheme ('000)	3,800	-	1,811	-
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	755,560	725,501	753,571	725,501
Basic earnings per share (sen per share)	2.15	2.32	6.62	6.48
Diluted earnings per share (sen per share)	2.14	2.32	6.60	6.48

11. Share capital and share premium

During the financial period ended 30 September 2014, there were no movement in share capital and share premium.

12. Dividends

The final single tier dividend of 3.86 sen per ordinary share of RM0.10 each on 751,759,980 ordinary shares, amounting to RM29,017,935 was approved by shareholders on 6 June 2014 and was paid on 4 July 2014.

No interim dividend has been declared for the financial period ended 30 September 2014.

Tune Ins Holdings Berhad (948454-K)

Explanatory Notes Pursuant to MFRS 134 For the period ended 30 September 2014

13. Capital commitments

	<u>As at 30 Sept 2014</u> RM'000	<u>As at 31 Dec 2013</u> RM'000
Approved and contracted for:		
- Property and equipment	-	938
Approved but not contracted for:		
- Property and equipment	5,039	6,280
	<u>5,039</u>	<u>7,218</u>

14. Contingencies

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

15. 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
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
Zest Airways Inc ("ZEST")	Related company

Tune Ins Holdings Berhad (948454-K)

Explanatory Notes Pursuant to MFRS 134 For the period ended 30 September 2014

15. 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	30 Sept	30 Sept	30 Sept
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
TMSB				
Reimbursement of expenses incurred	-	(33)	(1)	(511)
AAB				
Fee and commission expenses	(2,806)	(2,767)	(8,501)	(7,944)
Data management fee	(39)	(88)	(147)	(260)
AAX				
Fee and commission expenses	(677)	(567)	(2,183)	(1,571)
PTAA				
Telemarketing commission expenses	(7)	(14)	(25)	(49)
Fee and commission expenses	(185)	(190)	(625)	(573)
TAA				
Telemarketing commission expenses	(18)	(16)	(62)	(38)
Fee and commission expenses	(79)	(88)	(202)	(208)
AAI				
Fee and commission expenses	-	-	(40)	(15)
AAE				
Fee and commission expenses	(4)	(2)	(5)	(4)
TBD				
Purchase of products	-	-	-	(2)
TGL				
Royalty fee	-	(250)	-	(750)
TGSB				
Royalty fee	-	-	(1,000)	-

Tune Ins Holdings Berhad (948454-K)

Explanatory Notes Pursuant to MFRS 134 For the period ended 30 September 2014

15. 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	30 Sept	30 Sept	30 Sept
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
THRS				
Data management fee	(2)	(2)	(3)	(9)
CSL				
Telemarketing commission expenses	(14)	(32)	(51)	(103)
SP&G				
Brokerage fee	(138)	(54)	(1,444)	(531)
TTSB				
Gross written premium	312	373	833	1,029
ZEST				
Fee and commission expenses	(29)	-	(113)	-

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

16. 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 period ended 30 September 2014

17. Performance review

17.1 Current quarter ("3Q14") against corresponding quarter in prior year ("3Q13")

	Investment holding and others		General reinsurance		Life reinsurance		General insurance		Adjustments and eliminations		Consolidated	
	30 Sept 2014	30 Sept 2013	30 Sept 2014	30 Sept 2013	30 Sept 2014	30 Sept 2013	30 Sept 2014	30 Sept 2013	30 Sept 2014	30 Sept 2013	30 Sept 2014	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
Operating revenue												
General reinsurance segment	3,077	503	14,312	15,081	94	81	94,618	83,145	(2,591)	-	109,510	98,810
Investment holding and others segment	11,000	9,900	11,734	11,273	-	-	-	-	(22,734)	(21,173)	-	-
	14,077	10,403	26,046	26,354	94	81	94,618	83,145	(25,325)	(21,173)	109,510	98,810
Investment profit/(loss)	11,872	9,290	12,139	13,609	136	134	3,287	7,171	(11,770)	(10,130)	15,664	20,074

Operating revenue (gross earned premiums + investment income)

The Group's operating revenue increased from RM98.8 million in 3Q13 to RM109.5 million in 3Q14, contributed by an increase of RM10.4 million in gross earned premiums ("GEP") and an increase of RM0.3 million in investment income.

There was an increase of RM11.3 million in GEP of general insurance in 3Q14, mainly contributed by an increase in GEP of motor, fire, and marine class of businesses.

The GEP (including inter-segment) of general reinsurance segment decreased from RM26.1 million in 3Q13 to RM25.6 million in 3Q14, mainly due to slow down in Thailand, China and Indonesia market, mitigated by growth in Middle East market. The number of policies earned has decreased by 11% over that of 2013.

Profit before taxation

The Group registered a decrease of RM4.4 million or 22% in profit before taxation in 3Q14.

The increase in profit before taxation of investment holding and others segment was mainly due to higher dividend income from a subsidiary, net off with increase in management expenses mainly due to staff costs, marketing costs, and office rental.

Profit before taxation of general insurance decreased by RM3.9 million in 3Q14, mainly due to higher net claims in current quarter, mitigated by growth in net earned premiums.

There was a decrease of RM1.5 million in profit before taxation of general reinsurance segment in 3Q14 as a result of the abovementioned drop in GEP and higher commission incurred mainly for Middle East market.

The above decreases were further mitigated by share of profits from an associate in Thailand of RM1.9 million.

Tune Ins Holdings Berhad (948454-K)

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

For the period ended 30 September 2014

17. Performance review (contd.)

17.2 Current year to date ("YTD 2014") against corresponding year to date ("YTD 2013")

	Investment holding and others		General reinsurance		Life reinsurance		General insurance		Adjustments and eliminations		Consolidated	
	30 Sept 2014	30 Sept 2013	30 Sept 2014	30 Sept 2013	30 Sept 2014	30 Sept 2013	30 Sept 2014	30 Sept 2013	30 Sept 2014	30 Sept 2013	30 Sept 2014	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
Operating revenue												
External	7,533	1,180	44,384	41,365	282	235	278,371	239,483	(5,598)	-	324,972	282,263
Inter-segment	21,826	9,900	36,263	30,224	-	-	-	-	(58,089)	(40,124)	-	-
	<u>29,359</u>	<u>11,080</u>	<u>80,647</u>	<u>71,589</u>	<u>282</u>	<u>235</u>	<u>278,371</u>	<u>239,483</u>	<u>(63,687)</u>	<u>(40,124)</u>	<u>324,972</u>	<u>282,263</u>
Segment profit/(loss)	<u>23,226</u>	<u>4,352</u>	<u>40,705</u>	<u>37,059</u>	<u>117</u>	<u>279</u>	<u>15,168</u>	<u>21,915</u>	<u>(25,692)</u>	<u>(10,590)</u>	<u>53,524</u>	<u>53,015</u>

Operating revenue (gross earned premiums + investment income)

The Group recorded operating revenue of RM325.0 million for YTD 2014, an increase of RM42.7 million or 15%, from RM282.3 million for YTD 2013. The said increase of RM42.7 million was contributed by an increase of RM42.0 million in GEP and RM0.7 million in investment income.

GEP of general insurance has registered an increase of RM39.7 million in YTD 2014, mainly contributed by the growth in GEP of medical, fire, motor and travel classes of business.

The increase of RM8.4 million in GEP (including inter-segment) of general reinsurance segment was mainly due to continuous growth in GEP in Malaysia, Middle East and Philippines markets. The number of policies earned has increased by 9% over that of 2013.

Profit before taxation

The Group recorded a minimal increase in profit before taxation for YTD 2014 compared to last year.

Investment holding and others segment has recorded an increase in profit before taxation contributed by increase in dividend income from subsidiaries and lower expenses in current period, mainly due to finance costs of RM1.9 million and listing expenses of RM0.9 million in YTD 2013.

There was an increase of RM3.7 million in profit before taxation of general reinsurance in line with the 12% growth in GEP over that of YTD 2013 and increase in volume of policies of 9%.

The increases were further offset by a decrease of RM6.7 million in profit before taxation of general insurance as a consequence of the increase of RM3.9 million in management expenses mainly due to staff costs, marketing costs and other professional costs to support the growth of the operations.

Tune Ins Holdings Berhad (948454-K)

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

For the period ended 30 September 2014

17. Performance review (contd.)

17.3 Current quarter ("3Q14") against preceding quarter in current year ("2Q14")

	Investment holding and others		General reinsurance		Life reinsurance		General insurance		Adjustments and eliminations		Consolidated	
	30 Sept 2014	30 Jun 2014	30 Sept 2014	30 Jun 2014	30 Sept 2014	30 Jun 2014	30 Sept 2014	30 Jun 2014	30 Sept 2014	30 Jun 2014	30 Sept 2014	30 Jun 2014
	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	3,077	3,775	14,312	14,245	94	104	94,618	86,393	(2,591)	(3,007)	109,510	101,510
Inter-segment	11,000	10,826	11,734	12,770	-	-	-	-	(22,734)	(23,596)	-	-
	14,077	14,601	26,046	27,015	94	104	94,618	86,393	(25,325)	(26,603)	109,510	101,510
Segment profit/(loss)	11,872	12,605	12,139	13,699	136	(9)	3,287	3,113	(11,770)	(13,694)	15,664	15,714

Operating revenue (gross earned premiums + investment income)

The Group's operating revenue increased from RM101.5 million in 2Q14 to RM109.5 million in 3Q14. The increase of RM8.0 million or 8% was mainly contributed by increase of RM9.0 million in GEP, offset by a decrease of RM1.0 million in investment income.

GEP of general insurance increased from RM82.0 million in 2Q14 to RM91.0 million in 3Q14 mainly contributed by increase in motor and marine classes of business.

The decrease of RM1.0 million in GEP of general reinsurance was mainly due to decrease in GEP from Thailand, Indonesia and Malaysia market .

Profit before taxation

The Group recorded a minimal decrease of RM0.1 million in profit before taxation for the period under review compared to 2Q14.

18. 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 ending 31 December 2014.

19. Profit forecast or profit guarantee

The Group did not issue any profit forecast or profit guarantee for the financial year ending 31 December 2014.

Tune Ins Holdings Berhad (948454-K)

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

For the period ended 30 September 2014

20. Status of corporate proposal and utilisation of proceeds

20.1 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 2014 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	14.3	Within 24 months
(iii) Strategic investments	33.0	33.0	Within 24 months
(iv) Listing expenses	11.0	10.3	Within 3 months
Total gross proceeds	<u>193.6</u>	<u>190.6</u>	

20.2 Memorandum of Understanding ("MOU") with Al Hai LLC

On 4 August 2014, the company had entered into a MOU with Al Hai LLC ("Alhai") (the company and Alhai collectively referred to as "the Parties") to explore and create a new limited liability structure joint venture company ("JV company") to conduct insurance related business under the proposed trade name of Tune Alhai LLC or any other trade name that is approved by the regulators to enable the JV company to directly and indirectly underwrite travel insurance and other related businesses.

The Parties shall continue discussions and negotiations in good faith to finalise and execute the definitive agreements (hereinafter referred to as "the Definitive Agreements") in order to enable the proposed JV company to be duly set up to start its business within 1 month from the date of the MOU if the feasibility study carried out shows positive results.

In the event the Definitive Agreements are not executed within the said 1 month, the Parties can either extend the validity period for successive periods of 3 months or terminate the MOU without any penalty or claim for damages.

As at the date of this report, it has been announced that, as the Definitive Agreements have yet to be signed between TIH and Alhai, TIH and Alhai have mutually agreed to terminate the MOU and not to proceed with the Definitive Agreements.

Tune Ins Holdings Berhad (948454-K)

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

For the period ended 30 September 2014

21. Material litigation

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

22. Disclosure of nature of outstanding derivatives

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

23. Rationale for entering into derivatives

The Group did not enter into any derivatives during the period ended 30 September 2014 or the previous year ended 31 December 2013.

24. Risks and policies for derivatives

The Group did not enter into any derivatives during the period ended 30 September 2014 or the previous year ended 31 December 2013.

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

The Group did not have any financial liabilities measure at fair value through profit or loss as at 30 September 2014 and 31 December 2013.

26. Breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group as at 30 September 2014 and 31 December 2013 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.

Tune Ins Holdings Berhad (948454-K)

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

For the period ended 30 September 2014

26. Breakdown of realised and unrealised profits or losses (contd.)

	<u>As at</u> <u>30 Sept</u> <u>2014</u> <u>RM'000</u>	<u>As at</u> <u>31 Dec</u> <u>2013</u> <u>RM'000</u>
Total retained earnings of the Company and its subsidiaries:		
- Realised	212,700	192,073
- Unrealised	<u>(1,399)</u>	<u>(1,915)</u>
	211,301	190,158
Less: Consolidation adjustments	<u>(61,472)</u>	<u>(61,071)</u>
Total retained earnings as per statement of financial position	<u>149,829</u>	<u>129,087</u>

27. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2013 was not qualified.

By Order of the Board

Jasmindar Kaur A/P Sarban Singh
Company Secretary