



# **Tune Ins Holdings Berhad (948454-K)**

## **Interim Financial Statements**

**For the Quarter and Three Months Ended 31 March 2015**

## Tune Ins Holdings Berhad (948454-K)

### Condensed consolidated statement of financial position As at 31 March 2015

	As at 31 Mar 2015 Unaudited RM'000	As at 31 Dec 2014 Audited RM'000
<b>Assets</b>		
Property and equipment	9,773	9,889
Investment property	2,873	2,879
Intangible assets	5,867	5,918
Investments in associates	49,443	46,722
Investments in a joint venture company	748	581
Goodwill	24,165	24,165
Investments	565,090	551,241
Reinsurance assets	256,884	259,281
Insurance receivables	140,454	87,120
Other receivables	92,800	81,862
Cash and bank balances	21,504	21,700
<b>Total assets</b>	<b>1,169,601</b>	<b>1,091,358</b>
<b>Equity</b>		
Share capital	75,176	75,176
Share premium	173,343	173,343
Merger deficit	(13,838)	(13,838)
Available-for-sale reserves	(3,862)	(4,012)
Employee share option reserve	2,169	2,169
Foreign currency translation reserve	3,480	1,461
Retained earnings	188,881	172,401
Equity attributable to owners of the parent	425,349	406,700
Non-controlling interests	39,270	38,511
<b>Total equity</b>	<b>464,619</b>	<b>445,211</b>
<b>Liabilities</b>		
Insurance contract liabilities	553,198	539,239
Deferred tax liabilities	214	620
Provision for taxation	49	38
Insurance payables	103,717	66,762
Retirement benefits	785	792
Other payables	47,019	38,696
<b>Total liabilities</b>	<b>704,982</b>	<b>646,147</b>
<b>Total equity and liabilities</b>	<b>1,169,601</b>	<b>1,091,358</b>
<b>Net assets per ordinary share attributable to owners of the parent (RM)</b>	<b>0.57</b>	<b>0.54</b>

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2014.

## Tune Ins Holdings Berhad (948454-K)

### Condensed consolidated statement of comprehensive income For the period ended 31 March 2015

	Note	Current quarter 3 months ended	
		31 Mar 2015	31 Mar 2014
		RM'000	RM'000
<b>Operating revenue</b>		<b>111,246</b>	<b>113,952</b>
Gross earned premiums		105,666	109,917
Premiums ceded to reinsurers		(39,683)	(45,730)
<b>Net earned premiums</b>		<b>65,983</b>	<b>64,187</b>
Investment income	7	5,580	4,035
Realised gains and losses		(26)	5,050
Fair value gains and losses		518	201
Fees and commission income		6,242	8,051
Other operating income		1,241	1,108
<b>Other revenue</b>		<b>13,555</b>	<b>18,445</b>
Gross claims paid		(32,075)	(48,604)
Claims ceded to reinsurers		12,931	27,238
Gross changes to contract liabilities		(12,956)	17,047
Change in contract liabilities ceded to reinsurers		5,879	(21,999)
<b>Net claims</b>		<b>(26,221)</b>	<b>(26,318)</b>
Fee and commission expenses		(18,388)	(18,115)
Management expenses		(18,520)	(16,055)
<b>Other expenses</b>		<b>(36,908)</b>	<b>(34,170)</b>
Share of results of associates		768	-
Share of results of a joint venture company		128	-
<b>Profit before taxation</b>	8	<b>17,305</b>	<b>22,144</b>
Taxation	9	(103)	(1,748)
<b>Net profit for the period</b>		<b>17,202</b>	<b>20,396</b>
<b>Other comprehensive income/(loss):</b>			
Effect of post-acquisition foreign exchange translation reserve on investments in associates		2,019	-
Gain/(loss) on fair value changes of AFS investments		180	(119)
Realised loss transferred to profit or loss		(30)	(753)
Share of other comprehensive income of associates		28	-
Deferred tax relating to components of other comprehensive income		9	218
<b>Net other comprehensive income/(loss) for the period</b>		<b>2,206</b>	<b>(654)</b>
<b>Total comprehensive income for the period</b>		<b>19,408</b>	<b>19,742</b>

**Tune Ins Holdings Berhad (948454-K)**

**Condensed consolidated statement of comprehensive income (contd.)  
For the period ended 31 March 2015**

	<b>Current quarter</b>		
	<b>3 months ended</b>		
	<b>31 Mar</b>	<b>31 Mar</b>	
	<b>2015</b>	<b>2014</b>	
<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>	
<b>Profit attributable to:</b>			
Owners of the parent	16,480	19,247	
Non-controlling interests	722	1,149	
	<b>17,202</b>	<b>20,396</b>	
<b>Total comprehensive income attributable to:</b>			
Owners of the parent	18,649	18,702	
Non-controlling interests	759	1,040	
	<b>19,408</b>	<b>19,742</b>	
<b>Basic earnings per share attributable to owners of the parent (sen per share)</b>	<b>10</b>	<b>2.19</b>	<b>2.56</b>

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2014.

## Tune Ins Holdings Berhad (948454-K)

### Condensed consolidated statement of changes in equity For the period ended 31 March 2015

	Attributable to the owners of the parent						Retained earnings	Total	Non-controlling interests	Total equity
	← Non-distributable			→ Distributable						
	Share capital	Share premium	Merger deficit	Available-for-sale reserves	Employee share option reserves	Foreign currency translation reserves				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2015</b>	75,176	173,343	(13,838)	(4,012)	2,169	1,461	172,401	406,700	38,511	445,211
Net profit for the period	-	-	-	-	-	-	16,480	16,480	722	17,202
Other comprehensive profit for the period	-	-	-	150	-	2,019	-	2,169	37	2,206
Total comprehensive income for the period	-	-	-	150	-	2,019	16,480	18,649	759	19,408
<b>At 31 March 2015</b>	<b>75,176</b>	<b>173,343</b>	<b>(13,838)</b>	<b>(3,862)</b>	<b>2,169</b>	<b>3,480</b>	<b>188,881</b>	<b>425,349</b>	<b>39,270</b>	<b>464,619</b>
<b>At 1 January 2014</b>	75,176	173,343	(13,838)	(3,296)	-	-	129,087	360,472	37,133	397,605
Net profit for the period	-	-	-	-	-	-	19,247	19,247	1,149	20,396
Other comprehensive loss for the period	-	-	-	(545)	-	-	-	(545)	(109)	(654)
Total comprehensive (loss)/ income for the period	-	-	-	(545)	-	-	19,247	18,702	1,040	19,742
<b>At 31 March 2014</b>	<b>75,176</b>	<b>173,343</b>	<b>(13,838)</b>	<b>(3,841)</b>	<b>-</b>	<b>-</b>	<b>148,334</b>	<b>379,174</b>	<b>38,173</b>	<b>417,347</b>

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2014.

## Tune Ins Holdings Berhad (948454-K)

### Condensed consolidated statement of cash flows For the period ended 31 March 2015

	Cumulative quarters 3 months ended	
	31 Mar 2015	31 Mar 2014
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation	17,305	22,144
Adjustments for:		
Non-cash items	383	(3,353)
Non-operating activities items	(15,664)	(155,108)
Operating profit/(loss) before working capital changes:	2,024	(136,317)
Net change in operating assets	(18,632)	(11,876)
Net change in operating liabilities	18,728	17,365
Cash generated from/(used in) operating activities	2,120	(130,828)
Net interest received	1,443	4,100
Net dividend received	2,129	182
Rental received	86	88
Retirement benefits paid	(7)	(103)
Income tax paid	(1,857)	(2,231)
Net cash generated from/(used in) operating activities	3,914	(128,792)
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property and equipment	1	12,798
Purchase of property and equipment	(316)	(796)
Purchase of intangible assets	(423)	(163)
Net cash (used in)/generated from investing activities	(738)	11,839
<b>Net increase/(decrease) in cash and cash equivalents</b>	3,176	(116,953)
<b>Cash and cash equivalents at beginning of period</b>	70,207	188,771
<b>Cash and cash equivalents at end of period</b>	73,383	71,818
<b>Cash and cash equivalents comprise:</b>		
Fixed and call deposits (with maturity of less than three months) with licensed financial institutions	51,879	23,314
Cash and bank balances	21,504	48,504
	73,383	71,818

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2014.

# **Tune Ins Holdings Berhad (948454-K)**

## **Explanatory Notes Pursuant to MFRS 134 For the period ended 31 March 2015**

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

The condensed consolidated interim financial statements, for the period ended 31 March 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 2014.

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 2014.

### **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 2015:

- Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions
- Annual Improvements to MFRS 2010 - 2012 Cycle
- Annual Improvements to MFRS 2011 - 2013 Cycle

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:

# Tune Ins Holdings Berhad (948454-K)

## Explanatory Notes Pursuant to MFRS 134 For the period ended 31 March 2015

### 2. Changes in accounting policies (cont'd.)

#### 2.2 Standards issued but not yet effective (cont'd.)

Description	Effective for annual period beginning on or after
MFRS 10 Consolidated Financial Statements - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10)	1 January 2016
Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants	1 January 2016
MFRS 127 Separate Financial Statements - Equity Method in Separate Financial Statements (Amendments to MFRS 127)	1 January 2016
MFRS 128 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 128)	1 January 2016
MFRS 138 Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to MFRS 138)	1 January 2016
MFRS 141 Agriculture - Agriculture: Bearer Plants (Amendments to MFRS 141)	1 January 2016
Annual Improvements to MFRSs 2012–2014 Cycle	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2017
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any material effect to the financial statements of the Group upon the initial application, other than for MFRS 9 Financial Instruments. It is not practicable to provide a reasonable estimate of the effect of MFRS 9 until the Group undertakes a detailed review. The Group is in the process of assessing the financial implications for adopting the new standard.

### 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

There were no changes in composition of the Group in the current interim results.



## Tune Ins Holdings Berhad (948454-K)

### Explanatory Notes Pursuant to MFRS 134 For the period ended 31 March 2015

#### 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 and other dormant subsidiaries
Collective investment schemes	: Funds managed through collective investment schemes
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		Collective investment schemes		General reinsurance		Life reinsurance		General insurance		Adjustments and eliminations		Consolidated	
	31 Mar 2015	31 Mar 2014	31 Mar 2015	31 Mar 2014	31 Mar 2015	31 Mar 2014	31 Mar 2015	31 Mar 2014	31 Mar 2015	31 Mar 2014	31 Mar 2015	31 Mar 2014	31 Mar 2015	31 Mar 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	RM'000	RM'000
<b>Operating revenue</b>														
External	52	202	4,248	1,068	15,156	15,644	5	35	91,785	97,003	-	-	111,246 <sup>5</sup>	113,952
Inter-segment	721	479	-	-	15,090	11,942	91	49	1,939	357	(17,841)	(12,827)	-	-
	<u>773<sup>1</sup></u>	<u>681</u>	<u>4,248</u>	<u>1,068</u>	<u>30,246<sup>2</sup></u>	<u>27,586</u>	<u>96<sup>3</sup></u>	<u>84</u>	<u>93,724<sup>4</sup></u>	<u>97,360</u>	<u>(17,841)</u>	<u>(12,827)</u>	<u>111,246</u>	<u>113,952</u>
<b>Segment (loss)/profit</b>	<u>(2,331)</u>	<u>(1,251)</u>	<u>3,843</u>	<u>1,379</u>	<u>15,169</u>	<u>14,867</u>	<u>103</u>	<u>(10)</u>	<u>3,817</u>	<u>8,768</u>	<u>(3,296)</u>	<u>(1,609)</u>	<u>17,305</u>	<u>22,144</u>
<b>Segment assets</b>	<u>322,309</u>	<u>299,319</u>	<u>423,466</u>	<u>214,605</u>	<u>91,270</u>	<u>86,062</u>	<u>11,495</u>	<u>11,780</u>	<u>923,312</u>	<u>857,634</u>	<u>(602,251)</u>	<u>(410,032)</u>	<u>1,169,601</u>	<u>1,059,369</u>
<b>Segment liabilities</b>	<u>7,318</u>	<u>3,918</u>	<u>365</u>	<u>56</u>	<u>26,955</u>	<u>23,906</u>	<u>545</u>	<u>1,187</u>	<u>698,085</u>	<u>638,369</u>	<u>(28,286)</u>	<u>(25,415)</u>	<u>704,982</u>	<u>642,022</u>

<sup>1</sup> investment income of RM773k

<sup>2</sup> included investment income of RM267k

<sup>3</sup> investment income of RM96k

<sup>4</sup> included investment income of RM3,177k

<sup>5</sup> included investment income of RM5,580k

## Tune Ins Holdings Berhad (948454-K)

### Explanatory Notes Pursuant to MFRS 134 For the period ended 31 March 2015

#### 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. For 1Q15, TIH travel business was in slower trend due to the softness in travel in ASEAN following to the QZ8501 incident. For general insurance, short-term policies were being issued in 1Q15 ahead of GST implementation, and thus slower growth in general insurance business. However, both travel and general insurance business is expecting to be normalised in the coming quarters.

#### 7. Investment income

	Current quarter 3 months ended	
	31 Mar 2015 RM'000	31 Mar 2014 RM'000
Rental income from investment property	86	88
Interest income:		
- available-for-sale financial assets	302	1,305
- loan and receivables	4,031	1,769
- fair value through profit or loss financial assets	960	711
Dividend income:		
- available-for-sale financial assets	183	179
- fair value through profit or loss financial assets	17	-
	5,579	4,052
Net accretion of discounts/(amortisation discount on investments)	1	(17)
	5,580	4,035

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

	Current quarter 3 months ended	
	31 Mar 2015 RM'000	31 Mar 2014 RM'000
Depreciation of property and equipment	375	188
Depreciation of investment property	7	7
Amortisation of intangible assets	453	334

## Tune Ins Holdings Berhad (948454-K)

### Explanatory Notes Pursuant to MFRS 134 For the period ended 31 March 2015

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

	Current quarter 3 months ended	
	31 Mar 2015 RM'000	31 Mar 2014 RM'000
Allowance for impairment losses of insurance receivables	85	650
Realised losses/(gains) on disposal of:		
- property and equipment	2	(4,297)
- available-for-sale financial assets	24	(753)
Realised losses/(gains)	26	(5,050)
Fair value gain on financial assets carried at fair value through profit & loss	(518)	(201)
Gain on foreign exchange- realised	(183)	(94)
Gain on foreign exchange- unrealised	(539)	(251)

#### 9. Taxation

	Current quarter 3 months ended	
	31 Mar 2015 RM'000	31 Mar 2014 RM'000
Income tax expense	509	2,298
Deferred tax benefit	(406)	(550)
	103	1,748
Effective tax rate	1%	8%

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 higher tax exempt income from collective investment schemes.

#### 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.

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

## Tune Ins Holdings Berhad (948454-K)

### Explanatory Notes Pursuant to MFRS 134 For the period ended 31 March 2015

#### 10. Earnings per share (contd.)

	Current quarter 3 months ended	
	31 Mar 2015	31 Mar 2014
Profit net of tax attributable to owners of the parent (RM'000)	16,480	19,247
Weighted average number of ordinary shares in issue ('000)	751,760	751,760
Effects of dilution- Employees' Share Option Scheme ('000)	807	-
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	752,567	751,760
Basic earnings per share (sen per share)	2.19	2.56
Diluted earnings per share (sen per share)	2.19	2.56

#### 11. Share capital and share premium

During the three months ended 31 March 2015, there were no movement in share capital and share premium.

#### 12. Dividends

There were no dividend declared during the three months ended 31 March 2015.

#### 13. Capital commitments

	As at 31 Mar 2015 RM'000	As at 31 Dec 2014 RM'000
Approved and contracted for: - Property and equipment	424	-
Approved but not contracted for: - Property and equipment	7,267	7,867
	7,691	7,867

## Tune Ins Holdings Berhad (948454-K)

### Explanatory Notes Pursuant to MFRS 134 For the period ended 31 March 2015

#### 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
Tune Hotels Regional Services Sdn Bhd ("THRS")	Related company
Tune Group Sdn Bhd ("TGSB")	Related company
Zest Airways Inc ("ZEST")	Related company

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

	Current quarter 3 months ended	
	31 Mar 2015	31 Mar 2014
	RM'000	RM'000
<b>AAB</b>		
Fee and commission expenses	(3,879)	(2,764)
Data management fee	(26)	(57)
<b>AAX</b>		
Fee and commission expenses	(1,025)	(788)
<b>PTAA</b>		
Telemarketing commission expenses	(3)	(10)
Fee and commission expenses	(227)	(227)
<b>TAA</b>		
Telemarketing commission expenses	(18)	(21)
Fee and commission expenses	(113)	(50)

## Tune Ins Holdings Berhad (948454-K)

### Explanatory Notes Pursuant to MFRS 134 For the period ended 31 March 2015

#### 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.)

	<b>Current quarter</b>	
	<b>3 months ended</b>	
	<b>31 Mar</b>	<b>31 Mar</b>
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>AAI</b>		
Fee and commission expenses	-	(40)
<b>AAE</b>		
Fee and commission expenses	(1)	(1)
<b>TGSB</b>		
Royalty fee	-	(1,000)
<b>THRS</b>		
Data management fee	(1)	(1)
<b>CSL</b>		
Telemarketing commission expenses	(7)	(20)
<b>SP&amp;G</b>		
Brokerage fee	(274)	(1,029)
<b>ZEST</b>		
Fee and commission expenses	(36)	-

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

## **Tune Ins Holdings Berhad (948454-K)**

### **Explanatory Notes Pursuant to MFRS 134 For the period ended 31 March 2015**

#### **16. Events after the reporting period**

##### **16.1 Investment in PT Asuransi Staco Mandiri ("ASM")**

On 5 May 2015, the Company had executed a Conditional Binding Offer Letter to acquire 38,235 ordinary shares of IDR500,000 each or 31.82% of the issued and paid-up shares (or 23.33% of the enlarged share capital) from Dana Pensiun Bank Mandiri Dua, Yayasan Kesejahteraan Pensiun BDN, and Dana Pensiun Pertamina, for the purchase consideration of IDR26,764,500,000 or IDR700,000 per share and to subscribe the entirety of 43,707 newly issued shares in ASM for IDR30,594,900,000 or 26.67% of the enlarged share capital in ASM; and a Cooperation Agreement with PT Cahaya Putratama Abadi ("CPA") for CPA to assist TIH to become the holding company of ASM, to facilitate the acquisition process of ASM and for CPA to provide further assistance and business development services for the expansion of TIH's insurance business in Indonesia, for IDR25,500,000,000.

The acquisition and cooperation would enable TIH to own a total of 81,942 shares or 50% plus 1 share equity interest in ASM at a collective purchase consideration of IDR82,859,400,000 (equivalent to approximately RM22.79 million). The investment in ASM is subject to the approval of Bank Negara Malaysia and Otoritas Jasa Keuangan Indonesia ("OJK").

An application for approval with respect to the proposed investment and change in shareholding in ASM has also been submitted to the regulator, OJK by ASM.

##### **16.2 Final dividend**

On 29 April 2015, the Company has announced a final single tier dividend of 4.04 sen per ordinary share of RM0.10 under the single-tier system which is tax exempt in the hands of the shareholders pursuant to paragraph 12B of Schedule 6 of the Income Tax Act, 1967 for the financial year ended 31 December 2014, payable in cash.

# Tune Ins Holdings Berhad (948454-K)

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

For the period ended 31 March 2015

### 17. Performance review

#### 17.1 Current quarter ("1Q15") against corresponding quarter in prior year ("1Q14")

	Investment holding and others		Collective investment schemes		General reinsurance		Life reinsurance		General insurance		Adjustments and eliminations		Consolidated	
	31 Mar 2015	31 Mar 2014	31 Mar 2015	31 Mar 2014	31 Mar 2015	31 Mar 2014	31 Mar 2015	31 Mar 2014	31 Mar 2015	31 Mar 2014	31 Mar 2015	31 Mar 2014	31 Mar 2015	31 Mar 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	RM'000	RM'000
	Current quarter 3 months ended													
Operating revenue														
External	52	202	4,248	1,068	15,156	15,644	5	35	91,785	97,003	-	-	111,246	113,952
Inter-segment	721	479	-	-	15,090	11,942	91	49	1,939	357	(17,841)	(12,827)	-	-
	773	681	4,248	1,068	30,246	27,586	96	84	93,724	97,360	(17,841)	(12,827)	111,246	113,952
Segment (loss)/profit	(2,331)	(1,251)	3,843	1,379	15,169	14,867	103	(10)	3,817	8,768	(3,296)	(1,609)	17,305	22,144

#### Group/Consolidated

The Group's operating revenue decreased by RM2.7 million from RM113.9 million in 1Q14 to RM111.2 million in 1Q15, due to decrease of RM4.2 million in gross earned premiums, net off by an increase of RM1.5 million in investment income from collective investment schemes.

The decrease of RM4.8 million or 22% in Group's PBT, from RM22.1 million in 1Q14 to RM17.3 million in 1Q15 was mainly due to the one-off gain on disposal of property of RM4.3 million in 1Q14.

#### General reinsurance

Operating revenue of this segment increased by RM2.6 million from RM27.6 million in 1Q14 to RM30.2 million in 1Q15 mainly due to increase of RM2.7 million in GEP (including inter-segment) in 1Q15, as a result of the effort to increase take up rate after the system rectification in 4Q14, which help to increase forward booking in December 2014 and January 2015 to be realized within March 2015.

There was an increase of RM0.3 million in segment profit, mainly due to increase of RM2.8 million in net earned premiums, offset by an increase of RM2.5 million in commission expense.

#### General insurance

Operating revenue of this segment decreased by RM3.7 million from RM97.4 million in 1Q14 to RM93.7 million in 1Q15, mainly due to decrease in GEP of RM3.9 million mainly in medical, but offset by increase in motor class of business. This drop is only temporary as several short-term policies of major clients were issued ahead of GST implementation in the quarter under review, with the premium income normalising once these policies are extended for the balance of 9 months in 2Q15.

Profit of this segment decreased from RM8.8 million in 1Q14 to RM3.8 million in 1Q15 was mainly due to the one-off gain on disposal of property of RM4.3 million in 1Q14 and increase of RM0.7 million in staff costs (including ESOS expense).



# Tune Ins Holdings Berhad (948454-K)

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

For the period ended 31 March 2015

### 17. Performance review (cont'd.)

#### 17.2 Current quarter ("1Q15") against preceding quarter in prior year ("4Q14")

	Investment holding and others		investment schemes		General reinsurance		Life reinsurance		General insurance		Adjustments and eliminations		Consolidated	
	Current quarter 3 months ended													
	31 Mar 2015	31 Dec 2014	31 Mar 2015	31 Dec 2014	31 Mar 2015	31 Dec 2014	31 Mar 2015	31 Dec 2014	31 Mar 2015	31 Dec 2014	31 Mar 2015	31 Dec 2014	31 Mar 2015	31 Dec 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	RM'000	RM'000
<b>Operating revenue</b>														
External	52	53	4,248	4,318	15,156	14,868	5	95	91,785	109,147	-	(2,383)	111,246	126,098
Inter-segment	721	45,450	-	-	15,090	14,848	91	-	1,939	-	(17,841)	(60,298)	-	-
	773	45,503	4,248	4,318	30,246	29,716	96	95	93,724	109,147	(17,841)	(62,681)	111,246	126,098
<b>Segment (loss)/profit</b>	(2,331)	30,469	3,843	3,836	15,169	16,672	103	135	3,817	12,090	(3,296)	(35,424)	17,305	27,778

### Group/Consolidated

The Group's operating revenue decreased from RM126.1 million in 4Q14 to RM111.2 million in 1Q15. The decrease of RM14.9 million was due to decreases of RM7.4 million in gross earned premiums ("GEP") and RM7.5 million in investment income.

Segment profit of the Group decreased by RM10.5 million from RM27.8 million in 4Q14 to RM17.3 million in 1Q15 mainly due to decrease in GEP of RM9.1 million and due to higher unearned premium reserve for Travel and Personal Accident business of RM1.4 million.

### General reinsurance

There was an increase of RM0.5 million in operating revenue of this segment, mainly due to GEP (including inter-segment) in 1Q15 as a result of the effort to increase take up rate after the system rectification in 4Q14, which help to increase forward booking in December 2014 and January 2015 to be realized within March 2015.

Profit of this segment decreased by RM1.5 million mainly due to higher unearned premium reserve arising from increase of future bookings for Travel & Personal Accident insurance.

### General insurance

Operating revenue of this segment decreased from RM109.1 million in 4Q14 to RM93.7 million in 1Q15. The decrease of RM15.4 million was mainly due to:

- (i) GEP decreased by RM8.1 million mainly in motor, fire, and medical class of businesses. This drop is only temporary as several short-term policies of major clients were issued ahead of GST implementation in the quarter under review, with the premium income normalising once these policies are extended for the balance of 9 months in 2Q15; and

## **Tune Ins Holdings Berhad (948454-K)**

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

**For the period ended 31 March 2015**

#### **17. Performance review (cont'd.) (cont'd.)**

##### **17.2 Current quarter ("1Q15") against preceding quarter in prior year ("4Q14") (cont'd.)**

- (ii) Investment income decreased by RM7.4 million mainly due to adjustment relating to share of Malaysian Motor Insurance Pool ("MMIP") investment income in 4Q14, compared to none for the current quarter.

The decrease of RM8.3 million in segment profit was mainly due to decrease of RM9.1 million in net earned premiums in motor, fire and medical class of businesses, offset by impairment loss of quoted equity securities of RM0.5 million in 4Q14, compared to none for the current quarter.

#### **18. Commentary on prospects**

The Group is on track with its growth strategies across its core businesses. 1Q15 started the year with travel demand softness, coming off the trails of QZ8501 incident in late 4Q14. However, travel demand has since picked up in late 1Q15 and expected to continue its recovery path in coming quarters. In addition, travel PA take-up rate has been improving especially with major markets showing dramatic growth.

TIMB, our general insurance entity, faced a temporary impact on short-term policies in 1Q15, which will be normalised once these policies are extended for the balance of 9 months in 2Q15. TIMB will also continue to focus on profitable portfolio lines with higher contribution to both top and bottom line for the Group.

Our Middle East joint venture has posted a strong profit in 1Q15, which has exceeded its full year profit in 2014. This joint venture is expected to continue to grow with the activation of offline agents and new distribution channels in Middle East markets. Thailand affiliates are also expected to post higher profit contributions as their businesses growth in the coming months.

As part of the ASEAN expansion, the Group has embarked on its acquisition of a 50%+1 share stake in an Indonesian general insurer, which is pending regulatory approval. The acquisition is expected to be completed some time in the next three months. In addition, the Group also continues to strengthen its digital channel for broader consumer access.

With positive progress on each of the core businesses, the Group is expected to continue to grow both its top and bottom-line for the financial year ending 31 December 2015.

## **Tune Ins Holdings Berhad (948454-K)**

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

**For the period ended 31 March 2015**

#### **19. Profit forecast or profit guarantee**

The Group did not issue any profit forecast or profit guarantee for the financial year ending 31 December 2015.

#### **20. Status of corporate proposal**

There were no corporate proposal at the date of this report.

#### **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 31 March 2015 or the previous year ended 31 December 2014.

#### **24. Risks and policies for derivatives**

The Group did not enter into any derivatives during the period ended 31 March 2015 or the previous year ended 31 December 2014.

#### **25. 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 March 2015 and 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 31 March 2015

#### 26. Breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group as at 31 March 2015 and 31 December 2014 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 Mar</u> <u>2015</u> <u>RM'000</u>	<u>As at</u> <u>31 Dec</u> <u>2014</u> <u>RM'000</u>
Total retained earnings of the Company and its subsidiaries:		
- Realised	211,705	223,964
- Unrealised	<u>(404)</u>	<u>(1,399)</u>
	211,301	222,565
Less: Consolidation adjustments	<u>(22,420)</u>	<u>(50,164)</u>
Total retained earnings as per statement of financial position	<u>188,881</u>	<u>172,401</u>

#### 27. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2014 was not qualified.

#### By order of the Board

Jasmindar Kaur A/P Sarban Singh  
Company Secretary