



Tune Protect Group Berhad (948454-K)
(formerly known as Tune Ins Holdings Berhad)

Interim Financial Statements

For the Quarter and Twelve Months Ended 31 December 2015

Tune Protect Group Berhad (948454-K)
(formerly known as Tune Ins Holdings Berhad)

Condensed consolidated statement of financial position
As at 31 December 2015

	As at 31 Dec 2015 Unaudited RM'000	As at 31 Dec 2014 Audited RM'000
Assets		
Property and equipment	8,891	9,889
Investment property	2,954	2,879
Intangible assets	4,885	5,918
Investments in associates	47,790	46,722
Investments in a joint venture company	1,251	581
Goodwill	24,165	24,165
Investments	587,622	551,241
Deferred tax assets	37	-
Reinsurance assets	242,377	259,281
Insurance receivables	132,169	87,120
Other receivables	122,714	81,862
Cash and bank balances	33,293	21,700
Total assets	1,208,148	1,091,358
Equity		
Share capital	75,176	75,176
Share premium	173,343	173,343
Merger deficit	(13,838)	(13,838)
Available-for-sale reserves	(4,797)	(4,012)
Employee share option reserve	4,704	2,169
Foreign currency translation reserve	5,605	1,461
Retained earnings	211,002	172,401
Equity attributable to owners of the parent	451,195	406,700
Non-controlling interests	40,424	38,511
Total equity	491,619	445,211
Liabilities		
Insurance contract liabilities	576,334	539,239
Deferred tax liabilities	-	620
Provision for taxation	18	38
Insurance payables	87,550	66,762
Retirement benefits	520	792
Other payables	52,107	38,696
Total liabilities	716,529	646,147
Total equity and liabilities	1,208,148	1,091,358
Net assets per ordinary share attributable to owners of the parent (RM)	0.60	0.54

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

Tune Protect Group Berhad (948454-K)
(formerly known as Tune Ins Holdings Berhad)

Condensed consolidated statement of comprehensive income
For the year ended 31 December 2015

	Note	Current quarter		Cumulative quarters	
		3 months ended		12 months ended	
		31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
		RM'000	RM'000	RM'000	RM'000
Operating revenue		132,647	126,098	480,193	451,070
Gross earned premiums		122,675	113,065	453,448	423,555
Premiums ceded to reinsurers		(36,652)	(38,638)	(149,608)	(156,538)
Net earned premiums		86,023	74,427	303,840	267,017
Investment income	7	9,972	13,033	26,745	27,515
Realised gains and losses		252	359	(28)	5,813
Fair value gains and losses		(255)	(257)	(375)	356
Fees and commission income		5,599	5,947	27,289	28,818
Other operating income		(3,261)	564	4,714	2,174
Other revenue		12,307	19,646	58,345	64,676
Gross claims paid		(41,713)	(35,995)	(162,927)	(151,611)
Claims ceded to reinsurers		15,537	9,932	72,761	59,705
Gross changes to contract liabilities		6,872	(10,507)	(19,056)	(19,777)
Change in contract liabilities ceded to reinsurers		(11,477)	10,699	(13,068)	3,327
Net claims		(30,781)	(25,871)	(122,290)	(108,356)
Fee and commission expenses		(21,576)	(20,873)	(80,823)	(75,403)
Management expenses		(16,016)	(20,558)	(79,743)	(69,886)
Other operating expenses		(349)	(472)	(500)	(638)
Other expenses		(37,941)	(41,903)	(161,066)	(145,927)
Share of results of associates		(2,363)	1,471	(2,835)	3,789
Share of results of a joint venture company		114	8	529	103
Profit before taxation	8	27,359	27,778	76,523	81,302
Taxation	9	(2,180)	(3,645)	(3,640)	(5,216)
Net profit for the year		25,179	24,133	72,883	76,086

Tune Protect Group Berhad (948454-K)
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Condensed consolidated statement of comprehensive income (contd.)
For the year ended 31 December 2015

	Current quarter		Cumulative quarters	
	3 months ended		12 months ended	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Note	RM'000	RM'000	RM'000	RM'000
Other comprehensive income/(loss):				
Effect of post-acquisition foreign exchange translation reserve on investments in associates	292	1,461	4,144	1,461
Gain/(loss) on fair value changes of AFS investments	1,129	(1,243)	(1,002)	(862)
Realised loss transferred to profit or loss	(1,865)	(357)	(1,585)	(1,677)
Share of other comprehensive (loss)/income of associates	-	(325)	(26)	284
Impairment loss of quoted equities reclassified to profit or loss	84	506	1,280	506
Deferred tax relating to components of other comprehensive income	163	681	396	834
Net other comprehensive (loss)/income for the year	(197)	723	3,207	546
Total comprehensive income for the year	24,982	24,856	76,090	76,632
Profit attributable to:				
Owners of the parent	23,486	22,572	68,972	72,332
Non-controlling interests	1,693	1,561	3,911	3,754
	25,179	24,133	72,883	76,086
Total comprehensive income attributable to:				
Owners of the parent	23,370	23,362	72,331	73,077
Non-controlling interests	1,612	1,494	3,759	3,555
	24,982	24,856	76,090	76,632
Earnings per share attributable to owners of the parent (sen per share)				
Basic	10	3.12	3.00	9.17
Diluted	10	3.12	3.00	9.60

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

Tune Protect Group Berhad (948454-K)
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Condensed consolidated statement of changes in equity
For the year ended 31 December 2015

	Attributable to the owners of the parent									Total equity RM'000
	Non-distributable					Distributable				
	Share capital RM'000	Share premium RM'000	Merger deficit RM'000	Available-for-sale reserves RM'000	Employee share option reserves RM'000	Foreign currency translation reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	
At 1 January 2015	75,176	173,343	(13,838)	(4,012)	2,169	1,461	172,401	406,700	38,511	445,211
Net profit for the year	-	-	-	-	-	-	68,972	68,972	3,911	72,883
Other comprehensive (loss)/ income for the year	-	-	-	(785)	-	4,144	-	3,359	(152)	3,207
Total comprehensive (loss)/ income for the year	-	-	-	(785)	-	4,144	68,972	72,331	3,759	76,090
Grant of equity-settled share options to employees	-	-	-	-	2,535	-	-	2,535	-	2,535
Dividends on ordinary shares	-	-	-	-	-	-	(30,371)	(30,371)	(1,846)	(32,217)
At 31 December 2015	75,176	173,343	(13,838)	(4,797)	4,704	5,605	211,002	451,195	40,424	491,619
At 1 January 2014	75,176	173,343	(13,838)	(3,296)	-	-	129,087	360,472	37,133	397,605
Net profit for the year	-	-	-	-	-	-	72,332	72,332	3,754	76,086
Other comprehensive (loss)/ income for the year	-	-	-	(716)	-	1,461	-	745	(199)	546
Total comprehensive (loss)/ income for the year	-	-	-	(716)	-	1,461	72,332	73,077	3,555	76,632
Grant of equity-settled share options to employees	-	-	-	-	2,169	-	-	2,169	-	2,169
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(2,177)	(2,177)
Dividends on ordinary shares	-	-	-	-	-	-	(29,018)	(29,018)	-	(29,018)
At 31 December 2014	75,176	173,343	(13,838)	(4,012)	2,169	1,461	172,401	406,700	38,511	445,211

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

Tune Protect Group Berhad (948454-K)
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Condensed consolidated statement of cash flows
For the year ended 31 December 2015

	Cumulative quarters	
	12 months ended	
	31 Dec 2015	31 Dec 2014
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	76,523	81,302
Adjustments for:		
Non-cash items	(226)	1,989
Non-operating activities items	(60,405)	(168,123)
Operating profit/(loss) before working capital changes:	15,892	(84,832)
Net change in operating assets	(27,549)	(3,654)
Net change in operating liabilities	41,318	19,249
Cash generated from/(used in) operating activities	29,661	(69,237)
Net interest received	9,830	28,202
Net dividend received	10,913	1,107
Rental received	363	357
Retirement benefits paid	(272)	(186)
Income tax paid	(7,398)	(9,745)
Net cash generated from/(used in) operating activities	43,097	(49,502)
Cash flows from investing activities		
Proceeds from disposal of property and equipment	7	13,012
Purchase of property and equipment	(1,160)	(6,571)
Purchase of intangible assets	(1,304)	(2,328)
Net cash outflow on investment in joint venture	-	(433)
Net cash outflow on investment in associates	-	(41,233)
Net cash used in investing activities	(2,457)	(37,553)
Cash flows from financing activities		
Dividends paid to non-controlling interests	(1,846)	(2,177)
Dividend paid to equity holder	(30,371)	(29,018)
Repayment to former ultimate holding company	-	(325)
Net cash used in financing activities	(32,217)	(31,520)
Net increase/(decrease) in cash and cash equivalents	8,423	(118,575)
Effect of exchange rate changes on cash and cash equivalents	959	6
Cash and cash equivalents at beginning of year	70,207	188,776
Cash and cash equivalents at end of year	79,589	70,207
Cash and cash equivalents comprise:		
Fixed and call deposits (with maturity of less than three months) with licensed financial institutions	46,296	48,507
Cash and bank balances	33,293	21,700
	79,589	70,207

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

Tune Protect Group Berhad (948454-K)
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Explanatory Notes Pursuant to MFRS 134
For the year ended 31 December 2015

1. Basis of preparation

The condensed consolidated interim financial statements, for the year ended 31 December 2015, 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:

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Explanatory Notes Pursuant to MFRS 134
For the year ended 31 December 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
Annual Improvements to MFRSs 2012–2014 Cycle	1 January 2016
MFRS 15 Revenue from Contracts	1 January 2018
MFRS 9 Financial Instruments	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 Protect Group Berhad (948454-K)
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Explanatory Notes Pursuant to MFRS 134
For the year ended 31 December 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 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 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
	Cumulative quarters 12 months ended													
Operating revenue														
External	142	315	17,386	10,624	59,419	59,252	9	377	403,237	387,518	-	(7,016)	480,193	451,070
Inter-segment	28,649	68,241	-	-	68,361	51,111	244	-	10,124	-	(107,378)	(119,352)	-	-
	<u>28,791¹</u>	<u>68,556</u>	<u>17,386</u>	<u>10,624</u>	<u>127,780²</u>	<u>110,363</u>	<u>253</u>	<u>377</u>	<u>413,361³</u>	<u>387,518</u>	<u>(107,378)</u>	<u>(126,368)</u>	<u>480,193⁴</u>	<u>451,070</u>
Segment profit/(loss)	<u>11,791</u>	<u>47,779</u>	<u>15,538</u>	<u>9,752</u>	<u>65,907</u>	<u>57,377</u>	<u>147</u>	<u>252</u>	<u>26,835</u>	<u>27,258</u>	<u>(43,695)</u>	<u>(61,116)</u>	<u>76,523</u>	<u>81,302</u>
Segment assets	<u>316,132</u>	<u>321,974</u>	<u>465,801</u>	<u>417,419</u>	<u>128,484</u>	<u>71,740</u>	<u>10,991</u>	<u>11,460</u>	<u>947,723</u>	<u>859,716</u>	<u>(660,983)</u>	<u>(590,951)</u>	<u>1,208,148</u>	<u>1,091,358</u>
Segment liabilities	<u>13,963</u>	<u>4,628</u>	<u>188</u>	<u>163</u>	<u>30,238</u>	<u>23,094</u>	<u>-</u>	<u>609</u>	<u>715,060</u>	<u>638,495</u>	<u>(42,920)</u>	<u>(20,842)</u>	<u>716,529</u>	<u>646,147</u>

¹ investment income

² included investment income of RM1,489k

³ included investment income of RM17,774k

⁴ included investment income of RM25,364k

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Explanatory Notes Pursuant to MFRS 134
For the year ended 31 December 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 TPG 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 12 months ended	
	31 Dec 2015 RM'000	31 Dec 2014 RM'000	31 Dec 2015 RM'000	31 Dec 2014 RM'000
Rental income from investment property	88	93	363	357
Interest income:				
- available-for-sale financial assets	302	(2,680)	1,209	931
- loan and receivables	4,385	3,802	16,464	13,624
- fair value through profit or loss financial assets	1,373	1,130	4,104	1,130
Share of investment income from Malaysian Motor Insurance Pool ("MMIP")	3,678	7,479	3,678	7,479
Dividend income:				
- available-for-sale financial assets	144	3,142	804	4,053
- fair value through profit or loss financial assets	1	71	121	71
	9,971	13,037	26,743	27,645
Net accretion of discounts/(amortisation of premiums) on investments	1	(4)	2	(130)
	9,972	13,033	26,745	27,515

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

	Current quarter 3 months ended		Cumulative quarters 12 months ended	
	31 Dec 2015 RM'000	31 Dec 2014 RM'000	31 Dec 2015 RM'000	31 Dec 2014 RM'000
Depreciation of property and equipment	484	602	1,702	1,706
Depreciation of investment property	6	6	27	27
Amortisation of intangible assets	526	651	1,961	1,826
(Reversal of)/Allowance for impairment losses of insurance receivables	(2,797)	126	(3,008)	263

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Explanatory Notes Pursuant to MFRS 134
For the year ended 31 December 2015

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

	Current quarter 3 months ended		Cumulative quarters 12 months ended	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	RM'000	RM'000	RM'000	RM'000
Realised losses/(gains) on disposal of:				
- property and equipment	99	(2)	100	(4,136)
- investment in an associate	74	-	74	-
- fair value through profit & loss	512	-	512	-
- available-for-sale financial assets	(937)	(357)	(658)	(1,677)
Realised (gains)/losses	(252)	(359)	28	(5,813)
Fair value losses/(gains) on financial assets carried at fair value through profit & loss	255	257	375	(356)
Gain on foreign exchange- realised	(1,637)	(244)	(2,261)	(121)
Loss/(Gain) on foreign exchange- unrealised	1,575	(630)	(1,751)	(400)

9. Taxation

	Current quarter 3 months ended		Cumulative quarters 12 months ended	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	RM'000	RM'000	RM'000	RM'000
Income tax benefit/(expense)	(2,139)	(3,376)	(4,297)	(5,613)
Deferred tax (expense)/benefit	(41)	(269)	657	397
	(2,180)	(3,645)	(3,640)	(5,216)
Effective tax rate	8%	13%	5%	6%

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 and tax relief in relation to payment to MMIP in current year.

10. Earnings per share

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

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Explanatory Notes Pursuant to MFRS 134
For the year ended 31 December 2015

10. Earnings per share (contd.)

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		12 months ended	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Profit net of tax attributable to owners of the parent (RM'000)	23,486	22,572	68,972	72,332
Weighted average number of ordinary shares in issue ('000)	751,760	751,760	751,760	751,760
Effects of dilution- Employees' Share Option Scheme ('000)	-	1,502	-	1,626
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	751,760	753,262	751,760	753,386
Basic earnings per share (sen per share)	3.12	3.00	9.17	9.62
Diluted earnings per share (sen per share)	3.12	3.00	9.17	9.60

11. Share capital and share premium

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

12. Dividends

The final single tier dividend of 4.04 sen per ordinary share of RM0.10 each on 751,759,980 ordinary shares for the financial year ended 31 December 2014, amounting to RM30,371,103 was approved by shareholders on 5 June 2015 and was paid on 3 July 2015.

No interim dividend has been declared for the financial year ended 31 December 2015.

Tune Protect Group Berhad (948454-K)
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Explanatory Notes Pursuant to MFRS 134
For the year ended 31 December 2015

13. Capital commitments

	<u>As at</u> <u>31 Dec</u> <u>2015</u> <u>RM'000</u>	<u>As at</u> <u>31 Dec</u> <u>2014</u> <u>RM'000</u>
Approved but not contracted for:		
- Property and equipment	<u>17,794</u>	<u>7,867</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
PT Indonesia AirAsia ("PTAA")	Related company
SP&G Insurance Brokers ("SP&G")	Related company
Tune Group Sdn Bhd ("TGSB")	Related company

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

	<u>Current quarter</u> <u>3 months ended</u>		<u>Cumulative quarters</u> <u>12 months ended</u>	
	<u>31 Dec</u> <u>2015</u> <u>RM'000</u>	<u>31 Dec</u> <u>2014</u> <u>RM'000</u>	<u>31 Dec</u> <u>2015</u> <u>RM'000</u>	<u>31 Dec</u> <u>2014</u> <u>RM'000</u>
AAB				
Fee and commission expenses	(4,474)	(3,240)	(16,498)	(11,741)
Data management fee	(23)	(31)	(97)	(178)
AAX				
Fee and commission expenses	(1,248)	(838)	(4,325)	(3,021)

Tune Protect Group Berhad (948454-K)
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Explanatory Notes Pursuant to MFRS 134
For the year ended 31 December 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.)

	Current quarter		Cumulative quarters	
	3 months ended		12 months ended	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	RM'000	RM'000	RM'000	RM'000
PTAA				
Telemarketing commission expenses	(4)	(6)	(19)	(31)
Fee and commission expenses	(165)	(211)	(836)	(836)
TGSB				
Royalty fee	(2,337)	-	(10,546)	(1,000)
SP&G				
Brokerage fee	(67)	(64)	(1,524)	(1,508)

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 Protect Group Berhad (948454-K)
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Explanatory Notes Pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A

For the year ended 31 December 2015

17. Performance review

17.1 Current quarter ("4Q15") against corresponding quarter in prior year ("4Q14")

	Investment holding and others		Collective investment schemes		General reinsurance		Life reinsurance		General insurance		Adjustments and eliminations		Consolidated	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 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
	Current quarter 3 months ended													
Operating revenue														
External	7	53	4,987	4,318	15,694	15,940	1	311	111,958	112,492	-	(7,016)	132,647	126,098
Inter-segment	657	45,450	-	-	19,811	13,776	-	-	2,742	(3,345)	(23,210)	(55,881)	-	-
	664	45,503	4,987	4,318	35,505	29,716	1	311	114,700	109,147	(23,210)	(62,897)	132,647	126,098
Segment (loss)/profit	(3,451)	30,469	4,424	3,836	20,150	16,672	(17)	135	12,125	12,090	(5,872)	(35,424)	27,359	27,778

Group/Consolidated

The Group's operating revenue increased by RM5.2 million from RM126.1 million in 4Q14 to RM132.6 million in 4Q15, mainly due to increase of RM9.6 million in gross earned premiums ("GEP") offset by decrease of RM3.1 million in investment income.

The decrease of RM0.4 million or 1.5% in Group's profit before tax ("PBT"), from RM27.8 million in 4Q14 to RM27.4 million in 4Q15 was mainly due to the loss incurred by an associate in 4Q15 arising from higher marketing and advertising costs and higher personnel costs, offset by increase in PBT of general reinsurance.

General reinsurance

Operating revenue of this segment increased by RM5.8 million from RM29.7 million in 4Q14 to RM35.5 million in 4Q15 mainly due to increase in GEP (including inter-segment) from the Malaysian market.

The increase of RM3.5 million in segment profit was mainly contributed by increase in net earned premiums from the Malaysian market.

General insurance

Operating revenue of this segment increased by RM5.6 million from RM109.1 million in 4Q14 to RM114.7 million in 4Q15, mainly due to increase in GEP of RM8.4 million mainly from the fire, motor and travel class of businesses, offset by decrease of RM2.8 million in investment income due to lower share of investment income from MMIP.

Segment profit for 4Q15 and 4Q14 is consistent at RM12.1 million respectively.

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17. Performance review (cont'd.)

17.2 Current year to date ("YTD 2015") against corresponding year to date ("YTD 2014")

	Investment holding and others		Collective investment schemes		General reinsurance		Life reinsurance		General insurance		Adjustments and eliminations		Consolidated	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 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
	Cumulative quarters 12 months ended													
Operating revenue														
External	142	315	17,386	10,624	59,419	59,252	9	377	403,237	387,518	-	(7,016)	480,193	451,070
Inter-segment	28,649	68,241	-	-	68,361	51,111	244	-	10,124	-	(107,378)	(119,352)	-	-
	<u>28,791</u>	<u>68,556</u>	<u>17,386</u>	<u>10,624</u>	<u>127,780</u>	<u>110,363</u>	<u>253</u>	<u>377</u>	<u>413,361</u>	<u>387,518</u>	<u>(107,378)</u>	<u>(126,368)</u>	<u>480,193</u>	<u>451,070</u>
Segment profit/(loss)	11,791	47,779	15,538	9,752	65,907	57,377	147	252	26,835	27,258	(43,695)	(61,116)	76,523	81,302

Group/Consolidated

The Group's operating revenue increased from RM451.1 million in YTD 2014 to RM480.2 million in YTD 2015. The increase of RM29.1 million was due to increase of RM29.9 million in GEP, offset by RM0.8 million in the reduction of investment income.

The decrease of RM4.8 million or 6% in Group's PBT, from RM81.3 million in YTD 2014 to RM76.5 million in YTD 2015 was mainly due to loss from an associate arising from higher marketing and advertising costs and higher personnel costs.

General reinsurance

Operating revenue of this segment increased from RM110.4 million in YTD 2014 to RM127.8 million in YTD 2015. The increase of RM17.4 million was mainly contributed by the growth in GEP from the Malaysian and Middle East market.

The increase of RM8.5 million in this segment profit was mainly contributed by increase of RM16.9 million in net earned premiums from the Malaysian and Middle East markets, offset by an increase of RM8.6 million in net commission in line with the business growth.

General insurance

There was an increase of RM25.8 million in operating revenue of this segment, from RM387.5 million in YTD 2014 to RM413.4 million in YTD 2015, which was mainly due to increase of RM28.1 million in GEP mainly from motor (higher retention ratio), fire, medical and travel class of businesses offset by decrease of RM2.3 million in investment income due to lower share of investment income from MMIP.

Profit of this segment decreased from RM27.3 million in YTD 2014 to RM26.8 million in YTD 2015.

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17. Performance review (cont'd.)

17.3 Current quarter ("4Q15") against preceding quarter in current year ("3Q15")

	Investment holding and others		Investment schemes		General reinsurance		Life reinsurance		General insurance		Adjustments and eliminations		Consolidated	
	31 Dec 2015	30 Sept 2015	31 Dec 2015	30 Sept 2015	31 Dec 2015	30 Sept 2015	31 Dec 2015	30 Sept 2015	31 Dec 2015	30 Sept 2015	31 Dec 2015	30 Sept 2015	31 Dec 2015	30 Sept 2015
	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	7	63	4,987	3,914	15,694	13,316	1	-	111,958	103,753	-	-	132,647	121,046
Inter-segment	657	17,532	-	-	19,811	17,317	-	62	2,742	2,561	(23,210)	(37,472)	-	-
	664	17,595	4,987	3,914	35,505	30,633	1	62	114,700	106,314	(23,210)	(37,472)	132,647	121,046
Segment (loss)/profit	(3,451)	12,245	4,424	3,473	20,150	16,502	(17)	41	12,125	2,920	(5,872)	(21,759)	27,359	13,422

Group/Consolidated

The Group's operating revenue increased from RM121.0 million in 3Q15 to RM132.6 million in 4Q15. The increase of RM11.6 million was due to the increases of RM7.1 million in GEP and RM4.5 million in investment income, respectively.

Segment profit of the Group increased from RM13.4 million in 3Q15 to RM27.3 million in 4Q15 mainly due to increase in the profit of RM3.6 million in general reinsurance segment and RM9.2 million in general insurance segment.

General reinsurance

There was an increase of RM4.9 million in operating revenue of this segment mainly due to increase in GEP in Malaysia, Thailand and Singapore markets.

Profit from this segment increased by RM3.6 million mainly due to increase in net earned premiums in Malaysia, Thailand and Singapore markets.

General insurance

Operating revenue of this segment increased from RM106.3 million in 3Q15 to RM114.7 million in 4Q15. The increase of RM8.4 million was mainly due to increase of RM4.6 million in GEP from motor, medical and marine class of businesses and RM3.7 million in investment income mainly contributed by share of investment income from MMIP.

The increase of RM9.2 million in segment profit was mainly due to lower net claims incurred for the current quarter, mainly from motor and marine class of businesses.

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18. Commentary on prospects

Throughout 2015, the Group faced considerable headwinds in the regional travel industry such as the QZ8501 incident, Bangkok bombings, MERS scare and severe haze conditions in ASEAN while the domestic general insurance industry faced slower growth of +2-3% with lingering issues around weak macro-economic sectors and currency volatility. Nonetheless, the Group posted respectable growth in Operating Revenue of +6.5% and Net Earned Premium of +13.8%.

Global Travel

- Posted strong 4Q2015 performance resulting in +22.2% increase in Gross Written Premiums for 2015, despite softness from regional disturbances and economic volatility.

TIMB

- Posted growth in profitable classes of business with improved underwriting margin of +2% in 2015 compared to loss margin of -1% in 2014, despite decline in consumer confidence post GST implementation.
- Of 15 classes of businesses, only Group Medical and Motor posted losses.

Middle East JV (Tune Protect Commercial Brokerage LLC)

- Recorded +100% surge in PAT over 2014 and expect to see continued growth across multiple distribution channels, despite recent events in the Gulf region and impact of low oil prices.

Thailand Associate (TIPCL)

- Continued growth in core segments of business namely Osotspa and Travel insurance.
- Heavy investments in marketing, in growing our brand and foray into direct business with notable wins such as partnership with AIS, a leading telecom operator, are expected to bring about profitability in 2016.

For 2016, the Group remains confident that all lines of businesses will maintain continued growth. Global Travel business will benefit from favourable trends in the regional travel industry such as visa waivers and ratification of open skies. Our General insurance entities are expected to outpace the forecasted industry average growth through expanded distribution penetration and product innovation.

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19. Profit forecast or profit guarantee

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

20. Status of corporate proposal

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.

On 24 August 2015, the contracting parties have mutually agreed to terminate the Conditional Agreements as they have not been able to meet the conditions precedent mentioned in the Conditional Binding Offer Letter to acquire a 50% plus 1 share equity interest in ASM. The deposit has been fully refunded and received by the Company on 28 August 2015.

The said termination is not expected to have any material financial impact on the earnings of the Company for the financial year ending 31 December 2015 nor will it impact future earnings growth as we remain steadfast and focused on our expansion plans in ASEAN markets. The contracting parties are free to explore with other partners unconditionally and while this transaction would have expedited our growth plans, we stand committed to executing our expansion strategy for Indonesia accordingly.

Surrender of Labuan reinsurance licence by a wholly owned subsidiary, Tune LifeRe Ltd ("TLR")

The Company's wholly owned subsidiary, TLR, has received a letter from Labuan Financial Services Authority ("LFSA") that pursuant to Section 169 of the Labuan Financial Services and Securities Act 2010 ("LFSSA"), LFSA has no objection for TLR to surrender its Labuan reinsurance licence bearing certificate number IS2011112 effective from 4 September 2015 and to comply with the requirements as imposed by LFSA.

On 16 February 2016, TLR has been placed under Member's Voluntary Winding-up pursuant to the provision of Section 131(1) of the Labuan Companies Act, 1990 applying Section 254(1)(b) of the Companies Act, 1965.

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20. Status of corporate proposal (cont'd.)

Surrender of Labuan reinsurance licence by a wholly owned subsidiary, Tune LifeRe Ltd ("TLR") (cont'd.)

Mr. Tan Chin Fah of Messrs KBCF Tan, 1st Floor, U0510, Lazenda Commercial Centre, Phase II, Jalan Tun Mustapha, 87000 Federal Territory of Labuan had been appointed as liquidator of TLR.

Surrender of Labuan reinsurance licence by a wholly owned subsidiary, Tune Insurance (Labuan) Ltd ("TIL")

The Company's wholly owned subsidiary, TLR, has received a letter from Labuan Financial Services Authority ("LFSA") that pursuant to Section 169(1) of the Labuan Financial Services and Securities Act 2010 ("LFSSA"), LFSA has no objection for TLR to surrender its Labuan captive insurer's licence bearing certificate number IS200999 effective from 23 September 2015 and to comply with the requirements as imposed by LFSA.

Change of company name

On 27 July 2015, the Board of Directors of the Company announced that the Company is proposing to change its name from "Tune Ins Holdings Berhad" to "Tune Protect Group Berhad" ("Proposed Change of Name").

The Proposed Change of Name is to create a more distinct corporate identity for the Company to better reflect the dynamic and holistic business activities and branding of the Group.

The use of the proposed name "Tune Protect Group Berhad" has been approved and reserved by the Companies Commission of Malaysia ("CCM"). The Proposed Change of Name has been approved by shareholders of the Company at the Extraordinary General Meeting on 26 August 2015 at Sime Darby Convention Centre.

On 9 September 2015, the Company has received the Certificate of Incorporation on Change of Name of Company (Form 13) dated 8 September 2015 issued by CCM. Accordingly, the Company's name has been changed to "Tune Protect Group Berhad" with effect from 8 September 2015.

21. Material litigation

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

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22. Disclosure of nature of outstanding derivatives

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

23. Rationale for entering into derivatives

The Group did not enter into any derivatives during the year ended 31 December 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 year ended 31 December 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 measured at fair value through profit or loss as at 31 December 2015 and 31 December 2014.

26. Breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group as at 31 December 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 Dec</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	266,917	223,964
- Unrealised	(549)	(1,399)
	<u>266,368</u>	<u>222,565</u>
Less: Consolidation adjustments	(55,366)	(50,164)
Total retained earnings as per statement of financial position	<u>211,002</u>	<u>172,401</u>

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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