



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

Interim Financial Statements

For the Quarter and Three Months Ended 31 March 2016

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

Condensed consolidated statement of financial position
As at 31 March 2016

	As at 31 Mar 2016 Unaudited RM'000	As at 31 Dec 2015 Audited RM'000
Assets		
Property and equipment	8,920	8,891
Investment property	2,947	2,954
Intangible assets	4,497	4,884
Investments in associates	47,140	47,788
Investments in a joint venture company	1,256	1,251
Goodwill	24,165	24,165
Deferred tax assets	452	-
Investments	602,007	587,622
Reinsurance assets	261,097	244,802
Insurance receivables	189,650	132,273
Other receivables	130,892	123,063
Cash and bank balances	41,259	33,293
Total assets	1,314,282	1,210,986
Equity		
Share capital	75,176	75,176
Share premium	173,343	173,343
Merger deficit	(13,838)	(13,838)
Available-for-sale reserves	(5,050)	(4,969)
Employee share option reserve	5,175	4,705
Foreign currency translation reserve	3,571	5,777
Retained earnings	233,630	211,002
Equity attributable to owners of the parent	472,007	451,196
Non-controlling interests	42,059	40,424
Total equity	514,066	491,620
Liabilities		
Insurance contract liabilities	611,574	577,288
Deferred tax liabilities	-	1,106
Provision for taxation	41	18
Insurance payables	142,978	87,550
Retirement benefits	520	530
Other payables	45,103	52,874
Total liabilities	800,216	719,366
Total equity and liabilities	1,314,282	1,210,986
Net assets per ordinary share attributable to owners of the parent (RM)	0.63	0.60

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2015.

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

Condensed consolidated statement of comprehensive income
For the period ended 31 March 2016

		Current quarter	
		3 months ended	
		31 Mar	31 Mar
		2016	2015
Note		RM'000	RM'000
	Operating revenue	129,544	111,246
	Gross earned premiums	123,314	105,666
	Premiums ceded to reinsurers	(40,675)	(39,683)
	Net earned premiums	82,639	65,983
	Investment income	6,230	5,580
	Realised gains and losses	-	(26)
	Fair value gains and losses	361	518
	Fees and commission income	10,779	6,242
	Other operating income	144	1,783
	Other revenue	17,514	14,097
	Gross claims paid	(40,871)	(32,075)
	Claims ceded to reinsurers	22,191	12,931
	Gross changes to contract liabilities	(7,392)	(12,956)
	Change in contract liabilities ceded to reinsurers	(2,803)	5,879
	Net claims	(28,875)	(26,221)
	Fee and commission expenses	(22,709)	(18,388)
	Management expenses	(21,184)	(19,062)
	Other operating expenses	(2,951)	-
	Other expenses	(46,844)	(37,450)
	Share of results of associates	1,436	768
	Share of results of a joint venture company	127	128
	Profit before taxation	25,997	17,305
	Taxation	(1,714)	(103)
	Net profit for the period	24,283	17,202
	Other comprehensive income/(loss):		
	Effect of post-acquisition foreign exchange translation reserve on investment in an associate and a joint venture company	(2,206)	2,019
	(Loss)/Gain on fair value changes of available-for-sale ("AFS") investments	(126)	180
	Realised gain transferred to profit or loss	-	(30)
	Share of other comprehensive income of associates	-	28
	Deferred tax relating to components of other comprehensive income	25	9
	Net other comprehensive (loss)/income for the period	(2,307)	2,206
	Total comprehensive income for the period	21,976	19,408

Tune Protect Group Berhad (948454-K)
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Condensed consolidated statement of comprehensive income (contd.)
For the period ended 31 March 2016

	Current quarter	
	3 months ended	
	31 Mar	31 Mar
	2016	2015
Note	RM'000	RM'000
Profit attributable to:		
Owners of the parent	22,628	16,480
Non-controlling interests	1,655	722
	24,283	17,202
Total comprehensive income attributable to:		
Owners of the parent	20,341	18,649
Non-controlling interests	1,635	759
	21,976	19,408
Basic and diluted earnings per share attributable to owners of the parent (sen per share)		
	10	3.01
		2.19

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2015.

Tune Protect Group Berhad (948454-K)
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Condensed consolidated statement of changes in equity
For the period ended 31 March 2016

	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
At 1 January 2016	75,176	173,343	(13,838)	(4,969)	4,705	5,777	211,002	451,196	40,424	491,620
Net profit for the period	-	-	-	-	-	-	22,628	22,628	1,655	24,283
Other comprehensive loss for the period	-	-	-	(81)	-	(2,206)	-	(2,287)	(20)	(2,307)
Total comprehensive (loss)/ income for the period	-	-	-	(81)	-	(2,206)	22,628	20,341	1,635	21,976
Grant of equity-settled share options to employees	-	-	-	-	470	-	-	470	-	470
At 31 March 2016	75,176	173,343	(13,838)	(5,050)	5,175	3,571	233,630	472,007	42,059	514,066
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 period	-	-	-	-	-	-	16,480	16,480	722	17,202
Other comprehensive income 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
At 31 March 2015	75,176	173,343	(13,838)	(3,862)	2,169	3,480	188,881	425,349	39,270	464,619

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2015.

Tune Protect Group Berhad (948454-K)
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Condensed consolidated statement of cash flows
For the period ended 31 March 2016

	Cumulative quarters	
	3 months ended	
	31 Mar 2016	31 Mar 2015
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	25,997	17,305
Adjustments for:		
Non-cash items	3,893	383
Non-operating activities items	(8,153)	(6,969)
Operating profit before working capital changes	21,737	10,719
Net change in operating assets	(28,717)	(18,632)
Net change in operating liabilities	25,597	18,728
Cash generated from operating activities	18,617	10,815
Net interest received	3,120	1,443
Net dividend received	3,327	2,129
Rental received	92	86
Retirement benefits paid	-	(7)
Income tax paid	(1,840)	(1,857)
Net cash generated from operating activities	23,316	12,609
Cash flows from investing activities		
Purchases of AFS financial assets	(1,093)	(1,032)
Purchase of fair value through profit or loss ("FVTPL") financial assets	(35,335)	(6,682)
Proceeds from disposal of AFS financial assets	-	1,266
Proceeds from disposal of FVTPL financial assets	27,500	3,779
Increase in loans and receivables ("LAR")	(606)	(6,026)
Proceeds from disposal of property and equipment	-	1
Purchase of property and equipment	(530)	(316)
Purchase of intangible assets	(124)	(423)
Net cash used in investing activities	(10,188)	(9,433)
Net increase in cash and cash equivalents	13,128	3,176
Effect of exchange rate changes on cash and cash equivalents	(1,743)	-
Cash and cash equivalents at beginning of period	79,589	70,207
Cash and cash equivalents at end of period	90,974	73,383
Cash and cash equivalents comprise:		
Fixed and call deposits (with maturity of less than three months) with licensed financial institutions	49,715	51,879
Cash and bank balances	41,259	21,504
	90,974	73,383

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2015.

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

Explanatory Notes Pursuant to MFRS 134 **For the period ended 31 March 2016**

1. Basis of preparation

The condensed consolidated interim financial statements, for the period ended 31 March 2016, 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 2015.

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 2015.

2. Changes in accounting policies

2.1 Adoption of Amendments to MFRSs and IC Interpretations

On 1 January 2016, the Group adopted the following new and amended MFRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2016.

- Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- MFRS 14 Regulatory Deferral Accounts
- Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants
- Amendments to MFRS 127: Equity Method in Separate Financial Statements
- Annual Improvements to MFRSs 2012–2014 Cycle
- Amendments to MFRS 101: Disclosure Initiative
- Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities - Applying the Consolidation Exception

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

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Explanatory Notes Pursuant to MFRS 134
For the period ended 31 March 2016

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

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 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 107: Disclosure Initiatives	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
MFRS 9 Financial Instruments	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019

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 period ended 31 March 2016

5. Segment information

The Group is organised into business units based on their products and services, and has five 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 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 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
Operating revenue														
External	5	52	4,969	4,248	17,291	15,156	-	5	107,279	91,785	-	-	129,544 ⁴	111,246
Inter-segment	23,256	721	-	-	17,581	15,090	-	91	3,204	1,939	(44,041)	(17,841)	-	-
	<u>23,261¹</u>	<u>773</u>	<u>4,969</u>	<u>4,248</u>	<u>34,872²</u>	<u>30,246</u>	<u>-</u>	<u>96</u>	<u>110,483³</u>	<u>93,724</u>	<u>(44,041)</u>	<u>(17,841)</u>	<u>129,544</u>	<u>111,246</u>
Segment (loss)/profit	<u>18,853</u>	<u>(2,331)</u>	<u>4,763</u>	<u>3,843</u>	<u>16,582</u>	<u>15,169</u>	<u>-</u>	<u>103</u>	<u>11,547</u>	<u>3,817</u>	<u>(25,748)</u>	<u>(3,296)</u>	<u>25,997</u>	<u>17,305</u>
Segment assets	<u>335,386</u>	<u>322,309</u>	<u>473,567</u>	<u>423,466</u>	<u>123,575</u>	<u>91,270</u>	<u>10,991</u>	<u>11,495</u>	<u>1,044,098</u>	<u>923,312</u>	<u>(673,335)</u>	<u>(602,251)</u>	<u>1,314,282</u>	<u>1,169,601</u>
Segment liabilities	<u>13,917</u>	<u>7,318</u>	<u>193</u>	<u>365</u>	<u>31,251</u>	<u>26,955</u>	<u>-</u>	<u>545</u>	<u>801,555</u>	<u>698,085</u>	<u>(46,700)</u>	<u>(28,286)</u>	<u>800,216</u>	<u>704,982</u>

¹ investment income of RM23,262k

² included investment income of RM455k

³ included investment income of RM4,444k

⁴ included investment income of RM6,230k

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Explanatory Notes Pursuant to MFRS 134
For the period ended 31 March 2016

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	
	31 Mar	31 Mar
	2016	2015
	RM'000	RM'000
Rental income from investment property	92	86
Interest income:		
- available-for-sale financial assets	302	302
- loan and receivables	4,619	4,031
- fair value through profit or loss financial assets	1,094	960
Dividend income:		
- available-for-sale financial assets	122	183
- fair value through profit or loss financial assets	-	17
	<u>6,229</u>	<u>5,579</u>
Net accretion of discounts	1	1
	<u>6,230</u>	<u>5,580</u>

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

	Current quarter	
	3 months ended	
	31 Mar	31 Mar
	2016	2015
	RM'000	RM'000
Depreciation of property and equipment	546	375
Depreciation of investment property	8	7
Amortisation of intangible assets	466	453
(Reversal of)/Allowance for impairment losses of insurance receivables	(164)	85

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Explanatory Notes Pursuant to MFRS 134
For the period ended 31 March 2016

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

	Current quarter	
	3 months ended	
	31 Mar	31 Mar
	2016	2015
	RM'000	RM'000
Realised losses on disposal of:		
- property and equipment	-	2
- available-for-sale financial assets	-	24
Realised losses	-	26
Fair value gain on financial assets carried at fair value through profit & loss	(361)	(518)
Loss/(Gain) on foreign exchange- realised	20	(542)
Loss/(Gain) on foreign exchange- unrealised	2,931	(585)

9. Taxation

	Current quarter	
	3 months ended	
	31 Mar	31 Mar
	2016	2015
	RM'000	RM'000
Income tax expense	2,104	509
Deferred tax benefit	(390)	(406)
	1,714	103
Effective tax rate	7%	1%

The Group's effective tax rate is lower than the statutory tax rate mainly due to certain subsidiary based in Labuan has elected to be taxed at RM20,000 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.

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Explanatory Notes Pursuant to MFRS 134
For the period ended 31 March 2016

10. Earnings per share (contd.)

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

	Current quarter	
	3 months ended	
	31 Mar	31 Mar
	2016	2015
Profit net of tax attributable to owners of the parent (RM'000)	22,628	16,480
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)	751,760	751,760
Basic earnings per share (sen per share)	3.01	2.19
Diluted earnings per share (sen per share)	3.01	2.19

11. Share capital and share premium

During the three months ended 31 March 2016, there were no movements in share capital and share premium.

12. Dividends

There were no dividends declared during the three months ended 31 March 2016.

13. Capital commitments

	As at	As at
	31 Mar	31 Dec
	2016	2015
	RM'000	RM'000
Approved and contracted for:		
- Property and equipment	448	-
Approved but not contracted for:		
- Property and equipment	17,325	17,784
	17,773	17,784

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Explanatory Notes Pursuant to MFRS 134
For the period ended 31 March 2016

14. Contingencies

There were no contingent assets or liabilities as at the date of this report, other than liabilities arising from insurance contract underwritten in the ordinary course of business of the Group.

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
Thai AirAsia Co. Ltd ("TAA")	Related company
Tune Group Sdn Bhd ("TGSB")	Related company

	Current quarter	
	3 months ended	
	31 Mar	31 Mar
	2016	2015
	RM'000	RM'000
AAB		
Fee and commission expenses	(4,189)	(3,879)
Data management fee	(21)	(26)
AAX		
Fee and commission expenses	(1,253)	(1,025)
PTAA		
Telemarketing commission expenses	(4)	(3)
Fee and commission expenses	(153)	(227)
TAA		
Telemarketing commission expenses	(26)	(18)
Fee and commission expenses	(102)	(113)
TGSB		
Royalty fee	(3,036)	(2,917)
SP&G		
Brokerage fee	(343)	(274)

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

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Explanatory Notes Pursuant to MFRS 134
For the period ended 31 March 2016

16. Events after the reporting period

16.1 Final Dividend

On 3 May 2016, the Company has announced a final single tier dividend of 5 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 2015, will be paid in cash, on 1 July 2016 if it is approved at the next AGM to be held on 3 June 2016.

16.2 Change in Principal Officer

On 20 May 2016, the Company has announced that the Board of Directors of TPG ("the Board") has approved the appointment of Encik Razman Hafidz Abu Zarim ("Encik Razman") as the Group Managing Director and Chief Executive Officer ("CEO") of TPG following the recommendation from the Nomination and Remuneration Committee of TPG. Encik Razman's appointment will only take effect upon receipt of the relevant regulatory authority's approval.

Upon receiving the relevant regulatory authority's approval, Encik Razman will relinquish his position as Chairman of the Board. Mr. Ng Siek Chuan, an Independent Director of the Board, has agreed to temporarily take the Chair during the search for Encik Razman's successor.

The Board has also accepted the resignation of Mr. Junior Namjick Cho as the CEO of TPG who will leave TPG on 15 July 2016 due to personal reasons.

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Explanatory Notes Pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A
For the period ended 31 March 2016

17. Performance review

17.1 Current quarter ("1Q16") against corresponding quarter in prior year ("1Q15")

	Investment holding and others		Collective investment schemes		General reinsurance		Life reinsurance		General insurance		Adjustments and eliminations		Consolidated	
	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 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	5	52	4,969	4,248	17,291	15,156	-	5	107,279	91,785	-	-	129,544	111,246
Inter-segment	23,256	721	-	-	17,581	15,090	-	91	3,204	1,939	(44,041)	(17,841)	-	-
	23,261	773	4,969	4,248	34,872	30,246	-	96	110,483	93,724	(44,041)	(17,841)	129,544	111,246
Segment profit/(loss)	18,853	(2,331)	4,763	3,843	16,582	15,169	-	103	11,547	3,817	(25,748)	(3,296)	25,997	17,305

Group/Consolidated

The Group's operating revenue increased by RM18.3 million from RM111.2 million in 1Q15 to RM129.5 million in 1Q16, due to an increase of RM17.6 million in gross earned premiums ("GEP") and RM0.7 million in investment income from investment collective schemes.

The increase of RM8.7 million or 50% in Group's profit before tax ("PBT"), from RM17.3 million in 1Q15 to RM26.0 million in 1Q16 was mainly contributed by the growth of PBT in both general reinsurance and general insurance segments of RM1.4 million and RM7.7 million respectively.

General reinsurance

Operating revenue of this segment increased by RM4.7 million, from RM30.2 million in 1Q15 to RM34.9 million in 1Q16, mainly due to an increase of RM4.4 million in GEP (including inter-segment) of Malaysian, Cebu and Middle East markets.

There was an increase of RM1.4 million in PBT, mainly due to increase of RM4.4 million in net earned premiums in Malaysian and Middle East markets, offset by an increase in foreign exchange loss.

General insurance

Operating revenue of this segment increased by RM16.8 million from RM93.7 million in 1Q15 to RM110.5 million in 1Q16, mainly due to increase of RM15.5 million in GEP of fire class of business, and increase of RM1.3 million in investment income.

PBT of this segment increased from RM3.8 million in 1Q15 to RM11.5 million in 1Q16 mainly due to the increase of RM12.3 million in net earned premiums of motor, medical and fire class of businesses, offset by an increase of RM2.5 million in net claims and RM2.6 million in management expenses due to staff costs, printing and stationery, and renewal of billboards.

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Explanatory Notes Pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A
For the period ended 31 March 2016

17. Performance review (cont'd.)

17.2 Current quarter ("1Q16") against preceding quarter in prior year ("4Q15")

	Investment holding and others		investment schemes		General reinsurance		Life reinsurance		General insurance		Adjustments and eliminations		Consolidated	
	31 Mar 2016	31 Dec 2015	31 Mar 2016	31 Dec 2015	31 Mar 2016	31 Dec 2015	31 Mar 2016	31 Dec 2015	31 Mar 2016	31 Dec 2015	31 Mar 2016	31 Dec 2015	31 Mar 2016	31 Dec 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	5	7	4,969	4,987	17,291	15,694	-	1	107,279	111,958	-	-	129,544	132,647
Inter-segment	23,256	657	-	-	17,581	19,811	-	-	3,204	2,742	(44,041)	(23,210)	-	-
	23,261	664	4,969	4,987	34,872	35,505	-	1	110,483	114,700	(44,041)	(23,210)	129,544	132,647
Segment profit/(loss)	18,853	30,469	4,763	3,836	16,582	16,672	-	135	11,547	12,090	(25,748)	(35,424)	25,997	27,778

Group/Consolidated

The Group's operating revenue decreased from RM132.6 million in 4Q15 to RM129.5 million in 1Q16. The decrease of RM3.1 million was due to decrease of RM3.7 million in investment income of general insurance, offset by increase of RM0.6 million in GEP.

There was a decrease of RM1.8 million in Group's PBT mainly due to increase in marketing costs in relation to digital marketing campaign in line with the Group's vision on being a leading digital insurer and unrealised foreign exchange loss in investment holding company.

General reinsurance

There was a decrease of RM0.6 million in operating revenue of this segment, mainly due to the decrease in GEP (including inter-segment) of Malaysian market, offset by the growth in Thailand market.

The PBT of general reinsurance is consistent at RM16.6 million in both 1Q16 and 4Q15.

General insurance

Operating revenue of this segment decreased from RM114.7 million in 4Q15 to RM110.5 million in 1Q16. The decrease of RM4.2 million in operating revenue was mainly due to a minimal decrease of RM0.9 million in GEP and a decrease of RM3.3 million in investment income, due to higher share of Malaysian Motor Insurance Pool ("MMIP") investment income in 4Q15, compared to none for the current quarter.

The decrease in profit of this segment of RM0.5 million is minimal.

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18. Commentary on prospects

For the first quarter of 2016, the Group noted continued macro economic weakness and currency volatility for Malaysia and ASEAN countries from 2015. We anticipate this to continue into the remainder of this year. Despite this, regional travel demonstrated resiliency with strong passenger growth for our airline partners driven by favourable fare pricing and depressed prices. The general insurance industry delivered mid-single digit growth over same period last year, particularly with Malaysia posting a 5.8% growth in first quarter of this year vs. same period last year.

The Group delivered +16.5% increase in operating revenues (OR), +25.2% in net earned premiums (NEP), and +41.3% in profit after tax (PAT).

Global Travel posted strong double digit growth for both OR (+15.3%) and PAT (+10.0%) from consistent execution of ROI-driven, customer focus, marketing initiatives. We expect to see this trend continue commensurate with the increasing number of passenger travelling domestically and internationally.

Our Malaysian insurance entity delivered an underwriting margin of 14.1% boosted by lower claims across all classes of businesses. OR and PAT grew by +17.9% and +164.8% respectively. In the start of 2016, we took remedial steps to improve our product profitability and are pleased to note that our Group Medical has turned profitable compared to 2015 and have also seen improvements in our Motor class of business.

Our Thailand associate delivered a strong profit growth of +111.1% after re-balancing our product and client account portfolios and rationalisation our marketing investments, especially after posting a loss in 2015. Our core lines of business of Osotspa and AirAsia continue to be strong profit contributors and we have launched a number of new profitable partnerships to continue our profit momentum for the remainder of the year.

Our Middle East JV continues with strong top line growth of +31.4% despite volatility in the Gulf with recent socio-political uncertainties and impact of low prices. We expect with our expansion into B2B and new product launches, we are on track to maintain a stronger profit contribution over last year.

Looking ahead, the Group remains confident that we will see continued growth for the remainder of the year. Global Travel will benefit from continued growth with the recent full ratification of ASEAN Open Skies which will drive increased capacity and new routes for passengers coupled with continued efforts by governments to implement visa waiver. We anticipate that our General insurance entities will continue to outpace the industry average with new product innovation and expanded channel partnerships.

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19. Profit forecast or profit guarantee

The Group did not issue any profit forecast or profit guarantee for the financial period ending 31 March 2016.

20. Status of corporate proposal

There were no corporate proposals 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 derivative transactions during the period ended 31 March 2016 or the previous year ended 31 December 2015.

24. Risks and policies for derivatives

The Group did not enter into any derivative transactions during the period ended 31 March 2016 or the previous year ended 31 December 2015.

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 2016 and 31 December 2015.

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26. Breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group as at 31 March 2016 and 31 December 2015 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>2016</u> <u>RM'000</u>	<u>As at</u> <u>31 Dec</u> <u>2015</u> <u>RM'000</u>
Total retained earnings of the Company and its subsidiaries:		
- Realised	289,626	266,923
- Unrealised	(159)	(549)
	<u>289,467</u>	<u>266,374</u>
Less: Consolidation adjustments	(55,837)	(55,372)
Total retained earnings as per statement of financial position	<u>233,630</u>	<u>211,002</u>

27. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2015 was not qualified.

By order of the Board

Jasmindar Kaur A/P Sarban Singh
Company Secretary