



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

Interim Financial Statements

For the Quarter and Six Months Ended 30 June 2016

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

Condensed consolidated statement of financial position
As at 30 June 2016

	As at 30 June 2016 Unaudited RM'000	As at 31 December 2015 Audited RM'000
Assets		
Property and equipment	8,823	8,891
Investment property	2,940	2,954
Intangible assets	4,265	4,884
Investments in associates	48,830	47,788
Investments in a joint venture company	550	1,251
Goodwill	24,165	24,165
Deferred tax assets	177	-
Investments	602,581	587,622
Reinsurance assets	233,686	244,802
Insurance receivables	183,237	132,273
Other receivables	122,463	123,063
Cash and bank balances	34,497	33,293
Total assets	1,266,214	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 ("AFS") reserves	(5,015)	(4,969)
Employee share option reserve	5,559	4,705
Foreign currency translation reserve	4,175	5,777
Retained earnings	222,510	211,002
Equity attributable to owners of the parent	461,910	451,196
Non-controlling interests	45,237	40,424
Total equity	507,147	491,620
Liabilities		
Insurance contract liabilities	577,751	577,288
Deferred tax liabilities	-	1,106
Provision for taxation	19	18
Insurance payables	134,139	87,550
Retirement benefits	493	530
Other payables	46,665	52,874
Total liabilities	759,067	719,366
Total equity and liabilities	1,266,214	1,210,986
Net assets per ordinary share attributable to owners of the parent (RM)	0.61	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 30 June 2016

	Note	Current quarter		Cumulative quarters	
		3 months ended		6 months ended	
		30 June 2016	30 June 2015	30 June 2016	30 June 2015
		RM'000	RM'000	RM'000	RM'000
Operating revenue		125,535	115,254	255,079	226,500
Gross earned premiums		116,380	109,492	239,694	215,158
Premiums ceded to reinsurers		(33,496)	(38,401)	(74,171)	(78,084)
Net earned premiums		82,884	71,091	165,523	137,074
Investment income	7	9,155	5,762	15,385	11,342
Realised gains and losses		23	693	23	667
Fair value gains and losses		119	(712)	480	(194)
Fees and commission income		5,191	9,742	15,970	15,984
Other operating income		1,792	705	320	1,946
Other revenue		16,280	16,190	32,178	29,745
Gross claims paid		(48,212)	(43,600)	(89,083)	(75,675)
Claims ceded to reinsurers		23,877	23,067	46,068	35,998
Gross changes to contract liabilities		28,668	(7,025)	21,276	(19,981)
Change in contract liabilities ceded to reinsurers		(20,405)	1,221	(23,208)	7,101
Net claims		(16,072)	(26,337)	(44,947)	(52,557)
Fee and commission expenses		(20,489)	(20,759)	(43,198)	(39,147)
Management expenses		(27,596)	(22,160)	(48,780)	(40,680)
Other operating expenses		(645)	-	(1,980)	-
Other expenses		(48,730)	(42,919)	(93,958)	(79,827)
Share of results of associates		699	305	2,135	1,073
Share of results of a joint venture company		112	106	239	234
Profit before taxation	8	35,173	18,436	61,170	35,742
Taxation	9	(5,536)	(1,210)	(7,250)	(1,313)
Net profit for the period		29,637	17,226	53,920	34,429

Tune Protect Group Berhad (948454-K)
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Condensed consolidated statement of comprehensive income (cont'd.)
For the period ended 30 June 2016

	Current quarter		Cumulative quarters	
	3 months ended		6 months ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
Note	RM'000	RM'000	RM'000	RM'000
Other comprehensive income/(loss):				
Effect of post-acquisition foreign exchange translation reserve on investments in an associate	604	357	(1,602)	2,375
Gain/(loss) on fair value changes of AFS investments	60	57	(66)	237
Realised gain transferred to profit or loss	-	(786)	-	(816)
Share of other comprehensive loss of an associate	-	(54)	-	(26)
Impairment loss of quoted equities	-	149	-	149
Deferred tax relating to components of other comprehensive (loss)/income	(16)	164	9	173
Net other comprehensive income/(loss) for the period	648	(113)	(1,659)	2,092
Total comprehensive income for the period	30,285	17,113	52,261	36,521
Profit attributable to:				
Owners of the parent	26,468	16,143	49,096	32,624
Non-controlling interests	3,169	1,083	4,824	1,805
	29,637	17,226	53,920	34,429
Total comprehensive income attributable to:				
Owners of the parent	27,107	16,112	47,448	34,761
Non-controlling interests	3,178	1,001	4,813	1,760
	30,285	17,113	52,261	36,521
Earnings per share attributable to owners of the parent (sen per share)				
Basic	10	3.52	2.15	6.53
Diluted	10	3.52	2.15	4.34

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 30 June 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	-	-	-	-	-	-	49,096	49,096	4,824	53,920
Other comprehensive loss for the period	-	-	-	(46)	-	(1,602)	-	(1,648)	(11)	(1,659)
Total comprehensive (loss)/ income for the period	-	-	-	(46)	-	(1,602)	49,096	47,448	4,813	52,261
Grant of equity-settled share options to employees	-	-	-	-	854	-	-	854	-	854
Dividends on ordinary shares	-	-	-	-	-	-	(37,588)	(37,588)	-	(37,588)
At 30 June 2016	75,176	173,343	(13,838)	(5,015)	5,559	4,175	222,510	461,910	45,237	507,147
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	-	-	-	-	-	-	32,624	32,624	1,805	34,429
Other comprehensive (loss)/ income for the period	-	-	-	(238)	-	2,375	-	2,137	(45)	2,092
Total comprehensive (loss)/ income for the period	-	-	-	(238)	-	2,375	32,624	34,761	1,760	36,521
Grant of equity-settled share options to employees	-	-	-	-	1,035	-	-	1,035	-	1,035
Dividends on ordinary shares	-	-	-	-	-	-	(30,371)	(30,371)	-	(30,371)
At 30 June 2015	75,176	173,343	(13,838)	(4,250)	3,204	3,836	174,654	412,125	40,271	452,396

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 30 June 2016

	Cumulative quarters	
	6 months ended	
	30 June 2016	30 June 2015
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	61,170	35,742
Adjustments for:		
Non-cash items	3,832	830
Non-operating activities items	(18,261)	(13,122)
Operating profit before working capital changes:	46,741	23,450
Net change in operating assets	11,380	(87,894)
Net change in operating liabilities	(53,160)	98,454
Cash generated from operating activities	4,961	34,010
Net interest received	7,209	3,920
Net dividend received	7,049	14,393
Rental received	185	180
Retirement benefits paid	(27)	(14)
Income tax paid	(3,695)	(3,788)
Net cash generated from operating activities	15,682	48,701
Cash flows from investing activities		
Purchases of AFS financial assets	(2,178)	(2,118)
Purchases of fair value through profit or loss ("FVTPL") financial assets	(119,274)	(51,449)
Proceeds from maturities/disposal of AFS financial assets	4,000	2,481
Proceeds from disposal of FVTPL financial assets	87,586	26,758
Increase in loans and receivables	9,052	26,109
Proceeds from disposal of property and equipment	-	6
Purchase of property and equipment	(964)	(496)
Purchase of intangible assets	(434)	(666)
Net cash (used in)/generated from investing activities	(22,212)	625
Cash flows from financing activities		
Dividends paid to equity holder, representing net cash used in financing activities	-	(30,371)
Net (decrease)/increase in cash and cash equivalents	(6,530)	18,955
Effect of exchange rate changes on cash and cash equivalents	(939)	-
Cash and cash equivalents at beginning of period	79,589	70,207
Cash and cash equivalents at end of period	72,120	89,162

Tune Protect Group Berhad (948454-K)
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Condensed consolidated statement of cash flows (cont'd.)
For the period ended 30 June 2016

	Cumulative quarters	
	6 months ended	
	30 June 2016	30 June 2015
	RM'000	RM'000
Cash and cash equivalents comprise:		
Fixed and call deposits (with maturity of less than three months) with licensed financial institutions	37,623	63,651
Cash and bank balances	34,497	25,511
	72,120	89,162

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 30 June 2016**

1. Basis of preparation

The condensed consolidated interim financial statements, for the period ended 30 June 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.

**Explanatory Notes Pursuant to MFRS 134
For the period ended 30 June 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 during the period.

Tune Protect Group Berhad (948454-K)
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Explanatory Notes Pursuant to MFRS 134
For the period ended 30 June 2016

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
General insurance business	: Underwriting of all classes of general insurance business

	Investment holding and others		Collective investment schemes		General reinsurance		General insurance		Adjustments and eliminations		Consolidated	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015	30 June 2016	30 June 2015	30 June 2016	30 June 2015	30 June 2016	30 June 2015	30 June 2016	30 June 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
	Cumulative quarters 6 months ended											
Operating revenue												
External	13	80	9,810	8,485	33,051	30,409	212,205	187,526	-	-	255,079	226,500
Inter-segment	43,303	10,642	-	-	34,332	31,233	6,092	4,821	(83,727)	(46,696)	-	-
	43,316 ¹	10,722	9,810	8,485	67,383 ²	61,642	218,297 ³	192,347	(83,727)	(46,696)	255,079 ⁴	226,500
Segment profit	33,959	3,120	9,272	7,641	31,064	29,255	35,845	11,790	(48,970)	(16,064)	61,170	35,742
Segment assets	312,693	306,481	466,863	406,389	129,143	109,401	1,019,651	1,022,249	(662,136)	(598,793)	1,266,214	1,245,727
Segment liabilities	2,355	4,556	190	413	31,690	31,004	758,250	790,692	(33,418)	(33,334)	759,067	793,331

¹ investment income

² included investment income of RM958k

³ included investment income of RM11,626k

⁴ included investment income of RM15,385k

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Explanatory Notes Pursuant to MFRS 134
For the period ended 30 June 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		Cumulative quarters 6 months ended	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Rental income from investment property	92	94	184	180
Interest income:				
- AFS financial assets	303	303	605	605
- loan and receivables	4,473	4,011	9,092	8,042
- FVTPL financial assets	1,112	1,023	2,206	1,983
Share of investment income from Malaysian Motor Insurance Pool ("MMIP")	2,769	-	2,769	-
Dividend income:				
- AFS financial assets	105	267	227	450
- FVTPL financial assets	301	64	301	81
	9,155	5,762	15,384	11,341
Net accretion of discounts	-	-	1	1
	9,155	5,762	15,385	11,342

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

	Current quarter 3 months ended		Cumulative quarters 6 months ended	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Depreciation of property and equipment	582	420	1,128	795
Depreciation of investment property	6	7	14	14
Amortisation of intangible assets	493	498	959	951
Allowance for/(Reversal of) impairment losses of insurance receivables	370	(305)	206	(220)

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Explanatory Notes Pursuant to MFRS 134
For the period ended 30 June 2016

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

	Current quarter		Cumulative quarters	
	3 months ended		6 months ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	RM'000	RM'000	RM'000	RM'000
Realised (gains)/losses on disposal of:				
- property and equipment	-	(1)	-	1
- FVTPL financial assets	(23)	-	(23)	-
- AFS financial assets	-	(692)	-	(668)
Realised gains	(23)	(693)	(23)	(667)
Fair value (gains)/losses on financial assets carried at FVTPL	(119)	712	(480)	194
Loss/(Gain) on foreign exchange- realised	624	361	644	(181)
(Gain)/Loss on foreign exchange- unrealised	(1,617)	(283)	1,314	(868)

9. Taxation

	Current quarter		Cumulative quarters	
	3 months ended		6 months ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	RM'000	RM'000	RM'000	RM'000
Income tax expense	5,277	1,444	7,381	1,953
Deferred tax expense/(benefit)	259	(234)	(131)	(640)
	5,536	1,210	7,250	1,313
Effective tax rate	16%	7%	12%	4%

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.

Tune Protect Group Berhad (948454-K)
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Explanatory Notes Pursuant to MFRS 134
For the period ended 30 June 2016

10. Earnings per share (cont'd.)

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

	Current quarter		Cumulative quarters	
	3 months ended		6 months ended	
	30 June	30 June	30 June	30 June
	2016	2015	2016	2015
Profit net of tax attributable to owners of the parent (RM'000)	26,468	16,143	49,096	32,624
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)	-	750	-	736
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	751,760	752,510	751,760	752,496
Basic earnings per share (sen per share)	3.52	2.15	6.53	4.34
Diluted earnings per share (sen per share)	3.52	2.15	6.53	4.34

11. Share capital and share premium

During the three months ended 30 June 2016, there were no movements in share capital and share premium.

12. Dividends

The final single tier dividend of 5 sen per ordinary share of RM0.10 each on 751,759,980 ordinary shares for the financial year ended 31 December 2015, amounting to RM37,587,999 was approved by shareholders on 3 June 2016 and was paid on 1 July 2016.

No interim dividend has been declared for the financial period ended 30 June 2016.

Tune Protect Group Berhad (948454-K)
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Explanatory Notes Pursuant to MFRS 134
For the period ended 30 June 2016

13. Fair value measurement

The Group uses the following hierarchy for determining the fair values of AFS financial assets and FVTPL financial assets, included under investments:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

The following table shows an analysis of financial assets recorded at fair value by level of the fair value hierarchy:

	Date of valuation	Quoted market price (Level 1) RM'000	Observable inputs (Level 2) RM'000	Unobservable inputs (Level 3) RM'000	Total RM'000
Assets measured at fair value:					
30 June 2016					
AFS financial assets:					
Debt securities:					
Unquoted in Malaysia	30 June 2016	-	24,491	-	24,491
Unit and property trust funds:					
Quoted in Malaysia	30 June 2016	10,062	-	-	10,062
		<u>10,062</u>	<u>24,491</u>	<u>-</u>	<u>34,553</u>
Financial assets at FVTPL:					
Debt securities:					
Unquoted in Malaysia	30 June 2016	-	96,952	-	96,952
Unit trust funds:					
Quoted in Malaysia	30 June 2016	52,256	-	-	52,256
		<u>52,256</u>	<u>96,952</u>	<u>-</u>	<u>149,208</u>

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Explanatory Notes Pursuant to MFRS 134
For the period ended 30 June 2016

13. Fair value measurement (cont'd.)

The following table shows an analysis of financial assets recorded at fair value by level of the fair value hierarchy: (cont'd.)

	Date of valuation	Quoted market price (Level 1) RM'000	Observable inputs (Level 2) RM'000	Unobservable inputs (Level 3) RM'000	Total RM'000
Assets measured at fair value: (cont'd.)					
31 December 2015					
AFS financial assets:					
Debt securities:					
Unquoted in Malaysia	31 December 2015	-	24,548	-	24,548
Unit and property trust funds:					
Quoted in Malaysia	31 December 2015	13,846	-	-	13,846
		<u>13,846</u>	<u>24,548</u>	<u>-</u>	<u>38,394</u>
Financial assets at FVTPL:					
Debt securities:					
Unquoted in Malaysia	31 December 2015	-	94,669	-	94,669
Unit trust funds:					
Quoted in Malaysia	31 December 2015	10,049	-	-	10,049
		<u>10,049</u>	<u>94,669</u>	<u>-</u>	<u>104,718</u>
Assets for which fair values are disclosed:					
30 June 2016 / 31 December 2015					
Investment property	31 December 2015	-	-	2,850	2,850

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Explanatory Notes Pursuant to MFRS 134
For the period ended 30 June 2016

14. Capital commitments

	<u>As at</u> <u>30 June</u> <u>2016</u> <u>RM'000</u>	<u>As at</u> <u>31 Dec</u> <u>2015</u> <u>RM'000</u>
Approved but not contracted for:		
- Property and equipment	16,735	17,784

15. 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.

16. Related party transactions

Details of the relationship between the Group and its related parties are as described below.

Name of company	Relationship
AirAsia Berhad ("AAB")	Major shareholder of the Company
AirAsia X Berhad ("AAX")	Person connected to AAB
PT Indonesia AirAsia ("PTAA")	Person connected to AAB
SP&G Insurance Brokers ("SP&G")	SP&G is a company owned by Dato' Zakaria Bin Meranun, the brother of Datuk Kamarudin Bin Meranun, a Director and person connected to the Company's major shareholders, AAB and TGSB
Thai AirAsia Co. Ltd ("TAA")	Person connected to AAB
Tune Group Sdn Bhd ("TGSB")	Major shareholder of the 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>6 months ended</u>	
	<u>30 June</u> <u>2016</u> <u>RM'000</u>	<u>30 June</u> <u>2015</u> <u>RM'000</u>	<u>30 June</u> <u>2016</u> <u>RM'000</u>	<u>30 June</u> <u>2015</u> <u>RM'000</u>
AAB				
Fee and commission expenses	(3,899)	(3,581)	(8,088)	(7,460)
Data management fee	(19)	(25)	(40)	(51)

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Explanatory Notes Pursuant to MFRS 134
For the period ended 30 June 2016

16. Related party transactions (cont'd.)

The following table provides information on the transactions which have been entered into with related parties during the following period: (cont'd.)

	Current quarter		Cumulative quarters	
	3 months ended		6 months ended	
	30 June	30 June	30 June	30 June
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
AAX				
Fee and commission expenses	(1,062)	(945)	(2,315)	(1,970)
PTAA				
Telemarketing commission expenses	(3)	(7)	(7)	(10)
Fee and commission expenses	(109)	(216)	(262)	(443)
TAA				
Telemarketing commission expenses	(28)	(18)	(54)	(36)
Fee and commission expenses	(99)	(60)	(201)	(173)
TGSB				
Royalty fee	(2,917)	(2,375)	(5,953)	(5,292)
SP&G				
Brokerage fee	(169)	(1,050)	(512)	(1,324)

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

17. Events after the reporting period

17.1 Change in principal officer

On 19 July 2016, the Company has announced the resignation of Miss Tan Ah Moi as the Chief Financial Officer of the Company with effect from 19 August 2016.

17.2 Member's Voluntary Winding-up of a wholly owned subsidiary, Tune LifeRe Ltd ("TLR")

On 16 February 2016, the Board of Directors of the Company has announced that 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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17. Events after the reporting period (cont'd.)

17.2 Member's Voluntary Winding-up of 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 ("the liquidator").

On 20 July 2016, TLR has received the confirmation from the liquidator that the winding up of TLR has been completed and that TLR shall be dissolved effective 18 October 2016.

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18. Performance review

18.1 Current quarter ("2Q16") against corresponding quarter in prior year ("2Q15")

	Investment holding and others		Collective investment schemes		General reinsurance		General insurance		Adjustments and eliminations		Consolidated	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015	30 June 2016	30 June 2015	30 June 2016	30 June 2015	30 June 2016	30 June 2015	30 June 2016	30 June 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
	Current quarter 3 months ended											
Operating revenue	8	23	4,841	4,237	15,760	15,253	104,926	95,741	-	-	125,535	115,254
External	20,047	9,830	-	-	16,751	16,143	2,888	2,882	(39,686)	(28,855)	-	-
Inter-segment	20,055	9,853	4,841	4,237	32,511	31,396	107,814	98,623	(39,686)	(28,855)	125,535	115,254
Segment (loss)/profit	15,106	5,348	4,509	3,798	14,482	14,086	24,298	7,974	(23,222)	(12,770)	35,173	18,436

Group/Consolidated

The Group's operating revenue increased by RM10.2 million from RM115.3 million in 2Q15 to RM125.5 million in 2Q16, due to increase of RM6.9 million in gross earned premiums ("GEP") and RM3.3 million in investment income.

The increase of RM16.8 million or 91.3% in Group's profit before tax ("PBT"), from RM18.4 million in 2Q15 to RM35.2 million in 2Q16 was mainly contributed by the increases in pre-tax profits of RM16.3 million in general insurance and RM0.4 million in general reinsurance.

General reinsurance

Operating revenue of this segment increased by RM1.1 million from RM31.4 million in 2Q15 to RM32.5 million in 2Q16 mainly due to increase of RM1.0 million in GEP of Malaysia and Middle East markets, offset by decrease in Thailand market.

The increase of RM0.4 million in segment profit was minimal.

General insurance

Operating revenue of this segment increased by RM9.2 million from RM98.6 million in 2Q15 to RM107.8 million in 2Q16, due to:

- increase of RM6.3 million in GEP, mainly from motor and travel class of businesses, offset by decreases in medical and fire class of businesses; and
- investment income higher by RM2.9 million after share of MMIP's investment income in current quarter.

Profit of this segment increased by RM16.3 million, from RM8.0 million in 2Q15 to RM24.3 million in 2Q16, was mainly due to impact of MMIP including share of release of claims liabilities, higher net earned premiums and higher investment income.

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18. Performance review (cont'd.)

18.2 Current year to date ("YTD 2016") against corresponding year to date ("YTD 2015")

	Investment holding and others		Collective investment schemes		General reinsurance		General insurance		Adjustments and eliminations		Consolidated	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015	30 June 2016	30 June 2015	30 June 2016	30 June 2015	30 June 2016	30 June 2015	30 June 2016	30 June 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
	Cumulative quarters 6 months ended											
Operating revenue												
External	13	80	9,810	8,485	33,051	30,409	212,205	187,526	-	-	255,079	226,500
Inter-segment	43,303	10,642	-	-	34,332	31,233	6,092	4,821	(83,727)	(46,696)	-	-
	43,316	10,722	9,810	8,485	67,383	61,642	218,297	192,347	(83,727)	(46,696)	255,079	226,500
Segment profit/(loss)	33,959	3,120	9,272	7,641	31,064	29,255	35,845	11,790	(48,970)	(16,064)	61,170	35,742

Group/Consolidated

The Group's operating revenue increased from RM226.5 million in YTD 2015 to RM255.1 million in YTD 2016. The increase of RM28.6 million was due to increase of RM24.5 million in GEP and RM4.1 million in investment income.

The increase of RM25.5 million or 71.4% in Group's pre-tax profits, from RM35.7 million in YTD 2015 to RM61.2 million in YTD 2016 was mainly due to increase of RM24.1 million in general insurance segment and RM1.8 million in general reinsurance segment.

General reinsurance

Operating revenue of this segment increased from RM61.6 million in YTD 2015 to RM67.4 million in YTD 2016. The increase of RM5.8 million was mainly contributed by the growth in GEP from Malaysia, Middle East, Singapore and Philippines markets, offset by decreases in Indonesia and Thailand markets.

The increase of RM1.8 million in segment profit was mainly contributed by the increase in net earned premiums in Malaysia and Middle East markets, offset by higher foreign exchange loss and commission expense in current period.

General insurance

There was an increase of RM26.0 million in operating revenue of this segment, from RM192.3 million in YTD 2015 to RM218.3 million in YTD 2016, due to an increase of RM21.8 million in GEP mainly from motor and fire class of businesses and higher investment income of RM4.2 million.

The increase of RM24.0 million in pre-tax profits was mainly due to increase of RM20.4 million in net earned premiums of motor, medical, fire and engineering class of businesses and impact of MMIP of RM18.4 million (including share of release of claims liabilities), offset by increases of RM3.0 million in net fees and commission, RM5.6 million in net claims, RM5.9 million in management expenses.

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18. Performance review (cont'd.)

18.3 Current quarter ("2Q16") against preceding quarter in current year ("1Q16")

	Investment holding and others		Collective investment schemes		General reinsurance		General insurance		Adjustments and eliminations		Consolidated	
	30 June 2016	31 Mar 2016	30 June 2016	31 Mar 2016	30 June 2016	31 Mar 2016	30 June 2016	31 Mar 2016	30 June 2016	31 Mar 2016	30 June 2016	31 Mar 2016
	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	8	5	4,841	4,969	15,760	17,291	104,926	107,279	-	-	125,535	129,544
Inter-segment	20,047	23,256	-	-	16,751	17,581	2,888	3,204	(39,686)	(44,041)	-	-
	<u>20,055</u>	<u>23,261</u>	<u>4,841</u>	<u>4,969</u>	<u>32,511</u>	<u>34,872</u>	<u>107,814</u>	<u>110,483</u>	<u>(39,686)</u>	<u>(44,041)</u>	<u>125,535</u>	<u>129,544</u>
Segment (loss)/profit	15,106	18,853	4,509	4,763	14,482	16,582	24,298	11,547	(23,222)	(25,748)	35,173	25,997

Group/Consolidated

The Group's operating revenue decreased from RM129.5 million in 1Q16 to RM125.5 million in 2Q16. The decrease of RM4.0 million was due to decrease of RM6.9 million in GEP offset by increase of RM2.9 million in investment income.

Segment profit of the Group increased by RM9.2 million from RM26.0 million in 1Q16 to RM35.2 million in 2Q16, due to an increase of RM12.8 million in pre-tax profits in general insurance, offset by decreases of RM2.1 million in pre-tax profits in general reinsurance and RM0.7 million in share of profits of associates in Thailand.

General reinsurance

There was a decrease of RM2.4 million in operating revenue of this segment mainly due to decrease in GEP of Malaysia, Thailand, Indonesia, China and India markets in current quarter.

Profit of this segment decreased by RM2.1 million mainly due to decrease in net earned premiums in Malaysia and Thailand markets.

General insurance

Operating revenue of this segment decreased from RM110.5 million in 1Q16 to RM107.8 million in 2Q16. The decrease of RM2.7 million was mainly due to decrease of RM5.4 million in GEP mainly in marine and fire class of businesses, offset by increase of RM2.7 million in investment income from MMIP.

The increase of RM12.8 million in pre-tax profit was mainly due to impact from MMIP of RM16.1 million (including share of release of claims liabilities) offset by increase of RM4.0 million in fees and commission.

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19. Commentary on prospects

The macro economic weakness and currency volatility for Malaysia and some ASEAN countries in 2015 has continued into the first half of 2016. We do not expect this to change for the second half of this year. However, we anticipate regional travel to remain resilient as our airline partners continued to enjoy strong passenger growth. The general insurance industry is projected to show single digit growth.

The Group delivered +12.6% increase in operating revenues (OR), +20.8% in net earned premiums (NEP), and +56.6% in profit after tax (PAT).

Our marketing initiatives in global travel reinsurance business has resulted in reasonable growth in both OR and PAT in the first half of 2016. We foresee this trend to continue in second half of 2016.

Our Malaysian insurance entity delivered a strong underwriting margin in the first half of the year. We expect they are on track to outpace the industry average growth.

For second half of the year, our oversea ventures are expected to sustain their strong performance in first half.

Based on the above, the Group remains positive that the growth will continue for the remaining of the year.

20. Profit forecast or profit guarantee

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

21. Status of corporate proposal

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

22. Material litigation

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

23. Disclosure of nature of outstanding derivatives

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

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24. Rationale for entering into derivatives

The Group did not enter into any derivatives during the period ended 30 June 2016 or the previous year ended 31 December 2015.

25. Risks and policies for derivatives

The Group did not enter into any derivatives during the period ended 30 June 2016 or the previous year ended 31 December 2015.

26. 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 30 June 2016 and 31 December 2015.

27. Breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group as at 30 June 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>30 June</u> <u>2015</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	291,678	266,923
- Unrealised	(418)	(549)
	<u>291,260</u>	<u>266,374</u>
Less: Consolidation adjustments	(68,750)	(55,372)
Total retained earnings per statement of financial position	<u>222,510</u>	<u>211,002</u>

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28. 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