



Tune Protect Group Berhad (948454-K)

Interim Financial Statements

For the Quarter and Nine Months Ended 30 September 2016

Tune Protect Group Berhad (948454-K)

Condensed consolidated statement of financial position As at 30 September 2016

| | As at 30 Sept 2016 Unaudited RM'000 | As at 31 Dec 2015 Audited RM'000 |
|--|--|---|
| Assets | | |
| Property and equipment | 8,426 | 8,891 |
| Investment property | 2,933 | 2,954 |
| Intangible assets | 3,877 | 4,884 |
| Investments in associates | 50,445 | 47,788 |
| Investments in a joint venture company | 1,200 | 1,251 |
| Goodwill | 24,165 | 24,165 |
| Investments | 621,094 | 587,622 |
| Reinsurance assets | 207,183 | 244,802 |
| Insurance receivables | 153,505 | 132,273 |
| Other receivables | 110,318 | 123,063 |
| Cash and bank balances | 58,814 | 33,293 |
| Total assets | 1,241,960 | 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 | (4,860) | (4,969) |
| Employee share option reserve | 5,738 | 4,705 |
| Foreign currency translation reserve | 6,007 | 5,777 |
| Retained earnings | 236,846 | 211,002 |
| Equity attributable to owners of the parent | 478,412 | 451,196 |
| Non-controlling interests | 44,346 | 40,424 |
| Total equity | 522,758 | 491,620 |
| Liabilities | | |
| Insurance contract liabilities | 555,789 | 577,288 |
| Deferred tax liabilities | 311 | 1,106 |
| Provision for taxation | 18 | 18 |
| Insurance payables | 111,885 | 87,550 |
| Retirement benefits | 424 | 530 |
| Other payables | 50,775 | 52,874 |
| Total liabilities | 719,202 | 719,366 |
| Total equity and liabilities | 1,241,960 | 1,210,986 |
| Net assets per ordinary share attributable to owners of the parent (RM) | 0.64 | 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)

Condensed consolidated statement of comprehensive income For the period ended 30 September 2016

| | Note | Current quarter | | Cumulative quarters | |
|---|------|-----------------|-----------------|---------------------|------------------|
| | | 3 months ended | | 9 months ended | |
| | | 30 Sept 2016 | 30 Sept 2015 | 30 Sept 2016 | 30 Sept 2015 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Operating revenue | | 126,076 | 122,771 | 381,155 | 349,271 |
| Gross earned premiums | | 119,425 | 115,615 | 359,119 | 330,773 |
| Premiums ceded to reinsurers | | (36,676) | (34,872) | (110,847) | (112,956) |
| Net earned premiums | | 82,749 | 80,743 | 248,272 | 217,817 |
| Investment income | 7 | 6,651 | 7,156 | 22,036 | 18,498 |
| Realised gains and losses | | 40 | (947) | 63 | (280) |
| Fair value gains and losses | | 431 | 74 | 911 | (120) |
| Fees and commission income | | 6,182 | 5,706 | 22,152 | 21,690 |
| Other operating income | | 2,001 | 4,843 | 998 | 7,454 |
| Other revenue | | 15,305 | 16,832 | 46,160 | 47,242 |
| Gross claims paid | | (40,564) | (45,539) | (129,647) | (121,214) |
| Claims ceded to reinsurers | | 15,247 | 21,226 | 61,315 | 57,224 |
| Gross changes to contract liabilities | | 11,668 | (5,947) | 32,944 | (25,928) |
| Change in contract liabilities ceded to reinsurers | | (17,493) | (8,692) | (40,701) | (1,591) |
| Net claims | | (31,142) | (38,952) | (76,089) | (91,509) |
| Fee and commission expenses | | (21,386) | (19,327) | (64,584) | (58,474) |
| Management expenses | | (29,246) | (24,471) | (78,026) | (65,828) |
| Other operating expenses | | (10) | (39) | (667) | (27) |
| Other expenses | | (50,642) | (43,837) | (143,277) | (124,329) |
| Share of results of associates | | 241 | (1,545) | 2,376 | (472) |
| Share of results of a joint venture company | | 190 | 181 | 429 | 415 |
| Profit before taxation | 8 | 16,701 | 13,422 | 77,871 | 49,164 |
| Taxation | 9 | (1,362) | (147) | (8,612) | (1,460) |
| Net profit for the period | | 15,339 | 13,275 | 69,259 | 47,704 |

Tune Protect Group Berhad (948454-K)

Condensed consolidated statement of comprehensive income (cont'd.)
For the period ended 30 September 2016

| | Current quarter | | Cumulative quarters | | |
|--|-----------------|-----------------|---------------------|-----------------|-------------|
| | 3 months ended | | 9 months ended | | |
| | 30 Sept 2016 | 30 Sept 2015 | 30 Sept 2016 | 30 Sept 2015 | |
| Note | RM'000 | RM'000 | RM'000 | RM'000 | |
| Other comprehensive income/(loss): | | | | | |
| Effect of post-acquisition foreign exchange translation reserve on investment in an associate | 1,832 | 1,477 | 230 | 3,852 | |
| Gain/(loss) on fair value changes of AFS financial assets | 256 | (2,368) | 190 | (2,131) | |
| Realised loss transferred to profit or loss | - | 1,096 | - | 280 | |
| Share of other comprehensive loss of an associate | - | - | - | (26) | |
| Impairment losses on quoted equities | - | 1,047 | - | 1,196 | |
| Deferred tax relating to components of other comprehensive (income)/loss | (70) | 60 | (61) | 233 | |
| Net other comprehensive income for the period | 2,018 | 1,312 | 359 | 3,404 | |
| Total comprehensive income for the period | 17,357 | 14,587 | 69,618 | 51,108 | |
| Profit attributable to: | | | | | |
| Owners of the parent | 14,336 | 12,862 | 63,432 | 45,486 | |
| Non-controlling interests | 1,003 | 413 | 5,827 | 2,218 | |
| | 15,339 | 13,275 | 69,259 | 47,704 | |
| Total comprehensive income attributable to: | | | | | |
| Owners of the parent | 16,323 | 14,200 | 63,771 | 48,961 | |
| Non-controlling interests | 1,034 | 387 | 5,847 | 2,147 | |
| | 17,357 | 14,587 | 69,618 | 51,108 | |
| Basic and diluted earnings per share attributable to owners of the parent (sen per share) | 10 | 1.91 | 1.71 | 8.44 | 6.05 |

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)

Condensed consolidated statement of changes in equity For the period ended 30 September 2016

| | Attributable to the owners of the parent | | | | | | 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 | Retained earnings | | | |
| | 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 | - | - | - | - | - | - | 63,432 | 63,432 | 5,827 | 69,259 |
| Other comprehensive income for the period | - | - | - | 109 | - | 230 | - | 339 | 20 | 359 |
| Total comprehensive income for the period | - | - | - | 109 | - | 230 | 63,432 | 63,771 | 5,847 | 69,618 |
| Grant of equity-settled share options to employees | - | - | - | - | 1,033 | - | - | 1,033 | - | 1,033 |
| Dividends on ordinary shares | - | - | - | - | - | - | (37,588) | (37,588) | (1,925) | (39,513) |
| At 30 September 2016 | 75,176 | 173,343 | (13,838) | (4,860) | 5,738 | 6,007 | 236,846 | 478,412 | 44,346 | 522,758 |
| 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 | - | - | - | - | - | - | 45,486 | 45,486 | 2,218 | 47,704 |
| Other comprehensive (loss)/ income for the period | - | - | - | (377) | - | 3,852 | - | 3,475 | (71) | 3,404 |
| Total comprehensive (loss)/ income for the period | - | - | - | (377) | - | 3,852 | 45,486 | 48,961 | 2,147 | 51,108 |
| Grant of equity-settled share options to employees | - | - | - | - | 2,274 | - | - | 2,274 | - | 2,274 |
| Dividends on ordinary shares | - | - | - | - | - | - | (30,371) | (30,371) | (1,846) | (32,217) |
| At 30 September 2015 | 75,176 | 173,343 | (13,838) | (4,389) | 4,443 | 5,313 | 187,516 | 427,564 | 38,812 | 466,376 |

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)

Condensed consolidated statement of cash flows For the period ended 30 September 2016

| | Cumulative quarters 9 months ended | |
|--|---------------------------------------|--------------|
| | 30 Sept 2016 | 30 Sept 2015 |
| | RM'000 | RM'000 |
| Cash flows from operating activities | | |
| Profit before taxation | 77,871 | 49,164 |
| Adjustments for: | | |
| Non-cash items | 3,939 | (466) |
| Non-operating activities items | (25,803) | (16,316) |
| Operating profit before working capital changes: | 56,007 | 32,382 |
| Net change in operating assets | 92,372 | (54,645) |
| Net change in operating liabilities | (66,510) | 75,542 |
| Cash generated from operating activities | 81,869 | 53,279 |
| Net interest received | 8,493 | 4,655 |
| Net dividend received | 10,830 | 8,003 |
| Rental received | 277 | 275 |
| Retirement benefits paid | (96) | (270) |
| Income tax paid | (5,529) | (5,561) |
| Net cash generated from operating activities | 95,844 | 60,381 |
| Cash flows from investing activities | | |
| Purchases of AFS financial assets | (3,218) | (3,171) |
| Purchases of financial assets at fair value through profit or loss ("FVTPL") | (138,431) | (35,929) |
| Proceeds from maturities/disposal of AFS financial assets | 7,173 | 3,077 |
| Proceeds from disposal of FVTPL financial assets | 92,500 | 29,127 |
| Increase in loans and receivables | (4,908) | (7,899) |
| Proceeds from disposal of property and equipment | 36 | 4 |
| Purchase of property and equipment | (1,135) | (676) |
| Purchase of intangible assets | (612) | (930) |
| Net cash used in investing activities | (48,595) | (16,397) |
| Cash flows from financing activities | | |
| Dividends paid to equity holder | (37,588) | (30,371) |
| Dividends paid to non-controlling interests | (1,925) | (1,846) |
| Net cash used in financing activities | (39,513) | (32,217) |
| Net increase in cash and cash equivalents | 7,736 | 11,767 |
| Effect of exchange rate changes on cash and cash equivalents | (221) | 348 |
| Cash and cash equivalents at beginning of period | 79,589 | 70,207 |
| Cash and cash equivalents at end of period | 87,104 | 82,322 |

Tune Protect Group Berhad (948454-K)

Condensed consolidated statement of cash flows (cont'd.) For the period ended 30 September 2016

| | Cumulative quarters | |
|--|----------------------------|---------------------|
| | 6 months ended | |
| | 30 Sept 2016 | 30 Sept 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 | 28,290 | 58,581 |
| Cash and bank balances | 58,814 | 23,741 |
| | 87,104 | 82,322 |

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)

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

1. Basis of preparation

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

- MFRS 14 *Regulatory Deferral Accounts*
- Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*
- 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 Initiatives*
- 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 September 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 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | Deferred |
| Amendments to MFRS 107 <i>Disclosure Initiatives</i> | 1 January 2017 |
| Amendments to MFRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i> | 1 January 2017 |
| Amendments to MFRS 2 <i>Classification and Measurement of Share-Based Payment Transactions</i> | 1 January 2018 |
| MFRS 9 <i>Financial Instruments</i> | 1 January 2018 |
| MFRS 15 <i>Revenue from Contracts with Customers</i> | 1 January 2018 |
| MFRS 16 <i>Leases</i> | 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 initial application, other than for MFRS 9 Financial Instruments. It is not practicable to provide a reasonable estimate of the effects of adoption 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.

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Explanatory Notes Pursuant to MFRS 134
For the period ended 30 September 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 | |
|----------------------------|-------------------------------|----------------|-------------------------------|----------------|---------------------------|----------------|------------------------------------|----------------|------------------------------|------------------|----------------------------|------------------|
| | | | | | | | Cumulative quarters 9 months ended | | | | | |
| | 30 Sept 2016 | 30 Sept 2015 | 30 Sept 2016 | 30 Sept 2015 | 30 Sept 2016 | 30 Sept 2015 | 30 Sept 2016 | 30 Sept 2015 | 30 Sept 2016 | 30 Sept 2015 | 30 Sept 2016 | 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 |
| Operating revenue | | | | | | | | | | | | |
| External | 26 | 143 | 14,472 | 12,399 | 49,413 | 43,725 | 317,244 | 293,004 | - | - | 381,155 | 349,271 |
| Inter-segment | 43,791 | 28,236 | - | - | 49,280 | 48,550 | 9,385 | 7,382 | (102,456) | (84,168) | - | - |
| | <u>43,817¹</u> | <u>28,379</u> | <u>14,472¹</u> | <u>12,399</u> | <u>98,693²</u> | <u>92,275</u> | <u>326,629³</u> | <u>300,386</u> | <u>(102,456)</u> | <u>(84,168)</u> | <u>381,155⁴</u> | <u>349,271</u> |
| Segment profit | <u>29,051</u> | <u>15,406</u> | <u>13,770</u> | <u>11,114</u> | <u>44,978</u> | <u>45,757</u> | <u>43,290</u> | <u>14,710</u> | <u>(53,218)</u> | <u>(37,823)</u> | <u>77,871</u> | <u>49,164</u> |
| Segment assets | <u>308,920</u> | <u>331,984</u> | <u>490,817</u> | <u>441,972</u> | <u>143,739</u> | <u>111,308</u> | <u>962,326</u> | <u>971,847</u> | <u>(663,842)</u> | <u>(640,664)</u> | <u>1,241,960</u> | <u>1,216,447</u> |
| Segment liabilities | <u>3,335</u> | <u>16,524</u> | <u>192</u> | <u>170</u> | <u>32,375</u> | <u>33,208</u> | <u>706,164</u> | <u>748,692</u> | <u>(22,864)</u> | <u>(48,523)</u> | <u>719,202</u> | <u>750,071</u> |

¹ investment income

² included investment income of RM1.543 million

³ included investment income of RM16.883 million

⁴ included investment income of RM22.036 million

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Explanatory Notes Pursuant to MFRS 134 For the period ended 30 September 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 from additions to the airlines fleet occurring during the year.

7. Investment income

| | Current quarter 3 months ended | | Cumulative quarters 9 months ended | |
|--|-----------------------------------|-----------------|---------------------------------------|-----------------|
| | 30 Sept 2016 | 30 Sept 2015 | 30 Sept 2016 | 30 Sept 2015 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Rental income from investment property | 93 | 95 | 277 | 275 |
| Interest income: | | | | |
| - AFS financial assets | 302 | 302 | 907 | 907 |
| - loan and receivables | 3,968 | 4,037 | 13,060 | 12,079 |
| - financial assets at FVTPL | 1,146 | 748 | 3,352 | 2,731 |
| Share of investment income from Malaysian Motor Insurance Pool ("MMIP") | 654 | 1,725 | 3,423 | 1,725 |
| Dividend income: | | | | |
| - AFS financial assets | 74 | 210 | 301 | 660 |
| - financial assets at FVTPL | 414 | 39 | 715 | 120 |
| | 6,651 | 7,156 | 22,035 | 18,497 |
| Net accretion of discounts | - | - | 1 | 1 |
| | 6,651 | 7,156 | 22,036 | 18,498 |

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

| | Current quarter 3 months ended | | Cumulative quarters 9 months ended | |
|---|-----------------------------------|-----------------|---------------------------------------|-----------------|
| | 30 Sept 2016 | 30 Sept 2015 | 30 Sept 2016 | 30 Sept 2015 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Depreciation of property and equipment | 584 | 423 | 1,712 | 1,218 |
| Depreciation of investment property | 8 | 7 | 22 | 21 |
| Amortisation of intangible assets | 525 | 484 | 1,484 | 1,435 |
| Allowance for/(reversal of) impairment losses of insurance receivables | 634 | 9 | 840 | (211) |

Tune Protect Group Berhad (948454-K)

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

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

| | Current quarter 3 months ended | | Cumulative quarters 9 months ended | |
|--|-----------------------------------|-----------------|---------------------------------------|-----------------|
| | 30 Sept 2016 | 30 Sept 2015 | 30 Sept 2016 | 30 Sept 2015 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Realised (gains)/losses on disposal of: | | | | |
| - property and equipment | (11) | - | (11) | 1 |
| - FVTPL financial assets | (29) | - | (52) | - |
| - AFS financial assets | - | 947 | - | 279 |
| Realised (gains)/losses | (40) | 947 | (63) | 280 |
| Fair value gains on financial assets carried at FVTPL | (431) | (74) | (911) | 120 |
| Realised (gains)/losses on foreign exchange | (7) | (443) | 637 | (624) |
| Unrealised gains on foreign exchange | (1,767) | (2,458) | (453) | (3,326) |

9. Taxation

| | Current quarter 3 months ended | | Cumulative quarters 9 months ended | |
|----------------------|-----------------------------------|-----------------|---------------------------------------|-----------------|
| | 30 Sept 2016 | 30 Sept 2015 | 30 Sept 2016 | 30 Sept 2015 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Income tax expense | 1,420 | 205 | 8,801 | 2,158 |
| Deferred tax benefit | (58) | (58) | (189) | (698) |
| | 1,362 | 147 | 8,612 | 1,460 |
| Effective tax rate | 8% | 1% | 11% | 3% |

The Group's effective tax rate is lower than the statutory tax rate as the Labuan-based subsidiary 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 number of ordinary shares outstanding during the period.

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Explanatory Notes Pursuant to MFRS 134 For the period ended 30 September 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 3 months ended | | Cumulative quarters 9 months ended | |
|--|-----------------------------------|-----------------|---------------------------------------|-----------------|
| | 30 Sept 2016 | 30 Sept 2015 | 30 Sept 2016 | 30 Sept 2015 |
| Profit net of tax attributable to owners of the parent (RM'000) | 14,336 | 12,862 | 63,432 | 45,486 |
| Number of ordinary shares in issue ('000) | 751,760 | 751,760 | 751,760 | 751,760 |
| Effects of dilution - Employees' Share Option Scheme ('000) | - | - | - | - |
| Number of ordinary shares for diluted earnings per share computation ('000) | 751,760 | 751,760 | 751,760 | 751,760 |
| Basic and diluted earnings per share (sen per share) | 1.91 | 1.71 | 8.44 | 6.05 |

11. Share capital and share premium

During the three months ended 30 September 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 September 2016.

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

13. Fair value measurement

The Group uses the following hierarchy for determining the fair values of AFS financial assets and financial assets at FVTPL, 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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determine whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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 | Ob-servable inputs (Level 2) RM'000 | Unob-servable inputs (Level 3) RM'000 | Total RM'000 |
|--|-------------------|---|--|--|-----------------|
| Assets measured at fair value: | | | | | |
| 30 September 2016 | | | | | |
| AFS financial assets: | | | | | |
| Unquoted debt securities in Malaysia | 30 September 2016 | - | 24,785 | - | 24,785 |
| Quoted unit and property trust funds in Malaysia | 30 September 2016 | 6,927 | - | - | 6,927 |
| | | <u>6,927</u> | <u>24,785</u> | <u>-</u> | <u>31,712</u> |
| Financial assets at FVTPL: | | | | | |
| Unquoted debt securities in Malaysia | 30 September 2016 | - | 100,447 | - | 100,447 |
| Quoted unit and property trust funds in Malaysia | 30 September 2016 | 62,582 | - | - | 62,582 |
| | | <u>62,582</u> | <u>100,447</u> | <u>-</u> | <u>163,029</u> |

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Explanatory Notes Pursuant to MFRS 134 For the period ended 30 September 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: | | | | | |
| Unquoted debt securities in Malaysia | 31 December 2015 | - | 24,548 | - | 24,548 |
| Quoted unit and property trust funds 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: | | | | | |
| Unquoted debt securities in Malaysia | 31 December 2015 | - | 94,669 | - | 94,669 |
| Quoted unit and property trust funds 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 September 2016 / 31 December 2015 | | | | | |
| Investment property | 31 December 2015 | - | - | 2,850 | 2,850 |

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the current and previous financial periods. There were also no transfers in and out of Level 3 of the fair value hierarchy.

Tune Protect Group Berhad (948454-K)

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

13. Fair value measurement (cont'd.)

Determination of fair value and fair value hierarchy

The fair values of the Group's financial assets are determined as follows:

- (i) The fair values of Malaysian Government Securities, Cagamas Papers and unquoted corporate bonds are determined by reference to Bond Pricing Agency Malaysia.
- (ii) The fair value of investments in unit and property trust funds are determined by reference to published bid values;
- (iii) The fair value of investment property is determined based on the discounted cash flow of the expected rental income from the investment property, which has been estimated using a valuation technique based on certain assumptions of rental income and discount rate.

14. Capital commitments

| | <u>As at</u> <u>30 Sept</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 | 16,423 | 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.

Tune Protect Group Berhad (948454-K)

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

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:

| | Current quarter | | Cumulative quarters | |
|-----------------------------------|------------------------|----------------|----------------------------|----------------|
| | 3 months ended | | 9 months ended | |
| | 30 Sept | 30 Sept | 30 Sept | 30 Sept |
| | 2016 | 2015 | 2016 | 2015 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| AAB | | | | |
| Fee and commission expenses | (3,097) | (4,564) | (11,185) | (12,024) |
| Data management fee | (19) | (23) | (59) | (74) |
| AAX | | | | |
| Fee and commission expenses | (913) | (1,107) | (3,228) | (3,077) |
| PTAA | | | | |
| Telemarketing commission expenses | (4) | (5) | (11) | (15) |
| Fee and commission expenses | (96) | (228) | (358) | (671) |
| TAA | | | | |
| Telemarketing commission expenses | (31) | (21) | (85) | (57) |
| Fee and commission expenses | (80) | (67) | (281) | (240) |
| TGSB | | | | |
| Royalty fee | (3,046) | (2,917) | (8,999) | (8,209) |
| SP&G | | | | |
| Brokerage fee | (147) | (133) | (659) | (1,457) |

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

Tune Protect Group Berhad (948454-K)

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

17. 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)

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

For the period ended 30 September 2016

18. Performance review

18.1 Current quarter ("3Q16") against corresponding quarter in prior year ("3Q15")

| | Investment holding and others | | Collective investment schemes | | General reinsurance | | General insurance | | Adjustments and eliminations | | Consolidated | |
|-----------------------|--------------------------------|--------------|-------------------------------|--------------|---------------------|--------------|-------------------|--------------|------------------------------|--------------|--------------|--------------|
| | 30 Sept 2016 | 30 Sept 2015 | 30 Sept 2016 | 30 Sept 2015 | 30 Sept 2016 | 30 Sept 2015 | 30 Sept 2016 | 30 Sept 2015 | 30 Sept 2016 | 30 Sept 2015 | 30 Sept 2016 | 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 |
| | Current quarter 3 months ended | | | | | | | | | | | |
| Operating revenue | | | | | | | | | | | | |
| External | 13 | 63 | 4,662 | 3,914 | 16,362 | 13,316 | 105,039 | 105,478 | - | - | 126,076 | 122,771 |
| Inter-segment | 488 | 17,594 | - | - | 14,948 | 17,317 | 3,293 | 2,561 | (18,729) | (37,472) | - | - |
| | 501 | 17,657 | 4,662 | 3,914 | 31,310 | 30,633 | 108,332 | 108,039 | (18,729) | (37,472) | 126,076 | 122,771 |
| Segment (loss)/profit | (4,908) | 12,286 | 4,498 | 3,473 | 13,914 | 16,502 | 7,445 | 2,920 | (4,248) | (21,759) | 16,701 | 13,422 |

Group/Consolidated

The Group's operating revenue increased by RM3.3 million from RM122.8 million in 3Q15 to RM126.1 million in 3Q16. This was due mainly to the improvement of RM3.8 million in gross earned premiums ("GEP") although investment income was RM0.5 million lower.

The increase of RM3.3 million in the Group's profit before tax ("PBT") from RM13.4 million in 3Q15 to RM16.7 million in 3Q16 was mainly contributed by RM4.5 million in PBT of general insurance segment and RM1.8 million in share of associate's results. This was offset by a decrease of RM2.6 million in PBT of general reinsurance segment and RM0.4 million in PBT of investment holding segment.

General reinsurance

Operating revenue of this segment increased by RM0.7 million from RM30.6 million in 3Q15 to RM31.3 million in 3Q16 due mainly to RM0.2 million in investment income and RM0.5 million in GEP of Thailand and Middle East markets.

Profit of this segment decreased by RM2.6 million from RM16.5 million in 3Q15 to RM13.9 million in 3Q16 as net claims was RM1.3 million higher and unrealised foreign exchange gains was RM1.3 million lower.

General insurance

Operating revenue of this segment increased by RM0.3 million from RM108.0 million in 3Q15 to RM108.3 million in 3Q16, due to RM0.7 million improvement in GEP mainly from Motor and Medical classes. This was offset by RM0.4 million decrease in investment income.

The increase of RM4.5 million in the profit of this segment from RM2.9 million in 3Q15 to RM7.4 million in 3Q16 was contributed by RM5.4 million in net earned premiums ("NEP") from Fire and Medical classes mainly and RM0.8 million in share of MMIP results. This was offset by increase of RM1.7 million in net commission expenses.

Tune Protect Group Berhad (948454-K)

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

For the period ended 30 September 2016

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 Sept 2016 | 30 Sept 2015 | 30 Sept 2016 | 30 Sept 2015 | 30 Sept 2016 | 30 Sept 2015 | 30 Sept 2016 | 30 Sept 2015 | 30 Sept 2016 | 30 Sept 2015 | 30 Sept 2016 | 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 |
| | Cumulative quarters 9 months ended | | | | | | | | | | | |
| Operating revenue | | | | | | | | | | | | |
| External | 26 | 143 | 14,472 | 12,399 | 49,413 | 43,725 | 317,244 | 293,004 | - | - | 381,155 | 349,271 |
| Inter-segment | 43,791 | 28,236 | - | - | 49,280 | 48,550 | 9,385 | 7,382 | (102,456) | (84,168) | - | - |
| | 43,817 | 28,379 | 14,472 | 12,399 | 98,693 | 92,275 | 326,629 | 300,386 | (102,456) | (84,168) | 381,155 | 349,271 |
| Segment profit/(loss) | 29,051 | 15,406 | 13,770 | 11,114 | 44,978 | 45,757 | 43,290 | 14,710 | (53,218) | (37,823) | 77,871 | 49,164 |

Group/Consolidated

The Group's operating revenue increased from RM349.3 million in YTD 2015 to RM381.1 million in YTD 2016. The increase of RM31.8 million was due to RM28.3 million in GEP and RM3.5 million in investment income.

The increase of RM28.7 million in Group's PBT from RM49.2 million in YTD 2015 to RM77.9 million in YTD 2016 was mainly contributed by the general insurance segment.

General reinsurance

Operating revenue of this segment increased from RM92.3 million in YTD 2015 to RM98.7 million in YTD 2016. The increase of RM6.4 million was mainly contributed by the growth of RM5.9 million in GEP from Thailand, Philippines and Middle East markets and RM0.5 million in investment income.

The decrease of RM0.8 million in this segment's profit was minimal.

General insurance

There was an increase of RM26.2 million in operating revenue of this segment, from RM300.4 million in YTD 2015 to RM326.6 million in YTD 2016. This was contributed by RM22.5 million in GEP from Motor and Fire classes mainly and RM3.7 million in investment income.

Profit of this segment increased by RM28.6 million from RM14.7 million in YTD 2015 to RM43.3 million in YTD 2016. Excluding the share of MMIP's results of RM19.3 million, PBT increased by RM9.3 million as contributed by growth of RM25.8 million in NEP mainly from Motor, Medical and Fire classes. This was offset by increases of RM10.5 million in management expenses and RM4.5 million in commission expenses, as well as a reduction of RM1.6 million in other operating income.

Tune Protect Group Berhad (948454-K)

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

For the period ended 30 September 2016

18. Performance review (cont'd.)

18.3 Current quarter ("3Q16") against preceding quarter in current year ("2Q16")

| | Investment holding and others | | Collective investment schemes | | General reinsurance | | General insurance | | Adjustments and eliminations | | Consolidated | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------------|--------------------------------|-------------|-------------------------------|-------------|---------------------|-------------|-------------------|-------------|------------------------------|-------------|--------------|-------------|-----------------------|---------|--------|-------|-------|--------|--------|---------|---------|----------|----------|---------|---------|-----------------------|---------|--------|-------|-------|--------|--------|---------|---------|----------|----------|---------|---------|-----------------------|---------|--------|-------|-------|--------|--------|---------|---------|----------|----------|---------|---------|-----------------------|---------|--------|-------|-------|--------|--------|-------|--------|---------|----------|--------|--------|
| | 30 Sept 2016 | 30 Jun 2016 | 30 Sept 2016 | 30 Jun 2016 | 30 Sept 2016 | 30 Jun 2016 | 30 Sept 2016 | 30 Jun 2016 | 30 Sept 2016 | 30 Jun 2016 | 30 Sept 2016 | 30 Jun 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 | 13 | 8 | 4,662 | 4,841 | 16,362 | 15,760 | 105,039 | 104,926 | - | - | 126,076 | 125,535 | Inter-segment | 488 | 20,047 | - | - | 14,948 | 16,751 | 3,293 | 2,888 | (18,729) | (39,686) | - | - | | 501 | 20,055 | 4,662 | 4,841 | 31,310 | 32,511 | 108,332 | 107,814 | (18,729) | (39,686) | 126,076 | 125,535 | Segment (loss)/profit | (4,908) | 15,106 | 4,498 | 4,509 | 13,914 | 14,482 | 7,445 | 24,298 | (4,248) | (23,222) | 16,701 | 35,173 |
| External | 13 | 8 | 4,662 | 4,841 | 16,362 | 15,760 | 105,039 | 104,926 | - | - | 126,076 | 125,535 | Inter-segment | 488 | 20,047 | - | - | 14,948 | 16,751 | 3,293 | 2,888 | (18,729) | (39,686) | - | - | | 501 | 20,055 | 4,662 | 4,841 | 31,310 | 32,511 | 108,332 | 107,814 | (18,729) | (39,686) | 126,076 | 125,535 | Segment (loss)/profit | (4,908) | 15,106 | 4,498 | 4,509 | 13,914 | 14,482 | 7,445 | 24,298 | (4,248) | (23,222) | 16,701 | 35,173 | | | | | | | | | | | | | |
| Inter-segment | 488 | 20,047 | - | - | 14,948 | 16,751 | 3,293 | 2,888 | (18,729) | (39,686) | - | - | | 501 | 20,055 | 4,662 | 4,841 | 31,310 | 32,511 | 108,332 | 107,814 | (18,729) | (39,686) | 126,076 | 125,535 | Segment (loss)/profit | (4,908) | 15,106 | 4,498 | 4,509 | 13,914 | 14,482 | 7,445 | 24,298 | (4,248) | (23,222) | 16,701 | 35,173 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 501 | 20,055 | 4,662 | 4,841 | 31,310 | 32,511 | 108,332 | 107,814 | (18,729) | (39,686) | 126,076 | 125,535 | Segment (loss)/profit | (4,908) | 15,106 | 4,498 | 4,509 | 13,914 | 14,482 | 7,445 | 24,298 | (4,248) | (23,222) | 16,701 | 35,173 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Segment (loss)/profit | (4,908) | 15,106 | 4,498 | 4,509 | 13,914 | 14,482 | 7,445 | 24,298 | (4,248) | (23,222) | 16,701 | 35,173 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Group/Consolidated

The Group's operating revenue increased from RM125.5 million in 2Q16 to RM126.1 million in 3Q16. The increase of RM0.6 million arose from RM3.1 million in GEP which was offset by decrease of RM2.5 million in investment income.

Group's profit decreased by RM18.5 million from RM35.2 million in 2Q16 to RM16.7 million in 3Q16, comprising mainly RM16.9 million from general insurance, RM1.1 million from investment holding segment and RM0.5 million from share of profits of associate.

General reinsurance

There was a decrease of RM1.2 million in operating revenue from RM32.5 million in 2Q16 to RM31.3 million in 3Q16, due mainly to lower GEP in Malaysia market which was however offset by the increase in Middle East market.

The decrease of RM0.6 million in this segment's profit was minimal.

General insurance

Operating revenue of this segment increased from RM107.8 million in 2Q16 to RM108.3 million in 3Q16. The increase of RM0.5 million came from RM2.4 million in GEP mainly in Motor class of business, offset by decrease of RM1.9 million in investment income from MMIP.

The decrease of RM16.9 million in the segment's profit from RM24.3 million in 2Q16 to RM7.4 million in 3Q16 was mainly due to reduced share of results from MMIP of RM15.6 million and increase of RM1.3 million in management expenses.

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For the period ended 30 September 2016

19. Commentary on prospects

The Group delivered 9.1% increase in operating revenues, 14.0% in net earned premiums, and 45.2% in profit after tax in YTD 2016. The growth was contributed principally by local Motor business and overseas Travel business.

Our Malaysian insurance entity is on track to outpace the average industry growth in its topline. It has delivered an improvement level of underwriting margin and the trend is expected to continue in the remaining year.

For the global travel reinsurance business, the demand continues to be supported by the growth in destinations and passenger traffic for our airline partners. Our marketing initiatives will continue in order to boost premium growth more notably in overseas markets.

There is improved performance this year from our overseas ventures through better underwriting results achieved with marketing activities, as well as portfolio and business costs rebalancing. Such activities will serve to sustain their continued contribution to the Group.

Despite the macro economic weakness and currency volatility for Malaysia, we anticipate regional travel to remain resilient with the continuous expansion in travel destinations and passenger volume. With our increased presence in digital accessibility and company marketing, the Group remains positive that our growth will continue to surpass that of the general insurance industry this 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

Surrender of Labuan captive insurance licence by a wholly owned subsidiary, Tune Insurance PCC Ltd ("TIPCCL")

The Company's wholly owned subsidiary, TIPCCL, received a letter from Labuan Financial Services Authority ("LFSA") stating that pursuant to Section 169(3) of the Labuan Financial Services and Securities Act 2010, LFSA has no objections for TIPCCL to surrender its Labuan captive insurance licence bearing certificate number IS2015153 effective from 3 October 2016 and to comply with the requirements as imposed by LFSA.

The Company will continue to make the appropriate announcements when there are further developments on this matter.

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For the period ended 30 September 2016

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.

24. Rationale for entering into derivatives

The Group did not enter into any derivatives during the period ended 30 September 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 September 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 September 2016 and 31 December 2015.

27. Comparative figures

Certain comparative figures in condensed consolidated statement of comprehensive income have been reclassified to conform with current year's presentation requirements:

| | As previously stated RM'000 | Reclassifi- cation RM'000 | As restated RM'000 |
|--|-----------------------------------|---------------------------------|--------------------------|
| Quarter 3 months ended 30 Sept 2015 | | | |
| Investment income | 5,431 | 1,725 | 7,156 |
| Other operating income | 6,029 | (1,186) | 4,843 |
| Fee and commission expenses | (20,100) | 773 | (19,327) |
| Management expenses | (23,047) | (1,424) | (24,471) |
| Other operating expenses | (151) | 112 | (39) |

Tune Protect Group Berhad (948454-K)

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

For the period ended 30 September 2016

27. Comparative figures (cont'd.)

Certain comparative figures in condensed consolidated statement of comprehensive income have been reclassified to conform with current year's presentation requirements: (cont'd.)

| | As previously stated RM'000 | Reclassifi- cation RM'000 | As restated RM'000 |
|--|-----------------------------------|---------------------------------|--------------------------|
| Cumulative quarters 9 months ended 30 Sept 2015 | | | |
| Investment income | 16,773 | 1,725 | 18,498 |
| Other operating income | 7,975 | (521) | 7,454 |
| Fee and commission expenses | (59,247) | 773 | (58,474) |
| Management expenses | (63,727) | (2,101) | (65,828) |
| Other operating expenses | (151) | 124 | (27) |

28. Breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group as at 30 September 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.

| | As at 30 Sept 2016 RM'000 | As at 31 Dec 2015 RM'000 |
|--|------------------------------------|-----------------------------------|
| Total retained earnings of the Company and its subsidiaries: | | |
| - Realised | 295,771 | 266,923 |
| - Unrealised | (836) | (549) |
| | <u>294,935</u> | <u>266,374</u> |
| Less: Consolidation adjustments | (58,089) | (55,372) |
| Total retained earnings per statement of financial position | <u>236,846</u> | <u>211,002</u> |

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

For the period ended 30 September 2016

29. 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