



Tune Protect Group Berhad (948454-K)

Interim Financial Statements

For the Quarter and Three Months Ended 31 March 2017

Tune Protect Group Berhad (948454-K)

Condensed consolidated statement of financial position As at 31 March 2017

	As at 31 Mar 2017 Unaudited RM'000	As at 31 Dec 2016 Audited RM'000
Assets		
Property and equipment	8,666	8,897
Investment property	2,920	2,926
Intangible assets	3,706	3,998
Investments in associates	53,777	52,328
Investments in a joint venture company	2,217	2,101
Goodwill	24,165	24,165
Deferred tax assets	2,305	2,683
Investments	715,037	693,593
Reinsurance assets	248,680	211,733
Insurance receivables	221,891	141,187
Other receivables	109,114	113,478
Cash and bank balances	8,422	9,713
Total assets	1,400,900	1,266,802
Equity		
Share capital	75,176	75,176
Share premium	173,343	173,343
Merger deficit	(13,838)	(13,838)
Available-for-sale ("AFS") reserves	(4,286)	(4,809)
Employee share option reserve	5,994	5,897
Foreign currency translation reserve	8,489	7,486
Retained earnings	265,329	253,390
Equity attributable to owners of the parent	510,207	496,645
Non-controlling interests	45,796	44,712
Total equity	556,003	541,357
Liabilities		
Insurance contract liabilities	608,648	562,858
Deferred tax liabilities	1,121	1,505
Insurance payables	192,814	108,614
Retirement benefits	415	418
Other payables	41,899	52,050
Total liabilities	844,897	725,445
Total equity and liabilities	1,400,900	1,266,802
Net assets per ordinary share attributable to owners of the parent (RM)	0.68	0.66

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2016.

Tune Protect Group Berhad (948454-K)

Condensed consolidated statement of comprehensive income For the period ended 31 March 2017

		Current quarter	
		3 months ended	
		31 Mar	31 Mar
		2017	2016
Note		RM'000	RM'000
	Operating revenue	130,081	129,544
	Gross earned premiums	125,064	123,314
	Premiums ceded to reinsurers	(47,955)	(40,675)
	Net earned premiums	77,109	82,639
	Investment income	5,017	6,230
	Realised gains and losses	256	-
	Fair value gains and losses	(121)	361
	Fees and commission income	14,559	10,779
	Other operating income	570	144
	Other revenue	20,281	17,514
	Gross claims paid	(42,174)	(40,871)
	Claims ceded to reinsurers	15,105	22,191
	Gross changes to contract liabilities	(14,943)	(7,392)
	Change in contract liabilities ceded to reinsurers	10,096	(2,803)
	Net claims	(31,916)	(28,875)
	Fee and commission expenses	(21,962)	(22,709)
	Management expenses	(28,450)	(21,184)
	Other operating expenses	(560)	(2,951)
	Other expenses	(50,972)	(46,844)
	Share of results of associate	417	1,436
	Share of results of a joint venture company	145	127
	Profit before taxation	15,064	25,997
	Taxation	(1,674)	(1,714)
	Net profit for the period	13,390	24,283

Tune Protect Group Berhad (948454-K)

Condensed consolidated statement of comprehensive income (contd.)
For the period ended 31 March 2017

	Current quarter	
	3 months ended	
	31 Mar	31 Mar
	2017	2016
Note	RM'000	RM'000
Other comprehensive income/(loss):		
<u>Items that may be subsequently reclassified to profit or loss</u>		
Changes in AFS financial assets, net:	156	(101)
- Gain/(Loss) on fair value changes of AFS financial assets	296	(126)
- Realised gain transferred to profit or loss	(90)	-
- Deferred tax relating AFS financial assets	(50)	25
Effect of post-acquisition foreign exchange translation reserve on investment in an associate and a joint venture company	1,003	(2,206)
Other comprehensive income/(loss) for the period	1,159	(2,307)
Total comprehensive income for the period	14,549	21,976
Profit attributable to:		
Owners of the parent	11,939	22,628
Non-controlling interests	1,451	1,655
	13,390	24,283
Total comprehensive income attributable to:		
Owners of the parent	13,465	20,341
Non-controlling interests	1,084	1,635
	14,549	21,976
Basic and diluted earnings per share attributable to owners of the parent (sen per share)		
	10	3.01
	1.59	3.01

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2016.

Tune Protect Group Berhad (948454-K)

Condensed consolidated statement of changes in equity For the period ended 31 March 2017

	Attributable to the owners of the parent									
	← Non-distributable →					Distributable				
	Share capital	Share premium	Merger deficit	Available-for-sale reserves	Employee share option reserves	Foreign currency translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2017	75,176	173,343	(13,838)	(4,809)	5,897	7,486	253,390	496,645	44,712	541,357
Net profit for the period	-	-	-	-	-	-	11,939	11,939	1,451	13,390
Other comprehensive income/ (loss) for the period	-	-	-	523	-	1,003	-	1,526	(367)	1,159
Total comprehensive income for the period	-	-	-	523	-	1,003	11,939	13,465	1,084	14,549
Grant of equity-settled share options to employees	-	-	-	-	97	-	-	97	-	97
At 31 March 2017	75,176	173,343	(13,838)	(4,286)	5,994	8,489	265,329	510,207	45,796	556,003
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

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2016.

Tune Protect Group Berhad (948454-K)

Condensed consolidated statement of cash flows For the period ended 31 March 2017

	Cumulative quarters	
	3 months ended	
	31 Mar 2017	31 Mar 2016
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	15,064	25,997
Adjustments for:		
Non-cash items	1,895	3,893
Non-operating activities items	(5,710)	(8,153)
Operating profit before working capital changes	11,249	21,737
Net change in operating assets	(47,450)	(28,717)
Net change in operating liabilities	58,303	25,597
Cash generated from operating activities	22,102	18,617
Net interest received	1,523	3,120
Net dividend received	2,836	3,327
Rental received	9	92
Retirement benefits paid	(3)	-
Income tax paid	(3,734)	(1,840)
Net cash generated from operating activities	22,733	23,316
Cash flows from investing activities		
Purchases of AFS financial assets	(348)	(1,093)
Purchase of fair value through profit or loss ("FVTPL") financial assets	(551,468)	(35,335)
Proceeds from disposal of AFS financial assets	122,459	-
Proceeds from disposal of FVTPL financial assets	-	27,500
Decrease/(Increase) in loans and receivables	419,223	(606)
Proceeds from disposal of property and equipment	4	-
Purchase of property and equipment	(256)	(530)
Purchase of intangible assets	(252)	(124)
Net cash used in investing activities	(10,638)	(10,188)
Net increase in cash and cash equivalents	12,095	13,128
Effect of exchange rate changes on cash and cash equivalents	(11)	(1,743)
Cash and cash equivalents at beginning of period	48,501	79,589
Cash and cash equivalents at end of period	60,585	90,974
Cash and cash equivalents comprise:		
Fixed and call deposits (with maturity of less than three months) with licensed financial institutions	52,163	49,715
Cash and bank balances	8,422	41,259
	60,585	90,974

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2016.

Tune Protect Group Berhad (948454-K)

Explanatory Notes Pursuant to MFRS 134 For the period ended 31 March 2017

1. Basis of preparation

The condensed consolidated interim financial statements, for the period ended 31 March 2017, 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 2016.

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 2016.

2. Changes in accounting policies

2.1 Adoption of Amendments to MFRSs and IC Interpretations

The accounting policies adopted are consistent with those of the previous financial year except with respect to the following amended MFRSs and improvements for standards which are mandatory for annual financial periods beginning on or after 1 January 2017 and which were adopted by the Company on 1 January 2017.

- Amendments to MFRS 12 *Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)*
- Amendments to MFRS 107 *Statements of Cash Flows - Disclosure Initiative*
- Amendments to MFRS 112 *Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses*

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

Tune Protect Group Berhad (948454-K)

Explanatory Notes Pursuant to MFRS 134 For the period ended 31 March 2017

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 1 <i>First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)</i>	1 January 2018
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
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	1 January 2018
Amendments to MFRS 128 <i>Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)</i>	1 January 2018
Amendments to MFRS 140 <i>Transfer to Investment Property</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
MFRS 16 <i>Leases</i>	1 January 2019
MFRS 10 <i>Consolidated Financial Statements (Amendments to MFRS 10) and MFRS 128 Investment in Associates and Joint Ventures</i>	To be announced by MASB

The above standards and interpretations are not expected to have any material effect to the financial statements of the Group upon initial application except as discussed below:

MFRS 9 *Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but restatement of comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2014) is permitted if the date of initial application is before 1 February 2015. The Group plans to adopt the standard with effect from 1 January 2018.

Tune Protect Group Berhad (948454-K)

Explanatory Notes Pursuant to MFRS 134 For the period ended 31 March 2017

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

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

Amendments to MFRS 4 Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

In December 2016, the MASB issued amendments to MFRS 4 to address issues arising from the different effective dates of MFRS 9 and the upcoming new insurance contracts standard (MFRS 17).

The amendments introduce two alternative options for entities issuing contracts within the scope of MFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of MFRS 9 for annual periods beginning before 1 January 2021 at the latest. An entity may apply the temporary exemption from MFRS 9 if: (i) it has not previously applied any version of MFRS 9 before and (ii) its activities are predominantly connected with insurance on its annual reporting date that immediately precedes 1 April 2016. The overlay approach allows an entity applying MFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied IAS 39 to these designated financial assets.

An entity can apply the temporary exemption from MFRS 9 for annual periods beginning on or after 1 January 2018. An entity may start applying the overlay approach when it applies MFRS 9 for the first time.

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)

Explanatory Notes Pursuant to MFRS 134 For the period ended 31 March 2017

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		General insurance		Adjustments and eliminations		Consolidated	
	31 Mar 2017	31 Mar 2016	31 Mar 2017	31 Mar 2016	31 Mar 2017	31 Mar 2016	31 Mar 2017	31 Mar 2016	31 Mar 2017	31 Mar 2016	31 Mar 2017	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
Operating revenue												
External	836	5	2,542	4,969	13,843	17,291	112,860	107,279	-	-	130,081	129,544
Inter-segment	44,490	23,256	-	-	12,413	17,581	1,367	3,204	(58,270)	(44,041)	-	-
	<u>45,326¹</u>	<u>23,261</u>	<u>2,542</u>	<u>4,969</u>	<u>26,256²</u>	<u>34,872</u>	<u>114,227³</u>	<u>110,483</u>	<u>(58,270)</u>	<u>(44,041)</u>	<u>130,081⁴</u>	<u>129,544</u>
Segment (loss)/profit	<u>40,501</u>	<u>18,853</u>	<u>2,474</u>	<u>4,763</u>	<u>11,494</u>	<u>16,582</u>	<u>9,436</u>	<u>11,547</u>	<u>(48,841)</u>	<u>(25,748)</u>	<u>15,064</u>	<u>25,997</u>
Segment assets	<u>335,042</u>	<u>324,395</u>	<u>134,235</u>	<u>473,567</u>	<u>118,398</u>	<u>123,575</u>	<u>1,101,879</u>	<u>1,044,098</u>	<u>(288,654)</u>	<u>(673,335)</u>	<u>1,400,900</u>	<u>1,292,300</u>
Segment liabilities	<u>3,554</u>	<u>13,917</u>	<u>153</u>	<u>193</u>	<u>27,251</u>	<u>31,251</u>	<u>834,561</u>	<u>801,555</u>	<u>(20,622)</u>	<u>(46,700)</u>	<u>844,897</u>	<u>800,216</u>

¹ investment income of RM45,326k

² included investment income of RM609k

³ included investment income of RM1,018k

⁴ included investment income of RM3,638k

Tune Protect Group Berhad (948454-K)

Explanatory Notes Pursuant to MFRS 134 For the period ended 31 March 2017

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 2017 RM'000	31 Mar 2016 RM'000
Rental income from investment property	9	92
Interest income:		
- AFS financial assets	197	302
- loan and receivables	2,875	4,619
- financial assets at FVTPL	-	1,094
- bank balances	53	-
Share of investment income from Malaysian Motor Insurance Pool ("MMIP")	(978)	-
Dividend income:		
- AFS financial assets	72	122
- financial assets at FVTPL	2,789	-
	5,017	6,229
Net accretion of discounts	-	1
	5,017	6,230

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

	Current quarter	
	3 months ended	
	31 Mar 2017 RM'000	31 Mar 2016 RM'000
Depreciation of property and equipment	516	546
Depreciation of investment property	6	8
Amortisation of intangible assets	513	466
Allowance for/(Reversal of) impairment losses of insurance receivables	285	(164)

Tune Protect Group Berhad (948454-K)

Explanatory Notes Pursuant to MFRS 134 For the period ended 31 March 2017

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

	Current quarter	
	3 months ended	
	31 Mar	31 Mar
	2017	2016
	RM'000	RM'000
Realised gains on disposal of:		
- property and equipment	(4)	-
- financial assets at FVTPL	(252)	-
Realised gains	(256)	-
Fair value losses/(gains) on financial assets carried at FVTPL	121	(361)
(Gain)/Loss on foreign exchange- realised	(292)	20
Loss on foreign exchange- unrealised	513	2,931

9. Taxation

	Current quarter	
	3 months ended	
	31 Mar	31 Mar
	2017	2016
	RM'000	RM'000
Income tax expense	1,623	2,104
Deferred tax expense/(benefit)	51	(390)
	1,674	1,714
Effective tax rate	11%	7%

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)

Explanatory Notes Pursuant to MFRS 134 For the period ended 31 March 2017

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:

	<u>Current quarter</u> <u>3 months ended</u>	
	<u>31 Mar</u> <u>2017</u>	<u>31 Mar</u> <u>2016</u>
Profit net of tax attributable to owners of the parent (RM'000)	11,939	22,628
Weighted average number of ordinary shares in issue ('000)	751,760	751,760
Effects of dilution- Employees' Share Option Scheme ('000)	-	-
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	751,760	751,760
Basic and diluted earnings per share (sen per share)	1.59	3.01

11. Share capital and share premium

During the three months ended 31 March 2017, there were no movements in share capital and share premium.

12. Dividends

There were no dividends declared during the three months ended 31 March 2017.

On 29 March 2017, the Company has announced a final single tier dividend of 5.2 sen per ordinary share of RM0.10 under the single-tier system which is tax exempt in the hands of the shareholder pursuant to paragraph 12B of Schedule 6 of the Income Tax Act, 1967 for the financial year ended 31 December 2016, which will be paid in cash on 15 June 2017, if it is approved at the next Annual General Meeting to be held on 22 May 2017.

Tune Protect Group Berhad (948454-K)

Explanatory Notes Pursuant to MFRS 134 For the period ended 31 March 2017

13. Fair value measurement

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

- 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	Observable inputs (Level 2) RM'000	Unobservable inputs (Level 3) RM'000	Total RM'000
Assets measured at fair value:					
31 March 2017					
AFS financial assets:					
Unquoted debt securities in Malaysia	31 March 2017	-	9,971	-	9,971
Quoted unit trust funds in Malaysia	31 March 2017	7,042	-	-	7,042
		<u>7,042</u>	<u>9,971</u>	<u>-</u>	<u>17,013</u>
Financial assets at FVTPL:					
Unquoted debt securities in Malaysia	31 March 2017	-	128,831	-	128,831
Quoted unit trust funds in Malaysia	31 March 2017	503,723	-	-	503,723
		<u>503,723</u>	<u>128,831</u>	<u>-</u>	<u>632,554</u>

Tune Protect Group Berhad (948454-K)

Explanatory Notes Pursuant to MFRS 134 For the period ended 31 March 2017

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	Ob-servable inputs (Level 2) RM'000	Unob-servable inputs (Level 3) RM'000	Total RM'000
31 December 2016					
AFS financial assets:					
Unquoted debt securities in Malaysia	31 December 2016	-	19,762	-	19,762
Quoted unit trust funds in Malaysia	31 December 2016	6,980	-	-	6,980
		<u>6,980</u>	<u>19,762</u>	<u>-</u>	<u>26,742</u>
Financial assets at FVTPL:					
Unquoted debt securities in Malaysia	31 December 2016	-	104,548	-	104,548
Quoted unit trust funds trust funds in Malaysia	31 December 2016	67,068	-	-	67,068
		<u>67,068</u>	<u>104,548</u>	<u>-</u>	<u>171,616</u>
Assets for which fair values are disclosed:					
31 March 2017 / 31 December 2016					
Investment property	31 December 2016	-	-	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.

Determination of fair value and fair value hierarchy

The fair values of the Group's financial assets which are carried at fair value or for which fair value is disclosed, 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 trust funds and collective investment schemes are determined by reference to published net asset values;

Tune Protect Group Berhad (948454-K)

Explanatory Notes Pursuant to MFRS 134 For the period ended 31 March 2017

13. Fair value measurement (cont'd.)

Determination of fair value and fair value hierarchy (cont'd.)

- (iii) The fair value of investment property was estimated in-house based on the direct value comparison approach.
- (iv) The carrying values of other financial instruments of the Group approximate fair values due to their short-term maturity.

14. Capital commitments

	<u>As at</u> <u>31 Mar</u> <u>2017</u> <u>RM'000</u>	<u>As at</u> <u>31 Dec</u> <u>2016</u> <u>RM'000</u>
Approved but not contracted for:		
- Property and equipment	<u>16,527</u>	<u>17,177</u>

15. Contingencies

There were no contingent assets or liabilities as at the date of this report, other than liabilities

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

Tune Protect Group Berhad (948454-K)

Explanatory Notes Pursuant to MFRS 134 For the period ended 31 March 2017

16. Related party transactions (cont'd.)

	Current quarter	
	3 months ended	
	31 Mar	31 Mar
	2017	2016
	RM'000	RM'000
AAB		
Fee and commission expenses		
Data management fee	(2,666)	(4,189)
	(16)	(21)
AAX		
Fee and commission expenses	(879)	(1,253)
PTAA		
Telemarketing commission expenses	(3)	(4)
Fee and commission expenses	(118)	(153)
TAA		
Telemarketing commission expenses	(19)	(26)
Fee and commission expenses	(84)	(102)
TGSB		
Royalty fee	(3,238)	(3,036)
Rental and utilities charges	(194)	-
SP&G		
Brokerage fee	(142)	(343)

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

There were no significant event after the reporting period.

Tune Protect Group Berhad (948454-K)

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

For the period ended 31 March 2017

18. Performance review (cont'd.)

18.1 Current quarter ("1Q17") against corresponding quarter in prior year ("1Q16") (cont'd.)

General reinsurance

Operating revenue of this segment decreased by RM8.6 million, from RM34.9 million in 1Q16 to RM26.3 million in 1Q17, mainly due to decrease of RM8.8 million in GEP of Malaysia, Philippines and Indonesia markets, offset by a minimal increase of RM0.2 million in investment income.

The decrease of RM5.1 million in this segment's profit from RM16.6 million in 1Q16 to RM11.5 million in 1Q17, was due to decrease of RM8.7 million in NEP, mainly in Malaysia, Philippines, Thailand and Indonesia markets, offset by lower unrealised foreign exchange loss and fee and commission expenses of RM1.8 million, respectively.

General insurance

Operating revenue of this segment increased by RM3.7 million from RM110.5 million in 1Q16 to RM114.2 million in 1Q17, mainly contributed by improvement of RM23.4 million in GEP of fire class, offset by decreases of RM19.1 million in GEP of motor, travel and marine classes, as well as reversal of MMIP investment income of RM1.0 million.

The decrease of RM2.1 million in this segment's profit from RM11.5 million in 1Q16 to RM9.4 million in 1Q17, was mainly due to:

- Increase of RM4.6 million in net claims, mainly from Motor class of RM7.2 million, Marine class of RM1.4 million and Liability class of RM0.7 million, offset by MMIP claims write back of RM4.7 million;
- Reversal of MMIP investment income of RM1.0 million; and
- The above was then offset by the improvement of RM3.2 million in NEP mainly from Motor class.

Tune Protect Group Berhad (948454-K)

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

For the period ended 31 March 2017

18. Performance review (cont'd.)

18.2 Current quarter ("1Q17") against preceding quarter in prior year ("4Q16")

	Investment holding and others		Collective investment schemes		General reinsurance		General insurance		Adjustments and eliminations		Consolidated	
	31 Mar 2017	31 Dec 2016	31 Mar 2017	31 Dec 2016	31 Mar 2017	31 Dec 2016	31 Mar 2017	31 Dec 2016	31 Mar 2017	31 Dec 2016	31 Mar 2017	31 Dec 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	836	9	2,542	4,891	13,843	15,539	112,860	115,027	-	-	130,081	135,466
Inter-segment	44,490	2,158	-	-	12,413	14,827	1,367	2,753	(58,270)	(19,738)	-	-
	45,326	2,167	2,542	4,891	26,256	30,366	114,227	117,780	(58,270)	(19,738)	130,081	135,466
Segment profit/(loss)	40,501	(3,841)	2,474	3,571	11,494	14,856	9,436	4,992	(48,841)	(2,766)	15,064	16,812

Group/Consolidated

The Group's operating revenue decreased from RM135.5 million in 4Q16 to RM130.1 million in 1Q17. The decrease of RM5.4 million was due to decrease of RM2.2 million in GEP of Philippines, Australia and China markets in general reinsurance business and decrease of RM3.2 million in investment income, mainly due to reversal of MMIP investment income of RM1.0 mil in 1Q17, as opposed to an increase of RM1.8 million in 4Q16.

There was a decrease of RM1.7 million from RM16.8 million to RM15.1 million in Group's segment profit, due mainly to decreases of RM2.8 million in unrealised and realised foreign exchange gains in general reinsurance business, offset by decrease of RM0.6 million in management expenses.

General reinsurance

Operating revenue of this segment decreased from RM30.4 million in 4Q16 to RM26.3 million in 1Q17. The decrease of RM4.1 million was mainly due to decrease of RM3.9 million in GEP of Malaysia, Philippines, Australia and China markets and RM0.2 million in investment income.

The decrease of RM3.4 million in this segment's profit from RM14.9 million in 4Q16 to RM11.5 million in 1Q17 was mainly due to decreases in NEP of Malaysia, Philippines and Australia markets.

General insurance

There was a decrease of RM3.6 million in operating revenue of this segment from RM117.8 million in 4Q16 to RM114.2 million in 1Q17, mainly due to reversal of MMIP investment income of RM1.0 mil in 1Q17 as opposed to share of MMIP investment income of RM1.8 million in 4Q16.

Profit of this segment increased by RM4.4 million from 5.0 million in 4Q16 to RM9.4 million in 1Q17, mainly due to increase of RM3.9 million in realised gains on disposal and fair value gains on investment and decrease of RM0.3 million in other expenses for fixed assets written off in 4Q16.

Tune Protect Group Berhad (948454-K)

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

For the period ended 31 March 2017

19. Commentary on prospects

Our Malaysian insurance entity will continue to pursue growth in its gross written premiums, as well as to improve the underwriting margin. Through outward reinsurance arrangements and cost rationalisation, the general insurance business is managing its retention of business and profitability for the year.

The global travel reinsurance business was impacted by the "opt-in" ruling in Malaysia and several ASEAN markets, which affected the sales based on consumers' option to purchase. The segment continues to pursue a number of marketing and pricing initiatives with the aim to boost premium growth from the existing and new markets, by also tapping on the expanded destinations and passenger traffic of our airline partners. Leveraging on these initiatives, we expect the decline in premiums in this quarter to be recovered by the second-half of the year.

The Group remains committed to our three strategic pillars - to lead in product innovation and differentiation, widen distribution channels and expand reach, as well as to deliver exceptional customer experience, in order to strengthen our position as a leading digital insurer.

20. Profit forecast or profit guarantee

The Group did not issue any profit forecast or profit guarantee for the financial period ending 31 March 2017.

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.

24. Rationale for entering into derivatives

The Group did not enter into any derivative transactions during the period ended 31 March 2017 or the previous year ended 31 December 2016.

Tune Protect Group Berhad (948454-K)

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

For the period ended 31 March 2017

25. Risks and policies for derivatives

The Group did not enter into any derivative transactions during the period ended 31 March 2017 or the previous year ended 31 December 2016.

26. 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 2017 and 31 December 2016.

27. Breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group as at 31 March 2017 and 31 December 2016 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>2017</u> <u>RM'000</u>	<u>As at</u> <u>31 Dec</u> <u>2016</u> <u>RM'000</u>
Total retained earnings of the Company and its subsidiaries:		
- Realised	321,129	308,221
- Unrealised	704	649
	<u>321,833</u>	<u>308,870</u>
Less: Consolidation adjustments	<u>(56,504)</u>	<u>(55,480)</u>
Total retained earnings as per statement of financial position	<u>265,329</u>	<u>253,390</u>

28. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2016 was not qualified.

By order of the Board

Jasmindar Kaur A/P Sarban Singh
Company Secretary