



Tune Protect Group Berhad (948454-K)

Interim Financial Statements

For the Quarter and Nine Months Ended 30 September 2017

Tune Protect Group Berhad (948454-K)

Condensed consolidated statement of financial position As at 30 September 2017

	As at 30 Sept 2017 Unaudited RM'000	As at 31 Dec 2016 Audited RM'000
Assets		
Property and equipment	8,621	8,897
Investment property	2,906	2,926
Intangible assets	2,797	3,998
Investment in an associate	55,118	52,328
Investment in a joint venture company	2,669	2,101
Goodwill	24,165	24,165
Deferred tax assets	1,611	2,683
Investments	698,952	693,593
Reinsurance assets	247,808	211,733
Insurance receivables	130,987	141,187
Other receivables	109,789	113,478
Cash and bank balances	20,431	9,713
Total assets	1,305,854	1,266,802
Equity		
Share capital	248,519	75,176
Share premium	-	173,343
Merger deficit	-	(13,838)
Available-for-sale ("AFS") reserves	(4,488)	(4,809)
Employee share option reserve	6,248	5,897
Foreign currency translation reserve	7,739	7,486
Retained earnings	238,136	253,390
Equity attributable to owners of the parent	496,154	496,645
Non-controlling interests	45,631	44,712
Total equity	541,785	541,357
Liabilities		
Insurance contract liabilities	609,152	562,858
Deferred tax liabilities	1,051	1,505
Insurance payables	102,196	108,614
Retirement benefits	413	418
Other payables	51,257	52,050
Total liabilities	764,069	725,445
Total equity and liabilities	1,305,854	1,266,802
Net assets per ordinary share attributable to owners of the parent (RM)	0.66	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 30 September 2017

	Note	Current quarter		Cumulative quarters	
		3 months ended		9 months ended	
		30 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 2016
		RM'000	RM'000	RM'000	RM'000
Operating revenue		140,117	126,076	404,076	381,155
Gross earned premiums		131,536	119,425	384,850	359,119
Premiums ceded to reinsurers		(49,052)	(36,676)	(144,313)	(110,847)
Net earned premiums		82,484	82,749	240,537	248,272
Investment income	7	8,581	6,651	19,226	22,036
Realised gains and losses		71	40	1,173	63
Fair value gains and losses		1,073	431	1,093	911
Fees and commission income		8,338	6,182	31,271	22,152
Other operating income		639	2,001	1,653	998
Other revenue		18,702	15,305	54,416	46,160
Gross claims paid		(41,112)	(40,564)	(126,395)	(129,647)
Claims ceded to reinsurers		10,593	15,247	40,773	61,315
Gross changes to contract liabilities		(12,261)	11,668	(36,337)	32,944
Change in contract liabilities ceded to reinsurers		9,220	(17,493)	18,024	(40,701)
Net claims		(33,560)	(31,142)	(103,935)	(76,089)
Fee and commission expenses		(20,351)	(21,386)	(62,323)	(64,584)
Management expenses		(31,939)	(29,246)	(86,926)	(78,026)
Other operating expenses		(732)	(10)	(888)	(667)
Other expenses		(53,022)	(50,642)	(150,137)	(143,277)
Share of results of associate		861	241	2,449	2,376
Share of results of a joint venture company		405	190	707	429
Profit before taxation	8	15,870	16,701	44,037	77,871
Taxation	9	(1,939)	(1,362)	(3,271)	(8,612)
Net profit for the period		13,931	15,339	40,766	69,259

Tune Protect Group Berhad (948454-K)

Condensed consolidated statement of comprehensive income (contd.) For the period ended 30 September 2017

	Current quarter 3 months ended		Cumulative quarters 9 months ended	
	30 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 2016
Note	RM'000	RM'000	RM'000	RM'000
Other comprehensive (loss)/income:				
<u>Items that will not be subsequently reclassified to profit or loss</u>				
Share of other comprehensive loss of associate	(51)	-	(51)	-
<u>Items that may be subsequently reclassified to profit or loss</u>				
Changes in AFS financial assets, net:	15	186	(26)	129
- Gain on fair value changes of AFS financial assets	19	256	348	190
- Realised gain transferred to profit or loss	-	-	(319)	-
- Deferred tax relating AFS financial assets	(4)	(70)	(55)	(61)
Effect of post-acquisition foreign exchange translation reserve on investment in an associate and a joint venture company	146	1,832	253	230
Other comprehensive income for the period	110	2,018	176	359
Total comprehensive income for the period	14,041	17,357	40,942	69,618
Profit attributable to:				
Owners of the parent	12,734	14,336	37,676	63,432
Non-controlling interests	1,197	1,003	3,090	5,827
	13,931	15,339	40,766	69,259
Total comprehensive income attributable to:				
Owners of the parent	12,840	16,323	38,250	63,771
Non-controlling interests	1,201	1,034	2,692	5,847
	14,041	17,357	40,942	69,618
Basic and diluted earnings per share attributable to owners of the parent (sen per share)				
10	1.69	1.91	5.01	8.44

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

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Condensed consolidated statement of changes in equity For the period ended 30 September 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	-	-	-	-	-	-	37,676	37,676	3,090	40,766
Other comprehensive income/(loss) for the period	-	-	-	321	-	253	-	574	(398)	176
Total comprehensive income for the period	-	-	-	321	-	253	37,676	38,250	2,692	40,942
Grant of equity-settled share options to employees	-	-	-	-	351	-	-	351	-	351
Transition in accordance with Section 618(2) of the Companies Act 2016 to no-par value regime on 31 January 2017 *	173,343	(173,343)	-	-	-	-	-	-	-	-
Dissolution of a subsidiary (Note 4)	-	-	13,838	-	-	-	(13,838)	-	(100)	(100)
Dividends on ordinary shares	-	-	-	-	-	-	(39,092)	(39,092)	(1,673)	(40,765)
At 30 September 2017	248,519	-	-	(4,488)	6,248	7,739	238,136	496,154	45,631	541,785
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

* Pursuant to Section 74 of the Companies Act, 2016 ("the Act"), the Company's shares no longer have a par or nominal value with effect from 31 January 2017. In accordance with the transitional provision set out in Section 618 of the Act, any amount standing to the credit of the share premium account becomes part of the Company's share capital. Companies have 24 months upon the commencement of the Act to utilise the credit.

There is no impact on the number of the shares in issue or the relative entitlement of any of the members as a result of the transition. During the financial period, the Company has not utilised any of the credit in the share premium account which is now part of share capital.

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 30 September 2017

	Cumulative quarters 9 months ended	
	30 Sept 2017	30 Sept 2016
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	44,037	77,871
Adjustments for:		
Non-cash items	8,046	3,939
Non-operating activities items	(24,638)	(25,803)
Operating profit before working capital changes	27,445	56,007
Net change in operating assets	37,453	92,372
Net change in operating liabilities	(12,646)	(66,510)
Cash generated from operating activities	52,252	81,869
Net interest received	5,708	8,493
Net dividend received	9,912	10,830
Rental received	26	277
Retirement benefits paid	(5)	(96)
Income tax paid	(8,773)	(5,529)
Net cash generated from operating activities	59,120	95,844
Cash flows from investing activities		
Purchases of AFS financial assets	(395)	(3,218)
Purchase of fair value through profit or loss ("FVTPL") financial assets	(534,252)	(138,431)
Proceeds from disposal of AFS financial assets	129,348	7,173
Proceeds from disposal of FVTPL financial assets	-	92,500
Decrease/(increase) in loans and receivables	409,981	(4,908)
Proceeds from disposal of property and equipment	11	36
Purchase of property and equipment	(1,452)	(1,135)
Purchase of intangible assets	(720)	(612)
Net cash generated from/(used in) investing activities	2,521	(48,595)
Cash flows from financing activity		
Dividends paid to equity holder	(39,092)	(37,588)
Dividends paid to non-controlling interests	(1,673)	(1,925)
Net cash used in financing activities	(40,765)	(39,513)
Net increase in cash and cash equivalents	20,876	7,736
Effect of exchange rate changes on cash and cash equivalents	(49)	(221)
Cash and cash equivalents at beginning of period	48,501	79,589
Cash and cash equivalents at end of period	69,328	87,104
Cash and cash equivalents comprise:		
Fixed and call deposits (with original maturity of less than three months) with licensed financial institutions	48,897	28,290
Cash and bank balances	20,431	58,814
	69,328	87,104

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 30 September 2017

1. Basis of preparation

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

2.2 Standards issued but not yet effective

At the date of authorisation of the condensed report, the following Standards, Amendments to Standards and Interpretations were issued but not yet effective and have not been adopted by the Group:

Description	Effective for annual periods 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

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Explanatory Notes Pursuant to MFRS 134 For the period ended 30 September 2017

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

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

At the date of authorisation of the condensed report, the following Standards, Amendments to Standards and Interpretations were issued but not yet effective and have not been adopted by the Group: (cont'd.)

Description	Effective for annual periods beginning on or after
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
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 <i>Consolidated Financial Statements</i> and MFRS 128 <i>Investment in Associates and Joint Ventures</i>	To be announced by MASB

The above Standards, Amendments to Standards and interpretations are not expected to have any material effect to the financial statements of the Group upon initial application except as

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. MFRS 9, as issued by the MASB, is equivalent of IFRS 9. The Group plans to adopt the Standard with effect from 1 January 2018.

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).

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Explanatory Notes Pursuant to MFRS 134 For the period ended 30 September 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* (cont'd.)

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. The Group has decided to adopt MFRS 9 with effect from 1 January 2018.

MFRS 17 *Insurance Contracts*

On 15 August 2017, MASB issued MFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, MFRS 17 will replace MFRS 4 *Insurance Contracts* that was issued in 2011. MFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of MFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in MFRS 4, which are largely based on grandfathering previous local accounting policies, MFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of MFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach);
- A simplified approach (the premium allocation approach) mainly for short-duration

MFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies MFRS 9 and MFRS 15 on or before the date it first applies MFRS 17.

The Group is in the process of assessing the financial implications for adopting MFRS 17.

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Explanatory Notes Pursuant to MFRS 134 For the period ended 30 September 2017

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

On 18 July 2017, the Board of Directors of the Company announced that Tune Insurance (Labuan) Ltd ("TIL"), a subsidiary of the Company, incorporated in Labuan, which was placed under Members' Voluntary Winding-up pursuant to the provision of Section 131(1) of the Labuan Companies Act, 1990 applying Section 272 of the Companies Act, 1965 (now superseded by the Companies Act, 2016), was dissolved on 25 May 2017 pursuant to Section 272(5) of the Companies Act, 1965 (now superseded by the Companies Act, 2016). The Company was advised of the same by the appointed liquidator of TIL, Mr. Yap Wai Bing of Messrs TMF Trust Labuan Limited on 13 July 2017.

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Explanatory Notes Pursuant to MFRS 134 For the period ended 30 September 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
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 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 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	1,908	26	5,717	14,472	46,599	49,413	349,852	317,244	-	-	404,076	381,155
Inter-segment	52,817	43,791	-	-	35,512	49,280	3,406	9,385	(91,735)	(102,456)	-	-
	<u>54,725¹</u>	<u>43,817</u>	<u>5,717</u>	<u>14,472</u>	<u>82,111²</u>	<u>98,693</u>	<u>353,258³</u>	<u>326,629</u>	<u>(91,735)</u>	<u>(102,456)</u>	<u>404,076⁴</u>	<u>381,155</u>
Segment profit/(loss)	<u>40,712</u>	<u>29,051</u>	<u>5,282</u>	<u>13,770</u>	<u>35,012</u>	<u>44,978</u>	<u>20,307</u>	<u>43,290</u>	<u>(57,276)</u>	<u>(53,218)</u>	<u>44,037</u>	<u>77,871</u>
Segment assets	<u>295,117</u>	<u>308,920</u>	<u>145,004</u>	<u>490,817</u>	<u>142,085</u>	<u>143,739</u>	<u>1,018,484</u>	<u>962,326</u>	<u>(294,836)</u>	<u>(663,842)</u>	<u>1,305,854</u>	<u>1,241,960</u>
Segment liabilities	<u>2,285</u>	<u>3,335</u>	<u>153</u>	<u>192</u>	<u>27,927</u>	<u>32,375</u>	<u>752,109</u>	<u>706,164</u>	<u>(18,405)</u>	<u>(22,864)</u>	<u>764,069</u>	<u>719,202</u>

¹ investment income of RM54.274 million

² included investment income of RM1.914 million

³ included investment income of RM13.093 million

⁴ included investment income of RM19.226 million

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Explanatory Notes Pursuant to MFRS 134 For the period ended 30 September 2017

6. Seasonality of operations

The Group is subject to seasonal fluctuations 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 9 months ended	
	30 Sept 2017 RM'000	30 Sept 2016 RM'000	30 Sept 2017 RM'000	30 Sept 2016 RM'000
Rental income from investment property	11	93	26	277
Interest income:				
- AFS financial assets	133	302	464	907
- loan and receivables	2,086	3,968	6,925	13,060
- financial assets at FVTPL	-	1,146	-	3,352
- bank balances	29	-	120	-
Share of investment income from Malaysian Motor Insurance Pool ("MMIP")	2,462	654	1,484	3,423
Dividend income:				
- AFS financial assets	-	74	119	301
- financial assets at FVTPL	3,860	414	10,088	715
	8,581	6,651	19,226	22,035
Net accretion of discounts	-	-	-	1
	8,581	6,651	19,226	22,036

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

	Current quarter 3 months ended		Cumulative quarters 9 months ended	
	30 Sept 2017 RM'000	30 Sept 2016 RM'000	30 Sept 2017 RM'000	30 Sept 2016 RM'000
Depreciation of property and equipment	644	584	1,762	1,712
Depreciation of investment property	6	8	20	22
Amortisation of intangible assets	416	525	1,424	1,484
Allowance for impairment losses of insurance receivables	1,512	634	3,790	840

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Explanatory Notes Pursuant to MFRS 134 For the period ended 30 September 2017

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

	Current quarter		Cumulative quarters	
	3 months ended		9 months ended	
	30 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 2016
	RM'000	RM'000	RM'000	RM'000
Realised (gains)/losses on disposal of:				
- property and equipment	(2)	(11)	(10)	(11)
- a subsidiary (Note 4)	-	-	4	-
- financial assets at FVTPL	(69)	(29)	(938)	(52)
- AFS financial assets	-	-	(229)	-
Realised gains	(71)	(40)	(1,173)	(63)
Fair value gains on financial assets carried at FVTPL	(1,073)	(431)	(1,093)	(911)
(Gain)/loss on foreign exchange - realised	(336)	(7)	(836)	637
Loss/(gain) on foreign exchange - unrealised	270	(1,767)	375	(453)

9. Taxation

	Current quarter		Cumulative quarters	
	3 months ended		9 months ended	
	30 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 2016
	RM'000	RM'000	RM'000	RM'000
Income tax expense	2,190	1,420	2,526	8,801
Deferred tax (benefit)/expense	(251)	(58)	745	(189)
	1,939	1,362	3,271	8,612
Effective tax rate	12%	8%	7%	11%

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

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

	Current quarter		Cumulative quarters	
	3 months ended		9 months ended	
	30 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 2016
Profit net of tax attributable to owners of the parent (RM'000)	12,734	14,336	37,676	63,432
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 earnings per share computation ('000)	751,760	751,760	751,760	751,760
Basic and diluted earnings per share (sen per share)	1.69	1.91	5.01	8.44

11. Share capital

There were no issuances, cancellations, repurchases, resale and repayments of equity securities by the Company during the period other than the movement in share capital and share premium.

Pursuant to Section 74 of the Companies Act, 2016 ("the Act"), the Company's shares no longer have a par or nominal value with effect from 31 January 2017. In accordance with the transitional provision set out in section 618 of the Act, any amount standing to the credit of the share premium account becomes part of the Company's share capital. Companies have 24 months upon the commencement of the Act to utilise the credit.

There is no impact on the number of the shares in issue or the relative entitlement of any of the members as a result of the transition. During the financial period, the Company has not utilised any of the credit in the share premium account which are now part of share capital.

12. Dividends

The final single tier dividend of 5.2 sen per ordinary share on 751,759,980 ordinary shares for the financial year ended 31 December 2016 amounting to RM39,091,519 was approved by shareholders on 22 May 2017 and paid on 15 June 2017.

No interim dividend has been declared for the financial period ended 30 September 2017.

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Explanatory Notes Pursuant to MFRS 134 For the period ended 30 September 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	Ob-servable inputs (Level 2) RM'000	Unob-servable inputs (Level 3) RM'000	Total RM'000
Assets measured at fair value:					
30 September 2017					
AFS financial assets:					
Unquoted debt securities in Malaysia	30 September 2017	-	9,994	-	9,994
Financial assets at FVTPL:					
Unquoted debt securities in Malaysia	30 September 2017	-	134,411	-	134,411
Quoted unit trust funds in Malaysia	30 September 2017	488,248	-	-	488,248
		<u>488,248</u>	<u>134,411</u>	<u>-</u>	<u>622,659</u>

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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
Assets measured at fair value: (cont'd.)					
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 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:					
30 September 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 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.

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13. Fair value measurement (cont'd.)

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

- (ii) The fair value of investments in unit trust funds and collective investment schemes are determined by reference to published net asset values.
- (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>30 Sept</u> <u>2017</u> <u>RM'000</u>	<u>As at</u> <u>30 Sept</u> <u>2016</u> <u>RM'000</u>
Approved but not contracted for:		
- Property and equipment	<u>16,592</u>	<u>16,423</u>

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

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16. Related party transactions (cont'd.)

	Current quarter		Cumulative quarters	
	3 months ended		9 months ended	
	30 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 2016
	RM'000	RM'000	RM'000	RM'000
AAB				
Fee and commission expenses	(2,562)	(3,097)	(7,750)	(11,185)
Data management fee	(13)	(19)	(44)	(59)
AAX				
Fee and commission expenses	(676)	(913)	(2,198)	(3,228)
PTAA				
Telemarketing commission expenses	(4)	(4)	(9)	(11)
Fee and commission expenses	(83)	(96)	(303)	(358)
TAA				
Telemarketing commission expenses	(9)	(31)	(41)	(85)
Fee and commission expenses	(96)	(80)	(270)	(281)
TGSB				
Royalty fee	(1,764)	(3,046)	(7,090)	(8,999)
Rental and utilities charges	(420)	-	(1,057)	-
SP&G				
Brokerage fee	(68)	(147)	(1,083)	(659)

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

17. Events after the reporting period

There were no significant events after the reporting period.

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18. Performance review

18.1 Current quarter ("3Q17") against corresponding quarter in prior year ("3Q16")

	Investment holding and others		Collective investment schemes		General reinsurance		General insurance		Adjustments and eliminations		Consolidated	
	30 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 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	451	13	1,614	4,662	16,613	16,362	121,439	105,039	-	-	140,117	126,076
Inter-segment	-	488	-	-	11,695	14,948	1,125	3,293	(12,820)	(18,729)	-	-
	451	501	1,614	4,662	28,308	31,310	122,564	108,332	(12,820)	(18,729)	140,117	126,076
Segment (loss)/profit	(4,444)	(4,908)	1,385	4,498	10,268	13,914	8,884	7,445	(223)	(4,248)	15,870	16,701

Group/Consolidated

The Group's operating revenue increased from RM126.1 million in 3Q16 to RM140.1 million in 3Q17. The increase of RM14.0 million was due to:

- Increase of RM12.1 million in gross earned premiums ("GEP") mainly in general insurance business as contributed by increase in Motor class; and
- Increase of RM1.9 million in investment income mainly from MMIP in general insurance business.

The decrease of RM0.8 million or 4.8% in Group's profit before tax ("PBT") from RM16.7 million in 3Q16 to RM15.9 million in 3Q17 was due to decrease of RM1.6 million in foreign exchange gains, offset by increase of RM0.8 million in share of profits from overseas ventures.

General reinsurance

Operating revenue of this segment decreased by RM3.0 million from RM31.3 million in 3Q16 to RM28.3 million in 3Q17, mainly due to lower GEP in Malaysia market.

The decrease of RM3.6 million in this segment's profit from RM13.9 million in 3Q16 to RM10.3 million in 3Q17 was due to decrease of RM2.7 million in NEP mainly in Malaysia market and increase of RM0.9 million in net commissions.

General insurance

Operating revenue of this segment increased by RM14.2 million from RM108.3 million in 3Q16 to RM122.5 million in 3Q17, contributed by improvements of RM12.5 million in GEP mainly from Motor class and improvement of RM1.7 million in investment income mainly from MMIP.

The increase of RM1.4 million in this segment's profit from RM7.4 million in 3Q16 to RM8.8 million in 3Q17 was mainly contributed by the improvement in investment income mainly from MMIP.

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18. Performance review (cont'd.)

18.2 Current year to date ("YTD 2017") against corresponding year to date ("YTD 2016")

	Investment holding and others		Collective investment schemes		General reinsurance		General insurance		Adjustments and eliminations		Consolidated	
	30 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 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
	Cumulative quarters 6 months ended											
Operating revenue												
External	1,908	26	5,717	14,472	46,599	49,413	349,852	317,244	-	-	404,076	381,155
Inter-segment	52,817	43,791	-	-	35,512	49,280	3,406	9,385	(91,735)	(102,456)	-	-
	54,725	43,817	5,717	14,472	82,111	98,693	353,258	326,629	(91,735)	(102,456)	404,076	381,155
Segment profit/(loss)	40,712	29,051	5,282	13,770	35,012	44,978	20,307	43,290	(57,276)	(53,218)	44,037	77,871

Group/Consolidated

The Group's operating revenue increased by RM22.9 million from RM381.2 million in YTD 2016 to RM404.1 million in YTD 2017, mainly due to increase of RM25.7 million in GEP of Motor class in general insurance business offset by decrease in Travel class of China and Philippines markets in general reinsurance business. The GEP increase was then offset by decrease of RM2.8 million in investment income, mainly due to reversal of MMIP investment income in YTD 2017.

The Group's segment profit decreased from RM77.9 million in YTD 2016 to RM44.0 million in YTD 2017. The decrease of RM33.9 million was due mainly to:

- Decrease of RM7.7 million in NEP mainly due to decrease of RM16.0 million in Malaysia, China and Philippines markets of general reinsurance business, offset by increase of RM8.3 million mainly in Motor class of general insurance business; and
- Increase of RM27.8 million in net claims of Motor and Medical classes of general insurance business.

The abovementioned was then offset by the followings:

- Increase of RM1.3 million in other revenue mainly from fair value gains and realised gains on investments; and
- Increase of RM0.3 million in share of profits from overseas ventures.

General reinsurance

Operating revenue of this segment decreased from RM98.7 million in YTD 2016 to RM82.1 million in YTD 2017. The decrease of RM16.6 million was mainly due to lower GEP in Malaysia, China and Philippines markets, slightly offset by a marginal increase in investment income.

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18. Performance review (cont'd.)

18.2 Current year to date ("YTD 2017") against corresponding year to date ("YTD 2016") (cont'd.)

General reinsurance (cont'd.)

The decrease of RM10.0 million in this segment's profit from RM45.0 million in YTD 2016 to RM35.0 million in YTD 2017 was mainly due to decrease of RM16.1 million in NEP of Malaysia, China and Philippines markets, offset by decreases in net commission expense of RM1.3 million, net claims of RM2.7 million, realised foreign exchange gains of RM1.6 million and management expenses of RM0.5 million.

General insurance

There was an increase of RM26.6 million in operating revenue of this segment from RM326.6 million in YTD 2016 to RM353.2 million in YTD 2017, mainly contributed by increase of RM30.4 million in GEP of Motor class, but it was offset by decrease of RM3.8 million in investment income mainly due to reversal of MMIP investment income in YTD 2017.

Profit of this segment decreased by RM23.0 million from RM43.3 million in YTD 2016 to RM20.3 million in YTD 2017, mainly due to increases in net claims of Motor and Medical classes.

18.3 Current quarter ("3Q17") against preceding quarter in current year ("2Q17")

	Investment holding and others		Collective investment schemes		General reinsurance		General insurance		Adjustments and eliminations		Consolidated	
	30 Sept 2017	30 Jun 2017	30 Sept 2017	30 Jun 2017	30 Sept 2017	30 Jun 2017	30 Sept 2017	30 Jun 2017	30 Sept 2017	30 Jun 2017	30 Sept 2017	30 Jun 2017
	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	451	621	1,614	1,561	16,613	16,143	121,439	115,553	-	-	140,117	133,878
Inter-segment	-	8,327	-	-	11,695	11,404	1,125	914	(12,820)	(20,645)	-	-
	451	8,948	1,614	1,561	28,308	27,547	122,564	116,467	(12,820)	(20,645)	140,117	133,878
Segment profit/(loss)	(4,444)	4,655	1,385	1,423	10,268	13,250	8,884	1,987	(223)	(8,212)	15,870	13,103

Group/Consolidated

The Group's operating revenue increased from RM133.9 million in 2Q17 to RM140.1 million in 3Q17. The increase of RM6.2 million was due to increase of RM3.3 million in GEP mainly from Marine, Aviation and Offshore Oil classes in general insurance business and increase of RM2.9 million in investment income mainly from MMIP in general insurance business.

There was an increase of RM2.8 million in Group's segment profit, from RM13.1 million in Q217 to RM15.9 million in 3Q17, due mainly to increase in investment income of general insurance businesses.

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For the period ended 30 September 2017

18. Performance review (cont'd.)

18.3 Current quarter ("3Q17") against preceding quarter in current year ("2Q17") (cont'd.)

General reinsurance

Operating revenue of this segment increased from RM27.5 million in 2Q17 to RM28.3 million in 3Q17. The increase of RM0.8 million was mainly contributed by higher GEP from Middle East, Thailand and Japan markets, as well as the product bundling initiative.

The decrease of RM3.0 million in this segment's profit was due to increase in claim liabilities in Indonesia and Malaysia markets.

General insurance

There was an increase of RM6.1 million in operating revenue of this segment from RM116.5 million in 2Q17 to RM122.6 million in 3Q17, due to increase of RM2.9 million in GEP of Marine, Aviation and Offshore Oil classes and RM3.2 million in investment income mainly from MMIP.

Profit of this segment increased by RM6.9 million from RM2.0 million in 2Q17 to RM8.9 million in 3Q17, mainly due to:

- Decrease of RM8.0 million in net claims of Motor and Medical classes;
- Increase of RM3.2 million in investment income mainly from MMIP; and
- Increase of RM0.8 million in NEP mainly from Medical class; offset by
- Increase of RM5.1 million in management expenses mainly in employee costs, marketing expenses, rental, printing and stationery expenses.

19. Commentary on prospects

In the second half-year, the Group has moved resolutely on implementing measures strategically to form the building blocks for recovery in performance. The innovative initiatives put in place are gaining traction in favour of the global Travel reinsurance business, notably in product bundling with our key airline partner. In its early stages of implementation, dynamic pricing and other targeted marketing initiatives also aim to elevate sales and overall customer experience. Continued collaboration with our airline partners and new personalised travel products in the pipeline, including Family, Migrant and Annual travel plans, is expected to further strengthen our recovery.

For the general insurance business, our efforts to address the cost of Motor claims are yielding results with the lower claims costs from Motor class since the early part of the second-half. Under the helm of the new leadership, the general insurance business is on track in achieving its targeted performance for the medium-term via the key strategic areas, namely technology, product innovation, critical mass acquisition on retail, data analytics and customer segmentation.

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For the period ended 30 September 2017

19. Commentary on prospects (cont'd.)

The Group remains financially strong with a broad and trusted portfolio which continues to expand, supported by talented employees and a strong leadership team to implement the strategic roadmap for recovery and growth. The Group is making good progress and remains committed to safeguard the interest of our shareholders and deliver value for the long-term.

20. Profit forecast or profit guarantee

The Group did not issue any profit forecast or profit guarantee for the financial period ending 30 September 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 30 September 2017 or the previous year ended 31 December 2016.

25. Risks and policies for derivatives

The Group did not enter into any derivative transactions during the period ended 30 September 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 measured at fair value through profit or loss as at 30 September 2017 and 31 December 2016.

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27. Breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group as at 30 September 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 30 Sept 2017</u> RM'000	<u>As at 31 Dec 2016</u> RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	306,358	308,221
- Unrealised	85	649
	<u>306,443</u>	<u>308,870</u>
Less: Consolidation adjustments	(68,307)	(55,480)
Total retained earnings as per statement of financial position	<u>238,136</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