



Tune Protect Group Berhad (948454-K)

Interim Financial Statements

For the Quarter and Nine Months Ended 30 September 2019

Tune Protect Group Berhad (948454-K)

Condensed consolidated statement of financial position

As at 30 September 2019

	As at 30 Sept 2019 Unaudited RM'000	As at 31 Dec 2018 Audited RM'000
Assets		
Property and equipment	7,187	7,838
Intangible assets	3,397	3,838
Right-of-use assets	2,917	-
Investment in an associate	64,558	58,605
Investment in a joint venture company	4,079	4,138
Goodwill	24,165	24,165
Deferred tax assets	1,936	1,731
Investments	741,885	690,039
Reinsurance assets	542,878	451,939
Insurance receivables	152,272	158,735
Other receivables	108,451	97,801
Cash and bank balances	40,323	7,228
Total assets	1,694,048	1,506,057
Equity		
Share capital	248,519	248,519
Employee share option reserves	3,520	4,006
Foreign currency translation reserve	10,698	7,157
Other comprehensive income ("OCI") reserve	155	155
Other reserve	124	124
Retained earnings	284,600	267,114
Equity attributable to owners of the parent	547,616	527,075
Non-controlling interests	138,317	47,614
Total equity	685,933	574,689
Liabilities		
Insurance contract liabilities	852,096	772,555
Deferred tax liabilities	1,327	1,249
Insurance payables	93,405	111,881
Retirement benefits	507	573
Other payables	57,807	45,110
Lease liabilities	2,973	-
Total liabilities	1,008,115	931,368
Total equity and liabilities	1,694,048	1,506,057
Net assets per ordinary share attributable to owners of the parent (RM)	0.73	0.70

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2018.

Tune Protect Group Berhad (948454-K)

Condensed consolidated statement of comprehensive income For the period ended 30 September 2019

	Note	Current quarter		Cumulative quarters	
		3 months ended		9 months ended	
		30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018
		RM'000	RM'000	RM'000	RM'000
Operating revenue		123,843	141,487	374,969	425,704
Gross earned premiums		115,827	134,573	352,223	404,989
Premiums ceded to reinsurers		(54,213)	(61,277)	(162,386)	(184,760)
Net earned premiums		61,614	73,296	189,837	220,229
Investment income	6	8,016	6,914	22,746	20,715
Realised gains and losses		3,094	176	6,059	1,261
Fair value gains and losses		5,356	2,678	11,019	895
Fees and commission income		8,337	10,463	27,186	38,572
Other operating income		368	1,448	1,460	1,912
Other revenue		25,171	21,679	68,470	63,355
Gross claims paid		(49,191)	(53,141)	(192,380)	(153,840)
Claims ceded to reinsurers		26,189	25,473	116,423	66,494
Gross change to contract liabilities		(88,933)	(27,311)	(87,945)	(57,873)
Change in contract liabilities ceded to reinsurers		86,965	31,538	94,511	65,555
Net claims		(24,970)	(23,441)	(69,391)	(79,664)
Fee and commission expenses		(18,322)	(21,990)	(57,586)	(69,252)
Management expenses		(27,966)	(39,552)	(85,078)	(91,684)
Other operating expenses		(39)	(441)	(102)	(907)
Finance costs		(42)	-	(151)	-
Other expenses		(46,369)	(61,983)	(142,917)	(161,843)
Share of results of an associate		830	969	2,468	1,747
Share of results of a joint venture company		45	1,168	896	1,659
Profit before taxation	7	16,321	11,688	49,363	45,483
Taxation	8	(1,368)	(1,628)	(2,672)	(3,769)
Net profit for the period		14,953	10,060	46,691	41,714

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Condensed consolidated statement of comprehensive income (cont'd.)
For the period ended 30 September 2019

	Current quarter		Cumulative quarters	
	3 months ended		9 months ended	
	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018
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 and a joint venture company	741	1,197	3,541	(866)
Other comprehensive income/(loss) for the period	741	1,197	3,541	(866)
Total comprehensive income for the period	15,694	11,257	50,232	40,848
Profit attributable to:				
Owners of the parent	10,989	9,134	40,039	38,518
Non-controlling interests	3,964	926	6,652	3,196
	14,953	10,060	46,691	41,714
Total comprehensive income attributable to:				
Owners of the parent	11,730	10,331	43,580	37,652
Non-controlling interests	3,964	926	6,652	3,196
	15,694	11,257	50,232	40,848
Basic and diluted earnings per share attributable to owners of the parent (sen per share)				
9	1.46	1.22	5.33	5.12

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2018.

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Condensed consolidated statement of changes in equity
For the period ended 30 September 2019

	Attributable to the owners of the parent									
	← Non-distributable					→ Distributable				
	Share capital	Available-for-sale reserves	Other OCI reserve	Other reserve	Employee share option reserve	Foreign currency translation reserve	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 2019	248,519	-	155	124	4,006	7,157	267,114	527,075	47,614	574,689
Net profit for the period	-	-	-	-	-	-	40,039	40,039	6,652	46,691
Other comprehensive profit for the period	-	-	-	-	-	3,541	-	3,541	-	3,541
Total comprehensive income for the period	-	-	-	-	-	3,541	40,039	43,580	6,652	50,232
Dividends on ordinary shares	-	-	-	-	-	-	(22,553)	(22,553)	(2,638)	(25,191)
Increase in non-controlling interest arising from reduction of interest in subsidiary	-	-	-	-	-	-	-	-	86,689	86,689
Grant of equity-settled share options to employees	-	-	-	-	(486)	-	-	(486)	-	(486)
At 30 September 2019	248,519	-	155	124	3,520	10,698	284,600	547,616	138,317	685,933
At 1 January 2018	248,519	(4,306)	-	324	4,998	6,716	246,763	503,014	46,063	549,077
Changes on initial application of MFRS 9	-	4,306	-	-	-	-	(6,834)	(2,528)	-	(2,528)
At 1 January 2018 (restated)	248,519	-	-	324	4,998	6,716	239,929	500,486	46,063	546,549
Net profit for the period	-	-	-	-	-	-	38,518	38,518	3,196	41,714
Other comprehensive loss for the period	-	-	-	-	-	(866)	-	(866)	-	(866)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(866)	38,518	37,652	3,196	40,848
Grant of equity-settled share options to employees	-	-	-	-	(169)	-	-	(169)	-	(169)
Dividends on ordinary shares	-	-	-	-	-	-	(22,553)	(22,553)	(1,842)	(24,395)
At 30 September 2018	248,519	-	-	324	4,829	5,850	255,894	515,416	47,417	562,833

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2018.

Tune Protect Group Berhad (948454-K)

Condensed consolidated statement of cash flows For the period ended 30 September 2019

	Cumulative quarters 9 months ended	
	30 Sept 2019	30 Sept 2018
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	49,363	45,483
Adjustments for:		
Non-cash items	(3,510)	3,814
Investment related income	(40,875)	(26,268)
Operating profit before working capital changes	4,978	23,029
Net change in operating assets	(83,634)	(59,672)
Net change in operating liabilities	71,293	4,929
Cash used in operating activities	(7,363)	(31,714)
Net interest received	6,704	5,117
Net dividend received	12,843	15,552
Rental received	15	19
Retirement benefits	(66)	28
Income tax paid	(3,710)	(5,162)
Net cash generated from/(used in) operating activities	8,423	(16,160)
Cash flows from investing activities		
Purchases of fair value through profit or loss ("FVTPL") financial assets	(59,293)	(265,690)
Proceeds from disposal of FVTPL financial assets	132,210	277,183
Cash received from non-controlling interest for units created in subsidiary	66,686	-
(Increase)/decrease in loans and receivables	(107,723)	6,761
Proceeds from disposal of property and equipment	2,949	-
Purchase of property and equipment	(1,274)	(919)
Purchase of intangible assets	(940)	(586)
Net cash generated from investing activities	32,615	16,749
Cash flows from financing activity		
Repayment of lease liabilities	(1,785)	-
Dividends paid to equity holders	(22,553)	(22,553)
Dividends paid to non-controlling interests	(2,637)	(1,842)
Net cash used in financing activities	(26,975)	(24,395)
Net increase/(decrease) in cash and cash equivalents	14,063	(23,806)
Effect of exchange rate changes on cash and cash equivalents	(44)	41
Cash and cash equivalents at beginning of period	26,304	41,701
Cash and cash equivalents at end of period	40,323	17,936
Cash and cash equivalents comprise:		
Fixed and call deposits (with original maturities of less than three months) with licensed financial institutions	36,266	13,250
Cash and bank balances	4,057	4,686
	40,323	17,936

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2018.

Tune Protect Group Berhad (948454-K)

Explanatory Notes Pursuant to MFRS 134 For the period ended 30 September 2019

1. Basis of preparation

The condensed consolidated interim financial statements, for the period ended 30 September 2019, 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 2018.

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 2018.

2. Changes in accounting policies

2.1 Adoption of MFRSs, Amendments to MFRSs and IC Interpretations

The accounting policies adopted are consistent with those of the previous financial year except for the following Standards, Amendments to Standards and Issues Committee ("IC") Interpretation which are mandatory for annual financial periods beginning on or after 1 January 2019 and which were adopted by the Group on 1 January 2019.

MFRS 16 *Leases*

IC Interpretation 23 *Uncertainty over Income Tax Treatments*

Amendments to MFRS 128 *Long-term Interests In Associates and Joint Ventures*

Amendments to MFRS 9 *Prepayment Features with Negative Compensation*

Amendments to MFRS 119 *Plan Amendment, Curtailment or Settlement*

Amendments to MFRS 3, *Business Combinations*

Amendments to MFRS 112, *Income Taxes*

Amendments to MFRS 123, *Borrowing Costs*

Annual improvements to MFRS Standards 2015-2017 Cycle

The adoption of the above pronouncements did not have any material impact to the current and prior period financial statements of the Group except as discussed below:

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Explanatory Notes Pursuant to MFRS 134 For the period ended 30 September 2019

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

2.1 Adoption of MFRSs, Amendments to MFRSs and IC Interpretations (cont'd.)

MFRS 16 Leases

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model, similar to the accounting for finance leases under MFRS 117. The standard will supersede MFRS 117 *Leases*, IC Interpretation 4 *Determining whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Lease-incentives* and IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

(i) Lessee

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Subsequently, lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

(ii) Lessor

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

The standard is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach.

The Group has adopted MFRS 16 for the first time as of 1 January 2019, using the modified retrospective approach, whereby comparative information is not required to be restated. In line with the practical expedient allowed under MFRS 16, the Group has elected to apply the standard to contracts that were previously identified as leases applying MFRS 117 and IC Interpretation 4. Therefore, the Group did not apply the standard to contracts that were not previously identified as containing a lease when applying MFRS 117 and IC Interpretation 4.

The Group has elected to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Group has leases of certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low value.

On transition to MFRS 16, the Group recognised lease liabilities and right-of-use assets of approximately RM4,126,000 as at 1 January 2019.

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Explanatory Notes Pursuant to MFRS 134 For the period ended 30 September 2019

2.2 Standards issued but not yet effective

The following are Amendments to Standards issued by the MASB, but not yet effective, up to the date of issuance of the Group's interim financial statements. The Group intends to adopt these Amendments to Standards, if applicable, when they become effective:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3 <i>Business Combinations - Definition of a business</i>	1 January 2020
Amendments to MFRS 101 <i>Presentation of financial statements</i> and MFRS 108 <i>Accounting policies, changes in accounting estimates and errors</i>	
- <i>Definition of material</i>	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
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 directors expect that the adoption of the above pronouncements will have no material impact to the financial statements of the Group in the period of initial application except for those discussed below:

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) which is not applicable to the Group's contracts; and
- A simplified approach (the premium allocation approach), mainly for short-duration contracts.

MFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with the option to apply a full retrospective, modified retrospective or fair value approach on transition. Early application is permitted, provided the entity also applies MFRS 9 and MFRS 15 on or before the date it first applies MFRS 17.

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Explanatory Notes Pursuant to MFRS 134 For the period ended 30 September 2019

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

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

MFRS 17 Insurance Contracts (cont'd.)

The Group has completed the assessment of the operational impacts for adopting MFRS 17 and intends to assess the financial impacts in the financial year ending 2019.

On 14 November 2018, the IASB tentatively decided to propose an amendment to the effective date of IFRS 17 to reporting periods beginning on or after 1 January 2022. The proposed deferral is subject to public consultation, which is expected by end of 2019.

3. Change in estimates

There were no changes in estimates that have had a material effect on the current interim results.

4. Changes in composition of the Group

There were no changes in composition of the Group during the period ended 30 September 2019.

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Explanatory Notes Pursuant to MFRS 134 For the period ended 30 September 2019

5. Segment information

The Group is organised into business units based on their products and services, and has four business segments as follows:

Investment holding and others	: Investment holding operations and other dormant subsidiaries
Collective investment schemes	: Funds managed through collective investment schemes
General reinsurance business	: Underwriting of all classes of general reinsurance business
General insurance business	: Underwriting of all classes of general insurance business

	Investment holding and others		Collective investment schemes		General reinsurance		General insurance		Adjustments and eliminations		Consolidated	
	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018
	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	1,231	1,778	6,645	5,044	55,980	52,368	311,113	366,514	-	-	374,969	425,704
Inter-segment	20,085	39,612	-	-	18,082	34,183	4,240	5,189	(42,407)	(78,984)	-	-
	<u>21,316¹</u>	<u>41,390</u>	<u>6,645</u>	<u>5,044</u>	<u>74,062²</u>	<u>86,551</u>	<u>315,353³</u>	<u>371,703</u>	<u>(42,407)</u>	<u>(78,984)</u>	<u>374,969⁴</u>	<u>425,704</u>
Segment profit	<u>6,532</u>	<u>25,928</u>	<u>11,231</u>	<u>5,264</u>	<u>32,240</u>	<u>33,023</u>	<u>26,607</u>	<u>23,017</u>	<u>(27,248)</u>	<u>(41,749)</u>	<u>49,363</u>	<u>45,483</u>
Segment assets	<u>278,410</u>	<u>295,288</u>	<u>274,800</u>	<u>149,630</u>	<u>173,597</u>	<u>152,882</u>	<u>1,280,035</u>	<u>1,094,698</u>	<u>(312,795)</u>	<u>(287,733)</u>	<u>1,694,048</u>	<u>1,404,765</u>
Segment liabilities	<u>2,145</u>	<u>3,568</u>	<u>12,694</u>	<u>64</u>	<u>20,379</u>	<u>29,985</u>	<u>983,172</u>	<u>814,563</u>	<u>(10,274)</u>	<u>(6,248)</u>	<u>1,008,115</u>	<u>841,932</u>

¹ includes investment income of RM21.316 million

² includes investment income of RM2.484 million

³ includes investment income of RM16.626 million

⁴ includes investment income of RM22.746 million

Tune Protect Group Berhad (948454-K)

Explanatory Notes Pursuant to MFRS 134 For the period ended 30 September 2019

6. Investment income

	Current quarter 3 months ended		Cumulative quarters 9 months ended	
	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018
	RM'000	RM'000	RM'000	RM'000
Rental income from property	-	3	15	19
Interest income:				
- financial assets at amortised cost	300	211	636	1,266
- financial assets at FVTPL	2,886	1,957	7,394	5,501
- bank balances	14	42	38	74
Share of investment income from Malaysian Motor Insurance Pool ("MMIP")	1,108	579	2,830	479
Dividend income:				
- financial assets at FVTPL	3,709	4,122	11,832	13,376
	<u>8,016</u>	<u>6,914</u>	<u>22,746</u>	<u>20,715</u>

7. Profit before taxation is stated after charging/(crediting) the following:

	Current quarter 3 months ended		Cumulative quarters 9 months ended	
	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018
	RM'000	RM'000	RM'000	RM'000
Depreciation of property and equipment	407	410	1,224	1,274
Depreciation of investment property	-	7	-	20
Depreciation of right-of-use assets	547	-	1,689	-
Amortisation of intangible assets	512	381	1,368	1,057
(Reversal)/impairment of impairment losses on insurance receivables	(1,904)	4,130	(5,066)	2,419
Reversal of impairment losses on reinsurance assets	-	-	(198)	-
Interest expense on lease liabilities	42	-	151	-
Write-off of property and equipment	2	-	13	-
Write-off of intangible assets	10	-	10	-

Tune Protect Group Berhad (948454-K)

Explanatory Notes Pursuant to MFRS 134 For the period ended 30 September 2019

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

	Current quarter 3 months ended		Cumulative quarters 9 months ended	
	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018
	RM'000	RM'000	RM'000	RM'000
Realised gains on disposal of:				
- property and equipment	(2,296)	(9)	(2,313)	(9)
- a subsidiary	-	10	-	10
- financial assets at FVTPL	(797)	(177)	(3,746)	(1,262)
Net realised gains	(3,094)	(176)	(6,059)	(1,261)
Fair value gains on financial assets carried at FVTPL	(5,356)	(2,678)	(11,019)	(895)
(Gain)/loss on foreign exchange - realised	(10)	(142)	(170)	926
(Gain)/loss on foreign exchange - unrealised	(10)	(725)	(205)	(778)

8. Taxation

	Current quarter 3 months ended		Cumulative quarters 9 months ended	
	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018
	RM'000	RM'000	RM'000	RM'000
Income tax	1,859	1,958	2,723	3,595
Deferred tax	(491)	(330)	(51)	174
	1,368	1,628	2,672	3,769
Effective tax rate	8%	14%	5%	8%

The Group's effective tax rate is lower than the statutory tax rate due to tax exempt income from collective investment schemes.

9. Earnings per share

Basic earnings per share is 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 year.

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Explanatory Notes Pursuant to MFRS 134 For the period ended 30 September 2019

9. Earnings per share (cont'd.)

The followings 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 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018
	RM'000	RM'000	RM'000	RM'000
Profit net of tax attributable to owners of the parent (RM'000)	10,989	9,134	40,039	38,518
Number of ordinary shares in issue ('000)	751,760	751,760	751,760	751,760
Basic and diluted earnings per share (sen per share)	1.46	1.22	5.33	5.12

10. Share capital

There were no issuances, cancellations, repurchases, resale and repayments of equity securities by the Company during the period.

11. Dividends

The final single-tier dividend of 3.0 sen per ordinary share under the single-tier system which is tax exempt in the hands of the shareholders pursuant to paragraph 12B of Schedule 6 of the Income Tax Act, 1967 for the financial year ended 31 December 2018 amounting to RM22,552,799 was approved by the shareholders on 28 May 2019 and paid on 19 June 2019.

No interim dividend has been declared for the financial period ended 30 September 2019.

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Explanatory Notes Pursuant to MFRS 134 For the period ended 30 September 2019

12. Fair value measurement

The carrying values of financial assets and liabilities which are not carried at fair value approximate fair values due to their short-term maturity.

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

- 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 determines 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 provides an analysis of assets measured and/or disclosed at fair value on a recurring basis in accordance with the fair value hierarchy:

	Date of valuation	Quoted market price (Level 1) RM'000	Observable inputs (Level 2) RM'000	Unobservable inputs (Level 3) RM'000	Total RM'000
Assets measured at fair value:					
30 September 2019					
Financial assets at FVTPL:					
Unquoted debt securities					
in Malaysia	30 September 2019	-	260,797	-	260,797
Quoted unit trust funds					
in Malaysia	30 September 2019	447,547	-	-	447,547
Unquoted equity securities					
in the United Kingdom	30 September 2019	-	-	2,673	2,673
		<u>447,547</u>	<u>260,797</u>	<u>2,673</u>	<u>711,017</u>

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Explanatory Notes Pursuant to MFRS 134 For the period ended 30 September 2019

12. Fair value measurement (cont'd.)

The following table provides an analysis of assets measured and/or disclosed at fair value on a recurring basis in accordance with 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 2018					
Financial assets at FVTPL:					
Unquoted debt securities in Malaysia	31 December 2018	-	169,518	-	169,518
Quoted unit trust funds in Malaysia	31 December 2018	481,581	-	-	481,581
Unquoted equity securities in the United Kingdom		-	-	2,673	2,673
		<u>481,581</u>	<u>169,518</u>	<u>2,673</u>	<u>653,772</u>

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the current financial period and previous financial year. 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 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.
- (iii) The fair value of investment property was estimated by an accredited independent valuer based on the market comparison approach method.
- (iv) The fair value of an investment in unquoted equity securities is determined using the transaction price.

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For the period ended 30 September 2019

13. Capital commitments

	<u>As at</u> <u>30 Sept</u> <u>2019</u> <u>RM'000</u>	<u>As at</u> <u>31 Dec</u> <u>2018</u> <u>RM'000</u>
Capital expenditure:		
Approved but not contracted for:		
Intangible assets	28,805	29,674
Property and equipment	617	980
	<u>29,422</u>	<u>30,654</u>

14. Contingencies

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

15. Related party transactions

Details of the relationships 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
Rokki	Person connected to AAB
Thai AirAsia Co. Ltd ("TAA")	Person connected to AAB
Tune Group Sdn. Bhd. ("TGSB")	Major shareholder of the Company
Tune Protect Commercial Brokerage LLC ("TPCBLLC")	Joint venture company

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Explanatory Notes Pursuant to MFRS 134 For the period ended 30 September 2019

15. Related party transactions (cont'd.)

	Current quarter 3 months ended		Cumulative quarters 9 months ended	
	30 Sept 2019 RM'000	30 Sept 2018 RM'000	30 Sept 2019 RM'000	30 Sept 2018 RM'000
Income/(expenses):				
AAB				
Gross written premium	6,392	10,641	23,865	32,818
Fee and commission expenses	(1,598)	(2,648)	(5,966)	(8,192)
Data management fee	(5)	(8)	(17)	(25)
AAX				
Gross written premium	1,242	2,435	5,257	8,483
Fee and commission expenses	(311)	(609)	(1,314)	(2,121)
PTAA				
Gross written premium	386	372	1,406	1,202
Fee and commission expenses	(96)	(92)	(352)	(300)
Telemarketing commission expenses	(1)	(2)	(5)	(6)
TAA				
Gross written premium	201	492	849	1,355
Fee and commission expenses	(50)	(123)	(212)	(339)
Telemarketing commission expenses	(3)	(5)	(10)	(15)
TGSB				
Royalty fee	(1,339)	(1,549)	(4,257)	(4,999)
Rental and utilities charges	(360)	(389)	(1,083)	(1,257)
SP&G				
Brokerage fee	(372)	(262)	(1,054)	(897)
Rokki				
Advertisement expenses	-	-	(450)	-
TPCBLLC				
Facilitator fees	(1,332)	(3,058)	(4,544)	(5,299)

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

16. Events after the reporting period

There were no significant events after the reporting period.

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For the period ended 30 September 2019

17. Performance review

17.1 Current quarter ("3Q19") against corresponding quarter in prior year ("3Q18")

	Investment holding and others		Collective investment schemes		General reinsurance		General insurance		Adjustments and eliminations		Consolidated	
	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018
	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	307	529	2,735	1,768	20,197	18,698	100,604	120,492	-	-	123,843	141,487
Inter-segment	0	-	-	-	4,938	10,782	1,752	2,752	(6,690)	(13,534)	-	-
	307	529	2,735	1,768	25,135	29,480	102,356	123,244	(6,690)	(13,534)	123,843	141,487
Segment (loss)/profit	(5,453)	(6,797)	4,336	2,417	9,861	8,853	9,751	7,569	(2,175)	(354)	16,321	11,688

Group/Consolidated

The Group's operating revenue decreased from RM141.5 million in 3Q18 to RM123.8 million in 3Q19. The decrease of RM17.7 million or 12.5% was mainly due to:

- Decrease of RM18.8 million in gross earned premiums mainly attributed by Motor RM6.4 million and Non-Motor RM12.4 million arising mainly from Marine Hull, Workmen Compensation, Offshore Oil and Gas classes of general insurance business; offset by
- Increase of RM1.1 million in investment income mainly due to dividend income received from unit trust funds and share of investment income from MMIP.

The increase of RM4.6 million or 39.5% in Group's profit before tax from RM11.7 million in 3Q18 to RM16.3 million in 3Q19 was mainly due to:

- Increase of RM1.1 million in investment income mainly due to dividend income received from unit trust funds and share of investment income from MMIP; and
- Increase in fair value gains and realised gains on liquidation of investments and property of RM5.6 million; offset by
- Decrease in share of results in an associate of RM0.2 million and joint-venture company of RM1.1 million; and
- Decrease in net other operating income/ expenses of RM0.8 million due to lower foreign exchange gains.

General reinsurance

Operating revenue of this segment decreased by RM4.4 million or 14.7% from RM29.5 million in 3Q18 to RM25.1 million in 3Q19, mainly due to:

- Decrease in gross earned premiums of RM4.5 million attributed mainly to the Malaysian market as a result of lower quota share effect; offset by
- Increase in investment income of RM0.1 million from dividend income received from unit trust funds.

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Part A
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17. Performance review (cont'd.)

17.1 Current quarter ("3Q19") against corresponding quarter in prior year ("3Q18") (cont'd.)

General reinsurance (cont'd.)

The increase of RM1.0 million or 11.4% in this segment's profit from RM8.9 million in 3Q18 to RM9.9 million in 3Q19 was mainly due to:

- Decrease in management expenses of RM3.9 million mainly due to decrease in provision for impairment loss on receivables by RM2.5 million and facilitators fee by RM1.7 million, but offset by slight increase in marketing and advertising expenses of RM0.3 million; and
- Decrease in net commission expense of RM1.9 million in tandem with decrease in premiums; offset by
- Decrease in net earned premiums of RM4.1 million mainly attributed to the Malaysian market as a result of lower quota share effect; and
- Decrease in other operating income of RM0.7 million due to lower foreign exchange gains.

General insurance

Operating revenue of this segment decreased by RM20.9 million or 16.9% from RM123.2 million in 3Q18 to RM102.3 million in 3Q19 attributed to:

- Decrease of RM20.2 million in gross earned premiums mainly attributed by Motor RM6.4 million and Non-Motor RM17.1 million arising mainly from Marine Hull, Workmen Compensation, Offshore Oil and Gas, Travel Personal Accident and General Personal Accident classes of business; and
- Decrease of RM0.7 million in investment income mainly due to dividend income received from unit trust funds of RM1.3 million but offset by increase in share of investment income from MMIP of RM0.6 million.

The increase of RM2.2 million or 28.8% in this segment's profit from RM7.6 million in 3Q18 to RM9.8 million in 3Q19 was mainly due to:

- Decrease in management expenses of RM6.7 million mainly due to decrease in provision for impairment loss on receivables by RM3.7 million, employee costs of RM1.3 million, marketing and expenses expenses of RM1.0 million and other administrative and general expenses of RM0.7 million; and
- Increase in fair value gains and realised gains on liquidation of investments and property of RM5.4 million; offset by
- Decrease in net earned premiums of RM7.3 million, mainly from Motor, Workmen Compensation and Fire classes of business;

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For the period ended 30 September 2019

17. Performance review (cont'd.)

17.1 Current quarter ("3Q19") against corresponding quarter in prior year ("3Q18") (cont'd.)

General insurance (cont'd.)

- Increase in net claims of RM1.3 million mainly RM3.7 mil claims due to large losses incurred in Fire and Engineering classes of business but offset by release of claims reserve arising from alignment of IBNR reserving for prior year claims to actual claims development experience of RM2.4 mil;
- Decrease of RM0.7 million in investment income mainly due to lower dividend income received from unit trust funds of RM1.3 million but offset by increase in share of investment income from MMIP of RM0.6 million; and
- Increase in net commission expenses of RM0.6 million due to lower overriding commission.

17.2 Current year to date ("YTD 2019") against corresponding year to date ("YTD 2018")

	Investment holding and others		Collective investment schemes		General reinsurance		General insurance		Adjustments and eliminations		Consolidated	
	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018
	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	1,231	1,778	6,645	5,044	55,980	52,368	311,113	366,514	-	-	374,969	425,704
External	20,085	39,612	-	-	18,082	34,183	4,240	5,189	(42,407)	(78,984)	-	-
Inter-segment	21,316	41,390	6,645	5,044	74,062	86,551	315,353	371,703	(42,407)	(78,984)	374,969	425,704
Segment profit	6,532	25,928	11,231	5,264	32,240	33,023	26,607	23,017	(27,248)	(41,749)	49,363	45,483

Group/Consolidated

The Group's operating revenue decreased by RM50.7 million or 11.9% from RM425.7 million in YTD 2018 to RM375.0 million in YTD 2019, mainly due to:

- Decrease of RM52.7 million in gross earned premiums mainly attributed to Motor RM20.0 million and all classess in Non-Motor business of RM36.3 million of general insurance business but offset by Travel Personal Accident RM3.6 million of general reinsurance business; offset by
- Increase of RM2.0 million in investment income mainly due to higher share of investment income from MMIP of RM2.3 million, offset by lower interest income of RM0.3 million.

The Group's segment profit increased from RM45.5 million in YTD 2018 to RM49.3 million in YTD 2019. The increase of RM3.8 million or 8.5% was due mainly to:

- Increase in fair value gains and realised gains on liquidation of investments and property of RM14.9 million;
- Decrease in management expenses of RM6.4 million mainly due to decrease in administrative and general expenses of RM8.4 million arising from lower allowances for impairment of RM7.6 million, royalty fees of RM2.0 million, facilitators fee of RM0.7 million, bank charges of RM0.5 million, printing and stationery of RM0.5 million but offset by increase in other professional and legal fees of RM2.9 million. However, the decrease is offset by increase in depreciation of RM2.0 million due to adoption of MFRS 16, in which right-of-use assets are depreciated on straight-line basis;

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17. Performance review (cont'd.)

17.2 Current year to date ("YTD 2019") against corresponding year to date ("YTD 2018") (cont'd.)

Group/Consolidated (cont'd.)

- Decrease in net claims incurred of RM10.3 million due to favourable prior years claims development in general insurance business;
- Increase of RM2.0 million in investment income mainly due to higher share of investment income from MMIP of RM2.4 million, offset by lower interest income of RM0.4 million; and
- Increase in net other operating income/ expenses of RM0.2 million; offset by
- Decrease in net earned premiums of RM30.0 million, attributable to the decrease of RM18.0 million mainly from Motor and Workmen Compensation classes of general insurance business, as well as RM12.0 million mainly from the Malaysian Travel class of general reinsurance business as a result of lower quota share effect.

General reinsurance

Operating revenue of this segment decreased by RM12.5 million or 14.4% from RM86.6 million in YTD 2018 to RM74.1 million in YTD 2019, mainly due to:

- Decrease in gross earned premiums of RM12.6 million attributed mainly to the Malaysian market as a result of lower quota share effect; offset by
- Increase in investment income of RM0.1 million from dividend income received from unit trust funds.

The decrease of RM0.8 million or 2.4% in this segment's profit from RM33.0 million in YTD 2018 to RM32.2 million in YTD 2019 was mainly due:

- Decrease in net earned premiums of RM12.2 million mainly attributed to the Malaysian market as a result of lower quota share effect; offset by
- Decrease in net commission expense of RM5.1 million in tandem with decrease in premiums;
- Decrease in management expenses of RM5.2 million mainly due to lower provision for impairment loss on receivables of RM8.0 million, but offset by marketing and employee costs of RM2.2 million and RM0.6 million respectively; and
- Increase in fair value gains and realised gains on investments of RM1.1 million.

General insurance

Operating revenue of this segment decreased by RM56.4 million or 15.2% from RM371.7 million in YTD 2018 to RM315.3 million in YTD 2019, mainly due to:

- Decrease of RM56.3 million in gross earned premiums mainly attributed to Motor RM20.0 million and all classes in Non-Motor business RM36.3 million classes of business; and

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17. Performance review (cont'd.)

17.2 Current year to date ("YTD 2019") against corresponding year to date ("YTD 2018") (cont'd.)

General insurance (cont'd.)

- Decrease of RM0.1 million in investment income due mainly to lower dividend income received from unit trusts funds and interest income of RM2.4 million offset by higher share of investment income from MMIP of RM2.3 million.

Profit of this segment increased by RM3.6 million or 15.6% from RM23.0 million in YTD 2018 to RM26.6 million in YTD 2019, due mainly to:

- Increase in fair value gains and realised gains on liquidation of investments and property of RM14.5 million;
- Decrease in net claims incurred of RM10.3 million due to favourable prior years claims development; and
- Decrease in management expenses of RM2.0 million mainly in employee costs; offset by
- Decrease in net earned premiums of RM17.9 million, mainly from Motor RM16.2 million and Non-Motor RM1.7 million, notably Workmen Compensation classes of general insurance
- Increase in net commission expenses of RM5.0 million due to higher Motor retention coupled with lower Fire and Engineering overriding commission; and
- Decrease in net other operating income/expenses of RM0.3 million.

17.3 Current quarter ("3Q19") against preceding quarter in current year ("2Q19")

	Investment holding and others		Collective investment schemes		General reinsurance		General insurance		Adjustments and eliminations		Consolidated	
	30 Sept 2019	30 Jun 2019	30 Sept 2019	30 Jun 2019	30 Sept 2019	30 Jun 2019	30 Sept 2019	30 Jun 2019	30 Sept 2019	30 Jun 2019	30 Sept 2019	30 Jun 2019
	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	307	457	2,735	2,008	20,197	18,583	100,604	103,413	-	-	123,843	124,461
External	0	11,942	-	-	4,938	6,235	1,752	924	(6,690)	(19,101)	-	-
Inter-segment	307	12,399	2,735	2,008	25,135	24,818	102,356	104,337	(6,690)	(19,101)	123,843	124,461
Segment (loss)/profit	(5,453)	7,752	4,336	3,968	9,861	9,543	9,751	4,186	(2,175)	(14,702)	16,321	10,747

Group/Consolidated

The Group's operating revenue decreased from RM124.5 million in 2Q19 to RM123.8 million in 3Q19. The decrease of RM0.7 million or 0.5% was mainly due to:

- Decrease of RM1.4 million in investment income mainly from dividend income received from unit trust funds; offset by
- Increase of RM0.7 million in gross earned premiums mainly in the Travel Personal Accident of general reinsurance business.

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17. Performance review (cont'd.)

17.3 Current quarter ("3Q19") against preceding quarter in current year ("2Q19") (cont'd.)

Group/Consolidated (cont'd.)

The increase of RM5.6 million or 51.8% in Group's segment profit from RM10.7 million in 2Q19 to RM16.3 million in 3Q19 was mainly due to:

- Decrease in management expenses of RM4.6 million mainly due to lower provision for impairment loss on receivables of RM3.3 million, employee costs of RM1.0 million and facilitators fees of RM0.3 million; and
- Increase in fair value gains and realised gains on liquidation of investments and property of RM3.6 million; offset by
- Decrease in net earned premiums of RM1.2 million, mainly in Fire and Medical classes of general insurance business, but offset by an increase in Travel PA of general reinsurance business; and
- Decrease of RM1.4 million in investment income mainly from lower dividend income from unit trust funds.

General reinsurance

Operating revenue of this segment reported an increase of RM0.3 million or 1.3%, from RM24.8 million in 2Q19 to RM25.1 million in 3Q19, due mainly to higher gross earned premiums of the Philippines and Thailand market.

The increase of RM0.4 million or 3.3% in this segment's profit from RM9.5 million in 2Q19 to RM9.9 million in 3Q19 was mainly due to:

- Decrease in management expenses of RM0.7 million due mainly to lower royalty fees, facilitators fees and employee costs; offset by
- Increase in net claims incurred of RM0.2 million due to additional reserving; and
- Decrease in fair value gains and realised gains on liquidation of investments of RM0.2 million.

General insurance

There was a decrease of RM2.0 million or 1.9% in operating revenue of this segment from RM104.4 million in 2Q19 to RM102.4 million in 3Q19, due mainly to:

- Decrease of RM0.8 million in gross earned premiums mainly from Motor and also Non-Motor notably from Fire class of business; and
- Decrease of RM1.2 million in investment income mainly from lower dividend income from unit trust funds.

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For the period ended 30 September 2019

17. Performance review (cont'd.)

17.3 Current quarter ("3Q19") against preceding quarter in current year ("2Q19") (cont'd.)

General insurance (cont'd.)

Profit of this segment increased by RM5.6 million or 132.9% from RM4.2 million in 2Q19 to RM9.8 million in 3Q19, mainly due to:

- Decrease in management expenses of RM5.8 million, due mainly to lower provision for impairment on insurance receivables of RM3.5 million, marketing and advertising expenses of RM2.0 million and other administrative and general expenses of RM0.3 million; offset by
- Decrease in net other operating income/ expenses of RM0.2 million.

18. Commentary on prospects

The Group expects a challenging 4Q2019 ahead with the competitive insurance landscape and economic environment. The Group endeavours to deliver similar level of profits as in the past financial year. The Group continues to journey on the initiatives essential to drive the Group's key transformation pillars in ASEAN business, AirAsia ecosystems, insurtech capabilities and national business.

19. Profit forecast or profit guarantee

The Group did not issue any profit forecast or profit guarantee for the financial period ended 30 September 2019.

20. Status of corporate proposal

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

21. Material litigation

(a) Update to the Malaysian Competition Commission ("MyCC")'s Proposed Decision against PIAM and its 22 members

On 22 February 2017, the general insurance subsidiary, Tune Insurance Malaysia Berhad ("TIMB"), received a notice from the Malaysia Competition Commission ("MyCC") concerning a proposed preliminary decision ("Proposed Decision") which found that TIMB and 21 other general insurance companies who are members of the General Insurance Association of Malaysia ("PIAM") had purportedly infringed one of the prohibitions under the Competitions Act 2010 ("CA") in Malaysia, arising from agreed rates adopted by PIAM members with Federation of Automobile Workshop Owners' Association of Malaysia ("FAWOAM").

The Proposed Decision suggests a financial penalty of RM3,608,530 on the part of TIMB and a consolidated amount of RM213,454,814 on all the 22 members of PIAM but PIAM members have been given the opportunity to make its written representations with MyCC to defend its positions which was done by TIMB.

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Part A
For the period ended 30 September 2019**

21. Material litigation (cont'd.)

(a) Update to the Malaysian Competition Commission ("MyCC")'s Proposed Decision against PIAM and its 22 members (cont'd.)

Subsequently, a fresh hearing was held with the new Chairman of MyCC with the last submission having been made on 18 June 2019. TIMB is now waiting for the decision on this matter.

To date, TIMB in consultation with its legal counsel, has taken all necessary and appropriate actions to defend its position that it has not infringed Section 4(2) of the CA and at all times maintain that TIMB acted in accordance with the directives issued by Bank Negara Malaysia.

As at the date of the financial statements, there have been no further developments on this matter.

(b) Tax dispute with the Lembaga Hasil Dalam Negeri ("LHDN")

On 20 December 2018, TIMB received Notice of Additional Assessment (Form JA) from the Lembaga Hasil Dalam Negeri ("LHDN") in respect of Years of Assessment ("YA") 2013 to 2015, wherein a sum of RM11.1 million of additional taxes and penalties was sought by the LHDN.

TIMB is of the view given legal advice received that out of the RM11.1 million of additional taxes and penalties levied by the LHDN, RM10.7 million, being the disputed additional tax and penalties, is open to challenge and has hence, engaged tax solicitors to assist in challenging the said disputed additional tax and penalties imposed by the LHDN.

On 11 January 2019, TIMB filed an Affidavit to the High Court of Malaya ("High Court") to apply for a judicial review against LHDN's assessments. On 23 May 2019, the High Court granted TIMB's application for judicial review with cost of RM5,000. The High Court ordered for the Notice of Assessment from LHDN be amended to allow the deduction of PRAD expenses and dismissed the penalty imposed in relation to this issue. The High Court also granted a stay of proceedings against the payment of taxes on the other additional taxes and penalties levied by LHDN until the determination of the appeal before the Special Commissioners of Income Tax.

LHDN has now filed a Notice of Appeal against the decision of the High Court on 23 May 2019. The Court has fixed for the hearing of the Appeal to be on 2 April 2020 and instructed parties to file submissions 2 weeks before the hearing date.

(c) On-going litigation with a foreign reinsurer ("the Reinsurer")

TIMB is the reinsured under a Reinsurance Contract for an Extended Warranty Programme ("EWP") for various models of vehicles. The Reinsurer had failed to remit their share of payment for claims paid by TIMB under the EWP. Accordingly, TIMB has commenced legal action to recover certain amounts owed by the Reinsurer under the Reinsurance Contract through its appointed solicitors. As at 31 December 2018, the amount owed by the Reinsurer amounted to RM9,427,000 of which RM4,016,000 has been impaired.

On 29 January 2019, a writ of summon was filed with the High Court of Malaya, Kuala Lumpur ("High Court") to recover the non-disputed balances of RM2,822,000 from the Reinsurer. On 19 February 2019, the High Court granted leave to TIMB to proceed with the service of Notice of Writ to be served out of jurisdiction to the Reinsurer in Hong Kong.

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21. Material litigation (cont'd.)

(c) On-going litigation with a foreign reinsurer ("the Reinsurer") (cont'd.)

At the case management on 11 September 2019, the Defendant was requested by the Court to review the case files at the Plaintiff's lawyer's office. The matter is now fixed for case management on 29 October 2019 and trial from 4 to 6 May 2020 and 8 to 11 June 2020.

22. Disclosure of nature of outstanding derivatives

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

23. Rationale for entering into derivatives

The Group did not enter into any derivative transactions during the period ended 30 September 2019 or the previous year ended 31 December 2018.

24. Risks and policies for derivatives

The Group did not enter into any derivative transactions during the period ended 30 September 2019 or the previous year ended 31 December 2018.

25. 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 2019 and 31 December 2018.

26. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2018 was not qualified.

By order of the Board

Kimberly Ong Sweet Ee
Company Secretary