



# **Tune Protect Group Berhad**

**Registration No. 201101020320 (948454-K)**

**Interim Financial Statements**

**For the Quarter and Nine Months Ended 30 September 2021**

**Tune Protect Group Berhad**  
**Registration No. 201101020320 (948454-K)**

**Condensed consolidated statement of financial position**  
**As at 30 September 2021**

|  | <b>As at<br/>30 Sept 2021<br/>Unaudited<br/>RM'000</b> | <b>As at<br/>31 Dec 2020<br/>Audited<br/>RM'000</b> |
|--|--|---|
| <b>Assets</b>  |  |   |
| Property and equipment   | 4,187  | 3,903   |
| Intangible assets  | 13,649   | 5,921   |
| Right-of-use assets  | 4,569  | 5,951   |
| Investment in an associate   | 54,209   | 61,600  |
| Investment in a joint venture company  | 5,835  | 7,443   |
| Goodwill   | 24,165   | 24,165  |
| Investments  | 791,742  | 823,588   |
| Deferred tax assets  | 2,297  | 1,472   |
| Reinsurance assets   | 636,584  | 625,420   |
| Insurance receivables  | 117,882  | 104,659   |
| Other receivables  | 82,100   | 81,137  |
| Cash and bank balances   | 8,611  | 6,442   |
| <b>Total assets</b>  | <b>1,745,830</b>                                       | <b>1,751,701</b>                                    |
| <b>Equity</b>  |  |   |
| Share capital  | 248,519  | 248,519   |
| Employee share option reserves   | 2,985  | 2,859   |
| Foreign currency translation reserve   | 7,763  | 9,914   |
| Other comprehensive income ("OCI") reserve                                     | (501)  | (87)  |
| Other reserve  | 195  | 195   |
| Retained earnings  | 310,768  | 313,629   |
| Equity attributable to owners of the parent                                    | 569,729  | 575,029   |
| Non-controlling interests  | 143,662  | 146,004   |
| <b>Total equity</b>  | <b>713,391</b>   | <b>721,033</b>                                      |
| <b>Liabilities</b>   |  |   |
| Insurance contract liabilities   | 899,579  | 902,065   |
| Lease liabilities  | 4,787  | 6,105   |
| Deferred tax liabilities   | 64   | 135   |
| Insurance payables   | 70,918   | 73,824  |
| Other payables   | 57,091   | 48,539  |
| <b>Total liabilities</b>   | <b>1,032,439</b>                                       | <b>1,030,668</b>                                    |
| <b>Total equity and liabilities</b>  | <b>1,745,830</b>                                       | <b>1,751,701</b>                                    |
| <b>Net assets per ordinary share attributable to owners of the parent (RM)</b> | <b>0.76</b>  | <b>0.77</b>   |

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2020.

**Tune Protect Group Berhad**  
**Registration No. 201101020320 (948454-K)**

**Condensed consolidated statement of comprehensive income**  
**For the period ended 30 September 2021**

|  | Note | Current quarter |                 | Cumulative quarters |                  |
|--|------|-----------------|-----------------|---------------------|------------------|
|  |      | 3 months ended  |                 | 9 months ended      |                  |
|  |      | 30 Sept<br>2021 | 30 Sept<br>2020 | 30 Sept<br>2021     | 30 Sept<br>2020  |
|  |      | RM'000          | RM'000          | RM'000              | RM'000           |
| <b>Operating revenue</b>                           |      | <b>103,783</b>  | <b>110,003</b>  | <b>331,922</b>      | <b>333,301</b>   |
| Gross earned premiums                              |      | 95,880          | 100,125         | 314,779             | 308,226          |
| Premiums ceded to reinsurers                       |      | (51,857)        | (56,914)        | (171,145)           | (171,194)        |
| <b>Net earned premiums</b>                         |      | <b>44,023</b>   | <b>43,211</b>   | <b>143,634</b>      | <b>137,032</b>   |
| Investment income                                  | 7    | 7,903           | 9,878           | 17,143              | 25,075           |
| Realised gains and losses                          |      | (1,443)         | 3,410           | 1,979               | 5,949            |
| Fair value gains and losses                        |      | (3,621)         | 4,573           | (23,203)            | 9,303            |
| Fees and commission income                         |      | 5,543           | 3,997           | 18,120              | 23,855           |
| Other operating income                             |      | 196             | (225)           | 620                 | 2,184            |
| <b>Other revenue</b>                               |      | <b>8,578</b>    | <b>21,633</b>   | <b>14,659</b>       | <b>66,366</b>    |
| Gross claims paid                                  |      | (34,748)        | (37,658)        | (127,012)           | (111,376)        |
| Claims ceded to reinsurers                         |      | 23,614          | 21,204          | 87,584              | 64,674           |
| Gross change to contract liabilities               |      | 7,637           | (117,481)       | 17,928              | (200,011)        |
| Change in contract liabilities ceded to reinsurers |      | (1,677)         | 117,306         | (2,207)             | 190,497          |
| <b>Net claims</b>                                  |      | <b>(5,174)</b>  | <b>(16,629)</b> | <b>(23,707)</b>     | <b>(56,216)</b>  |
| Fee and commission expenses                        |      | (11,866)        | (10,908)        | (42,447)            | (36,806)         |
| Management expenses                                |      | (32,261)        | (29,217)        | (86,804)            | (76,735)         |
| Other operating expenses                           |      | (13)            | (295)           | (23)                | (505)            |
| Finance costs                                      |      | (70)            | (67)            | (236)               | (210)            |
| <b>Other expenses</b>                              |      | <b>(44,210)</b> | <b>(40,487)</b> | <b>(129,510)</b>    | <b>(114,256)</b> |
| Share of results of an associate                   |      | (3,095)         | (377)           | (4,484)             | (1,702)          |
| Share of results of a joint venture company        |      | 119             | 54              | 119                 | 361              |
| <b>Profit before taxation</b>                      | 8    | <b>241</b>      | <b>7,405</b>    | <b>711</b>          | <b>31,585</b>    |
| Taxation   | 9    | (1,023)         | (2,349)         | (4,190)             | (4,991)          |
| <b>Net (loss)/profit for the period</b>            |      | <b>(782)</b>    | <b>5,056</b>    | <b>(3,479)</b>      | <b>26,594</b>    |

**Tune Protect Group Berhad**  
**Registration No. 201101020320 (948454-K)**

**Condensed consolidated statement of comprehensive income (cont'd.)**  
**For the period ended 30 September 2021**

|  | <b>Current quarter</b> |                | <b>Cumulative quarters</b> |                |
|--|------------------------|----------------|----------------------------|----------------|
|  | <b>3 months ended</b>  |                | <b>9 months ended</b>      |                |
|  | <b>30 Sept</b>         | <b>30 Sept</b> | <b>30 Sept</b>             | <b>30 Sept</b> |
|  | <b>2021</b>            | <b>2020</b>    | <b>2021</b>                | <b>2020</b>    |
| <b>Note</b>  | <b>RM'000</b>          | <b>RM'000</b>  | <b>RM'000</b>              | <b>RM'000</b>  |
| <b>Other comprehensive (loss)/income:</b>  |                        |                |                            |                |
| <u>Items that will not be subsequently reclassified to profit or loss</u>  |                        |                |                            |                |
| Share of other comprehensive loss of an associate  | (414)                  | -              | (414)                      | -              |
| Effect of post-acquisition foreign exchange translation reserve on investments in an associate and a joint venture company | (1,939)                | (3,668)        | (2,151)                    | (2,737)        |
| <b>Other comprehensive loss for the period</b>   | <b>(2,353)</b>         | <b>(3,668)</b> | <b>(2,565)</b>             | <b>(2,737)</b> |
| <b>Total comprehensive (loss)/income for the period</b>  | <b>(3,135)</b>         | <b>1,388</b>   | <b>(6,044)</b>             | <b>23,857</b>  |
| <b>(Loss)/Profit attributable to:</b>  |                        |                |                            |                |
| Owners of the parent   | (1,661)                | 2,278          | (2,861)                    | 17,375         |
| Non-controlling interests  | 879                    | 2,778          | (618)                      | 9,219          |
|  | <b>(782)</b>           | <b>5,056</b>   | <b>(3,479)</b>             | <b>26,594</b>  |
| <b>Total comprehensive (loss)/income attributable to:</b>  |                        |                |                            |                |
| Owners of the parent   | (4,014)                | (1,390)        | (5,426)                    | 14,638         |
| Non-controlling interests  | 879                    | 2,778          | (618)                      | 9,219          |
|  | <b>(3,135)</b>         | <b>1,388</b>   | <b>(6,044)</b>             | <b>23,857</b>  |
| <b>Basic and diluted earnings per share attributable to owners of the parent (sen per share)</b>                           |                        |                |                            |                |
|  | <b>10</b>              | <b>(0.22)</b>  | <b>0.30</b>                | <b>(0.38)</b>  |
|  |                        |                |                            | <b>2.31</b>    |

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2020.

## Tune Protect Group Berhad

Registration No. 201101020320 (948454-K)

### Condensed consolidated statement of changes in equity

For the period ended 30 September 2021

|  | Attributable to the owners of the parent |                   |               |                               |                                      |                   |                | Non-controlling interests | Total equity   |
|--|--|-------------------|---------------|-------------------------------|--------------------------------------|-------------------|----------------|---------------------------|----------------|
|  | Non-distributable                        |                   |               |                               | Distributable                        |                   |                |                           |                |
|  | Share capital                            | Other OCI reserve | Other reserve | Employee share option reserve | Foreign currency translation reserve | Retained earnings | Total          |                           |                |
|  | RM'000                                   | RM'000            | RM'000        | RM'000                        | RM'000                               | RM'000            | RM'000         | RM'000                    | RM'000         |
| <b>At 1 January 2021</b>                           | 248,519                                  | (87)              | 195           | 2,859                         | 9,914                                | 313,629           | 575,029        | 146,004                   | 721,033        |
| Net loss for the period                            | -  | -                 | -             | -                             | -                                    | (2,861)           | (2,861)        | (618)                     | (3,479)        |
| Other comprehensive loss for the period            | -  | (414)             | -             | -                             | (2,151)                              | -                 | (2,565)        | -                         | (2,565)        |
| Total comprehensive loss for the period            | -  | (414)             | -             | -                             | (2,151)                              | (2,861)           | (5,426)        | (618)                     | (6,044)        |
| Grant of equity-settled share options to employees | -  | -                 | -             | 126                           | -                                    | -                 | 126            | -                         | 126            |
| Dividends paid to non-controlling interests        | -  | -                 | -             | -                             | -                                    | -                 | -              | (1,724)                   | (1,724)        |
| <b>At 30 September 2021</b>                        | <b>248,519</b>                           | <b>(501)</b>      | <b>195</b>    | <b>2,985</b>                  | <b>7,763</b>                         | <b>310,768</b>    | <b>569,729</b> | <b>143,662</b>            | <b>713,391</b> |
| <b>At 1 January 2020</b>                           | 248,519                                  | 499               | 55            | 3,477                         | 11,209                               | 295,238           | 558,997        | 139,038                   | 698,035        |
| Net profit for the period                          | -  | -                 | -             | -                             | -                                    | 17,375            | 17,375         | 9,219                     | 26,594         |
| Other comprehensive loss for the period            | -  | -                 | -             | -                             | (2,737)                              | -                 | (2,737)        | -                         | (2,737)        |
| Total comprehensive (loss)/income for the period   | -  | -                 | -             | -                             | (2,737)                              | 17,375            | 14,638         | 9,219                     | 23,857         |
| Grant of equity-settled share options to employees | -  | -                 | -             | (351)                         | -                                    | -                 | (351)          | -                         | (351)          |
| <b>At 30 September 2020</b>                        | <b>248,519</b>                           | <b>499</b>        | <b>55</b>     | <b>3,126</b>                  | <b>8,472</b>                         | <b>312,613</b>    | <b>573,284</b> | <b>148,257</b>            | <b>721,541</b> |

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2020.

**Tune Protect Group Berhad**  
**Registration No. 201101020320 (948454-K)**

**Condensed consolidated statement of cash flows**  
**For the period ended 30 September 2021**

|   | <b>Cumulative quarters</b> |                     |
|---|----------------------------|---------------------|
|   | <b>9 months ended</b>      |                     |
|   | <b>30 Sept 2021</b>        | <b>30 Sept 2020</b> |
|   | <b>RM'000</b>              | <b>RM'000</b>       |
| <b>Cash flows from operating activities</b>   |                            |                     |
| Profit before taxation  | 711                        | 31,585              |
| Adjustments for:  |                            |                     |
| Non-cash items  | 7,161                      | 7,686               |
| Investment related income/(losses)  | 4,092                      | (38,983)            |
| Operating profit before working capital changes   | 11,964                     | 288                 |
| Net change in operating assets  | (23,565)                   | (171,684)           |
| Net change in operating liabilities   | 4,541                      | 176,608             |
| Cash (used in)/generated from operating activities  | (7,060)                    | 5,212               |
| Net interest received   | 2,600                      | 1,780               |
| Net dividend received   | 10,800                     | 8,739               |
| Income tax paid   | (3,223)                    | (1,327)             |
| Net cash generated from operating activities  | 3,117                      | 14,404              |
| <b>Cash flows from investing activities</b>   |                            |                     |
| Purchases of fair value through profit or loss ("FVTPL") financial assets   | (626,273)                  | (415,040)           |
| Proceeds from disposal of FVTPL financial assets  | 653,624                    | 408,085             |
| Movement in amortised cost financial assets   | (200)                      | (1,004)             |
| Proceeds from disposal of property and equipment  | 3                          | 9                   |
| Purchase of property and equipment  | (1,490)                    | (920)               |
| Purchase of intangible assets   | (9,458)                    | (2,778)             |
| Net cash generated from/(used in) investing activities  | 16,206                     | (11,648)            |
| <b>Cash flows from financing activities</b>   |                            |                     |
| Payment of principal portion of lease liabilities   | (1,707)                    | (1,810)             |
| Dividends paid to non-controlling interests   | (3,662)                    | (2,846)             |
| Net cash used in financing activities   | (5,369)                    | (4,656)             |
| <b>Net increase/(decrease) in cash and cash equivalents</b>   | 13,954                     | (1,900)             |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>   | (226)                      | (35)                |
| <b>Cash and cash equivalents at beginning of period</b>   | 34,170                     | 39,414              |
| <b>Cash and cash equivalents at end of period</b>   | 47,898                     | 37,479              |
| <b>Cash and cash equivalents comprise:</b>  |                            |                     |
| Fixed and call deposits (with original maturities of less than three months) with licensed financial institutions | 39,287                     | 32,645              |
| Cash and bank balances  | 8,611                      | 4,834               |
|   | 47,898                     | 37,479              |

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2020.

**Tune Protect Group Berhad**  
**Registration No. 201101020320 (948454-K)**

**Explanatory Notes Pursuant to MFRS 134**  
**For the period ended 30 September 2021**

**1. Basis of preparation**

These condensed consolidated interim financial statements, for the period ended 30 September 2021, have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134 Interim Financial Reporting, the International Accounting Standard ("IAS") 34 Interim Financial Reporting and the requirements of the Companies Act 2016 in Malaysia, where applicable. These condensed consolidated interim financial statements has also been prepared in accordance with Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2020.

The explanatory notes attached to this 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 2020.

**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 which were adopted at the beginning of this quarter:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 *Interest Rate Benchmark Reform - Phase 2*

The adoption of the above pronouncements did not have any material impact to the current and prior period financial statements of the Group.

**2.2 Standards issued but not yet effective**

The following are Standards and Amendments to Standards issued by the Malaysian Accounting Standards Board ("MASB"), but not yet effective, up to the date of issuance of these condensed consolidated interim financial statements. The Group intends to adopt these Standards and Amendments to Standards, if applicable, when they become effective.

**Tune Protect Group Berhad**  
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**Explanatory Notes Pursuant to MFRS 134**  
**For the period ended 30 September 2021**

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

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

| <b>Description</b>   | <b>Effective for annual periods beginning on or after</b> |
|--|---|
| Annual Improvements to MFRS Standards 2018 - 2020  | 1 January 2022  |
| Amendments to MFRS 116 <i>Property, Plant and Equipment</i><br><i>Property, Plant and Equipment—Proceeds before Intended Use</i>           | 1 January 2022  |
| Amendments to MFRS 137 <i>Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts - Cost of Fulfilling a Contract)</i> | 1 January 2022  |
| Amendments to MFRS 3 <i>Business Combinations Reference to Conceptual Framework</i>  | 1 January 2022  |
| MFRS 17 <i>Insurance Contracts</i>   | 1 January 2023  |
| Amendments to MFRS 17 <i>Insurance Contracts</i>   | 1 January 2023  |
| Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>  | 1 January 2023  |
| Amendments to MFRS 10 <i>Consolidated Financial Statements</i><br>and MFRS 128 <i>Investment in Associates and Joint Ventures</i>          | To be announced<br>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 that 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:

- (i) A specific adaptation for contracts with direct participation features (the variable fee approach) which is not applicable to the Group's insurance contracts; and
- (ii) A simplified approach (the premium allocation approach) mainly for short-duration contracts.



**Tune Protect Group Berhad**  
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**Explanatory Notes Pursuant to MFRS 134**  
**For the period ended 30 September 2021**

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

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

***MFRS 17 Insurance Contracts (cont'd.)***

Based on the Amendments to MFRS 17, the standard is effective is effective for reporting periods beginning on or after 1 January 2023, with the option to apply a full retrospective, modified retrospective or fair value approach on transition. Early application is permitted, as the Group has applied MFRS 9 and MFRS 15 before the date it first applies MFRS 17.

The Group has completed the assessment of the operational impacts of adopting MFRS 17 and are in the midst of implementing the relevant systems solution, architecture and processes in the upcoming financial years.

**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 2021.

**Tune Protect Group Berhad**  
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**Explanatory Notes Pursuant to MFRS 134**  
**For the period ended 30 September 2021**

**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 2021                  | 30 Sept 2020   | 30 Sept 2021                  | 30 Sept 2020   | 30 Sept 2021               | 30 Sept 2020   | 30 Sept 2021                | 30 Sept 2020     | 30 Sept 2021                 | 30 Sept 2020     | 30 Sept 2021                | 30 Sept 2020     |
|                            | RM'000                        | RM'000         | RM'000                        | RM'000         | RM'000                     | RM'000         | RM'000                      | RM'000           | RM'000                       | RM'000           | RM'000                      | RM'000           |
| <b>Operating revenue</b>   |                               |                |                               |                |                            |                |                             |                  |                              |                  |                             |                  |
| External                   | 1,224                         | 442            | 5,853                         | 8,669          | 71,423                     | 33,500         | 253,422                     | 290,690          | -                            | -                | 331,922                     | 333,301          |
| Inter-segment              | 22,330                        | 40,587         | -                             | -              | 1,118                      | 5,381          | 2,095                       | 6,346            | (25,543)                     | (52,314)         | -                           | -                |
|                            | <u>23,554</u> <sup>1</sup>    | <u>41,029</u>  | <u>5,853</u>                  | <u>8,669</u>   | <u>72,541</u> <sup>2</sup> | <u>38,881</u>  | <u>255,517</u> <sup>3</sup> | <u>297,036</u>   | <u>(25,543)</u>              | <u>(52,314)</u>  | <u>331,922</u> <sup>4</sup> | <u>333,301</u>   |
| <b>Segment profit</b>      | <u>8,371</u>                  | <u>28,191</u>  | <u>(2,480)</u>                | <u>15,482</u>  | <u>13,604</u>              | <u>12,318</u>  | <u>7,055</u>                | <u>28,543</u>    | <u>(25,839)</u>              | <u>(52,949)</u>  | <u>711</u>                  | <u>31,585</u>    |
| <b>Segment assets</b>      | <u>315,146</u>                | <u>310,718</u> | <u>189,572</u>                | <u>261,921</u> | <u>182,389</u>             | <u>164,409</u> | <u>1,310,369</u>            | <u>1,386,267</u> | <u>(251,646)</u>             | <u>(319,679)</u> | <u>1,745,830</u>            | <u>1,803,636</u> |
| <b>Segment liabilities</b> | <u>9,421</u>                  | <u>6,688</u>   | <u>64</u>                     | <u>650</u>     | <u>35,205</u>              | <u>18,470</u>  | <u>1,002,528</u>            | <u>1,073,306</u> | <u>(14,779)</u>              | <u>(14,046)</u>  | <u>1,032,439</u>            | <u>1,085,068</u> |

<sup>1</sup> includes investment income of RM23.554 million

<sup>2</sup> includes investment income of RM3.790 million

<sup>3</sup> includes investment income of RM8.371 million

<sup>4</sup> includes investment income of RM17.143 million

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**Explanatory Notes Pursuant to MFRS 134**  
**For the period ended 30 September 2021**

**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<br>3 months ended |                 | Cumulative quarters<br>9 months ended |                 |
|---|-----------------------------------|-----------------|---------------------------------------|-----------------|
|   | 30 Sept<br>2021                   | 30 Sept<br>2020 | 30 Sept<br>2021                       | 30 Sept<br>2020 |
|   | RM'000                            | RM'000          | RM'000                                | RM'000          |
| Interest income:  |                                   |                 |                                       |                 |
| - Amortised costs financial assets  | 145                               | 185             | 440                                   | 681             |
| - FVTPL financial assets  | 1,917                             | 2,902           | 6,201                                 | 9,017           |
| - bank balances   | 5                                 | 9               | 17                                    | 39              |
| Share of investment income/(loss) from<br>Malaysian Motor Insurance Pool ("MMIP") | 642                               | 2,024           | (1,149)                               | 2,307           |
| Dividend income:  |                                   |                 |                                       |                 |
| - FVTPL financial assets  | 5,194                             | 4,759           | 11,634                                | 13,031          |
|   | <b>7,903</b>                      | <b>9,878</b>    | <b>17,143</b>                         | <b>25,075</b>   |

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

|   | Current quarter<br>3 months ended |                 | Cumulative quarters<br>9 months ended |                 |
|---|-----------------------------------|-----------------|---------------------------------------|-----------------|
|   | 30 Sept<br>2021                   | 30 Sept<br>2020 | 30 Sept<br>2021                       | 30 Sept<br>2020 |
|   | RM'000                            | RM'000          | RM'000                                | RM'000          |
| Depreciation of property and equipment  | 433                               | 392             | 1,195                                 | 1,181           |
| Depreciation of right-of-use assets   | 595                               | 611             | 1,799                                 | 1,659           |
| Amortisation of intangible assets   | 628                               | 517             | 1,720                                 | 1,187           |
| Write-off of property and equipment   | -                                 | 5               | -                                     | 5               |
| Allowance for/(Write-back of) impairment<br>losses on insurance receivables and<br>reinsurance assets | 354                               | 1,355           | (2,398)                               | 3,437           |

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

|   | Current quarter<br>3 months ended |                 | Cumulative quarters<br>9 months ended |                 |
|---|-----------------------------------|-----------------|---------------------------------------|-----------------|
|   | 30 Sept<br>2021                   | 30 Sept<br>2020 | 30 Sept<br>2021                       | 30 Sept<br>2020 |
|   | RM'000                            | RM'000          | RM'000                                | RM'000          |
| Realised (gains)/losses on disposal of:             |                                   |                 |                                       |                 |
| - property and equipment                            | (2)                               | (1)             | (11)                                  | (2)             |
| - FVTPL financial assets                            | 1,445                             | (3,409)         | (1,968)                               | (5,947)         |
| Net realised losses/(gains)                         | 1,443                             | (3,410)         | (1,979)                               | (5,949)         |
| Fair value losses/(gains) on FVTPL financial assets | 3,621                             | (4,573)         | 23,203                                | (9,303)         |
| Interest expense on lease liabilities               | 70                                | 67              | 236                                   | 210             |
| Losses/(Gains) on foreign exchange:                 |                                   |                 |                                       |                 |
| - realised  | 79                                | 31              | (58)                                  | (509)           |
| - unrealised  | 156                               | 931             | 37                                    | 311             |

**9. Taxation**

|                                | Current quarter<br>3 months ended |                 | Cumulative quarters<br>9 months ended |                 |
|--------------------------------|-----------------------------------|-----------------|---------------------------------------|-----------------|
|                                | 30 Sept<br>2021                   | 30 Sept<br>2020 | 30 Sept<br>2021                       | 30 Sept<br>2020 |
|                                | RM'000                            | RM'000          | RM'000                                | RM'000          |
| Income tax expense             | 1,633                             | 2,540           | 5,086                                 | 3,998           |
| Deferred tax (benefit)/expense | (610)                             | (191)           | (896)                                 | 993             |
|                                | 1,023                             | 2,349           | 4,190                                 | 4,991           |
| Effective tax rate             | 424%                              | 32%             | 589%                                  | 16%             |

The Group's effective tax rate is higher than the statutory tax rate due to fair value losses on investments (non-taxable) during the year.

**10. 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 period.

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**10. 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 |             | Cumulative quarters |             |
|--|-----------------|-------------|---------------------|-------------|
|  | 3 months ended  |             | 9 months ended      |             |
|  | 30 Sept         | 30 Sept     | 30 Sept             | 30 Sept     |
|  | 2021            | 2020        | 2021                | 2020        |
|  | RM'000          | RM'000      | RM'000              | RM'000      |
| (Loss)/Profit net of tax attributable to owners of the parent (RM'000) | (1,661)         | 2,278       | (2,861)             | 17,375      |
| Number of ordinary shares in issue ('000)                              | 751,760         | 751,760     | 751,760             | 751,760     |
| Basic and diluted earnings per share (sen per share)                   | <u>(0.22)</u>   | <u>0.30</u> | <u>(0.38)</u>       | <u>2.31</u> |

**11. Share capital**

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

**12. Dividends**

No interim dividend has been declared for the financial period ended 30 September 2021.

**13. 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

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**13. Fair value measurement (cont'd.)**

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 | <-Valuation technique using->        |                                     |                                       | Total RM'000   |
|---------------------------------------|-------------------|--------------------------------------|-------------------------------------|---------------------------------------|----------------|
|                                       |                   | Quoted market price (Level 1) RM'000 | Ob-servable inputs (Level 2) RM'000 | Unob-servable inputs (Level 3) RM'000 |                |
| <b>Assets measured at fair value:</b> |                   |                                      |                                     |                                       |                |
| <b>30 September 2021</b>              |                   |                                      |                                     |                                       |                |
| <b>Financial assets at FVTPL:</b>     |                   |                                      |                                     |                                       |                |
| Unquoted debt securities in Malaysia  | 30 September 2021 | -                                    | 10,267                              | -                                     | 10,267         |
| Quoted unit trust funds in Malaysia   | 30 September 2021 | 732,672                              | -                                   | -                                     | 732,672        |
|                                       |                   | <u>732,672</u>                       | <u>10,267</u>                       | <u>-</u>                              | <u>742,939</u> |
| <b>31 December 2020</b>               |                   |                                      |                                     |                                       |                |
| <b>Financial assets at FVTPL:</b>     |                   |                                      |                                     |                                       |                |
| Unquoted debt securities in Malaysia  | 31 December 2020  | -                                    | 210,400                             | -                                     | 210,400        |
| Quoted unit trust funds in Malaysia   | 31 December 2020  | 576,143                              | -                                   | -                                     | 576,143        |
|                                       |                   | <u>576,143</u>                       | <u>210,400</u>                      | <u>-</u>                              | <u>786,543</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.

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**13. Fair value measurement (cont'd.)**

**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 is determined by reference to published net asset values.

**14. Capital commitments**

|                                  | <u>As at</u><br><u>30 Sept</u><br><u>2021</u><br><u>RM'000</u> | <u>As at</u><br><u>31 Dec</u><br><u>2020</u><br><u>RM'000</u> |
|----------------------------------|--|---|
| <b>Capital expenditure:</b>      |  |   |
| Approved but not contracted for: |  |   |
| Intangible assets                | 44,800   | 52,344  |
| Property and equipment           | 1,096  | 4,840   |
|                                  | <u>45,897</u>  | <u>57,184</u>   |

**15. 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.

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**16. Related party transactions**

The details of the related party transactions entered by the Group under the approved Shareholders' Mandate for Recurrent Related Party Transactions of Revenue or Trading Nature are as follow:

| <b>Name of company</b>                            | <b>Relationship</b>   |
|---|---|
| AirAsia Berhad ("AAB")                            | Person connected to major shareholder of the Company, AirAsia Digital Sdn Bhd ("AAD")   |
| AirAsia X Berhad ("AAX")                          | Person connected to major shareholder of the Company, AAD   |
| PT Indonesia AirAsia ("PTAA")                     | Person connected to major shareholder of the Company, AAD   |
| Thai AirAsia Co. Ltd ("TAA")                      | Person connected to major shareholder of the Company, AAD   |
| Tune Group Sdn Bhd ("TGSB")                       | Major shareholder of the Company  |
| SP&G Gallagher Insurance Brokers Sdn Bhd ("SP&G") | SP&G is a company 51% owned by Orion Asia Sdn Bhd which is 50% owned by Dato' Zakaria Bin Meranun, the brother of Datuk Kamarudin Bin Meranun, who is major shareholder of the Company as well as person connected to major shareholders of the Company, AAD and TGSB |
| BIGLIFE Sdn Bhd ("BIGLIFE")                       | Person connected to major shareholder of the Company, AAD   |

| <b>Current quarter</b> |                | <b>Cumulative quarters</b> |                |
|------------------------|----------------|----------------------------|----------------|
| <b>3 months ended</b>  |                | <b>9 months ended</b>      |                |
| <b>30 Sept</b>         | <b>30 Sept</b> | <b>30 Sept</b>             | <b>30 Sept</b> |
| <b>2021</b>            | <b>2020</b>    | <b>2021</b>                | <b>2020</b>    |
| <b>RM'000</b>          | <b>RM'000</b>  | <b>RM'000</b>              | <b>RM'000</b>  |

**Income/(expenses):**

**AAB**

|                             |       |       |       |         |
|-----------------------------|-------|-------|-------|---------|
| Fee and commission expenses | (171) | (756) | (571) | (2,267) |
| Data management fee         | (2)   | (3)   | (7)   | (11)    |

**AAX**

|                             |   |     |   |       |
|-----------------------------|---|-----|---|-------|
| Fee and commission expenses | - | (2) | - | (324) |
|-----------------------------|---|-----|---|-------|

**PTAA**

|                                   |     |     |     |     |
|-----------------------------------|-----|-----|-----|-----|
| Fee and commission expenses       | -   | -   | -   | -   |
| Telemarketing commission expenses | (0) | (1) | (1) | (2) |



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**16. Related party transactions (cont'd.)**

|                                   | <b>Current quarter</b> |                | <b>Cumulative quarters</b> |                |
|-----------------------------------|------------------------|----------------|----------------------------|----------------|
|                                   | <b>3 months ended</b>  |                | <b>9 months ended</b>      |                |
|                                   | <b>30 Sept</b>         | <b>30 Sept</b> | <b>30 Sept</b>             | <b>30 Sept</b> |
|                                   | <b>2021</b>            | <b>2020</b>    | <b>2021</b>                | <b>2020</b>    |
|                                   | <b>RM'000</b>          | <b>RM'000</b>  | <b>RM'000</b>              | <b>RM'000</b>  |
| <b>Income/(expenses):</b>         |                        |                |                            |                |
| <b>TAA</b>                        |                        |                |                            |                |
| Fee and commission expenses       | -                      | -              | -                          | -              |
| Telemarketing commission expenses | (2)                    | (3)            | (7)                        | (8)            |
| <b>TGSB</b>                       |                        |                |                            |                |
| Royalty fee                       | (974)                  | (859)          | (3,274)                    | (2,893)        |
| Rental and utilities charges      | (317)                  | (378)          | (1,014)                    | (945)          |
| <b>SP&amp;G</b>                   |                        |                |                            |                |
| Brokerage fee                     | (223)                  | (176)          | (1,083)                    | (687)          |
| <b>BIGLIFE</b>                    |                        |                |                            |                |
| Purchase of loyalty points        | (8)                    | -              | (27)                       | -              |

All other related party transactions of the Group had been entered into the normal course of business and 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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**For the period ended 30 September 2021**

**18. Performance review**

**18.1 Current quarter ("3Q21") against corresponding quarter in prior year ("3Q20")**

|                          | Investment holding and others         |               | Collective investment schemes |              | General reinsurance |               | General insurance |               | Adjustments and eliminations |                 | Consolidated   |                |
|--------------------------|---------------------------------------|---------------|-------------------------------|--------------|---------------------|---------------|-------------------|---------------|------------------------------|-----------------|----------------|----------------|
|                          | 30 Sept 2021                          | 30 Sept 2020  | 30 Sept 2021                  | 30 Sept 2020 | 30 Sept 2021        | 30 Sept 2020  | 30 Sept 2021      | 30 Sept 2020  | 30 Sept 2021                 | 30 Sept 2020    | 30 Sept 2021   | 30 Sept 2020   |
|                          | RM'000                                | RM'000        | RM'000                        | RM'000       | RM'000              | RM'000        | RM'000            | RM'000        | RM'000                       | RM'000          | RM'000         | RM'000         |
|                          | <b>Current quarter 3 months ended</b> |               |                               |              |                     |               |                   |               |                              |                 |                |                |
| <b>Operating revenue</b> |                                       |               |                               |              |                     |               |                   |               |                              |                 |                |                |
| External                 | 646                                   | 41            | 1,801                         | 2,786        | 20,982              | 11,623        | 80,354            | 95,553        | -                            | -               | 103,783        | 110,003        |
| Inter-segment            | 10,645                                | 15,160        | -                             | -            | 106                 | 1,241         | 688               | 2,206         | (11,439)                     | (18,607)        | -              | -              |
|                          | <b>11,291</b>                         | <b>15,201</b> | <b>1,801</b>                  | <b>2,786</b> | <b>21,088</b>       | <b>12,864</b> | <b>81,042</b>     | <b>97,759</b> | <b>(11,439)</b>              | <b>(18,607)</b> | <b>103,783</b> | <b>110,003</b> |
| <b>Segment profit</b>    | <b>6,801</b>                          | <b>10,508</b> | <b>1,014</b>                  | <b>4,836</b> | <b>3,176</b>        | <b>2,678</b>  | <b>3,223</b>      | <b>8,575</b>  | <b>(13,973)</b>              | <b>(19,192)</b> | <b>241</b>     | <b>7,405</b>   |

**Group/Consolidated**

The Group's operating revenue in 3Q21 decreased from RM110.0 million in 3Q20 to RM103.8 million in 3Q21, a decrease of RM6.2 million or 5.7% as compared to the corresponding quarter last year. The decrease in operating revenue was resulted from lower gross earned premiums by RM4.2 million and lower investment income by RM2.0 million.

Profit before tax of the Group in 3Q21 decreased from RM7.4 million in 3Q20 to RM0.2 million in 3Q21, a decrease of RM7.2 million or 97.3% as compared to the corresponding quarter last year. The decrease was mainly attributed by decrease of RM15.0 million in realised and unrealised investment income and RM2.7 million in share of results of an associate, offset by an increase of RM9.8 million in underwriting profits.

**General reinsurance**

Operating revenue of this segment in 3Q21 grew by RM8.2 million from RM12.9 million in 3Q20 to RM21.1 million in 3Q21. The growth in revenue was mainly contributed by a strong take up observed for our Travel PA and Covid-19 product in the Middle East market.

Profit before tax of this segment increased by RM0.5 million in this quarter, from RM2.7 million in 3Q20 to RM3.2 million in 3Q21, mainly resulted from the growth in underwriting profits in current quarter.

**General insurance**

Operating revenue of this segment in 3Q21 decreased by RM16.8 million from RM97.8 million in 3Q20 to RM81.0 million in 2Q21, a decrease of 17.1% as compared to the corresponding quarter last year. The decrease in revenue was resulted from lower gross earned premiums and investment income, which registered a decrease of RM13.9 million and RM2.9 million respectively in 3Q21.

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**18. Performance review (cont'd.)**

**18.1 Current quarter ("3Q21") against corresponding quarter in prior year ("3Q20") (cont'd.)**

**General insurance (cont'd.)**

Profit before tax of this segment dropped by RM5.4 million to RM3.2 million in 3Q21 from RM8.6 million in 3Q20. The decrease was mainly attributed by decrease of RM10.9 million in realised and unrealised investment income, offset by an increase of RM5.5 million in underwriting profits.

**18.2 Current year to date ("YTD 2021") against corresponding year to date ("YTD 2020")**

|                          | Investment holding and others             |               | Collective investment schemes |              | General reinsurance |               | General insurance |                | Adjustments and eliminations |                 | Consolidated   |                |
|--------------------------|---|---------------|-------------------------------|--------------|---------------------|---------------|-------------------|----------------|------------------------------|-----------------|----------------|----------------|
|                          | 30 Sept 2021                              | 30 Sept 2020  | 30 Sept 2021                  | 30 Sept 2020 | 30 Sept 2021        | 30 Sept 2020  | 30 Sept 2021      | 30 Sept 2020   | 30 Sept 2021                 | 30 Sept 2020    | 30 Sept 2021   | 30 Sept 2020   |
|                          | RM'000                                    | RM'000        | RM'000                        | RM'000       | RM'000              | RM'000        | RM'000            | RM'000         | RM'000                       | RM'000          | RM'000         | RM'000         |
|                          | <b>Cumulative quarters 9 months ended</b> |               |                               |              |                     |               |                   |                |                              |                 |                |                |
| <b>Operating revenue</b> |   |               |                               |              |                     |               |                   |                |                              |                 |                |                |
| External                 | 1,224                                     | 442           | 5,853                         | 8,669        | 71,423              | 33,500        | 253,422           | 290,690        | -                            | -               | 331,922        | 333,301        |
| Inter-segment            | 22,330                                    | 40,587        | -                             | -            | 1,118               | 5,381         | 2,095             | 6,346          | (25,543)                     | (52,314)        | -              | -              |
|                          | <u>23,554</u>                             | <u>41,029</u> | <u>5,853</u>                  | <u>8,669</u> | <u>72,541</u>       | <u>38,881</u> | <u>255,517</u>    | <u>297,036</u> | <u>(25,543)</u>              | <u>(52,314)</u> | <u>331,922</u> | <u>333,301</u> |
| <b>Segment profit</b>    | 8,371                                     | 28,191        | (2,480)                       | 15,482       | 13,604              | 12,318        | 7,055             | 28,543         | (25,839)                     | (52,949)        | 711            | 31,585         |

**Group/Consolidated**

The Group's operating revenue decreased from RM333.3 million in YTD 2020 to RM331.9 million in YTD 2021, a decrease of RM1.4 million or 0.4% as compared to the corresponding year to date last year. The decrease in operating revenue was resulted from lower investment income by RM7.9 million offset by higher gross earned premiums by RM6.5 million.

Profit before tax of the Group dropped by RM30.9 million from RM31.6 million in YTD 2020 to RM0.7 million in YTD 2021. The significant decrease in profit before tax was largely attributed by the fair value losses on investments.

**General reinsurance**

Operating revenue of this segment in YTD 2021 grew by RM33.6 million from RM38.9 million in YTD 2020 to RM72.5 million in YTD 2021. The increase in revenue was mainly contributed by a strong take up observed for our Travel PA and Covid-19 product in the Middle East market.

Profit before tax of this segment increased by RM1.3 million or 10.4% from RM12.3 million in YTD 2020 to RM13.6 million in YTD 2021, mainly due to growth of RM7.1 million in underwriting profits, offset by increase of RM5.1 million in realised and unrealised investment income and decrease of RM0.7 million in realised and unrealised foreign exchange gains.

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**18. Performance review (cont'd.)**

**18.2 Current year to date ("YTD 2021") against corresponding year to date ("YTD 2020") (cont'd.)**

**General insurance**

Operating revenue of this segment in YTD 2021 decreased by RM41.5 million to RM255.5 million from RM297.0 million in YTD 2020, a decrease of 14.0% as compared to the corresponding year to date last year. The decrease in revenue was resulted from lower gross earned premiums by RM31.5 million to RM247.1 million in YTD 2021 as compared to RM278.6 million in YTD 2020, largely attributed by decrease in both Motor, Travel PA and Marine segments, offset by growth in Engineering segment. The decrease in revenue was also attributed to lower investment income, which registered a decrease of RM10.0 million to RM8.4 million in YTD 2021 compared to RM18.4 million in YTD 2020.

Profit before tax of this segment dropped by RM21.4 million, from RM28.5 million in YTD 2020 to RM7.1 million in YTD 2021. The significant decrease was mainly attributed by decrease of RM31.3 million in realised and unrealised investment income, offset by an increase of RM9.8 million in underwriting profits.

**18.3 Current quarter ("3Q21") against preceding quarter in current year ("2Q21")**

|                              | Investment holding and others         |             | Collective investment schemes |             | General reinsurance |             | General insurance |             | Adjustments and eliminations |             | Consolidated |             |
|------------------------------|---------------------------------------|-------------|-------------------------------|-------------|---------------------|-------------|-------------------|-------------|------------------------------|-------------|--------------|-------------|
|                              | 30 Sept 2021                          | 30 Jun 2021 | 30 Sept 2021                  | 30 Jun 2021 | 30 Sept 2021        | 30 Jun 2021 | 30 Sept 2021      | 30 Jun 2021 | 30 Sept 2021                 | 30 Jun 2021 | 30 Sept 2021 | 30 Jun 2021 |
|                              | RM'000                                | RM'000      | RM'000                        | RM'000      | RM'000              | RM'000      | RM'000            | RM'000      | RM'000                       | RM'000      | RM'000       | RM'000      |
|                              | <b>Current quarter 3 months ended</b> |             |                               |             |                     |             |                   |             |                              |             |              |             |
| <b>Operating revenue</b>     |                                       |             |                               |             |                     |             |                   |             |                              |             |              |             |
| External                     | 646                                   | 509         | 1,801                         | 1,891       | 20,982              | 17,000      | 80,354            | 91,290      | -                            | -           | 103,783      | 110,690     |
| Inter-segment                | 10,645                                | 11,685      | -                             | -           | 106                 | 759         | 688               | 683         | (11,439)                     | (13,127)    | -            | -           |
|                              | 11,291                                | 12,194      | 1,801                         | 1,891       | 21,088              | 17,759      | 81,042            | 91,973      | (11,439)                     | (13,127)    | 103,783      | 110,690     |
| <b>Segment profit/(loss)</b> | 6,801                                 | 7,325       | 1,014                         | 2,892       | 3,176               | 9,411       | 3,223             | 15,185      | (13,973)                     | (14,545)    | 241          | 20,268      |

**Group/Consolidated**

The Group's operating revenue decreased by RM6.9 million to RM103.8 million in 3Q21 from RM110.7 million in 2Q21. The decrease in operating revenue was mainly resulted from decrease of RM10.3 million in gross earned premium, offset by increase of RM3.4 million in investment income.

Profit before tax of the Group decreased by RM20.1 million from RM20.3 million 2Q21 to RM0.2 million in 3Q21. The significant decrease was mainly attributed by an increase of RM12.6 million in fair value losses of investments and a decrease of RM7.4 million in underwriting profits in 3Q21.

**18. Performance review (cont'd.)**

**18.3 Current quarter ("3Q21") against preceding quarter in current year ("2Q21") (cont'd.)**

**General reinsurance**

Operating revenue of this segment in 3Q21 increased by RM3.3 million to RM21.1 million from RM17.8 million in 2Q21. The increase in operating revenue was mainly attributed by the growth in gross earned premiums of Middle East market.

Profit before tax of this segment decreased by RM6.2 million to RM3.2 million in 3Q21 from RM9.4 million in last quarter. The decrease in profit before tax was mainly resulted from decreases of RM3.7 million in underwriting profits and RM2.5 million in realised and unrealised investment income.

**General insurance**

Operating revenue of this segment in 3Q21 decreased by RM10.9 million to RM81.0 million in 3Q21 from RM92.0 million in 2Q21, a decrease of 11.9% as compared to the last quarter. The decrease in operating revenue was mainly resulted from lower gross earned premiums by RM14.0 million to RM76.2 million in 3Q21 from RM90.3 million in the last quarter, largely attributed by Non-Motor segment.

Profit before tax of this segment decreased by RM12.0 million to RM3.2 million in 3Q21 from RM15.2 million in the last quarter. The significant decrease was mainly attributed by decrease of RM6.6 million in realised and unrealised investment income and RM4.9 million in underwriting profits.

**19. Commentary on prospects**

The Group is optimistic with the outlook in its travel insurance business in the coming quarters. The Middle East market is expected to maintain its momentum in the historically strong year end seasonal period. Closer to home, with the encouraging growth in the Covid-19 vaccination rate in countries in the region, we are also optimistic that this will support further relaxation in border control measures in the region, as what we have observed in the announcement of Vaccinated Travel Lane between Malaysia-Singapore and the various travel bubbles introduced in the region. This shall permit further recovery in travel activities domestically as well as regionally in the quarters ahead.

The recent announcement of the 2022 Budget by the Malaysian Government and the introduction of the National Recovery Plan in Malaysia, are also expected to boost the recovery of the local economy further. The continuation of various incentive programmes such as the extension of car sales tax exemption, Tenang voucher and electric vehicle import and excise duties exemptions are among those that are expected to contribute positively to the Group's performance, especially in the Motor business in the coming year.

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

**For the period ended 30 September 2021**

**19. Commentary on prospects (cont'd.)**

The Group continues to focus on the 3 key pillars namely, Lifestyle, Health and Small Medium Enterprises in driving its growth in the coming quarters. A series of new products targeting millennials and Covid-19 coverage such as PRO-Health, VSafe, myFlexi CI, Home Easy and Home Shield had been launched recently to strengthen the Group's offerings to the market in its focus pillars.

The Group will also continue to invest in its digitalisation efforts, in line with its vision to be the leading digital insurer in the region.

While the Group realise that there are still underlying risks and uncertainties surrounding the pandemic, the Group is confident that with the strong capital position, it remains resilient to weather through the potential negative implications from the pandemic over the medium to longer term.

**20. Profit forecast or profit guarantee**

The Group did not issue any profit forecast or profit guarantee for the financial period ended 30 September 2021.

**21. Corporate proposal**

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

**22. 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, TIMB received a notice from the Malaysia Competition Commission ("MyCC") concerning a proposed decision ("proposed decision") which found that TIMB and 21 other general insurance companies in Malaysia who are all members of the General Insurance Association of Malaysia ("PIAM") had infringed one of the prohibitions under the Competitions Act 2010 ("CA") in Malaysia, pursuant to its investigation outcome in respect of the agreement entered into between PIAM and the Federation of Automobile Workshop Owners' Association of Malaysia ("FAWOAM") concerning the cap on the parts trade discount rates and minimum agreed labour rates payable by the insurers to the PIAM Approved Repairer's Scheme workshops. These rates were subsequently approved and adopted by PIAM members including TIMB.

**22. Material litigation (cont'd.)**

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

Subsequent to MyCC's issuance of its proposed decision, PIAM and its 22 members including TIMB, were given the opportunity to make written representations in their defence and TIMB had on 5 April 2017 filed in its written representations with MyCC. TIMB's oral representations were presented before MyCC on 29 January 2018.

A fresh hearing was held following the appointment of a new Chairman of MyCC with the last of the parties' submission having been made on 18 June 2019.

Subsequently, TIMB had received a notice dated 25 September 2020 from MyCC informing TIMB of its decision dated 14 September 2020 wherein they have found that TIMB and 21 other members of PIAM had infringed Section 4 of the CA ("Decision").

The MyCC in its Decision had imposed a financial penalty of RM2,571,078 only on the part of TIMB and a consolidated amount of RM130,241,475 on all 22 members of PIAM, net of a 25% reduction granted on the final penalties after taking into consideration the economic impact arising from the Covid-19 pandemic. The MyCC had also granted the parties a moratorium period of six (6) months up to 24 March 2021 to pay the financial penalty imposed. The MyCC had also allowed the parties, including TIMB, to pay the financial penalty imposed by way of up to six (6) equal monthly instalments.

The MyCC had also directed TIMB to cease implementing the agreed parts trade discount and the hourly labour rate previously agreed upon with the workshops with immediate effect ("Cease and Desist Order"). All future parts trade discount rate and future hourly labour rates with the workshops would be negotiated independently.

TIMB in consultation with their legal counsel, is of the view that TIMB has not infringed Section 4 of the CA and has taken all necessary and appropriate actions to defend its position. Accordingly, TIMB has not made any provision, and has continued to disclose the matter as an on-going litigation until further development.

TIMB had filed its Notice of Appeal with the Competition Appeal Tribunal ("CAT") pursuant to Section 51 of the CA and had filed an application for a stay of the financial penalty with the CAT pursuant to Section 53 of the CA on 13 October 2020 and 14 October 2020 respectively.

On 23 March 2021, the CAT has allowed TIMB's application for a stay of the financial penalty. The CAT has also stayed the Cease and Desist Order.

The case management for the appeal proper has been fixed on 30 August 2021, and the appeal proper is fixed for hearing on 12, 15, 16, 19 and 26 November 2021.

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

**22. Material litigation (cont'd.)**

**(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 to be amended to allow the deduction of PRAD expenses and dismissed the penalty imposed in relation to this issue. The High Court also ordered 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 ("SCIT").

On 11 June 2019, LHDN file a Notice of Appeal against the decision of the High Court. The appeal was subsequently withdrawn and a consent order was entered at the Court of Appeal on 13 November 2020 stating:

- (a) the PRAD expenses are allowed for deduction for income tax purposes;
- (b) LHDN will issue the Notices of Reduced Assessment for the Years of Assessment 2013, 2014 and 2015 within 90 days of the date of the order;
- (c) the consent order applies only to this case;
- (d) the High Court order dated 23 May 2019 is affirmed; and
- (e) no order as to cost.

With this, the total amount currently on appeal before the SCIT is RM3.5 million. The hearing of TIMB's appeal before the SCIT which was fixed for hearing on 4 to 5 May 2021 was postponed and subsequently fixed for mention on 14 October 2021.

The matter is currently fixed for case management on 16 December 2021.



**22. Material litigation (cont'd.)**

**(b) Tax dispute with the Lembaga Hasil Dalam Negeri ("LHDN") (cont'd.)**

TIMB had not recognised any liability in respect of the disputed additional tax and penalties, pending further developments of the appeal before the SCIT.

**(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.

On 29 January 2019, a writ of summons was filed with the 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. The Reinsurer however proceeded to dispute this amount subsequently in June 2020.

As at 30 September 2021, the net amount owed by the Reinsurer increased to RM10.9 million, with an additional Reinsurance Assets exposure of RM3.5 million. Full impairment has been provided for both of these balances.

The matter was heard on 27 to 28 October 2021 and from 1 to 3 November 2021, and it is now fixed for continued hearing on 25 November 2021.

As at the date of the interim financial statements, there have been no further developments on this matter, and TIMB will continue to pursue recovery of the whole balance owed by the Reinsurer.

**23. Disclosure of nature of outstanding derivatives**

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

**Tune Protect Group Berhad**  
Registration No. 201101020320 (948454-K)

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

**For the period ended 30 September 2021**

**24. Rationale for entering into derivatives**

The Group did not enter into any derivative transactions during the period ended 30 September 2021 or the previous year ended 31 December 2020.

**25. Risks and policies for derivatives**

The Group did not enter into any derivative transactions during the period ended 30 September 2021 or the previous year ended 31 December 2020.

**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 2021 and 31 December 2020.

**27. Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the year ended 31 December 2020 was not qualified.