



Tune Protect Group Berhad

Registration No. 201101020320 (948454-K)

Interim Financial Statements

For the Quarter and Twelve Months Ended 31 December 2021

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

Condensed consolidated statement of financial position
As at 31 December 2021

	As at 31 Dec 2021 Unaudited RM'000	As at 31 Dec 2020 Audited RM'000
Assets		
Property and equipment	3,980	3,903
Intangible assets	19,638	5,921
Right-of-use assets	3,972	5,951
Investment in an associate	49,762	61,600
Investment in a joint venture company	5,878	7,443
Goodwill	24,165	24,165
Investments	757,974	823,588
Deferred tax assets	1,993	1,472
Reinsurance assets	648,009	625,420
Insurance receivables	116,593	104,659
Other receivables	78,938	81,137
Cash and bank balances	12,922	6,442
Total assets	1,723,824	1,751,701
Equity		
Share capital	248,519	248,519
Employee share option reserves	2,887	2,859
Foreign currency translation reserve	10,097	9,914
Other comprehensive income ("OCI") reserve	(22)	(87)
Other reserve	195	195
Retained earnings	298,639	313,629
Equity attributable to owners of the parent	560,315	575,029
Non-controlling interests	106,046	146,004
Total equity	666,361	721,033
Liabilities		
Insurance contract liabilities	911,218	902,065
Lease liabilities	4,195	6,105
Deferred tax liabilities	162	135
Insurance payables	70,597	73,824
Other payables	71,291	48,539
Total liabilities	1,057,463	1,030,668
Total equity and liabilities	1,723,824	1,751,701
Net assets per ordinary share attributable to owners of the parent (RM)	0.75	0.77

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
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Condensed consolidated statement of comprehensive income
For the year ended 31 December 2021

	Current quarter		Cumulative quarters		
	3 months ended		12 months ended		
	31 Dec	31 Dec	31 Dec	31 Dec	
	2021	2020	2021	2020	
Note	RM'000	RM'000	RM'000	RM'000	
Operating revenue	102,794	115,977	434,716	449,278	
Gross earned premiums	97,492	109,194	412,271	417,420	
Premiums ceded to reinsurers	(44,321)	(56,344)	(215,466)	(227,538)	
Net earned premiums	53,171	52,850	196,805	189,882	
Investment income	7	5,302	6,783	22,445	31,858
Realised gains and losses		(2,663)	8,832	(684)	14,781
Fair value gains and losses		(5,848)	(11,900)	(29,051)	(2,597)
Fees and commission income		3,713	4,762	21,833	28,617
Other operating income		798	2,240	1,418	4,424
Other revenue		1,302	10,717	15,961	77,083
Gross claims paid		(44,633)	(43,273)	(171,645)	(154,649)
Claims ceded to reinsurers		28,911	27,316	116,495	91,990
Gross change to contract liabilities		(30,393)	37,114	(12,465)	(162,897)
Change in contract liabilities ceded to reinsurers		31,925	(26,178)	29,718	164,319
Net claims		(14,190)	(5,021)	(37,897)	(61,237)
Fee and commission expenses		(12,341)	(14,666)	(54,788)	(51,472)
Management expenses		(37,990)	(44,399)	(124,794)	(121,134)
Other operating expenses		(208)	(18)	(231)	(523)
Finance costs		(62)	(90)	(298)	(300)
Other expenses		(50,601)	(59,173)	(180,111)	(173,429)
Share of results of an associate		(5,249)	(187)	(9,733)	(1,889)
Share of results of a joint venture company		73	3,908	192	4,269
Profit before taxation	8	(15,494)	3,094	(14,783)	34,679
Taxation	9	751	(1,485)	(3,439)	(6,476)
Net (loss)/profit for the year		(14,743)	1,609	(18,222)	28,203

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Condensed consolidated statement of comprehensive income (cont'd.)
For the year ended 31 December 2021

	Current quarter		Cumulative quarters	
	3 months ended		12 months ended	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Note	RM'000	RM'000	RM'000	RM'000
Other comprehensive (loss)/income:				
<u>Items that will not be subsequently reclassified to profit or loss</u>				
Share of other comprehensive income/(loss) of an associate	479	(446)	65	(446)
Effect of post-acquisition foreign exchange translation reserve on investments in an associate and a joint venture company	2,334	1,442	183	(1,295)
Other comprehensive income/(loss) for the year	2,813	996	248	(1,741)
Total comprehensive (loss)/income for the year	(11,930)	2,605	(17,974)	26,462
(Loss)/Profit attributable to:				
Owners of the parent	(12,129)	1,016	(14,990)	18,391
Non-controlling interests	(2,614)	593	(3,232)	9,812
	(14,743)	1,609	(18,222)	28,203
Total comprehensive (loss)/income attributable to:				
Owners of the parent	(9,316)	2,012	(14,742)	16,650
Non-controlling interests	(2,614)	593	(3,232)	9,812
	(11,930)	2,605	(17,974)	26,462
Basic and diluted earnings per share attributable to owners of the parent (sen per share)				
10	(1.61)	0.14	(1.99)	2.45

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

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Condensed consolidated statement of changes in equity For the year ended 31 December 2021

	Attributable to the owners of the parent								
	← Non-distributable →					Distributable			
	Share capital	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
At 1 January 2021	248,519	(87)	195	2,859	9,914	313,629	575,029	146,004	721,033
Net loss for the year	-	-	-	-	-	(14,990)	(14,990)	(3,232)	(18,222)
Other comprehensive profit for the year	-	65	-	-	183	-	248	-	248
Total comprehensive profit/(loss) for the year	-	65	-	-	183	(14,990)	(14,742)	(3,232)	(17,974)
Grant of equity-settled share options to employees	-	-	-	28	-	-	28	-	28
Decrease in non-controlling interest arising from increase of interest in a subsidiary	-	-	-	-	-	-	-	(35,002)	(35,002)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(1,724)	(1,724)
At 31 December 2021	248,519	(22)	195	2,887	10,097	298,639	560,315	106,046	666,361
At 1 January 2020	248,519	499	55	3,477	11,209	295,238	558,997	139,038	698,035
Net profit for the year	-	-	-	-	-	18,391	18,391	9,812	28,203
Other comprehensive loss for the year	-	(446)	-	-	(1,295)	-	(1,741)	-	(1,741)
Total comprehensive (loss)/income for the year	-	(446)	-	-	(1,295)	18,391	16,650	9,812	26,462
Grant of equity-settled share options to employees	-	-	-	(618)	-	-	(618)	-	(618)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(2,846)	(2,846)
At 31 December 2020	248,519	53	55	2,859	9,914	313,629	575,029	146,004	721,033

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

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Condensed consolidated statement of cash flows
For the year ended 31 December 2021

	Cumulative quarters	
	12 months ended	
	31 Dec 2021	31 Dec 2020
	RM'000	RM'000
Cash flows from operating activities		
(Loss)/Profit before taxation	(14,783)	34,679
Adjustments for:		
Non-cash items	16,609	17,246
Investment related income/(losses)	7,290	(44,051)
Operating profit before working capital changes	9,116	7,874
Net change in operating assets	(30,053)	(116,589)
Net change in operating liabilities	27,677	119,253
Cash generated from operating activities	6,740	10,538
Net interest received	6,424	16,832
Net dividend received	15,318	1,004
Income tax paid	(5,716)	(4,407)
Net cash generated from operating activities	22,766	23,967
Cash flows from investing activities		
Purchases of fair value through profit or loss ("FVTPL") financial assets	(755,966)	(871,186)
Proceeds from disposal of FVTPL financial assets	788,483	855,371
Movement in amortised cost financial assets	972	(3,633)
Proceeds from disposal of property and equipment	55	19
Purchase of property and equipment	(1,848)	(1,248)
Purchase of intangible assets	(16,454)	(3,349)
Net cash generated from/(used in) investing activities	15,242	(24,026)
Cash flows from financing activities		
Payment of principal portion of lease liabilities	(2,453)	(2,265)
Dividends paid to non-controlling interests	(4,318)	(2,846)
Net cash used in financing activities	(6,771)	(5,111)
Net increase/(decrease) in cash and cash equivalents	31,236	(5,170)
Effect of exchange rate changes on cash and cash equivalents	117	(74)
Cash and cash equivalents at beginning of year	34,170	39,414
Cash and cash equivalents at end of year	65,523	34,170
Cash and cash equivalents comprise:		
Fixed and call deposits (with original maturities of less than three months) with licensed financial institutions	52,603	27,728
Cash and bank balances	12,920	6,442
	65,523	34,170

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

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Explanatory Notes Pursuant to MFRS 134
For the year ended 31 December 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.

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For the year ended 31 December 2021

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

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

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment</i> <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> 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 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.

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For the year ended 31 December 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 year ended 31 December 2021.

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Explanatory Notes Pursuant to MFRS 134
For the year ended 31 December 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	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 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
Operating revenue												
External	1,614	736	7,556	11,030	98,875	59,436	326,671	378,076	-	-	434,716	449,278
Inter-segment	24,371	40,587	-	-	2,014	7,632	2,701	6,662	(29,086)	(54,881)	-	-
	<u>25,985¹</u>	<u>41,323</u>	<u>7,556</u>	<u>11,030</u>	<u>100,889²</u>	<u>67,068</u>	<u>329,372³</u>	<u>384,738</u>	<u>(29,086)</u>	<u>(54,881)</u>	<u>434,716⁴</u>	<u>449,278</u>
Segment profit	<u>5,019</u>	<u>24,314</u>	<u>(5,686)</u>	<u>16,199</u>	<u>16,461</u>	<u>12,046</u>	<u>808</u>	<u>31,859</u>	<u>(31,385)</u>	<u>(49,739)</u>	<u>(14,783)</u>	<u>34,679</u>
Segment assets	<u>314,324</u>	<u>308,062</u>	<u>115,365</u>	<u>202,813</u>	<u>197,301</u>	<u>173,333</u>	<u>1,317,550</u>	<u>1,318,954</u>	<u>(220,716)</u>	<u>(251,461)</u>	<u>1,723,824</u>	<u>1,751,701</u>
Segment liabilities	<u>12,114</u>	<u>8,134</u>	<u>65</u>	<u>826</u>	<u>47,340</u>	<u>27,656</u>	<u>1,015,059</u>	<u>1,004,086</u>	<u>(17,115)</u>	<u>(10,034)</u>	<u>1,057,463</u>	<u>1,030,668</u>

¹ includes investment income of RM25.985 million

² includes investment income of RM4.666 million

³ includes investment income of RM11.310 million

⁴ includes investment income of RM22.445 million

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Explanatory Notes Pursuant to MFRS 134
For the year ended 31 December 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 3 months ended		Cumulative quarters 12 months ended	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	RM'000	RM'000	RM'000	RM'000
Interest income:				
- Amortised costs financial assets	471	324	911	1,005
- FVTPL financial assets	1,518	2,852	7,719	11,869
- bank balances	4	4	21	43
Share of investment income/(loss) from Malaysian Motor Insurance Pool ("MMIP")	176	1,082	(973)	3,389
Dividend income:				
- FVTPL financial assets	3,133	3,043	14,767	16,074
	5,302	7,305	22,445	32,380
Net amortisation of premium on investments	-	(522)	-	(522)
	5,302	6,783	22,445	31,858

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

	Current quarter 3 months ended		Cumulative quarters 12 months ended	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	RM'000	RM'000	RM'000	RM'000
Depreciation of property and equipment	462	406	1,657	1,587
Depreciation of right-of-use assets	599	578	2,398	2,237
Amortisation of intangible assets	1,017	643	2,737	1,830
Write-off of property and equipment	86	7	86	12
Allowance for/(Write-back of) impairment losses on insurance receivables and reinsurance assets	2,271	10,715	(127)	14,152

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

	Current quarter 3 months ended		Cumulative quarters 12 months ended	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	RM'000	RM'000	RM'000	RM'000
Realised (gains)/losses on disposal of:				
- property and equipment	(27)	11	(38)	9
- FVTPL financial assets	2,690	(8,843)	722	(14,790)
Net realised losses/(gains)	2,663	(8,832)	684	(14,781)
Fair value losses on FVTPL financial assets	5,848	11,900	29,051	2,597
Interest expense on lease liabilities	62	90	298	300
(Gains)/Losses on foreign exchange:				
- realised	(34)	(38)	(92)	(547)
- unrealised	81	(8)	118	303

9. Taxation

	Current quarter 3 months ended		Cumulative quarters 12 months ended	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	RM'000	RM'000	RM'000	RM'000
Income tax (benefit)/expense	(1,153)	2,209	3,933	6,207
Deferred tax expense/(benefit)	402	(724)	(494)	269
	(751)	1,485	3,439	6,476
Effective tax rate	5%	48%	-23%	19%

The Group's lower effective tax rate in Q421 is mainly due to share of losses of an associate company (non-taxable). The Group's negative effective tax rate in YTD 2021 is 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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Explanatory Notes Pursuant to MFRS 134
For the year ended 31 December 2021

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		12 months ended	
	31 Dec	31 Dec	31 Dec	31 Dec
	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)	(12,129)	1,016	(14,990)	18,391
Number of ordinary shares in issue ('000)	751,760	751,760	751,760	751,760
Basic and diluted earnings per share (sen per share)	(1.61)	0.14	(1.99)	2.45

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 year ended 31 December 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	
Assets measured at fair value:					
31 December 2021					
Financial assets at FVTPL:					
Unquoted debt securities in Malaysia	31 December 2021	-	114,447	-	114,447
Quoted unit trust funds in Malaysia	31 December 2021	582,580	-	-	582,580
		<u>582,580</u>	<u>114,447</u>	<u>-</u>	<u>697,027</u>
31 December 2020					
Financial assets at FVTPL:					
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> <u>31 Dec</u> <u>2021</u> <u>RM'000</u>	<u>As at</u> <u>31 Dec</u> <u>2020</u> <u>RM'000</u>
Capital expenditure:		
Approved but not contracted for:		
Intangible assets	37,469	52,344
Property and equipment	703	4,840
	<u>38,172</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:

Name of company	Relationship
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

Current quarter		Cumulative quarters	
3 months ended		12 months ended	
31 Dec	31 Dec	31 Dec	31 Dec
2021	2020	2021	2020
RM'000	RM'000	RM'000	RM'000

Income/(expenses):

AAB

Fee and commission expenses	(1,169)	(396)	(1,740)	(2,663)
Data management fee	(2)	(2)	(8)	(13)

AAX

Fee and commission expenses	-	-	-	(324)
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PTAA

Telemarketing commission expenses	(0)	-	(1)	(2)
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16. Related party transactions (cont'd.)

	Current quarter		Cumulative quarters	
	3 months ended		12 months ended	
	31 Dec	31 Dec	31 Dec	31 Dec
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Income/(expenses):				
TAA				
Telemarketing commission expenses	(2)	(3)	(9)	(11)
TGSB				
Royalty fee	(1,194)	(1,042)	(4,469)	(3,935)
Rental and utilities charges	(382)	(388)	(1,397)	(1,333)
SP&G				
Brokerage fee	(150)	(192)	(1,233)	(879)
BIGLIFE				
Purchase of loyalty points	(15)	(10)	(42)	(10)

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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18. Performance review

18.1 Current quarter ("4Q21") against corresponding quarter in prior year ("4Q20")

	Investment holding and others		Collective investment schemes		General reinsurance		General insurance		Adjustments and eliminations		Consolidated	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 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
	Current quarter 3 months ended											
Operating revenue												
External	390	294	1,703	2,361	27,452	25,936	73,249	87,386	-	-	102,794	115,977
Inter-segment	2,041	-	-	-	896	2,251	606	316	(3,543)	(2,567)	-	-
	2,431	294	1,703	2,361	28,348	28,187	73,855	87,702	(3,543)	(2,567)	102,794	115,977
Segment (loss)/profit	(3,352)	(3,877)	(3,206)	717	2,857	(272)	(6,247)	3,316	(5,546)	3,210	(15,494)	3,094

Group/Consolidated

The Group's operating revenue in 4Q21 decreased from RM116.0 million in 4Q20 to RM102.8 million in 4Q21, a decrease of RM13.2 million or 11.3% as compared to the corresponding quarter last year. The decrease in operating revenue was resulted from lower gross earned premiums by RM11.7 million and lower investment income by RM1.5 million.

Profit before tax of the Group in 4Q21 decreased from profit of RM3.1 million in 4Q20 to RM15.5 million in 4Q21, a decrease of RM18.6 million as compared to the corresponding quarter last year. The decrease was mainly attributed by decreases of RM6.9 million in realised and unrealised investment income, RM8.9 million in share of results of an associate and a joint venture company and RM1.2 million in in underwriting profits.

General reinsurance

Operating revenue of this segment maintained at RM28.3 million in 4Q21, as compared to RM28.2 million in 4Q20.

Profit before tax of this segment increased by RM3.1 million in this quarter, from loss of RM0.3 million in 4Q20 to RM2.8 million in 4Q21, mainly resulted from the growth in underwriting profits in current quarter.

General insurance

Operating revenue of this segment in 4Q21 decreased by RM13.8 million from RM87.7 million in 4Q20 to RM73.9 million in 4Q21, a decrease of 15.7% 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 RM12.8 million (mainly Motor segment) and RM1.0 million respectively in 4Q21.

Profit before tax of this segment dropped by RM9.5 million to loss of RM6.2 million in 4Q21 from profit of RM3.3 million in 4Q20. The decrease was mainly attributed by decreases of RM4.0 million in realised and unrealised investment income and RM5.0 million in underwriting profits.

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18. Performance review (cont'd.)

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	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 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
	Cumulative quarters 12 months ended											
Operating revenue												
External	1,614	736	7,556	11,030	98,875	59,436	326,671	378,076	-	-	434,716	449,278
Inter-segment	24,371	40,587	-	-	2,014	7,632	2,701	6,662	(29,086)	(54,881)	-	-
	25,985	41,323	7,556	11,030	100,889	67,068	329,372	384,738	(29,086)	(54,881)	434,716	449,278
Segment profit	5,019	24,314	(5,686)	16,199	16,461	12,046	808	31,859	(31,385)	(49,739)	(14,783)	34,679

Group/Consolidated

The Group's operating revenue decreased from RM449.3 million in YTD 2020 to RM434.7 million in YTD 2021, a decrease of RM14.6 million or 3.2% as compared to the corresponding year to date last year. The decrease in operating revenue was resulted from lower investment income by RM9.4 million and gross earned premiums by RM5.2 million.

Profit before tax of the Group dropped by RM49.5 million from profit of RM34.7 million in YTD 2020 to loss of RM14.8 million in YTD 2021. The significant decrease in profit before tax was largely attributed by the decrease in realised and unrealised investment income.

General reinsurance

Operating revenue of this segment in YTD 2021 grew by RM33.8 million from RM67.1 million in YTD 2020 to RM100.9 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 RM4.5 million or 37.5% from RM12.0 million in YTD 2020 to RM16.5 million in YTD 2021, mainly due to growth of RM10.8 million in underwriting profits, offset by decrease of RM5.5 million in realised and unrealised investment income.

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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 RM55.3 million to RM329.4 million from RM384.7 million in YTD 2020, a decrease of 14.4% as compared to the corresponding year to date last year. The decrease in revenue was resulted from lower gross earned premiums by RM44.3 million to RM318.1 million in YTD 2021 as compared to RM362.4 million in YTD 2020, largely attributed by decrease in Motor segment. The decrease in revenue was also attributed to lower investment income, which registered a decrease of RM11.0 million to RM11.3 million in YTD 2021 compared to RM22.3 million in YTD 2020.

Profit before tax of this segment dropped by RM31.1 million, from RM31.9 million in YTD 2020 to RM0.8 million in YTD 2021. The significant decrease was mainly attributed by a decrease of RM35.3 million in realised and unrealised investment income, offset by an increase of RM4.8 million in underwriting profits.

18.3 Current quarter ("4Q21") against preceding quarter in current year ("3Q21")

	Investment holding and others		Collective investment schemes		General reinsurance		General insurance		Adjustments and eliminations		Consolidated	
	31 Dec 2021	30 Sept 2021	31 Dec 2021	30 Sept 2021	31 Dec 2021	30 Sept 2021	31 Dec 2021	30 Sept 2021	31 Dec 2021	30 Sept 2021	31 Dec 2021	30 Sept 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
	Current quarter 3 months ended											
Operating revenue												
External	390	646	1,703	1,801	27,452	20,982	73,249	80,354	-	-	102,794	103,783
Inter-segment	2,041	10,645	-	-	896	106	606	688	(3,543)	(11,439)	-	-
	2,431	11,291	1,703	1,801	28,348	21,088	73,855	81,042	(3,543)	(11,439)	102,794	103,783
Segment profit/(loss)	(3,352)	6,801	(3,206)	1,014	2,857	3,176	(6,247)	3,223	(5,546)	(13,973)	(15,494)	241

Group/Consolidated

The Group's operating revenue decreased by RM1.0 million to RM102.8 million in 4Q21 from RM103.8 million in 3Q21. The decrease in operating revenue was mainly resulted from a decrease of RM2.6 million in investment income, offset by an increase of RM1.6 million in gross earned premium.

Profit before tax of the Group decreased by RM15.7 million from profit of RM0.2 million 3Q21 to loss of RM15.5 million in 4Q21. The significant decrease was mainly attributed by decreases of RM6.0 million in realised and unrealised investment income, RM7.9 million in underwriting profits and RM2.2 million in share of results of an associate in 4Q21.

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18. Performance review (cont'd.)

18.3 Current quarter ("4Q21") against preceding quarter in current year ("3Q21") (cont'd.)

General reinsurance

Operating revenue of this segment in 4Q21 increased by RM7.2 million to RM28.3 million from RM21.1 million in 3Q21. 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 RM0.3 million to RM2.9 million in 4Q21 from RM3.2 million in last quarter. The decrease in profit before tax was mainly resulted from a decrease of RM0.7 million in realised and unrealised investment income, offset by an increase of RM0.2 million in underwriting profit in 4Q21.

General insurance

Operating revenue of this segment in 4Q21 decreased by RM7.1 million to RM73.9 million in 4Q21 from RM81.0 million in 3Q21, a decrease of 8.8% as compared to the last quarter. The decrease in operating revenue was mainly resulted from lower gross earned premiums by RM5.3 million to RM70.9 million in 4Q21 from RM76.2 million in the last quarter, largely attributed by Non-Motor segment.

Profit before tax of this segment decreased by RM9.4 million to loss of RM6.2 million in 4Q21 from profit of RM3.2 million in the last quarter. The significant decrease was mainly attributed by decreases of RM6.6 million in underwriting profits and RM2.8 million in realised and unrealised investment income.

19. Commentary on prospects

The Group is cautiously optimistic on the insurance business outlook in the coming quarters.

For travel insurance segment, we are observing more announcements being made by various countries, especially in ASEAN, on their upcoming plans to lift existing Covid-19 travel restrictions in the coming quarters. This shall further strengthen the recovery trend currently observed in the Group's travel insurance segment over the last few quarters.

Closer to home, we witnessed the gradual resumption of business activities following the relaxation of Movement Control Order ("MCO") measures announced by the Malaysian Government.

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19. Commentary on prospects (cont'd.)

With the economy reopening, coupled with the Group's distribution network expansion over the last few quarters, the Group is well positioned to benefit from the resumption of business activities to drive growth in the coming quarters.

Nevertheless, the Group remains mindful that as the economic recovery picked up, there may also be a gradual normalisation of insurance loss ratio, specifically on the Motor segment in Malaysia.

On the investment front, current market speculation on potential interest rate hikes in both the United States and Malaysia suggest continuous market volatility in the bond market in the short run which may impact investment returns in the coming quarters.

While the Group realized that there are still underlying risks and uncertainties surrounding the pandemic, the Group is optimistic that with a strong capital position, we remain resilient in weathering through the potential negative implications 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 year ended 31 December 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.

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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.

Submissions by the Appellants' counsels were concluded on 26 November 2021. The matter is now fixed for further hearing on 17, 21 and 24 March 2022 and 6, 7 and 21 April 2022 for submission by MyCC and reply submissions by the Appellants' counsels.

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

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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 matter is currently fixed for mention on 17 March 2022 to update the court on settlement discussions between the parties.

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

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22. Material litigation (cont'd.)

(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 the Plaintiff has filed and served the Written Submissions by the deadline fixed by the Court that is on or before 21 February 2022, the Defendant will be filing and serving the Written Submissions in Reply by/before 9 March 2022. Oral Submissions will be presented before the Court on 14 March 2022.

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.

As at 31 December 2021, the net amount owed by the Reinsurer increased to RM11.8 million, with an additional Reinsurance Assets exposure of RM2.7 million. Full impairment has been provided for both of these balances.

23. Disclosure of nature of outstanding derivatives

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

24. Rationale for entering into derivatives

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

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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 31 December 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.