



# **Tune Protect Group Berhad**

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

**Interim Financial Statements**

**For the Quarter and Six Months Ended 30 June 2022**

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

**Condensed consolidated statement of financial position**  
**As at 30 June 2022**

	<b>As at 30 Jun 2022 Unaudited RM'000</b>	<b>As at 31 Dec 2021 Audited RM'000</b>
<b>Assets</b>		
Property and equipment	4,307	3,977
Intangible assets	27,294	19,639
Right-of-use assets	3,452	3,972
Investment in an associate	40,587	49,763
Investment in a joint venture company	1,965	5,878
Goodwill	24,165	24,165
Investments	748,883	757,975
Deferred tax assets	3,231	1,993
Reinsurance assets	649,507	648,007
Insurance receivables	204,416	116,594
Other receivables	75,866	81,610
Cash and bank balances	24,989	12,400
<b>Total assets</b>	<b>1,808,662</b>	<b>1,725,973</b>
<b>Equity</b>		
Share capital	248,519	248,519
Employee share option reserves	2,891	2,887
Foreign currency translation reserve	8,470	10,097
Other comprehensive income ("OCI") reserve	(47)	(47)
Other reserve	220	220
Retained earnings	275,864	298,639
Equity attributable to owners of the parent	535,917	560,315
Non-controlling interests	104,662	106,046
<b>Total equity</b>	<b>640,579</b>	<b>666,361</b>
<b>Liabilities</b>		
Insurance contract liabilities	977,474	911,215
Lease liabilities	3,674	4,195
Deferred tax liabilities	-	161
Insurance payables	115,452	70,597
Other payables	71,483	73,444
<b>Total liabilities</b>	<b>1,168,083</b>	<b>1,059,612</b>
<b>Total equity and liabilities</b>	<b>1,808,662</b>	<b>1,725,973</b>
<b>Net assets per ordinary share attributable to owners of the parent (RM)</b>	<b>0.71</b>	<b>0.75</b>

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2021.

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

**Condensed consolidated statement of comprehensive income**  
**For the period ended 30 June 2022**

	<b>Current quarter</b>		<b>Cumulative quarters</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30 Jun</b>	<b>30 Jun</b>	<b>30 Jun</b>	<b>30 Jun</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Operating revenue</b>	<b>142,816</b>	<b>110,690</b>	<b>260,834</b>	<b>228,139</b>
Gross earned premiums	137,968	106,145	251,063	218,899
Premiums ceded to reinsurers	(58,498)	(62,910)	(109,058)	(119,288)
<b>Net earned premiums</b>	<b>79,470</b>	<b>43,235</b>	<b>142,005</b>	<b>99,611</b>
Investment income	7 4,848	4,545	9,771	9,240
Realised gains and losses	236	114	35	3,422
Fair value gains and losses	(11,196)	8,977	(17,585)	(19,582)
Fees and commission income	8,830	6,784	15,029	12,577
Other operating income	672	196	1,766	424
<b>Other revenue</b>	<b>3,390</b>	<b>20,616</b>	<b>9,016</b>	<b>6,081</b>
Gross claims paid	(35,830)	(47,277)	(85,466)	(92,264)
Claims ceded to reinsurers	17,801	33,375	50,405	63,970
Gross change to contract liabilities	(18,621)	6,818	27,508	10,291
Change in contract liabilities ceded to reinsurers	2,009	2,647	(40,269)	(530)
<b>Net claims</b>	<b>(34,641)</b>	<b>(4,437)</b>	<b>(47,822)</b>	<b>(18,533)</b>
Fee and commission expenses	(35,734)	(12,719)	(53,922)	(30,581)
Management expenses	(27,943)	(25,155)	(65,193)	(54,543)
Other operating expenses	(27)	-	(51)	(10)
Finance costs	(56)	(82)	(114)	(166)
<b>Other expenses</b>	<b>(63,760)</b>	<b>(37,956)</b>	<b>(119,280)</b>	<b>(85,300)</b>
Share of results of an associate	(6,876)	(1,190)	(9,372)	(1,389)
Share of results of a joint venture company	(9)	-	62	-
<b>(Loss)/Profit before taxation</b>	<b>8 (22,426)</b>	<b>20,268</b>	<b>(25,391)</b>	<b>470</b>
Taxation	9 921	(2,432)	1,232	(3,167)
<b>Net (loss)/profit for the period</b>	<b>(21,505)</b>	<b>17,836</b>	<b>(24,159)</b>	<b>(2,697)</b>

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**Condensed consolidated statement of comprehensive income (cont'd.)**  
**For the period ended 30 June 2022**

	<u>Current quarter</u>		<u>Cumulative quarters</u>		
	<u>3 months ended</u>		<u>6 months ended</u>		
	<u>30 Jun</u>	<u>30 Jun</u>	<u>30 Jun</u>	<u>30 Jun</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	
Note	RM'000	RM'000	RM'000	RM'000	
<b>Other comprehensive (loss)/income:</b>					
<u>Items that will not be subsequently reclassified to profit or loss</u>					
Effect of post-acquisition foreign exchange translation reserve on investment in an associate and a joint venture company	(77)	(997)	(1,627)	(212)	
<b>Other comprehensive loss for the period</b>	<b>(77)</b>	<b>(997)</b>	<b>(1,627)</b>	<b>(212)</b>	
<b>Total comprehensive (loss)/income for the period</b>	<b>(21,582)</b>	<b>16,839</b>	<b>(25,786)</b>	<b>(2,909)</b>	
<b>(Loss)/Profit attributable to:</b>					
Owners of the parent	(19,802)	14,249	(22,775)	(1,200)	
Non-controlling interests	(1,703)	3,587	(1,384)	(1,497)	
	<b>(21,505)</b>	<b>17,836</b>	<b>(24,159)</b>	<b>(2,697)</b>	
<b>Total comprehensive (loss)/income attributable to:</b>					
Owners of the parent	(19,879)	13,252	(24,402)	(1,412)	
Non-controlling interests	(1,703)	3,587	(1,384)	(1,497)	
	<b>(21,582)</b>	<b>16,839</b>	<b>(25,786)</b>	<b>(2,909)</b>	
<b>Basic and diluted earnings per share attributable to owners of the parent (sen per share)</b>	10	<b>(2.63)</b>	<b>1.90</b>	<b>(3.03)</b>	<b>(0.16)</b>

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2021.

## Tune Protect Group Berhad

Registration No. 201101020320 (948454-K)

### Condensed consolidated statement of changes in equity

For the period ended 30 June 2022

	Attributable to the owners of the parent								
	Non-distributable					Distributable			Total equity
	Share capital	Other OCI reserve	Other reserve	Employee share option reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2022</b>	248,519	(47)	220	2,887	10,097	298,639	560,315	106,046	666,361
Net loss for the period	-	-	-	-	-	(22,775)	(22,775)	(1,384)	(24,159)
Other comprehensive loss for the period	-	-	-	-	(1,627)	-	(1,627)	-	(1,627)
Total comprehensive loss for the period	-	-	-	-	(1,627)	(22,775)	(24,402)	(1,384)	(25,786)
Grant of equity-settled share options to employees	-	-	-	4	-	-	4	-	4
<b>At 30 June 2022</b>	<b>248,519</b>	<b>(47)</b>	<b>220</b>	<b>2,891</b>	<b>8,470</b>	<b>275,864</b>	<b>535,917</b>	<b>104,662</b>	<b>640,579</b>
<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	-	-	-	-	-	(1,200)	(1,200)	(1,497)	(2,697)
Other comprehensive loss for the period	-	-	-	-	(212)	-	(212)	-	(212)
Total comprehensive loss for the period	-	-	-	-	(212)	(1,200)	(1,412)	(1,497)	(2,909)
Grant of equity-settled share options to employees	-	-	-	261	-	-	261	-	261
<b>At 30 June 2021</b>	<b>248,519</b>	<b>(87)</b>	<b>195</b>	<b>3,120</b>	<b>9,702</b>	<b>312,429</b>	<b>573,878</b>	<b>144,507</b>	<b>718,385</b>

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2021.

**Tune Protect Group Berhad**  
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**Condensed consolidated statement of cash flows**  
**For the period ended 30 June 2022**

	<b>Cumulative quarters</b>	
	<b>6 months ended</b>	
	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
(Loss)/Profit before taxation	(25,391)	470
Adjustments for:		
Non-cash items	8,721	1,869
Investment related income	7,780	6,929
Operating (loss)/profit before working capital changes	(8,890)	9,268
Net change in operating assets	(107,080)	(80,836)
Net change in operating liabilities	137,841	64,193
Cash generated from/(used in) operating activities	21,871	(7,375)
Net interest received	2,915	3,503
Net dividend received	7,209	4,840
Income tax paid	(62)	(2,115)
Net cash generated from/(used in) operating activities	31,933	(1,147)
<b>Cash flows from investing activities</b>		
Purchases of fair value through profit or loss ("FVTPL") financial assets	(93,361)	(533,271)
Proceeds from disposal of FVTPL financial assets	90,470	544,653
Movement in amortised cost financial assets	(1,144)	1,916
Proceeds from disposal of property and equipment	223	3
Purchase of property and equipment	(1,558)	(1,029)
Purchase of intangible assets	(8,873)	(4,930)
Net cash (used in)/generated from investing activities	(14,243)	7,342
<b>Cash flows from financing activities</b>		
Payment of principal portion of lease liabilities	(1,309)	(1,117)
Dividends paid to non-controlling interests	-	(1,288)
Net cash used in financing activities	(1,309)	(2,405)
<b>Net increase in cash and cash equivalents</b>	<b>16,381</b>	<b>3,790</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>12</b>	<b>126</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>65,001</b>	<b>34,170</b>
<b>Cash and cash equivalents at end of period</b>	<b>81,394</b>	<b>38,086</b>
<b>Cash and cash equivalents comprise:</b>		
Fixed and call deposits (with original maturities of less than three months) with licensed financial institutions	56,405	26,947
Cash and bank balances	24,989	11,139
	<b>81,394</b>	<b>38,086</b>

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2021.

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

**Explanatory Notes Pursuant to MFRS 134**  
**For the period ended 30 June 2022**

**1. Basis of preparation**

These condensed consolidated interim financial statements, for the period ended 30 June 2022, 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 2021.

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 2021.

**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:

Annual Improvements to MFRS Standards 2018 - 2020

Amendments to MFRS 116 *Property, Plant and Equipment—Proceeds before Intended Use Property, Plant and Equipment*

Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts - Cost of Fulfilling a Contract)*

Amendments to MFRS 3 *Business Combinations Reference to Conceptual Framework*

*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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**Explanatory Notes Pursuant to MFRS 134**  
**For the period ended 30 June 2022**

**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>
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts (Initial Application of MFRS 17 and MFRS 9-Comparative Information)</i>	1 January 2023
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction</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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**Explanatory Notes Pursuant to MFRS 134**  
**For the period ended 30 June 2022**

**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 June 2022.

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**Explanatory Notes Pursuant to MFRS 134**  
**For the period ended 30 June 2022**

**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

	General insurance		General reinsurance		Collective investment schemes		Investment holding and		Adjustments and eliminations		Consolidated	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	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>Operating revenue</b>												
External	203,663	173,068	54,140	50,441	2,192	4,052	839	578	-	-	260,834	228,139
Inter-segment	879	1,407	1,900	1,012	-	-	2,152	11,685	(4,931)	(14,104)	-	-
	<u>204,542<sup>1</sup></u>	<u>174,475</u>	<u>56,040<sup>2</sup></u>	<u>51,453</u>	<u>2,192</u>	<u>4,052</u>	<u>2,991<sup>3</sup></u>	<u>12,263</u>	<u>(4,931)</u>	<u>(14,104)</u>	<u>260,834<sup>4</sup></u>	<u>228,139</u>
<b>Segment (loss)/profit</b>	<u>(6,836)</u>	<u>3,832</u>	<u>5,640</u>	<u>10,428</u>	<u>(990)</u>	<u>(3,494)</u>	<u>(12,413)</u>	<u>1,570</u>	<u>(10,793)</u>	<u>(11,866)</u>	<u>(25,391)</u>	<u>470</u>
<b>Segment assets</b>	<u>1,416,085</u>	<u>1,378,989</u>	<u>208,078</u>	<u>180,466</u>	<u>114,360</u>	<u>188,557</u>	<u>309,473</u>	<u>307,258</u>	<u>(239,334)</u>	<u>(241,582)</u>	<u>1,808,662</u>	<u>1,813,688</u>
<b>Segment liabilities</b>	<u>1,119,030</u>	<u>1,063,142</u>	<u>52,646</u>	<u>36,363</u>	<u>50</u>	<u>63</u>	<u>19,657</u>	<u>8,198</u>	<u>(23,300)</u>	<u>(12,463)</u>	<u>1,168,083</u>	<u>1,095,303</u>

<sup>1</sup> includes investment income of RM5.559 million

<sup>2</sup> includes investment income of RM2.060 million

<sup>3</sup> includes investment income of RM2.991 million

<sup>4</sup> includes investment income of RM9.771 million

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**Explanatory Notes Pursuant to MFRS 134**  
**For the period ended 30 June 2022**

**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 6 months ended	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	RM'000	RM'000	RM'000	RM'000
Interest income:				
- Amortised costs financial assets	23	155	23	295
- FVTPL financial assets	1,383	2,007	2,767	4,284
- bank balances	27	1	31	12
Share of investment income from Malaysian Motor Insurance Pool ("MMIP")	(20)	(1,010)	(258)	(1,791)
Dividend income:				
- FVTPL financial assets	3,435	3,392	7,208	6,440
	<u>4,848</u>	<u>4,545</u>	<u>9,771</u>	<u>9,240</u>

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

	Current quarter 3 months ended		Cumulative quarters 6 months ended	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	RM'000	RM'000	RM'000	RM'000
Depreciation of property and equipment	451	431	838	762
Depreciation of right-of-use assets	596	602	1,195	1,204
Amortisation of intangible assets	898	571	1,575	1,092
Reversal of impairment losses on insurance receivables and reinsurance assets	(3,370)	(3,580)	(420)	(2,752)
Realised gains on disposal of:				
- property and equipment	(175)	(9)	(191)	(9)
- FVTPL financial assets	(61)	(105)	156	(3,413)
Net realised gains	(236)	(114)	(35)	(3,422)

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**Explanatory Notes Pursuant to MFRS 134**  
**For the period ended 30 June 2022**

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

	<b>Current quarter</b>		<b>Cumulative quarters</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30 Jun</b>	<b>30 Jun</b>	<b>30 Jun</b>	<b>30 Jun</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Fair value losses/(gains) on FVTPL financial assets	11,196	(8,977)	17,585	19,582
Interest expense on lease liabilities	56	82	114	166
(Gains)/Losses on foreign exchange:				
- realised	(97)	(127)	(115)	(137)
- unrealised	(521)	306	(696)	(119)

**9. Taxation**

	<b>Current quarter</b>		<b>Cumulative quarters</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30 Jun</b>	<b>30 Jun</b>	<b>30 Jun</b>	<b>30 Jun</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income tax (benefit)/expense	(921)	2,718	(558)	3,453
Deferred tax benefit	-	(286)	(674)	(286)
	(921)	2,432	(1,232)	3,167
Effective tax rate	4%	12%	5%	674%

The Group's low effective tax rate is mainly due to the share of loss of associate during the period.

**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 period ended 30 June 2022**

**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:

	<b>Current quarter</b>		<b>Cumulative quarters</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30 Jun</b>	<b>30 Jun</b>	<b>30 Jun</b>	<b>30 Jun</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(Loss)/Profit net of tax attributable to owners of the parent (RM'000)	(19,802)	14,249	(22,775)	(1,200)
Number of ordinary shares in issue ('000)	751,760	751,760	751,760	751,760
Basic and diluted (loss)/earnings per share (sen per share)	<u>(2.63)</u>	<u>1.90</u>	<u>(3.03)</u>	<u>(0.16)</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 June 2022.

**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 June 2022</b>					
<b>Financial assets at FVTPL:</b>					
Unquoted debt securities in Malaysia	30 June 2022	-	5,024	-	5,024
Quoted unit trust funds in Malaysia	30 June 2022	676,870	-	-	676,870
		<u>676,870</u>	<u>5,024</u>	<u>-</u>	<u>681,894</u>
<b>31 December 2021</b>					
<b>Financial assets at FVTPL:</b>					
Unquoted debt securities in Malaysia	31 December 2021	-	114,447	-	114,447
Quoted unit trust funds in Malaysia	31 December 2021	582,581	-	-	582,581
		<u>582,581</u>	<u>114,447</u>	<u>-</u>	<u>697,028</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>30 June</u> <u>2022</u> <u>RM'000</u>	<u>As at</u> <u>31 Dec</u> <u>2021</u> <u>RM'000</u>
<b>Capital expenditure:</b>		
Approved but not contracted for:		
Intangible assets	41,202	31,987
Property and equipment	3,165	1,508
	<u>44,367</u>	<u>33,495</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")
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>6 months ended</b>	
<b>30 Jun</b>	<b>30 Jun</b>	<b>30 Jun</b>	<b>30 Jun</b>
<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>

**Income/(expenses):**

**AAB**

Fee and commission expenses	(1,801)	(174)	(2,769)	(400)
Data management fee	(1)	(3)	(3)	(5)

**PTAA**

Data management fee	0	(1)	(1)	(1)
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**TAA**

Data management fee	(2)	(3)	(4)	(5)
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**16. Related party transactions (cont'd.)**

	<b>Current quarter</b>		<b>Cumulative quarters</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30 Jun</b>	<b>30 Jun</b>	<b>30 Jun</b>	<b>30 Jun</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Income/(expenses):</b>				
<b>TGSB</b>				
Royalty fee	(2,460)	(989)	(4,224)	(2,300)
Rental and utilities charges	(383)	(318)	(773)	(697)
<b>SP&amp;G</b>				
Gross written premium	(108)	(83)	(193)	(285)
Fee and commission expenses	(190)	(511)	(291)	(860)
<b>BIGLIFE</b>				
Purchase of loyalty points	4	(14)	(2)	(18)

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 ("2Q22") against corresponding quarter in prior year ("2Q21")**

	General insurance		General reinsurance		Collective investment schemes		Investment holding and others		Adjustments and eliminations		Consolidated	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	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>Operating revenue</b>												
External	116,862	91,290	24,549	17,000	1,100	1,891	305	509	-	-	142,816	110,690
Inter-segment	441	683	1,502	759	-	-	2,152	11,685	(4,095)	(13,127)	-	-
	117,303	91,973	26,051	17,759	1,100	1,891	2,457	12,194	(4,095)	(13,127)	142,816	110,690
<b>Segment profit</b>	(7,785)	15,185	1,779	9,411	(1,153)	2,892	(6,912)	7,325	(8,355)	(14,545)	(22,426)	20,268

**Group/Consolidated**

The Group's operating revenue increased from RM110.7 million in 2Q21 to RM142.8 million in 2Q22, an increase of RM32.1 million or 29.0% as compared to the corresponding quarter last year, due to increase of RM31.8 million in gross earned premiums and RM0.3 million in investment income.

Profit before tax of the Group decreased from a profit of RM20.3 million in 2Q21 to a loss of RM22.4 million in 2Q22. The decrease of RM42.7 million in profit before tax was mainly attributed by decrease of RM17.7 million in underwriting profits, decrease of RM19.7 million in realised and unrealised investment income and increase of RM5.7 million in share of loss of associate. The decrease of RM17.7 million in underwriting profits was mainly attributable to the increase in unearned premiums of RM34.8 million whereas total fee and commission expenses were recognised immediate during the quarter.

**General insurance**

Operating revenue of this segment increased by RM25.3 million in 2Q22, from RM92.0 million in 2Q21 to RM117.3 million in 2Q22, a increase of 27.5% as compared to the corresponding quarter last year. The increase in operating revenue was mainly resulted from higher gross earned premiums by RM24.0 million to RM114.3 million in 2Q22 as compared to RM90.3 million in the corresponding quarter last year, largely attributed by Personal Accident and Motor segments.

Profit before tax of this segment dropped by RM23.0 million, from profit of RM15.2 million in 2Q21 to a loss of RM7.8 million in 2Q22. The decrease was mainly attributed by a decrease of RM11.4 million in underwriting profits and a reduction of RM11.6 million in realised and unrealised investment income. The decrease of RM11.4 million in underwriting profits was mainly attributable to the increase in unearned premiums of RM29.1 million whereas total fee and commission expenses were recognised immediate during the quarter.

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

**18.1 Current quarter ("2Q22") against corresponding quarter in prior year ("2Q21") (cont'd.)**

**General reinsurance**

Operating revenue of this segment in 2Q22 grew by RM8.3 million from RM17.8 million in 2Q21 to RM26.1 million in 2Q22. The increase in operating revenue was mainly contributed by the gross earned premiums of new products launched during the period.

Profit before tax of this segment decreased by RM7.6 million in this quarter, from RM9.4 million in 2Q21 to RM1.8 million in 2Q22, mainly due to decrease of RM4.7 million in realised and unrealised investment income and RM3.8 million in underwriting profits.

**18.2 Current year to date ("YTD 2022") against corresponding year to date ("YTD 2021")**

	General insurance		General reinsurance		Collective investment schemes		Investment holding and others		Adjustments and eliminations		Consolidated	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	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
	Cumulative quarters 6 months ended											
Operating revenue												
External	203,663	173,068	54,140	50,441	2,192	4,052	839	578	-	-	260,834	228,139
Inter-segment	879	1,407	1,900	1,012	-	-	2,152	11,685	(4,931)	(14,104)	-	-
	204,542	174,475	56,040	51,453	2,192	4,052	2,991	12,263	(4,931)	(14,104)	260,834	228,139
Segment profit	(6,836)	3,832	5,640	10,428	(990)	(3,494)	(12,413)	1,570	(10,792)	(11,866)	(25,391)	470

**Group/Consolidated**

The Group's operating revenue increased from RM228.1 million in YTD 2021 to RM260.8 million in YTD 2022, an increase of RM32.7 million or 14.3% as compared to the corresponding year to date last year. The increase in operating revenue was resulted from higher gross earned premiums by RM32.2 million follow by higher investment income by RM0.5 million.

Profit before tax of the Group dropped by RM25.9 million from profit of RM0.5 million in YTD 2021 to loss of RM25.4 million in YTD 2022. The significant decrease in profit before tax was mainly attributed by decrease of RM18.4 million in underwriting profits and increase of RM8.0 million in share of loss of associate. The decrease of RM18.4 million in underwriting profits was mainly attributable to the increase in unearned premiums of RM51.0 million whereas total fee and commission expenses were recognised immediate during the quarter.

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

**18.2 Current year to date ("YTD 2022") against corresponding year to date ("YTD 2021") (cont'd.)**

**General insurance**

Operating revenue of this segment in YTD 2022 increased by RM30.0 million to RM204.5 million from RM174.5 million in YTD 2021, an increase of 17.2% as compared to the corresponding year to date last year. The increase in operating revenue was resulted from higher gross earned premiums by RM28.1 million, largely attributed by Personal Accident and Motor segments, and higher investment income by RM1.9 million.

Profit before tax of this segment dropped by RM10.6 million, from profit of RM3.8 million in YTD 2021 to a loss of RM6.8 million in YTD 2022. The decrease was mainly attributed by decreases of RM9.8 million in underwriting profits and RM1.1 million in realised and unrealised investment income in YTD 2022. The decrease of RM9.8 million in underwriting profits was mainly attributable to the increase in unearned premiums of RM45.1 million whereas total fee and commission expenses were recognised immediate during the quarter.

**General reinsurance**

Operating revenue of this segment in YTD 2022 grew by RM4.5 million from RM51.5 million in YTD 2021 to RM56.0 million in YTD 2022, mainly contributed by the gross earned premiums of new products launched during the period.

Profit before tax of this segment decreased by RM5.8 million from RM10.4 million in YTD 2021 to RM5.6 million in YTD 2022, mainly due to decrease of RM4.8 million in underwriting profits and RM1.0 million in realised and unrealised investment income.

**18.3 Current quarter ("2Q22") against preceding quarter in current year ("1Q22")**

	General insurance		General reinsurance		Collective investment schemes		Investment holding and others		Adjustments and eliminations		Consolidated	
	30 Jun 2022	31 Mar 2022	30 Jun 2022	31 Mar 2022	30 Jun 2022	31 Mar 2022	30 Jun 2022	31 Mar 2022	30 Jun 2022	31 Mar 2022	30 Jun 2022	31 Mar 2022
	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>											
Operating revenue												
External	116,862	86,801	24,549	29,591	1,100	1,092	305	534	-	-	142,816	118,018
Inter-segment	441	438	1,502	398	-	-	2,152	-	(4,095)	(836)	-	-
	117,303	87,239	26,051	29,989	1,100	1,092	2,457	534	(4,095)	(836)	142,816	118,018
Segment profit/(loss)	(7,785)	949	1,779	3,861	(1,153)	163	(6,912)	(5,501)	(8,355)	(2,437)	(22,426)	(2,965)

**Group/Consolidated**

The Group's operating revenue increase by RM24.8 million to RM142.8 million in 2Q22 from RM118.0 million in 1Q22, attributed by the growth in gross earned premiums.

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

**18.3 Current quarter ("2Q22") against preceding quarter in current year ("1Q22") (cont'd.)**

**Group/Consolidated (cont'd.)**

Loss before tax of the Group increased by RM19.5 million from RM2.9 million in 1Q22 to RM22.4 million loss in 2Q22. The significant increase was mainly due to decrease of RM10.1 million in underwriting profits, decrease of RM4.4 million in realised and unrealised investment income, and increase of RM4.4 million in share of loss of associate. The decrease of RM10.1 million in underwriting profits was mainly attributable to the increase in unearned premiums of RM14.1 million whereas total fee and commission expenses were recognised immediate during the quarter.

**General insurance**

Operating revenue of this segment in 2Q22 increased by RM30.1 million, from RM87.2 million in 1Q22 to RM117.3 million in 2Q22, an increase of 34.5% as compared to the last quarter. The increase in operating revenue was mainly resulted from higher gross earned premiums by RM29.6 million in Non-Motor segment.

Profit before tax of this segment decreased by RM8.7 million, from profit of RM0.9 million in 1Q22 to loss of RM7.8 million in 2Q22, which was mainly attributed by decreases of RM7.4 million in underwriting profit and RM2.3 million in realised and unrealised investment income. The decrease of RM7.4 million in underwriting profits was mainly attributable to the increase in unearned premiums of RM9.4 million whereas total fee and commission expenses were recognised immediate during the quarter.

**General reinsurance**

Operating revenue of this segment in 2Q22 decreased by RM3.9 million, from RM30.0 million in 1Q22 to RM26.1 million in 2Q22, mainly due to decrease in gross earned premiums of Middle East market, offset by increase of gross earned premiums of new products launched during the period.

Profit before tax of this segment decreased by RM2.1 million, from RM3.9 million in 1Q22 to RM1.8 million in 2Q22. The decrease in profit before tax was mainly due to decrease of RM1.4 million in underwriting profit and decrease of RM1.1 million in realised and unrealised investment income.

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**19. Commentary on prospects**

As the economy recovers, the Group expects healthy growth from all three main pillars namely Lifestyle, Health, and Small Medium Enterprise (“SME”) contributed especially by our partnership and agency channels. The new collaborations with strategic partners and our continued innovation of B2B platforms and B2C apps in widening the distribution of products, are expected to contribute positively to the overall business of the Group notwithstanding corresponding fees and commissions. Additionally, the Group is also expected to benefit from the unearned premium reserve over the year arising from the high net written premium growth in the current quarter.

Tune Protect Thailand’s (“TPT”) performance in the coming quarters is expected to remain challenging. Although TPT had discontinued products that contributed to the exceptionally high losses during the first half of the year, the risk from these policies is expected to run off by the end of 2022. Hence, the Group remains cautious of TPT’s business outlook.

Meanwhile, the Group expects its investment return to remain volatile in the coming quarters in view of uncertainties in the global markets outlook, exacerbated by global inflation and risks of global recession.

While the Group expects the underlying risks and challenges surrounding the macro environment to continue, the Group remains confident of its business strategies to weather 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 period ended 30 June 2022.

**21. Corporate proposal**

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

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**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.

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.

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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.)**

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

All appellants have completed their oral submissions for the appeal and the CAT has reserved judgment which is expected to be delivered by end of August 2022.

**(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").



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

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

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 RM3.8 million.

The matter is now fixed for mention on 31 October 2022.

TIMB had not recognised any liability in respect of the disputed additional tax and penalties, pending further developments of the appeal before the SCIT, as TIMB believes that there are strong grounds to argue their case, based on legal advice received.

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

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

**24. Rationale for entering into derivatives**

The Group did not enter into any derivative transactions during the period ended 30 June 2022 or the previous year ended 31 December 2021.

**25. Risks and policies for derivatives**

The Group did not enter into any derivative transactions during the period ended 30 June 2022 or the previous year ended 31 December 2021.

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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 30 June 2022 and 31 December 2021.

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

The auditors' report on the financial statements for the year ended 31 December 2021 was not qualified.