



Tune Protect Group Berhad

Registration No. 201101020320 (948454-K)

Interim Financial Statements

For the Quarter and Nine Months Ended 30 September 2022

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

Condensed consolidated statement of financial position
As at 30 September 2022

	As at 30 Sep 2022 Unaudited RM'000	As at 31 Dec 2021 Audited RM'000
Assets		
Property and equipment	4,055	3,977
Intangible assets	28,304	19,639
Right-of-use assets	2,913	3,972
Investment in an associate	36,079	49,763
Investment in a joint venture company	2,113	5,878
Goodwill	24,165	24,165
Investments	736,938	757,975
Deferred tax assets	3,723	1,993
Reinsurance assets	579,951	648,007
Insurance receivables	193,740	116,594
Other receivables	74,124	81,610
Cash and bank balances	28,791	12,400
Total assets	1,714,896	1,725,973
Equity		
Share capital	248,519	248,519
Employee share option reserves	-	2,887
Foreign currency translation reserve	8,131	10,097
Other comprehensive income ("OCI") reserve	(47)	(47)
Other reserve	220	220
Retained earnings	263,689	298,639
Equity attributable to owners of the parent	520,512	560,315
Non-controlling interests	104,644	106,046
Total equity	625,156	666,361
Liabilities		
Insurance contract liabilities	919,092	911,215
Lease liabilities	3,126	4,195
Deferred tax liabilities	-	161
Insurance payables	102,088	70,597
Other payables	65,434	73,444
Total liabilities	1,089,740	1,059,612
Total equity and liabilities	1,714,896	1,725,973
Net assets per ordinary share attributable to owners of the parent (RM)	0.69	0.75

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 September 2022

	Current quarter		Cumulative quarters		
	3 months ended		9 months ended		
	30 Sep	30 Sep	30 Sep	30 Sep	
	2022	2021	2022	2021	
Note	RM'000	RM'000	RM'000	RM'000	
Operating revenue	129,717	103,783	390,551	331,922	
Gross earned premiums	125,657	95,880	376,720	314,779	
Premiums ceded to reinsurers	(53,311)	(51,857)	(162,369)	(171,145)	
Net earned premiums	72,346	44,023	214,351	143,634	
Investment income	7	4,060	7,903	13,831	17,143
Realised gains and losses		(5,695)	(1,443)	(5,660)	1,979
Fair value gains and losses		524	(3,621)	(17,061)	(23,203)
Fees and commission income		5,767	5,543	20,796	18,120
Other operating income		1,701	196	3,467	620
Other revenue		6,357	8,578	15,373	14,659
Gross claims paid		(40,404)	(34,748)	(125,870)	(127,012)
Claims ceded to reinsurers		22,940	23,614	73,345	87,584
Gross change to contract liabilities		38,646	7,637	66,154	17,928
Change in contract liabilities ceded to reinsurers		(51,965)	(1,677)	(92,234)	(2,207)
Net claims		(30,783)	(5,174)	(78,605)	(23,707)
Fee and commission expenses		(21,397)	(11,866)	(75,319)	(42,447)
Management expenses		(35,357)	(32,261)	(100,550)	(86,804)
Other operating expenses		228	(13)	177	(23)
Finance costs		(45)	(70)	(159)	(236)
Other expenses		(56,571)	(44,210)	(175,851)	(129,510)
Share of results of an associate		(3,250)	(3,095)	(12,622)	(4,484)
Share of results of a joint venture company		46	119	108	119
(Loss)/Profit before taxation	8	(11,855)	241	(37,246)	711
Taxation	9	(338)	(1,023)	894	(4,190)
Net loss for the period		(12,193)	(782)	(36,352)	(3,479)

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

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

	<u>Current quarter</u>		<u>Cumulative quarters</u>	
	<u>3 months ended</u>		<u>9 months ended</u>	
	<u>30 Sep</u>	<u>30 Sep</u>	<u>30 Sep</u>	<u>30 Sep</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Note	RM'000	RM'000	RM'000	RM'000
Other comprehensive loss:				
<u>Items that will not be subsequently reclassified to profit or loss</u>				
Share of other comprehensive loss of an associate	-	(414)	-	(414)
Effect of post-acquisition foreign exchange translation reserve on investment in an associate and a joint venture company	(339)	(1,939)	(1,966)	(2,151)
Other comprehensive loss for the period	(339)	(2,353)	(1,966)	(2,565)
Total comprehensive loss for the period	(12,532)	(3,135)	(38,318)	(6,044)
(Loss)/Profit attributable to:				
Owners of the parent	(12,175)	(1,661)	(34,950)	(2,861)
Non-controlling interests	(18)	879	(1,402)	(618)
	(12,193)	(782)	(36,352)	(3,479)
Total comprehensive (loss)/income attributable to:				
Owners of the parent	(12,514)	(4,014)	(36,916)	(5,426)
Non-controlling interests	(18)	879	(1,402)	(618)
	(12,532)	(3,135)	(38,318)	(6,044)
Basic and diluted earnings per share attributable to owners of the parent (sen per share)				
10	(1.62)	(0.22)	(4.65)	(0.38)

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 September 2022

	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 2022	248,519	(47)	220	2,887	10,097	298,639	560,315	106,046	666,361
Net loss for the period	-	-	-	-	-	(34,950)	(34,950)	(1,402)	(36,352)
Other comprehensive loss for the period	-	-	-	-	(1,966)	-	(1,966)	-	(1,966)
Total comprehensive loss for the period	-	-	-	-	(1,966)	(34,950)	(36,916)	(1,402)	(38,318)
Write-back of equity-settled share options to employees	-	-	-	(2,887)	-	-	(2,887)	-	(2,887)
At 30 September 2022	248,519	(47)	220	-	8,131	263,689	520,512	104,644	625,156
At 1 January 2021	248,519	(87)	195	2,859	9,914	313,629	575,029	146,004	721,033
Net loss for the period	-	-	-	-	-	(2,861)	(2,861)	(618)	(3,479)
Other comprehensive loss for the period	-	(414)	-	-	(2,151)	-	(2,565)	-	(2,565)
Total comprehensive loss for the period	-	(414)	-	-	(2,151)	(2,861)	(5,426)	(618)	(6,044)
Grant of equity-settled share options to employees	-	-	-	126	-	-	126	-	126
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(1,724)	(1,724)
At 30 September 2021	248,519	(501)	195	2,985	7,763	310,768	569,729	143,662	713,391

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 cash flows
For the period ended 30 September 2022

	Cumulative quarters	
	9 months ended	
	30 Sep 2022	30 Sep 2021
	RM'000	RM'000
Cash flows from operating activities		
(Loss)/Profit before taxation	(37,246)	711
Adjustments for:		
Non-cash items	12,360	7,161
Investment related income	8,890	4,092
Operating (loss)/profit before working capital changes	(15,996)	11,964
Net change in operating assets	(3,208)	(23,565)
Net change in operating liabilities	31,358	4,541
Cash generated from/(used in) operating activities	12,154	(7,060)
Net interest received	4,310	2,600
Net dividend received	14,637	10,800
Income tax paid	329	(3,223)
Net cash generated from operating activities	31,430	3,117
Cash flows from investing activities		
Purchases of fair value through profit or loss ("FVTPL") financial assets	(277,316)	(626,273)
Proceeds from disposal of FVTPL financial assets	240,024	653,624
Movement in amortised cost financial assets	(10,544)	(200)
Proceeds from disposal of property and equipment	255	3
Purchase of property and equipment	(1,507)	(1,490)
Purchase of intangible assets	(10,986)	(9,458)
Net cash (used in)/generated from investing activities	(60,074)	16,206
Cash flows from financing activities		
Payment of principal portion of lease liabilities	(1,964)	(1,707)
Dividends paid to non-controlling interests	-	(3,662)
Net cash used in financing activities	(1,964)	(5,369)
Net (decrease)/increase in cash and cash equivalents	(30,608)	13,954
Effect of exchange rate changes on cash and cash equivalents	991	(226)
Cash and cash equivalents at beginning of period	65,001	34,170
Cash and cash equivalents at end of period	35,384	47,898
Cash and cash equivalents comprise:		
Fixed and call deposits (with original maturities of less than three months) with licensed financial institutions	6,593	39,287
Cash and bank balances	28,791	8,611
	35,384	47,898

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 September 2022

1. Basis of preparation

These condensed consolidated interim financial statements, for the period ended 30 September 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.

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

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

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
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.

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

Explanatory Notes Pursuant to MFRS 134
For the period ended 30 September 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 for reporting periods beginning on or after 1 January 2023, with the option to apply a full retrospective, modified retrospective or fair value approach on transition. Early application is permitted, as the Group has applied MFRS 9 and MFRS 15 before the date it first applies MFRS 17.

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

3. Change in estimates

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

4. Changes in composition of the Group

There were no changes in composition of the Group during the period ended 30 September 2022.

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

Explanatory Notes Pursuant to MFRS 134
For the period ended 30 September 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 others		Adjustments and eliminations		Consolidated	
	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 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
Operating revenue												
External	313,981	253,422	72,152	71,423	3,423	5,853	995	1,224	-	-	390,551	331,922
Inter-segment	1,323	2,095	3,409	1,118	-	-	2,970	22,330	(7,702)	(25,543)	-	-
	<u>315,304</u> ¹	<u>255,517</u>	<u>75,561</u> ²	<u>72,541</u>	<u>3,423</u>	<u>5,853</u>	<u>3,965</u> ³	<u>23,554</u>	<u>(7,702)</u>	<u>(25,543)</u>	<u>390,551</u> ⁴	<u>331,922</u>
Segment (loss)/profit	<u>(9,415)</u>	<u>7,055</u>	<u>6,656</u>	<u>13,604</u>	<u>(32)</u>	<u>(2,480)</u>	<u>(19,212)</u>	<u>8,371</u>	<u>(15,243)</u>	<u>(25,839)</u>	<u>(37,246)</u>	<u>711</u>
Segment assets	<u>1,337,354</u>	<u>1,310,369</u>	<u>204,249</u>	<u>182,389</u>	<u>115,319</u>	<u>189,572</u>	<u>301,482</u>	<u>315,146</u>	<u>(243,508)</u>	<u>(251,646)</u>	<u>1,714,896</u>	<u>1,745,830</u>
Segment liabilities	<u>1,043,179</u>	<u>1,002,528</u>	<u>47,832</u>	<u>35,205</u>	<u>49</u>	<u>64</u>	<u>21,362</u>	<u>9,421</u>	<u>(22,682)</u>	<u>(14,779)</u>	<u>1,089,740</u>	<u>1,032,439</u>

¹ includes investment income of RM7.852 million

² includes investment income of RM2.884 million

³ includes investment income of RM3.965 million

⁴ includes investment income of RM13.831 million

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

Explanatory Notes Pursuant to MFRS 134
For the period ended 30 September 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		Cumulative quarters	
	3 months ended		9 months ended	
	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021
	RM'000	RM'000	RM'000	RM'000
Interest income:				
- Amortised costs financial assets	-	145	23	440
- FVTPL financial assets	1,498	1,917	4,265	6,201
- bank balances	14	5	45	17
Share of investment income from Malaysian Motor Insurance Pool ("MMIP")	(568)	642	(826)	(1,149)
Dividend income:				
- FVTPL financial assets	3,116	5,194	10,324	11,634
	<u>4,060</u>	<u>7,903</u>	<u>13,831</u>	<u>17,143</u>

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

	Current quarter		Cumulative quarters	
	3 months ended		9 months ended	
	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021
	RM'000	RM'000	RM'000	RM'000
Depreciation of property and equipment	421	433	1,258	1,195
Depreciation of right-of-use assets	598	595	1,793	1,799
Amortisation of intangible assets	855	628	2,429	1,720
(Reversal of)/Allowance for impairment losses on insurance receivables and reinsurance assets	(1,104)	354	(1,524)	(2,398)
Realised (gains)/losses on disposal of:				
- property and equipment	(3)	(2)	(194)	(11)
- FVTPL financial assets	5,698	1,445	5,854	(1,968)
Net realised losses/(gains)	5,695	1,443	5,660	(1,979)

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

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

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

	Current quarter		Cumulative quarters	
	3 months ended		9 months ended	
	30 Sep	30 Sep	30 Sep	30 Sep
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Fair value (gains)/losses on FVTPL financial assets	(524)	3,621	17,061	23,203
Interest expense on lease liabilities	45	70	159	236
(Gains)/Losses on foreign exchange:				
- realised	(492)	79	(607)	(58)
- unrealised	(686)	156	(1,382)	37

9. Taxation

	Current quarter		Cumulative quarters	
	3 months ended		9 months ended	
	30 Sep	30 Sep	30 Sep	30 Sep
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Income tax expense	1,555	1,633	997	5,086
Deferred tax benefit	(1,217)	(610)	(1,891)	(896)
	338	1,023	(894)	4,190
Effective tax rate	(3%)	424%	2%	589%

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.

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

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

	Current quarter		Cumulative quarters	
	3 months ended		9 months ended	
	30 Sep	30 Sep	30 Sep	30 Sep
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Loss net of tax attributable to owners of the parent (RM'000)	(12,175)	(1,661)	(34,950)	(2,861)
Number of ordinary shares in issue ('000)	751,760	751,760	751,760	751,760
Basic and diluted loss per share (sen per share)	<u>(1.62)</u>	<u>(0.22)</u>	<u>(4.65)</u>	<u>(0.38)</u>

11. Share capital

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

12. Dividends

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

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

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

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:

		<- Valuation technique using ->			
		Quoted market price (Level 1) RM'000	Ob- servable inputs (Level 2) RM'000	Unob- servable inputs (Level 3) RM'000	Total RM'000
	Date of valuation				
Assets measured at fair value:					
30 September 2022					
Financial assets at FVTPL:					
Unquoted debt securities					
in Malaysia	30 September 2022	-	4,990	-	4,990
Quoted unit trust funds					
in Malaysia	30 September 2022	714,752	-	-	714,752
		<u>714,752</u>	<u>4,990</u>	<u>-</u>	<u>719,742</u>
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	582,581	-	-	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.

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

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

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 Sep</u> <u>2022</u> <u>RM'000</u>	<u>As at</u> <u>31 Dec</u> <u>2021</u> <u>RM'000</u>
Capital expenditure:		
Approved but not contracted for:		
Intangible assets	38,205	31,987
Property and equipment	3,321	1,508
	<u>41,526</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.

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

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

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")
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
AirAsia SEA Sdn Bhd ("AirAsia SEA")	Person connected to major shareholder of the Company, AirAsia Digital Sdn Bhd ("AAD")
AirAsia Com Travel Sdn Bhd ("AirAsia Com Travel")	Wholly-owned subsidiary of AAD via AirAsia SuperApp Sdn Bhd

Current quarter		Cumulative quarters	
3 months ended		9 months ended	
30 Sep	30 Sep	30 Sep	30 Sep
2022	2021	2022	2021
RM'000	RM'000	RM'000	RM'000

Income/(expenses):

AAB

Fee and commission expenses	(1,756)	(171)	(4,525)	(571)
Data management fee	(1)	(2)	(4)	(7)

PTAA

Data management fee	(0)	(0)	(1)	(1)
---------------------	-----	-----	-----	-----

TAA

Data management fee	(2)	(2)	(5)	(7)
---------------------	-----	-----	-----	-----

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

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

16. Related party transactions (cont'd.)

	Current quarter		Cumulative quarters	
	3 months ended		9 months ended	
	30 Sep	30 Sep	30 Sep	30 Sep
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Income/(expenses):				
TGSB				
Royalty fee	(1,561)	(974)	(5,785)	(3,274)
Rental and utilities charges	(382)	(317)	(1,156)	(1,014)
SP&G				
Fee and commission expenses	(193)	(223)	(484)	(1,083)
BIGLIFE				
Purchase of loyalty points	(10)	(8)	(13)	(27)
AirAsia SEA				
Data management fee	0	-	0	-
AirAsia Com Travel				
Fee and commission expenses	(62)	-	(62)	-

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.

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

Explanatory Notes Pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A
For the period ended 30 September 2022

18. Performance review

18.1 Current quarter ("3Q22") against corresponding quarter in prior year ("3Q21")

	General insurance		General reinsurance		Collective investment schemes		Investment holding and others		Adjustments and eliminations		Consolidated	
	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 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
Operating revenue												
External	110,318	80,354	18,012	20,982	1,231	1,801	156	646	-	-	129,717	103,783
Inter-segment	444	688	1,509	106	-	-	818	10,645	(2,771)	(11,439)	-	-
	110,762	81,042	19,521	21,088	1,231	1,801	974	11,291	(2,771)	(11,439)	129,717	103,783
Segment (loss)/profit	(2,579)	3,223	1,016	3,176	958	1,014	(6,799)	6,801	(4,451)	(13,973)	(11,855)	241

Group/Consolidated

The Group's operating revenue increased from RM103.8 million in 3Q21 to RM129.7 million in 3Q22, an increase of RM25.9 million or 25.0% as compared to the corresponding quarter last year, attributable by an increase of RM29.8 million in gross earned premiums offset by decrease of RM3.9 million in investment income.

Profit before tax of the Group decreased from a profit of RM0.2 million in 3Q21 to a loss of RM11.8 million in 3Q22. The decrease of RM12.0 million in profit before tax was mainly due to decrease of RM9.7 million in underwriting profits and RM3.9 million in realised and unrealised investment income. The decrease of RM9.7 million in underwriting profits was mainly due to an increase in claims reserve of general insurance segment in current quarter.

General insurance

Operating revenue of this segment grew by RM29.7 million in 3Q22, from RM81.0 million in 3Q21 to RM110.7 million in 3Q22, an increase of 37.0% as compared to the corresponding quarter last year. The increase in operating revenue was mainly contributed by an increase of RM32.2 million in gross earned premiums to RM108.4 million in 3Q22, as compared to RM76.2 million in the corresponding quarter last year, largely attributed by the growth in Personal Accident and Motor segments.

Profit before tax of this segment dropped by RM5.8 million, from profit of RM3.2 million in 3Q21 to a loss of RM2.6 million in 3Q22. The decrease was mainly resulted from a reduction of RM2.6 million in realised and unrealised investment income and a decrease of RM3.2 million in underwriting profits mainly for higher claims reserve in current quarter.

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

Explanatory Notes Pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A
For the period ended 30 September 2022

18. Performance review (cont'd.)

18.1 Current quarter ("3Q22") against corresponding quarter in prior year ("3Q21") (cont'd.)

General reinsurance

Operating revenue of this segment in 3Q22 decreased by RM1.5 million, from RM21.0 million in 3Q21 to RM19.5 million in 3Q22, mainly due to decrease of RM1.0 million in the gross earned premiums and RM0.5 million in investment income.

Profit before tax of this segment decreased by RM2.2 million in this quarter, from RM3.2 million in 3Q21 to RM1.0 million in 3Q22, mainly due to decrease of RM2.8 million in underwriting profits as a consequence of higher commission expenses and claims reserve in current quarter.

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 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 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 9 months ended											
Operating revenue												
External	313,981	253,422	72,152	71,423	3,423	5,853	995	1,224	-	-	390,551	331,922
Inter-segment	1,323	2,095	3,409	1,118	-	-	2,970	22,330	(7,702)	(25,543)	-	-
	315,304	255,517	75,561	72,541	3,423	5,853	3,965	23,554	(7,702)	(25,543)	390,551	331,922
Segment (loss)/profit	(9,415)	7,055	6,656	13,604	(32)	(2,480)	(19,212)	8,371	(15,243)	(25,839)	(37,246)	711

Group/Consolidated

The Group's operating revenue increased from RM331.9 million in YTD 2021 to RM390.5 million in YTD 2022, an increase of RM58.6 million or 17.7% as compared to the corresponding year to date last year. The increase in operating revenue was resulted from higher gross earned premiums by RM61.9 million, mainly contributed by general insurance segment, offset by lower investment income by RM3.3 million.

Profit before tax of the Group dropped by RM37.9 million from profit of RM0.7 million in YTD 2021 to loss of RM37.2 million in YTD 2022. The loss before tax in current period was mainly attributed by an increase of RM8.1 million in share of loss of associate and decrease of RM28.1 million in underwriting profits, resulted from an increase in claims reserve of general insurance segment in current year to date.

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

Explanatory Notes Pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A
For the period ended 30 September 2022

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 RM59.8 million, from RM255.5 million in YTD 2021 to RM315.3 million in YTD 2022, an increase of 23.4% as compared to the corresponding year to date last year. The increase in operating revenue was resulted from higher gross earned premiums by RM60.3 million, largely contributed by Personal Accident and Motor segments, and offset by decrease of investment income by RM0.5 million.

Profit before tax of this segment dropped by RM16.5 million, from profit of RM7.1 million in YTD 2021 to a loss of RM9.4 million in YTD 2022. The decrease was mainly due to decrease of RM3.8 million in realised and unrealised investment income and RM13.0 million in underwriting profits due to higher claims reserve in current year to date.

General reinsurance

Operating revenue of this segment in YTD 2022 grew by RM3.0 million from RM72.5 million in YTD 2021 to RM75.5 million in YTD 2022, mainly contributed by an increase of RM3.9 million in gross earned premiums, offset by a decrease of RM0.9 million of investment income.

Profit before tax of this segment decreased by RM6.9 million from RM13.6 million in YTD 2021 to RM6.7 million in YTD 2022, mainly due to a decrease of RM7.2 million in underwriting profits resulted from higher claims reserve in current year to date.

18.3 Current quarter ("3Q22") against preceding quarter in current year ("2Q22")

	General insurance		General reinsurance		Collective investment schemes		Investment holding and others		Adjustments and eliminations		Consolidated	
	30 Sep 2022	30 Jun 2022	30 Sep 2022	30 Jun 2022	30 Sep 2022	30 Jun 2022	30 Sep 2022	30 Jun 2022	30 Sep 2022	30 Jun 2022	30 Sep 2022	30 Jun 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
	Current quarter 3 months ended											
Operating revenue												
External	110,318	116,862	18,012	24,549	(961)	1,100	156	305	-	-	127,525	142,816
Inter-segment	444	441	1,509	1,502	-	-	818	2,152	(2,771)	(4,095)	-	-
	110,762	117,303	19,521	26,051	(961)	1,100	974	2,457	(2,771)	(4,095)	127,525	142,816
Segment (loss)/profit	(2,579)	(7,785)	1,016	1,779	958	(1,153)	(6,799)	(6,912)	(4,451)	(8,355)	(11,855)	(22,426)

Group/Consolidated

The Group's operating revenue decreased by RM13.0 million, from RM142.8 million in 2Q22 to RM129.7 million in 3Q22, mainly due to drop in gross earned premiums in current quarter.

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

Explanatory Notes Pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A
For the period ended 30 September 2022

18. Performance review (cont'd.)

18.3 Current quarter ("3Q22") against preceding quarter in current year ("2Q22") (cont'd.)

Group/Consolidated (cont'd.)

Loss before tax of the Group reduced by RM10.5 million, from RM22.4 million loss in 2Q22 to RM11.9 million loss in 3Q22, mainly due to the increase of RM5.0 million in realised and unrealised investment income and decrease of RM3.6 million in share of loss of associate.

General insurance

Operating revenue of this segment in 3Q22 decreased by RM6.5 million, from RM117.3 million in 2Q22 to RM110.8 million in 3Q22, a decrease of 5.5% as compared to the last quarter. The decrease in operating revenue was mainly due to lower gross earned premiums by RM5.8 million in non-motor segment and lower investment income by RM0.7 million.

Loss before tax of this segment reduced by RM5.2 million, from a loss of RM7.8 million in 2Q22 to a loss of RM2.6 million in 3Q22, which was mainly contributed by an increase of RM2.3 million in realised and unrealised investment income and RM3.2 million in underwriting profit mainly resulted from lower commission ratio in current quarter.

General reinsurance

Operating revenue of this segment in 3Q22 decreased by RM6.5 million, from RM26.1 million in 2Q22 to RM19.5 million in 3Q22, mainly due to decrease in gross earned premiums in current quarter.

Profit before tax of this segment decreased by RM0.7 million, from RM1.8 million in 2Q22 to RM1.0 million in 3Q22. The decrease in profit before tax was mainly due to decrease of RM2.8 million in underwriting profit, resulted from higher management expenses in current quarter, offset by increase of RM1.2 million in realised and unrealised investment income.

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

Explanatory Notes Pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A
For the period ended 30 September 2022

19. Commentary on prospects

The Group expects healthy net written premium growth in the coming quarters contributed especially through our partnership and agency channels. The year-end holiday season is expected to contribute positively to the travel business of the Group.

In addition, the recent approval by Bank Negara Malaysia ("BNM") for the Group to participate in the BNM Sandbox, to test digital life insurance, will also offer new opportunities for the Group to grow life insurance business in the longer term future.

Tune Protect Thailand's ("TPT") performance is expected to stabilise in the coming quarters in line with the discontinuation of products that contributed to the exceptionally high losses in the previous quarters.

The Group also expects volatility of the Group's investment return to reduce considerably in the coming quarters, with the adoption of more conservative investment strategy and significant reduction in equity fund investment by the Group since November 2022.

While the Group expects the underlying risks and challenges surrounding the macro environment to continue, the Group remains confident that its business strategies and capital strength will enable it 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 September 2022.

21. Corporate proposal

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

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

Explanatory Notes Pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A
For the period ended 30 September 2022

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.

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

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

For the period ended 30 September 2022

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.

On 2 September 2022, TIMB and the other general insurance companies succeeded in their appeal to the CAT.

(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").

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

Explanatory Notes Pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A
For the period ended 30 September 2022

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 10 January 2023.

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.

(c) Litigation between Tune Insurance Public Co. Ltd. ("TPT") with a foreign reinsurance broker (the "Broker")

On 25 November 2022, TPT, a 49% owned associate company of Tune Protect Group Berhad ("TPG"), commenced legal proceedings against the Broker and its director in the courts of Thailand.

On 14 August 2020, the Broker issued a reinsurance slip wherein three foreign insurers ("Three Reinsurers") would provide reinsurance to TPT to allow TPT to facilitate an insurance policy. Subsequently, TPT was informed that the sole reinsurer of this insurance arrangement was in fact another reinsurer which was not aligned with TPT's internal guidelines.

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

Explanatory Notes Pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A
For the period ended 30 September 2022

22. Material litigation (cont'd.)

(c) Litigation between Tune Insurance Public Co. Ltd. ("TPT") with a foreign reinsurance broker (the "Broker") (cont'd.)

As at 30 September 2022, the net receivables from the Broker amounted to THB 244.8 million, of which THB 122.4 million was impaired. Net impact to the Group's 49% share of results in TPT was RM7.5 million (2021: RM4.8 million).

Full details of the above litigation can be found in our announcement made on 25 November 2022.

23. Disclosure of nature of outstanding derivatives

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

24. Rationale for entering into derivatives

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

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

Explanatory Notes Pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A
For the period ended 30 September 2022

26. Disclosures of gains/losses arising from fair value changes of financial liabilities

The Group did not have any financial liabilities measured at fair value through profit or loss as at 30 September 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.