



# **Tune Protect Group Berhad**

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

**Interim Financial Statements**

**For the Quarter and Three Months Ended 31 March 2022**

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

**Condensed consolidated statement of financial position**  
**As at 31 March 2022**

	<b>As at 31 Mar 2022 Unaudited RM'000</b>	<b>As at 31 Dec 2021 Audited RM'000</b>
<b>Assets</b>		
Property and equipment	3,647	3,977
Intangible assets	23,831	19,639
Right-of-use assets	3,707	3,972
Investment in an associate	47,721	49,763
Investment in a joint venture company	3,946	5,878
Goodwill	24,165	24,165
Investments	746,449	757,975
Deferred tax assets	2,641	1,993
Reinsurance assets	611,110	648,007
Insurance receivables	144,282	116,594
Other receivables	89,273	81,610
Cash and bank balances	25,741	12,400
<b>Total assets</b>	<b>1,726,513</b>	<b>1,725,973</b>
<b>Equity</b>		
Share capital	248,519	248,519
Employee share option reserves	2,914	2,887
Foreign currency translation reserve	8,547	10,097
Other comprehensive income ("OCI") reserve	(47)	(47)
Other reserve	220	220
Retained earnings	295,666	298,639
Equity attributable to owners of the parent	555,819	560,315
Non-controlling interests	106,365	106,046
<b>Total equity</b>	<b>662,184</b>	<b>666,361</b>
<b>Liabilities</b>		
Insurance contract liabilities	889,649	911,215
Lease liabilities	3,933	4,195
Deferred tax liabilities	135	161
Insurance payables	92,472	70,597
Other payables	78,140	73,444
<b>Total liabilities</b>	<b>1,064,329</b>	<b>1,059,612</b>
<b>Total equity and liabilities</b>	<b>1,726,513</b>	<b>1,725,973</b>
<b>Net assets per ordinary share attributable to owners of the parent (RM)</b>	<b>0.74</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.

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**Condensed consolidated statement of comprehensive income**  
**For the period ended 31 March 2022**

	Note	Current quarter 3 months ended	
		31 Mar 2022	31 Mar 2021
		RM'000	RM'000
<b>Operating revenue</b>		<b>118,018</b>	<b>117,449</b>
Gross earned premiums		113,095	112,754
Premiums ceded to reinsurers		(50,560)	(56,378)
<b>Net earned premiums</b>		<b>62,535</b>	<b>56,376</b>
Investment income	7	4,923	4,695
Realised gains and losses		(201)	3,308
Fair value losses		(6,389)	(28,559)
Fees and commission income		6,199	5,793
Other operating income		1,094	228
<b>Other revenue</b>		<b>5,626</b>	<b>(14,535)</b>
Gross claims paid		(49,636)	(44,987)
Claims ceded to reinsurers		32,604	30,595
Gross change to contract liabilities		46,129	3,473
Change in contract liabilities ceded to reinsurers		(42,278)	(3,177)
<b>Net claims</b>		<b>(13,181)</b>	<b>(14,096)</b>
Fees and commission expenses		(18,188)	(17,862)
Management expenses		(37,250)	(29,388)
Other operating expenses		(24)	(10)
Finance costs		(58)	(84)
<b>Other expenses</b>		<b>(55,520)</b>	<b>(47,344)</b>
Share of results of an associate		(2,496)	(199)
Share of results of a joint venture company		71	-
<b>Loss before taxation</b>	8	<b>(2,965)</b>	<b>(19,798)</b>
Taxation	9	311	(735)
<b>Net loss for the period</b>		<b>(2,654)</b>	<b>(20,533)</b>

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**Condensed consolidated statement of comprehensive income (cont'd.)**  
For the period ended 31 March 2022

	<b>Current quarter</b>	
	<b>3 months ended</b>	
	<b>31 Mar</b>	<b>31 Mar</b>
	<b>2022</b>	<b>2021</b>
<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Other comprehensive (loss)/income:</b>		
<u>Items that will not be subsequently reclassified to profit or loss</u>		
Effect of post-acquisition foreign exchange translation reserve on investment in an associate and a joint venture company	(1,550)	785
<b>Other comprehensive (loss)/income for the period</b>	<b>(1,550)</b>	<b>785</b>
<b>Total comprehensive loss for the period</b>	<b>(4,204)</b>	<b>(19,748)</b>
<b>(Loss)/Profit attributable to:</b>		
Owners of the parent	(2,973)	(15,449)
Non-controlling interests	319	(5,084)
	<b>(2,654)</b>	<b>(20,533)</b>
<b>Total comprehensive (loss)/income attributable to:</b>		
Owners of the parent	(4,523)	(14,664)
Non-controlling interests	319	(5,084)
	<b>(4,204)</b>	<b>(19,748)</b>
<b>Basic and diluted loss per share attributable to owners of the parent (sen per share)</b>		
10	<b>(0.40)</b>	<b>(2.06)</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 changes in equity

For the period ended 31 March 2022

	Attributable to the owners of the parent						Non-controlling interests	Total equity	
	Non-distributable				Distributable				
	Share capital	Other OCI reserve	Other reserve	Employee share option reserve	Foreign currency translation reserve	Retained earnings			Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2022	248,519	(47)	220	2,887	10,097	298,639	560,315	106,046	666,361
Net (loss)/profit for the period	-	-	-	-	-	(2,973)	(2,973)	319	(2,654)
Other comprehensive loss for the period	-	-	-	-	(1,550)	-	(1,550)	-	(1,550)
Total comprehensive (loss)/income for the period	-	-	-	-	(1,550)	(2,973)	(4,523)	319	(4,204)
Grant of equity-settled share options to employees	-	-	-	27	-	-	27	-	27
At 31 March 2022	248,519	(47)	220	2,914	8,547	295,666	555,819	106,365	662,184
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	-	-	-	-	-	(15,449)	(15,449)	(5,084)	(20,533)
Other comprehensive income for the period	-	-	-	-	785	-	785	-	785
Total comprehensive income/(loss) for the period	-	-	-	-	785	(15,449)	(14,664)	(5,084)	(19,748)
Grant of equity-settled share options to employees	-	-	-	32	-	-	32	-	32
At 31 Mar 2021	248,519	(87)	195	2,891	10,699	298,180	560,397	140,920	701,317

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 31 March 2022**

	<b>Current quarter</b>	
	<b>3 months ended</b>	
	<b>31 Mar 2022</b>	<b>31 Mar 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Loss before taxation	(2,965)	(19,798)
Adjustments for:		
Non-cash items	6,958	2,364
Investment related income	1,667	20,556
Operating profit before working capital changes	5,660	3,122
Net change in operating assets	(32,916)	(32,824)
Net change in operating liabilities	35,795	15,778
Cash generated/(used in) from operating activities	8,539	(13,924)
Net interest received	1,545	2,472
Net dividend received	3,369	2,402
Income tax paid	(26)	(1,367)
Net cash generated/(used in) from operating activities	13,427	(10,417)
<b>Cash flows from investing activities</b>		
Purchases of fair value through profit or loss ("FVTPL") financial assets	(67,621)	(501,060)
Proceeds from disposal of FVTPL financial assets	83,796	530,459
Movements in amortised cost financial assets	(2,164)	1,538
Proceeds from disposal of property and equipment	16	-
Purchase of property and equipment	(218)	(93)
Purchase of intangible assets	(4,711)	(205)
Net cash generated from investing activities	9,098	30,639
<b>Cash flows from financing activity</b>		
Payment of principal portion of lease liabilities	(662)	(674)
Dividends paid to non-controlling interests	-	(642)
Net cash used in financing activities	(662)	(1,316)
<b>Net increase in cash and cash equivalents</b>	<b>21,863</b>	<b>18,906</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>44</b>	<b>58</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>86,908</b>	<b>53,134</b>
<b>Cash and cash equivalents comprise:</b>		
Fixed and call deposits (with original maturities of less than three months) with licensed financial institutions	61,167	48,837
Cash and bank balances	25,741	4,297
	86,908	53,134

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

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**Explanatory Notes Pursuant to MFRS 134**  
**For the period ended 31 March 2022**

**1. Basis of preparation**

These condensed consolidated interim financial statements, for the period ended 31 March 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 Amendments to MFRSs**

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.

**Explanatory Notes Pursuant to MFRS 134**  
**For the period ended 31 March 2022**

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

**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.

<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:



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

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

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

- (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.

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 current financial year.

**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 31 March 2022.

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**For the period ended 31 March 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

	<b>Investment holding and others</b>		<b>Collective investment schemes</b>		<b>General reinsurance</b>		<b>General insurance</b>		<b>Adjustments and eliminations</b>		<b>Consolidated</b>	
	<b>31 Mar 2022</b>	<b>31 Mar 2021</b>	<b>31 Mar 2022</b>	<b>31 Mar 2021</b>	<b>31 Mar 2022</b>	<b>31 Mar 2021</b>	<b>31 Mar 2022</b>	<b>31 Mar 2021</b>	<b>31 Mar 2022</b>	<b>31 Mar 2021</b>	<b>31 Mar 2022</b>	<b>31 Mar 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Operating revenue</b>												
External	534	69	1,092	2,161	29,591	33,441	86,801	81,778	-	-	118,018	117,449
Inter-segment	-	-	-	-	398	253	438	724	(836)	(977)	-	-
	<u>534<sup>1</sup></u>	<u>69</u>	<u>1,092</u>	<u>2,161</u>	<u>29,989<sup>2</sup></u>	<u>33,694</u>	<u>87,239<sup>3</sup></u>	<u>82,502</u>	<u>(836)</u>	<u>(16,616)</u>	<u>118,018<sup>4</sup></u>	<u>117,449</u>
<b>Segment (loss)/profit</b>	<u>(5,501)</u>	<u>(5,755)</u>	<u>163</u>	<u>(6,386)</u>	<u>3,861</u>	<u>1,017</u>	<u>949</u>	<u>(11,353)</u>	<u>(2,437)</u>	<u>2,679</u>	<u>(2,965)</u>	<u>(19,798)</u>
<b>Segment assets</b>	<u>316,253</u>	<u>299,363</u>	<u>115,510</u>	<u>185,674</u>	<u>206,234</u>	<u>186,083</u>	<u>1,320,883</u>	<u>1,299,559</u>	<u>(232,367)</u>	<u>(232,758)</u>	<u>1,726,513</u>	<u>1,737,921</u>
<b>Segment liabilities</b>	<u>19,544</u>	<u>7,882</u>	<u>46</u>	<u>73</u>	<u>52,528</u>	<u>39,424</u>	<u>1,016,975</u>	<u>996,723</u>	<u>(24,764)</u>	<u>(7,498)</u>	<u>1,064,329</u>	<u>1,036,604</u>

<sup>1</sup> includes investment income of RM0.534 million

<sup>2</sup> includes investment income of RM1.183 million

<sup>3</sup> includes investment income of RM2.552 million

<sup>4</sup> includes investment income of RM5.361 million

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**Explanatory Notes Pursuant to MFRS 134**  
**For the period ended 31 March 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**

	<b>Current quarter 3 months ended</b>	
	<b>31 Mar 2022</b>	<b>31 Mar 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest income:		
- FVTPL financial assets	1,384	2,161
- bank balances	4	11
Share of investment income from Malaysian Motor Insurance Pool ("MMIP")	(238)	(781)
Dividend income:		
- FVTPL financial assets	3,773	3,304
	<u>4,923</u>	<u>4,695</u>

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

	<b>Current quarter 3 months ended</b>	
	<b>31 Mar 2022</b>	<b>31 Mar 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Depreciation of property and equipment	387	331
Depreciation of right-of-use assets	599	602
Amortisation of intangible assets	677	521
Allowance for impairment losses on insurance receivables	2,950	828
Realised (gains)/losses on disposal of:		
- property and equipment	(16)	-
- financial assets at FVTPL	217	(3,308)
Net realised losses/(gains)	201	(3,308)
Fair value losses on financial assets at FVTPL	6,389	28,559
Interest expense on lease liabilities	58	84
Gains on foreign exchange:		
- realised	(18)	(10)
- unrealised	(175)	(425)

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**9. Taxation**

	<b>Current quarter 3 months ended</b>	
	<b>31 Mar 2022</b>	<b>31 Mar 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Income tax	363	735
Deferred tax	(674)	-
	<u>(311)</u>	<u>735</u>
Effective tax rate	<u>10%</u>	<u>-4%</u>

The Group's low effective tax rate is mainly due to the share of loss of associate in 1Q22.

**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.

The followings reflect the profit and number of shares used in the computation of basic and diluted earnings per share:

	<b>Current quarter 3 months ended</b>	
	<b>31 Mar 2022</b>	<b>31 Mar 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Loss net of tax attributable to owners of the parent (RM'000)	(2,973)	(15,449)
Number of ordinary shares in issue ('000)	751,760	751,760
Basic and diluted loss per share (sen per share)	<u>(0.40)</u>	<u>(2.06)</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 31 March 2022.

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**For the period ended 31 March 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

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 -->			Total RM'000
		Quoted market price (Level 1) RM'000	Ob- servable inputs (Level 2) RM'000	Unob- servable inputs (Level 3) RM'000	
Date of valuation					
<b>Assets measured at fair value:</b>					
<b>31 March 2022</b>					
<b>Financial assets at FVTPL:</b>					
Unquoted debt securities					
in Malaysia	31 March 2022	-	5,130	-	5,130
Quoted unit trust funds					
in Malaysia	31 March 2022	667,876	-	-	667,876
		<u>667,876</u>	<u>5,130</u>	<u>-</u>	<u>673,006</u>

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

The following table provides an analysis of assets measured and/or disclosed at fair value on a recurring basis in accordance with the fair value hierarchy: (cont'd.)

		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				
<b>Assets measured at fair value: (cont'd.)</b>					
<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.

**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.

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**14. Capital commitments**

	<u>As at</u> <u>31 Mar</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	44,554	31,987
Property and equipment	<u>3,864</u>	<u>1,508</u>
	<u>48,418</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.

**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

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

	<b>Current quarter</b>	
	<b>3 months ended</b>	
	<b>31 Mar 2022</b>	<b>31 Mar 2021</b>
<b>Income/(expenses):</b>	<b>RM'000</b>	<b>RM'000</b>
<b>AAB</b>		
Gross written premium	3,868	903
Fee and commission expenses	(967)	(226)
Telemarketing commission expenses	(2)	(2)
<b>PTAA</b>		
Gross written premium	31	74
Telemarketing commission expenses	(1)	-
<b>TAA</b>		
Telemarketing commission expenses	(2)	(2)
<b>TGSB</b>		
Royalty fee	(1,764)	(1,311)
Rental and utilities charges	(391)	(379)
<b>SP&amp;G</b>		
Gross written premium	764	3,094
Fee and commission expenses	(101)	(349)
<b>BIGLIFE</b>		
Management expenses	(6)	(4)

All related party transactions of the Group had been entered into in 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 ("1Q22") against corresponding quarter in prior year ("1Q21")**

	Investment holding and others		Collective investment schemes		General reinsurance		General insurance		Adjustments and eliminations		Consolidated	
	31 Mar 2022		31 Mar 2021		31 Mar 2022		31 Mar 2021		31 Mar 2022		31 Mar 2021	
	RM'000		RM'000		RM'000		RM'000		RM'000		RM'000	
<b>Operating revenue</b>												
External	534	69	1,092	2,161	29,591	33,441	86,801	81,778	-	-	118,018	117,449
Inter-segment	-	-	-	-	398	253	438	724	(836)	(977)	-	-
	534	69	1,092	2,161	29,989	33,694	87,239	82,502	(836)	(977)	118,018	117,449
<b>Segment (loss)/profit</b>	(5,501)	(5,755)	163	(6,386)	3,861	1,017	949	(11,353)	(2,437)	2,679	(2,965)	(19,798)

**Group/Consolidated**

The Group's operating revenue increased from RM117.4 million in 1Q21 to RM118.0 million in 1Q22, an increase of RM0.6 million or 0.5% as compared to the corresponding quarter last year.

Loss before tax of the Group decreased by RM16.8 million from RM19.8 million in 1Q21 to RM3.0 million in 1Q22, which was largely attributed by improvements of RM18.9 million in realised and unrealised investment income offset by increase of RM2.3 million in share of loss of an associate in 1Q22.

**General reinsurance**

Operating revenue of this segment dropped by RM3.7 million from RM33.7 million in 1Q21 to RM30.0 million in 1Q22. The decrease in operating revenue was mainly resulted from the decrease in gross earned premiums of Middle East markets.

Profit before tax of this segment increased by RM2.9 million from RM1.0 million in 1Q21 to RM3.9 million in 1Q22, mainly due to improvements of RM3.7 million in realised and unrealised investment income in 1Q22, offset by decrease of RM0.7 million in underwriting profits.

**General insurance**

Operating revenue of this segment in 1Q22 increased by RM4.7 million to RM87.2 million in 1Q22 from RM82.5 million in 1Q21, an increase of 5.7% as compared to the corresponding quarter last year. The increase in operating revenue was mainly resulted from higher gross earned premiums by RM4.1 million to RM84.7 million in 1Q22 as compared to RM80.6 million in the corresponding quarter last year, largely attributed by increases in Fire, Personal Accidents and Marine segments, offset by decrease in Motor segment.

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

**18.1 Current quarter ("1Q22") against corresponding quarter in prior year ("1Q21") (cont'd.)**

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

Profit before tax of this segment increase by RM12.3 million to a profit of RM0.9 million in 1Q22 from a loss of RM11.4 million in the corresponding quarter in 2021. The significant increase was mainly attributed by improvement of RM10.4 million in realised and unrealised investment income and increase of 1.6million in underwriting profits in 1Q22.

**18.2 Current quarter ("1Q22") against preceding quarter in prior year ("4Q21")**

	Investment holding and others		Collective investment schemes		General reinsurance		General insurance		Adjustments and eliminations		Consolidated	
	31 Mar 2022	31 Dec 2021	31 Mar 2022	31 Dec 2021	31 Mar 2022	31 Dec 2021	31 Mar 2022	31 Dec 2021	31 Mar 2022	31 Dec 2021	31 Mar 2022	31 Dec 2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Current quarter 3 months ended</b>												
Operating revenue												
External	534	390	1,092	1,703	29,591	27,452	86,801	73,249	-	-	118,018	102,794
Inter-segment	-	2,041	-	-	398	896	438	606	(836)	(3,543)	-	-
	534	2,431	1,092	1,703	29,989	28,348	87,239	73,855	(836)	(3,543)	118,018	102,794
Segment (loss)/profit	(5,501)	(3,352)	163	(3,206)	3,861	2,857	949	(6,247)	(2,437)	(5,546)	(2,965)	(15,494)

**Group/Consolidated**

The Group's operating revenue increased by RM15.2 million to RM118.0 million in 1Q22 from RM102.8 million in 4Q21. The increase in operating revenue was resulted from increase of RM15.6 million in gross earned premium mitigated by decrease of RM0.4 million in investment income.

Loss before tax of the Group reduced by RM12.5 million from RM15.5 million in 4Q21 to RM3.0 million in 1Q22. The significant reduction was mainly attributed by increase of RM7.8 million in underwriting profits, reduction of RM2.8 million in share of loss of an associate and improvement of RM1.5 million in realised and unrealised investment income.

**General reinsurance**

Operating revenue of this segment in 1Q22 grew by RM1.7 million to RM30.0 million in 1Q22 from RM28.3 million in 4Q21. The increase in operating revenue was mainly resulted from higher gross earned premiums from Middle East markets.

Profit before tax of this segment increased by RM1.0 million to RM3.8 million in 1Q22 from RM2.8 million profit in last quarter. The increase in profit before tax was mainly attributed by the increase of RM1.1 million in underwriting profits.

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

**18.2 Current quarter ("1Q22") against preceding quarter in prior year ("4Q21") (cont'd.)**

**General insurance**

Operating revenue of this segment in 1Q22 increased by RM13.3 million to RM87.2 million in 1Q22 from RM73.9 million in 4Q21, an increase of 18.1% as compared to the last quarter. The increase in operating revenue was due to increase of RM13.7 million in gross earned premiums, largely attributed by both Fire and Personal Accident segments, offset by a decrease of RM0.4 million in investment income.

Profit before tax of this segment increased by RM7.1 million to profit of RM0.9 million in 1Q22 from loss of RM6.2 million in the last quarter. The significant increase was attributed by improvements in underwriting profits.

**19. Commentary on prospects**

For the travel insurance segment, we are expecting to chart a stronger and more sustained recovery in the upcoming quarters, following the reopening of borders in Malaysia and various countries, especially in ASEAN.

Closer to home, we witnessed the encouraging momentum in resumption of business activities following the assurance that there will no longer be lockdowns in Malaysia as announced by the Malaysian Government in January 2022. With the Group's extensive expansion on distribution and partnership channels over the last couple of years, and the target launch of our enhanced mobile application in Quarter 3 with new HealthTech capabilities, the Group anticipates healthy growth in our topline especially in the Personal Accident, Motor and Health segments. Also, the Group is well positioned to continue to benefit from various government incentive schemes such as Tenang.

On the investment front, both the bond and equity markets are expected to remain volatile in the coming quarters due to uncertainties in the quantum of interest rate hikes in the United States and Malaysia, the Ukraine war and potentially longer than expected lockdown in China.

While the Group realized that there are still underlying risks and uncertainties surrounding the development of the pandemic and its potential impact to the claims experience of the Group's covid related products, the Group is optimistic that with a strong capital position, we remain resilient in weathering through the potential negative implications over the medium to longer term.

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**20. Profit forecast or profit guarantee**

The Group did not issue any profit forecast or profit guarantee for the financial period ended 31 March 2022.

**21. Status of corporate proposal**

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

**22. Material litigation**

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

On 22 February 2017, the general insurance subsidiary, TIMB received a notice from the Malaysia Competition Commission ("MyCC") concerning a proposed decision ("proposed decision") which found that TIMB and 21 other general insurance companies in Malaysia who are all members of the General Insurance Association of Malaysia ("PIAM") had infringed one of the prohibitions under the Competitions Act 2010 ("CA") in Malaysia, pursuant to its investigation outcome in respect of the agreement entered into between PIAM and the Federation of Automobile Workshop Owners' Association of Malaysia ("FAWOAM") concerning the cap on the parts trade discount rates and minimum agreed labour rates payable by the insurers to the PIAM Approved Repairer's Scheme workshops. These rates were subsequently approved and adopted by PIAM members, including TIMB.

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").

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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.)**

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

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

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

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

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

Hearing of the appeal was held on 17, 21 and 24 March 2022 and 6, 7 and 21 and 22 April 2022. The CAT has reserved judgment for now and will fix a date for the decision at the end of June 2022 with full written grounds. Counsels for the Malaysia Competition Commission and for the parties, including TIMB will be notified of the date one or two weeks in advance.

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

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

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

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

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

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

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

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

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

With this, the total amount currently on appeal before the SCIT is RM3.8 million.

The matter is now fixed for case management on 22 August 2022 to update the court on settlement discussions.

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 its case, based on legal advice received.

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

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

TIMB is the reinsured under a Reinsurance Contract for an Extended Warranty Programme ("EWP") for various models of vehicles. The Reinsurer had failed to remit their share of payment for claims paid by TIMB under the EWP. Accordingly, TIMB has commenced legal action to recover certain amounts owed by the Reinsurer under the Reinsurance Contract through its appointed solicitors.

On 29 January 2019, a writ of summons was filed with the High Court to recover the non-disputed balances of RM2,822,000 from the Reinsurer. On 19 February 2019, the High Court granted leave to TIMB to proceed with the service of Notice of Writ to be served out of jurisdiction to the Reinsurer in Hong Kong. The Reinsurer however proceeded to dispute this amount subsequently in June 2020.

On 18 March 2022, the High Court dismissed the Company's claim with a legal cost of RM60,000 to be paid to the Reinsurer. No appeal has been filed by the Company against the decision by the High Court.

As at 31 March 2022, the net amount disputed by the Reinsurer increased to RM12,281,000 (2021: RM11,758,000), with an additional Reinsurance Assets exposure of RM2,169,000 (2021: RM2,738,000). Full impairment has been provided for both of these balances.

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

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

**24. Rationale for entering into derivatives**

The Group did not enter into any derivative transactions during the period ended 31 March 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 31 March 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 31 March 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.