



**Tune Protect Group Berhad**

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

**Interim Financial Statements**

**For the Quarter and Six Months Ended 30 June 2023**

# Tune Protect Group Berhad

Registration No. 201101020320

## Condensed consolidated statement of comprehensive income

For the period ended 30 June 2023

	Current quarter		Cumulative quarters	
	3 months ended		6 months ended	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
Note	RM'000	RM'000 Restated	RM'000	RM'000 Restated
Insurance revenue	102,303	121,265	224,131	224,186
Insurance service expenses	(44,199)	(96,968)	(143,192)	(136,053)
<b>Insurance service result before reinsurance contracts held</b>	<b>58,104</b>	<b>24,297</b>	<b>80,939</b>	<b>88,133</b>
Allocation of reinsurance premiums	(21,185)	(51,373)	(57,017)	(89,612)
Amounts recoverable from reinsurers for incurred claims	(32,840)	20,100	(13,559)	6,621
<b>Net expense from reinsurance contracts held</b>	<b>(54,025)</b>	<b>(31,273)</b>	<b>(70,576)</b>	<b>(82,991)</b>
<b>Insurance service result</b>	<b>4,079</b>	<b>(6,976)</b>	<b>10,363</b>	<b>5,142</b>
Investment income	4,276	4,608	7,023	9,771
Realised gains and losses	481	236	(950)	35
Fair value gains or losses	3,941	(11,197)	11,941	(17,586)
<b>Total investment income</b>	<b>8,698</b>	<b>(6,353)</b>	<b>18,014</b>	<b>(7,780)</b>
Insurance finance expenses for insurance contracts issued	(3,094)	(1,521)	(7,007)	(3,841)
Reinsurance finance income for reinsurance contracts held	3,784	2,433	7,038	4,741
<b>Net insurance financial result</b>	<b>690</b>	<b>912</b>	<b>31</b>	<b>900</b>
Other operating income	1,562	109	2,020	1,033
Other operating expenses	(4,019)	(4,166)	(14,554)	(13,638)
Other finance costs	(47)	(40)	(74)	(53)
<b>Total other income and expenses</b>	<b>(2,504)</b>	<b>(4,097)</b>	<b>(12,608)</b>	<b>(12,658)</b>
Share of results of an associate	1,969	(10,320)	902	(13,854)
Share of results of a joint venture company	42	(9)	77	62
<b>Profit/(loss) before tax</b>	<b>12,974</b>	<b>(26,843)</b>	<b>16,779</b>	<b>(28,188)</b>
Income tax expense	(1,800)	1,147	(2,427)	822
<b>Profit/(loss) for the period</b>	<b>11,174</b>	<b>(25,696)</b>	<b>14,352</b>	<b>(27,366)</b>

Condensed consolidated statement of comprehensive income (cont'd.)  
For the period ended 30 June 2023

	Current quarter		Cumulative quarters	
	3 months ended		6 months ended	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
Note	RM'000	RM'000 Restated	RM'000	RM'000 Restated
<b>Other comprehensive profit/(loss):</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	419	(98)	(224)	(1,622)
<b>Other comprehensive profit/(loss) for the period</b>	<b>419</b>	<b>(98)</b>	<b>(224)</b>	<b>(1,622)</b>
<b>Total comprehensive profit/(loss) for the period</b>	<b>11,593</b>	<b>(25,794)</b>	<b>14,128</b>	<b>(28,988)</b>
<b>Profit/(loss) attributable to:</b>				
Owners of the parent	9,518	(23,872)	11,492	(26,199)
Non-controlling interests	1,656	(1,824)	2,860	(1,167)
	<b>11,174</b>	<b>(25,696)</b>	<b>14,352</b>	<b>(27,366)</b>
<b>Total comprehensive income/(loss) attributable to:</b>				
Owners of the parent	9,937	(23,970)	11,268	(27,821)
Non-controlling interests	1,656	(1,824)	2,860	(1,167)
	<b>11,593</b>	<b>(25,794)</b>	<b>14,128</b>	<b>(28,988)</b>
<b>Basic and diluted earnings/(loss) per share attributable to owners of the parent (sen per share)</b>				
11	<b>1.27</b>	<b>(3.18)</b>	<b>1.53</b>	<b>(3.49)</b>

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2022.

# Tune Protect Group Berhad

Registration No. 201101020320

## Condensed consolidated statement of financial position

As at 30 June 2023

	As at 30 Jun 2023 RM'000	As at 31 Dec 2022 RM'000 Restated	As at 1 Jan 2022 RM'000 Restated
<b>Assets</b>			
Property and equipment	3,621	3,931	3,977
Intangible assets	33,778	29,047	19,639
Right-of-use assets	10,433	3,273	3,972
Investment in an associate	37,513	35,942	51,771
Investment in a joint venture company	1,229	2,045	5,878
Goodwill	24,165	24,165	24,165
Investments	694,591	682,614	757,975
Deferred tax assets	72	1,091	1,278
Insurance contract assets	21,725	14,522	32,483
Reinsurance contract assets	396,641	443,977	577,531
Other receivables	34,205	32,631	34,548
Cash and bank balances	23,845	41,371	12,400
<b>Total assets</b>	<b>1,281,818</b>	<b>1,314,609</b>	<b>1,525,617</b>
<b>Equity</b>			
Share capital	248,637	248,519	248,519
Employee share option reserves	745	-	2,887
Foreign currency translation reserve	9,421	9,645	10,097
Other comprehensive income ("OCI") reserve	199	199	(47)
Other reserve	343	343	220
Retained earnings	278,656	267,164	302,250
Equity attributable to owners of the parent	538,001	525,870	563,926
Non-controlling interests	54,670	51,810	106,337
<b>Total equity</b>	<b>592,671</b>	<b>577,680</b>	<b>670,263</b>
<b>Liabilities</b>			
Insurance contract liabilities	637,480	667,597	793,612
Reinsurance contract liabilities	1,496	752	3,728
Lease liabilities	10,699	3,421	4,195
Other payables	39,472	65,159	53,819
<b>Total liabilities</b>	<b>689,147</b>	<b>736,929</b>	<b>855,354</b>
<b>Total equity and liabilities</b>	<b>1,281,818</b>	<b>1,314,609</b>	<b>1,525,617</b>
<b>Net assets per ordinary share attributable to owners of the parent (RM)</b>	<b>0.72</b>	<b>0.70</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 2022.

## Tune Protect Group Berhad

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### Condensed consolidated statement of changes in equity For the period ended 30 June 2023

	Attributable to the owners of the parent								Total equity RM'000
	Non-distributable					Distributable		Non-controlling interests RM'000	
	Share capital RM'000	OCI reserve RM'000	Other reserve RM'000	Employee share option reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000		
<b>At 1 January 2023, restated</b>	248,519	199	343	-	9,645	267,164	525,870	51,810	577,680
Net profit for the period	-	-	-	-	-	11,492	11,492	2,860	14,352
Other comprehensive loss for the period	-	-	-	-	(224)	-	(224)	-	(224)
Total comprehensive (loss)/income for the period	-	-	-	-	(224)	11,492	11,268	2,860	14,128
Grant of equity-settled share options to employees	-	-	-	745	-	-	745	-	745
Issuance of shares pursuant to Employee Share Option Scheme	118	-	-	-	-	-	118	-	118
<b>At 30 June 2023</b>	<b>248,637</b>	<b>199</b>	<b>343</b>	<b>745</b>	<b>9,421</b>	<b>278,656</b>	<b>538,001</b>	<b>54,670</b>	<b>592,671</b>
<b>At 1 January 2022, as previously reported</b>	248,519	(47)	220	2,887	10,097	298,639	560,315	106,046	666,361
Impact on initial application of MFRS 17	-	-	-	-	-	3,611	3,611	291	3,902
<b>At 1 January 2022, restated</b>	248,519	(47)	220	2,887	10,097	302,250	563,926	106,337	670,263
Net loss for the period	-	-	-	-	-	(26,199)	(26,199)	(1,167)	(27,366)
Other comprehensive loss for the period	-	-	-	-	(1,622)	-	(1,622)	-	(1,622)
Total comprehensive loss for the period	-	-	-	-	(1,622)	(26,199)	(27,821)	(1,167)	(28,988)
Grant of equity-settled share options to employees	-	-	-	4	-	-	4	-	4
<b>At 30 June 2022, restated</b>	<b>248,519</b>	<b>(47)</b>	<b>220</b>	<b>2,891</b>	<b>8,475</b>	<b>276,051</b>	<b>536,109</b>	<b>105,170</b>	<b>641,279</b>

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2022.

# Tune Protect Group Berhad

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## Condensed consolidated statement of cash flows For the period ended 30 June 2023

	Cumulative quarters 6 months ended	
	30 Jun 2023	30 Jun 2022
	RM'000	RM'000 Restated
<b>Cash flows from operating activities</b>		
Profit/(Loss) before taxation	16,779	(28,188)
Adjustments for:		
Non-cash items	4,569	13,623
Investment related income	(18,014)	7,780
Operating profit/(loss) before working capital changes	3,334	(6,785)
Net change in operating assets	42,903	29,808
Net change in operating liabilities	(61,483)	(3,305)
Cash (used in)/generated from operating activities	(15,246)	19,718
Net interest received	2,368	2,915
Net dividend received	4,319	9,361
Income tax paid	(102)	(62)
Net cash (used in)/generated from operating activities	(8,661)	31,932
<b>Cash flows from investing activities</b>		
Purchases of fair value through profit or loss ("FVTPL") financial assets	(382,211)	(93,361)
Proceeds from disposal of FVTPL financial assets	382,724	90,469
Movements in amortised cost financial assets	(1,692)	(1,144)
Proceeds from disposal of property and equipment	3	223
Purchase of property and equipment	(545)	(1,556)
Purchase of intangible assets	(7,289)	(8,873)
Net cash used in investing activities	(9,010)	(14,242)
<b>Cash flows from financing activities</b>		
Payment of principal portion of lease liabilities	(2,024)	(1,309)
Proceeds from issuance of shares pursuant to ESOS	92	-
Net cash used in financing activities	(1,932)	(1,309)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(19,603)	16,381
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(46)	12
<b>Cash and cash equivalents at beginning of period</b>	48,532	65,001
<b>Cash and cash equivalents at end of period</b>	28,883	81,394
<b>Cash and cash equivalents comprise:</b>		
Fixed and call deposits (with original maturities of less than three months) with licensed financial institutions	5,038	56,405
Cash and bank balances	23,845	24,989
	28,883	81,394

The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2022.

# Tune Protect Group Berhad

Registration No. 201101020320

## Explanatory Notes Pursuant to MFRS 134

For the period ended 30 June 2023

### 1. Basis of preparation

These condensed consolidated interim financial statements, for the period ended 30 June 2023, 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 2022.

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 2022.

### 2. Changes in accounting policies

#### 2.1 Adoption of New MFRS and 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:

MFRS 17 *Insurance Contracts*

Amendments to MFRS 17 *Insurance Contracts*

Amendments to MFRS 17 *Insurance Contracts (Initial Application of MFRS 17 and MFRS 9- Comparative Information)*

Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 *Disclosure of Accounting Policies*

Amendments to MFRS 108 *Definition of Accounting Estimates*

Amendments to MFRS 112 *Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The adoption of the above pronouncements did not have any material impact to the current and prior period financial statements of the Group except for that discussed below:

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## Explanatory Notes Pursuant to MFRS 134

For the period ended 30 June 2023

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

#### 2.1 Adoption of New MFRS and Amendments to MFRSs (cont'd.)

##### **MFRS 17 *Insurance Contracts* and Amendments to MFRS 17**

The Group has applied MFRS 17, including any consequential amendments to the other standards, from 1 January 2023. This standard has brought significant changes to the accounting for insurance and reinsurance contracts. As a result, the Group has restated certain comparative amounts and presented a third statement of financial position as at 1 January 2022.

The nature and effects of the key changes in the Group's accounting policies resulting from its adoption of MFRS 17 are summarised below:

##### Changes to recognition, classification and measurement

The adoption of MFRS 17 did not change the classification of the Group's insurance contract.

MFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Group. The key principles of MFRS 17 are that the Group:

- identifies insurance contracts as those under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder;
- Separates specified embedded derivatives, distinct investment components and distinct goods or services other than insurance contract services from insurance contracts and accounts for them in accordance with other standards;
- Divides the insurance and reinsurance contracts into groups it will recognise and measure;
- Recognises and measures groups of insurance contracts at:
  - A risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all available information about the fulfilment cash flows in a way that is consistent with observable market information;

Plus

- An amount representing the unearned profit in the group of contracts (the contractual service margin or CSM);

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## Explanatory Notes Pursuant to MFRS 134

For the period ended 30 June 2023

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

#### 2.1 Adoption of New MFRS and Amendments to MFRSs (cont'd.)

##### **MFRS 17 *Insurance Contracts* and Amendments to MFRS 17 (cont'd.)**

###### Changes to recognition, classification and measurement (cont'd.)

- Recognises profit from a group of insurance contracts over each period the Group provides insurance contract services, as the Group is released from risk. If a group of contracts is expected to be onerous (i.e., loss-making) over the remaining coverage period, the Group recognises the loss immediately;
- Recognises an asset for insurance acquisition cash flows in respect of acquisition cash flows paid, or incurred, before the related group of insurance contracts is recognised. Such an asset is derecognised when the insurance acquisition cash flows are included in the measurement of the related group of insurance contracts.

MFRS 17 introduces different measurement models in calculating re(insurance) contract liabilities where the core is General Measurement Model (“GMM”) based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin (“CSM”), supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach) which is not applicable to the Group's insurance contracts; and
- A simplified approach, Premium Allocation Approach (“PAA”) mainly for re(insurance) contracts with a coverage period of 12 months or less, or for which such simplification would produce a measurement of the LRC that would not differ materially from the one that would be produced applying the GMM. However, the liability for incurred claims (“LIC”) will need to be measured based on GMM.

The Group applies PAA for its non-life segment, of which such simplification would produce a measurement of the LRC that would not differ materially from the one that would be produced applying the GMM. However, the liability for incurred claims (“LIC”) will need to be measured based on GMM.

The measurement principles of the PAA differ from the ‘earned premium approach’ used by the Group under MFRS 4 in the following key areas:

- The liability for remaining coverage reflects premiums received less deferred insurance acquisition cash flows and less amounts recognised in revenue for insurance services provided;

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## Explanatory Notes Pursuant to MFRS 134

For the period ended 30 June 2023

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

#### 2.1 Adoption of New MFRS and Amendments to MFRSs (cont'd.)

##### **MFRS 17 *Insurance Contracts* and Amendments to MFRS 17 (cont'd.)**

###### Changes to recognition, classification and measurement (cont'd.)

- Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart;
- Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not reported ("IBNR") claims) is determined on a discounted probability-weighted expected value basis, and includes an explicit risk adjustment for non-financial risk. The liability includes the Group's obligation to pay other incurred insurance expenses.
- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

For insurance acquisition cash flows, the Group allocates the acquisition cash flows to groups of insurance contracts issued or expected to be issued using a systematic and rational basis. Insurance acquisition cash flows include those that are directly attributable to a group and to future groups that are expected to arise from renewals of contracts in that group. Where such insurance acquisition cash flows are paid (or where a liability has been recognised applying another MFRS standard) before the related group of insurance contracts is recognised, an asset for insurance acquisition cash flows is recognised. When insurance contracts are recognised, the related portion of the asset for insurance acquisition cash flows is derecognised and subsumed into the measurement at initial recognition of the insurance liability for remaining coverage of the related group.

###### Changes to presentation and disclosures

For presentation in the statement of financial position, the Group aggregates insurance and reinsurance contracts issued and reinsurance contracts held, respectively and presents separately:

- Portfolios of insurance and reinsurance contracts issued that are assets;
- Portfolios of insurance and reinsurance contracts issued that are liabilities
- Portfolios of reinsurance contracts held that are assets;
- Portfolios of reinsurance contracts held that are liabilities.

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## Explanatory Notes Pursuant to MFRS 134

For the period ended 30 June 2023

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

#### 2.1 Adoption of New MFRS and Amendments to MFRSs (cont'd.)

##### **MFRS 17 *Insurance Contracts* and Amendments to MFRS 17 (cont'd.)**

##### Changes to recognition, classification and measurement (cont'd.)

The portfolios referred to above are those established at initial recognition in accordance with the MFRS 17 requirements.

Portfolios of insurance contracts issued include any assets for insurance acquisition cash flows.

The line item descriptions in the statement of profit or loss and other comprehensive income have been changed significantly compared with last year. Previously, the Group reported the following line items:

- Gross written premiums;
- Net written premiums;
- Changes in premium reserves;
- Gross insurance claims; and
- Net insurance claims.

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue;
- Insurance service expenses;
- Insurance finance income or expenses; and
- Income or expenses from reinsurance contracts held.

The Group provides disaggregated qualitative and quantitative information in the notes to the financial statements about:

- Amounts recognised in its financial statements from insurance contracts; and
- Significant judgements, and changes in those judgements, when applying the standard.

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## Explanatory Notes Pursuant to MFRS 134

For the period ended 30 June 2023

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

#### 2.1 Adoption of New MFRS and Amendments to MFRSs (cont'd.)

##### **MFRS 17 *Insurance Contracts* and Amendments to MFRS 17 (cont'd.)**

###### Transition

On transition to IFRS 17, the Group has applied the full retrospective approach unless impracticable. The Group has applied the full retrospective approach on transition to all contracts issued on or after 1 January 2018.

On transition date, 1 January 2022, the Group:

- Has identified, recognised and measured each group of insurance contracts as if MFRS 17 had always applied;
- Has identified, recognised and measured assets for insurance acquisition cash flows as if MFRS 17 has always applied. However no recoverability assessment was performed before the transition date. At transition date, a recoverability assessment was performed and no impairment loss was identified;
- Derecognised any existing balances that would not exist had IFRS 17 always applied;
- Recognised any resulting net difference in equity.

The Group has applied the transition provisions in MFRS 17 and has not disclosed the impact of the adoption of MFRS 17 on each financial statement line item and EPS. The effects of adopting MFRS 17 on the consolidated financial statements at 1 January 2022 are presented in the statement of changes in equity.

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## Explanatory Notes Pursuant to MFRS 134

For the period ended 30 June 2023

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

#### 2.1 Adoption of New MFRS and Amendments to MFRSs (cont'd.)

##### MFRS 17 *Insurance Contracts* and Amendments to MFRS 17 (cont'd.)

###### Transition

Effects from applying MFRS 17 resulted an addition of total equity of RM3.9 million, net of tax, as at 1 January 2022. The opening MFRS 17 Statement of Financial Position and related adjustments as at 1 January 2022 are presented below:

	As reported as at 31 Dec 2021 RM'000	Adjustments due to adoption of MFRS 17 RM'000	Opening balances as at 1 Jan 2022 RM'000
Investment in an associate	49,763	2,008	51,771
Deferred tax assets	1,832	(554)	1,278
Reinsurance assets	648,007	(648,007)	-
Reinsurance contract assets	-	577,531	577,531
Insurance receivables	116,594	(116,594)	-
Insurance contract assets	-	32,483	32,483
Other receivables	81,610	(47,062)	34,548
Other assets	828,006	-	828,006
<b>Total assets</b>	<b>1,725,812</b>	<b>(200,195)</b>	<b>1,525,617</b>
Retained earnings	(298,639)	(3,611)	(302,250)
Non-controlling interests	(106,046)	(291)	(106,337)
Other reserves	(261,676)	-	(261,676)
<b>Total equity</b>	<b>(666,361)</b>	<b>(3,902)</b>	<b>(670,263)</b>
Insurance contract liabilities	(911,215)	117,603	(793,612)
Insurance payables	(70,597)	70,597	-
Reinsurance contract liabilities	-	(3,728)	(3,728)
Other payables	(73,444)	19,625	(53,819)
Other liabilities	(4,195)	-	(4,195)
<b>Total liabilities</b>	<b>(1,059,451)</b>	<b>204,097</b>	<b>(855,354)</b>
<b>Total equity and liabilities</b>	<b>(1,725,812)</b>	<b>200,195</b>	<b>(1,525,617)</b>

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## Explanatory Notes Pursuant to MFRS 134

For the period ended 30 June 2023

### 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.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
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.

### 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 2023.

Explanatory Notes Pursuant to MFRS 134  
For the period ended 30 June 2023

5. Segment information

The Group is organised into business units based on their products and services, and has four business segments as follows:

General insurance business : Underwriting of all classes of general insurance business  
General reinsurance business : Underwriting of all classes of general reinsurance business  
Investment holding and others : Investment holding operations and other subsidiaries

	General insurance		General reinsurance		Investment holding and others		Adjustments and eliminations		Consolidated	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Period to date 30 June 2023</b>										
<b>Insurance revenue</b>										
External	188,565	181,752	35,515	42,434	51	-	-	-	224,131	224,186
Inter-segment	-	-	1,479	1,660	-	-	(1,479)	(1,660)	-	-
	<u>188,565</u>	<u>181,752</u>	<u>36,994</u>	<u>44,094</u>	<u>51</u>	<u>-</u>	<u>(1,479)</u>	<u>(1,660)</u>	<u>224,131</u>	<u>224,186</u>
<b>Profit/(Loss) before tax</b>	<u>19,122</u>	<u>(5,128)</u>	<u>13,530</u>	<u>5,618</u>	<u>(16,743)</u>	<u>(13,403)</u>	<u>870</u>	<u>(15,275)</u>	<u>16,779</u>	<u>(28,188)</u>
<b>Segment assets</b>	<u>979,930</u>	<u>1,087,973</u>	<u>170,750</u>	<u>185,297</u>	<u>320,956</u>	<u>423,832</u>	<u>(189,818)</u>	<u>(238,377)</u>	<u>1,281,818</u>	<u>1,458,725</u>
<b>Segment liabilities</b>	<u>657,077</u>	<u>787,865</u>	<u>21,788</u>	<u>29,749</u>	<u>21,389</u>	<u>19,706</u>	<u>(11,107)</u>	<u>(19,874)</u>	<u>689,147</u>	<u>817,446</u>

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**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. Insurance service result**

	<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>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
		<b>Restated</b>		<b>Restated</b>
<b>Insurance revenue :</b>				
Amounts relating to changes in liabilities for remaining coverage				
- CSM recognised for the services provided	1	-	1	-
- Change in risk adjustment for non-financial risk for risk expired	2	-	2	-
- Expected incurred claims and other insurance service expenses	18	-	18	-
- Premium adjustment - arising from premium received in the period other than those related to future service	25	-	25	-
Recovery of insurance acquisition cash flows	1	-	1	-
Contracts not measured under the PAA	47	-	47	-
Contracts measured under the PAA	102,256	121,265	224,084	224,186
	<u>102,303</u>	<u>121,265</u>	<u>224,131</u>	<u>224,186</u>
<b>Insurance service expenses:</b>				
Incurred claims and other expenses	(6,055)	(65,061)	(74,164)	(82,744)
Amortisation of insurance acquisition cash flows	(36,588)	(27,154)	(68,928)	(48,634)
Reversal of losses on onerous contracts	(1,556)	(4,753)	(100)	(4,675)
	<u>(44,199)</u>	<u>(96,968)</u>	<u>(143,192)</u>	<u>(136,053)</u>
<b>Allocation of reinsurance premium paid</b>	<u>(21,185)</u>	<u>(51,373)</u>	<u>(57,017)</u>	<u>(89,612)</u>

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**7. Insurance service result (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>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
		<b>Restated</b>		<b>Restated</b>
<b>Amounts recoverable from reinsurers for incurred claims:</b>				
Amounts recoverable for incurred claims and other expenses	346,294	473,434	368,019	462,166
Loss-recovery on onerous underlying contracts and adjustments	(2,090)	309	(2,090)	309
Changes to amounts recoverable for incurred claims	(452,301)	(576,363)	(454,745)	(578,574)
Effect of changes in non-performance risk of reinsurers	75,257	122,720	75,257	122,720
	<u>(32,840)</u>	<u>20,100</u>	<u>(13,559)</u>	<u>6,621</u>
<b>Insurance service result</b>	<u>4,079</u>	<u>(6,976)</u>	<u>10,363</u>	<u>5,142</u>

**8. Investment income**

	<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>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
		<b>Restated</b>		<b>Restated</b>
<b>Interest income:</b>				
- FVTPL financial assets	112	1,153	223	2,319
- bank balances	102	254	192	478
Share of investment income from Malaysian Motor Insurance Pool ("MMIP")	2,263	(258)	2,263	(258)
<b>Dividend income:</b>				
- FVTPL financial assets	1,729	3,432	4,275	7,205
- collective investment scheme	70	27	70	27
	<u>4,276</u>	<u>4,608</u>	<u>7,023</u>	<u>9,771</u>

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**9. Profit/(loss) before tax is stated after charging/(crediting) the following:**

	<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>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Depreciation of property and equipment	428	451	845	838
Depreciation of right-of-use assets	621	596	1,275	1,195
Amortisation of intangible assets	1,240	898	2,525	1,575
Allowance for/(Reversal of) impairment losses on insurance receivables and reinsurance assets	924	(3,370)	355	(420)
Realised losses/(gains) on disposal of:				
- property and equipment	938	(175)	944	(191)
- FVTPL financial assets	(1,419)	(61)	6	156
Net realised (gains)/losses	(481)	(236)	950	(35)
Fair value (gains)/losses on FVTPL financial assets	(3,941)	11,197	(11,941)	17,586
Interest expense on lease liabilities	47	40	74	53
Gains on foreign exchange:				
- realised	(256)	(97)	(265)	(115)
- unrealised	(2,256)	(521)	(2,829)	(696)

**10. 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>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
		<b>Restated</b>		<b>Restated</b>
Income tax expense/(benefits)	1,007	(196)	1,408	168
Deferred tax expense/(benefits)	793	(951)	1,019	(990)
	<u>1,800</u>	<u>(1,147)</u>	<u>2,427</u>	<u>(822)</u>
Effective tax rate	<u>14%</u>	<u>4%</u>	<u>14%</u>	<u>3%</u>

The Group's effective tax rate is lower than the statutory tax rate is mainly due to fair value gains on investments (non-taxable), share of profits of an associate and Labuan subsidiary subject to tax rate of 3%.

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**11. 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</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>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
		<b>Restated</b>		<b>Restated</b>
Profit/(Loss) net of tax attributable to owners of the parent (RM'000)	9,518	(23,872)	11,492	(26,199)
Number of ordinary shares in issue ('000)	751,760	751,760	751,760	751,760
Basic and diluted earning/(loss) per share (sen per share)	<u>1.27</u>	<u>(3.18)</u>	<u>1.53</u>	<u>(3.49)</u>

**12. Share capital**

During the period ended 30 June 2023, 250,000 new ordinary shares each fully paid were issued pursuant to the exercise of options granted under the Company's Employees Share Option Scheme ("ESOS") at the exercise price of RM0.37 per share. Details of the issued and paid up capital of the Company as at 30 June 2023 are as follows:

	<b>No. of shares</b>	<b>RM'000</b>
As at 1 January 2023	751,759,980	248,519
Ordinary shares issued pursuant to the ESOS	250,000	118 <sup>(1)</sup>
As at 30 June 2023	<u>752,009,980</u>	<u>248,637</u>

<sup>(1)</sup> Includes capitalisation of employee share option reserve of RM26,000.

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

**13. Dividends**

No interim dividend has been declared for the financial period ended 30 June 2023.

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**14. 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 -->			
	Date of valuation	Quoted market price (Level 1) RM'000	Ob- servable inputs (Level 2) RM'000	Unob- servable inputs (Level 3) RM'000	Total RM'000
<b>Assets measured at fair value:</b>					
<b>30 June 2023</b>					
<b>Financial assets at FVTPL:</b>					
Unquoted debt securities in Malaysia	30 June 2023	-	5,054	-	5,054
Quoted unit trust funds in Malaysia	30 June 2023	673,279	-	-	673,279
		<u>673,279</u>	<u>5,054</u>	<u>-</u>	<u>678,333</u>

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**14. 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.)

	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: (cont'd.)</b>					
<b>31 December 2022</b>					
<b>Financial assets at FVTPL:</b>					
Unquoted debt securities in Malaysia	31 December 2022	-	5,016	-	5,016
Quoted unit trust funds in Malaysia	31 December 2022	662,270	-	-	662,270
		<u>662,270</u>	<u>5,016</u>	<u>-</u>	<u>667,286</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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**15. Capital commitments**

	<u>As at</u> <u>30 Jun</u> <u>2023</u> <u>RM'000</u>	<u>As at</u> <u>31 Dec</u> <u>2022</u> <u>RM'000</u>
<b>Capital expenditure:</b>		
Approved but not contracted for:		
Intangible assets	34,753	31,987
Property and equipment	2,069	1,508
	<u>36,822</u>	<u>33,495</u>

**16. 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.

**17. 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")
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 Com Travel Sdn Bhd ("AirAsia Com Travel")	Wholly-owned subsidiary of AAD via AirAsia SuperApp Sdn Bhd

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**17. 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>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Income/(expenses):</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>AAB</b>				
Fee and commission expenses	(1,894)	(1,801)	(3,737)	(2,769)
Data management fee	(1)	(1)	(2)	(3)
<b>PTAA</b>				
Data management fee			(1)	-
<b>TAA</b>				
Data management fee	(2)	(2)	(3)	(4)
<b>TGSB</b>				
Royalty fee	(1,904)	(2,460)	(3,492)	(4,224)
Rental and utilities charges	(407)	(383)	(799)	(773)
<b>SP&amp;G</b>				
Fee and commission expenses	(384)	(190)	(456)	(291)
<b>BIGLIFE</b>				
Purchase of loyalty points	(7)	4	(17)	(2)
<b>AirAsia Com Travel</b>				
Fee and commission expenses	(39)	-	(76)	-

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.

**18. Events after the reporting period**

There were no significant events after the reporting period.

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**19. Performance review**

**19.1 Current quarter ("2Q23") against corresponding quarter in prior year ("2Q22")**

	General insurance		General reinsurance		Investment holding and others		Adjustments and eliminations		Consolidated	
	Current quarter 3 months ended									
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Insurance revenue</b>										
External	86,640	100,076	15,612	21,189	51	-	-	-	102,303	121,265
Inter-segment	-	-	1,450	1,119	-	-	(1,450)	(1,119)	-	-
	86,640	100,076	17,062	22,308	51	-	(1,450)	(1,119)	102,303	121,265
<b>Profit/(loss) before tax</b>	11,438	(8,728)	8,755	1,751	(9,205)	(8,065)	1,986	(11,801)	12,974	(26,843)

**Group/Consolidated**

The Group's insurance revenue decreased from RM121.3 million in 2Q22 to RM102.3 million in 2Q23, a decrease of RM19.0 million or 15.7% as compared to the corresponding quarter last year, mainly contributed by a decrease of RM13.4 million in general insurance segment and RM5.6 million in general reinsurance segment.

Profit before tax of the Group increased from a loss of RM26.8 million in 2Q22 to a profit of RM13.0 million in 2Q23. The increase of RM39.8 million in profit before tax was mainly due to increase of RM15.1 million in realised and unrealised investment income and RM11.0 million in insurance service result and RM12.3 million in share of profits of an associate.

**General insurance**

Insurance revenue of this segment decreased by RM13.4 million in 2Q23, from RM100.1 million in 2Q22 to RM86.6 million in 2Q23, a decrease of 13.4% as compared to the corresponding quarter last year, mainly contributed by Fire and Others segments.

Profit before tax of this segment increased by RM20.2 million, from a loss of RM8.7 million in 2Q22 to a profit of RM11.4 million in 2Q23. The increase was mainly due to increase of RM10.8 million in realised and unrealised investment income and RM10.0 million in insurance service result.

**General reinsurance**

Insurance revenue of this segment decreased by RM5.2 million in 2Q23, from RM22.3 million in 2Q22 to RM17.1 million in 2Q23, mainly due to decrease in premium in Middle East market.

Profit before tax of this segment increased by RM7.0 million in this quarter, from RM1.8 million in 2Q22 to RM8.8 million in 2Q23, mainly due to increase of RM3.1 million in realised and unrealised investment income, RM2.2 million in insurance service result and RM0.9 million in unrealised foreign exchange gains.

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

**19.2 Current year to date ("YTD 2023") against corresponding year to date ("YTD 2022")**

	General insurance		General reinsurance		Investment holding and others		Adjustments and eliminations		Consolidated	
	Cumulative quarters 6 months ended									
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Insurance revenue</b>										
External	188,565	181,752	35,515	42,434	51	-	-	-	224,131	224,186
Inter-segment	-	-	1,479	1,660	-	-	(1,479)	(1,660)	-	-
	188,565	181,752	36,994	44,094	51	-	(1,479)	(1,660)	224,131	224,186
<b>Profit/(loss) before tax</b>	19,122	(5,128)	13,530	5,618	(16,743)	(13,403)	870	(15,275)	16,779	(28,188)

**Group/Consolidated**

The Group's insurance revenue marginally decreased from RM224.2 million in YTD 2022 to RM224.1 million in YTD 2023. The decrease of RM0.1 million in insurance revenue was mainly resulted from the decrease of RM6.9 million in general reinsurance segment, offset by an increase of RM6.8 million in general reinsurance segment.

Profit before tax of the Group increased from a loss of RM28.2 million in YTD 2022 to a profit of RM16.8 million in YTD 2023. The RM45.0 million was mainly due to the increase of RM25.8 million in realised and unrealised investment income, RM14.8 million in share of profits of an associate, and RM5.2 million in insurance service result.

**General insurance**

Insurance revenue of this segment grew by RM6.8 million in YTD 2023, from RM181.8 million in YTD 2022 to RM188.6 million in YTD 2023, mainly contributed by Personal Accident and Motor segments

Profit before tax of this segment increased by RM24.3 million, from a loss of RM5.1 million in YTD 2022 to a profit of RM19.1 million in YTD 2023. The increase in profit before tax mainly due to increase of RM18.0 million in realised and unrealised investment income and RM6.2 million in insurance service result.

**General reinsurance**

Insurance revenue of this segment decreased by RM7.1 million in YTD 2023, from RM44.1 million in YTD 2022 to RM37.0 million in 1Q23, due to mainly due to decrease in premium in Middle East market.

Profit before tax of this segment increased by RM7.9 million in this quarter, from RM5.6 million in YTD 2022 to RM13.5 million in YTD 2023, mainly due to increases of RM6.2 million in realised and unrealised investment income and RM0.9 million in unrealised foreign exchange gains.

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**19.3 Current quarter ("2Q23") against preceding quarter in current year ("1Q23")**

	General insurance		General reinsurance		Investment holding and others		Adjustments and eliminations		Consolidated	
	Current quarter 3 months ended									
	30 Jun 2023	31 Mar 2023	30 Jun 2023	31 Mar 2023	30 Jun 2023	31 Mar 2023	30 Jun 2023	31 Mar 2023	30 Jun 2023	31 Mar 2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Insurance revenue</b>										
External	86,640	101,925	15,612	19,903	51	-	-	-	102,303	121,828
Inter-segment	-	-	1,450	29	-	-	(1,450)	(29)	-	-
	86,640	101,925	17,062	19,932	51	-	(1,450)	(29)	102,303	121,828
<b>Profit/(loss) before tax</b>	11,438	7,684	8,755	4,775	(9,205)	(7,538)	1,986	(1,116)	12,974	3,805

**Group/Consolidated**

The Group's insurance revenue decreased by RM19.5 million in 2Q23, from RM121.8 million in 1Q23 to RM102.3 million in 2Q23, due to decreases of RM15.3 million in general insurance segment and RM4.3 million in general reinsurance segment.

Profit before tax of the Group increased by RM9.2 million, from RM3.8 million in 1Q23 to RM13.0 million in 2Q23 mainly due to improvement in both insurance service results and share of profits of an associate.

**General insurance**

Insurance revenue of this segment decreased by RM15.3 million in 2Q23, from RM101.9 million in 1Q23 to RM86.6 million in 2Q23, a decrease of 15.0% as compared to the immediate preceding quarter, was mainly due to drop in Personal Accident, Fire and Others segments.

Profit before tax of this segment increased by RM3.7 million, from RM7.7 million in 1Q23 to RM11.4 million in 2Q23, mainly contributed by increase in both insurance service result and investment income.

**General reinsurance**

Insurance revenue of this segment decreased by RM2.9 million in 2Q23, from RM19.9 million in 1Q23 to RM17.1 million in 2Q23, mainly due to decrease in net premium of Motor segment.

Profit before tax of this segment increased by RM4.0 million, from RM4.8 million in 1Q23 to RM8.8 million in 2Q23. The increase in profit before tax was mainly contributed by improvements in insurance service results.

# **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 June 2023**

## **20. Commentary on prospects**

The Group is optimistic about its growth opportunities in the three business pillars of the Group, namely Lifestyle, Health and Small & Medium Enterprises (“SME”).

Under the Lifestyle pillar, as the year-end travel peak season approaches, the Group is well positioned to benefit from its recent collaboration with VietJet, a major regional airline group, to further expand both its regional market reach and higher growth in the travel segment. In the Motor segment, the Group is optimistic that its existing growth momentum will continue to deliver growth. The Group, however, remains cautious that the discontinuation of Tenang PA programme by the Malaysian Government earlier this year, could adversely impact our PA premium growth and business performance for the year. Thus, the anticipated recovery in travel and Motor growth are expected to cushion the impact from Tenang PA discontinuation.

Meanwhile, the Group remains focused in its strategy on increasing digital adoption, via our mobile first approach, to deliver products and services that meet market needs, particularly for the SMEs. Our digital-led SME propositions is set to distinguish us in the SME market, as we reach out to this underserved segment with our Health and other SME insurance propositions. The Group’s strategic digital and affinity partnerships have also grown in strength and will continue to drive growth for the business.

Our recent change in the Group’s investment strategies that emphasizes gaining stable investment returns is expected to continue delivering favourable investment returns going forward.

The Group remains confident that its business strategies and capital strength will continue to fuel the growth of the Group over the medium to longer term.

## **21. Profit forecast or profit guarantee**

The Group did not issue any profit forecast or profit guarantee for the financial period ended 30 June 2023.

## **22. Status of corporate proposal**

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

**For the period ended 30 June 2023**

**23. 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.

Subsequently, TIMB received a notice 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.

**For the period ended 30 June 2023**

**23. 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 ("Appeal Decision").

MyCC applied for leave to apply for judicial review of the Kuala Lumpur High Court Decision ("Application"). TIMB and the other general insurance companies filed their affidavits on 03 January 2023 to oppose the Application. Hearing date of the Application is fixed on 30 November 2023 at the Kuala Lumpur High Court.

**(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").

**For the period ended 30 June 2023**

**23. 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 fixed for mention on 29 August 2023 for parties to record settlement. In the event no settlement is achieved, hearing dates will be fixed.

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.

**(c) Litigation between TIPCL with a foreign reinsurance broker (the "Broker")**

On 25 November 2022, TIPCL, a 49% owned associate company of the Company, 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 TIPCL to allow TIPCL to facilitate an insurance policy. Subsequently, TIPCL was informed that the sole reinsurer of this insurance arrangement was in fact another reinsurer which was not aligned with TIPCL's internal guidelines.

On 9 March 2023, the Broker filed its Defence and Counterclaim to the court of Thailand. On 11 April 2023, TIPCL filed its Reply to Defence and Defence to the Counterclaim accordingly.

The matter is fixed for Trial from 17 to 20 October 2023.

As at 30 June 2023, net impairment impact to the Group's 49% equity interest in TIPCL was RM8.3 million (as at 31 December 2022: RM7.9 million).

**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 June 2023**

**24. Disclosure of nature of outstanding derivatives**

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

**25. Rationale for entering into derivatives**

The Group did not enter into any derivative transactions during the period ended 30 June 2023 or the previous year ended 31 December 2022.

**26. Risks and policies for derivatives**

The Group did not enter into any derivative transactions during the period ended 30 June 2023 or the previous year ended 31 December 2022.

**27. 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 2023 and 31 December 2022.

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

The auditors' report on the financial statements for the year ended 31 December 2022 was not qualified.