A. Notes To The Interim Financial Report For The Three Months Ended 31 December 2010

A1. Basis of Preparation

The interim financial report has been prepared in accordance with Financial Reporting Standard (“FRS”) 134: Interim Financial Reporting and the Listing Requirements of Bursa Malaysia Securities Berhad (BMSB) and comply with applicable approved accounting standards issued by Malaysian Accounting Standards Board (MASB), as modified to comply with the guidelines issued by Bank Negara Malaysia (“BNM”).

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 September 2010.

The accounting policies and methods of valuation of assets and liabilities adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the year ended 30 September 2010 except for the adoption of the following FRSs, Amendments to FRSs and Issues Committee ("IC") Interpretations issued by MASB:

<u>Effective for financial periods beginning on or after 1 January 2010</u>

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements
FRS 123	Borrowing Costs
FRS 139	Financial Instruments - Recognition and Measurement
Amendments to FRS 1 and FRS 127	Amendments to FRS 1 : First-time Adoption of Financial Reporting Standards and FRS 127 : Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2	Share-based Payment - Vesting Conditions and Cancellations
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 139, FRS 7 and IC Interpretation 9	Amendments to FRS 139 : Financial Instruments: Recognition and Measurement, FRS 7 : Financial Instruments: Disclosures and IC Interpretation 9 : Reassessment of Embedded Derivatives

A1. Basis of Preparation (Cont'd.)

Effective for financial periods beginning on or after 1 January 2010 (Cont'd.)

Amendments to FRSs contained in the document entitled "Improvements to FRSs (2009)"

IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 : Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 : The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Effective for financial periods beginning on or after 1 March 2010

Amendments to FRS 132	Financial Instruments : Presentation

Effective for financial periods beginning on or after 1 July 2010

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138	Intangible Assets
Amendments to IC Interpretation 9	IC Interpretation 9 : Reassessment of Embedded Derivatives
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners

A1. Basis of Preparation (Cont'd.)

Other than the implications as disclosed below, the adoption of the above FRSs, Amendments to FRSs and Issues Committee ("IC") Interpretations do not have any material impact on the financial statements of the Group.

(a) Changes in valuation of investment securities arising from the implementation of the RBC Framework at the insurance subsidiary

In the previous financial year ended 30 September 2010, the insurance subsidiary had adopted the RBC Framework pertaining to the valuation of investment securities which is similar to that of FRS 139: Financial Instruments: Recognition and Measurement.

However as the Group has not early adopted FRS 139 in financial year ended 30 September 2010, the valuation of the investment securities adopted by the insurance subsidiary under the RBC Framework was reversed upon consolidation at Group level.

As the Group has adopted FRS 139 for the current quarter under review, the valuation of investment securities at the Group level is now similar to that of the RBC Framework as adopted by the insurance subsidiary. The effects of adopting FRS 139 are disclosed under Note A1(c).

(b) Adoption of FRS 4 – Insurance Contracts

The adoption of FRS 4 does not have any significant impact on the financial statements of the Group other than expanded disclosure requirements. Certain comparative figures have also been restated upon adoption of FRS 4, as follows:

Consolidated statement of financial position as at 1 October 2010

	Previously stated	Reclassification	Restated
Group	RM'000	RM'000	RM'000
Description of change			
Assets			
- Reinsurance assets	-	121,638	121,638
- Insurance receivables	-	61,955	61,955
- Trade receivables	46,510	(45,069)	1,441

A1. Basis of Preparation (Cont'd.)

(b) Adoption of FRS 4 – Insurance Contracts (Cont'd.)

Group	Previously stated	Reclassification	Restated
	RM'000	RM'000	RM'000
Description of change			
Liabilities			
- Claim liabilities	316,768	63,251	380,019
- Premium liabilities	184,205	58,387	242,592
- Insurance payables	-	40,038	40,038
- Trade payables	23,205	(23,152)	53

(c) Adoption of FRS 139 – Financial Instruments – Recognition and Measurement

The adoption of FRS 139 has resulted in changes to the accounting policies relating to recognition and measurement of the Group's financial instruments as follows:

(i) FRS 139 requires the classification and measurement of its financial instruments into the following categories:

Financial assets

1) Held-for-Trading (HFT) - measured at fair value

2) Held-to-Maturity (HTM) - measured at amortised cost less impairment (if any)

3) Loans and Receivables (L&R) - measured at amortised cost less impairment (if any)

4) Available-for-Sale (AFS) - measured at fair value less impairment (if any)

The Group has classified its financial assets into HTM, AFS and Loans and Receivables, as appropriate.

Financial liabilities

1) Financial liabilities at fair value through profit or loss (Financial liabilities at FVTPL) - measured at fair value

2) Other financial liabilities - measured at amortised cost

The Group's financial liabilities comprise trade and other payables, and borrowings which are measured at amortised cost.

A1. Basis of Preparation (Cont'd.)

(c) Adoption of FRS 139 – Financial Instruments – Recognition and Measurement (Cont'd.)

(ii) The significant changes in classification and consequential accounting for the Group's financial instruments for the quarter ended 31 December 2010 are as follows:

- Malaysian Government Securities and Cagamas Bonds

Prior to 1 October 2010, Malaysian Government Securities and Cagamas Bonds were initially measured at cost plus transaction costs that are directly attributable to their acquisition and were subsequently measured at amortised cost using effective interest method, less any impairment losses.

With the adoption of FRS 139, Malaysian Government Securities and Cagamas Bonds are now classified as Held-To-Maturity securities. These securities are still initially measured at cost plus transaction costs that are directly attributable to their acquisition and subsequently measured at amortised cost using effective interest method, less any impairment losses.

- Islamic Corporate Bonds

Prior to 1 October 2010, Islamic Corporate Bonds were initially measured at cost plus transaction costs that are directly attributable to their acquisition and were subsequently measured at amortised cost using effective interest method, less any impairment losses.

With the adoption of FRS 139, Islamic Corporate Bonds are now classified as AFS securities and are initially measured at fair value plus transaction costs that are directly attributable to their acquisition. After initial recognition, these securities are measured at their fair values. Fair value gains or losses of these securities are recognised in AFS reserve in the statement of changes in equity, except for impairment losses and foreign exchange gains and losses arising from monetary items which are recognised in the income statement accordingly. The cumulative gains or losses previously recognised in equity are reclassified into the income statement when these securities are derecognised.

A1. Basis of Preparation (Cont'd.)

(c) Adoption of FRS 139 – Financial Instruments – Recognition and Measurement (Cont'd.)

- Quoted securities and unit trusts

Prior to 1 October 2010, quoted securities and unit trusts were stated at the lower of cost and market value determined on an aggregate portfolio basis by category except that if diminution in value of an investment is considered permanent, allowance for such diminution was then made accordingly.

With the adoption of FRS 139, quoted securities and unit trusts are now classified as AFS securities and are initially measured at fair value plus transaction costs that are directly attributable to their acquisition. After initial recognition, these securities are measured at their fair values. Fair value gains or losses of these securities are recognised in AFS reserve in the statement of changes in equity, except for impairment losses and foreign exchange gains and losses arising from monetary items which are recognised in the income statement accordingly. The cumulative gains or losses previously recognised in equity is reclassified into the income statement when these securities are derecognised.

- Long term quoted investments and club membership

Prior to 1 October 2010, long term quoted investments and club membership were stated at cost less any impairment losses.

With the adoption of FRS 139, long term quoted investments and club membership are now classified as AFS securities and are initially measured at fair value plus transaction costs that are directly attributable to their acquisition. After initial recognition, these securities are measured at their fair values. Fair value gains or losses of these securities are recognised in AFS reserve in the statement of changes in equity, except for impairment losses and foreign exchange gains and losses arising from monetary items which are recognised in the income statement accordingly. The cumulative gain or loss previously recognised in equity is reclassified into the income statement when these securities are derecognised.

A1. Basis of Preparation (Cont'd.)

(c) Adoption of FRS 139 – Financial Instruments – Recognition and Measurement (Cont'd.)

- Loans and Receivables

Prior to 1 October 2010, loans and receivables were stated at anticipated realisable values, less specific allowance for doubtful debts. Specific allowances were made for doubtful debts that had been individually reviewed and specifically identified as bad or doubtful.

With the adoption of FRS 139, loans and receivables are still classified as "Loans and Receivables". However, these loans and receivables are now initially measured at cost plus transaction costs that are attributable to their acquisition and subsequently measured at amortised cost using the effective interest method. Gains or losses are recognised in the income statement when the receivables are derecognised or impaired, as well as through the amortisation process. Specific allowances based on individual assessment are established when the present values of future recoverable cash flows for impaired receivables are lower than the carrying values of the said receivables. Subsequent to individual assessment, the unimpaired receivables are then assessed on a collective basis for impairment based on historical and expected loss rates of borrowers.

The Loans and Receivables of the Group also include insurance receivables which are under the purview of FRS 4. The basis of measurement is similar to that of FRS 139 above.

- Trade and other payables

Prior to 1 October 2010, trade and other payables were stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

With the adoption of FRS 139, trade and other payables are still classified as "Trade and Other Payables". However, these trade and other payables are now initially measured at cost net of transaction costs and subsequently measured at amortised cost using effective interest method. Gains or losses are recognised in the income statement when the payables are derecognised, as well as through the amortisation process.

The "Trade and Other Payables" of the Group also include insurance payables which are under the purview of FRS 4. The basis of measurement is similar to that of FRS 139 above.

A1. Basis of Preparation (Cont'd.)

(c) Adoption of FRS 139 – Financial Instruments – Recognition and Measurement (Cont'd.)

- Borrowings

Prior to 1 October 2010, borrowings were recorded at the amount of proceeds received. Borrowing costs were recognised as an expense in the income statement in the period in which they were incurred

With the adoption of FRS 139, borrowings are still classified as "borrowings". However, these borrowings are now initially measured at cost net of transaction costs and subsequently measured at amortised cost using the effective interest method. Gains or losses are recognised in the income statement when the borrowings are derecognised, as well as through the amortisation process.

In accordance with the transitional provisions of FRS 139, the changes are applied prospectively by restating the opening accumulated losses as at 1 October 2010 and creation of a new AFS reserve as disclosed below:

The effects to the consolidated statement of financial position as at 1 October 2010 are as follows:

	Previously stated	Increase/ (decrease)	Restated
Group	RM'000	RM'000	RM'000
Accumulated losses	(2,019)	(8,572)	(10,591)
- Reversal of allowance for diminution in value of investment securities		18,174	
- Gain on disposal of investment securities		307	
- Impairment loss of AFS securities		(26,463)	
- Income tax expense		(590)	
AFS Reserves	-	(1,741)	(1,741)
- Changes in fair value of AFS securities		(2,323)	
- Deferred tax		582	

A1. Basis of Preparation (Cont'd.)

(c) Adoption of FRS 139 – Financial Instruments – Recognition and Measurement (Cont'd.)

The effects to the consolidated statement of financial position as at 1 October 2010 are as follows (Cont'd.):

	Previously stated	Increase/ (decrease)	Restated
Group	RM'000	RM'000	RM'000
Investments	662,781	(662,781)	-
- AFS Securities		(50,316)	
- HTM Securities		(70,376)	
- Deposits and Placements with Licensed financial institutions		(542,089)	
AFS Securities	-	40,010	40,010
- Reclassified from investments		50,316	
- Impairment loss of AFS securities		(10,342)	
- Changes in fair value of AFS securities		36	
HTM Securities	-	70,376	70,376
- Reclassified from investments		70,376	
Deposits and Placements with Licensed financial institutions	715	542,089	542,804
- Reclassified from investments		542,089	

A1. Basis of Preparation (Cont'd.)

FRS Yet To Be Effective

The Group has not adopted the following FRSs, Amendments to FRSs and Issues Committee ("IC") Interpretations which have been issued but are not yet effective:

Effective for financial periods beginning on or after 1 January 2011

Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 7	Improving Disclosures about Financial Instruments

Amendments to FRSs contained in the document entitled "Improvements to FRSs (2010)"

IC Interpretation 4	Determining whether an Arrangement contains a Lease
IC Interpretation 18	Transfers of Assets from Customers

Effective for financial periods beginning on or after 1 July 2011

IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments

Prepayments of a Minimum Funding Requirement (Amendments to IC Interpretation 14)

Effective for financial periods beginning on or after 1 January 2012

FRS 124	Related Party Disclosure
Amendment to IC Interpretation 15	Agreements for the Construction of Real Estate

FRSs 128, 131 and IC Interpretation 13 contained in the document entitled "Improvements to FRSs (2010)" (effective for financial periods on or after 1 January 2011), Amendments to IC Interpretation 14 (effective for financial periods on or after 1 July 2011) and Amendment to IC Interpretation 15 (effective for financial periods on or after 1 January 2012) are not applicable to the Group.

The adoption of the other new/revised FRSs, Amendments to FRSs and IC Interpretations will not have any significant impact on the financial statements of the Group.

A2. Audit Qualification of the Preceding Annual Financial Statements

There was no qualification in the audit report of the preceding annual financial statements of the Group.

A3. Seasonality or Cyclicality of Operations

The businesses of the Group are not subject to seasonal or cyclical fluctuations.

A4. Material Unusual Items

There were no material unusual items that affect the assets, liabilities, equity, net income or cash flows of the Group except for changes as disclosed in Note A1.

During the quarter ended 31 December 2010, the Company obtained a term loan of USD23 million (equivalent to RM71 million) secured by a charge over the shares of the insurance subsidiary at an interest rate based on LIBOR + 3.75% p.a. The term loan is for a period of 18 months. The said loan has been used to subscribe for Tier 2 capital in the insurance subsidiary which will enhance its capital to a level in excess of BNM's requirement.

A5. Change in Estimates

There were no changes in estimates of amounts reported in prior periods that have a material effect in the quarter ended 31 December 2010 except for those arising from the adoption of FRSs, Amendments to FRSs and Issues Committee ("IC") Interpretations as disclosed in Note A1.

A6. Issuances, Cancellations, Repurchases, Resale and Repayments of Debts and Equity Securities

(i) Issuance of shares

During the quarter ended 31 December 2010, the Company increased its issued and paid-up share capital from RM115,422,000 to RM122,910,000 by way of:

	Number of Share '000	Exercise Price RM	Share Capital RM '000	Share Premium RM '000	Total RM '000
Issuance of ordinary shares at RM0.50 each pursuant to the Proposed Private Placement	14,550	-	7,275	7,129	14,404
Issuance of ordinary shares at RM0.50 each pursuant to the Company's Employee Share Option Scheme ("ESOS")	425	0.64 - 0.83	213	80	293
			7,488	7,209	14,697

All the abovementioned ordinary shares rank pari passu with the then existing ordinary shares of the Company.

(ii) Share buy-back

On 10 March 2010, the shareholders of the Company renewed their approval for the Company's plan to purchase its own ordinary shares.

During the quarter ended 31 December 2010, the Company purchased 1,000 of its issued ordinary shares of RM0.50 each fully paid from the open market at a price of RM0.83 per share for a total consideration of RM836. The purchase was financed by internally generated funds. These shares are held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Of the total 245,819,000 issued and fully paid ordinary shares as at 31 December 2010, 1,000 (RM836) are held as treasury shares by the Company. The number of outstanding ordinary shares in issue and fully paid are therefore 245,818,000 ordinary shares of RM0.50 each.

(iii) There were no:
- issuances or repayments of debt securities.
- shares cancelled.

A7. Dividends Paid

No dividend has been paid in respect of the quarter ended 31 December 2010.

A8. Segment Information

Year To Date 31 December 2010	Insurance RM'000	Information Technology RM'000	Investment Holding RM'000	Money Lending RM'000	Others RM'000	Elimination RM'000	Group RM'000
REVENUE							
External sales	113,543	1,182	-	5	-	-	114,730
Inter-segment sales	64	2,257	953	93	2	(3,369)	-
Total segment revenue	113,607	3,439	953	98	2	(3,369)	114,730
RESULTS							
Segment profit before tax after accounting for :	16,249	(797)	(1,798)	69	(9)	261	13,975
Interest income	-	4	-	1	-	-	5
Finance cost	(95)	(196)	(640)	-	-	329	(602)
Depreciation	(233)	(143)	(19)	-	-	21	(374)
Amortisation	(10)	(31)	(1)	-	-	-	(42)
Other non cash items	(2,373)	136	56	2	-	-	(2,179)

A9. Valuation of Property, Plant and Equipment Brought Forward

The valuations of freehold land and buildings and leasehold buildings classified as property, plant and equipment have been brought forward without any amendments from the preceding year's audited financial statements.

In accordance with the accounting policy of the Group, valuation of freehold land and buildings and leasehold buildings are performed once in every five years or earlier if the carrying values of the said revalued properties are materially higher than their market values.

A10. Material Events Subsequent to End of Reporting Period

There were no material events subsequent to the end of the period reported up to 16 February 2011 except for the declaration of the first interim dividend as disclosed in Note B12.

A11. Effect of Changes in Composition of the Group

There were no changes in the composition of the Group for the quarter ended 31 December 2010.

A12. Changes in Contingent Assets and Contingent Liabilities

The Group does not have any contingent assets since the last annual balance sheet date.

Details of the Group's contingent liabilities are as follows:

	Year To Date	
	31.12.2010	31.12.2009
	RM'000	RM'000
Performance guarantees - secured	267	228

A13. Significant Related Party Transactions

There were no significant related party transactions during the period under review.

A14. Capital Commitments

The amount of capital commitments for the purchase of property, plant and equipment and intangible asset is as follows:

	Group	
	Year To Date	
	31.12.2010	31.12.2009
	RM'000	RM'000
Approved and contracted for	175	-

A15. Risk-Based Capital Framework of the Insurance Subsidiary

As at 31 December 2010, the insurance subsidiary has met the supervisory target capital level as stipulated in the RBC Framework.

B. Additional Notes Pursuant To The Main Market Listing Requirements of BMSB For The Three Months Ended 31 December 2010

B1. Review of Results

Current Quarter/Year to Date

Group revenue was RM114,730,000 compared to RM115,514,000 in the corresponding quarter of the last financial year. The decrease was mainly attributable to lower gross premium recorded by the insurance subsidiary. Profit before tax of RM13,975,000 was reported compared to pre-tax loss of RM27,495,000 in the corresponding quarter of the last financial year. This was mainly attributable to lower net claims incurred during the current quarter as compared to that in the corresponding quarter of the last financial year, recorded at the insurance subsidiary.

B2. Comparison With Preceding Quarter's Results

Group revenue of RM114,730,000 was lower than the RM118,309,000 reported in the preceding quarter. This was mainly attributable to lower gross premium recorded by the insurance subsidiary. Profit before tax of RM13,975,000 was lower compared to the pre-tax profit of RM26,882,000 in the preceding quarter due mainly to higher net claims incurred during the current quarter as compared to that in the preceding quarter, recorded at the insurance subsidiary.

B3. Current Year Prospects

The fiscal crisis in Europe continues to impact upon the uncertainties in the global financial markets exacerbated by the Middle East crisis impeding the speed of global economy recovery. However, notwithstanding the adverse impact arising from such uncertainties and barring any unforeseen circumstances, the Board expects the Group's performance for the current financial year to be better than that of the previous year.

B4. Profit Forecast and Profit Guarantee

No forecast has been issued by the Group for the quarter ended 31 December 2010.

B5. Taxation

The taxation figures include the following:

	1st Quarter Ended 31.12.2010 RM'000
Income tax:	
Current year's provision	
- Malaysian tax	4,688
Deferred tax:	
- Transfer from deferred taxation	(319)
	4,369

The effective rates of taxation of the Group for the quarter and year to date are higher than the statutory rate of taxation principally due to certain expenses which are not deductible for tax purposes.

B6. Sale of Unquoted Investments and Property

	1st Quarter Ended 31.12.2010 RM'000
Gain /(loss) on disposal of property	-
Loss on disposal of unquoted investments	(25)

B7. Quoted Investments*

	1st Quarter Ended 31.12.2010 RM'000
Total purchase consideration	-
Total sales proceeds	-
Total profit on sale	-

	As at 31.12.2010 RM'000
Value of investments in quoted shares:	
- at cost	19,945
- at book value	9,318
- at market value	9,318

* Excludes purchase and sales of investments held by the insurance subsidiary.

B8. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 9 February 2011.

B9. Group Borrowings*

	As At 31.12.2010 RM'000
Long term	
a. Secured	1,198
b. Unsecured	-
Short term	
a. Secured	991
b. Unsecured	32,554
Foreign currency borrowings	
Long term	
a. Secured (Denominated in USD)	70,261

*Includes hire purchase creditors of RM1,690,000 of which RM1,198,000 is long term.

B10. Financial Instruments With Off-Balance Sheet Risk

As at 31 December 2010 the Group had no financial instruments with off-balance sheet risk.

B11. Material Litigation

As at 31 December 2010 there was no material litigation against the Group other than those arising in the normal course of the insurance subsidiary's business.

B12. Dividend

No dividend has been declared in respect of the period under review (previous corresponding period: Nil).

On 28 January 2011, the Board of Directors had declared a first interim dividend of 0.60 sen per share less 25% tax in respect of the current financial year ending 30 September 2011 which is payable on 28 February 2011.

B13. Earnings/(loss) Per Share

		Quarter/Year To Date	
		31.12.2010	31.12.2009*
Profit/(loss) for the period (A)	(RM'000)	9,606	(21,352)
Weighted average number of ordinary shares in issue (B)	('000)	242,699	216,904
Weighted average number of ordinary shares for diluted earnings per share (C)	('000)	242,853	216,904
Earnings/(loss) per share:			
Basic (A÷B)	(sen)	3.96	(9.84)
Diluted (A÷C)	(sen)	3.96	(9.84)

<u>Note:</u>

Weighted average number of ordinary shares in issue	('000)	242,699	216,904
Assumed exercise of share options	('000)	154	-
Weighted average number of ordinary shares for diluted earnings per share (C)	('000)	242,853	216,904

* Computed based on the enlarged number of issued and fully paid up ordinary shares (net of treasury shares) of RM0.50 each after the share split exercise.

B14. Disclosure of Realised and Unrealised Profits/(Losses)

	As at Quarter Ended 31 December 2010 RM’000	As at End of Last Financial Year Ended 30 September 2010 RM’000
Total accumulated losses of the Group:		
- Realised	(820)	14,275
- Unrealised	(165)	(16,294)
Total accumulated losses as per statement of financial position of the Group	(985)	(2,109)

BY ORDER OF THE BOARD
SOO HAN YEE
YONG KIM FATT
Company Secretaries
Kuala Lumpur

16 February 2011