A. Notes To The Interim Financial Report For The Nine Months Ended 30 June 2013

A1. First-time adoption of Malaysian Financial Reporting Standards ("MFRS")

The condensed consolidated interim financial statements for the period ended 30 June 2013 have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The condensed consolidated interim financial statements also comply with International Accounting Standard 34: Interim Financial Reporting issued by the International Accounting Standards Board ("IASB"). For the periods up to and including the year ended 30 September 2012, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

As the condensed consolidated interim financial statements for the period ended 30 June 2013 covered part of the Group's first MFRS annual financial statements, MFRS1: First-time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

The MFRSs are effective for the Group from 1 October 2012 and the date of transition to the MFRS framework is 1 October 2011. At the transition date, the Group reviewed its accounting policies and considered the transitional options available under MFRS 1. The impact of the transition from FRS to MFRS is described in Note A2 (i) below.

A2. Significant Accounting Policies

The audited financial statements of the Group for the year ended 30 September 2012 were prepared in accordance with FRS. As the requirements under FRS and MFRS are similar, the significant accounting policies adopted in preparing this condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 30 September 2012 except for the following:

i) Application of MFRS 1

- Foreign Currency Translation Reserve

  Under FRS, the Group recognised translation differences on foreign operations as a separate component of equity. Upon the adoption of MFRS 1, cumulative foreign currency translation differences for all foreign operations are deemed to be zero as at the date of transition to MFRS.

  Accordingly, at the date of transition to MFRS, the cumulative foreign currency translation differences of RM1,043,000 (30 June 2012: RM1,043,000; 30 September 2012: RM1,043,000) were transferred to retained profits.

A2. Significant Accounting Policies (Cont'd.)

The reconciliations of equity reported in accordance with FRS with that reported in accordance with MFRS are provided below:

Reconciliation of equity as at 1 October 2011

Group

Description of change	FRS as at 1 October 2011 RM'000	Effect of adopting MFRS 1 RM'000	MFRS as at 1 October 2011 RM'000
Translation reserve	1,043	(1,043)	-
Retained profits	24,212	1,043	25,255

Reconciliation of equity as at 30 June 2012

Group

Description of change	FRS as at 30 June 2012 RM'000	Effect of adopting MFRS 1 RM'000	MFRS as at 30 June 2012 RM'000
Translation reserve	1,139	(1,043)	96
Retained profits	32,612	1,043	33,655

Reconciliation of equity as at 30 September 2012

Group

Description of change	FRS as at 30 September 2012 RM'000	Effect of adopting MFRS 1 RM'000	MFRS as at 30 September 2012 RM'000
Translation reserve	2,316	(1,043)	1,273
Retained profits	47,487	1,043	48,530

A2. Significant Accounting Policies (Cont'd)

ii) Adoption of the following revised MFRSs and Amendments to MFRSs:

Effective for financial periods beginning on or after 1 January 2012

MFRS 124	Related Party Disclosures (revised)
Amendments to MFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First Time Adopters
Amendments to MFRS 7	Disclosures – Transfer of Financial Assets
Amendments to MFRS 112	Deferred Tax – Recovery of Underlying Assets

Effective for financial periods beginning on or after 1 July 2012

Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income

Other than the implications as disclosed below, the adoption of the above revised MFRSs and Amendments to MFRSs did not have any significant impact on the financial statements of the Group.

- Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income

  Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income requires entities to separate items presented as other comprehensive income in the statement of other comprehensive income into two groups, based on whether or not they may be reclassified to income statement in the future.

  The Group has complied with the above requirement in these interim financial statements. As the amendment affects presentation only, there is no impact to the Group's financial position or performance.

A3. MFRSs, Amendments to MFRSs and Issues Committee ("IC") Interpretations yet to be Effective

The Group has not adopted the following MFRSs, Amendments to MFRSs and IC Interpretations which have been issued but are not yet effective:

Effective for financial periods beginning on or after 1 January 2013

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (revised)
MFRS 127	Consolidated and Separate Financial Statements (revised)
MFRS 128	Investments in Associates and Joint Ventures (revised)
Amendments to MFRS 1	First-time Adoption to MFRS 1 – Government Loans
Amendments to MFRS 7	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10	Consolidated Financial Statements: Transition Guidance
Amendments to MFRS 11	Joint Arrangements: Transition Guidance
Amendments to MFRS 12	Disclosure of Interest in Other Entities: Transition Guidance
Annual Improvements to IC Interpretation and MFRSs 2009 – 2011 Cycle	
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine

Effective for financial periods beginning on or after 1 January 2014

Amendments to MFRS 10	Consolidated Financial Statements: Investment Entities
Amendments to MFRS 12	Disclosure of Interest in Other Entities: Investment Entities
Amendments to MFRS 127	Consolidated and Separate Financial Statements: Investment Entities
Amendments to MFRS 132	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities

A3. MFRSs, Amendments to MFRSs and Issues Committee ("IC") Interpretations yet to be Effective (Cont'd.)

Effective for financial periods beginning on or after 1 January 2015

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)
Amendments to MFRS 9	Mandatory Effective Date of MFRS 9 and Transition Disclosures (Amendments to MFRS 9 (IFRS 9 issued by IASB in November 2009), MFRS 9 (IFRS 9 issued by IASB in October 2010) and MFRS 7)

Other than the implications as disclosed below, the adoption of the above MFRSs and Amendments to MFRSs stated above is not expected to result in significant financial impact to the Group.

MFRSs 11, 128, Amendments MFRSs 1, 11 and IC Interpretation 20 and IC Interpretation 2 contained in "Annual Improvements 2009 –2011 Cycle" (effective for financial periods on or after 1 January 2013) and Amendments to MFRSs 10, 12 and 127 (effective for financial periods on or after 1 January 2014) are not applicable to the Group.

(a) MFRS 9: Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, Financial Instruments: Recognition and Measurement on classification and measurement of financial assets. Upon adoption of MFRS 9, all financial assets will be measured at either fair value or amortised cost.

The Group is currently assessing the financial impact of adopting MFRS 9.

(b) MFRS 13: Fair Value Measurement

MFRS 13, Fair Value Measurement establishes the principles for fair value measurement and replaces the existing guidance in different MFRSs. The Group is currently assessing the financial impact of adopting MFRS 13.

A4. 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.

A5. Seasonality or Cyclicality of Operations

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

A6. Unusual Items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items that affected the assets, liabilities, equity, net income or cash flows of the Group for the period under review except for those disclosed in Note A12.

A7. Change in Estimates

There were no changes in estimates of amounts reported in prior periods that have a material effect in the period under review.

A8. Issuances, Repurchases, Resale and Repayments of Debts and Equity Securities

(i) Issuance of shares

There was no new issuance of ordinary shares.

(ii) Share buy-back

On 6 March 2013, the shareholders approved the renewal of the Company's plan to purchase its own ordinary shares.

During the period ended 30 June 2013, the Company purchased 1,063,000 of its issued ordinary shares of RM0.50 each fully paid from the open market at an average price of RM1.32 per share for a total consideration of RM1,400,932. 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 245,954,000 issued and fully paid ordinary shares of RM0.50 each as at 30 June 2013, 2,667,000 (RM2,864,603) are held as treasury shares by the Company. The number of outstanding ordinary shares in issue and fully paid are therefore 243,287,000 ordinary shares of RM0.50 each.

(iii) There were no issuances or repayments of debt securities during the period ended other than issuance of Sub Notes as disclosed in Note B8.

A9. Dividends Paid

In respect of financial year ended 30 September 2012:

(i) A sixth interim dividend of 1.00 sen per share less tax at 25% amounting to RM1,833,000 was paid on 28 November 2012.

In respect of financial year ending 30 September 2013:

(i) A first interim dividend of 2.50 sen per share less tax at 25% amounting to RM4,581,000 was paid on 31 December 2012.

(ii) A second interim dividend of 1.20 sen per share less tax at 25% amounting to RM2,192,000 was paid on 8 March 2013.

(iii) A third interim dividend of 1.20 sen per share less tax at 25% amounting to RM2,192,000 was paid on 10 May 2013.

(iv) A special dividend of (a) 15.17 sen per share less tax at 25% and (b) tax exempt dividend of 3.82 sen per share, totalling RM37,013,000 was paid on 25 June 2013.

A10. Segment Information

Year To Date 30 June 2013	Insurance RM'000	Information Technology RM'000	Investment Holding RM'000	Others RM'000	Adjustments Consolidation RM'000	Adjustments Other RM'000	Group RM'000
REVENUE							
External sales	410,213	5,214	969	7	-	-	416,403
Inter-segment sales	192	10,209	63,022	213	(73,636)		-
Total segment Revenue	410,405	15,423	63,991	220	(73,636)	-	416,403
RESULTS							
Segment profit before tax after accounting for :	47,160	(397)	288,452	425	(118,934)	(173,559) #	43,147
Interest income	-	16	-	9	-	-	25
Finance cost	(4,117)	(717)	(3,128)	-	2,874	-	(5,088)
Depreciation	(804)	(369)	(85)	-	25	-	(1,233)
Amortisation	(38)	(142)	(6)	-	12	-	(174)
Other non cash items	(2,440)	(704)	(796)	(335)	-	-	(4,275)

The Group's gain in divestment of a subsidiary amounting to RM173,559,000 was reflected in the Group's retained profits as disclosed in the Condensed Consolidated Statements of Changes in Equity, in accordance with MFRS 127 – Consolidated and Separate Financial Statements.

A11. Material Events Subsequent to End of Reporting Period

There were no material events subsequent to the end of the period reported up to 28 August 2013.

A12. Effect of Changes in Composition of the Group

There were no changes in the composition of the Group for the period ended 30 June 2013 except for the following:

(i) The divestment of 49% equity interest in Pacific & Orient Insurance Co. Berhad to Sanlam Emerging Markets Proprietary Limited for a cash consideration of RM270,000,000 which had been completed on 17 May 2013 and

(ii) The incorporation of a new wholly-owned subsidiary company, Pacific & Orient Properties Limited ("POPL") in England on 7 May 2013, with a paid-up share capital of GBP 5 comprising 5 ordinary shares of GBP 1 each. The intended principal business of POPL is investment, development and dealings in property.

The incorporation of POPL does not have any material effect on the net assets, gearing and earnings of the Group for the current financial year ending 30 September 2013.

A13. Changes in Contingent Assets and Contingent Liabilities

The Group does not have any contingent assets since financial year ended 30 September 2012.

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

	Year To Date	
	30.06.2013	30.06.2012
	RM'000	RM'000
Performance guarantees - secured	259	245

A14. Capital Commitments

There are no capital commitments for the purchase of property, plant and equipment and intangible asset (either approved and contracted for or approved but not contracted for) as at 30 June 2013 and 30 June 2012.

A15. Risk-Based Capital Framework of the Insurance Subsidiary

As at 30 June 2013, the insurance subsidiary has a capital adequacy ratio in excess of the minimum requirement as stipulated in the RBC Framework.

B. Additional Notes Pursuant To The Main Market Listing Requirements of BMSB For The Nine Months Ended 30 June 2013

B1. Review of Results

Current Quarter

Group revenue was RM134,304,000 compared to RM134,348,000 in the corresponding quarter of the last financial year. Profit before tax of RM11,689,000 was reported compared to RM20,232,000 in the corresponding quarter of the last financial year.

Insurance segment – Revenue decreased by RM1,242,000 for the current quarter compared to the corresponding quarter of the last financial year. The decrease in revenue was primarily due to lower gross premium. Pre-tax profit decreased by RM11,302,000 for the current quarter compared to the corresponding quarter of the last financial year. This was largely due to lower underwriting results arising from higher net commission paid in the current quarter. In the corresponding quarter of the last financial year, the net commission paid was at a substantially lower level than normal due to commission earned from reinsurers. Commission earned from reinsurers are netted off from commission paid to arrive at net commission paid in the income statement.

Information technology (IT) segment - Revenue increased by RM283,000 for the current quarter compared to the corresponding quarter of the last financial year, principally due to the increase in software sales. However, pre-tax loss increased by RM603,000 for the current quarter compared to the corresponding quarter of the last financial year, largely due to the increase in operating costs and the decrease in unrealised foreign exchange gain.

B1. Review of Results (Cont'd.)

<u>Year to Date</u>

Group revenue was RM416,403,000 compared to RM416,850,000 in the corresponding period of the last financial year. Profit before tax of RM43,147,000 was reported compared to RM25,306,000 in the corresponding period of the last financial year.

Insurance segment – Revenue decreased by RM2,769,000 for the current period compared to the corresponding period of the last financial year. The decrease in revenue was primarily due to lower gross premium. However, pre-tax profit increased by RM12,587,000 for the current period compared to the corresponding period of the last financial year. This was largely due to lower allowance for impairment of insurance receivables for the current period compared to a one-off impairment loss arising from the commutation of a reinsurance contract with a reinsurer in the corresponding period of the last financial year.

Information technology (IT) segment - Revenue increased by RM1,408,000 for the current period compared to the corresponding period of the last financial year, principally due to the increase in software sales and IT consultation revenue. Pre-tax profit increased by RM862,000 for the current period compared to the corresponding period of the last financial year, largely due to the increase in revenue coupled with the increase in unrealised foreign exchange gain.

B2. Comparison With Immediate Preceding Quarter's Results

Group revenue of RM134,304,000 was higher than RM159,543,000 reported in the immediate preceding quarter. Profit before tax of RM11,689,000 was reported compared to RM18,990,000 in the immediate preceding quarter.

Insurance segment – Revenue decreased by RM26,187,000 for the current quarter compared to the immediate preceding quarter. This was mainly attributable to lower gross premium. Profit before tax decreased by RM8,279,000 for the current quarter compared to the immediate preceding quarter mainly attributable to lower underwriting results during the current quarter.

IT segment – Revenue increased by RM19,000 for the current quarter compared to the immediate preceding quarter. This was mainly attributable to higher software and hardware sales. However, pre-tax loss increased by RM1,013,000 for the current quarter compared to the immediate preceding quarter, primarily due to the increase in unrealised foreign exchange loss.

B3. Current Year Prospects

The global financial market sentiments continue to be volatile. The performance of the local financial markets is expected to move in tandem with the developments of the overseas financial markets.

The Malaysian insurance business environment continues to be competitive and challenging, mainly due to the consolidation of the insurance industry and keen competition. With the continuing emphasis of profitable business, the Board expects the performance of the insurance segment for the remaining period of the current financial year to be satisfactory.

The IT segment remains extremely competitive. Nevertheless, amid this environment, the IT segment is expected to maintain a steady trend in its long term growth with continued focus in providing quick and attentive service to retain its major clients.

In view of the above and barring unforeseen circumstances, the Board expects the Group's performance for the remaining period of the current financial year to be satisfactory.

B4. Profit Forecast and Profit Guarantee

No forecast has been issued by the Group for the period ended 30 June 2013.

B5. Taxation

The taxation figures include the following:

	Quarter Ended 30.06.2013 RM'000	Year to Date 30.06.2013 RM'000
Income tax:		
Current year's provision		
- Malaysian tax	2,093	8,972
- Foreign tax	-	26
- Under provision in prior years	428	428
	2,521	9,426
Deferred tax:		
- Transfer to deferred taxation	1,185	3,333
- Under provision in prior years	(94)	(94)
	3,612	12,665

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

B6. Status of Corporate Proposal

As at 28 August 2013 there were no corporate proposals announced but not completed.

B7. Status of utilisation of proceeds

The divestment of 49% of the Company's equity interest in Pacific & Orient Insurance Co. Berhad ("POI") to Sanlam Emerging Markets Properietary Limited, for a cash consideration of RM270,000,000 was completed on 17 May 2013.

As at 30 June 2013, the Company had utilised the proceeds from the divestment as follows: -

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation RM'000	Deviation RM'000	Deviation %
Payment of special dividend	37,000	37,013	Within 3 months	(13)	(0.04)
Repayment of bank borrowings (1)	48,000	36,000	Within 3 months	12,000	25.00
Investments to be identified (2)	150,000	-	Within 24 months	150,000	100.00
Working capital (3)	28,300	658	Within 24 months	27,642	97.67
Defraying expenses incidental to the Divestment	6,700	748	Within 3 months	5,952	88.84
	270,000	74,419		195,581	

Note:

(1) Partial repayment of bank borrowings had been made. Balance of the outstanding bank borrowings to be repaid on their respective due dates.

(2) The Board is still actively exploring and identifying investment opportunities for the Group.

(3) Working capital is for the Group's operating and administrative expenses.

B8. Group Borrowings*

	As At 30.06.2013 RM'000
Long term	
a. Secured	1,092
b. Unsecured [1]	33,539
Short term	
a. Secured	1,114
b. Unsecured	12,000
Foreign currency borrowings	-

* Includes hire purchase creditors of RM1,706,000 of which RM1,092,000 is long term and RM614,000 is short term.

(1) Long term unsecured borrowings relate to Sub Notes with nominal value of RM35,000,000 net of discount and transaction costs, issued by the insurance subsidiary company to a third party.

B9. Material Litigation

As at 30 June 2013 there was no material litigation against the Group other than those arising in the normal course of the insurance subsidiary's business.

B10. Dividends Declared

(i) A third interim dividend of 1.20 sen per share less tax at 25% was declared on 10 April 2013 in respect of the current financial year, paid on 10 May 2013.

(ii) A special dividend in respect of the current financial year was declared on 22 May 2013 in respect of the current financial year, paid on 25 June 2013, comprising the following:

(a) 15.17 sen per share less tax at 25% and
(b) Tax exempt dividend of 3.82 sen per share

(previous corresponding quarter: 1.30 sen per share less tax at 25%)

The total dividend for the current financial year to date (nine months to 30 June 2013) was 23.89 sen per share (comprising 20.07 sen per share less tax at 25% and tax exempt dividend of 3.82 sen per share). (nine months to 30 June 2012: 4.40 sen per share less tax at 25%.)

Note: The Board of Directors had on 19 July 2013 declared a fourth interim single tier dividend of RM0.008 per share in respect of the current financial year, paid on 21 August 2013.

B11. Earnings Per Share

		Quarter Ended		Year To Date	
		30.06.2013	30.06.2012	30.06.2013	30.06.2012
Profit for the period (A)	(RM'000)	5,382	14,430	27,787	16,492
Weighted average number of ordinary shares in issue (B)	('000)	243,460	244,639	243,826	245,300
Earnings per share:					
Basic (A÷B)	(sen)	2.21	5.90	11.40	6.72

There were no dilutive potential ordinary shares as at the end of the reporting period.

B12. Profit For The Period

	Quarter Ended 30.06.2013 RM'000	Year To Date 30.06.2013 RM'000
Profit for the period is arrived at after charging:		
Interest expense	1,195	4,931
Depreciation of property, plant and equipment	412	1,233
Amortisation of intangible assets	59	171
Amortisation of prepaid land lease payments	1	3
Impairment loss on available-for-sale financial assets	-	467
(Write back of)/allowance for impairment of insurance receivables	(58)	470
Loss on disposal of property, plant and equipment	2	40
and after crediting:		
Other operating income:		
Interest income	13	25
Rental income	2	4
Gain on disposal of quoted investments	291	3,248
Gain on disposal of unquoted investments	199	199
Gain on disposal of investment properties	5	5
Realised and unrealised foreign exchange gain (net)	400	1,546

Other than the above, there were no (i) gain or loss on derivatives and (ii) exceptional items for the current quarter and year to date ended 30 June 2013.

B13. Disclosure of Realised and Unrealised Profits

	As at 30.06.2013 RM'000	As at 30.09.2012 RM'000
Total retained profits of the Group:		
- Realised	255,271	36,445
- Unrealised	848	2,236
	256,119	38,681
Consolidation adjustments	(54,054)	9,849
Total retained profits as per statement of financial position of the Group	202,065	48,530

The determination of realised and unrealised profits is based on Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purpose.

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

28 August 2013