A. Notes To The Condensed Consolidated Interim Financial Statements For The Nine Months Ended 30 June 2016

A1. Basis of Preparation

The condensed consolidated interim financial statements 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").

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 September 2015.

The significant accounting policies adopted by the Group in this condensed consolidated interim financial statements are consistent with those adopted in the audited financial statements for the year ended 30 September 2015.

A2. MFRSs and Amendments to MFRSs yet to be effective

<u>Effective for financial periods beginning on or after 1 January 2016</u>

MFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements to MFRSs 2012 – 2014 Cycle)
MFRS 7	Financial Instruments: Disclosures (Annual Improvements to MFRSs 2012 – 2014 Cycle)
MFRS 14	Regulatory Deferral Accounts
MFRS 119	Employee Benefits (Annual Improvements to MFRSs 2012 – 2014 Cycle)
MFRS 134	Interim Financial Reporting (Annual Improvements to MFRSs 2012 – 2014 Cycle)
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101	Disclosure Initiative

A2. MFRSs and Amendments to MFRSs yet to be effective (Cont'd.)

Effective for financial periods beginning on or after 1 January 2016 (Cont'd.)

Amendments to MFRS 127	Equity Method in Separate Financial Statements

Investment Entities: Applying the Consolidation Exception (Amendments to MFRS 10, MFRS 12 and MFRS 128)

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to MFRS 116 and MFRS 138)

Agriculture: Bearer Plants (Amendments to MFRS 116 and MFRS 141)

Effective for financial periods beginning on or after 1 January 2017

Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to MFRS 107	Disclosure Initiative

Effective for financial periods beginning on or after 1 January 2018

MFRS 9	Financial Instruments (International Financial Reporting Standard ("IFRS") 9 Financial Instruments issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers

Clarifications to MFRS 15 Revenue from Contracts with Customers

Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)

Effective for financial periods beginning on or after 1 January 2019

MFRS 16	Leases

Effective date to be announced by Malaysian Accounting Standard Board

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)

A2. MFRSs and Amendments to MFRSs yet to be effective (Cont'd.)

The adoption of the above MFRSs and Amendments to MFRSs stated above are not expected to result in significant financial impact to the Group, except as disclosed below:

- <u>MFRS 9: Financial Instruments</u>

  MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of MFRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. MFRS 9 when effective will replace MFRS 139.

  The initial application of MFRS 9 in the future may have an impact on the financial statements of the Group. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

- <u>MFRS 15: Revenue from Contracts with Customers</u>

  Under MFRS 15, an entity recognises revenue when a performance obligation is satisfied, which is when the 'control' of the goods and services underlying the particular performance obligation is transferred to the customers.

  The Group is currently assessing the financial impact of adopting MFRS 15.

- <u>MFRS 16: Leases</u>

  MFRS 16 replaces the existing standard on leases, MFRS 117.

  MFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under MFRS 16, lessees are required to recognise all leases in their balance sheets in the form of an asset (for the right of use) and a lease liability (for the payment obligation). Exception is granted for leases which are for a term of 12 months or less or where the underlying lease assets are of low value. For such leases, lessees may elect to expense off the lease payments on a straight line basis over the lease term or using another systematic method.

  MFRS 16 has substantially retained the lessor accounting model in MFRS 117. A lessor still has to classify leases as either finance or operating leases, depending on whether substantially all of the risks and rewards incidental to ownership of the underlying asset have been transferred to the lessee.

  The Group is currently assessing the financial impact of adopting MFRS 16.

A3. 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.

A4. Seasonality or Cyclicality of Operations

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

A5. 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.

A6. 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.

A7. 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 1 March 2016, the shareholders approved the renewal of the Company's plan to purchase its own ordinary shares.

During the period ended 30 June 2016, the Company purchased 220,000 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 RM291,978. 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 2016, 7,168,900 (RM9,162,254) are held as treasury shares by the Company. The number of outstanding ordinary shares in issue and fully paid are therefore 238,785,100 ordinary shares of RM0.50 each.

(iii) There were no issuances or repayments of debt securities during the period ended 30 June 2016.

A8. Segment Information

Year To Date 30 June 2016	Insurance RM'000	Information Technology RM'000	Investment Holding RM'000	Others RM'000	Consolidation adjustments RM'000	Group RM'000
REVENUE						
External sales	274,649	9,038	1,815	2,504	-	288,006
Inter-segment Sales	192	12,884	16,292	7	(29,375)	-
Total segment Revenue	274,841	21,922	18,107	2,511	(29,375)	288,006
RESULTS						
Segment profit	50,237	(4,855)	(10,827)	(2,837)	(6,626)	25,092
Share of losses of associated companies	-	-	-	(648)	-	(648)
Segment profit before tax after accounting for :	50,237	(4,855)	(10,827)	(3,485)	(6,626)	24,444
Interest income	-	88	-	167	-	255
Finance cost	(4,164)	(1,572)	(301)	(3,076)	6,614	(2,499)
Depreciation	(805)	(415)	(139)	(42)	9	(1,392)
Amortisation	(165)	(149)	(9)	(1)	37	(287)
Other non-cash items	(239)	2,743	18,162	771	-	21,437

A9. Material Events Subsequent to End of Reporting Period

There were no material events subsequent to the end of the period reported up to 25 August 2016.

A10. Effect of Changes in Composition of the Group

There were no changes in the composition of the Group for the period ended 30 June 2016 except as disclosed below:

As at first quarter ended 31 December 2015, a wholly owned foreign subsidiary of the Company, Pacific & Orient Properties Ltd. ("POPL"), had invested a total of 28,855 ordinary shares of GBP0.00001 each in Cloudbanter Ltd ("Cloudbanter") for subscription price totalling GBP515,009. The said investment represents 18.43% of the total equity interest in Cloudbanter and was accounted for as an available-for-sale ("AFS") financial asset.

On 12 February 2016, Cloudbanter had re-designated 17,870 ordinary shares held by an employee to deferred shares. Arising from the re-designation of shares, POPL's interest in Cloudbanter has increased from 18.43% to 21.09%. Accordingly, the investment in Cloudbanter was reclassified from AFS financial asset to investment in an associated company in the second quarter ended 31 March 2016.

A11. Changes in Contingent Assets and Contingent Liabilities

The Group does not have any contingent assets since financial year ended 30 September 2015.

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

	Year To Date	
	30.06.2016	30.06.2015
	RM'000	RM'000
Performance guarantees - secured	161	370

A12. 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 2016 and 30 June 2015.

A13. Risk-Based Capital ("RBC") Framework of the Insurance Subsidiary

As at 30 June 2016, 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 Bursa Malaysia For The Nine Months Ended 30 June 2016

B1. Review of Results

Current Quarter

Group revenue was RM89,356,000 compared to RM111,337,000 in the corresponding quarter of the last financial year. Profit before tax of RM11,956,000 was reported compared to pre-tax profit of RM23,235,000 in the corresponding quarter of the last financial year.

Insurance segment – Revenue decreased by RM22,008,000 to RM85,426,000 for the current quarter compared to the corresponding quarter of the last financial year. The decrease in revenue was primarily due to lower gross earned premium. Profit before tax of RM16,015,000 was reported as compared to pre-tax profit of RM23,477,000 in the corresponding quarter of the last financial year. This was largely attributable to lower underwriting results arising from lower earned premium income.

Information technology (IT) segment - Revenue from external parties increased by RM174,000 to RM2,758,000 for the current quarter compared to the corresponding quarter of the last financial year, principally due to higher sales of hardware and rental of equipment and software. Pre-tax loss of RM1,208,000 was reported for the current quarter as compared to pre-tax loss of RM1,823,000 in the corresponding quarter of the last financial year, largely due to unrealised foreign exchange gain of RM738,000 reported in the current quarter as opposed to unrealised foreign exchange loss of RM25,000 in the corresponding quarter of the last financial year.

Year to Date

Group revenue was RM288,006,000 compared to RM360,708,000 in the corresponding period of the last financial year. Profit before tax of RM24,444,000 was reported compared to pre-tax profit of RM17,137,000 in the corresponding period of the last financial year.

Insurance segment – Revenue decreased by RM73,600,000 to RM274,649,000 for the current period compared to the corresponding period of the last financial year. The decrease in revenue was primarily due to lower gross earned premium. However, profit before tax of RM60,455,000 was reported as compared to pre-tax profit of RM13,334,000 in the corresponding period of the last financial year. This was largely attributable to better underwriting results arising from lower net claims incurred.

Information technology (IT) segment - Revenue from external parties increased by RM2,053,000 to RM9,038,000 for the current period compared to the corresponding period of the last financial year, principally due to higher sales of hardware and rental of equipment and software. However, pre-tax loss of RM9,869,000 was reported for the current period as compared to pre-tax loss of RM4,495,000 for the corresponding period of the last financial year, largely due to unrealised foreign exchange loss of RM2,663,000 reported in the current period as opposed to unrealised foreign exchange gain of RM3,217,000 in the corresponding period of the last financial year.

B2. Comparison With Immediate Preceding Quarter's Results

Group revenue was RM89,356,000 compared to RM101,579,000 reported in the immediate preceding quarter. Profit before tax of RM11,956,000 was reported compared to pre-tax profit of RM13,948,000 in the immediate preceding quarter.

Insurance segment – Revenue decreased by RM10,956,000 to RM85,426,000 for the current quarter compared to the immediate preceding quarter. This was mainly attributable to lower gross earned premium. Profit before tax of RM16,015,000 was reported compared to pre-tax profit of RM32,148,000 in the immediate preceding quarter. This was largely attributable to lower underwriting results arising from higher net claims incurred.

IT segment – Revenue from external parties decreased by RM675,000 to RM2,758,000 for the current quarter compared to the immediate preceding quarter. This was mainly attributable to lower sales of hardware. However, pre-tax loss of RM1,208,000 was reported for the current quarter as compared to pre-tax loss of RM3,604,000 reported in the immediate preceding quarter, largely due to the increase in unrealised foreign exchange gain of RM738,000 reported in the current quarter opposed to unrealised foreign exchange loss of RM2,460,000 in the immediate preceding quarter.

B3. Current Year Prospects

Continued volatility in the global financial markets aggravated by the outcome of the Brexit referendum added to the already uncertain outlook for the local financial markets.

The insurance sector continues to be challenging with intense competition amongst the local players. This is further compounded by the weak local consumer sentiment stemming from higher cost of living that has reduced the spending power of consumers. Nevertheless, with the Group's emphasis on 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 also remains extremely competitive. With the Group's focus on maintaining high quality service to its clients and the relationship established with its long term clients, the IT segment is expected to remain stable in its long term growth.

In spite of the challenges faced by the Group 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 2016.

B5. Taxation

The taxation figures include the following:

	Quarter Ended 30.06.2016 RM'000	Year to Date 30.06.2016 RM'000
Income tax:		
Current year's provision		
- Malaysian tax	3,164	12,780
- Foreign tax	12	12
- Under provision in prior year	413	413
	3,589	13,205
Deferred tax:		
- Transfer from deferred taxation	124	100
- Over provision in prior year	(1)	(1)
	3,712	13,304

The effective rate of taxation of the Group is higher principally due to certain expenses which are not deductible for tax purposes.

B6. Status of Corporate Proposal

As at 25 August 2016 there were no corporate proposals.

B7. Status of utilisation of proceeds

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

As at 30 June 2016, 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	48,000	48,000	Within 3 months	-	-
Investments to be identified (1)	150,000	131,821	Within 24 months	18,179	12.12
Working capital (2)	28,328	28,328	Within 24 months	-	-
Defraying expenses incidental to the Divestment	6,672	6,672	Within 3 months	-	-
	270,000	251,834		18,166	

Note:

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

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

The Board had via its announcement to Bursa Malaysia on 12 May 2015 extended the timeframe for utilisation of the remaining unutilised portions of (1) and (2) above from 16 May 2015 to 16 November 2016.

B8. Group Borrowings*

	As At 30.06.2016 RM'000
Long term	
a. Secured	2,096
b. Unsecured (1)	33,913
Short term	
a. Secured	1,180
b. Unsecured	-
Foreign currency borrowings	-

* Includes hire purchase creditors of RM3,076,000 of which RM2,096,000 is long term and RM980,000 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 on 27 June 2012.

B9. Material Litigation

As at 30 June 2016 there was no material litigation against the Group other than those arising in the normal course of the insurance subsidiary's business.

B10. Dividends

In respect of financial year ending 30 September 2016:	RM'000	Date of payment
(i) A first interim single tier dividend of 2.00 sen per share declared on 4 November 2015	4,780	4 December 2015
(ii) A second interim single tier dividend of 2.00 sen per share declared on 15 December 2015	4,780	20 January 2016
(iii) A third interim single tier dividend of 1.50 sen per share declared on 5 February 2016	3,585	16 March 2016
(iv) A fourth interim single tier dividend of 1.30 sen per share declared on 19 April 2016	3,107	25 May 2016
	16,252	

(v) The Board of Directors had on 11 July 2016 declared a fifth interim single tier dividend of 2.50 sen per share in respect of the current financial year, paid on 10 August 2016. This dividend has not been reflected in the financial statements for the current quarter ended 30 June 2016 but will be accounted for in equity as an appropriation of retained profits for the next quarter ending 30 September 2016.

The total single tier dividend, including the fifth interim single tier dividend declared on 11 July 2016, in respect of the current financial year was 9.30 sen per share. (Previous corresponding period: single tier dividend of 8.90 sen per share)

B11. Earnings/(Loss) Per Share

		Quarter Ended		Year To Date	
		30.06.2016	30.06.2015	30.06.2016	30.06.2015
Profit/(loss) attributable to the equity holders of the Company (A)	(RM'000)	3,975	10,310	(6,930)	13,611
Weighted average number of ordinary shares in issue (B)	('000)	238,875	239,912	238,961	240,028
Earnings/(loss) per share:					
Basic (A÷B)	(sen)	1.66	4.30	(2.90)	5.67

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

B12. Profit/(Loss) For The Period

	Quarter Ended 30.06.2016 RM'000	Year To Date 30.06.2016 RM'000
Profit/(loss) for the period is arrived at after charging:		
Interest expense	747	2,234
Depreciation of property, plant and equipment	495	1,392
Amortisation of:		
- intangible assets	(7)	284
- prepaid land lease payments	1	3
Loss on disposal of property, plant and equipment	125	160
Impairment of available-for-sale financial assets	-	58
Write back in allowance for impairment of insurance receivables	(223)	(1)
Allowance for impairment of insurance receivables	99	98
Bad debts written off	8	8
Write back in impairment of reinsurance assets	(309)	(592)
Unrealised foreign exchange loss	1,324	20,784
Realised foreign exchange (gain)/loss	(110)	30
and after crediting:		
Other operating income:		
Interest income	63	255
Rental income	(2)	3

There were no (i) write off of inventories, (ii) gain or loss on disposal of quoted and unquoted investments or properties, (iii) gain or loss on derivatives and (iv) exceptional items for the current quarter and period ended 30 June 2016.

B13. Disclosure of Realised and Unrealised Profits

	As at 30.06.2016 RM'000	As at 30.09.2015 RM'000
Total retained profits of the Group:		
- Realised	234,521	223,144
- Unrealised	16,176	35,375
	250,697	258,519
Share of accumulated losses from an associated company:		
- Realised	(1,079)	(433)
Consolidation adjustments	(39,557)	(24,843)
Total retained profits as per statement of financial position of the Group	210,061	233,243

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

25 August 2016