A. Notes To The Condensed Consolidated Interim Financial Statements For The Year Ended 30 September 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 financial year ended 30 September 2016, the Company purchased 2,186,200 of its issued ordinary shares of RM0.50 each fully paid from the open market at an average price of RM1.30 per share for a total consideration of RM2,849,713. 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 September 2016, 9,135,100 (RM11,719,989) are held as treasury shares by the Company. The number of outstanding ordinary shares in issue and fully paid are therefore 236,818,900 ordinary shares of RM0.50 each.

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

A8. Segment Information

Year To Date 30 September 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	357,139	11,484	2,337	3,434	-	374,394
Inter-segment Sales	256	17,328	28,289	7	(45,880)	-
Total segment Revenue	357,395	28,812	30,626	3,441	(45,880)	374,394
RESULTS						
Segment profit/(loss)	68,505	(5,632)	(1,493)	(13,256)	(8,311)	39,813
Share of losses of associated companies	-	-	-	(2,499)	-	(2,499)
Segment profit/(loss) before tax after accounting for :	68,505	(5,632)	(1,493)	(15,755)	(8,311)	37,314
Interest income	-	124	-	185	-	309
Finance cost	(5,558)	(2,167)	(405)	(4,294)	9,083	(3,341)
Depreciation	(1,078)	(555)	(199)	(61)	12	(1,881)
Amortisation	(202)	(200)	(12)	(2)	54	(362)
Other non-cash items	119	2,232	17,160	6,065	(1,866)	23,710

A9. Material Events Subsequent to End of Reporting Period

There were no material events subsequent to the end of the period reported up to 30 November 2016 except as disclosed below:

On 17 May 2007, the insurance subsidiary company invested in Islamic Corporate Bonds issued by Malaysian International Tuna Port Sdn Bhd ("MITP") totalling RM10,000,000. The bonds were purportedly guaranteed by a letter of support issued by the Ministry of Agriculture ("MOA"). On 19 February 2010, the insurance subsidiary received a partial repayment of RM6,020,000.

Arising from MITP's default in its obligation to repay the interest and principal amount owing to bondholders, the insurance subsidiary company had impaired the remaining balance of RM3,980,000 in the previous financial years.

On 10 October 2016, the insurance subsidiary company received a full and final settlement amounted to RM2,291,000 from the trustee of MITP bonds and consequently a write back of impairment of RM2,291,000 will be reflected in the next financial year ending 30 September 2017.

A10. Effect of Changes in Composition of the Group

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

(i) In the last financial year, a wholly owned foreign subsidiary of the Company, Pacific & Orient Properties Ltd. ("POPL"), had invested in the equity interest in Cloudbanter Ltd ("Cloudbanter"), a company incorporated and registered in England and Wales, for a subscription price of GBP337,300 (RM1,853,801). The said investment represents 16.87% of the total equity interest in Cloudbanter and the investment was classified as available-for-sale ("AFS") financial asset.

During the year, POPL had increased its equity interest in Cloudbanter to 20.97%. The total cost of investment in Cloudbanter as at 30 September 2016 is GBP528,130 (RM3,067,329).

During the year, the Group has assessed its investment in Cloudbanter and considered Cloudbanter as an associated company because of the existence of significant influence the Group is able to exercise over their financial and operating policy decisions. Hence, investment in Cloudbanter is reclassified from investment in AFS financial asset to investment in an associated company.

The principal activity of Cloudbanter is development of software.

(ii) During the year, POPL had invested in equity interest in Cross-Flow Energy Ltd ("C-FEC"), a company incorporated and registered in England and Wales, for subscription price totalling GBP950,000 (RM6,085,505). The said investment represents 19.45% of the total equity interest in C-FEC.

The principal activity of C-FEC is development of wind turbine.

(iii) During the year, POPL had invested in the equity interest in Silicon Markets Ltd ("SM"), a company incorporated and registered in England and Wales, for subscription price totalling GBP750,000 (RM4,388,250). The said investment represents 10 % of the total equity interest in SM.

The principal activity of SM is provision of algorithmic trading tools and service.

(iv) During the year, a wholly owned subsidiary of the Company, Pacific & Orient Distribution Sdn. Bhd. ("POD"), had invested in the equity interest in Hiringboss Holdings Pte. Ltd. ("HRBoss"), a company incorporated and registered in Singapore, for subscription price totalling USD1,364,310 (RM5,758,982), The said investment represents 13.80% of equity interest in HRBoss.

The principal activity of HRBoss is engaged in the business of other information technology and computer service activities.

Although the Group holds less than 20% of the voting power in C-FEC, SM and HRBoss, these companies are considered to be associated companies because of the significant influence the Group is able to exercise over their financial and operating policy decisions.

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	
	30.09.2016	30.09.2015
	RM'000	RM'000
Performance guarantees - secured	177	189

A12. Capital Commitments

The amount of capital commitments for the purchase of property, plant and equipment not provided for is as follows:

	Year To Date	
	30.09.2016	30.09.2015
	RM'000	RM'000
Approved and contracted for	-	259

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

As at 30 September 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 Year Ended 30 September 2016

B1. Review of Results

Current Quarter

Group revenue was RM86,388,000 compared to RM104,136,000 in the corresponding quarter of the last financial year. Profit before tax of RM12,870,000 was reported compared to pre-tax profit of RM45,135,000 in the corresponding quarter of the last financial year.

Insurance segment – Revenue decreased by RM18,105,000 to RM82,489,000 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 RM22,008,000 was reported as compared to pre-tax profit of RM29,310,000 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 RM57,000 to RM2,446,000 for the current quarter compared to the corresponding quarter of the last financial year, principally due to higher sales of hardware. Pre-tax loss of RM2,477,000 was reported for the current quarter as compared to pre-tax profit of RM270,000 in the corresponding quarter of the last financial year, largely due to an allowance for impairment of trade receivables of RM778,000 and lower unrealised foreign exchange gain of RM1,412,000 reported in the current quarter as compared to unrealised foreign exchange gain of RM3,548,000 in the corresponding quarter of the last financial year.

Year to Date

Group revenue was RM374,394,000 compared to RM464,844,000 in the corresponding period of the last financial year. Profit before tax of RM37,314,000 was reported compared to pre-tax profit of RM62,272,000 in the corresponding period of the last financial year.

Insurance segment – Revenue decreased by RM91,704,000 to RM357,138,000 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 RM82,463,000 was reported as compared to pre-tax profit of RM42,645,000 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 RM2,110,000 to RM11,484,000 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 RM12,347,000 was reported for the current period as compared to pre-tax loss of RM4,225,000 for the corresponding period of the last financial year, largely due to unrealised foreign exchange loss of RM1,251,000 reported in the current period as opposed to unrealised foreign exchange gain of RM6,765,000 in the corresponding period of the last financial year.

B2. Comparison With Immediate Preceding Quarter's Results

Group revenue was RM86,388,000 compared to RM89,356,000 reported in the immediate preceding quarter. Profit before tax of RM12,870,000 was reported compared to pre-tax profit of RM11,956,000 in the immediate preceding quarter.

Insurance segment – Revenue decreased by RM2,937,000 to RM82,489,000 for the current quarter compared to the immediate preceding quarter. This was mainly attributable to lower gross earned premium. Profit before tax of RM22,008,000 was reported compared to pre-tax profit of RM16,015,000 in the immediate preceding quarter. This was largely attributable to better underwriting results arising from profit commission earned under an arrangement with a reinsurer and a reduction in net claims incurred.

IT segment – Revenue from external parties decreased by RM311,000 to RM2,447,000 for the current quarter compared to the immediate preceding quarter. This was mainly attributable to lower sales of hardware. However, pre-tax loss of RM2,477,000 was reported for the current quarter as compared to pre-tax loss of RM1,208,000 reported in the immediate preceding quarter, largely due to the allowance for impairment of trade receivables of RM778,000 reported in the current quarter as compared to in the immediate preceding quarter.

B3. Current Year Prospects

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 financial year ending 30 September 2017 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 financial year ending 30 September 2017 to be satisfactory.

B4. Profit Forecast and Profit Guarantee

No forecast has been issued by the Group for the period ended 30 September 2016.

B5. Taxation

The taxation figures include the following:

	Quarter Ended 30.09.2016 RM'000	Year to Date 30.09.2016 RM'000
Income tax:		
Current year's provision		
- Malaysian tax	4,814	17,594
- Foreign tax	-	12
- Under provision in prior year	-	413
	4,814	18,019
Deferred tax:		
- Transfer from deferred taxation	52	152
- Over provision in prior year	-	(1)
	4,866	18,170

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 30 November 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 September 2016, the Company had utilised the proceeds from the divestment as follows: -

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timreframe for Utilisation	Balance Unutilised RM'000	Balance Unutilised %	Revised Timreframe for Utilisation
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	134,214	Within 24 months	15,786	10.52	18 months from 16 November 2016
Working capital	28,328	28,328	Within 24 months	-	-	
Defraying expenses incidental to the Divestment	6,672	6,672	Within 3 months	-	-	
	270,000	254,227		15,773		

Note:

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

On 11 November 2016, the Board had via its announcement to Bursa Malaysia to further extend the timeframe for the utilisation of the remaining proceeds for another eighteen (18) months period from 16 November 2016 to 16 May 2018.

B8. Group Borrowings*

	As At 30.09.2016 RM'000
Long term	
a. Secured	1,975
b. Unsecured (1)	33,949
Short term	
a. Secured	1,236
b. Unsecured	-
Foreign currency borrowings	-

* Includes hire purchase creditors of RM3,011,000 of which RM1,975,000 is long term and RM1,036,000 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 September 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

	RM'000	Date of payment
In respect of financial year ending 30 September 2016:		
(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
(v) A fifth interim single tier dividend of 2.50 sen per share declared on 11 July 2016	5,958	10 August 2016
	22,210	

(vi) The Board of Directors had on 5 October 2016 declared a sixth interim single tier dividend of 1.20 sen per share in respect of the current financial year, paid on 9 November 2016. This dividend has not been reflected in the financial statements for the current quarter ended 30 September 2016 but will be accounted for in equity as an appropriation of retained profits for the next quarter ending 31 December 2016.

The total single tier dividend, including the sixth interim single tier dividend declared on 5 October 2016, in respect of the current financial year was 10.50 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	
		30.09.2016	30.09.2015	30.09.2016	30.09.2015
Profit/(loss) attributable to the equity holders of the Company (A)	(RM'000)	1,391	28,959	(5,539)	42,570
Weighted average number of ordinary shares in issue (B)	('000)	237,314	239,252	238,550	239,834
Earnings/(loss) per share:					
Basic (A÷B)	(sen)	0.59	12.10	(2.32)	17.75

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

B12. Profit For The Period

	Quarter Ended 30.09.2016 RM'000	Year To Date 30.09.2016 RM'000
Profit for the period is arrived at after charging:		
Interest expense	753	2,987
Depreciation of property, plant and equipment	489	1,881
Amortisation of:		
- intangible assets	74	358
- prepaid land lease payments	1	4
Loss on disposal of property, plant and equipment	57	217
Impairment of available-for-sale financial assets	-	58
Write back in allowance for impairment:		
- insurance receivables	(313)	(314)
- trade receivables	(109)	(109)
- reinsurance assets	(592)	-
- other receivables	(1)	(1)
Allowance for impairment:		
- an associated company *	3,475	3,475
- insurance receivables	(93)	5
- trade receivables	778	778
Bad debts written off	140	148
Inventories – goods for resale written off	53	53
Unrealised foreign exchange (gain)/loss	(4,422)	16,362
Realised foreign exchange loss	210	240
and after crediting:		
Other operating income:		
Interest income	54	309
Rental income	1	4

B12. Profit For The Period (Cont'd.)

* During the year, following discrepancies in operations of an associated company, the Group has impaired the carrying amount by RM3,475,000 due to uncertainties concerning the expected recovery of the Group's ownership interest in the said associated company.

There were no (i) gain or loss on disposal of quoted and unquoted investments or properties, (ii) gain or loss on derivatives and (iii) exceptional items for the current quarter and financial year ended 30 September 2016.

B13. Disclosure of Realised and Unrealised Profits

	As at 30.09.2016 RM'000	As at 30.09.2015 RM'000
Total retained profits of the Group:		
- Realised	221,291	223,144
- Unrealised	19,973	35,375
	241,264	258,519
Share of accumulated losses from an associated company:		
- Realised	(2,932)	(433)
Consolidation adjustments	(32,838)	(24,843)
Total retained profits as per statement of financial position of the Group	205,494	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

30 November 2016