A. Notes To The Condensed Consolidated Interim Financial Statements For The Six Months Ended 31 March 2017

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 2016.

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 2016 except for the adoption of the following MFRSs and Amendments to MFRSs.

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
Amendments to MFRS 127	Equity Method in Separate Financial Statements

A1. Basis of Preparation (Cont'd.)

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)

The adoption of the above MFRSs and Amendments to MFRSs did not have any significant impact on the financial statements of the Group.

A2. MFRSs, Amendments to MFRSs and IC Interpretation yet to be effective

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
Amendments to MFRS 12	Disclosure of Interests in Other Entities (Annual Improvements to MFRSs 2014 – 2016 Cycle)

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)

Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contract (Amendments to MFRS 4)

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

Effective for financial periods beginning on or after 1 January 2018 (Cont'd.)

Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRSs 2014 – 2016 Cycle)
Amendments to MFRS 128	Investments in Associates and Joint Ventures (Annual Improvements to MFRSs 2014 – 2016 Cycle)
Transfers of Investment Property (Amendments to MFRS 140)	
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

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)

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

- MFRS 9: Financial Instruments

  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.

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

- <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 24 February 2017, the shareholders approved the renewal of the Company’s plan to purchase its own ordinary shares.

During the period ended 31 March 2017, the Company purchased 724,900 of its issued and fully paid ordinary shares from the open market at an average price of RM1.29 per share for a total consideration of RM932,009. The purchase was financed by internally generated funds. These shares are held as treasury shares in accordance with Section 127 of the Companies Act 2016.

Of the total 245,954,000 issued and fully paid ordinary shares as at 31 March 2017, 9,860,000 (RM12,651,998) are held as treasury shares by the Company. The number of outstanding ordinary shares in issue and fully paid are therefore 236,094,000 ordinary shares.

(iii) There were no issuances or repayments of debt securities during the period ended 31 March 2017.

A8. Segment Information

Year To Date 31 March 2017	Insurance RM'000	Information Technology RM'000	Investment Holding RM'000	Others RM'000	Consolidation adjustments RM'000	Group RM'000
REVENUE						
External sales	163,483	4,933	790	1,718	-	170,924
Inter-segment Sales	128	8,426	26,390	6	(34,950)	-
Total segment Revenue	163,611	13,359	27,180	1,724	(34,950)	170,924
RESULTS						
Segment profit/(loss)	17,706	(1,802)	27,914	(2,473)	(19,284)	22,061
Share of losses of associated companies	-	-	-	(1,176)	-	(1,176)
Segment profit/(loss) before tax after accounting for :	17,706	(1,802)	27,914	(3,649)	(19,284)	20,885
Interest income	-	84	-	27	-	111
Finance cost	(2,763)	(534)	(205)	(2,745)	4,577	(1,670)
Depreciation	(528)	(275)	(116)	(45)	5	(959)
Amortisation	(60)	(102)	(6)	(1)	33	(136)
Other non-cash items	(111)	(2,298)	(8,225)	1,049	-	9,585

A9. Material Events Subsequent to End of Reporting Period

There were no material events subsequent to the end of the period reported up to 19 May 2017.

A10. Effect of Changes in Composition of the Group

There were no changes in the composition of the Group for the period ended 31 March 2017 except as disclosed below:

(i) In the immediate preceding quarter, a wholly owned foreign subsidiary of the Company, Pacific & Orient Properties Ltd. (“POPL”), had invested in the equity interest in Massive Analytic Ltd (“MA”), a company incorporated and registered in England and Wales, for subscription price totalling GBP322,002 (RM1,770,580). The said investment represents 11.83% of the total equity interest in MA.

The principal activity of MA is business and domestic software development and information technology consultancy activities.

(ii) During the current quarter, POPL had invested in equity interest in Acumentive Ltd (“Acumentive”), a company incorporated and registered in England and Wales, for subscription price totalling GBP249,965 (RM1,396,929). The said investment represents 9.36% of the total equity interest in Acumentive.

The principal activity of Acumentive is information technology consultancy activities.

Although the Group holds less than 20% of the voting power in MA and Acumentive, both MA and Acumentive are nevertheless 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 2016.

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

	Year To Date	
	31.03.2017	31.03.2016
	RM’000	RM’000
Performance guarantees - secured	194	197

A12. Capital Commitments

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

	Year To Date	
	31.03.2017	31.03.2016
	RM'000	RM'000
Approved and contracted for:		
- Property, plant and equipment	-	609
- Intangible assets	-	32
	-	641

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

As at 31 March 2017, 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 Six Months Ended 31 March 2017

B1. Review of Results

<u>Current Quarter</u>

Group revenue was RM85,823,000 compared to RM101,579,000 in the corresponding quarter of the last financial year. Profit before tax of RM1,197,000 was reported compared to pre-tax loss of RM13,948,000 in the corresponding quarter of the last financial year.

Insurance segment – Revenue decreased by RM14,935,000 to RM81,447,000 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 RM7,608,000 was reported as compared to pre-tax profit of RM32,148,000 in the corresponding quarter of the last financial year. This was largely attributable to lower underwriting results arising from lower earned premium income and higher net claims incurred.

Information technology (IT) segment - Revenue from external parties decreased by RM832,000 to RM2,600,000 for the current quarter compared to the corresponding quarter of the last financial year, principally due to lower sales of hardware. However, a lower pre-tax loss of RM2,398,000 was reported for the current quarter as compared to pre-tax loss of RM3,604,000 in the corresponding quarter of the last financial year, largely due to unrealised foreign exchange gain of RM431,000 reported in the current quarter as compared to unrealised foreign exchange loss of RM2,460,000 in the corresponding quarter of the last financial year.

<u>Year to Date</u>

Group revenue was RM170,924,000 compared to RM198,650,000 in the corresponding period of the last financial year. Profit before tax of RM20,885,000 was reported compared to pre-tax loss of RM12,488,000 in the corresponding period of the last financial year.

Insurance segment – Revenue decreased by RM25,740,000 to RM163,483,000 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. Profit before tax of RM24,201,000 was reported as compared to pre-tax profit of RM44,440,000 in the corresponding period 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 decreased by RM1,347,000 to RM4,933,000 for the current period compared to the corresponding period of the last financial year, principally due to lower sales of hardware and income from consulting services. However, a lower pre-tax loss of RM4,868,000 was reported for the current period as compared to pre-tax loss of RM8,662,000 in the corresponding period of the last financial year, largely due to unrealised foreign exchange gain of RM2,445,000 reported in the current period as compared to unrealised foreign exchange loss of RM3,401,000 in the corresponding period of the last financial year.

B2. Comparison With Immediate Preceding Quarter's Results

Group revenue was RM85,823,000 compared to RM85,101,000 reported in the immediate preceding quarter. Profit before tax of RM1,197,000 was reported compared to pre-tax profit of RM19,688,000 in the immediate preceding quarter.

Insurance segment – Revenue decreased by RM589,000 to RM81,447,000 for the current quarter compared to the immediate preceding quarter. This was mainly attributable to the decrease in investment income arising from the insurance subsidiary company's share of Malaysian Motor Insurance Pool's investment income. Profit before tax of RM7,608,000 was reported compared to pre-tax profit of RM16,593,000 in the immediate preceding quarter. This was largely attributable to lower underwriting results arising from lower earned premium income.

IT segment – Revenue from external parties increased by RM268,000 to RM2,600,000 for the current quarter compared to the immediate preceding quarter. This was mainly attributable to higher sales of hardware and income from IT services. Pre-tax loss of RM2,398,000 was reported for the current quarter as compared to a pre-tax loss of RM2,471,000 reported in the immediate preceding quarter, largely due to the absence of payment of staff bonus netted off against the decrease in unrealised foreign exchange gain of RM431,000 reported in the current quarter compared to RM2,014,000 in the immediate preceding quarter.

B3. Current Year Prospects

With the forthcoming liberalisation of the Motor and Fire Tariffs on 1 July 2017, competition in the local insurance market is expected to increase as insurers will be allowed to determine their own pricing for their motor insurance products within limits set out in Bank Negara Malaysia's product pricing and governance guidelines. Given these conditions, the Board is cautiously optimistic about the performance of the insurance segment for the second half year.

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 is cautiously optimistic about the performance of the Group for the second half year.

B4. Profit Forecast and Profit Guarantee

No forecast has been issued by the Group for the period ended 31 March 2017.

B5. Taxation

The taxation figures include the following:

	Quarter Ended 31.03.2017 RM'000	Year to Date 31.03.2017 RM'000
Income tax:		
Current year's provision		
- Malaysian tax	1,370	3,660
- Foreign tax	25	25
	1,395	3,685
Deferred tax:		
- Transfer from deferred taxation	129	914
	1,524	4,599

The effective rate of taxation of the Group for the quarter is higher than the statutory rate of taxation principally due to certain expenses which are not deductible for tax purposes. However, the effective rate of taxation for the year to date is lower principally due to certain income which are not subject to tax.

B6. Status of Corporate Proposal

As at 19 May 2017 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 31 March 2017, 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 Timeframe 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	146,680	Within 24 months	3,320	2.21	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	266,693		3,307		

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 31.03.2017 RM'000
Long term	
a. Secured	1,854
b. Unsecured [(1)]	34,023
Short term	
a. Secured	1,217
b. Unsecured	-
Foreign currency borrowings	-

* Includes hire purchase creditors of RM2,871,000 of which RM1,854,000 is long term and RM1,017,000 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 31 March 2017 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 ended 30 September 2016:			
(i)	A sixth interim single tier dividend of 1.20 sen per share declared on 5 October 2016	2,842	9 November 2016
In respect of financial year ending 30 September 2017:			
(ii)	A first interim single tier dividend of 1.00 sen per share declared on 19 December 2016	2,366	25 January 2017
(iii)	A second interim single tier dividend of 1.50 sen per share declared on 23 February 2017	3,544	29 March 2017
		8,752	

(iv) The Board of Directors had on 10 April 2017 declared a third interim single tier dividend of 2.00 sen per share in respect of the current financial year, paid on 17 May 2017. This dividend has not been reflected in the financial statements for the current quarter ended 31 March 2017 but will be accounted for in equity as an appropriation of retained profits for the next quarter ending 30 June 2017.

The total single tier dividend in respect of the current financial year was 4.50 sen per share. (Previous corresponding period: single tier dividend of 6.80 sen per share)

B11. (Loss)/Earnings Per Share

		Quarter Ended		Year To Date	
		31.03.2017	31.03.2016	31.03.2017	31.03.2016
(Loss)/profit attributable to the equity holders of the Company (A)	(RM'000)	(1,792)	(4,001)	9,861	(10,905)
Weighted average number of ordinary shares in issue (B)	('000)	236,209	239,004	236,473	239,004
(Loss)/earnings per share:					
Basic (A÷B)	(sen)	(0.76)	(1.67)	4.17	(4.56)

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

B12. (Loss)/Profit For The Period

	Quarter Ended 31.03.2017 RM'000	Year To Date 31.03.2017 RM'000
(Loss)/profit for the period is arrived at after charging:		
Interest expense	740	1,491
Depreciation of property, plant and equipment	481	959
Amortisation of:		
- intangible assets	67	134
- prepaid land lease payments	1	2
Write back in allowance for impairment:		
- insurance receivables	59	-
Allowance for impairment:		
- insurance receivables	23	25
Realised foreign exchange gain	(6)	(3)
and after crediting:		
Other operating income:		
Interest income	56	111
Rental income	1	2
Unrealised foreign exchange (loss)/gain	(534)	10,809

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

There were no (i) write off of inventories, (ii) gain or loss on disposal of quoted and unquoted investments or properties, (iii) impairment of assets, (iv) gain or loss on derivatives and (v) exceptional items for the current quarter and period ended 31 March 2017.

B13. Disclosure of Realised and Unrealised Profits

	As at 31.03.2017 RM'000	As at 30.09.2016 RM'000
Total retained profits of the Group:		
- Realised	206,203	221,291
- Unrealised	27,671	19,973
	233,874	241,264
Share of accumulated losses from an associated company:		
- Realised	(4,108)	(2,932)
Consolidation adjustments	(23,163)	(32,838)
Total retained profits as per statement of financial position of the Group	206,603	205,494

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
YONG KIM FATT
Company Secretary
Kuala Lumpur

19 May 2017