A. Notes To The Condensed Consolidated Interim Financial Statements For The Three Month Ended 31 December 2018

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 2018.

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 2018 except for the adoption of the following MFRSs, Amendments to MFRSs and Issues Committee ("IC") Interpretations.

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)

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

A1. Basis of Preparation (Cont'd.)

Other than the implications as disclosed below, the adoption of the above MFRSs, Amendments to MFRSs and IC Interpretations do not have any material impact on the financial statements of the Group.

(a) Adoption of MFRS 9 - Financial Instruments (IFRS 9 issued by IASB in July 2014)

The Group adopted MFRS 9 on 1 October 2018. As permitted by MFRS 9, comparative information has not been restated.

MFRS 9 replaces the guidance in MFRS 139 – Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, impairment of financial assets, and on hedge accounting.

The key changes to the Group's accounting policies resulting from the adoption of MFRS 9 are summarised below:

(i) <u>Classification and measurement</u>

MFRS 9 eliminates the existing MFRS 139 categories of financial assets classified under (i) Held-To-Maturity ("HTM"), (ii) Loans and Receivables ("L&R") and (iii) Available-For-Sales ("AFS") financial assets.

MFRS 9 contains the following three principal classification and measurement categories for financial assets:

1) Amortised Cost ("AC")
2) Fair Value Through Other Comprehensive Income ("FVTOCI")
3) Fair Value Through Profit or Loss ("FVTPL")

Financial assets which are held with the objective of collecting contractual cash flows that are solely payments of principal and interest are classified and measured at AC.

Financial assets which are held with the objective of both collecting contractual cash flows that are solely payments of principal and interest and selling of the said financial assets are classified and measured at FVTOCI.

Equity instruments that are not held for trading may irrevocably be elected at inception to be classified and measured at FVTOCI.

Financial assets that are held for trading or are not measured at FVTOCI or AC are classified and measured at FVTPL.

A1. Basis of Preparation (Cont'd.)

(a) Adoption of MFRS 9 - Financial Instruments (IFRS 9 issued by IASB in July 2014)

The key changes to the Group's accounting policies resulting from its adoption of MFRS 9 are summarised below: (Cont'd.)

(i) Classification and measurement (Cont'd.)

The Group's financial liabilities continue to be measured at AC.

(ii) Impairment

MFRS 9 requires impairment assessments to be based on an expected credit loss ("ECL") model, replacing the incurred loss model under MFRS 139 on its financial assets. The ECL model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised. The ECL model is applied to financial assets measured at AC or FVTOCI, except for investment in equity instruments which are measured at fair value.

(iii) Hedge accounting

The Group do not have hedge instrument, thus the hedge accounting requirements under MFRS 9 are not relevant to the Group.

Effect of initial adoption of MFRS 9

The following are the changes in the classification of the Group's financial assets:

- **Unit trusts**

Prior to 1 October 2018, unit trusts were classified as AFS financial assets. Upon adoption of MFRS 9, the Group has reclassified and measured these financial assets at FVTPL.

- **Quoted shares**

Prior to 1 October 2018, quoted shares which are held for trading purposes were classified as financial assets at FVTPL. These financial assets will continue to be classified and measured at FVTPL under MFRS 9.

A1. Basis of Preparation (Cont'd.)

(a) Adoption of MFRS 9 - Financial Instruments (IFRS 9 issued by IASB in July 2014) (Cont'd.)

Effect of initial adoption of MFRS 9 (Cont'd.)

The following are the changes in the classification of the Group's financial assets: (Cont'd.)

- **Long-term quoted investments**

  Prior to 1 October 2018, quoted investments which are not held for trading purposes were classified and measured as AFS financial assets under MFRS 139. Upon the adoption of MFRS 9, the Group has elected to designate these investments that are not held for trading to be measured at FVTOCI.

- **Unquoted shares**

  Prior to 1 October 2018, unquoted shares held for long term purposes have been classified and measured at cost in accordance with MFRS 139. Upon adoption of MFRS 9, these financial assets are now classified and measured at FVTOCI.

- **Sukuk**

  Prior to 1 October 2018, Sukuk were classified and measured as HTM financial assets. Upon adoption of MFRS 9, these financial assets are now classified as debts instruments at amortised cost.

- **Unquoted redeemable convertible loan notes**

  Prior to 1 October 2018, unquoted redeemable convertible loan notes were classified as AFS financial assets. Upon adoption of MFRS 9, these financial assets are now classified as FVTPL.

A1. Basis of Preparation (Cont'd.)

(a) Adoption of MFRS 9 - Financial Instruments (IFRS 9 issued by IASB in July 2014) (Cont'd.)

Effect of initial adoption of MFRS 9

The financial effects to the consolidated statement of financial position as at 1 October 2018 are as follows:

Group	Previously stated RM'000	Effects of adopting MFRS 9 RM'000	Restated RM'000
Description of Change			
Retained Profits:			
Opening balance	164,130	(15)	164,115
(i) Transfer of gains on fair value of unit trusts from AFS reserve		450	
(ii) Increase in allowance for impairment of insurance receivables		(465)	
AFS Reserve:			
Opening balance	10,329	(10,329)	-
(i) Transfer of gains on fair value of unit trust to retained profits		(450)	
(ii) Transfer of gains on fair value of quoted shares to FVTOCI		(9,879)	
FVTOCI Reserve:			
Opening balance	-	(9,879)	(9,879)
(i) Transfer of gains on fair value of quoted shares from AFS reserve		(9,879)	

A1. Basis of Preparation (Cont'd.)

(a) Adoption of MFRS 9 - Financial Instruments (IFRS 9 issued by IASB in July 2014) (Cont'd.)

Effect of initial adoption of MFRS 9 (Con'd.)

The financial effects to the consolidated statement of financial position as at 1 October 2018 are as follows: (Cont'd.)

Group	Previously stated RM'000	Effects of adopting MFRS 9 RM'000	Restated RM'000
Description of Change			
Non-Controlling Interest			
Opening balance	123,127	(447)	122,680
(i) Increase in allowance for impairment of insurance receivables		(447)	
Insurance Receivables:			
Opening balance	25,180	(912)	24,268
(i) Increase in allowance for impairment of insurance receivables		(912)	
AFS Financial Assets:			
Opening balance	159,643	(159,643)	-
(i) Transfer of unit trusts to financial assets at FVTPL		(119,698)	
(ii) Transfer of unquoted redeemable convertible loan notes to financial assets at FVTPL		(661)	
(iii) Transfer of quoted and unquoted shares to financial assets at FVTOCI		(39,284)	

A1. Basis of Preparation (Cont'd.)

(a) Adoption of MFRS 9 - Financial Instruments (IFRS 9 issued by IASB in July 2014) (Cont'd.)

Effect of initial adoption of MFRS 9 (Con'd.)

The financial effects to the consolidated statement of financial position as at 1 October 2018 are as follows: (Cont'd.)

Group	Previously stated RM'000	Effects of adopting MFRS 9 RM'000	Restated RM'000
Description of Change			
Financial Assets at FVTOCI:			
Opening balance	-	39,284	39,284
(i) Transfer of quoted and unquoted shares from AFS financial assets		39,284	
Financial Assets at FVTPL			
Opening balance	5,202	120,359	125,561
(i) Transfer of unit trusts from AFS financial assets		119,698	
(ii) Transfer of unquoted redeemable convertible loan notes from AFS financial assets		661	
Held-To-Maturity ("HTM") Investments:			
Opening balance	73	(73)	-
(i) Transfer of Sukuk to financial assets at AC		(73)	
Financial Assets at AC:			
Opening balance	-	73	73
(i) Transfer of Sukuk from HTM investments		73	

A1. Basis of Preparation (Cont'd.)

(a) Adoption of MFRS 9 - Financial Instruments (IFRS 9 issued by IASB in July 2014) (Cont'd.)

The effects on the consolidated income statement for the three months ended 31 December 2018:

Group	Increase/ (decrease) RM'000
Description of Change	
Allowance for impairment of insurance receivables	(909)
Loss in fair value of unit trusts	126
Loss before tax	(783)
Taxation	(23)
Loss after tax	(806)
Attributable to:	
Equity holders of the Company	(396)
Non-controlling interest	(410)
	(806)
Loss per share attributable to equity holders of the Company:	
- Basic loss per share (sen)	(0.14)
(Based on weighted average number of shares (net of treasury shares)	

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

Effective for financial periods beginning on or after 1 January 2019

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments

Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)

Prepayment Features with Negative Compensation (Amendments to MFRS 9)

Amendments to MFRS 3	Business Combinations (Annual Improvements to MFRSs 2015 – 2017 Cycle)
Amendments to MFRS 11	Joint Arrangements (Annual Improvements to MFRSs 2015 – 2017 Cycle)
Amendments to MFRS 112	Income Taxes (Annual Improvements to MFRSs 2015 – 2017 Cycle)
Amendments to MFRS 123	Borrowing Costs (Annual Improvements to MFRSs 2015 – 2017 Cycle)

Amendments to MFRS 119 (Plan Amendment, Curtailment or Settlement)

Effective for financial periods beginning on or after 1 January 2020

Amendments to MFRS 2	Share-Based Payment
Amendment to MFRS 3	Business Combinations
Amendments to MFRS 6	Exploration for and Evaluation of Mineral Resources
Amendment to MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to MFRS 134	Interim Financial Reporting
Amendment to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendment to MFRS 138	Intangible Assets

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

<u>Effective for financial periods beginning on or after 1 January 2020</u>

Amendment to IC Interpretation 12	Service Concession Arrangements
Amendment to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendment to IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendment to IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to IC Interpretation 132	Intangible Assets - Web Site Costs

Definition of a Business (Amendments to MFRS 3 Business Combinations)

Definition of Material (Amendments to MFRS 101 Presentation of Financial Statements and Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)

<u>Effective for financial periods beginning on or after 1 January 2021</u>

MFRS 17	Insurance Contracts

<u>Effective date to be announced by Malaysian Accounting Standard Board</u>

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

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

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: (Cont'd.)

- <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.

- <u>MFRS 17: Insurance Contracts</u>

  MFRS 17 replaces the existing MFRS 4: Insurance Contracts and introduces a single principle-based standard for recognition, measurement, presentation and disclosure of all insurance contracts. MFRS 17 is introduced to address the inconsistency in MFRS 4 which allowed insurers to use different accounting policies to measure insurance contracts in different countries.

  MFRS 17 requires entities to recognise and measure a group of insurance contracts at (i) a risk-adjusted present value of future cash flows that incorporates information that is consistent with observable market information plus (ii) an amount representing the unearned profit in the insurance contracts.

  MFRS 17 also requires entities to change the financial statements presentations of insurance service results whereby the insurance revenue is presented separately from insurance finance income or expenses.

  The Group is currently assessing the financial impact of adopting MFRS 17.

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 except for those arising from the adoption of MFRS 9 as disclosed in Note A1(a).

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 except for those arising from the adoption of MFRS 9 as disclosed in Note A1(a).

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 23 February 2018, the shareholders approved the renewal of the Company's plan to purchase its own ordinary shares.

During the three months period ended 31 December 2018, the Company purchased 1,654,800 of its issued and fully paid ordinary shares from the open market at an average price of RM1.01 per share for a total consideration of RM1,677,064. 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 286,946,333 issued and fully paid ordinary shares as at 31 December 2018, 13,926,993 are held as treasury shares by the Company. Out of the 13,926,993 treasury shares, 12,261,300 were purchased from open market for a total consideration of RM15,142,341 whilst 1,665,693 were from the bonus shares. The number of outstanding ordinary shares in issue and fully paid after deduction of treasury shares are therefore 273,019,340 ordinary shares.

(iii) There were no issuance or repayment of debt securities during the period ended 31 December 2018.

A8. Segment Information

Year To Date 31 December 2018	Insurance RM'000	Information Technology RM'000	Investment Holding RM'000	Others RM'000	Consolidation adjustments RM'000	Group RM'000
REVENUE						
External sales	74,516	2,569	257	216	-	77,558
Inter-segment Sales	66	4,636	2,864	-	(7,566)	-
Total segment Revenue	74,582	7,205	3,121	216	(7,566)	77,558
RESULTS						
Segment profit/(loss)	2,849	(2,948)	(3,132)	(1,567)	968	(3,830)
Share of losses of associated companies	-	-	-	(1,278)	-	(1,278)
Segment profit/(loss) before tax after accounting for :	2,849	(2,948)	(3,132)	(2,845)	968	(5,108)
Interest income	-	61	-	38	-	99
Finance cost	(1,394)	(632)	(97)	(892)	2,185	(830)
Depreciation	(307)	(120)	(59)	(22)	2	(506)
Amortisation	(117)	(42)	(3)	(1)	16	(147)
Unrealised foreign exchange losses	-	(88)	(1,853)	4	-	(1,937)
Other (expenses)/income	(486)	82	(742)	(25)	170	(1,001)

A9. Material Events Subsequent to End of Reporting Period

There were no material events subsequent to the end of the period reported up to the date of this report.

A10. Effect of Changes in Composition of the Group

There were no changes in the composition of the Group for the quarter ended 31 December 2018.

A11. Changes in Contingent Assets and Contingent Liabilities

The Group does not have any contingent assets since financial year ended 30 September 2018.

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

		Year To Date	
		31.12.2018	31.12.2017
		RM'000	RM'000
(i)	Performance guarantees - secured	435	270

(ii) On 10 August 2016, the Malaysia Competition Commission ("MyCC") through its powers granted under the Competition Act 2010 ("Act") commenced investigations into an alleged infringement by the Persatuan Insurans Am Malaysia ("PIAM") and its 22 members including the insurance subsidiary company (Pacific & Orient Insurance Co. Berhad) under the Section 4(2)(a) of the Act.

The alleged infringement is in relation to an agreement reached, pursuant to a requirement of Bank Negara Malaysia, between PIAM and the Federation of Automobile Workshop Owners' Association of Malaysia ("FAWOAM") on trade discount rates for parts of certain vehicle makes and labour hour rates for workshops under the PIAM Approved Repairers Scheme.

On 22 February 2017, MyCC issued its Proposed Decision on the alleged infringement which includes proposed financial penalties amounting to a total of RM213,454,814 on all the 22 members. The proposed financial penalty on the insurance subsidiary company is RM2,108,452.

This Proposed Decision is subject to both written and oral representations from various parties including PIAM and the respective insurers. On 25 April 2017, the insurance subsidiary company had via its legal counsel submitted its written representation to MyCC. The first session of the oral representations to MyCC took place on 16 and 17 October 2017. The subsequent sessions of the oral representations to MyCC took place on 12 and 14 December 2017 and 29 and 30 January 2018. There has been no update from MyCC in respect of the Proposed Decision since then. However, as there has been a change of head of prosecution of MyCC, the legal counsel for a number of insurance companies have requested for and will present oral representations afresh to MyCC on 19, 20 and 21 February 2019.

The Proposed Decision is not final as at the date of this report. In the event MyCC intends to enforce the Proposed Decision, it is likely that the insurers will appeal the matter to the Courts.

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 31 December 2018 and 31 December 2017.

A13. Significant Related Party Transactions

The following transactions with related parties were carried out under the terms and conditions negotiated with the related parties:

	Year To Date	
	31.12.2018	31.12.2017
	RM'000	RM'000
(a) Substantial shareholders of the Insurance subsidiary company - Expenditure:		
- Actuarial fees	57	45
- Specialised liability business services fees	45	-
	102	45
(b) Advances to an associated company by a foreign subsidiary company (Pacific & Orient Properties Ltd.)	2,375	-

A14. Risk-Based Capital ("RBC") Framework of the Insurance Subsidiary

As at 31 December 2018, 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 Three Months Ended 31 December 2018

B1. Review of Results

Financial review for current quarter/year to date

	Individual Period				Cumulative Period			
	Current Year Quarter Ended 31 Dec 2018 RM'000	Preceding Year Corresponding Quarter Ended 31 Dec 2017 RM'000	Changes (Amount) RM'000	Changes (%)	Current Year To-date Ended 31 Dec 2018 RM'000	Preceding Year Corresponding Period Ended 31 Dec 2017 RM'000	Changes (Amount) RM'000	Changes (%)
Revenue	77,558	77,247	311	0%	77,558	77,247	311	0%
Operating loss	(2,999)	(4,974)	1,975	40%	(2,999)	(4,974)	1,975	40%
Loss before tax	(5,108)	(7,008)	1,900	27%	(5,108)	(7,008)	1,900	27%
Loss after tax	(5,890)	(7,929)	2,039	26%	(5,890)	(7,929)	2,039	26%
Loss attributable to equity holders of the Company	(6,913)	(9,449)	2,536	27%	(6,913)	(9,449)	2,536	27%

<u>Financial Review for Current Quarter/Year to Date compared with Preceding Year Corresponding Quarter/Year to Date</u>

Group revenue was RM77,558,000 compared to RM77,247,000 in the preceding year corresponding quarter. Loss before tax of RM5,108,000 was reported compared to pre-tax loss of RM7,008,000 in the preceding year corresponding quarter.

Insurance segment – Revenue increased by RM834,000 to RM74,516,000 for the current quarter compared to the preceding year corresponding quarter. The increase in revenue was primarily due to higher gross earned premium. However, profit before tax of RM7,067,000 was lower compared to a pre-tax profit of RM8,136,000 in the preceding year corresponding quarter, mainly attributable to the loss in fair value of quoted investments.

Information technology (IT) segment - Revenue from external parties decreased by RM269,000 to RM2,569,000 for the current quarter compared to the preceding year corresponding quarter, principally due to lower income from rental of equipment and IT services. A lower pre-tax loss of RM4,846,000 was reported for the current quarter as compared to a pre-tax loss of RM5,481,000 in the preceding year corresponding quarter, mainly due to the decrease in unrealised foreign exchange losses of RM985,000.

B1. Review of Results (Cont'd.)

Consolidated Statement of Comprehensive Income

Group's total other comprehensive loss for the current quarter ended 31 December 2018 amounted to RM5,074,000 as compared to total comprehensive loss of RM3,934,000 in the preceding year corresponding quarter, mainly due to the decrease in fair value through other comprehensive income reserve from lower fair value of the quoted shares.

Consolidated Statement Financial Position

The Group's total assets as at 31 December 2018 was RM1,026,298,000, a decrease from RM1,060,604,000 as of 30 September 2018. The decrease was mainly due to funds utilised for working capital and payment of dividends.

The Group's total liabilities as at 31 December 2018 was RM594,015,000, a decrease from RM612,040,000 as of 30 September 2018. The decrease was mainly due to lower claims provision.

The Group's equity attributable to equity holders of the Company was RM309,373,000 as at 31 December 2018 compared to RM325,437,000 as of 30 September 2018. The decrease was mainly due to lower retained profits resulted from unrealised foreign exchange losses and payment of dividends.

Consolidated Statement of Cash Flows

The Group's cash and cash equivalents as at 31 December 2018 was RM112,479,000.

The net cash generated from operating activities amounted, to RM44,108,000, as a result of improved collections from reinsurance and other receivables. The net cash generated from investing activities of RM14,735,000 was due to disposal of investments. The net cash used in financing activities of RM5,251000 was principally for payment of dividends.

B2. Current Quarter compared with Immediate Preceding Quarter's Results

	Current Quarter 31 Dec 2018 RM'000	Immediate Preceding Quarter 30 Sept 2018 RM'000	Changes (Amount) RM'000	Changes (%)
Revenue	77,558	79,794	(2,236)	(3%)
Operating (loss)/profit	(2,999)	20,962	(23,961)	(114%)
(Loss)/profit before tax	(5,108)	18,876	(23,984)	(127%)
(Loss)/profit after tax	(5,890)	14,262	(20,152)	(141%)
(Loss)/profit attributable to equity holders of the Company	(6,913)	8,103	(15,016)	(185%)

Group revenue was RM77,558,000 compared to RM79,794,000 reported in the immediate preceding quarter. Loss before tax of RM5,108,000 was recorded compared to pre-tax profit of RM18,876,000 in the immediate preceding quarter.

Insurance segment – Revenue decreased by RM620,000 to RM74,516,000 for the current quarter compared to the immediate preceding quarter. The decrease in revenue was primarily due to lower gross earned premium. Profit before tax of RM7,067,000 was lower compared to a pre-tax profit of RM20,936,000 in the immediate preceding quarter. This was largely attributable to lower underwriting results principally from higher net claims incurred and absence of profit commission earned.

IT segment – Revenue from external parties decreased by RM1,394,000 to RM2,569,000 for the current quarter compared to the immediate preceding quarter. This was mainly attributable to lower income from IT services. A higher pre-tax loss of RM4,846,000 was reported for the current quarter as compared to a pre-tax loss of RM965,000 in the immediate preceding quarter, mainly due to the increase in unrealised foreign exchange losses of RM1,436,000 and the lower revenue.

B3. Current Year Prospects

The general insurance business continues to remain challenging due to intense competitive pressures and the progressive impact of tariff liberalisation. To counter this, the Group will continue with its investment in digital technologies to adopt and implement new innovative and value added solutions to its customers.

The IT segment also remains extremely competitive but the Board expects the long term growth in this segment to remain stable with the Group's focus being to maintain high quality service to clients.

Notwithstanding the challenges above, the Group will continue to focus primarily on growing its business segments, while taking a selective approach to exploring investment opportunities and suitable business prospects in the pursuit of business growth. In these circumstances, the Board is cautiously optimistic for the financial year ending 30 September 2019.

B4. Profit Forecast and Profit Guarantee

No forecast has been issued by the Group for the period ended 31 December 2018.

B5. Taxation

The taxation figures include the following:

	1st Quarter Ended 31.12.2018 RM'000
Income tax:	
Current year's provision	
- Malaysian tax	791
Deferred tax:	
- Transfer from deferred taxation	(9)
	782

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

B6. Status of Corporate Proposal

There were no other corporate proposal announced but not completed as of the date of this report except as below:

On 13 December 2018, the Board of Directors announced that the Company proposed to establish an Employees' Share Option Scheme ("Proposed ESOS") of up to 15% of the total number of issued ordinary shares (excluding treasury shares) for the eligible executive directors and employees of the Company and its non-dormant subsidiaries.

The Proposed ESOS is conditional upon approvals being obtained from the following:

i) Bursa Malaysia for the listing of and quotation for such number of new shares to be issued on the Main Market of Bursa Malaysia upon exercise of the options under the Proposed ESOS;

ii) The Company's shareholders at the forthcoming Annual General Meeting ("AGM")

On 26 December 2018, the Board of Directors had announced that Bursa Malaysia, via its letter dated 24 December 2018, approved the listing and quotation for such number of new shares to be issued on the Main Market of Bursa Malaysia upon exercise of the options under the Proposed ESOS, subject to the following conditions:

i) The Company is required to submit a confirmation to Bursa Malaysia of full compliance of the Proposed ESOS together with a certified true copy of the resolution passed by the shareholders in general meeting approving the Proposed ESOS; and

ii) The Company is required to furnish to Bursa Malaysia on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of options under the Proposed ESOS as at the end of each quarter together with a detailed computation of listing fees payable.

The Proposed ESOS will be put forth to the Company's shareholders for approval at the AGM to be held on 20 February 2019.

B7. Group Borrowings

	Secured/ Unsecured	Currency	As at 31 December 2018 Foreign Currency '000	As at 31 December 2018 RM equivalent RM'000	As at 31 December 2017 Foreign Currency '000	As at 31 December 2017 RM equivalent RM'000
Long term						
a. Hire purchase creditors	Secured	GBP	2	12	-	-
	Secured	Baht	1,506	191	2,510	311
	Secured	RM		411		964
				614		1,275
b. Subordinated notes [1]	Unsecured	RM		34,306		34,138
c. Term loan	Secured	USD	-	-	50	203
Total Long Term Borrowings				34,920		35,616
Short term						
a. Hire purchase creditors	Secured	USD	-	-	4	17
	Secured	GBP	1	3	12	65
	Secured	Baht	1,209	153	1,360	168
	Secured	RM		445		618
				601		868
b. Revolving credit facilities	Secured	RM		200		200
c. Term loan	Secured	USD	130	539		-
Total Short Term Borrowings				1,340		1,068
Total				36,260		36,684

(1) Long term unsecured borrowings relate to Subordinated Notes with a 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.

B8. Material Litigation

As at 31 December 2018 there was no material litigation against the Group other than those arising in the normal course of the insurance subsidiary's business.

B9. Dividends

	RM'000	Date of payment
In respect of financial year ending 30 September 2019:		
(i) A first interim single tier dividend of 1.00 sen per share declared on 20 December 2018	2,728	24 January 2019

(ii) The Board of Directors had on 19 February 2019 declared a second interim single tier dividend of 1.50 sen per share in respect of the current financial year, payable on 21 March 2019. This dividend has not been reflected in the financial statements for the current quarter ended 31 December 2018 but will be accounted for in equity as an appropriation of retained profits for the next quarter ending 31 March 2019.

The total single tier dividend in respect of the current financial year was 2.50 sen per share. (Previous corresponding period: single tier dividend of 2.50 sen per share)

B10. Loss Per Share

		Quarter/Year To Date	
		31.12.2018	31.12.2017
Loss attributable to the equity holders of the Company (A)	(RM'000)	(6,913)	(9,449)
Weighted average number of ordinary shares in issue (B)	('000)	273,559	235,999
Loss per share:			
Basic (A÷B)	(sen)	(2.53)	(4.00)

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

B11. Loss For The Period

	Quarter/ Year To Date 31.12.2018 RM'000
Loss for the period is arrived at after charging:	
Interest expense	740
Depreciation of property, plant and equipment	506
Amortisation of:	
- intangible assets	142
- prepaid land lease payments	1
Allowance for impairment:	
- insurance receivables	120
Write back in allowance for impairment:	
- insurance receivables	(732)
Unrealised foreign exchange losses (net)	1,937
Loss on fair value of investments held as fair value through profit or loss	1,800
Realised foreign exchange losses (net)	1
and after crediting:	
Other operating income:	
Interest income	99
Rental income	1

There were no (i) write off of inventories, (ii) gain or loss on derivatives and (iii) exceptional items for the current quarter and period ended 31 December 2018.

BY ORDER OF THE BOARD
YONG KIM FATT
Company Secretary
Kuala Lumpur

19 February 2019