

**Notes To The Condensed Consolidated Interim Financial Statements
For The Year Ended 30 September 2019**

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
MFRS 15	Revenue from Contracts with Customers
MFRS 15	Clarifications to MFRS 15 Revenue from Contracts with Customers
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contract
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)
Amendments to MFRS 140	Transfers of Investment Property
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

The Group adopted MFRS 9 on 1 October 2018. As permitted by MFRS 9, comparative information has not been restated and all effects have been adjusted against equity as at 1 October 2018. Accordingly the comparative financial statements for the year ended 30 September 2018 are not comparable.

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) Classification and measurement

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 (“FVOCI”)
- 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 FVOCI.

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

Financial assets that are held for trading or are not measured at FVOCI 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 FVOCI, 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 FVOCI.

- **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 FVOCI.

- **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:

<u>Group</u>	<u>Previously stated</u> RM'000	Effects of adopting <u>MFRS 9</u> RM'000	<u>Restated</u> RM'000
<u>Description of Change</u>			
<u>Retained Profits:</u>			
Opening balance	164,130	648	164,778
(i) Transfer of gains on fair value of unit trusts from AFS reserve		450	
(ii) Decrease in allowance for impairment of insurance receivables		198	
<u>AFS Reserve:</u>			
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 FVOCI		(9,879)	
<u>FVOCI Reserve:</u>			
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.)

<u>Group</u>	<u>Previously stated RM'000</u>	<u>Effects of adopting MFRS 9 RM'000</u>	<u>Restated RM'000</u>
<u>Description of Change</u>			
<u>Non-Controlling Interest</u>			
Opening balance	123,127	191	123,318
(i) Decrease in allowance for impairment of insurance receivables		191	
<u>Insurance Receivables:</u>			
Opening balance	25,180	389	25,569
(i) Decrease in allowance for impairment of insurance receivables		389	
<u>AFS Financial Assets:</u>			
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 FVOCI		(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.)

<u>Group</u>	<u>Previously stated</u> RM'000	Effects of adopting <u>MFRS 9</u> RM'000	<u>Restated</u> RM'000
<u>Description of Change</u>			
<u>Financial Assets at FVOCI:</u>			
Opening balance	-	39,284	39,284
(i) Transfer of quoted and unquoted shares from AFS financial assets		39,284	
<u>Financial Assets at FVTPL</u>			
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	
<u>Held-To-Maturity ("HTM") Investments:</u>			
Opening balance	73	(73)	-
(i) Transfer of Sukuk to financial assets at AC		(73)	
<u>Financial Assets at AC:</u>			
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 year ended 30 September 2019:

<u>Group</u>	Increase RM'000
<u>Description of Change</u>	
Write back of allowance for impairment of insurance receivables	(56)
Decrease in fair value of investments at FVTPL	<u>(2,725)</u>
Decrease in profit before tax	(2,781)
Taxation	<u>654</u>
Increase in loss after tax	<u><u>(2,127)</u></u>
Attributable to:	
Equity holders of the Company	(1,422)
Non-controlling interest	<u>(705)</u>
	<u><u>(2,127)</u></u>
Increase in loss per share attributable to equity holders of the Company:	
- Basic loss per share (sen)	<u><u>(0.52)</u></u>
(Based on weighted average number of shares (net of treasury shares))	

No diluted loss per share is presented as it is anti-dilutive.

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
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
Amendments to MFRS 9	Prepayment Features with Negative Compensation
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.)

Effective for financial periods beginning on or after 1 January 2020

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
Amendments to MFRS 3	Business Combinations
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors

Interest Rate Benchmark Reform (Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement and MFRS 7 Financial Instruments: Disclosures)

Effective for financial periods beginning on or after 1 January 2021

MFRS 17	Insurance Contracts
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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, Amendments to MFRSs and IC Interpretation yet to be effective (Cont'd.)

The adoption of the above MFRSs, Amendments to MFRSs and Interpretation stated above are not expected to result in significant financial impact to the Group, except as disclosed below: (Cont'd.)

- MFRS 16: Leases

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.

- MFRS 17: Insurance Contracts

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 has completed the gap assessments phase of its MFRS 17 project and is expected to commence implementation activities in the upcoming financial year.

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 Cyclicity 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

During the period under review, 11,000 new ordinary shares each fully paid were issued pursuant to the exercise of options granted under the Company's Employees Share Option Scheme at an exercise price of RM0.89 per share.

All the above new ordinary shares rank pari passu in all respect with the existing ordinary shares of the Company.

(ii) Share buy-back

On 20 February 2019, the shareholders approved the renewal of the Company's plan to purchase its own ordinary shares.

During the financial year ended 30 September 2019, the Company purchased 3,671,000 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 RM3,691,000. 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 286,957,333 issued and fully paid ordinary shares as at 30 September 2019, 15,943,393 are held as treasury shares by the Company. The number of outstanding ordinary shares in issue and fully paid after deduction of treasury shares are therefore 271,013,940 ordinary shares.

- (iii) There were no issuance or repayment of debt securities during the financial year ended 30 September 2019.

A8. Segment Information

Year To Date 30 September 2019	Insurance RM'000	Information Technology RM'000	Investment Holding RM'000	Others RM'000	Consolidation adjustments RM'000	Group RM'000
REVENUE						
External sales	309,231	12,850	939	460	-	323,480
Inter-segment Sales	204	19,230	35,868	-	(55,302)	-
Total segment Revenue	309,435	32,080	36,807	460	(55,302)	323,480
RESULTS						
Segment profit/(loss)	21,298	(4,778)	19,700	(5,425)	(20,836)	9,959
Share of losses of associated companies	-	-	-	(4,067)	-	(4,067)
Segment profit/(loss) before tax	21,298	(4,778)	19,700	(9,492)	(20,836)	5,892
after accounting for :						
Interest income	-	276	-	343	-	619
Finance cost	(5,558)	(2,755)	(380)	(3,742)	9,121	(3,314)
Depreciation	(1,246)	(590)	(209)	(87)	11	(2,121)
Amortisation	(449)	(167)	(13)	(2)	66	(565)
Unrealised foreign exchange losses/(gains)	-	1,758	(1,819)	(8)	-	(69)
Other (expenses)/income	(1,387)	177	(1,064)	(167)	193	(2,248)

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 financial year ended 30 September 2019.

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:

	<u>Year To Date</u>	
	<u>30.9.2019</u>	<u>30.9.2018</u>
	<u>RM'000</u>	<u>RM'000</u>
(i) Performance guarantees - secured	424	469
(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 Company 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 ("BNM"), 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 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 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, 29 and 30 January 2018, and 19, 20 and 21 February 2019. BNM and FAWOAM were invited at the hearing of the oral representations on 21 February 2019.

A press statement was issued on 6 August 2019, MyCC is likely to reach its decision on its proposed financial penalties against PIAM and 22 of its members in 2020.

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

Capital commitment contracted but not provided for in the financial statements is as follows:

	Year To date	
	30.09.2019	30.09.2018
	RM'000	RM'000
Property, plant and equipment	<u>252</u>	<u>-</u>

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	
	<u>30.9.19</u>	<u>30.9.18</u>
	RM'000	RM'000
(a) Substantial shareholders of the Insurance subsidiary company - Expenditure:		
- Actuarial fees	228	240
- Specialised liability business services fees	<u>45</u>	<u>225</u>
	<u>273</u>	<u>465</u>
(b) Advances to an associated company by a foreign subsidiary company (Pacific & Orient Properties Ltd.)	<u>6,744</u>	<u>3,731</u>

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

As at 30 September 2019, 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 2019

B1. Review of Results

Financial review for current quarter and year to date

	Individual Period		Changes (Amount) RM'000	Changes (%)	Cumulative Period		Changes (Amount) RM'000	Changes (%)
	Current Year Quarter Ended 30 Sept 2019 RM'000	Preceding Year Corresponding Quarter Ended 30 Sept 2018 RM'000			Current Year To-date Ended 30 Sept 2019 RM'000	Preceding Year Corresponding Period Ended 30 Sept 2018 RM'000		
Revenue	81,988	79,794	2,194	3%	323,480	317,145	6,335	2%
Operating profit	13,646	20,962	(7,316)	35%	13,273	23,679	(10,406)	44%
Profit before tax	12,272	18,876	(6,604)	35%	5,892	16,460	(10,568)	64%
Profit/(loss) after tax	8,074	14,262	(6,188)	43%	(972)	1,266	(2,238)	177%
Profit/ (loss) attributable to equity holders of the Company	3,257	8,103	(4,846)	60%	(8,435)	(12,267)	3,832	31%

Financial Review for Current Quarter compared with Preceding Year Corresponding Quarter

Group revenue was RM81,988,000 compared to RM79,794,000 in the preceding year corresponding quarter. A profit before tax of RM12,272,000 was reported compared to pre-tax profit of RM18,876,000 in the preceding year corresponding quarter.

Insurance segment – Revenue increased by RM1,074,000 to RM76,210,000 for the current quarter compared to the preceding year corresponding quarter. The increase in revenue was primarily due to higher gross earned premium. However, a lower pre-tax profit of RM17,732,000 was reported for the current quarter compared to a pre-tax profit of RM20,936,000 in the preceding year corresponding quarter. This was largely attributable to higher net claims, marketing and promotional expenses.

Information technology (IT) segment - Revenue from external parties increased by RM1,488,000 to RM5,451,000 for the current quarter compared to the preceding year corresponding quarter, principally due to higher sales of hardware and income from IT services. However, a pre-tax loss of RM1,166,000 was reported for the current quarter as compared to a pre-tax loss of RM965,000 in the preceding year corresponding quarter, mainly due to lower unrealised foreign exchange gain and higher staff costs from the granting of ESOS options.

B1. Review of Results (Cont'd.)

Current Period compared with Preceding Year Corresponding Period

Group revenue was RM323,480,000 compared to RM317,145,000 in the preceding year corresponding period. Profit before tax of RM5,892,000 was reported compared to pre-tax profit of RM16,460,000 in the preceding year corresponding period.

Insurance segment – Revenue increased by RM7,119,000 to RM309,231,000 for the current period compared to the preceding year corresponding period. The increase in revenue was primarily due to higher gross earned premium. However, profit before tax of RM37,915,000 was lower compared to a pre-tax profit of RM53,123,000 in the preceding year corresponding period, mainly attributable to higher net claims, marketing and promotional expenses.

Information technology (IT) segment - Revenue from external parties increased by RM690,000 to RM12,850,000 for the current period compared to the preceding year corresponding period, principally due to higher sales of hardware and income from IT services. A higher pre-tax loss of RM12,130,000 was reported for the current period as compared to a pre-tax loss of RM11,197,000 in the preceding year corresponding period, mainly due to lower write back in allowance for doubtful debts.

B1. Review of Results (Cont'd.)

Consolidated Statement of Comprehensive Income

Group's total other comprehensive loss for the current period ended 30 September 2019 amounted to RM8,686,000 as compared to total comprehensive loss of RM3,043,000 in the preceding year corresponding period, mainly due to the decrease in FVOCI reserve and currency translation differences.

Consolidated Statement Financial Position

The Group's total assets as at 30 September 2019 was RM986,734,000, 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 30 September 2019 was RM589,123,000, a decrease from RM612,040,000 as of 30 September 2018. The decrease was mainly due to a reduction in claims liabilities provision.

The Group's equity attributable to equity holders of the Company was RM289,694,000 as at 30 September 2019 compared to RM325,437,000 as of 30 September 2018. The decrease was mainly due to lower retained profits resulted from net losses and payment of dividends.

Consolidated Statement of Cash Flows

The Group's cash and cash equivalents as at 30 September 2019 was RM46,036,000.

The net cash generated from operating activities amounted to RM13,675,000, mainly from interest on deposits and placements with financial institutions. The net cash generated from investing activities of RM18,640,000 was from disposal of investments. The net cash used in financing activities of RM43,351,000 was in respect of payment of dividends.

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

	Current Quarter 30 Sept 2019 RM'000	Immediate Preceding Quarter 30 June 2019 RM'000	Changes (Amount) RM'000	Changes (%)
Revenue	81,988	78,391	3,597	459%
Operating profit/ (loss)	13,646	(2,383)	16,029	(67264%)
Profit/ (loss) before tax	12,272	(4,054)	16,326	(40271%)
Profit/ (loss) after tax	8,074	(3,838)	11,912	(31037%)
Profit/(loss) attributable to equity holders of the Company	3,257	(2,801)	6,058	(21628%)

Group revenue was RM81,988,000 compared to RM78,391,000 reported in the immediate preceding quarter. Profit before tax of RM12,272,000 was recorded compared to pre-tax loss of RM4,054,000 in the immediate preceding quarter.

Insurance segment – Revenue decreased by RM88,100 to RM76,210,000 for the current quarter compared to the immediate preceding quarter. The decrease in revenue was primarily due to lower gross earned premium. However, a higher profit before tax of RM17,732,000 was reported for the current quarter compared to RM1,820,000 in the immediate preceding quarter. This was largely attributable to profit commission earned.

IT segment – Revenue from external parties increased by RM3,565,000 to RM5,451,000 for the current quarter compared to the immediate preceding quarter. This was mainly attributable to higher income from IT services and software subscription.

A lower pre-tax loss of RM1,166,000 was reported for the current quarter as compared to a pre-tax loss of RM2,736,000 in the immediate preceding quarter, mainly due to the increase in revenue.

B3. Current Year Prospects

Business conditions globally and in Malaysia continue to be challenging due to the forces of trade protectionism and the resultant weak growth in the global and Malaysian economies. As always, the Group will endeavour to offset the negative impact of the foregoing on the insurance business to the best of its ability.

The IT segment also remains similarly competitive. The Group emphasis on maintaining high quality service to its clients and the relationship established with its long terms clients remains the preferred strategy and as such the IT segment is expected to remain stable in its long term growth.

In the face of the challenges mentioned above, the Group will continue to focus primarily on growing its business segments while maintaining a selective approach to exploring investment opportunities and suitable business prospects in the pursuit of growth. In these circumstances, the Board is cautiously optimistic about the performance of the Group for the remaining period of the current financial year.

B4. Profit Forecast and Profit Guarantee

No forecast has been issued by the Group for the financial year ended 30 September 2019.

B5. Taxation

The taxation figures include the following:

	Quarter Ended 30.9.19 RM'000	Year to Date 30.9.19 RM'000
Income tax:		
Current year's provision		
- Malaysian tax	3,608	6,997
- Under/(over) provision in prior years	559	(91)
	<u>4,167</u>	<u>6,906</u>
Deferred tax:		
- Transfer to deferred taxation	18	86
- Under/(over) provision in prior years	13	(128)
	<u>4,198</u>	<u>6,864</u>

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 stated below:

On 13 December 2018, the Board of Directors announced that the Company proposed to establish an Employees' Share Option Scheme ("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.

Bursa Malaysia had 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 ESOS, subject to the following conditions:

- (i) The Company's principal adviser, Hong Leong Investment Bank Berhad ("HLIB") is required to submit a confirmation to Bursa Malaysia of full compliance of the ESOS and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders in general meeting approving the 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 ESOS as at the end of each quarter together with a detailed computation of listing fees payable.

At the Annual General Meeting held on 20 February 2019, the shareholders approved the ESOS.

On 17 June 2019, the Company has via HLIB, announced the implementation the ESOS with effect from 17 June 2019, being the date on which the Company fully complied with the requirements of Bursa Malaysia for the said implementation.

B7. Group Borrowings

			As at 30.9.2019		As at 30.9.2018	
	Secured/ Unsecured	Currency	Foreign Currency '000	RM equivalent RM'000	Foreign Currency '000	RM equivalent RM'000
Long term						
a. Hire purchase creditors	Secured	GBP	2	9	3	13
	Secured	Baht	2,392	325	1,922	245
	Secured	RM		469		505
				803		763
b. Subordinated notes ⁽¹⁾	Unsecured	RM		34,443		34,265
Total Long Term Borrowings				35,246		35,028
Short term						
a. Hire purchase creditors	Secured	USD	-	-	1	3
	Secured	GBP	-	2	1	2
	Secured	Baht	1,187	162	1,262	161
	Secured	RM		453		483
				617		649
b. Revolving credit facilities	Secured	RM		200		200
c. Term loan	Secured	USD	130	536	130	539
Total Short Term Borrowings				1,353		1,388
Total				36,599		36,416

(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 30 September 2019 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 ended 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) A second interim single tier dividend of 1.50 sen per share declared on 19 February 2019	4,088	21 March 2019
(iii) A third interim single tier dividend of 1.25 sen per share declared on 17 April 2019	3,403	23 May 2019
(iv) A fourth interim single tier dividend of 1.25 sen per share declared on 10 July 2019	3,392	15 August 2019
(v) A fifth interim single tier dividend of 1.25 sen per share declared on 25 September 2019	3,388	1 November 2019
	<u>16,999</u>	

The total single tier dividend in respect of the current financial year was 6.25 sen per share.
(Previous corresponding period: single tier dividend of 6.25 sen per share)

Pacific & Orient Berhad
(Company No: 308366-H)

B10. Earnings/(Loss) Per Share

		Quarter Ended		Year To Date	
		30.9.2019	30.9.2018	30.9.2019	30.9.2018
Net profit/ (loss) for the period (A)	(RM'000)	3,257	8,103	(8,436)	(12,267)
Weighted average number of ordinary shares in issue (B)	('000)	271,156	274,859	272,259	258,759
Weighted average number of ordinary shares for diluted earnings/(loss) per share (C) (See note below)	('000)	271,991	*(1)	*(2)	*(1)
Earnings/(loss) per share:					
Basic (A ÷ B)	(sen)	1.20	2.95	(3.10)	(4.74)
Diluted (A ÷ C)	(sen)	1.20	*(1)	*(2)	*(1)
Note:					
Weighted average number of ordinary shares in issue	('000)	271,156	*(1)	*(2)	*(1)
Assumed exercise of share options under the ESOS	('000)	835	*(1)	*(2)	*(1)
Weighted average number of ordinary shares for diluted earnings/(loss) per share (C)	('000)	271,991	*(1)	*(2)	*(1)

*⁽¹⁾ There were no dilutive potential ordinary shares as at the end of the reporting period.

*⁽²⁾ Not disclosed as it is anti-dilutive.

B11. Profit/(Loss) For The Period

	Quarter Ended 30.9.2019 RM'000	Year To Date 30.9.2019 RM'000
Profit/(loss) for the period is arrived at after charging:		
Interest expense	746	2,957
Depreciation of property, plant and equipment	588	2,121
Amortisation of:		
- intangible assets	133	561
- prepaid land lease payments	1	4
Allowance for impairment:		
- insurance receivables	54	54
Unrealised foreign exchange (gains)/losses	(229)	69
Loss on fair value of financial assets at fair value through profit or loss	1,008	2,725
Realised foreign exchange (gains)/ losses	(5)	-
and after crediting:		
Other operating income:		
Gain on disposal of financial assets at fair value through profit or loss	414	701
Interest income	165	619
Rental income	1	5

There were no (i) gain or loss on derivatives or (ii) exceptional items for the current quarter and financial year ended 30 September 2019.

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

29 November 2019