A. Notes To The Condensed Consolidated Interim Financial Statements For The Nine Months Ended 30 June 2020

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 2019.

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 2019 except for the adoption of the following MFRSs, Amendments to MFRSs and Interpretation issued by the Malaysian Accounting Standards Board ("MASB").

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	Employee Benefits – Plan Amendment, Curtailment or Settlement

A1. Basis of Preparation (Cont'd.)

Other than the implications as disclosed below, the adoption of the above MFRSs, Amendments to MFRSs and Interpretation did not have any significant impact on the financial statements of the Group.

(a) Adoption of MFRS 16: Leases

MFRS 16 supersedes MFRS 117: Leases, IC Interpretation 4: Determining whether an Arrangement contains a Lease, IC Interpretation 115: Operating Lease-Incentives and IC Interpretation 127: Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

MFRS 16 has been adopted by the Group from date of initial application of 1 October 2019 using the modified retrospective approach with no restatement of comparative information. Accordingly the comparative financial statements for the year ended 30 September 2019 are not comparable.

As a lessee

(i) Leases previously classified as operating leases

As at 1 October 2019, the Group recognised right-of-use ("ROU") assets and lease liabilities for those leases previously classified as operating lease under MFRS 117.

Lease liabilities were measured based on the present value of the remaining lease payments, discounted using the incremental borrowing rate as at 1 October 2019. ROU assets were measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments.

(ii) Leases previously classified as finance leases

The Group recognised the carrying amount of finance lease assets and liabilities as at 30 September 2019 as the carrying amounts of ROU assets and the lease liabilities at the date on initial application.

A1. Basis of Preparation (Cont'd.)

(a) Adoption of MFRS 16: Leases (Cont'd.)

As a lessor

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.

When the Group is an intermediate lessor, it accounts for its interests in the head-lease and the sub-lease separately. If a head-lease is a short-term lease to which the Group applies the permitted exemption under MFRS 16 as mentioned below, then it classifies the sub-lease as an operating lease. In other cases, the sub-lease is classified by reference to the ROU asset arising from the head-lease, and not the underlying asset.

The Group has applied the following practical expedients/exemptions under MFRS 16:

- Not assess whether a contract is, or contains a lease as at 1 October 2019. Instead the Group applied MFRS 16 only to contracts that were previously identified as leases applying MFRS 117 and IC Interpretation 4 as at 1 October 2019.

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.

- Excluded the initial direct costs from the measurement of the ROU assets at the date of initial adoption.

- Exempted from recognition as ROU assets and lease liabilities:

    - short-term leases with lease terms of 12 months or less, and which do not contain any purchase option;

    - leases for low-value assets which mainly comprise office and computer equipment, except for those assets which are, or expected to be sub-leased.

- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

- Combine each separate lease component and any associated non-lease components and account for them as a single lease component.

A1. Basis of Preparation (Cont'd.)

(a) Adoption of MFRS 16: Leases (Cont'd.)

The financial effects of adopting MFRS 16 are disclosed below:

	As previously stated at 30 Sept 2019 RM'000	Effects of adopting MFRS 16 RM'000	As restated at 1 Oct 2019 RM'000
Assets			
Right-of-use assets	-	14,536	14,536
Lease receivables	-	1,076	1,076
Liabilities			
Lease liabilities	-	14,654	14,654

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

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
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendments to MFRS 138	Intangible Assets
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

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 June 2020

Amendments to MFRS 16	Leases – Covid-19 Related Rent Concessions

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

Effective for financial periods beginning on or after 1 January 2022

Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards – Annual Improvements to MFRS Standards 2018-2020
Amendments to MFRS 3	Business Combinations – Reference to the Conceptual Framework)
Amendments to MFRS 9	Financial Instruments – Annual Improvements to MFRS Standards 2018-2020
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts - Cost of Fulfilling a Contract
Amendments to MFRS 141	Agriculture – Annual Improvements to MFRS Standards 2018-2020

Effective for financial periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 101	Presentation of Financial Statements – Classification of Liabilities as Current or Non-current

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 Interpretations yet to be effective (Cont'd.)

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

- <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.

  MFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies MFRS 9 and MFRS 15 on or before the date it first applies MFRS 17.

  The Group plans to adopt MFRS 17 on the required effective date and expects that MFRS 17 will result in an important change to the accounting policies for insurance contract liabilities of the Group and is likely to have a significant impact on profit and total equity together with the Group's financial statements' presentation and disclosure.

  The Group completed the gap assessments phase of its MFRS 17 project in the last financial year and is currently in the implementation phase.

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 16 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.

A7. Issuances, Repurchases, Resale and Repayments of Debts and Equity Securities

(i) Issuance of shares

During the nine months period ended 30 June 2020, 102,000 new ordinary shares each fully paid were issued pursuant to the exercise of options granted under the Company's Employees Share Option Scheme ("ESOS") at an exercise price of RM0.89 per share. Details of the issued and paid up capital of the Company as at 30 June 2020 are as follows:

	No. of shares	RM'000
As at 30 September 2019	286,957,333	147,289
Ordinary shares issued pursuant to the ESOS	102,000	100 [1]
As at 30 June 2020	287,059,333	147,389

[1] Included capitalisation of share option reserves to share capital of RM9,000.

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

A7. Issuances, Repurchases, Resale and Repayments of Debts and Equity Securities (Cont'd.)

(ii) Share buy-back

On 19 February 2020, the shareholders approved the renewal of the Company's plan to purchase its own ordinary shares.

During the nine months period ended 30 June 2020, the Company purchased 3,373,100 of its issued and fully paid ordinary shares from the open market at an average price of RM0.91 per share for a total consideration of RM3,058,508. 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 287,059,333 issued and fully paid ordinary shares as at 30 June 2020, 19,316,493 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 267,742,840 ordinary shares.

(iii) There were no issuance or repayment of debt securities during the period ended 30 June 2020.

A8. 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.

A9. Effect of Changes in Composition of the Group

P & O Global Technologies, Inc., a wholly owned subsidiary of the Company, had on 6 April 2020 completed the incorporation of Pacific & Orient Properties LLC, a limited liability company in the United States of America.

The above incorporation has no material impact to the Group during the financial period under review.

A10. Segment Information

	Insurance RM'000	Information Technology RM'000	Investment Holding RM'000	Others RM'000	Consolidation adjustments RM'000	Group RM'000
Year to date ended						
30 June 2020						
REVENUE						
External sales	227,051	9,535	223	128	-	236,937
Inter-segment sales	197	13,349	23,205	112	(36,863)	-
Total segment Revenue	227,248	22,884	23,428	240	(36,863)	236,937
RESULTS						
Segment profit/(loss)	1,630	580	5,573	(9,576)	(1,705)	(3,498)
Share of losses of associated companies	-	-	-	(1,861)	-	(1,861)
Segment profit/(loss) before tax after accounting for :	1,630	580	5,573	(11,437)	(1,705)	(5,359)
Interest income	-	463	-	129	(247)	345
Finance cost	(4,864)	(2,711)	(819)	(3,282)	8,399	(3,277)
Depreciation	(5,579)	(2,341)	(400)	(360)	4,594	(4,086)
Amortisation	(341)	(124)	(10)	(2)	52	(425)
Unrealised foreign exchange gains	-	768	3,757	66	-	4,591
Other (expenses)/income	(2,971)	4,203	9,891	(249)	(14,880)	(4,006)
Year to date ended						
30 June 2019						
REVENUE						
External sales	233,021	7,399	686	386	-	241,492
Inter-segment sales	197	15,128	31,977	-	(47,302)	-
Total segment Revenue	233,218	22,527	32,663	386	(47,302)	241,492
RESULTS						
Segment profit/(loss)	7,891	(4,393)	19,696	(4,107)	(21,937)	(2,850)
Share of losses of associated companies	-	-	-	(3,530)	-	(3,530)
Segment profit/(loss) before tax after accounting for :	7,891	(4,393)	19,696	(7,637)	(21,937)	(6,380)
Interest income	-	201	-	253	-	454
Finance cost	(4,158)	(2,019)	(285)	(2,772)	6,757	(2,477)
Depreciation	(933)	(379)	(164)	(66)	9	(1,533)
Amortisation	(341)	(127)	(10)	(2)	49	(431)
Unrealised foreign exchange gains/(losses)	-	1,190	(1,497)	9	-	(298)
Other (expenses)/income	(574)	(21)	(1,099)	(43)	170	(1,567)

A11. Changes in Contingent Assets and Contingent Liabilities

The Group does not have any contingent assets since financial year ended 30 September 2019.

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

		Year To Date	
		30.6.2020	30.6.2019
		RM'000	RM'000
(i)	Performance guarantees - secured	458	440

(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 ("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 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, 19, 20 and 21 February 2019. BNM and FAWOAM were invited at the hearing of the oral representations on 21 February 2019. The oral representation from all relevant insurers, as represented by counsels, was concluded on 18 June 2019.

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

In the event that MyCC intends to enforce the Proposed Decision, the insurance subsidiary company and other 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 30 June 2020.

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	
	30.6.2020	30.6.2019
	RM'000	RM'000
(a) Substantial shareholders of the Insurance subsidiary company - Expenditure:		
- Product and pricing services	195	57
- Actuarial fees	-	45
- Specialised liability business services fees	-	114
	195	216
(b) Advances to associated companies by a foreign subsidiary company (Pacific & Orient Properties Ltd.)	4,233	1,303

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

As at 30 June 2020, the insurance subsidiary has a capital adequacy ratio in excess of the minimum requirement as stipulated in the RBC Framework.

A15. Employees' Share Option Scheme

The Employees' Share Option Scheme ("ESOS") was approved by the shareholders at the Annual General Meeting held on 20 February 2019 and came into effect on 17 June 2019. The ESOS shall be in force for a period of five years until 16 June 2024.

The fair value of share options was estimated by the Group using the Black-Scholes-Merton option pricing model, taking into account the terms and conditions upon which the options were granted.

The fair values of share options granted are between RM0.085 and RM0.087 per share.

The number of share options of the Group granted under the ESOS that are still outstanding for the financial period ended 30 June 2020 is as follows:

			<------ Number of Options ------>						
Grant Date	Expiry Date	Exercise Price	Outstanding as at 1 Oct 2019	Granted during the period	Expired during the period	Forfeited during the period	Exercised during the period	Outstanding as at 30 June 2020	Exercisable as at 30 June 2020
13 Sept 2019	16 June 2024	RM0.89	20,766,000	-	-	81,000	102,000	20,583,000	7,574,000

The movements of share options reserve during the period are presented as follows:

	Number of options	Amount RM'000
Share options reserve at 1 October 2019	12,150,083	1,046
Options recognised during the period	3,294,814	282
Forfeited during the period	(81,000)	(7)
Exercised during the period	(102,000)	(9)
Share options reserve at 30 June 2020	15,261,897 [(1)]	1,312
Share options reserve at 1 October 2018	-	-
Options recognised during the year	12,206,083	1,051
Forfeited during the year	(45,000)	(4)
Exercised during the year	(11,000)	(1)
Share options reserve at 30 September 2019	12,150,083 [(1)]	1,046

[(1)] As at 30 June 2020, the number of exercisable options was 7,574,000 (30 September 2019: 7,757,000 options)

B. Additional Notes Pursuant To The Main Market Listing Requirements of Bursa Malaysia For The Nine Months Ended 30 June 2020

B1. Review of Results

Financial review for current quarter and year to date

	Individual Period				Cumulative Period			
	Current Year Quarter Ended 30 June 2020 RM'000	Preceding Year Corresponding Quarter Ended 30 June 2019 RM'000	Changes (Amount) RM'000	Changes (%)	Current Year To-date Ended 30 June 2020 RM'000	Preceding Year Corresponding Period Ended 30 June 2019 RM'000	Changes (Amount) RM'000	Changes (%)
Revenue	74,036	78,391	(4,355)	(6%)	236,937	241,492	(4,555)	(2%)
Operating profit/(loss)	6,870	(2,383)	9,253	388%	1	(373)	374	100%
Profit/(loss) before tax	5,195	(4,054)	9,249	228%	(5,359)	(6,380)	1,021	16%
Profit/(loss) after tax	3,700	(3,838)	7,538	196%	(6,657)	(9,046)	2,389	26%
Loss attributable to equity holders of the Company	(480)	(2,801)	2,321	83%	(6,529)	(11,692)	5,163	44%

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

Group revenue was RM74,036,000 compared to RM78,391,000 in the preceding year corresponding quarter. Profit before tax of RM5,195,000 was reported compared to pre-tax loss of RM4,054,000 in the preceding year corresponding quarter.

Insurance segment – Revenue reduced by RM5,633,000 to RM70,665,000 for the current quarter compared to the preceding year corresponding quarter. The decrease in revenue was primarily due to lower gross earned premium. Profit before tax of RM14,837,000 was reported for the current quarter as compared to a pre-tax profit of RM1,820,000 in the preceding year corresponding quarter. This was largely attributable to higher underwriting results arising from lower net claims incurred, and the gain in fair value of investments held at fair value through profit or loss ("FVTPL").

Information technology (IT) segment – Revenue from external parties increased by RM1,289,000 to RM3,176,000 for the current quarter compared to the preceding year corresponding quarter, principally due to higher income from IT services. A lower pre-tax loss of RM1,513,000 was reported for the current quarter as compared to a pre-tax loss of RM2,736,000 in the preceding year corresponding quarter, mainly due to the increased revenue.

B1. Review of Results (Cont'd.)

Current Period compared with Preceding Year Corresponding Period

Group revenue was RM236,937,000 compared to RM241,492,000 in the preceding year corresponding period. Loss before tax of RM5,359,000 was reported compared to pre-tax loss of RM6,380,000 in the preceding year corresponding period.

Insurance segment – Revenue decreased by RM5,970,000 to RM227,051,000 for the current period compared to the preceding year corresponding period. The decrease in revenue was primarily due to lower gross earned premium. Profit before tax of RM14,285,000 was reported for the current period as compared to pre-tax profit of RM20,183,000 in the preceding year corresponding period, mainly attributable to the lower underwriting results arising from higher net claims incurred, and higher loss in fair value of investments held at FVTPL.

Information technology (IT) segment – Revenue from external parties increased by RM2,136,000 to RM9,535,000 for the current period compared to the preceding year corresponding period, principally due to higher income from IT services. A lower pre-tax loss of RM8,089,000 was reported in the current period as compared to a pre-tax loss of RM10,964,000 in the preceding year corresponding period, mainly due to higher sales and lower operating expenses.

Consolidated Statement of Comprehensive Income

Group's total other comprehensive income for the current period ended 30 June 2020 amounted to RM8,649,000 as compared to total comprehensive loss of RM6,234,000 in the preceding year corresponding quarter, mainly due to the increase in fair value through other comprehensive income ("FVOCI") reserve from higher fair value of the quoted shares.

Consolidated Statement of Financial Position

The Group's total assets as at 30 June 2020 was RM1,031,205,000, an increase from RM986,734,000 as of 30 September 2019. The increase was mainly attributable to the increase in cash and bank balance as a result from drawdown of warehousing facility and recognition of right-of-use assets upon the adoption of MFRS 16.

The Group's total liabilities as at 30 June 2020 was RM657,858,000, an increase from RM589,123,000 as of 30 September 2019. The increase was mainly due to the increased borrowings and recognition of lease liabilities from the adoption of MFRS 16.

The Group's equity attributable to equity holders of the Company was RM275,575,000 as at 30 June 2020 compared to RM289,694,000 as of 30 September 2019. The decrease was mainly due to the payment of dividends.

B1. Review of Results (Cont'd.)

Consolidated Statement of Cash Flows

The Group's cash and cash equivalents as at 30 June 2020 was RM63,494,000.

The net cash generated from operating activities of RM7,268,000 was mainly derived from the insurance segment. The net cash used in investing activities of RM1,611,000 was mainly for additional investment in associated companies. The net cash generated from financing activities of RM12,646,000 was principally due to drawdown of warehousing facility offset by payments of dividends.

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

	Current Quarter 30 June 2020 RM'000	Immediate Preceding Quarter 31 Mar 2020 RM'000	Changes (Amount) RM'000	Changes (%)
Revenue	74,036	85,871	(11,835)	(14%)
Operating profit/(loss)	6,870	(2,170)	9,040	(417%)
Profit/(loss) before tax	5,195	(3,846)	9,041	(235%)
Profit/(loss) after tax	3,700	(4,405)	8,105	(184%)
Loss attributable to equity holders of the Company	(480)	(2,011)	1,531	(76%)

Group revenue was RM74,036,000 compared to RM85,871,000 reported in the immediate preceding quarter. Profit before tax of RM5,195,000 was recorded compared to pre-tax loss of RM3,846,000 in the immediate preceding quarter.

Insurance segment – Revenue decreased by RM11,610,000 to RM70,665,000 for the current quarter compared to the immediate preceding quarter. The decrease in revenue was primarily due to lower gross earned premium. However, profit before tax of RM14,837,000 was reported for the current quarter as compared to a pre-tax loss of RM457,000 in the immediate preceding quarter. This was largely attributable to the gain in fair value of investments held at FVTPL and better underwriting results as a due to lower net claims incurred.

IT segment – Revenue from external parties decreased by RM336,000 to RM3,176,000 for the current quarter compared to the immediate preceding quarter. This was mainly attributable to lower income from IT services. A lower pre-tax loss of RM1,513,000 was reported for the current quarter as compared to a pre-tax loss of RM2,589,000 in the immediate preceding quarter which resulted from increase in unrealised foreign exchange gains of RM837,000.

B3. Current Year Prospects

The Covid-19 pandemic and the Movement Control Order ("MCO") restrictions have significantly affected the general insurance operations. The enforced closure of insurance agents' premises during the MCO period has restricted the insurance subsidiary company to rely on its call centre and online distribution channels, which subsequently has adversely affected the acquisition of premium income. As the current economic indicators projecting lower Gross Domestic Product growth, higher unemployment rate and significant drop in vehicle sales, the Group expects that the adverse trends on the general insurance business will continue post MCO period.

The IT division is also expected to face continuous challenges. However, the overall impact is not likely to be severe as the division has long term customers on which it can rely for a steady stream of income.

Although the restrictions on the operations of the business activities of the Group have been substantially relaxed, the adverse economic impact of Covid-19 both domestically and globally can be expected to continue to affect the Group's performance. In these circumstances, the Board expects the Group to face difficult prospects for the financial year ending 30 September 2020.

B4. Profit Forecast and Profit Guarantee

No forecast has been issued by the Group for the period ended 30 June 2020.

B5. Taxation

The taxation figures include the following:

	Quarter Ended		Year To Date	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Current year's provision				
- Malaysian tax	1,891	444	1,945	3,389
- Over provision in prior years	(304)	(650)	(304)	(650)
	1,587	(206)	1,641	2,739
Deferred tax:				
- Transfer from deferred taxation	(88)	(10)	(339)	67
- Over provision in prior years	(4)	-	(4)	(140)
	(92)	(10)	(343)	(73)
	1,495	(216)	1,298	2,666

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.

B7. Group Borrowings

	Secured/ Unsecured	Currency	As at 30 June 2020 Foreign Currency '000	As at 30 June 2020 RM equivalent RM'000	As at 30 September 2019 Foreign Currency '000	As at 30 September 2019 RM equivalent RM'000
Long term						
a. Hire purchase creditors	Secured	GBP	20	103	2	9
	Secured	Baht	1,484	205	2,392	325
	Secured	RM	-	596	-	468
				904		802
b. Subordinated Note (1)	Unsecured	RM	-	34,549	-	34,443
c. Warehousing facility (2)	Secured	RM	-	34,699	-	-
Total Long Term Borrowings				70,152		35,245
Short term						
a. Hire purchase creditors	Secured	GBP	14	73	-	2
	Secured	Baht	1,200	166	1,187	162
	Secured	RM	-	447	-	453
				686		617
b. Revolving credit facilities	Secured	RM	-	11,900	-	200
c. Term loan	Secured	USD	130	557	130	536
Total Short Term Borrowings				13,143		1,353
Total				83,295		36,598

(1) This relates to the Subordinated Note with a nominal value of RM70,000,000 net of discount and transaction costs, issued by the insurance subsidiary company on 27 June 2012. Of the RM70,000,000 Subordinated Note, RM35,000,000 were subscribed by the Company whilst the remaining RM35,000,000 were subscribed by a third party, of which the balance payable is disclosed above.

(2) This relates to the drawdown of RM35,000,000 of the warehousing facility signed with Hong Leong Investment Bank Berhad on 14 April 2020. The warehousing facility is secured against the RM35,000,000 Subordinated Note which was subscribed by the Company.

B8. Material Litigation

As at 30 June 2020 there was no material litigation against the Group other than those arising in the normal course of the insurance subsidiary's business.

B9. Dividends

In respect of financial year ending 30 September 2020:

	RM'000	Date of payment
(i) A first interim single tier dividend of 1.50 sen per share declared on 13 December 2019	4,056	13 January 2020
(ii) A second interim single tier dividend of 1.50 sen per share declared on 18 February 2020	4,050	20 March 2020
(iii) A third interim single tier dividend of 0.40 sen per share declared on 8 April 2020	1,072	30 April 2020
(iv) A fourth interim single tier dividend of 0.40 sen per share declared on 27 April 2020	1,072	22 May 2020
(v) A fifth interim single tier dividend of 0.40 sen per share declared on 20 May 2020	1,071	18 June 2020
	11,321	

(vi) The Board of Directors had on 22 July 2020 declared a sixth interim single tier dividend of 1.20 sen per share in respect of the current financial year, which was paid on 25 August 2020. This dividend has not been reflected in the financial statements for the current quarter ended 30 June 2020 but will be accounted for in equity as an appropriation of retained profits for the next quarter ending 30 September 2020.

The total single tier dividend in respect of the current financial year was 5.40 sen per share (Previous corresponding period: single tier dividend of 5.00 sen per share).

B10. Loss Per Share

		Quarter Ended		Year To Date	
		30.6.2020	30.6.2019	30.6.2020	30.6.2019
Net loss for the period (A)	(RM'000)	(480)	(2,801)	(6,529)	(11,692)
Weighted average number of ordinary shares in issue (B)	('000)	267,843	271,814	269,279	272,626
Weighted average number of ordinary shares for diluted loss per share (C)	('000)	*(1)	*(2)	*(1)	*(2)
Loss per share:					
Basic (A ÷ B)	(sen)	(0.18)	(1.03)	(2.42)	(4.29)
Diluted (A ÷ C)	(sen)	*(1)	*(2)	*(1)	*(2)

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

*(2) There were no potential dilutive ordinary shares during this reporting period.

B11. Profit/(Loss) For The Period

	Quarter Ended		Year To Date	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) for the period is arrived at after charging/(crediting):				
Interest expense	1,425	749	3,277	2,211
Depreciation of:				
- property, plant and equipment	569	509	1,673	1,533
- right-of-use assets	827	-	2,413	-
Amortisation of:				
- intangible assets	156	142	422	428
- prepaid land lease payments	1	1	3	3
Allowance for impairment:				
- investment in an associated company	2,548	-	2,886	-
- insurance receivables	213	-	338	-
Write back in allowance for impairment:				
- insurance receivables	-	960	-	(63)
- trade receivables	-	-	(2)	-
(Gain)/loss on fair value of investments held at fair value through profit or loss	(2,924)	63	4,306	1,721
Gain on disposal of investments	(183)	(203)	(1,000)	(287)
Gain on derecognition of right-of-use assets	-	-	(318)	-
Unrealised foreign exchange (gain)/loss (net)	737	(2,267)	(4,591)	298
Realised foreign exchange loss/(gain) (net)	(12)	(34)	(19)	5
Interest income	(105)	(184)	(345)	(454)
Rental income	-	(2)	-	(4)

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 30 June 2020.

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

27 August 2020