A. Notes To The Condensed Consolidated Interim Financial Statements For The Year Ended 30 September 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 119	Employee Benefits – Plan Amendment, Curtailment or Settlement
Amendments to MFRS 123	Borrowing Costs (Annual Improvements to MFRSs 2015-2017 Cycle)

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.

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 similar to the accounting for finance leases under MFRS 117.

MFRS 16 has been adopted by the Group from the date of initial application of 1 October 2019 using the modified retrospective approach with no restatement of comparative information. Under this method, the standard was applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowed under MFRS 16 to not reassess whether a contract is, or contains a lease as at 1 October 2019. Instead, the Group applied MFRS 16 to contracts that were previously identified as leases to which MFRS 117 and IC Interpretation 4 applied at the date of initial application.

Before the adoption of MFRS 16, the Group classified each of its leases such as leases for leasehold land, buildings, computer and office equipment and motor vehicles at the inception date as either a finance lease or an operating lease in accordance with MFRS 117.

Upon the adoption of MFRS 16, the Group classifies each of its leases as follows:

(i) The Group as Lessee

(a) Leases previously classified as operating leases

As at 1 October 2019, the Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating lease under MFRS 117, except for short-term leases and leases of low-value assets.

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. Right-of-use assets were measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments.

A1. Basis of Preparation (Cont'd.)

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

(i) The Group as Lessee (Cont'd.)

(a) Leases previously classified as operating leases (Cont'd.)

The Group has elected the following practical expedients permitted by the standard on a lease by lease basis for measurement purposes upon the first-time adoption of the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;

- The exclusion of initial direct costs for the measurement of the right-of-use assets at the date of initial application;

- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and

- The application of short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application, and which do not contain any purchase option.

(b) 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 right-of-use assets and lease liabilities at the date of initial application.

(ii) The Group as Lessor

MFRS 16 has substantially retained the lessor accounting model in MFRS 117. A lessor will continue 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.

A1. Basis of Preparation (Cont'd.)

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

(iii) The Group as Intermediate Lessor

Under MFRS 16, the Group is required to assess the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. On transition, the Group reassessed the lease classification of a sublease contract previously classified as an operating lease under MFRS 117. The Group concluded that where the sublease is now classified as a finance lease under MFRS 16, the sublease was accounted for as a new finance lease entered into at the date of initial application. Accordingly, the Group derecognises the right-of-use asset related to the head lease, and recognises a receivable at an amount equal to the net investment in the sublease. Any difference arising is recorded in retained earnings on the date of initial application.

Where the ongoing operating sublease continues to be classified as an operating lease, there is no impact on transition.

A1. Basis of Preparation (Cont'd.)

Effects of initial adoption of MFRS 16

The effects of adoption of MFRS 16 on the consolidated statement of financial position as at 1 October 2019 were as follows:

	30 Sept 2019 (As previously stated) RM'000	Reclassification RM'000	Remeasurement RM'000	1 Oct 2019 (As restated) RM'000
Assets				
Property, plant and equipment [(1)]	24,004	(2,806)	-	21,198
Prepaid land lease payments [(2)]	290	(290)	-	-
Right-of-use assets [(3)]	-	3,096	16,585	19,681
Other receivables [(4)]	72,172	-	(145)	72,027
Lease receivables [(5)]	-	-	458	458
Liabilities				
Other payables [(6)]	14,943	31	-	14,974
Hire purchase creditors [(7)]	1,419	(1,419)	-	-
Lease liabilities [(8)]	-	1,388	16,875	18,263
Equity				
Retained profits [(9)]	139,344	-	23	139,367

(1) Reclassification of motor vehicles and office equipment previously recognised as finance lease under MFRS 117 Leases to right-of-use assets.
(2) Reclassification of prepaid land lease payments to right-of-use assets.
(3) Recognition of right-of-use assets.
(4) Derecognition of prepayments related to previous operating leases.
(5) Recognition of lease receivables.
(6) Reclassification of leases on underlying asset not within the scope of MFRS 16.
(7) Reclassification of hire purchase creditors previously recognised as finance lease under MFRS 117 Leases to lease liabilities.
(8) Recognition of lease liabilities.
(9) Recognition of gain on derecognition of right-of-use assets.

A1. Basis of Preparation (Cont'd.)

Effects of initial adoption of MFRS 16 (Cont'd.)

The lease liabilities as at 1 October 2019 can be reconciled to the operating lease commitments as of 30 September 2019, as follows:

	RM'000
Operating lease commitments as at 30 September 2019	10,569
Weighted average incremental borrowing rate	6.39%
Discounted operating lease commitments as at 1 October 2019	7,447
Less:	
Commitments relating to short-term leases	(165)
Commitments relating to leases of low-value assets	(444)
Commitments relating to licensing arrangements which are not within the scope of MFRS 16	(97)
Add:	
Commitments relating to leases previously classified as finance leases	1,388
Lease payments relating to renewal periods not included in operating lease commitments as at 30 September 2019	9,258
Purchase options not included in operating lease commitments as at 30 September 2019	876
Lease liabilities as at 1 October 2019	18,263

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 – Definition of a business
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 – Definition of material
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors – Definition of material
Amendments to MFRS 134	Interim Financial Reporting
Amendment to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendment 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 2021

Interest Rate Benchmark Reform – Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)

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 16	Leases (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 a Project Steering Committee has been formed to oversee the implementation of MFRS 17. The Group 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.

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.

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 financial year ended 30 September 2020, 117,000 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 exercise prices of between RM0.73 to RM0.89 per share. Details of the issued and paid up capital of the Company as at 30 September 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	117,000	112 [1]
As at 30 September 2020	287,074,333	147,401

[1] Included capitalisation of share option reserves to share capital of RM10,073.

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 financial year ended 30 September 2020, the Company purchased 3,410,200 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 RM3,088,070. 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 287,074,333 issued and fully paid ordinary shares as at 30 September 2020, 19,353,593 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 267,720,740 ordinary shares.

(iii) There were no issuance or repayment of debt securities during the financial year ended 30 September 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 September 2020						
REVENUE						
External sales	295,875	12,753	412	128	-	309,168
Inter-segment sales	292	18,107	26,135	154	(44,688)	-
Total segment Revenue	296,167	30,860	26,547	282	(44,688)	309,168
RESULTS						
Segment profit/(loss)	13,369	(5,723)	3,867	(11,465)	974	1,022
Share of losses of associated companies	-	-	-	(2,597)	-	(2,597)
Segment profit/(loss) before tax after accounting for :	13,369	(5,723)	3,867	(14,062)	974	(1,575)
Interest income	-	693	-	166	(380)	479
Finance cost	(6,085)	(3,910)	(1,849)	(4,478)	10,881	(5,441)
Depreciation	(4,482)	(3,096)	(518)	(490)	1,513	(7,073)
Amortisation	(455)	(161)	(13)	(2)	68	(563)
Unrealised foreign exchange (losses)/gains	-	(1,214)	1,481	2	-	269
Other income/(expenses)	188	(24)	11,513	(5,289)	(9,446)	(3,058)
Year to date ended 30 September 2019						
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 after accounting for :	21,298	(4,778)	19,700	(9,492)	(20,836)	5,892
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 gains/(losses)	-	1,758	(1,819)	(8)	-	(69)
Other (expenses)/income	(1,387)	177	(1,064)	(167)	193	(2,248)

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 Sept 2020 RM'000	30 Sept 2019 RM'000
(i)	Performance guarantees - secured	420	424

(ii) On-going litigation

On 10 August 2016, the Malaysia Competition Commission ("MyCC") through its powers granted under the Competition Act 2010 [Act 712] ("Competition 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 of the Competition Act.

The alleged infringement was 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 of PIAM. The proposed financial penalty on the insurance subsidiary company was RM2,108,452. The Proposed Decision was subject to both written and oral representations from various parties including PIAM and the respective insurers.

The insurance subsidiary company had via its legal counsel submitted its written representation on 25 April 2017, and delivered several oral representations to MyCC between 2017 and 2019. BNM and FAWOAM were invited at a hearing of the oral representations in 2019. The oral representations from all relevant insurers, as represented by legal counsels, was concluded on 18 June 2019.

A11. Changes in Contingent Assets and Contingent Liabilities (Cont'd.)

Details of the Group's contingent liabilities are as follow: (Cont'd.)

(ii) On-going litigation (Cont'd.)

On 14 September 2020, MyCC had issued its final decision against PIAM and its 22 members for violating Section 4 of the Competition Act, in relation to the above infringement. As a result, MyCC had imposed financial penalties of RM173,655,300 on all 22 insurance companies, and granted a 25% reduction on the final penalties after taking into consideration the economic impact arising from the Covid-19 pandemic.

MyCC had also served an official notice, dated 25 September 2020, to the insurance subsidiary company, informing of its findings on the infringement of the Competition Act and the financial penalty imposed on the insurance subsidiary company was RM1,581,339, net of the 25% discount granted arising from the Covid-19 pandemic.

On 30 September 2020, BNM had released a press statement, which said it regrets the MyCC's decision on the matter, as the arrangement was put in place through the facilitation and direction of BNM with the general insurers to address disputes between workshops and general insurance companies that had adversely impacted consumers in terms of delayed claims settlement.

PIAM, in a statement on 30 September 2020, had also expressed its disappointment with the MyCC's decision on the infringement, as PIAM and its members have always placed the motoring public and policyholders at the forefront.

PIAM has appealed against MyCC's decision that it infringed the Competition Act in connection with motor vehicle repairs. The insurance subsidiary company has also, through its legal counsel, submitted an appeal against the MyCC's decision.

As at the date of this report, the Group has not made any provision, and has continued to disclose the matter as an on-going litigation until further development. The legal counsel is of the view that the insurance subsidiary company has a good case to argue the decision of the MyCC.

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 September 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 Sept 2020 RM'000	30 Sept 2019 RM'000
(a) Substantial shareholders of the Insurance subsidiary company - Expenditure:		
- Product and pricing services	258	228
- Specialised liability business services fees	-	45
	258	273
(b) Advances to associated companies by a foreign subsidiary company (Pacific & Orient Properties Ltd.)	5,126	3,013

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

As at 30 September 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 up to 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 RM0.075 and RM0.087 per share.

The movements in share options pursuant to the ESOS during the financial years ended 30 September 2020 and 30 September 2019 are as follows:

2020

			<------ Number of Options					------>
Grant Date	Expiry Date	Exercise Price	Outstanding as at 1 Oct 2019	Granted	Forfeited	Exercised	Outstanding as at 30 Sept 2020	Vested and exercisable as at 30 Sept 2020
13 Sept 2019	16 June 2024	RM0.89	20,766,000	-	(391,000)	(102,000)	20,273,000	11,132,000
28 Sept 2020	16 June 2024	RM0.73	-	4,287,000	-	(15,000)	4,272,000	1,147,500
			20,766,000	4,287,000	(391,000)	(117,000)	24,545,000	12,279,500
Weighted average share price (RM)			RM0.89	RM0.73	RM0.89	RM0.87	RM0.86	RM0.88

2019

			<------ Number of Options					------>
Grant Date	Expiry Date	Exercise Price	Outstanding as at 1 Oct 2018	Granted	Forfeited	Exercised	Outstanding as at 30 Sept 2019	Vested and exercisable as at 30 Sept 2019
13 Sept 2019	16 June 2024	RM0.89	-	20,822,000	(45,000)	(11,000)	20,766,000	7,757,000
Weighted average share price (RM)			-	RM0.89	RM0.89	RM0.89	RM0.89	RM0.89

A15. Employees' Share Option Scheme (Cont'd.)

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

	Amount RM'000
Share options reserve at 1 October 2019	1,046
Option charge recognised from share options granted	542
Option charge relating to forfeiture of ESOS	(25)
Option exercised during the year	(10)
Share options reserve at 30 September 2020	1,553
Share options reserve at 1 October 2018	-
Option charge recognised from share options granted	1,051
Option charge relating to forfeiture of ESOS	(4)
Option exercised during the year	(1)
Share options reserve at 30 September 2019	1,046

B. Additional Notes Pursuant To The Main Market Listing Requirements of Bursa Malaysia For The Year Ended 30 September 2020

B1. Review of Results

Financial review for current quarter and year to date

	Individual Period				Cumulative Period			
	Current Year Quarter Ended 30 Sept 2020 RM'000	Preceding Year Corresponding Quarter Ended 30 Sept 2019 RM'000	Changes (Amount) RM'000	Changes (%)	Current Year To-date Ended 30 Sept 2020 RM'000	Preceding Year Corresponding Period Ended 30 Sept 2019 RM'000	Changes (Amount) RM'000	Changes (%)
Revenue	72,231	81,988	(9,757)	(12%)	309,168	323,480	(14,312)	(4%)
Operating profit	6,462	13,646	(7,184)	(53%)	6,463	13,273	(6,810)	(51%)
Profit/(loss) before tax	3,784	12,272	(8,488)	(69%)	(1,575)	5,892	(7,467)	(127%)
Profit/(loss) after tax	1,353	8,074	(6,721)	(83%)	(5,304)	(972)	(4,332)	(446%)
(Loss)/profit attributable to equity holders of the Company	(3,312)	3,257	(6,569)	(202%)	(9,841)	(8,435)	(1,406)	(17%)

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

Group revenue was RM72,231,000 compared to RM81,988,000 in the preceding year corresponding quarter. Profit before tax of RM3,784,000 was reported compared to pre-tax profit of RM12,272,000 in the preceding year corresponding quarter.

Insurance segment – Revenue reduced by RM7,386,000 to RM68,824,000 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 RM15,846,000 was reported for the current quarter as compared to a pre-tax profit of RM17,732,000 in the preceding year corresponding quarter. This was largely attributable to lower underwriting results arising from higher net claims incurred.

Information technology (IT) segment – Revenue from external parties decreased by RM2,233,000 to RM3,218,000 for the current quarter compared to the preceding year corresponding quarter, principally due to lower income from IT services. A higher pre-tax loss of RM6,483,000 was reported for the current quarter as compared to a pre-tax loss of RM1,166,000 in the preceding year corresponding quarter, mainly due to the decreased revenue and unrealised foreign exchange losses.

B1. Review of Results (Cont'd.)

Current Period compared with Preceding Year Corresponding Period

Group revenue was RM309,168,000 compared to RM323,480,000 in the preceding year corresponding period. Loss before tax of RM1,575,000 was reported compared to pre-tax profit of RM5,892,000 in the preceding year corresponding period.

Insurance segment – Revenue decreased by RM13,356,000 to RM295,875,000 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 RM30,131,000 was reported for the current period as compared to pre-tax profit of RM37,915,000 in the preceding year corresponding period, mainly attributable to the lower underwriting results arising from higher net claims incurred.

Information technology (IT) segment – Revenue from external parties decreased by RM97,000 to RM12,753,000 for the current period compared to the preceding year corresponding period, principally due to lower income from IT services. A higher pre-tax loss of RM14,572,000 was reported in the current period as compared to a pre-tax loss of RM12,130,000 in the preceding year corresponding period, mainly due to higher operating expenses and unrealised foreign exchange losses.

Consolidated Statement of Comprehensive Income

Group's total other comprehensive income for the current period ended 30 September 2020 amounted to RM15,388,000 as compared to total other comprehensive loss of RM8,686,000 in the preceding year corresponding period, mainly from fair value gain on financial assets designated at fair value through other comprehensive income ("FVOCI") and revaluation surplus on land and buildings.

Consolidated Statement of Financial Position

The Group's total assets as at 30 September 2020 was RM1,038,785,000, an increase from RM986,734,000 as of 30 September 2019. The increase was mainly attributable to the increase in cash and bank balance which resulted from drawdown of warehousing facility and recognition of right-of-use assets upon adoption of MFRS 16.

The Group's total liabilities as at 30 September 2020 was RM663,507,000, an increase from RM589,123,000 as of 30 September 2019. The increase was mainly from increased borrowings and recognition of lease liabilities upon adoption of MFRS 16.

The Group's equity attributable to equity holders of the Company was RM271,289,000 as at 30 September 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 September 2020 was RM71,021,000.

The net cash generated from operating activities of RM11,297,000 was mainly derived from the insurance segment. The net cash generated from investing activities of RM303,000 was mainly derived from proceeds on disposal of investments. The net cash generated from financing activities of RM14,827,000 was principally due to drawdown of borrowings offset by payments of dividends.

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

	Current Quarter 30 Sept 2020 RM'000	Immediate Preceding Quarter 30 June 2020 RM'000	Changes (Amount) RM'000	Changes (%)
Revenue	72,231	74,036	(1,805)	(2%)
Operating profit	6,462	6,870	(408)	(6%)
Profit before tax	3,784	5,195	(1,411)	(27%)
Profit after tax	1,353	3,700	(2,347)	(63%)
Loss attributable to equity holders of the Company	(3,312)	(480)	(2,832)	(590%)

Group revenue was RM72,231,000 compared to RM74,036,000 reported in the immediate preceding quarter. Profit before tax of RM3,784,000 was recorded compared to pre-tax profit of RM5,195,000 in the immediate preceding quarter.

Insurance segment – Revenue decreased by RM1,841,000 to RM68,824,000 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 RM15,846,000 was reported for the current quarter as compared to a pre-tax profit of RM14,837,000 in the immediate preceding quarter. This was largely attributable to better underwriting results from lower net commission paid.

IT segment – Revenue from external parties increased by RM42,000 to RM3,218,000 for the current quarter compared to the immediate preceding quarter. This was mainly attributable to higher income from IT services. A higher pre-tax loss of RM6,483,000 was reported for the current quarter as compared to a pre-tax loss of RM1,513,000 in the immediate preceding quarter which resulted from increase in unrealised foreign exchange losses of RM3,034,000.

B3. Current Year Prospects

The rapid spread of the Coronavirus ("COVID-19") pandemic situation has had a devastating impact on the lives of people, businesses and economies around the world. In response to the pandemic declaration by the World Health Organisation, the Malaysian Government had imposed the Movement Control Order ("MCO") from 18 March 2020 to curb the spread of the COVID-19 pandemic. The MCO resulted in restrictions on businesses from operating except for those entities that were deemed as providing essential services.

The Group's general insurance business was considered an essential service as part of the overall financial sector and was allowed to operate throughout the MCO period, with strict adherence to Standard Operating Procedures issued by the government. In addition to counter services at its branches, the insurance subsidiary company was able to operate via its digital platform throughout the MCO period. Although gross premiums collected justifiably declined during the MCO period, this was offset by a significant decline in gross claims due to travel restrictions under the MCO. Persatuan Insurans Am Malaysia ("PIAM") forecasts that the general insurance business outlook will remain challenging in the near term arising from the COVID-19 pandemic situation.

During the year, the insurance subsidiary company has implemented various enhancements to its digital channels in order to increase its reach and to achieve better operational efficiency such that motor insurance products can now be purchased entirely online in a simplified and secure manner.

Moving forward, the insurance subsidiary company will continue to innovate and improve efficiency through the roll-out of new products and services. These steps, together with development of a digital marketing platform and ongoing branding efforts, are expected to increase the competitiveness of the insurance subsidiary company in the medium term.

The environment in which the IT division operates will remain challenging in the coming year mainly due to continued strong competition, global economic uncertainties and the prevalent impact of the COVID-19 pandemic. Against this backdrop of difficult and uncertain market conditions, the IT division has sought to focus on development of technical capabilities and product innovation in order to remain competitive in the stiff business environment.

The Board is of the view that the COVID-19 pandemic will not adversely affect the fundamentals and going concern of its business operations and that it will continue to remain resilient. Accordingly, the Board is cautiously optimistic about the prospects for the financial year ending 30 September 2021.

B4. Profit Forecast and Profit Guarantee

No forecast has been issued by the Group for the financial year ended 30 September 2020.

B5. Taxation

The taxation figures include the following:

	Quarter Ended		Year To Date	
	30 Sept 2020 RM'000	30 Sept 2019 RM'000	30 Sept 2020 RM'000	30 Sept 2019 RM'000
Income tax:				
Current year's provision				
- Malaysian tax	2,794	3,608	4,739	6,997
- Under/(over) provision in prior years	546	560	242	(90)
	3,340	4,168	4,981	6,907
Deferred tax:				
- Relating to timing differences	(86)	19	(425)	86
- (Over)/under provision in prior years	(823)	11	(827)	(129)
	(909)	30	(1,252)	(43)
	2,431	4,198	3,729	6,864

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. Material Litigation

As at 30 September 2020 there was no material litigation against the Group other than those arising in the normal course of the insurance subsidiary's business and as disclosed in Note A11(ii).

B8. Group Borrowings

	Secured/ Unsecured	Currency	As at 30 September 2020 Foreign Currency '000	As at 30 September 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 [1]	Secured	GBP	-	-	2	9
	Secured	Baht	-	-	2,392	325
	Secured	RM	-	-	-	468
				-		802
b. Lease liabilities	Secured	GBP	289	1,545	-	-
	Secured	Baht	10,204	1,337	-	-
	Secured	RM	-	8,242	-	-
				11,124		-
c. Subordinated Note [2]	Unsecured	RM	-	34,605	-	34,443
d. Term loan	Secured	USD	130	540	-	-
e. Warehousing facility [3]	Secured	RM	-	34,757	-	-
Total Long Term Borrowings				81,026		35,245
Short term						
a. Hire purchase creditors [1]	Secured	GBP	-	-	-	2
	Secured	Baht	-	-	1,187	162
	Secured	RM	-	-	-	453
				-		617
b. Lease liabilities	Secured	GBP	88	471	-	-
	Secured	Baht	6,519	854	-	-
	Secured	RM	-	3,473	-	-
				4,798		-
c. Revolving credit facilities	Secured	RM	-	200	-	200
	Unsecured	RM	-	19,200	-	-
				19,400		200
d. Term loan	Secured	USD	-	-	130	536
Total Short Term Borrowings				24,198		1,353
Total				105,224		36,598

(1) Hire purchase creditors have been reclassified to lease liabilities upon adoption of MFRS 16 as at 1 October 2019 as disclosed in A1.

(2) 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.

(3) 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.

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
(vi) A sixth interim single tier dividend of 1.20 sen per share declared on 22 July 2020	3,212	25 August 2020
(vii) A seventh interim single tier dividend of 1.20 sen per share declared on 25 September 2020	3,213	30 October 2020
	17,746	

The total single tier dividend in respect of the current financial year was 6.60 sen per share (Previous corresponding period: single tier dividend of 6.25 sen per share).

B10. (Loss)/Earnings Per Share

		Quarter Ended		Year To Date	
		30 Sept 2020	30 Sept 2019	30 Sept 2020	30 Sept 2019
Net (loss)/profit for the period (A)	(RM'000)	(3,312)	3,257	(9,841)	(8,435)
Weighted average number of ordinary shares in issue (B)	('000)	267,711	271,156	268,887	272,259
Weighted average number of ordinary shares for diluted (loss)/earnings per share (C) (See note below)	('000)	*(1)	271,991	*(1)	*(1)
(Loss)/earnings per share:					
Basic (A ÷ B)	(sen)	(1.24)	1.20	(3.66)	(3.10)
Diluted (A ÷ C)	(sen)	*(1)	1.20	*(1)	*(1)

Note:

Weighted average number of ordinary shares in issue	('000)	*(1)	271,156	*(1)	*(1)
Assumed exercise of share options under the ESOS	('000)	*(1)	835	*(1)	*(1)
Weighted average number of ordinary shares for diluted (loss)/earnings per share (C)	('000)	*(1)	271,991	*(1)	*(2)

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

B11. (Loss)/Profit For The Period

	Quarter Ended		Year To Date	
	30 Sept 2020 RM'000	30 Sept 2019 RM'000	30 Sept 2020 RM'000	30 Sept 2019 RM'000
(Loss)/profit for the period is arrived at after charging/(crediting):				
Interest expense	1,891	746	5,168	2,957
Depreciation of:				
- property, plant and equipment	135	588	1,808	2,121
- right-of-use assets	1,636	-	5,265	-
Amortisation of:				
- intangible assets	141	133	563	561
- prepaid land lease payments	-	1	-	4
Allowance for impairment:				
- investment in an associated company	-	-	2,886	-
- insurance receivables	(338)	56	-	56
- trade receivables	429	613	429	613
- corporate debt securities	38	-	38	-
Write back in allowance for impairment:				
- insurance receivables	(535)	63	(197)	-
- trade receivables	-	(131)	-	(131)
Inventories written off	25	-	25	-
Other receivables written off:	206	-	206	-
(Gain)/loss on fair value of investments held at fair value through profit or loss	(2,908)	1,008	1,398	2,725
Gain on disposal of investments	(1,918)	(414)	(2,918)	(701)
Loss on disposal of property, plant and equipment	13	40	13	40
Loss on disposal of investment property	51	-	51	-
Gain on derecognition of right-of-use assets	(12)	-	(12)	-
Gain on remeasurement of lease liabilities	(41)	-	(41)	-
Unrealised foreign exchange (gain)/loss (net)	4,322	(229)	(269)	69
Realised foreign exchange loss/(gain) (net)	11	(5)	(8)	14
Interest income	(134)	(165)	(479)	(619)
Rental income	-	(1)	-	(5)

There were no (i) gain or loss on derivatives and (ii) exceptional items for the current quarter and financial year ended 30 September 2020.

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

26 November 2020