

**PACIFIC & ORIENT INSURANCE CO. BERHAD**

Company No. 12557 W

(Incorporated in Malaysia)

**Interim Financial Statements**

**For The Six Months Period Ended 31 March 2011**

Company No: 12557 W

PACIFIC & ORIENT INSURANCE CO. BERHAD  
(Incorporated in Malaysia)

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PACIFIC & ORIENT INSURANCE CO. BERHAD  
(Incorporated in Malaysia)

CONDENSED STATEMENT OF FINANCIAL POSITION

	<u>Note</u>	As at 31 March <u>2011</u> RM'000 (Unaudited)	As at 30 September <u>2010</u> RM'000 (Audited) (Restated)
<b>ASSETS</b>			
Property, plant and equipment		17,576	17,813
Investment properties		645	645
Prepaid land lease payments		324	326
Investments	2	97,490	100,723
Deposits and placements with financial institutions	3	608,675	542,089
Intangible assets		115	133
Deferred tax assets		3,082	3,580
Reinsurance assets	4	167,442	121,638
Insurance receivables	5	88,642	61,955
Other receivables		15,887	15,486
Cash and bank balances		4,989	4,816
<b>TOTAL ASSETS</b>		<u><u>1,004,867</u></u>	<u><u>869,204</u></u>
<b>EQUITY AND LIABILITIES</b>			
Share capital		100,000	100,000
Reserves		111,535	94,318
<b>TOTAL EQUITY</b>		<u><u>211,535</u></u>	<u><u>194,318</u></u>
Insurance contract liabilities	6	676,348	622,611
Insurance payables	7	32,890	40,038
Hire purchase creditors		1,017	1,003
Provision for taxation		7,683	5,100
Borrowings	8	69,612	-
Other payables		5,782	6,134
<b>TOTAL LIABILITIES</b>		<u><u>793,332</u></u>	<u><u>674,886</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>1,004,867</u></u>	<u><u>869,204</u></u>

PACIFIC & ORIENT INSURANCE CO. BERHAD  
(Incorporated in Malaysia)

CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS PERIOD ENDED 31 MARCH 2011

	<-----Non-Distributable----->			Distributable	
	<u>Share capital</u>	<u>Revaluation reserve</u>	<u>Available -for-sale reserve</u>	<u>Retained profits</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 October 2009					
As previously stated	100,000	5,222	-	67,493	172,715
Effects of adopting the Risk-Based Capital Framework	-	-	346	(18,708)	(18,362)
As restated 1 October 2009	100,000	5,222	346	48,785	154,353
Total comprehensive income for the period	-	-	(2,015)	5,894	3,880
At 31 March 2010	<u>100,000</u>	<u>5,222</u>	<u>(1,669)</u>	<u>54,679</u>	<u>158,233</u>
At 1 October 2010	100,000	5,222	(1,746)	90,842	194,318
Total comprehensive income for the period	-	-	1,678	21,539	23,217
Dividend	-	-	-	(6,000)	(6,000)
At 31 March 2011	<u>100,000</u>	<u>5,222</u>	<u>(68)</u>	<u>106,381</u>	<u>211,535</u>

PACIFIC & ORIENT INSURANCE CO. BERHAD  
(Incorporated in Malaysia)

CONDENSED INCOME STATEMENT  
FOR THE SIX MONTHS PERIOD ENDED 31 MARCH 2011

	6 months ended 31 March <u>2011</u> RM'000	6 months ended 31 March <u>2010</u> RM'000
<b>Operating revenue</b>	<u>266,601</u>	<u>247,624</u>
Gross earned premiums	237,619	209,657
Premiums ceded to reinsurers	<u>(72,516)</u>	<u>(30,749)</u>
<b>Net earned premiums</b>	<u>165,103</u>	<u>178,908</u>
Investment income	11,138	9,518
Realised gains	303	2
Commission income	12,941	6,789
Other operating revenue	<u>375</u>	<u>425</u>
<b>Other revenue</b>	<u>24,757</u>	<u>16,734</u>
Gross claims paid	(115,635)	(116,304)
Claims ceded to reinsurers	19,233	10,998
Gross change to contract liabilities	(35,892)	(34,613)
Change in contract liabilities ceded to reinsurers	<u>29,724</u>	<u>5,817</u>
<b>Net Claims</b>	<u>(102,570)</u>	<u>(134,102)</u>
Commission expense	(29,189)	(29,361)
Management expenses	<u>(27,782)</u>	<u>(23,748)</u>
<b>Other expenses</b>	<u>(56,971)</u>	<u>(53,109)</u>
<b>Profit/surplus before taxation</b>	30,319	8,431
Taxation	<u>(8,780)</u>	<u>(2,537)</u>
<b>Net profit for the period</b>	<u>21,539</u>	<u>5,894</u>
Basic earnings per share (sen)	<u>21.54</u>	<u>5.89</u>
Diluted earnings per share (sen)	<u>21.54</u>	<u>5.89</u>

PACIFIC & ORIENT INSURANCE CO. BERHAD  
(Incorporated in Malaysia)

CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS PERIOD ENDED 31 MARCH 2011

	6 months ended 31 March <u>2011</u> RM'000	6 months ended 31 March <u>2010</u> RM'000
<b>Net profit for the period</b>	21,539	5,894
<b>Other comprehensive income:</b>		
Changes in available-for-sale reserve		
Net gain/(loss) arising during the period	2,585	(2,680)
Net realised gain transferred to Income Statement	(348)	(6)
	2,237	(2,686)
Tax effects thereon	(559)	672
Other comprehensive income for the period	1,678	(2,015)
Total comprehensive income for the period	23,217	3,880

**PACIFIC & ORIENT INSURANCE CO. BERHAD**  
**(Incorporated in Malaysia)**

**CONDENSED STATEMENT OF CASH FLOW**  
**FOR THE SIX MONTHS PERIOD ENDED 31 MARCH 2011**

	6 months ended 31 March <u>2011</u> RM'000	6 months ended 31 March <u>2010</u> RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Cash used in operations	(69,281)	(7,164)
Net tax paid	(6,224)	(3,105)
Investment income received	12,364	8,375
Interest paid	(32)	(7)
	(63,173)	(1,901)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(182)	(35)
Disposal of property, plant and equipment	65	-
	(117)	(35)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(6,000)	-
Borrowings	69,585	-
Decrease in hire purchase creditors	(121)	(86)
	63,464	(86)
Net increase/(decrease) in cash and cash equivalents	174	(2,022)
Cash and cash equivalents at beginning of year	4,815	7,909
Cash and cash equivalents at end of period	4,989	5,887
Cash and cash equivalents comprise the following:		
Cash and bank balances	4,989	5,887

Notes to the Interim Financial Statements  
For The Six Months Period Ended 31 March 2011

1) Basis of Preparation

The interim financial statements of Pacific & Orient Insurance Co. Berhad ("the Company") is unaudited and have been prepared in accordance with Financial Reporting Standards ("FRSs") in Malaysia and the Guidelines/Circulars issued by Bank Negara Malaysia ("BNM").

The interim financial statements should be read in conjunction with the Company's audited financial statements for the financial year ended 30 September 2010.

The notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the financial year ended 30 September 2010.

The accounting policies and methods of valuation of assets and liabilities are consistent with those of the audited financial statements for financial year ended 30 September 2010 except for the adoption of the following FRSs, Amendments to FRSs and Issues Committee ("IC") Interpretations issued by Malaysian Accounting Standards Board:

Effective for financial periods on or after 1 January 2010

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements
FRS 123	Borrowing Costs
FRS 139	Financial Instruments - Recognition and Measurement
Amendments to FRS 1 and FRS 127	Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendment to FRS 2	Share-based Payment-Vesting Conditions and Cancellations
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 139, FRS 7 and IC Interpretation 9	Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives

1) Basis of Preparation (Cont'd)

Effective for financial periods on or after 1 January 2010 (Cont'd)

Amendments to FRSs contained in the document entitled “Improvements to FRSs (2009)”

IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2: Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Effective for financial periods on or after 1 March 2010

Amendments to FRS 132	Financial Instruments: Presentation
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Effective for financial periods on or after 1 July 2010

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138	Intangible Assets
Amendments to IC Interpretation 9	IC Interpretation 9 : Reassessment of Embedded Derivatives
IC Interpretation 12	Service Concession Arrangement

1) Basis of Preparation (Cont'd)

Effective for financial periods on or after 1 July 2010 (Cont'd)

IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners

Other than the implications as disclosed below, the adoption of the above new/revised FRSs, Amendments to FRSs and IC Interpretations did not have any significant impact on the financial statements of the Company.

Amendments to FRSs 1 and 127, FRSs 8, 119, 120, 127, 128, 131 and 134 contained in the document entitled "Improvements to FRSs (2009)", IC Interpretations 10, 13 and 14, (effective for financial periods on or after 1 January 2010), FRSs 3, 127, IC Interpretation 12, 15 and 16 (effective for financial periods on or after 1 July 2011) are not applicable to the Company.

(i) FRS 101 - Presentation of Financial Statements

FRS 101 introduces changes in the presentation and disclosures of financial statements. The Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the requirement for a statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Company has elected to present this statement as two linked statements.

FRS 101 was adopted retrospectively with certain comparative figures being restated to conform with current period's presentation.

1) Basis of Preparation (Cont'd)

(ii) Adoption of FRS 4 – Insurance Contracts

FRS 4 specifies the financial reporting requirements for insurance contracts by any entity that issues such contracts. The key changes arising from the adoption of this Standard is summarised as follows:

a) Gross presentation

FRS 4 requires assets, liabilities, income and expenses arising from insurance contracts to be presented on a gross basis separately from assets, liabilities, income and expenses arising from the related reinsurance arrangements. The impact arising from the grossing up of such balances is described below.

b) Qualitative and quantitative disclosures

FRS 4 also requires additional disclosures to assist users of financial statements in understanding the amounts, timing and uncertainty of future cash flows arising from insurance contracts including a reconciliation between the opening and closing balances of insurance contract liabilities and a sensitivity analysis on insurance risk.

The adoption of FRS 4 does not have any significant impact on the financial statements of the Company other than expanded disclosure requirements. Certain comparative figures have been restated upon adoption of FRS 4, as follows:

Statement of financial position as at 1 October 2010

<u>Description of change</u>	<u>Previously stated RM'000</u>	<u>Reclassification RM'000</u>	<u>Restated RM'000</u>
<u>Assets</u>			
- Reinsurance assets	-	121,638	121,638
- Insurance receivables	-	61,955	61,955
- Receivables	60,556	(45,069)	15,487
<u>Liabilities</u>			
- Insurance contract liabilities	-	622,611	622,611
- Claims liabilities	316,768	(316,768)	-
- Premium liabilities	184,205	(184,205)	-
- Insurance payables	-	40,038	40,038
- Payables	29,286	(23,152)	6,134

1) Basis of Preparation (Cont'd)

(iii) Adoption of FRS 7 – Financial Instruments – Disclosures

FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The new disclosures will be included throughout the notes to the financial statements for the year ending 30 September 2011.

(iv) Adoption of FRS 139 – Financial Instruments – Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. In the prior financial year ended 30 September 2010, the Company had adopted the valuation requirements prescribed in the Risk-Based Capital Framework ("the RBC Framework") for its investments which were similar to the requirements of FRS 139. Accordingly, the impact of the adoption of FRS 139 were limited to the following:

- Loans and Receivables

Prior to 1 October 2010, Loans and Receivables ("L&R") were stated at anticipated realisable values, less specific allowance for doubtful debts.

Known bad debts are written off and specific allowances are made for motor premiums including agents' balances which remain outstanding for more than thirty days and non-motor premiums including agents, brokers and reinsurers balances which remain outstanding for more than six months from the date on which they become receivable and for all debts which are considered doubtful.

With the adoption of FRS 139, L&R are still classified as "L&R". However, these L&R are now initially measured at cost plus transaction costs that are attributable to their acquisition and subsequently measured at amortised cost using the effective interest method. Gains or losses are recognised in the income statement when the receivables are derecognised or impaired, as well as through the amortisation process.

L&R are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the assets.

Specific allowances based on individual assessment are established when the present values of future recoverable cash flows for impaired receivables are lower than the carrying values of the said receivables. Subsequent to individual assessment, the unimpaired receivables are then assessed on a collective basis for impairment based on historical and expected loss rates of borrowers/debtors.

1) Basis of Preparation (Cont'd)

(iv) Adoption of FRS 139 – Financial Instruments – Recognition and Measurement (Cont'd.)

-Other Payables

Prior to 1 October 2010, other payables were stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

With the adoption of FRS 139 other payables are still classified as “other payables”. However, these other payables are measured at amortised cost using the effective interest method. Gains or losses are recognised in the income statement when the payables are derecognised, as well as through the amortisation process.

- Borrowings

Prior to 1 October 2010, the Company did not have any borrowings.

With the adoption of FRS 139, borrowings of the current financial year are classified as borrowings and are measured at cost net of transaction costs. After initial recognition, borrowings are measured at amortised cost using the effective interest method. Gains or losses are recognised in the income statement when the borrowings are derecognised, as well as through the amortisation process.

Effects of adoption of FRS139 on the income statement for the six months period ended 31 March 2011 are as follows:

<u>Description of change:</u>	Increase / <u>(decrease)</u> RM'000
Allowance for impairment of insurance receivables	573
Borrowing costs	(388)
Profit/surplus before tax	(185)
Taxation	(46)
Profit/surplus after tax	<u>(139)</u>

1) Basis of Preparation (Cont'd)

The Company has not adopted the following FRSs, Amendments to FRS and IC interpretations which have been issued by the MASB but are not yet effective:

Effective for financial periods beginning on or after 1 January 2011

Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters
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Amendments to FRS 1	Additional Exemptions for First-time Adopters
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Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
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Amendments to FRS 7	Improving Disclosures about Financial Instruments
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Amendments to FRSs contained in the document entitled "Improvements to FRSs (2010)"

IC Interpretation 4	Determining whether an Arrangement contains a Lease
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IC Interpretation 18	Transfers of Assets from Customers
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Effective for financial periods beginning on or after 1 July 2011

IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
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Prepayments of a Minimum Funding Requirement (Amendments to IC Interpretation 14)

Effective for financial periods beginning on or after 1 January 2012

FRS 124	Related Party Disclosure
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Amendment to IC Interpretation 15	Agreements for the Construction of Real Estate
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FRSs 128, 131 and IC Interpretation 13 contained in the document entitled "Improvements to FRSs (2010)" (effective for financial periods on or after 1 January 2011), Amendments to IC Interpretation 14 (effective for financial periods on or after 1 July 2011) and Amendment to IC Interpretation 15 (effective for financial periods on or after 1 January 2012) are not applicable to the Company.

The adoption of the other new/revised FRSs, Amendments to FRSs and IC Interpretations will not have any significant impact on the financial statements of the Company.

PACIFIC & ORIENT INSURANCE CO. BERHAD (12557 W)  
(Incorporated in Malaysia)

2) Investments

	31 March <u>2011</u> RM'000	30 September <u>2010</u> RM'000	
(a) Available-for-sale (AFS) financial assets:			
<u>At fair value:</u>			
Quoted shares	19,036	17,378	
Unit trusts	13,183	12,969	
Total available-for-sale financial assets	<u>32,219</u>	<u>30,347</u>	
(b) Held-to-maturity investments:			
<u>At amortised cost:</u>			
Malaysian Government Securities	65,290	70,341	
Net accretion of discount and amortisation of premiums	(19)	35	
Total held-to-maturity investments	<u>65,271</u>	<u>70,376</u>	
Total investments	<u>97,490</u>	<u>100,723</u>	
<u>At fair value:</u>			
Malaysian Government Securities	<u>65,534</u>	<u>70,826</u>	
(c) Carrying values of investments	<u>AFS</u> RM'000	<u>HTM</u> RM'000	<u>Total</u> RM'000
At beginning of year	30,347	70,376	100,723
Addition	164	-	164
Disposal/Maturity/Repayment	(298)	(5,051)	(5,349)
Fair value gains recorded in:			
Other comprehensive income	2,238	-	2,238
Movement in impairment allowance	(232)	-	-
Amortisation of premium	-	(117)	(117)
Accreditation of discount	-	63	63
At end of year	<u>32,219</u>	<u>65,271</u>	<u>97,490</u>

PACIFIC & ORIENT INSURANCE CO. BERHAD (12557 W)  
(Incorporated in Malaysia)

3) Deposits and placements with licensed financial institutions

	31 March <u>2011</u> RM'000	30 September <u>2010</u> RM'000
Deposits and placements with licensed financial institutions:		
Commercial banks	489,743	407,257
Investment banks	118,932	134,832
	<u>608,675</u>	<u>542,089</u>

4) Reinsurance Assets

	31 March <u>2011</u> RM'000	30 September <u>2010</u> RM'000
Reinsurance of insurance contracts		
- Claims liabilities	92,975	63,251
- Premium liabilities	74,467	58,387
	<u>167,442</u>	<u>121,638</u>

5) Insurance Receivables

	31 March <u>2011</u> RM'000	30 September <u>2010</u> RM'000
Outstanding premiums including agents, brokers' and co-insurers' balance	11,608	11,205
Due from reinsurers and ceding companies	86,292	56,869
	<u>97,900</u>	<u>68,074</u>
Allowance for Impairment	(9,258)	(6,119)
	<u>88,642</u>	<u>61,955</u>

PACIFIC & ORIENT INSURANCE CO. BERHAD (12557 W)  
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6) Insurance Contract Liabilities

	<----- 31 March 2011----->			<-----30 September 2010----->		
	Gross RM'000	Reinsurance RM'000 (Note 4)	Net RM'000	Gross RM'000	Reinsurance RM'000 (Note 4)	Net RM'000
General insurance	676,348	(167,442)	508,905	622,611	(121,638)	500,973

The general insurance contract liabilities and its movements are further analysed as follows:

		<----- 31 March 2011----->			<-----30 September 2010----->		
	Note	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Provisions for claims reported		312,403	(69,600)	242,803	258,454	(43,771)	214,683
Provision for Incurred But Not Reported ("IBNR")		72,350	(16,675)	55,675	93,159	(14,773)	78,386
Provision of Risk Margin for Adverse Deviation ("PRAD")		31,159	(6,700)	24,458	28,406	(4,707)	23,699
Claims Liabilities	6.1	415,912	(92,975)	322,936	380,019	(63,251)	316,768
Premium Liabilities	6.2	260,436	(74,467)	185,969	242,592	(58,387)	184,205
		676,348	(167,442)	508,905	622,611	(121,638)	500,973

PACIFIC & ORIENT INSURANCE CO. BERHAD (12557 W)  
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6) Insurance Contract Liabilities (Cont'd)

6.1 Claims Liabilities

	<----- 31 March 2011----->			<-----30 September 2010----->		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
At beginning of the period/year	380,019	(63,251)	316,768	421,286	(39,044)	382,242
Claims incurred in the current accident year (direct and facultative)	121,159	(35,551)	85,608	163,819	(24,940)	138,879
Adjustment to claims incurred in prior accident years (direct and facultative)	24,879	(10,196)	14,683	101,282	(21,590)	79,692
Claims incurred during the year (treaty inwards claims)	2,086	(145)	1,941	4,210	(292)	3,918
Movement in Provision of Risk Margin for Adverse Deviation ("PRAD") claims liabilities at 75% confidential level	2,753	(1,994)	759	3,882	(2,434)	1,448
Movement in claims handling expenses	650	(1,071)	(421)	(500)	1,200	700
Claims paid during the period/year	(115,634)	19,233	(96,401)	(313,960)	23,849	(290,111)
At end of period/year	<u>415,912</u>	<u>(92,975)</u>	<u>322,937</u>	<u>380,019</u>	<u>(63,251)</u>	<u>316,768</u>

PACIFIC & ORIENT INSURANCE CO. BERHAD (12557 W)  
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6) Insurance Contract Liabilities (Cont'd)

6.2 Premium Liabilities

	<----- 31 March 2011----->			<-----30 September 2010----->		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
At beginning of the period/ year	242,592	(58,386)	184,206	221,499	(21,926)	199,573
Premiums written during the period/ year	255,463	(88,597)	166,866	453,089	(126,643)	326,446
Premiums earned during the period/year	(237,619)	72,516	(165,103)	(431,996)	90,182	(341,814)
At end of period/year	<u>260,436</u>	<u>(74,467)</u>	<u>185,969</u>	<u>242,592</u>	<u>(58,387)</u>	<u>184,205</u>

PACIFIC & ORIENT INSURANCE CO. BERHAD (12557 W)  
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7) Insurance Payables

	31 March <u>2011</u> RM'000	30 September <u>2010</u> RM'000
Due to reinsurers and ceding companies	31,348	38,592
Due to agents, brokers, co-insurers and insureds	1,542	1,446
	<u>32,890</u>	<u>40,038</u>

8) Borrowings

	Effective Interest rate per annum	Maturity	31 March <u>2011</u> RM'000	30 September <u>2010</u> RM'000
Term loan	8.09%	2020	<u>69,612</u>	<u>-</u>
Amount due within 1 year			-	-
Amount due within 2 to 5 years			-	-
Amount due more than 5 years			<u>69,612</u>	<u>-</u>

During the current period ended 31 March 2011, the Company obtained a 10-year unsecured term loan of RM70,000,000 less transaction costs from its holding company at an interest rate of 8.00 % per annum. The term loan is repayable in December 2020.

9) Total Capital Available

The capital structure of the Company as at 31 March 2011, as prescribed under the RBC Framework is provided below:

	31 March <u>2011</u> RM'000	30 September <u>2010</u> RM'000
<u>Eligible Tier 1 Capital</u>		
Share capital (paid-up)	100,000	100,000
Retained earnings	106,381	90,842
	<u>206,381</u>	<u>190,842</u>
<u>Tier 2 Capital</u>		
Capital instruments which qualify as Tier 2 Capital	69,612	-
Revaluation reserve	5,221	5,221
AFS reserve	(68)	(1,746)
	<u>74,765</u>	<u>3,475</u>
Amounts deducted from Capital	<u>(3,082)</u>	<u>(3,580)</u>
Total Capital Available	<u>278,064</u>	<u>190,737</u>

10) Commitments

	31 March <u>2011</u> RM'000	30 September <u>2010</u> RM'000
Non-cancellable operating lease commitments		
Future minimum lease payments are as follows:		
Not later than 1 year	1,454	1,204
Later than 1 year and not later than 5 years	1,366	1,337
	<u>2,820</u>	<u>2,541</u>

Non-cancellable operating lease commitment are in respect of rental commitments of computer and office equipment.

11) Audit Qualification of the Preceding Annual Financial Statements

There was no qualification in the audit report of the preceding annual financial statements of the Company.

12) Seasonality or Cyclicity of operations

The business of the Company are not subject to seasonal or cyclical fluctuations.

13) Material Unusual Items

There were no material unusual items that affect the assets, liabilities, equity, net income or cashflow of the Company except for changes as disclosed in Note 1.

During the current period ended 31 March 2011, the Company obtained a 10-year unsecured term loan of RM70,000,000 less transaction costs from its holding company at an interest rate of 8.00 % per annum. The term loan is repayable in December 2020 as disclosed in Note 8.

14) Change in estimates

There were no changes in estimates of amounts reported in prior periods that have a material effect in the current period ended 31 March 2011 except for those arising from the adoption of FRSs, Amendments to FRSs and IC Interpretations as disclosed in Note 1.

15) Issuances, Cancellations, Repurchases, Resale and Repayments of Debts and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debts and equity securities during the current period ended 31 March 2011.

16) Dividends Paid

In respect of financial year ending 30 September 2011, the Directors had on 28 January 2011 declared a 1st interim dividend of 8 sen per share less tax at 25% amounting to RM6,000,000.

17) Valuation of Property, Plant and Equipments Brought Forward

The valuations of freehold land and buildings and leasehold buildings classified as property, plant and equipment have been brought forward without any amendments from the preceding year's audited financial statements.

In accordance with the accounting policy of the Company, valuation of freehold land and buildings and leasehold buildings are performed once in every five years or earlier if the carrying values of the said revalued properties are materially different from their market values.

18) Material Events Subsequent to the End of the Reporting Period

There were no material events subsequent to the end of the period reported up to 31 May 2011.

19) Effect of changes in Composition of the Company

There were no changes in the composition of the Company for the current period ended 31 March 2011.

20) Changes in Contingent Assets or Contingent Liabilities

There were no contingent assets or contingent liabilities since financial year ended 30 September 2010.