

PACIFIC & ORIENT INSURANCE CO. BERHAD

Company No. 12557 W

(Incorporated in Malaysia)

Unaudited Condensed Interim Financial Statements

For The Six Months Ended 31 March 2016

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

		As at 31 March <u>2016</u> RM'000	As at 30 September <u>2015</u> RM'000
ASSETS			
Property, plant and equipment	2	19,001	19,423
Investment properties		1,020	1,020
Prepaid land lease payments		304	306
Intangible assets		1,304	259
Investments	3	707,288	723,869
Reinsurance assets	4	206,835	214,914
Insurance receivables	5	21,480	25,110
Other receivables		85,823	81,934
Cash and cash equivalents	6	20,750	25,011
TOTAL ASSETS		<u><u>1,063,805</u></u>	<u><u>1,091,846</u></u>
EQUITY AND LIABILITIES			
Share capital		100,000	100,000
Revaluation reserve		8,914	8,914
Available-for-sale reserve		3,550	2,126
Retained profits		135,459	117,293
TOTAL EQUITY		<u><u>247,923</u></u>	<u><u>228,333</u></u>
Insurance contract liabilities	7	715,904	771,398
Insurance payables	8	17,650	15,227
Hire purchase creditors		848	845
Tax payables		6,127	-
Deferred tax liabilities		1,101	680
Borrowings	9	68,638	68,546
Other payables		5,614	6,817
TOTAL LIABILITIES		<u><u>815,882</u></u>	<u><u>863,513</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>1,063,805</u></u>	<u><u>1,091,846</u></u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Company for the financial year ended 30 September 2015 and the accompanying explanatory notes on pages 6 to 27 attached to the unaudited condensed financial statements.

The financial statements were approved for issue by the Board of Directors on 19 May 2016.

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

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 MARCH 2016

	<-----Non-Distributable----->			Distributable	
	Share capital RM'000	Revaluation reserve RM'000	Available -for-sale reserve RM'000	Retained profits RM'000	Total RM'000
At 1 October 2015	100,000	8,914	2,126	117,293	228,333
Net profit for the period	-	-	-	28,166	28,166
Other comprehensive income for the period	-	-	1,424	-	1,424
Total comprehensive income for the period	-	-	1,424	28,166	29,590
Dividends (Note 25)	-	-	-	(10,000)	(10,000)
At 31 March 2016	<u>100,000</u>	<u>8,914</u>	<u>3,550</u>	<u>135,459</u>	<u>247,923</u>
At 1 October 2014	100,000	8,799	5,238	144,473	258,510
Net loss for the period	-	-	-	(12,025)	(12,025)
Other comprehensive loss for the period	-	-	(1,735)	-	(1,735)
Total comprehensive loss for the period	-	-	(1,735)	(12,025)	(13,760)
Dividends (Note 25)	-	-	-	(48,900)	(48,900)
At 31 March 2015	<u>100,000</u>	<u>8,799</u>	<u>3,503</u>	<u>83,548</u>	<u>195,850</u>

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PACIFIC & ORIENT INSURANCE CO. BERHAD
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CONDENSED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 31 MARCH 2016

		6 months ended 31 March 2016 RM'000	6 months ended 31 March 2015 RM'000
	<u>Note</u>		
Operating revenue		<u>192,634</u>	<u>240,943</u>
Gross earned premiums		173,248	224,242
Premiums ceded to reinsurers		<u>(54,413)</u>	<u>(65,866)</u>
Net earned premiums	10	<u>118,835</u>	<u>158,376</u>
Investment income	11	16,104	16,701
Realised gains/(losses)	12	3	(2)
Commission income		8,892	9,807
Other operating revenue	13	<u>192</u>	<u>99</u>
Other revenue		<u>25,191</u>	<u>26,605</u>
Gross claims paid		(133,847)	(129,505)
Claims ceded to reinsurers		44,277	35,925
Gross change to insurance contract liabilities		49,114	(71,294)
Change in insurance contract liabilities ceded to reinsurers		<u>(11,646)</u>	<u>20,319</u>
Net claims	14	<u>(52,102)</u>	<u>(144,555)</u>
Commission expense		(20,296)	(23,509)
Management expenses	15	(30,885)	(30,177)
Finance costs	17	(2,781)	(2,733)
Other operating expenses	13	<u>(218)</u>	<u>(18)</u>
Other expenses		<u>(54,180)</u>	<u>(56,437)</u>
Profit/(loss) before taxation		37,744	(16,011)
Taxation		<u>(9,578)</u>	<u>3,986</u>
Net profit/(loss) for the period		<u>28,166</u>	<u>(12,025)</u>
Basic and diluted earnings/(loss) per share (sen)		<u>28.17</u>	<u>(12.03)</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Company for the financial year ended 30 September 2015 and the accompanying explanatory notes on pages 6 to 27 attached to the unaudited condensed financial statements.

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

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 MARCH 2016

	6 months ended 31 March <u>2016</u> RM'000	6 months ended 31 March <u>2015</u> RM'000
Net profit/(loss) for the period	28,166	(12,025)
Other comprehensive income/(loss):		
<u>Items that may be reclassified to</u> <u>income statement in subsequent periods:</u>		
Fair value changes on available-for-sale ("AFS") financial assets	1,874	(2,313)
Deferred tax	(450)	578
Net gain/(loss)	1,424	(1,735)
Other comprehensive income/(loss) for the period, net of tax	1,424	(1,735)
Total comprehensive income/(loss) for the period	29,590	(13,760)

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Company for the financial year ended 30 September 2015 and the accompanying explanatory notes on pages 6 to 27 attached to the unaudited condensed financial statements.

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

CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 MARCH 2016

	6 months ended 31 March <u>2016</u> RM'000	6 months ended 31 March <u>2015</u> RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Cash (used in)/generated from operations	(5,409)	45,469
Net tax paid	(3,479)	(8,293)
Dividends received	1,575	672
Interest received	14,458	12,895
Interest paid	<u>(20)</u>	<u>(15)</u>
Net cash generated from operating activities	<u>7,125</u>	<u>50,728</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	58	1
Purchase of property, plant and equipment	(194)	(24)
Purchase of intangible assets	<u>(1,253)</u>	<u>(375)</u>
Net cash used in investing activities	<u>(1,389)</u>	<u>(398)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(10,000)	(48,900)
Increase/(decrease) in hire purchase creditors	<u>3</u>	<u>(187)</u>
Net cash used in financing activities	<u>(9,997)</u>	<u>(49,087)</u>
Net (decrease)/increase in cash and cash equivalents	(4,261)	1,243
Cash and cash equivalents at beginning of period	<u>25,011</u>	<u>3,993</u>
Cash and cash equivalents at end of period	<u>20,750</u>	<u>5,236</u>
Cash and cash equivalents comprise the following:		
Cash and bank balances	<u>20,750</u>	<u>5,236</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Company for the financial year ended 30 September 2015 and the accompanying explanatory notes on pages 6 to 27 attached to the unaudited condensed financial statements.

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PACIFIC & ORIENT INSURANCE CO. BERHAD
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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 MARCH 2016

1. BASIS OF PREPARATION

- (i) The unaudited condensed interim financial statements for the six months ended 31 March 2016 have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting. The unaudited condensed interim financial statements also comply with the International Accounting Standard 34: Interim Financial Reporting issued by the International Accounting Standards Board (“IASB”).

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Company for the financial year ended 30 September 2015.

(ii) Significant Accounting Policies

The significant accounting policies adopted in this set of interim financial statements are consistent with those adopted in the audited financial statements for the year ended 30 September 2015.

MFRS and Amendments to MFRS yet to be effective

The Company has not adopted the following MFRSs and Amendments to MFRSs which have been issued but are not yet effective:

Effective for financial periods beginning on or after 1 January 2016

MFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements to MFRSs 2012 – 2014 Cycle)
MFRS 7	Financial Instruments: Disclosures (Annual Improvements to MFRSs 2012 – 2014 Cycle)
MFRS 14	Regulatory Deferral Accounts
MFRS 119	Employee Benefits (Annual Improvements to MFRSs 2012 – 2014 Cycle)
MFRS 134	Interim Financial Reporting (Annual Improvements to MFRSs 2012 – 2014 Cycle)

1. BASIS OF PREPARATION (CONT'D.)

(ii) Significant Accounting Policies (Cont'd.)

MFRS and Amendments to MFRS yet to be effective (Cont'd.)

Effective for financial periods beginning on or after 1 January 2016 (Cont'd.)

Amendments Accounting for Acquisitions of Interests in Joint Operations
to MFRS 11

Amendments Disclosure Initiative
to MFRS 101

Amendments Equity Method in Separate Financial Statements
to MFRS 127

Investment Entities: Applying the Consolidation Exception (Amendments to MFRS 10,
MFRS 12 and MFRS 128)

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to
MFRS 116 and MFRS 138)

Agriculture: Bearer Plants (Amendments to MFRS 116 and MFRS 141)

Effective for financial periods beginning on or after 1 January 2017

Amendments Recognition of Deferred Tax Assets for Unrealised Losses
to MFRS 112

Amendments Disclosure Initiative
to MFRS 107

Effective for financial periods beginning on or after 1 January 2018

MFRS 9 Financial Instruments (International Financial Reporting
Standard (“IFRS”) 9 Financial Instruments issued by IASB in
July 2014)

MFRS 15 Revenue from Contracts with Customers

Effective for financial periods beginning on or after 1 January 2019

MFRS 16 Leases

1. BASIS OF PREPARATION (CONT'D.)

(ii) Significant Accounting Policies (Cont'd.)

MFRS and Amendments to MFRS yet to be effective (Cont'd.)

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)

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

- MFRS 9: Financial instruments

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of MFRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. MFRS 9 when effective will replace MFRS 139.

The initial application of MFRS 9 in the future may have an impact on the financial statements of the Company. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

- MFRS 15: Revenue from Contracts with Customers

Under MFRS 15, an entity recognises revenue when a performance obligation is satisfied, which is when the 'control' of the goods and services underlying the particular performance obligation is transferred to the customers.

The Company is currently assessing the financial impact of adopting MFRS 15.

1. BASIS OF PREPARATION (CONT'D.)

(ii) Significant Accounting Policies (Cont'd.)

MFRS and Amendments to MFRS yet to be effective (Cont'd.)

- MFRS 16: Leases

MFRS 16 replaces the existing standard on leases, MFRS 117.

MFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under MFRS 16, lessees are required to recognise all leases in their balance sheets in the form of an asset (for the right of use) and a lease liability (for the payment obligation). Exception is granted for leases which are for a term of 12 months or less or where the underlying lease assets are of low value. For such leases, lessees may elect to expense off the lease payments on a straight line basis over the lease term or using another systematic method.

MFRS 16 has substantially retained the lessor accounting model in MFRS 117. A lessor still has to classify leases as either finance or operating leases, depending on whether substantially all of the risks and rewards incidental to ownership of the underlying asset have been transferred to the lessee.

The Company is currently assessing the financial impact of adopting MFRS 16.

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2. PROPERTY, PLANT AND EQUIPMENT

	←-----Valuation-----→			←-----Cost-----→				
	Freehold <u>land</u>	Buildings <u>Freehold</u> <u>Leasehold</u>	Computer <u>equipment</u>	Motor <u>vehicles</u>	Office <u>equipment</u>	Furniture, fixtures and <u>fittings</u>	<u>Total</u>	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
2016								
<u>Valuation/Cost:</u>								
At 1 October 2015	1,860	681	16,559	5,951	2,280	1,674	32,705	
Additions	-	-	-	17	151	6	194	
Disposals	-	-	-	-	(169)	-	(169)	
At 31 March 2016	1,860	681	16,559	5,968	2,262	1,680	32,730	
<u>Accumulated depreciation:</u>								
At 1 October 2015	-	60	2,139	5,931	641	1,410	13,282	
Charge for the period	-	10	356	3	94	25	535	
Disposals	-	-	-	-	(88)	-	(88)	
At 31 March 2016	-	70	2,495	5,934	647	1,435	13,729	
<u>Net carrying value:</u>								
At 31 March 2016	1,860	611	14,064	34	1,615	245	19,001	

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2. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	←-----Valuation-----→			←-----Cost-----→				
	Freehold <u>land</u>	Buildings		Computer <u>equipment</u>	Motor <u>vehicles</u>	Office <u>equipment</u>	Furniture, fixtures and <u>fittings</u>	<u>Total</u>
	RM'000	<u>Freehold</u> RM'000	<u>Leasehold</u> RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015								
<u>Valuation/Cost:</u>								
At 1 October 2014	1,860	681	16,559	5,953	2,237	1,692	3,672	32,654
Additions	-	-	-	4	581	28	34	647
Disposals	-	-	-	-	(538)	(30)	-	(568)
Write-offs	-	-	-	(6)	-	(16)	(6)	(28)
At 30 September 2015	<u>1,860</u>	<u>681</u>	<u>16,559</u>	<u>5,951</u>	<u>2,280</u>	<u>1,674</u>	<u>3,700</u>	<u>32,705</u>
<u>Accumulated depreciation:</u>								
At 1 October 2014	-	40	1,426	5,932	700	1,399	3,007	12,504
Charge for the year	-	20	713	5	216	52	100	1,106
Disposals	-	-	-	-	(275)	(30)	-	(305)
Write-offs	-	-	-	(6)	-	(11)	(6)	(23)
At 30 September 2015	<u>-</u>	<u>60</u>	<u>2,139</u>	<u>5,931</u>	<u>641</u>	<u>1,410</u>	<u>3,101</u>	<u>13,282</u>
<u>Net carrying value:</u>								
At 30 September 2015	<u>1,860</u>	<u>621</u>	<u>14,420</u>	<u>20</u>	<u>1,639</u>	<u>264</u>	<u>599</u>	<u>19,423</u>

2. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

- (a) The property, plant and equipment consist of freehold land and buildings, leasehold buildings, computer equipment, motor vehicles, office equipment, and furniture, fixtures and fittings. All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment except for freehold land and buildings and leasehold buildings are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land and buildings and leasehold buildings were stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and accumulated impairment loss.

The freehold land and buildings and leasehold buildings were revalued as at 30 September 2012 based on valuation carried out by independent valuers of Messrs. Rahim & Co. on an open market value basis using the comparison method. Revaluations are performed once in every five years or earlier if the carrying values of the revalued properties are materially different from their market values.

The fair value of the freehold land and buildings and leasehold buildings are categorised within level 2 of the fair value hierarchy of MFRS 13.

There is no change to the valuation technique and fair value hierarchy level during the period.

- (b) The net carrying values of the freehold land and buildings and leasehold buildings of the Company had the cost model been applied, compared to the revaluation model as at 31 March 2016 are as follows:

	<u>Net Carrying Value</u>		<u>Net Carrying Value</u>	
	<u>31 March 2016</u>		<u>30 September 2015</u>	
	Under	Under	Under	Under
	Revaluation	Cost	Revaluation	Cost
	Model	Model	Model	Model
	RM'000	RM'000	RM'000	RM'000
Freehold land	1,860	380	1,860	380
Freehold buildings	611	259	621	263
Leasehold buildings	14,064	6,787	14,420	6,947
	<u>16,535</u>	<u>7,426</u>	<u>16,901</u>	<u>7,590</u>

3. INVESTMENTS

	31 March <u>2016</u> RM'000	30 September <u>2015</u> RM'000	
(a) Available-for-sale ("AFS") financial assets:			
<u>At fair value:</u>			
Quoted shares	17,363	15,925	
Unit trusts	101,035	70,195	
Total available-for-sale financial assets	<u>118,398</u>	<u>86,120</u>	
(b) Loan and receivables ("L&R"):			
<u>At amortised cost:</u>			
Deposits and placements with licensed financial institutions:			
Commercial banks	490,012	430,775	
Investment banks	98,878	206,974	
	<u>588,890</u>	<u>637,749</u>	
Total investments	<u>707,288</u>	<u>723,869</u>	
(c) Carrying values of investments:			
	<u>AFS</u> RM'000	<u>L&R</u> RM'000	<u>Total</u> RM'000
At 1 October 2015	86,120	637,749	723,869
Additions	109,462	-	109,462
Placements	-	384,425	384,425
Disposal	(79,000)	-	(79,000)
Maturity	-	(433,284)	(433,284)
Fair value gains recorded in other comprehensive income	1,874	-	1,874
Movement in impairment loss	(58)	-	(58)
Amortisation of premiums	-	-	-
At 31 March 2016	<u>118,398</u>	<u>588,890</u>	<u>707,288</u>

3. INVESTMENTS (CONT'D.)

(c) Carrying values of investments: (cont'd.)

	<u>AFS</u> RM'000	<u>L&R</u> RM'000	<u>Total</u> RM'000
At 1 October 2014	35,074	755,877	790,951
Additions	57,658	-	57,658
Placements	-	685,066	685,066
Disposal	(300)	-	(300)
Maturity	-	(803,194)	(803,194)
Fair value losses recorded in other comprehensive income	(4,187)	-	(4,187)
Movement in impairment loss	(2,125)	-	(2,125)
Amortisation of premiums	-	-	-
At 30 September 2015	<u>86,120</u>	<u>637,749</u>	<u>723,869</u>

Included in deposits and placements of the Company is an amount of RM93,974 (30 September 2015: RM92,453) representing placements of deposits received from insureds as collateral for bond guarantees granted to third parties.

4. REINSURANCE ASSETS

	31 March <u>2016</u> RM'000	30 September <u>2015</u> RM'000
Reinsurance of insurance contracts:		
- Claims liabilities	166,144	177,790
- Premium liabilities	42,246	38,963
	<u>208,390</u>	<u>216,753</u>
Allowance for impairment	(1,555)	(1,839)
	<u>206,835</u>	<u>214,914</u>

5. INSURANCE RECEIVABLES

	31 March <u>2016</u> RM'000	30 September <u>2015</u> RM'000
Outstanding premiums including agents, brokers' and co-insurers' balance	5,478	5,160
Due from reinsurers and ceding companies	17,980	21,707
	<u>23,458</u>	<u>26,867</u>
Allowance for impairment	(1,978)	(1,757)
	<u>21,480</u>	<u>25,110</u>

The movement of the allowance accounts used to record the impairment of receivables at the reporting date is as follows:

	<u>Individually impaired</u> RM'000	<u>Collectively impaired</u> RM'000	<u>Total</u> RM'000
Movement in allowance accounts:			
<u>31 March 2016</u>			
At 1 October 2015	1,396	361	1,757
Allowance for impairment loss	167	65	232
Write back of impairment loss	(11)	-	(11)
At 31 March 2016	<u>1,552</u>	<u>426</u>	<u>1,978</u>
<u>30 September 2015</u>			
At 1 October 2014	2,005	179	2,184
Allowance for impairment loss	570	182	752
Write back of impairment loss	(990)	-	(990)
Write off	(189)	-	(189)
At 30 September 2015	<u>1,396</u>	<u>361</u>	<u>1,757</u>

6. CASH AND CASH EQUIVALENTS

	31 March <u>2016</u> RM'000	30 September <u>2015</u> RM'000
Deposits and placements with licensed commercial banks (with maturity of less than three months)	17,390	21,409
Cash and bank balances	3,360	3,602
	<u>20,750</u>	<u>25,011</u>

7. INSURANCE CONTRACT LIABILITIES

	<----- 31 March 2016 ----->			<----- 30 September 2015 ----->		
	Gross RM'000	Reinsurance RM'000 (Note 4)	Net RM'000	Gross RM'000	Reinsurance RM'000 (Note 4)	Net RM'000
General insurance	<u>715,904</u>	<u>(208,390)</u>	<u>507,514</u>	<u>771,398</u>	<u>(216,753)</u>	<u>554,645</u>

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

		<----- 31 March 2016 ----->			<----- 30 September 2015 ----->		
	Note	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Provisions for claims reported by policyholders		386,942	(116,721)	270,221	414,724	(131,750)	282,974
Provision for Incurred But Not Reported ("IBNR") claims		141,716	(36,436)	105,280	160,354	(32,537)	127,817
Provision of Risk Margin for Adverse Deviation ("PRAD")		<u>37,826</u>	<u>(12,987)</u>	<u>24,839</u>	<u>40,519</u>	<u>(13,503)</u>	<u>27,016</u>
Claims Liabilities	7.1	<u>566,484</u>	<u>(166,144)</u>	<u>400,340</u>	<u>615,597</u>	<u>(177,790)</u>	<u>437,807</u>
Premium Liabilities	7.2	<u>149,420</u>	<u>(42,246)</u>	<u>107,174</u>	<u>155,801</u>	<u>(38,963)</u>	<u>116,838</u>
		<u>715,904</u>	<u>(208,390)</u>	<u>507,514</u>	<u>771,398</u>	<u>(216,753)</u>	<u>554,645</u>

Company No: 12557 W

7. INSURANCE CONTRACT LIABILITIES (CONT'D.)

7.1 Claims Liabilities

	<----- 31 March 2016 ----->			<----- 30 September 2015 ----->		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
At 1 October 2015/2014	615,597	(177,790)	437,807	563,997	(162,463)	401,534
Claims incurred in the current accident year (direct and facultative)	42,953	(11,072)	31,881	220,720	(51,284)	169,436
Adjustment to claims incurred in prior accident years (direct and facultative)	44,086	(20,367)	23,719	144,666	(36,892)	107,774
Claims incurred during the period/year (treaty inwards claims)	(53)	(9)	(62)	(53,474)	-	(53,474)
Movement in Provision of Risk Margin for Adverse Deviation ("PRAD") claims liabilities at 75% confidence level	(3,655)	737	(2,918)	(5,055)	(314)	(5,369)
Movement in claims handling expenses	1,403	(1,920)	(517)	(5,662)	1,227	(4,435)
Claims paid during the period/year	(133,847)	44,277	(89,570)	(249,595)	71,936	(177,659)
At 31 March 2016/30 September 2015	<u>566,484</u>	<u>(166,144)</u>	<u>400,340</u>	<u>615,597</u>	<u>(177,790)</u>	<u>437,807</u>

Company No: 12557 W

7. INSURANCE CONTRACT LIABILITIES (CONT'D.)

7.2 Premium Liabilities

	<----- 31 March 2016 ----->			<----- 30 September 2015 ----->		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
At 1 October 2015/2014	155,801	(38,963)	116,838	208,660	(53,386)	155,274
Premiums written during the period/year	166,867	(57,696)	109,171	362,570	(110,636)	251,934
Premiums earned during the period/year	(173,248)	54,413	(118,835)	(415,429)	125,059	(290,370)
At 31 March 2016/30 September 2015	<u>149,420</u>	<u>(42,246)</u>	<u>107,174</u>	<u>155,801</u>	<u>(38,963)</u>	<u>116,838</u>

8. INSURANCE PAYABLES

	31 March 2016 RM'000	30 September 2015 RM'000
Due to reinsurers and ceding companies	15,333	12,142
Due to agents, brokers, co-insurers and insureds	2,317	3,085
	<u>17,650</u>	<u>15,227</u>

9. BORROWINGS

	Effective Interest Rate per annum	Maturity	31 March 2016 RM'000	30 September 2015 RM'000
<u>Unsecured</u>				
Subordinated Notes	8%	2022	<u>68,638</u>	<u>68,546</u>
Amount due more than 5 years			<u>68,638</u>	<u>68,546</u>

During the financial year ended 30 September 2012, the Company had established a Subordinated Notes (“Sub Notes”) Programme with an aggregate nominal value of RM150,000,000 issuable in tranches.

The first tranche of Sub Notes was issued on 27 June 2012 with a nominal value of RM70,000,000 at a discounted subscription price of RM99.05. The Sub Notes were issued for a tenure of 10 years on a 10 non-callable 5 basis, with a coupon rate of 7.60% per annum.

Of the RM70,000,000 Sub Notes, RM35,000,000 were subscribed by its holding company whilst the remaining RM35,000,000 were subscribed by a third party.

10. NET EARNED PREMIUMS

	Note	6 months ended 31 March 2016 RM'000	6 months ended 31 March 2015 RM'000
(a) Gross premiums	7.2	166,867	213,299
Change in premium liabilities		6,381	10,943
Gross earned premiums		<u>173,248</u>	<u>224,242</u>
(b) Gross premiums ceded to reinsurers	7.2	(57,696)	(65,468)
Change in premium liabilities		3,283	(398)
Premiums ceded to reinsurers		<u>(54,413)</u>	<u>(65,866)</u>
Net earned premiums		<u>118,835</u>	<u>158,376</u>

11. INVESTMENT INCOME

	6 months ended 31 March <u>2016</u> RM'000	6 months ended 31 March <u>2015</u> RM'000
Dividend income:		
- shares quoted in Malaysia	178	672
- unit trusts	1,492	354
Interest income:		
- deposits and placements with financial institutions	11,356	13,539
Income from islamic fixed deposits	1,424	878
Rental of properties:		
- third parties	8	8
- related company	14	14
- holding company	128	128
Investment income from:		
- Malaysian Motor Insurance Pool ("MMIP")	1,440	1,108
- Malaysian Reinsurance Berhad ("MRB")	64	-
	<u>16,104</u>	<u>16,701</u>

12. REALISED GAINS/(LOSSES)

	6 months ended 31 March <u>2016</u> RM'000	6 months ended 31 March <u>2015</u> RM'000
Realised gains/(losses):		
- Foreign exchange	3	(2)
	<u>3</u>	<u>(2)</u>

13. OTHER OPERATING (EXPENSES)/REVENUE

	6 months ended 31 March <u>2016</u> RM'000	6 months ended 31 March <u>2015</u> RM'000
Other operating revenue:		
Sundry income	192	99
Other operating expenses:		
Assets written off	-	(4)
Loss on disposal of property, plant & equipment	(24)	-
Impairment loss on AFS reserves	(58)	-
Other expenses	(136)	(14)
	<u>(218)</u>	<u>(18)</u>

14. NET CLAIMS INCURRED

		6 months ended 31 March <u>2016</u> RM'000	6 months ended 31 March <u>2015</u> RM'000
Gross claims paid	7.1	(133,847)	(129,505)
Claims ceded to reinsurers	7.1	44,277	35,925
Gross change to insurance contract liabilities		49,114	(71,294)
Change in insurance contract liabilities ceded to reinsurers		(11,646)	20,319
		<u>(52,102)</u>	<u>(144,555)</u>

15. MANAGEMENT EXPENSES

	Note	6 months ended 31 March <u>2016</u> RM'000	6 months ended 31 March <u>2015</u> RM'000
Executive Directors' remuneration	16	412	562
Staff salaries and bonus		10,709	10,499
Staff short term accumulating compensated absences		(186)	(127)
Pension costs - defined contribution plan		1,351	1,327
Other staff benefits		691	694
Depreciation of property, plant and equipment		535	557
Amortisation:			
- prepaid land lease payments		2	2
- intangible assets		207	261
Auditors' remuneration			
- Statutory audit		99	160
Non-Executive Directors' remuneration		195	123
Directors' training		50	-
Allowance for impairment of insurance receivables		232	2,242
Write back in allowance for impairment of :			
- insurance receivables		(11)	(397)
- reinsurance assets		(284)	-
Bad debts recovered		-	(28)
Rental of properties:			
- third parties		284	278
- fellow subsidiary company		100	78
Management fees to holding company		535	490
Call centre service charges to:			
- fellow subsidiary company		268	253
Rental of equipment:			
- third party		29	69
- fellow subsidiary company		2,064	1,833
Printing and information system expenses		6,546	5,160
Business development		1,740	289
Bank charges		12	11
Credit card charges		1,646	2,007
Office administration and utilities		755	1,074
MMIP expenses		372	340

15. MANAGEMENT EXPENSES (CONT'D.)

	6 months ended 31 March <u>2016</u> RM'000	6 months ended 31 March <u>2015</u> RM'000
Professional fees	722	652
Motor vehicle expenses	305	330
Travelling and transport expenses	109	128
Road Transport Department access fees	200	366
Good and services tax expenses	28	-
Other expenses	1,168	944
	<u>30,885</u>	<u>30,177</u>

16. DIRECTORS' REMUNERATION

	6 months ended 31 March <u>2016</u> RM'000	6 months ended 31 March <u>2015</u> RM'000
<u>Chief Executive Director: *</u>		
- Salary	215	297
- Bonus	157	187
- Pension costs - defined contribution plan	46	60
- Benefits-in-kind	11	16
- Short term accumulating compensated absences	(18)	-
- Allowance	12	18
	<u>423</u>	<u>578</u>
<u>Non-Executive Directors:</u>		
- Fees	195	123
- Benefits-in-kind	3	-
Total Directors' remuneration	<u>198</u>	<u>123</u>
Total Directors' remuneration	<u>621</u>	<u>701</u>
Total Chief Executive Directors' remuneration excluding benefits-in-kind	<u>412</u>	<u>562</u>

(* Chief Executive director resigned on 29 January 2016)

16. DIRECTORS' REMUNERATION (CONT'D.)

The number of executive and non-executive directors whose total remuneration received during the six months period falls within the following bands is:

	6 months ended 31 March <u>2016</u>	6 months ended 31 March <u>2015</u>
<u>Executive Director:</u>		
RM400,001 - RM600,000	1	1
<u>Non-executive Directors:</u>		
Below RM20,000	2	1
RM20,001 - RM25,000	-	3
RM25,001 - RM30,000	3	1
RM30,001 - RM35,000	<u>2</u>	<u>-</u>

The total remuneration received by the Individual, Non-Executive Directors during the period was as follows:

	<u>Fees</u> RM'000	<u>Benefits-in-Kind</u> RM'000	<u>Total</u> RM'000
<u>As at 31 March 2016</u>			
En. Mohammad Nizar Bin Idris	35	-	35
Mr. Chan Thye Seng	20	-	20
Mr. William Robertson Dommissie	30	-	30
Dato' Dr. Zaha Rina Binti Zahari	30	3	33
Pn. Norazian Binti Ahmad Tajuddin	30	-	30
Madam Sum Leng Kuang	20	-	20
Mr. Michael Yee Kim Shing	30	-	30
	<u>195</u>	<u>3</u>	<u>198</u>

As at 31 March 2015

En. Mohammad Nizar Bin Idris	28	-	28
Mr. Chan Thye Seng	20	-	20
Mr. William Robertson Dommissie	25	-	25
Mr. Michael Yee Kim Shing	25	-	25
Dato' Dr. Zaha Rina Binti Zahari	25	-	25
	<u>123</u>	<u>-</u>	<u>123</u>

17. FINANCE COSTS

	6 months ended 31 March <u>2016</u> RM'000	6 months ended 31 March <u>2015</u> RM'000
Hire-purchase interest	20	15
Interest expense on borrowings	2,759	2,716
Others	<u>2</u>	<u>2</u>
	<u><u>2,781</u></u>	<u><u>2,733</u></u>

18. TOTAL CAPITAL AVAILABLE

The capital structure of the Company, as prescribed under the Risk-Based Capital Framework is provided below:

	31 March <u>2016</u> RM'000	30 September <u>2015</u> RM'000
<u>Eligible Tier 1 Capital</u>		
Share capital (paid-up)	100,000	100,000
Retained earnings	<u>135,459</u>	<u>117,293</u>
	<u><u>235,459</u></u>	<u><u>217,293</u></u>
<u>Tier 2 Capital</u>		
Capital instruments which qualify as Tier 2 Capital	68,638	68,546
Revaluation reserve	8,914	8,914
AFS reserve	<u>3,550</u>	<u>2,126</u>
	<u><u>81,102</u></u>	<u><u>79,586</u></u>
Amounts deducted from Capital	<u>(1,304)</u>	<u>(259)</u>
Total Capital Available	<u><u>315,257</u></u>	<u><u>296,620</u></u>

19. COMMITMENTS

	31 March <u>2016</u> RM'000	30 September <u>2015</u> RM'000
Non-cancellable operating lease commitments		
Future minimum lease payments are as follows:		
Not later than 1 year	2,503	2,931
Later than 1 year and not later than 5 years	2,154	2,142
	<u>4,657</u>	<u>5,073</u>

These represent operating lease commitments for computer and office equipment of the Company.

20. 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.

21. SEASONALITY OR CYCLICALITY OF OPERATIONS

The business of the Company is not subject to any significant seasonal or cyclical fluctuations.

22. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASHFLOWS

There were no unusual items that affect the assets, liabilities, equity, net income or cash flows of the Company for the period ended 31 March 2016.

23. CHANGES IN ESTIMATES

There were no changes in estimates of amounts reported in prior periods that have a material effect for the period ended 31 March 2016.

24. ISSUANCES, CANCELLATIONS, REPURCHASES, RESALE AND REPAYMENTS OF DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the period ended 31 March 2016.

25. DIVIDENDS PAID

	6 months ended 31 March <u>2016</u> RM'000	6 months ended 31 March <u>2015</u> RM'000
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In respect of the financial year ended 30 September 2015:

1st interim single tier dividend of 48.90 sen per share, declared on 30 January 2015 and paid on 5 February 2015	-	48,900
Final single tier dividend of 10.00 sen per share, declared on 18 February 2016 and paid on 22 February 2016	10,000	-
	<u>10,000</u>	<u>48,900</u>

26. MATERIAL EVENTS SUBSEQUENT TO END OF REPORTING PERIOD

There were no material events subsequent to the end of the period reported that require disclosure or adjustments to the unaudited condensed interim financial statements.

27. EFFECT OF CHANGES IN COMPOSITION OF THE COMPANY

There were no changes in the composition of the Company for the period ended 31 March 2016.