

PACIFIC & ORIENT INSURANCE CO. BERHAD

Company No. 12557 W

(Incorporated in Malaysia)

Unaudited Condensed Interim Financial Statements

For The Six Months Ended 31 March 2015

Company No: 12557 W

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

CONTENTS

	<u>PAGE</u>
Condensed Statement of Financial Position	1
Condensed Statement of Changes in Equity	2
Condensed Income Statement	3
Condensed Statement of Comprehensive Income	4
Condensed Statement of Cash Flows	5
Notes to the Unaudited Condensed Interim Financial Statements	6 - 20

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

CONDENSED STATEMENT OF FINANCIAL POSITION

		As at 31 March <u>2015</u> RM'000	As at 30 September <u>2014</u> RM'000
	<u>Note</u>		
ASSETS			
Property, plant and equipment	2	19,613	20,150
Investment properties		840	840
Prepaid land lease payments		308	310
Intangible assets		435	321
Deferred tax assets		4,967	-
Investments	3	765,564	790,951
Reinsurance assets	4	233,731	215,849
Insurance receivables	5	14,948	24,246
Other receivables		80,838	66,272
Cash and cash equivalents	6	5,236	3,993
TOTAL ASSETS		<u><u>1,126,480</u></u>	<u><u>1,122,932</u></u>
EQUITY AND LIABILITIES			
Share capital		100,000	100,000
Revaluation reserve		8,799	8,799
Available-for-sale reserve		3,503	5,238
Retained profits		83,548	144,473
TOTAL EQUITY		<u><u>195,850</u></u>	<u><u>258,510</u></u>
Insurance contract liabilities	7	833,008	772,657
Deferred tax liabilities		-	884
Insurance payables	8	22,179	11,488
Hire purchase creditors		529	716
Tax payable		-	3,587
Borrowings	9	68,459	68,396
Other payables		6,455	6,694
TOTAL LIABILITIES		<u><u>930,630</u></u>	<u><u>864,422</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>1,126,480</u></u>	<u><u>1,122,932</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 2014 and the accompanying explanatory notes on pages 6 to 20 attached to the unaudited condensed financial statements.

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

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 MARCH 2015

	<-----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 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 17)	-	-	-	(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>
At 1 October 2013	100,000	8,799	(1,345)	146,347	253,801
Net profit for the period	-	-	-	20,997	20,997
Other comprehensive income for the period	-	-	3,370	-	3,370
Total comprehensive income for the period	-	-	3,370	20,997	24,367
Dividends (Note 17)	-	-	-	(29,988)	(29,988)
At 31 March 2014	<u>100,000</u>	<u>8,799</u>	<u>2,025</u>	<u>137,356</u>	<u>248,180</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 2014 and the accompanying explanatory notes on pages 6 to 20 attached to the unaudited condensed financial statements.

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

CONDENSED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 31 MARCH 2015

	6 months ended 31 March <u>2015</u> RM'000	6 months ended 31 March <u>2014</u> RM'000
Operating revenue	<u>240,943</u>	<u>270,726</u>
Gross earned premiums	224,242	256,281
Premiums ceded to reinsurers	<u>(65,866)</u>	<u>(74,710)</u>
Net earned premiums	<u>158,376</u>	<u>181,571</u>
Investment income	16,701	14,445
Realised gains	(2)	420
Commission income	9,807	9,116
Other operating revenue	<u>81</u>	<u>268</u>
Other revenue	<u>26,587</u>	<u>24,249</u>
Gross claims paid	(129,505)	(136,879)
Claims ceded to reinsurers	35,925	39,350
Gross change to insurance contract liabilities	(71,294)	(21,925)
Change in insurance contract liabilities ceded to reinsurers	<u>20,319</u>	<u>5,066</u>
Net claims	<u>(144,555)</u>	<u>(114,388)</u>
Commission expense	(23,509)	(28,230)
Management expenses	(30,177)	(28,733)
Finance costs	<u>(2,733)</u>	<u>(2,743)</u>
Other expenses	<u>(56,419)</u>	<u>(59,706)</u>
(Loss)/profit before taxation	(16,011)	31,726
Taxation	<u>3,986</u>	<u>(10,729)</u>
Net (loss)/profit for the period	<u>(12,025)</u>	<u>20,997</u>
Basic and diluted (loss)/earnings per share (sen)	<u>(12.03)</u>	<u>21.00</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 2014 and the accompanying explanatory notes on pages 6 to 20 attached to the unaudited condensed financial statements.

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

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 MARCH 2015

	6 months ended 31 March <u>2015</u>	6 months ended 31 March <u>2014</u>
	<-----Unaudited----->	
	RM'000	RM'000
Net (loss)/profit for the period	(12,025)	20,997
Other comprehensive (loss)/income:		
<u>Items that may be reclassified to income statement in subsequent periods:</u>		
Fair value changes on available-for-sale ("AFS") financial assets	(2,313)	4,494
Deferred tax	578	(1,124)
Net (loss)/gain	(1,735)	3,370
Other comprehensive (loss)/income for the period, net of tax	(1,735)	3,370
Total comprehensive (loss)/income for the period	(13,760)	24,367

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 2014 and the accompanying explanatory notes on pages 6 to 20 attached to the unaudited condensed financial statements.

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

CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 MARCH 2015

	6 months ended 31 March <u>2015</u> RM'000	6 months ended 31 March <u>2014</u> RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Cash generated from operations	45,469	23,580
Net tax paid	(8,293)	(5,449)
Dividends received	672	177
Interest received	12,895	12,470
Interest paid	(15)	(17)
Net cash generated from operating activities	<u>50,728</u>	<u>30,761</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Disposal of property, plant and equipment	1	52
Purchase of property, plant and equipment	(24)	(444)
Purchase of intangible assets	(375)	(2)
Net cash used in investing activities	<u>(398)</u>	<u>(394)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(48,900)	(29,988)
Decrease in hire purchase creditors	(187)	(12)
Net cash used in financing activities	<u>(49,087)</u>	<u>(30,000)</u>
Net increase in cash and cash equivalents	1,243	367
Cash and cash equivalents at beginning of period	<u>3,993</u>	<u>4,482</u>
Cash and cash equivalents at end of period	<u>5,236</u>	<u>4,849</u>
Cash and cash equivalents comprise the following:		
Cash and bank balances	<u>5,236</u>	<u>4,849</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 2014 and the accompanying explanatory notes on pages 6 to 20 attached to the unaudited condensed financial statements.

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 MARCH 2015

1. BASIS OF PREPARATION

- (i) The unaudited condensed interim financial statements for the six months ended 31 March 2015 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 2014.

(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 2014 except for the adoption of the following MFRSs, Amendments to MFRSs and Issues Committee (“IC”) Interpretations:

Amendments to MFRS 10	Consolidated Financial Statements: Investment Entities
Amendments to MFRS 12	Disclosure of Interest in Other Entities: Investment Entities
Amendments to MFRS 119	Defined Benefit Plans: Employee Contributions
Amendments to MFRS 127	Consolidated and Separate Financial Statements: Investment Entities
Amendments to MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting

1. BASIS OF PREPARATION (CONT'D.)

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

IC Interpretation 21	Levies
MFRS 1	First-time Adoption of MFRS (Annual Improvements to MFRSs 2011 – 2013 Cycle)
MFRS 2	Share-Based Payment (Annual Improvements to MFRSs 2010 – 2012 Cycle)
MFRS 3	Business Combinations (Annual Improvements to MFRSs 2010 – 2012 Cycle)
MFRS 3	Business Combinations (Annual Improvements to MFRSs 2011 – 2013 Cycle)
MFRS 8	Operating Segments (Annual Improvements to MFRSs 2010 – 2012 Cycle)
MFRS 13	Fair Value Measurement (Annual Improvements to MFRSs 2010 – 2012 Cycle)
MFRS 13	Fair Value Measurement (Annual Improvements to MFRSs 2011 – 2013 Cycle)
MFRS 116	Property, Plant and Equipment (Annual Improvements to MFRSs 2010 – 2012 Cycle)
MFRS 124	Related Party Disclosures (Annual Improvements to MFRSs 2010 – 2012 Cycle)
MFRS 138	Intangible Assets (Annual Improvements to MFRSs 2010 – 2012 Cycle)
MFRS 140	Investment Property (Annual Improvements to MFRSs 2011 – 2013 Cycle)

The adoption of the above MFRSs, Amendments to MFRSs and IC Interpretations did not have any significant impact on the unaudited condensed financial statements of the Company.

1. BASIS OF PREPARATION (CONT'D.)

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

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)
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101	Disclosure Initiative
Amendments to MFRS 127	Equity Method in Separate Financial Statements
	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)
	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)

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 2017

MFRS 15 Revenue from Contracts with Customers

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)

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 (IFRS 9 issued by IASB in July 2014)

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.

2. PROPERTY, PLANT AND EQUIPMENT

- (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 are 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.

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

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

- (b) The net book 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 2015 are as follows:

	<u>Net Carrying Value</u>		<u>Net Carrying Value</u>	
	<u>31 March 2015</u>		<u>30 September 2014</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	630	268	641	272
Leasehold buildings	14,777	7,107	15,133	7,267
	<u>17,267</u>	<u>7,755</u>	<u>17,634</u>	<u>7,919</u>

3. INVESTMENTS

	31 March <u>2015</u> RM'000	30 September <u>2014</u> RM'000
(a) Available-for-sale ("AFS") financial assets:		
<u>At fair value:</u>		
Quoted shares	18,355	20,700
Unit trusts	22,635	12,249
Islamic corporate bond	2,125	2,125
Total available-for-sale financial assets	<u>43,115</u>	<u>35,074</u>
(b) Loan and receivables ("L&R"):		
<u>At amortised cost:</u>		
Deposits and placements with licensed financial institutions:		
Commercial banks	587,576	509,863
Investment banks	134,873	246,014
	<u>722,449</u>	<u>755,877</u>
Total investments	<u><u>765,564</u></u>	<u><u>790,951</u></u>

3. INVESTMENTS (CONT'D.)

(c) Carrying values of investments:

	<u>AFS</u> RM'000	<u>HTM</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	10,354	-	-	10,354
Placements	-	-	228,587	228,587
Maturity	-	-	(262,015)	(262,015)
Fair value loss recorded in other comprehensive income	<u>(2,313)</u>	-	-	<u>(2,313)</u>
At 31 March 2015	<u>43,115</u>	<u>-</u>	<u>722,449</u>	<u>765,564</u>
At 1 October 2013	28,490	5,043	756,740	790,273
Additions	396	-	-	396
Placements	-	-	327,208	327,208
Disposal	(735)	-	-	(735)
Maturity	-	(5,000)	(328,071)	(333,071)
Fair value gain recorded in other comprehensive income	8,778	-	-	8,778
Impairment loss of AFS financial assets	(1,855)	-	-	(1,855)
Amortisation of premiums	-	(43)	-	(43)
At 30 September 2014	<u>35,074</u>	<u>-</u>	<u>755,877</u>	<u>790,951</u>

Included in deposits and placements of the Company is an amount of RM90,998 (30 September 2014: RM93,221) representing placements of deposits received from insureds as collateral for bond guarantees granted to third parties.

4. REINSURANCE ASSETS

	31 March <u>2015</u> RM'000	30 September <u>2014</u> RM'000
Reinsurance of insurance contracts:		
- Claims liabilities	182,782	162,463
- Premium liabilities	52,987	53,386
	<u>235,769</u>	<u>215,849</u>
Allowance for impairment	(2,038)	-
	<u><u>233,731</u></u>	<u><u>215,849</u></u>

5. INSURANCE RECEIVABLES

	31 March <u>2015</u> RM'000	30 September <u>2014</u> RM'000
Outstanding premiums including agents, brokers' and co-insurers' balance	8,993	7,705
Due from reinsurers and ceding companies	7,945	18,725
	<u>16,938</u>	<u>26,430</u>
Allowance for impairment	(1,990)	(2,184)
	<u><u>14,948</u></u>	<u><u>24,246</u></u>

6. CASH AND CASH EQUIVALENTS

	31 March <u>2015</u> RM'000	30 September <u>2014</u> RM'000
Cash and bank balances	5,236	3,993
	<u><u>5,236</u></u>	<u><u>3,993</u></u>

7. INSURANCE CONTRACT LIABILITIES

	<----- 31 March 2015 ----->			<----- 30 September 2014 ----->		
	Gross RM'000	Reinsurance RM'000 (Note 3)	Net RM'000	Gross RM'000	Reinsurance RM'000 (Note 3)	Net RM'000
General insurance	<u>833,008</u>	<u>(235,769)</u>	<u>597,239</u>	<u>772,657</u>	<u>(215,849)</u>	<u>556,808</u>

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

	Note	<----- 31 March 2015 ----->			<----- 30 September 2014 ----->		
		Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Provisions for claims reported		415,876	(129,738)	286,138	417,402	(127,324)	290,078
Provision for Incurred But Not Reported ("IBNR")		174,400	(37,619)	136,781	101,021	(21,950)	79,071
Provision of Risk Margin for Adverse Deviation ("PRAD")		45,015	(15,425)	29,590	45,574	(13,189)	32,385
Claims Liabilities	7.1	<u>635,291</u>	<u>(182,782)</u>	<u>452,509</u>	<u>563,997</u>	<u>(162,463)</u>	<u>401,534</u>
Premium Liabilities	7.2	<u>197,717</u>	<u>(52,987)</u>	<u>144,730</u>	<u>208,660</u>	<u>(53,386)</u>	<u>155,274</u>
		<u>833,008</u>	<u>(235,769)</u>	<u>597,239</u>	<u>772,657</u>	<u>(215,849)</u>	<u>556,808</u>

Company No: 12557 W

7. INSURANCE CONTRACT LIABILITIES (CONT'D.)

7.1 Claims Liabilities

	<----- 31 March 2015 ----->			<----- 30 September 2014 ----->		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
At 1 October 2014/2013	563,997	(162,463)	401,534	551,122	(165,419)	385,703
Claims incurred in the current accident year (direct and facultative)	114,199	(29,380)	84,819	227,990	(63,691)	164,299
Adjustment to claims incurred in prior accident year (direct and facultative)	86,726	(25,855)	60,871	65,776	(21,076)	44,700
Claims incurred during the period/year (treaty inwards claims)	(46)	-	(46)	11,240	-	11,240
Movement in Provision of Risk Margin for Adverse Deviation ("PRAD") claims liabilities at 75% confidence level	4,510	(2,236)	2,274	(403)	2,733	2,330
Movement in claims handling expenses	(4,590)	1,227	(3,363)	260	(139)	121
Claims paid during the period/year	(129,505)	35,925	(93,580)	(291,988)	85,129	(206,859)
At 31 March 2015/30 September 2014	<u>635,291</u>	<u>(182,782)</u>	<u>452,509</u>	<u>563,997</u>	<u>(162,463)</u>	<u>401,534</u>

Company No: 12557 W

7. INSURANCE CONTRACT LIABILITIES (CONT'D.)

7.2 Premium Liabilities

	<----- 31 March 2015 ----->			<----- 30 September 2014 ----->		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
At 1 October 2014/2013	208,660	(53,386)	155,274	235,415	(64,064)	171,351
Premiums written during the period/year	213,299	(65,467)	147,832	469,566	(135,910)	333,656
Premiums earned during the period/year	(224,242)	65,866	(158,376)	(496,321)	146,588	(349,733)
At 31 March 2015/30 September 2014	<u>197,717</u>	<u>(52,987)</u>	<u>144,730</u>	<u>208,660</u>	<u>(53,386)</u>	<u>155,274</u>

8. INSURANCE PAYABLES

	31 March 2015 RM'000	30 September 2014 RM'000
Due to reinsurers and ceding companies	19,728	8,660
Due to agents, brokers, co-insurers and insureds	2,451	2,828
	<u>22,179</u>	<u>11,488</u>

9. BORROWINGS

	Effective Interest Rate per annum	Maturity	31 March 2015 RM'000	30 September 2014 RM'000
<u>Unsecured</u>				
Subordinated Notes	8.01%	2022	<u>68,459</u>	<u>68,396</u>
Amount due more than 5 years			<u>68,459</u>	<u>68,396</u>

During the financial year ended 30 September 2012, the Company 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. TOTAL CAPITAL AVAILABLE

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

	31 March <u>2015</u> RM'000	30 September <u>2014</u> RM'000
<u>Eligible Tier 1 Capital</u>		
Share capital (paid-up)	100,000	100,000
Retained earnings	83,548	144,473
	<u>183,548</u>	<u>244,473</u>
<u>Tier 2 Capital</u>		
Capital instruments which qualify as Tier 2 Capital	68,459	68,396
Revaluation reserve	8,799	8,799
AFS reserve	3,503	5,238
	<u>80,761</u>	<u>82,433</u>
Amounts deducted from Capital	<u>(4,967)</u>	<u>-</u>
Total Capital Available	<u>259,342</u>	<u>326,906</u>

11. COMMITMENTS

	31 March <u>2015</u> RM'000	30 September <u>2014</u> RM'000
<u>Non-cancellable operating lease commitments</u>		
Future minimum lease payments are as follows:		
Not later than 1 year	3,182	3,133
Later than 1 year and not later than 5 years	1,601	2,969
	<u>4,783</u>	<u>6,102</u>

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

12. 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.

13. SEASONALITY OR CYCLICALITY OF OPERATIONS

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

14. 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 2015 except as disclosed below.

The results of the Company for the period ended 31 March 2015 were affected by an increase in the provision for Incurred But Not Reported (IBNR) claims and Provision of Risk Margin for Adverse Deviation (PRAD) by RM49,150,000.

The increase was due to the more conservative approach taken by our newly appointed actuary in estimating the provision for IBNR claims and PRAD as at 31 March 2015, compared to the estimation performed by our former actuary which was still within the acceptable range. All appointment of actuaries are approved by Bank Negara Malaysia (BNM).

Despite the more conservative approach used in estimating the provision for IBNR claims and PRAD, the Capital Adequacy Ratio of the Company is still above the Internal Target Capital Level approved by BNM.

Consequent upon the increase in the provision for IBNR claims and PRAD, the Company's reserves which had previously been maintained at a level adequate to settle its current and future claims liabilities as and when they fall due, have now been further strengthened, to enable the Company to withstand any challenges in the market arising from economic uncertainties and changes in insurance regulations.

15. 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 2015.

16. 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 2015.

17. DIVIDENDS

	6 months ended 31 March <u>2015</u> RM'000	6 months ended 31 March <u>2014</u> RM'000
<u>In respect of the financial year ending 30 September 2015:</u>		
1st interim single tier dividend of 48.90 sen per share, declared on 4 February 2015 and paid on 5 February 2015	48,900	-
<u>In respect of the financial year ended 30 September 2014:</u>		
1st interim single tier dividend of 2.99 sen per share, declared on 16 January 2014 and paid on 21 January 2014	-	2,988
2nd interim single tier dividend of 27 sen per share, declared on 16 January 2014 and paid on 21 January 2014	-	27,000
	<u>48,900</u>	<u>29,988</u>

18. 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.

19. EFFECT OF CHANGES IN COMPOSITION OF THE COMPANY

There were no changes in the composition of the Company for the period ended 31 March 2015.