

PACIFIC & ORIENT INSURANCE CO. BERHAD

Company No. 12557 W

(Incorporated in Malaysia)

Interim Financial Statements

For The Six Months Ended 31 March 2013

Company No: 12557 W

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

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

STATEMENT OF FINANCIAL POSITION

		As at 31 March <u>2013</u>	As at 30 September <u>2012</u>	As at 1 October <u>2011</u>
		<-----Unaudited----->		
	<u>Note</u>	RM'000	RM'000	RM'000
ASSETS				
Property, plant and equipment		20,937	21,388	17,194
Investment properties		750	750	645
Prepaid land lease payments		316	318	322
Intangible assets		244	77	97
Deferred tax assets		1,228	2,471	4,450
Investments	2	772,279	772,335	616,934
Reinsurance assets	3	233,497	230,978	182,404
Insurance receivables	4	18,004	19,944	109,385
Other receivables		41,252	32,410	18,684
Cash and cash equivalents	5	28,319	17,166	55,693
TOTAL ASSETS		<u>1,116,826</u>	<u>1,097,837</u>	<u>1,005,808</u>
EQUITY AND LIABILITIES				
Share capital		100,000	100,000	100,000
Revaluation reserve		8,799	8,799	5,222
Available-for-sale reserve		(1,927)	687	(1,611)
Retained profits		140,722	134,805	117,660
TOTAL EQUITY		<u>247,594</u>	<u>244,291</u>	<u>221,271</u>
Insurance contract liabilities	6	771,685	761,452	674,485
Insurance payables	7	22,332	16,229	23,432
Other payables		6,221	6,838	5,473
Hire purchase creditors		800	897	893
Borrowings	8	68,194	68,130	69,606
Tax payable		-	-	10,648
TOTAL LIABILITIES		<u>869,232</u>	<u>853,546</u>	<u>784,537</u>
TOTAL EQUITY AND LIABILITIES		<u>1,116,826</u>	<u>1,097,837</u>	<u>1,005,808</u>

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

STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 MARCH 2013

	<-----Non-Distributable----->			Distributable	
	Share capital	Revaluation reserve	Available -for-sale reserve	Retained profits	Total
	<-----Unaudited----->				
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 October 2012	100,000	8,799	687	134,805	244,291
Net profit for the period	-	-	-	25,904	25,904
Other comprehensive loss for the period	-	-	(2,614)	-	(2,614)
Total comprehensive (loss)/ income for the period	-	-	(2,614)	25,904	23,290
Dividends (Note 16)	-	-	-	(19,987)	(19,987)
At 31 March 2013	<u>100,000</u>	<u>8,799</u>	<u>(1,927)</u>	<u>140,722</u>	<u>247,594</u>
At 1 October 2011	100,000	5,222	(1,611)	117,660	221,271
Net profit for the period	-	-	-	7,295	7,295
Other comprehensive income for the period	-	-	1,962	-	1,962
Total comprehensive income for the period	-	-	1,962	7,295	9,257
Dividends (Note 16)	-	-	-	(9,997)	(9,997)
At 31 March 2012	<u>100,000</u>	<u>5,222</u>	<u>351</u>	<u>114,958</u>	<u>220,531</u>

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

INCOME STATEMENT
FOR THE SIX MONTHS ENDED 31 MARCH 2013

	6 months ended 31 March <u>2013</u> RM'000	6 months ended 31 March <u>2012</u> RM'000
	<-----Unaudited----->	
Operating revenue	<u>278,642</u>	<u>280,169</u>
Gross earned premiums	265,235	265,719
Premiums ceded to reinsurers	<u>(89,314)</u>	<u>(89,608)</u>
Net earned premiums	<u>175,921</u>	<u>176,111</u>
Investment income	13,845	12,144
Realised gains	2,940	763
Commission income	14,126	13,605
Fair values losses	(467)	(414)
Other operating revenue	<u>411</u>	<u>376</u>
Other revenue	<u>30,855</u>	<u>26,474</u>
Gross claims paid	(135,972)	(102,012)
Claims ceded to reinsurers	37,647	28,594
Gross change to contract liabilities	(10,671)	(59,344)
Change in contract liabilities ceded to reinsurers	<u>(1,615)</u>	<u>20,277</u>
Net claims	<u>(110,611)</u>	<u>(112,485)</u>
Commission expense	(29,478)	(29,775)
Management expenses	(28,146)	(46,559) *
Finance costs	<u>(2,742)</u>	<u>(2,864)</u>
Other expenses	<u>(60,366)</u>	<u>(79,198)</u>
Profit before taxation	35,799	10,902
Taxation	<u>(9,895)</u>	<u>(3,607)</u>
Net profit for the period	<u>25,904</u>	<u>7,295</u>
Basic and diluted earnings per share (sen)	<u>25.90</u>	<u>7.30</u>

* Includes a one-off impairment loss of RM20,746,000, arising from the commutation of a reinsurance contract with a reinsurer which was charged to the income statement in the preceding period ended 31 March 2012.

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 MARCH 2013

	6 months ended 31 March <u>2013</u>	6 months ended 31 March <u>2012</u>
	<-----Unaudited----->	
	RM'000	RM'000
Net profit for the period	25,904	7,295
Other comprehensive (loss)/income:		
Items to be reclassified to income statement in subsequent periods:		
Fair value changes on Available-for-sale ("AFS") financial assets:	(3,486)	2,616
Deferred tax	872	(654)
(Loss)/gain on fair value changes, representing total other comprehensive (loss)/income for the period, net of tax	(2,614)	1,962
Total comprehensive income for the period	23,290	9,257

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

STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 MARCH 2013

	6 months ended 31 March <u>2013</u>	6 months ended 31 March <u>2012</u>
	<-----Unaudited----->	
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Cash generated/(used in) operations	30,044	(31,432)
Net tax paid	(11,277)	(8,144)
Investment income received	12,795	11,171
Interest paid	(24)	(1,425)
Net cash generated/(used in) operating activities	31,538	(29,830)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(231)	(114)
Disposal of property, plant and equipment	-	90
Net cash used in investing activities	(231)	(24)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(19,987)	(9,997)
Decrease in hire purchase creditors	(167)	(147)
Net cash used in financing activities	(20,154)	(10,144)
Net increase/(decrease) in cash and cash equivalents	11,153	(39,998)
Cash and cash equivalents at beginning of period	17,166	55,693
Cash and cash equivalents at end of period	28,319	15,695
Cash and cash equivalents comprise the following:		
Cash and bank balances	28,319	15,695

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 MARCH 2013

1. BASIS OF PREPARATION

- (i) The interim financial statements for the period ended 31 March 2013 have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting and International Accounting Standard 34: Interim Financial Reporting issued by the International Accounting Standards Board (“IASB”). For the periods up to and including the year ended 30 September 2012, the Company prepared its financial statements in accordance with Financial Reporting Standards (“FRS”) in Malaysia.

As the interim financial statements for the period ended 31 March 2013 covered part of the Company’s first MFRS annual financial statements, MFRS1: First-time Adoption of Malaysian Financial Reporting Standards (“MFRS 1”) has been applied. The transition to the MFRS Framework does not have any financial impact to the interim financial statements of the Company.

(ii) Significant Accounting Policies

The audited financial statements of the Company for the year ended 30 September 2012 were prepared in accordance with FRS in Malaysia. As the requirements under FRS in Malaysia and MFRS are similar, the significant accounting policies adopted in preparing these interim financial statements are consistent with those of the audited financial statements for the year ended 30 September 2012 except for the following:

Adoption of the following revised MFRSs and Amendments to MFRSs:

Effective for financial periods beginning on or after 1 January 2012

MFRS 124	Related Party Disclosures (revised)
Amendments to MFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First Time Adopters
Amendments to MFRS 7	Disclosures – Transfer of Financial Assets
Amendments to MFRS 112	Deferred Tax – Recovery of Underlying Assets

1. BASIS OF PREPARATION (CONT'D.)

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

Effective for financial periods beginning on or after 1 July 2012

Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income

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

Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income

Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income requires entities to separate items presented as other comprehensive income in the statement of other comprehensive income into two groups, based on whether or not they may be reclassified to profit or loss in the future.

The Company has complied with the above requirement in these interim financial statements. As the amendment affects presentation only, there is no impact to the Company's financial position or performance.

MFRS, Amendments to MFRS and IC Interpretations yet to be effective

The Company has not adopted the following MFRSs, Amendments to MFRSs and Issues Committee ("IC") Interpretations which have been issued but are not yet effective:

Effective for financial periods beginning on or after 1 January 2013

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (revised)
MFRS 127	Consolidated and Separate Financial Statements (revised)
MFRS 128	Investments in Associates and Joint Ventures (revised)

1. BASIS OF PREPARATION (CONT'D.)

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

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

Effective for financial periods beginning on or after 1 January 2013 (Cont'd.)

Amendments to MFRS 1	First- time Adoption to MFRS 1 - Government Loans
Amendments to MFRS 7	Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10	Consolidated Financial Statements: Transition Guidance
Amendments to MFRS 11	Joints Arrangements: Transition Guidance
Amendments to MFRS 12	Disclosure of Interest in Other Entities: Transition Guide
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine

Annual Improvements to IC Interpretation and MFRSs 2009-2011 Cycle

Effective for financial periods beginning on or after 1 January 2014

Amendments to MFRS 10	Consolidated Financial Statements: Investment Entities
Amendments to MFRS 12	Disclosure of Interest in Other Entities: Investment Entities
Amendments to MFRS 127	Consolidated and Separate Financial Statements: Investment Entities
Amendments to MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities

1. BASIS OF PREPARATION (CONT'D.)

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

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

Effective for financial periods beginning on or after 1 January 2015

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)
Amendments to MFRS 9	Mandatory Effective Date of MFRS 9 and Transition Disclosures (Amendments to MFRS 9, (IFRS 9 issued by IASB in November 2009), MFRS 9 (IFRS 9 issued by IASB in October 2010) and MFRS 7)

Other than the implications as disclosed below, the adoption of the above MFRSs and Amendments to MFRSs are not expected to have any significant financial impact to the Company.

MFRSs 10, 11, 12, 127, 128, Amendments MFRSs 1, 10, 11, 12 and IC Interpretation 20 and IC Interpretation 2 contained in “Annual Improvements 2009 – 2011 Cycle” (effective for financial periods on or after 1 January 2013) and Amendments to MFRSs 10, 12 and 127 (effective for financial periods on or after 1 January 2014) are not applicable to the Company.

(a) MFRS 9: Financial instruments

MFRS 9 replaces the guidance in MFRS 139, Financial Instruments: Recognition and Measurement on classification and measurement of financial assets. Upon adoption of MFRS 9, all financial assets will be measured at either fair value or amortised cost.

The Company is currently assessing the financial impact of adopting MFRS 9.

(b) MFRS 13: Fair value Measurement

MFRS 13, Fair Value Measurement establishes the principles for fair value measurement and replaces the existing guidance in different MFRSs. The Company is currently assessing the financial impact of adopting MFRS 13.

2. INVESTMENTS

	31 March <u>2013</u> RM'000	30 September <u>2012</u> RM'000	1 October <u>2011</u> RM'000
(a) Available-for-sale ("AFS") financial assets:			
<u>At fair value:</u>			
Quoted shares	15,877	24,107	12,187
Unquoted shares	794	803	816
Quoted warrant	3	-	-
Unit trusts	14,017	13,817	13,403
Total available-for-sale financial assets	<u>30,691</u>	<u>38,727</u>	<u>26,406</u>
(b) Held-to-maturity ("HTM") investments:			
<u>At amortised cost:</u>			
Malaysian Government Securities*	10,393	15,557	40,364
Amortisation of premiums, net of accretion of discount	<u>(311)</u>	<u>(420)</u>	<u>(151)</u>
Total held-to-maturity investments	<u>10,082</u>	<u>15,137</u>	<u>40,213</u>
(c) Loan and receivables ("L&R"):			
<u>At amortised cost:</u>			
Deposits and placements with licensed financial institutions:			
Commercial banks	582,135	559,096	465,451
Investment banks	149,371	159,375	83,300
Bankers acceptances	-	-	1,564
	<u>731,506</u>	<u>718,471</u>	<u>550,315</u>
Total investments	<u>772,279</u>	<u>772,335</u>	<u>616,934</u>
<u>At fair value:</u>			
* Malaysian Government Securities	<u>10,119</u>	<u>15,186</u>	<u>40,423</u>

2. INVESTMENTS (CONT'D.)

	<u>AFS</u> RM'000	<u>HTM</u> RM'000	<u>L&R</u> RM'000	<u>Total</u> RM'000
(d) Carrying values of investments:				
At 1 October 2012	38,727	15,137	718,471	772,335
Additions	188	-	274,785	274,973
Disposal/ maturity /redemption	(4,270)	(5,000)	(261,750)	(271,020)
Fair value losses recorded in other comprehensive income	(3,486)	-	-	(3,486)
Movement in impairment loss	(468)	-	-	(468)
Amortisation of premiums	-	(55)	-	(55)
At 31 March 2013	<u>30,691</u>	<u>10,082</u>	<u>731,506</u>	<u>772,279</u>

Deposits and placements amounting to RM89,073 (2012: RM191,850) represent deposits given by the insureds as collateral for bond guarantees granted to third parties.

	<u>AFS</u> RM'000	<u>HTM</u> RM'000	<u>L&R</u> RM'000	<u>Total</u> RM'000
At 1 October 2011	26,406	40,213	550,315	616,934
Additions	10,631	-	-	10,631
Placements	-	-	801,368	801,368
Disposal/ maturity /redemption	(959)	(25,001)	(633,212)	(659,172)
Fair value gains recorded in other comprehensive income	3,064	-	-	3,064
Movement in impairment loss	(415)	-	-	(415)
Amortisation of premiums, net of accretion of discount	-	(75)	-	(75)
At 30 September 2012	<u>38,727</u>	<u>15,137</u>	<u>718,471</u>	<u>772,335</u>

3. REINSURANCE ASSETS

	31 March <u>2013</u> RM'000	30 September <u>2012</u> RM'000	1 October <u>2011</u> RM'000
Reinsurance of insurance contracts:			
- Claims liabilities	153,163	154,778	108,182
- Premium liabilities	80,334	76,200	75,290
	<u>233,497</u>	<u>230,978</u>	<u>183,472</u>
Allowance for impairment	-	-	(1,068)
	<u><u>233,497</u></u>	<u><u>230,978</u></u>	<u><u>182,404</u></u>

4. INSURANCE RECEIVABLES

	31 March <u>2013</u> RM'000	30 September <u>2012</u> RM'000	1 October <u>2011</u> RM'000
Outstanding premiums including agents, brokers' and co-insurers' balance	10,234	9,700	10,779
Due from reinsurers and ceding companies	9,363	11,311	108,084
	<u>19,597</u>	<u>21,011</u>	<u>118,863</u>
Allowance for impairment	(1,593)	(1,067)	(9,478)
	<u><u>18,004</u></u>	<u><u>19,944</u></u>	<u><u>109,385</u></u>

5. CASH AND CASH EQUIVALENTS

	31 March <u>2013</u> RM'000	30 September <u>2012</u> RM'000	1 October <u>2011</u> RM'000
Deposits and placements with licensed commercial banks (with maturity of less than three months)	24,039	11,500	50,894
Cash and bank balances	4,280	5,666	4,799
	<u><u>28,319</u></u>	<u><u>17,166</u></u>	<u><u>55,693</u></u>

6. INSURANCE CONTRACT LIABILITIES

	<----- 31 March 2013----->			<-----30 September 2012----->			<-----1 October 2011----->		
	Gross RM'000	Reinsurance RM'000 (Note 3)	Net RM'000	Gross RM'000	Reinsurance RM'000 (Note 3)	Net RM'000	Gross RM'000	Reinsurance RM'000 (Note 3)	Net RM'000
General insurance	771,685	(233,497)	538,188	761,452	(230,978)	530,474	674,485	(183,472)	491,013

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

		<----- 31 March 2013----->			<-----30 September 2012----->			<-----1 October 2011----->		
	Note	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Provisions for claims reported		396,987	(113,895)	283,092	384,593	(108,123)	276,470	309,698	(74,913)	234,785
Provision for Incurred But Not Reported ("IBNR") claims		82,957	(21,551)	61,406	84,147	(28,850)	55,297	69,817	(20,208)	49,609
Provision of Risk Margin for Adverse Deviation ("PRAD")		47,207	(17,717)	29,490	47,740	(17,805)	29,935	36,971	(13,061)	23,910
Claims Liabilities	6.1	527,151	(153,163)	373,988	516,480	(154,778)	361,702	416,486	(108,182)	308,304
Premium Liabilities	6.2	244,534	(80,334)	164,200	244,972	(76,200)	168,772	257,999	(75,290)	182,709
		771,685	(233,497)	538,188	761,452	(230,978)	530,474	674,485	(183,472)	491,013

6. INSURANCE CONTRACT LIABILITIES (CONTD.)

6.1 Claims Liabilities

	<----- 31 March 2013----->			<-----30 September 2012----->			<-----1 October 2011----->		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
At beginning of period/year	516,480	(154,778)	361,702	416,486	(108,182)	308,304	380,018	(63,251)	316,767
Claims incurred in the current accident year (direct and facultative)	110,187	(36,267)	73,920	176,474	(63,592)	112,882	174,314	(56,197)	118,117
Adjustment to claims incurred in prior accident years (direct and facultative)	29,305	(10)	29,295	133,743	(36,923)	96,820	106,311	(31,981)	74,330
Claims incurred during the period/year (treaty inwards claims)	7,464	(90)	7,374	14,964	-	14,964	4,386	(160)	4,226
Movement in Provision of Risk Margin for Adverse Deviation ("PRAD") claims liabilities at 75% confidential level	(533)	89	(444)	10,769	(4,744)	6,025	8,566	(8,355)	211
Movement in claims handling expenses	220	246	466	1,489	(925)	564	809	(757)	52
Claims paid during the period/year	(135,972)	37,647	(98,325)	(237,445)	59,588	(177,857)	(257,918)	52,519	(205,399)
At end of period/year	<u>527,151</u>	<u>(153,163)</u>	<u>373,988</u>	<u>516,480</u>	<u>(154,778)</u>	<u>361,702</u>	<u>416,486</u>	<u>(108,182)</u>	<u>308,304</u>

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6. INSURANCE CONTRACT LIABILITIES (CONTD.)

6.2 Premium Liabilities

	<----- 31 March 2013----->			<-----30 September 2012----->			<-----1 October 2011----->		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
At beginning of period/ year	244,972	(76,200)	168,772	257,999	(75,290)	182,709	242,592	(58,387)	184,205
Premiums written during the period/ year	264,797	(93,448)	171,349	517,317	(184,915)	332,402	501,690	(170,964)	330,726
Premiums earned during the period/year	(265,235)	89,314	(175,921)	(530,344)	184,005	(346,339)	(486,283)	154,061	(332,222)
At end of period/year	<u>244,534</u>	<u>(80,334)</u>	<u>164,200</u>	<u>244,972</u>	<u>(76,200)</u>	<u>168,772</u>	<u>257,999</u>	<u>(75,290)</u>	<u>182,709</u>

7. INSURANCE PAYABLES

	31 March <u>2013</u> RM'000	30 September <u>2012</u> RM'000	1 October <u>2011</u> RM'000
Due to reinsurers and ceding companies	19,533	14,104	21,363
Due to agents, brokers, co-insurers and insureds	<u>2,799</u>	<u>2,125</u>	<u>2,069</u>
	<u><u>22,332</u></u>	<u><u>16,229</u></u>	<u><u>23,432</u></u>

8. BORROWINGS

	Note	Effective Interest Rate per annum	Maturity	31 March <u>2013</u> RM'000	30 September <u>2012</u> RM'000	1 October <u>2011</u> RM'000
<u>Unsecured</u>						
Term loan	(a)	8.09 %	2020	-	-	69,606
Subordinated Notes	(b)	8.01%	2022	68,194	68,130	-
				<u>68,194</u>	<u>68,130</u>	<u>69,606</u>
Amount due more than 5 years				<u><u>68,194</u></u>	<u><u>68,130</u></u>	<u><u>69,606</u></u>

(a) During the year ended 30 September 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 was fully repaid on 27 June 2012.

(b) During the last 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.

The proceeds from the issuance of the Sub Notes were used to repay its unsecured term loan of RM70,000,000 previously granted by its holding company.

9. TOTAL CAPITAL AVAILABLE

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

	31 March <u>2013</u> RM'000	30 September <u>2012</u> RM'000	1 October <u>2011</u> RM'000
<u>Eligible Tier 1 Capital</u>			
Share capital (paid-up)	100,000	100,000	100,000
Retained earnings	140,722	134,805	117,660
	<u>240,722</u>	<u>234,805</u>	<u>217,660</u>
<u>Tier 2 Capital</u>			
Capital instruments which qualify as Tier 2 Capital	68,194	68,130	69,606
Revaluation reserve	8,799	8,799	5,222
AFS reserve	(1,927)	687	(1,611)
	<u>75,066</u>	<u>77,616</u>	<u>73,217</u>
Amounts deducted from Capital	<u>(1,228)</u>	<u>(2,471)</u>	<u>(4,450)</u>
Total Capital Available	<u><u>314,560</u></u>	<u><u>309,950</u></u>	<u><u>286,427</u></u>

10. COMMITMENTS

	31 March <u>2013</u> RM'000	30 September <u>2012</u> RM'000	1 October <u>2011</u> RM'000
Non-cancellable operating lease commitments			
Future minimum lease payments are as follows:			
Not later than 1 year	2,082	1,991	1,786
Later than 1 year and not later than 5 years	1,231	1,747	1,821
	<u><u>3,313</u></u>	<u><u>3,738</u></u>	<u><u>3,607</u></u>

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

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 CYCLICALITY OF OPERATIONS

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

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

There were no material unusual items that affect the assets, liabilities, equity, net income or cash flows of the Company for the period ended 31 March 2013.

14. 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 2013.

15. 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 2013.

16. DIVIDENDS PAID

	6 months ended 31 March <u>2013</u> RM'000	6 months ended 31 March <u>2012</u> RM'000
In respect of the financial year ended 30 September 2012:		
1st interim dividend of 13.33 sen per share less tax at 25% declared on 3 February 2012 and paid on 8 February 2012	-	9,997
4th interim dividend of 16 sen per share less tax at 25% declared on 12 November 2012 and paid on 16 November 2012	12,000	-
In respect of the financial year ending 30 September 2013:		
1st interim dividend of 10.65 sen per share less tax at 25% declared on 5 February 2013 and paid on 8 February 2013	7,987	-
	<u>19,987</u>	<u>9,997</u>

17. MATERIAL AND SUBSEQUENT EVENTS

There were no material events subsequent to 31 March 2013 and up to the date of this report.

During the period ended 31 March 2013, the Minister of Finance of Malaysia had, by a letter from Bank Negara Malaysia dated 26 November 2012, pursuant to Section 67 of the Insurance Act 1996, approved the following:

- (i) The holding company to dispose of 49% of its equity interest in the Company to Sanlam Emerging Markets Proprietary Limited ("SEM"); and
- (ii) The holding company to transfer one share of the Company to a fellow subsidiary company, Pacific & Orient Nominees Services (Tempatan) Sdn. Bhd.

A conditional share purchase agreement had been entered into between the holding company and SEM on 10 December 2012.

The disposal has been completed on 17 May 2013.

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18. EFFECT OF CHANGES IN COMPOSITION OF THE COMPANY

There were no changes in the composition of the Company for the period ended 31 March 2013.