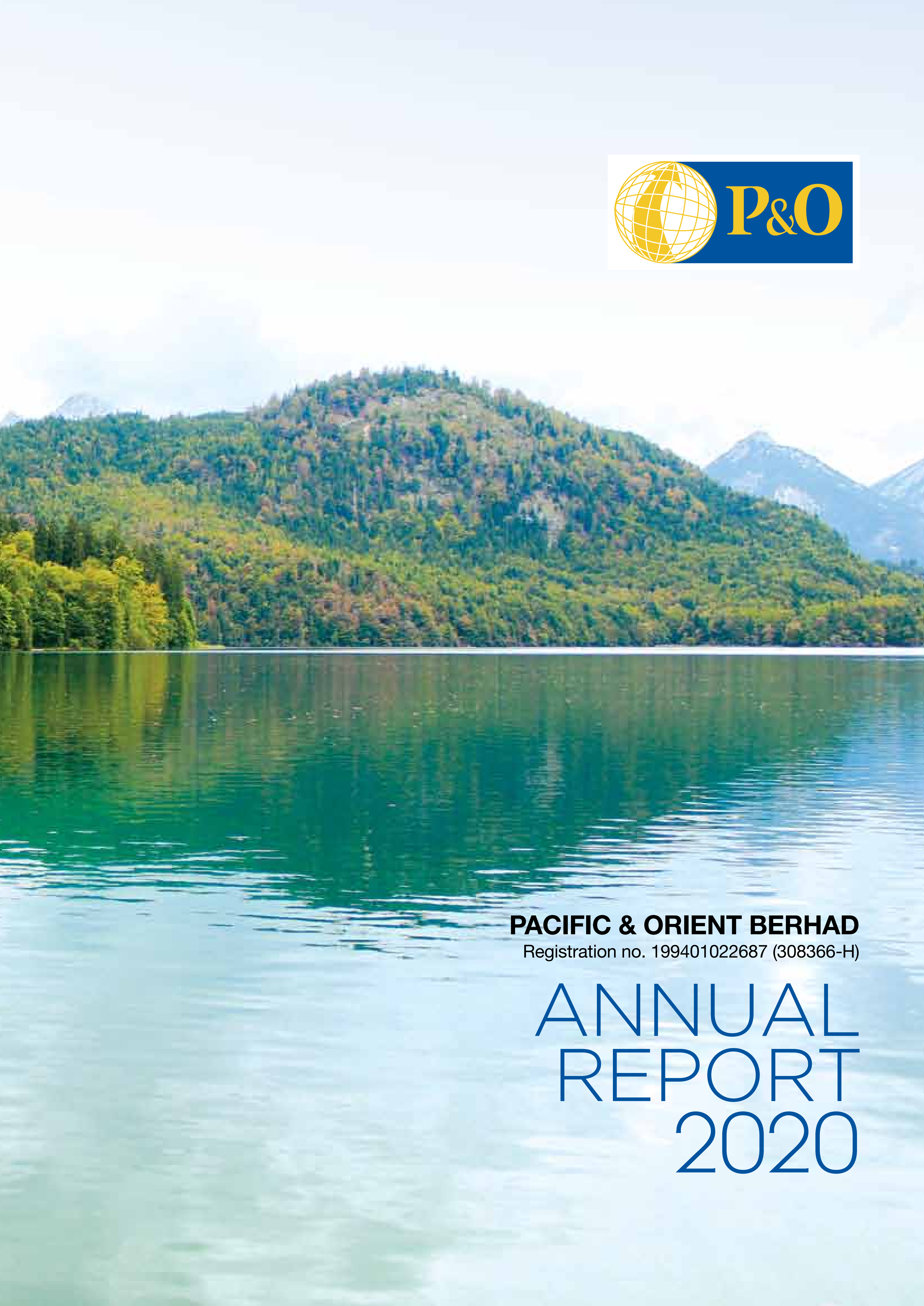

PACIFIC & ORIENT BERHAD

Registration no. 199401022687 (308366-H)

ANNUAL REPORT 2020

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 27th Annual General Meeting of the Company will be held on a fully virtual basis through live streaming from the broadcast venue at the Conference Room, 17th Floor, Wisma Bumi Raya, No. 10, Jalan Raja Laut, 50350 Kuala Lumpur on Wednesday, 10 March 2021 at 10.30 a.m. for the following purposes:

AGENDA

A. Ordinary Business

1. To receive the Audited Financial Statements for the year ended 30 September 2020 and the Reports of the Directors and the Auditors thereon. — **Please refer to Note C**

2. To approve the Directors' fees payable to the Non-Executive Directors of the Company up to an amount of RM600,000 from the day after the 27th Annual General Meeting until the next Annual General Meeting of the Company. — **Ordinary Resolution 1**

3. To approve the Directors' benefits and meeting allowance payable to the Non-Executive Directors of the Company up to an amount of RM100,000 from the day after the 27th Annual General Meeting until the next Annual General Meeting of the Company. — **Ordinary Resolution 2**

4. To re-elect Mr. Chan Hua Eng who retires as a Director of the Company pursuant to Article 77 of the Constitution of the Company. — **Ordinary Resolution 3**

5. To re-elect Dato' Dr. Zaha Rina binti Zahari who retires as a Director of the Company pursuant to Article 77 of the Constitution of the Company. — **Ordinary Resolution 4**

6. To re-appoint Messrs. Ernst & Young PLT as Auditors and to authorise the Board of Directors to fix their remuneration. — **Ordinary Resolution 5**

B. Special Business

To consider and if thought fit, to pass the following Resolutions with or without any modification:

7. **Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016** — **Ordinary Resolution 6**

"**THAT** subject to Sections 75 and 76 of the Companies Act 2016 and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to allot and issue shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this Resolution does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being.

AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

8. **Proposed renewal of authority for the purchase by the Company of its own shares** **Ordinary Resolution 7**

"**THAT** subject to the Companies Act 2016 ("the Act"), the Constitution of the Company, rules, regulations and orders made pursuant to the Act, and the requirements of Bursa Malaysia Securities Berhad ("BMSB") and any other relevant authorities, the Directors of the Company be and are hereby unconditionally and generally authorised to:

(i) purchase shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their discretion deem fit, provided that the aggregate number of shares bought pursuant to this Resolution does not exceed 10% of the total number of issued shares of the Company for the time being and the total funds allocated shall not exceed the total retained earnings of the Company which would otherwise be available for dividends **AND THAT** such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting or upon the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever occurs first);

(ii) retain the shares so purchased as treasury shares or cancel them or both, with an appropriate announcement to be made to BMSB in respect of the intention of the Directors whether to retain the shares so purchased as treasury shares or cancel them or both together with the rationale for the decision so made;

(iii) deal with the shares purchased in the manner prescribed by the Act, the Constitution of the Company, rules, regulations and orders made pursuant to the Act and the requirements of BMSB and any other relevant authorities for the time being in force; and

(iv) take all such steps as are necessary or expedient to implement or to effect the purchase of the shares."

9. **Retention of Independent Director** **Ordinary Resolution 8**

"**THAT** Mr. Michael Yee Kim Shing, who has served for more than twelve years as Independent Director of the Company be and is hereby retained as Independent Director."

10. **Retention of Independent Director** **Ordinary Resolution 9**

"**THAT** Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed, who has served for more than twelve years as Independent Director of the Company be and is hereby retained as Independent Director."

11. To transact any other ordinary business which may be properly transacted at an Annual General Meeting, of which due notice shall have been given.

Notice of Annual General Meeting

By Order of the Board

YONG KIM FATT
Company Secretary
MIA 27769
SSM PC No. 201908000412

29 January 2021
Kuala Lumpur

Notes:

(A) Broadcast Venue

1. The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting. **No members/proxies/corporate representatives shall be physically present nor admitted at the broadcast venue** on the day of the Annual General Meeting.

2. Members, proxies and corporate representatives who wish to participate and vote remotely at the Annual General Meeting will have to register via **https://vps.megacorp.com.my/ASkS2W**. Members are advised to read the Administrative Guide carefully and follow the procedures in the Administrative Guide for this Annual General Meeting in order to participate remotely.

   The **Administrative Guide** on the conduct of a fully virtual Annual General Meeting of the Company is available at the Company's website at https://www.pacific-orient.com/investor-relations.

(B) Appointment of Proxy

1. Depositors whose names appear in the Record of Depositors as at 4 March 2021 shall be regarded as members of the Company entitled to attend the Annual General Meeting or appoint proxies to attend on their behalf.

2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.

3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

4. In the case of a corporate member, the instrument appointing a proxy must be executed under its common seal or under the hand of its attorney.

5. The instrument appointing a proxy must be deposited at the office of the Share Registrar of the Company at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur or email to **AGM-support.POB@megacorp.com.my** not less than 48 hours before the time appointed for the meeting or any adjournment thereof.

(C) Audited Financial Statements

The Audited Financial Statements are laid in accordance with Section 340(1)(a) the Companies Act 2016 for discussion only. They do not require shareholders' approval and hence, will not be put for voting.

EXPLANATORY NOTES

1. **Ordinary Resolutions 1 and 2 – Directors' fees, benefits and meeting allowance**

   Section 230(1) of the Companies Act 2016 provides that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, shareholders' approval shall be sought at the 27th Annual General Meeting on the Directors' fees, benefits and meeting allowance under Resolutions 1 and 2 respectively.

   Proposed Ordinary Resolutions 1 and 2, if passed, will allow payment of Directors' fees, benefits and meeting allowance to Non-Executive Directors of the Company and/or as and when incurred within the stipulated period. The proposed Directors' benefits payable comprise of other benefits such as Directors' and Officers' Liability insurance.

2. **Ordinary Resolutions 3 and 4 – Re-election of Directors**

   Article 77 of the Constitution states that at every Annual General Meeting, at least one-third (1/3) of the Directors for the time being shall retire from office at each annual general meeting. A Director retiring at a meeting shall retain office until the conclusion of the meeting and all Directors shall retire from office at least once every three (3) years. A retiring Director shall be eligible for re-election. Pursuant to Article 77, Mr Chan Hua Eng and Dato' Dr. Zaha Rina binti Zahari, being eligible, have offered themselves for re-election at the 27th Annual General Meeting.

3. **Ordinary Resolution 6 – Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016**

   This resolution is to seek the renewal of the general mandate which will give authority to Directors of the Company, from the date of the 27th Annual General Meeting, to allot and issue shares in the Company for such purposes as they consider would be in the interest of the Company.

   At the 26th Annual General Meeting, the Directors of the Company had been granted a general mandate by the members of the Company to issue and allot shares in the Company up to and not exceeding 10% of the total number of issued shares of the Company (hereinafter referred to as the "Previous Mandate"). As of the date of this Notice, no new shares in the Company were issued pursuant to the Previous Mandate granted to the Directors and it will lapse at the conclusion of the 27th Annual General Meeting.

   Bursa Malaysia Securities Berhad had via its letter dated 16 April 2020, introduced several relief measures to listed companies, amongst others, to allow listed companies to seek an increase mandate limit from their members to issue and allot shares in the company of up to 20% of the total number of issued shares of the company (hereinafter referred to as the "20% General Mandate").

   The 20% General Mandate is to allow listed companies additional fundraising flexibility to raise funds to meet their funding requirements, expeditiously and efficiently during this challenging time due to the COVID-19 pandemic.

   The 20% General Mandate may be utilised by the listed companies to issue new shares until 31 December 2021. After that, unless extended by Bursa Malaysia Securities Berhad, the 10% mandate limit will be reinstated.

   After having considered all aspects of the 20% General Mandate, the Directors of the Company are of the opinion that this 20% General Mandate is in the best interest of the Company.

   This proposed Ordinary Resolution 6, if passed, will provide flexibility for the Directors of the Company to issue and allot new shares in the Company up to an amount not exceeding in total 20% of the total number of issued shares (excluding treasury shares) of the Company for any possible fund raising activities, including but not limited to further placing the shares, for purposes of funding future investments, working capital and/or acquisitions. Such authority will expire at the conclusion of the next Annual General Meeting of the Company.

Notice of Annual General Meeting

4. Ordinary Resolution 7 – Proposed renewal of authority for the purchase by the Company of its own shares

This resolution will empower the Directors of the Company to purchase the Company's shares up to 10% of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the total retained earnings of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

For further information, please refer to the Share Buy-Back Statement dated 29 January 2021 which is despatched together with the Company's Annual Report 2020.

5. Ordinary Resolutions 8 and 9 – Retention of Independent Directors

The Board of Directors has vide the Nominating Committee conducted an assessment of independence of the following directors who have each served as Independent Director for a cumulative term of more than twelve years and recommended them to continue to act as Independent Directors based on the following justifications:

(i) Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed
(ii) Mr. Michael Yee Kim Shing

Justifications

(a) They have met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements and are therefore able to give independent opinion to the Board;

(b) Being directors for more than twelve years have enabled them to contribute positively during deliberations/discussions at meetings as they are familiar with the operations of the Company and possess tremendous insight and knowledge of the Company's operations;

(c) They have contributed sufficient time and exercised due care during their tenure as Independent Directors;

(d) They have discharged their professional duties in good faith and also in the best interest of the Company and shareholders;

(e) They have vigilantly safeguarded the interests of the minority shareholders of the Company;

(f) They have the calibre, qualifications, experiences and personal qualities to challenge management in an effective and constructive manner;

(g) They have never compromised on their independent judgement;

(h) They have provided objective views on the performance of the Executive Director and Management in meeting the agreed goals and objectives; and

(i) They have ensured that there were effective checks and balances in Board proceedings.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

Details of the Directors who are standing for re-election at this Annual General Meeting can be found on pages 8 and 9 – Profile of the Board of Directors in the Company's Annual Report 2020.

CORPORATE INFORMATION

BOARD OF DIRECTORS	**Mr. Chan Hua Eng** Chairman, Non-Independent Non-Executive Director **Mr. Chan Thye Seng** Managing Director and Chief Executive Officer **Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed** Independent Director **Mr. Michael Yee Kim Shing** Independent Director **Dato' Dr. Zaha Rina binti Zahari** Independent Director **Mr. Ong Seng Pheow** Independent Director
SECRETARY	**Yong Kim Fatt** (MIA 27769)
SHARE REGISTRAR	Mega Corporate Services Sdn. Bhd. Level 15-2, Bangunan Faber Imperial Court Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia Tel No. : 03 2692 4271 Fax No. : 03 2732 5388
AUDITORS	Messrs Ernst & Young PLT Chartered Accountants Level 23A, Menara Milenium, Jalan Damanlela Pusat Bandar Damansara, Damansara Heights 50490 Kuala Lumpur, Malaysia
PRINCIPAL BANKERS	Malayan Banking Berhad RHB Bank Berhad Hong Leong Bank Berhad
REGISTERED OFFICE	11th Floor, Wisma Bumi Raya No. 10, Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia Tel No. : 03 2698 5033 Fax No. : 03 2694 4209 Website: https://www.pacific-orient.com
STOCK EXCHANGE LISTING	Bursa Malaysia Securities Berhad Main Market

PROFILE OF THE BOARD OF DIRECTORS & KEY SENIOR MANAGEMENT

BOARD OF DIRECTORS

Mr. Chan Hua Eng

(92), Male, Malaysian

- Chairman
- Non-Independent Non-Executive Director

Mr. Chan has been on the Board since March 1995. Mr. Chan is the father of Mr. Chan Thye Seng, the Chief Executive Officer and Managing Director. He graduated with a Bachelor of Law (Honours) degree from the University of Bristol in 1952 and was called to the Bar at Middle Temple in 1953. He is an associate member of the Institute of Taxation. Until his retirement in 1987, he was the senior partner of a large legal firm in Kuala Lumpur during the major part of which he was engaged in corporate advisory work.

Mr. Chan Thye Seng

(64), Male, Malaysian

- Managing Director and Chief Executive Officer

Mr. Chan joined the Board in March 1995. Mr. Chan is the son of Mr. Chan Hua Eng. He had 13 years' experience as a practising lawyer, after having been called to the Bar at Middle Temple in 1980 and the Malaysian Bar in 1982. He graduated from University College Cardiff with a Bachelor of Law (Honours) degree. He was previously on the boards of the Kuala Lumpur Commodities Exchange and Malaysian Futures Clearing Corporation Sdn Bhd.

He is also a Non-Independent Non-Executive Director of Ancom Berhad and Executive Director of Pacific & Orient Insurance Co. Berhad.

Mr. Chan is a director and major shareholder of Mah Wing Holdings Sdn Bhd as well as director and beneficial owner of Mah Wing Investments Limited, both of which are major shareholders of the Company.

Mr. Michael Yee Kim Shing

(82), Male, Malaysian

- Independent Director
- Chairman of the Audit Committee
- Member of the Risk Management Committee, Nominating Committee and Remuneration Committee

Mr. Yee joined the Board in February 1995. He received his tertiary education at the University of Melbourne, graduating with a Bachelor of Commerce degree and is a member of the Malaysian Institute of Accountants, the Institute of Chartered Accountants, Australia and the Institute of Certified Public Accountants of Singapore. He was a practising accountant for more than 26 years, retiring as a senior partner in Ernst & Whinney (now known as Ernst & Young).

Currently, Mr. Yee sits on the Board and Audit Committee of Datasonic Group Berhad as an Independent Director and Chairman of the Audit Committee.

Profile of the Board of Directors & Key Senior Management

BOARD OF DIRECTORS

Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed

(76), Male, Malaysian

- Independent Director
- Chairman of the Nominating Committee and Remuneration Committee
- Member of the Audit Committee and Risk Management Committee

Tunku Dato' Mu'tamir joined the Board in September 1995. He is an associate member of the Institute of Chartered Secretaries and Administrators and a member of the Malaysian Institute of Chartered Secretaries and Administrators. Tunku Dato' Mu'tamir is also a member of the Dewan Perniagaan Melayu Bandaraya, Kuala Lumpur. Since 1976, he has been the Executive Director of Syarikat Sri Timang Sdn Bhd, an investment holding company.

YBhg. Dato' Dr. Zaha Rina binti Zahari

(59), Female, Malaysian

- Independent Director
- Chairman of Risk Management Committee
- Member of the Audit Committee, Nominating Committee and Remuneration Committee

Dato' Dr. Zaha Rina joined the Board in May 2012. She received her Bachelor of Arts (Honours) in Accounting and Finance from Leeds Metropolitan University, United Kingdom ("UK") and Master in Business Administration from University of Hull, UK. She also holds a Doctorate in Business Administration from University of Hull, focusing on capital markets research and specialising in derivatives.

Dato' Dr. Zaha Rina was a consultant to Financial Technologies Middle East based in Bahrain for the set up of Bahrain Financial Exchange launched in January 2009. Prior to this, she was with Royal Bank of Scotland Coutts in Singapore from August 2007 to May 2008. Dato' Dr. Zaha Rina has 28 years of experience in the financial, commodities and securities industry and the development of the Malaysian Capital Market which includes managing a futures broking company. She was the Chief Executive Officer of RHB Securities Sdn Bhd from 2004 to 2006. She has previous board appointments at the Commodity and Monetary Exchange of Malaysia ("COMMEX") from 1993 to 1996, and then as the Chief Operating Officer of Kuala Lumpur Options and Financial Futures Exchange ("KLOFFE") in 2001.

She was instrumental in the merger of COMMEX and KLOFFE which ultimately led to the creation of Malaysian Derivatives Exchange ("MDEX") and the subsequent appointment of Chief Operating Officer of MDEX in June 2001. Dato' Dr. Zaha Rina was then appointed Head of Exchanges, managing the operations of Bursa Malaysia Securities Berhad ("Bursa Securities"), Malaysian Exchange of Securities Dealings & Automated Quotation, MDEX and Labuan International Financial Exchanges in September 2003 prior to Bursa Securities's demutualisation. She was previously a member of the Market Participations Committee of Bursa Securities.

She is the Chairman of Manulife Holdings Berhad and a Director of Hong Leong Industries Berhad, Hibiscus Petroleum Berhad and IGB Berhad. She is also the Chairman of the Audit Committee and Risk Management Committee of Pacific & Orient Insurance Co. Berhad.

Profile of the Board of Directors & Key Senior Management

BOARD OF DIRECTORS

Mr. Ong Seng Pheow

(72), Male, Malaysian

- Independent Director
- Member of the Audit Committee, Risk Management Committee, Nominating Committee and Remuneration Committee

Mr. Ong was appointed to the Board on 19 April 2018. He was appointed as a member of the Audit Committee on the same date. He is an Independent Non-Executive Director of the Company.

He has more than 34 years of experience in public practice with an international firm of accountants and was its National Director of Assurance and Advisory Business Services from 1994 until he retired in December 2003. He is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.

He is also an Independent Non-Executive Director of George Kent (Malaysia) Berhad and currently sits on the board of several public and private limited companies.

KEY SENIOR MANAGEMENT

Encik Noor Muzir bin Mohamed Kassim

(52), Male, Malaysian

- Chief Executive Officer of Pacific & Orient Insurance Co. Berhad

Encik Muzir is currently the Chief Executive Officer of Pacific & Orient Insurance Co. Berhad, a subsidiary of the Company. He holds a Bachelor of Science degree in Economics & Accounting from The City University of London, United Kingdom. He is a Fellow of the Malaysian Institute of Insurance and a Chartered Banker with the Asian Institute of Chartered Bankers. He is also a Non-Independent Director of Persatuan Insurans Am Malaysia (“PIAM”).

Encik Muzir has worked in banks for more than 25 years, in various senior roles. He has experience in Product Management, Strategic Planning, Distribution, Marketing, Consumer Risk Management, and Treasury. Prior to joining Pacific & Orient Insurance Co. Berhad, he was employed at RHB Bank Berhad as the Head of Group Retail Assets & Liabilities Products division and the Head of Mass Affluent segment. His primary responsibility was to drive profitability for both the conventional and Islamic bank mortgage and deposit portfolios as well as refocusing the retail product offerings towards a more segment centric customer proposition.

Before RHB Bank Berhad, he was employed at OCBC Bank Berhad initially as Head of Cards & Unsecured Lending and then assigned additional responsibilities as Consumer Financial Services Head for OCBC Al-Amin, the Islamic banking subsidiary of OCBC Bank Berhad as well as Head of Marketing for the consumer business. Prior to OCBC Bank Berhad, he was with Citibank Malaysia for 7 years in Credit Cards and Risk Management departments.

NOTES:

1. The interests of each Director in the shares of the Company are disclosed on page 224 (Shareholdings Statistics).
2. Except for Mr. Chan Hua Eng who is the father of Mr. Chan Thye Seng, there is no family relationship between the Directors/Key Senior Management with any director and/or major shareholder of the Company.
3. Other than traffic offences (if any), none of the Directors/Key Senior Management has been convicted of any offence within the past 5 years and there is no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
4. None of the Directors/Key Senior Management has any conflict of interest with the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

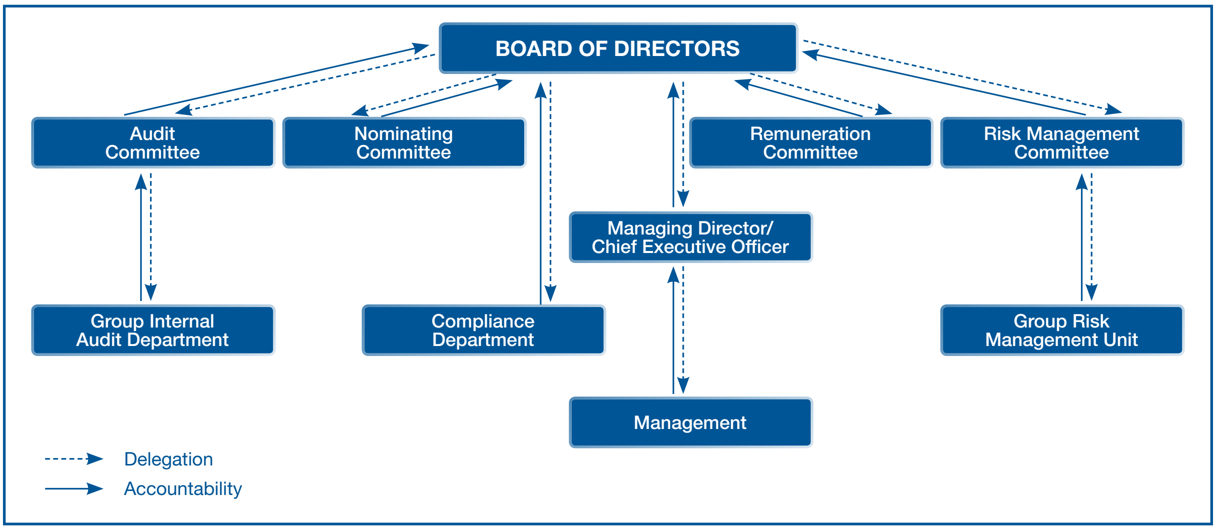
Pursuant to paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a public listed company is required to provide an overview of the application of the Principles set out in the Malaysian Code on Corporate Governance 2017, in its annual report.

The Board of Directors of Pacific & Orient Berhad acknowledges and takes cognisance of the Malaysian Code on Corporate Governance which outlines Practices that emphasise internalisation of corporate governance culture in companies. The Board is pleased to provide an overview of the Company's corporate governance practices for the financial year ended 30 September 2020 with reference to the 3 key Principles of good corporate governance, which are:

Principle A: Board Leadership and Effectiveness
Principle B: Effective Audit and Risk Management
Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

This Corporate Governance Overview Statement should be read together with the Company's Corporate Governance Report for the financial year ended 30 September 2020, which is available on Bursa Malaysia Securities Berhad's website at http://www.bursamalaysia.com. The Corporate Governance Report has disclosed to what extent the Company has applied the Practices set out in the Malaysian Code on Corporate Governance 2017.

The Group's governance structure is as follows:



PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

Board Roles and Responsibilities

The Board assumes responsibility for effective stewardship and control of the Company and has established terms of reference, in the form of a Board Charter, to assist in the discharge of the Board's fiduciary and leadership responsibilities in the pursuit of the best interest of the Group. The Board's roles and responsibilities are elaborated on pages 2 and 3 of the Corporate Governance Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. Board Responsibilities (Cont'd)

Board Roles and Responsibilities (Cont'd)

The Board Charter, which covers the following key areas, among others, roles of the Chairman and Managing Director/Chief Executive Officer; Board composition; Board appointment; size of Board; time period of office; Directors' remuneration; induction of new Directors; Directors' training; Board roles/responsibilities; Board governance; Board Committees; Board meetings; dealings in securities of the Company; Board's relationship with stakeholders; Company Secretary; External Auditors; and schedule of matters specifically reserved for the Board's decision, may be viewed on the corporate website at https://www.pacific-orient.com.

The Board is headed by a Non-Independent Non-Executive Chairman. There is a clear division of responsibilities between the Non-Independent Non-Executive Chairman and the Managing Director/ Chief Executive Officer to ensure balance of power and authority in the Board, although both the Chairman and the Managing Director/ Chief Executive Officer are related. Further, except for the Chairman and Managing Director/Chief Executive Officer, the rest of the Board members are comprised of Independent Directors. This ensures that Board balance and minority shareholders' interests are preserved.

The Chairman is primarily responsible for the orderly conduct and working of the Board. In this respect, the Chairman provides overall leadership in the process of reviewing and deciding upon strategic matters that influences the manner in which the Company's and the Group's businesses are conducted. The Managing Director/Chief Executive Officer is responsible for the day-to-day management of the Company, which includes running the Company in line with the Board's direction, overseeing the overall business performance and ensuring that matters that have been delegated to Management are efficiently executed.

Company Secretary

In discharging its duties effectively, the Board is supported by a qualified, experienced and competent Company Secretary. The Company Secretary advises the Board and Board Committees on any updates relating to statutory and regulatory requirements pertaining to the duties and responsibilities of Directors and corporate governance matters and liaises with external parties and regulatory bodies on compliance matters. Additionally, the Company Secretary organises and attends all Board and Board Committee meetings, ensures meetings are properly convened and that accurate and proper records of the proceedings and resolutions passed are taken and maintained at the registered office of the Company.

Board and Board Committee Meetings

The Board and its Committees met regularly to carry out their respective duties and responsibilities. The details of attendance by each of the Directors of the meetings held during the financial year are as follows:

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. Board Responsibilities (Cont'd)

Board and Board Committee Meetings (Cont'd)

Name of Director	Designation	Meeting Attendance				
		Board	NC	RC	AC	RMC
Mr. Chan Hua Eng	Chairman, Non-Independent Non-Executive Director	4/4	–	–	–	–
Mr. Chan Thye Seng	Managing Director/ Chief Executive Officer	4/4	–	–	–	–
Mr. Michael Yee Kim Shing	Independent Director/ Chairman of Audit Committee ("AC")	3/4	1/1	1/1	3/4	3/4
Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed	Independent Director/ Chairman of Nominating Committee ("NC") and Remuneration Committee ("RC")	4/4	1/1	1/1	4/4	4/4
Dato' Dr. Zaha Rina binti Zahari	Independent Director/ Chairman of Risk Management Committee ("RMC")	4/4	1/1	1/1	4/4	4/4
Mr. Ong Seng Pheow	Independent Director	4/4	1/1	1/1	4/4	4/4

The Board and Board Committee members are provided with the relevant agenda and meeting papers containing management, financial and other relevant information in advance at least 5 business days prior to each Board and Board Committee meeting for their perusal and consideration and to enable them to obtain further clarification and information on the matters to be deliberated, in order to facilitate informed decision making.

All the Board and Board Committee meetings of the Company were held in-person during the current financial year except for meetings held in early June 2020 during the Conditional Movement Control Order. The June 2020 meetings were held via video conferencing to limit face-to-face meetings as a measure to curb the spread of the coronavirus (COVID-19) pandemic.

Code of Ethics, Whistleblowing Policy, and Anti-Bribery Policy and Anti-Corruption Policy

In fostering good business conduct and maintaining a healthy corporate culture, the Board has adopted a Code of Ethics for Directors which outlines the standards of ethical behaviour which the Directors should possess in discharging their duties and responsibilities. The Code was formulated based on 4 principles, i.e. transparency, integrity, accountability and corporate social responsibilities.

In addition, the Board has adopted a Whistleblowing Policy, which is used to assist in ensuring that the Group's businesses and operations are conducted in an ethical, accountable and transparent manner.

Further, in line with the new provision, Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018), the Board has approved an Anti-Bribery and Anti-Corruption Policy. The Policy sets out the Group's overall position to prevent bribery and corruption practices in relation to its business activities in all forms and matters that might confront the Group in its day-to day operations.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. Board Responsibilities (Cont'd)

Code of Ethics, Whistleblowing Policy, and Anti-Bribery Policy and Anti-Corruption Policy (Cont'd)

The Code of Ethics, Whistleblowing Policy, and Anti-Bribery and Anti-Corruption Policy may be viewed on the corporate website at https://www.pacific-orient.com.

Board Committees

The Board has established 4 Board Committees, comprising exclusively Independent Directors, to assist the Board in performing its duties and discharging its responsibilities more efficiently and effectively. The Board Committees are the Nominating Committee, Remuneration Committee, Audit Committee and Risk Management Committee.

The Board Committees operate on formal Terms of Reference approved by the Board and have the authority to examine pertinent issues and report back to the Board with their recommendations. The Terms of Reference of the Board Committees may be viewed on the corporate website at https://www.pacific-orient.com. The ultimate responsibility for the final decision on all matters lies with the entire Board.

II. Board Composition

Board Composition and Diversity

Independent Directors form more than half of the Board to ensure that minority shareholders' interests are adequately represented.

The Company recognises the benefits of having a diverse Board, which will make good use of the differences in skills, industry experience, age, cultural background, gender and other distinctions among the Directors. The Board, when making appointments, will consider skills and experience needed as well as gender balance to expand the perspective and capability of the Board as a whole. Nevertheless, the Board does not set any specific target for female Directors on the Board but will actively work towards having more female Directors on the Board, all things being equal. That said, even without a formal gender diversity policy, the percentage of women on the Company's Board is 17% while the percentage of women on the board of the principal insurance subsidiary is 33%.

The Board is of the view that it has the right mix of individual qualities to fulfil its role. Taken as a whole, the Board represents many years' experience in financial, business management, legal, insurance and corporate affairs and is therefore suited to the oversight of the Company.

Director's Independence and Tenure

Independent Directors are subject to an independent assessment by the Nominating Committee and the Board during assessment for appointment and on an annual basis. At the date of this Statement, 2 out of the 4 Independent Directors of the Company have served a tenure of 12 years and above. Both of the Independent Directors have provided annual declaration of their independence to the Board. The Nominating Committee and the Board have assessed and concluded that both the Independent Directors of the Company had continued to remain independent based on the justifications as set out in the explanatory notes of the notice of Annual General Meeting as shareholders' approval is required to be obtained through a 2-tier voting process.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (Cont'd)

Nominating Committee

The Nominating Committee is primarily responsible for recommending suitable appointments to the Board, taking into consideration the Board structure, size, composition and the required mix of expertise and experience which the Director should bring to the Board. The Nominating Committee also assesses the effectiveness of the Board as a whole, the committees of the Board and the contribution of each Director, including Non-Executive Directors, as well as the Managing Director/Chief Executive Officer.

The Nominating Committee has carried out the following activities during the financial year:

(i) Assessed the effectiveness of the Board, the Board Committees and contribution of each individual Director, including the performance of the Managing Director/Chief Executive Officer;
(ii) Reviewed and recommended the re-election of Directors who were due for retirement by rotation;
(iii) Assessed the independence of the 4 Independent Directors, including the 2 Independent Directors whose tenure have exceeded a cumulative term of 12 years each;
(iv) Reviewed and assessed the mix of skills, knowledge, expertise and experience, professionalism, integrity, competencies, time commitment, composition, size and experience of the Board, including the core competencies of the Directors; and
(v) Assessed the training needs of Directors and reviewed the training programmes for Directors.

Assessment of Nominees for Appointment to the Board, the Board as a Whole, Board Committees, Individual Directors and Managing Director/Chief Executive Officer

The Nominating Committee is responsible for identifying, assessing and recommending to the Board, suitable nominees for appointment to the Board and Board Committees. In selecting a suitable candidate, the Nominating Committee takes into consideration the candidate's character, experience, integrity, competence, expertise and time commitment, as well as the candidate's directorship in other companies, having regard to the size of the Board, with a view of determining the impact of the number upon its effectiveness, and the required mix of skill and diversity required for an effective Board. The final decision on the appointment of a candidate recommended by the Nominating Committee rests with the whole Board.

The Nominating Committee is also responsible for assessing the effectiveness of the Board as a whole, the Board Committees and each individual Director annually based on a set of established criteria. Based on the assessment performed for the financial year under review, the Board was satisfied with the performance and effectiveness of the Board as a whole, Board Committees and individual Directors. Improvement opportunities identified by the Board and suggestions by the individual Directors did not have a material impact on Board effectiveness and have been attended to by the Nominating Committee. Nevertheless, the Board has acknowledged the importance of putting in place succession plan for key management positions in order for the Company and the Group to continue operating effectively. The Board was also satisfied that the Managing Director/Chief Executive Officer had discharged his duties and responsibilities effectively and is suitably qualified to hold the position.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (Cont'd)

Directors' Training

The Company recognises the importance of continuous professional development and training for its Directors. During the financial year ended 30 September 2020, the Directors had attended training covering a broad range of areas such as statutory regulations, corporate governance, strategic planning, risk management, financial reporting standards, financial planning, insurance, and legal. The details of training attended by each individual Director are as follows:

Name of Director	Training Course
Mr. Chan Hua Eng	• Preparing for Corporate Liability on Corruption under MACC Act 2009 • Anti-Corruption and Anti-Bribery Law Webinar
Mr. Chan Thye Seng	• Preparing for Corporate Liability on Corruption under MACC Act 2009 • Internal Capital Adequacy Assessment Process ("ICAAP") Recap
Mr. Michael Yee Kim Shing	• MACC Act Section 17A (Corporate Liability): Tips on Implementing Effective 'Adequate Procedures' based on ISO 37001:2016 ABMS
Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed	• Preparing for Corporate Liability on Corruption under MACC Act 2009
Dato' Dr. Zaha Rina binti Zahari	• Dialogue with YAB Tun Dr. Mahathir Mohamad on 'Rebuilding Malaysia – Leaving No Stone Unturned' • Preparing for Corporate Liability on Corruption under MACC Act 2009 • How the US-China Trade War Will Move Forward • Restructuring-in-Times-of-Crisis: Episode 1 – What Leadership Mindset Do I Need? • Dialogue with YB Tan Sri Dr. Jemilah Mahmood on 'The Business Normal' • Restructuring-in-Times-of-Crisis: Episode 2 – What is My Best Restructuring Options? • Dialogue with YB Tengku Dato' Sri Zafrul Tengku Abdul Aziz, Minister of Finance on 'Re-Inventing the Malaysian Business Landscape Post-MCO' • Restructuring-in-Times-of-Crisis: Episode 3 – 'The Rescue Plan Package with New Financing • Integrated Reporting Awareness Training – ESG Risks & Sustainability Landscape (Global & Local) • Internal Capital Adequacy Assessment Process ("ICAAP") Recap • BNM-FIDE FORUM Annual Dialogue with Bank Negara Malaysia Governor – Datuk Nor Shamsiah binti Mohd Yunus
Mr. Ong Seng Pheow	• Preparing for Corporate Liability on Corruption under MACC Act 2009 • IFRS 17 for Directors: What You Need to Know • Conversation on National Issues – Future of Malaysia • Audit Oversight Board Conversation with Audit Committees

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III. Remuneration

Remuneration Committee

The Remuneration Committee is primarily responsible for determining and recommending to the Board the remuneration packages of the Executive Director of the Company. It is also responsible for reviewing and recommending to the Board, the remuneration of the Non-Executive Directors.

The Remuneration Committee has carried out the following activities during the financial year:

(i) Reviewed and recommended the remuneration package of the Managing Director/Chief Executive Officer; and
(ii) Reviewed and recommended fees and benefits of Non-Executive Directors.

Remuneration of Directors and Key Senior Management

The remuneration policy of the Company was established to attract, motivate and retain Directors and calibre executives with the relevant experience, qualifications and expertise required to assist in managing the Company effectively. The reward levels commensurate with the competitive market and business environment in which the Company operates while being reflective of the person's experience, level of responsibilities and linked to corporate performance, where applicable, and consistent with the Company's culture, objective and strategy, in particular. The overall remuneration policy encourages sound and effective risk management without inducing excessive risk-taking and consistent with the risk appetite and the long-term strategy of the Company.

The remuneration of the Executive Director is structured to link reward to corporate and individual performance to encourage high performance standards without creating incentives for irresponsible behaviour and insider excesses. The remuneration of the Non-Executive Directors shall be a fixed sum and reflects the level of responsibilities undertaken and contributions to the effective functioning of the Board and Board Committees. Finally, the remuneration payable to Senior Management is linked to the achievement of the individual's areas of responsibility, project success and performance targets while engendering responsible risk behaviours.

The aggregate remuneration of Directors of the Company (including the remuneration for the services rendered to the Company as a Group) for the financial year ended 30 September 2020 are as follows:

Company

	Fees (RM)	Salaries (RM)	Bonus (RM)	Benefits in-kind (RM)	Other emoluments (RM)	ESOS (RM)	Total (RM)
Executive Director							
Mr. Chan Thye Seng	–	1,344,600	112,050	117,390	282,306	132,642	1,988,988
Non-Executive Directors							
i) Mr. Chan Hua Eng	80,000	–	–	221	–	–	80,221
ii) Mr. Michael Yee Kim Shing	70,000	–	–	2,265	40,000	–	112,265
iii) Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed	70,000	–	–	–	–	–	70,000
iv) Dato' Dr. Zaha Rina binti Zahari	70,000	–	–	–	–	–	70,000
v) Mr. Ong Seng Pheow	70,000	–	–	221	–	–	70,221

** Other emoluments comprise allowance and pension cost – defined contribution plan (EPF and SOCSO).*

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III. Remuneration (Cont'd)

Remuneration of Directors and Key Senior Management (Cont'd)

Group

	Fees (RM)	Salaries (RM)	Bonus (RM)	Benefits in-kind (RM)	Other emoluments (RM)	ESOS (RM)	Total (RM)
Executive Director							
Mr. Chan Thye Seng	–	1,344,600	112,050	117,390	332,306	132,642	2,038,988
Non-Executive Directors							
i) Mr. Chan Hua Eng	80,000	–	–	221	–	–	80,221
ii) Mr. Michael Yee Kim Shing	88,000	–	–	2,265	40,000	–	130, 265
iii) Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed	82,000	–	–	221	–	–	82,221
iv) Dato' Dr. Zaha Rina binti Zahari	140,000	–	–	2,065	–	–	142,065
v) Mr. Ong Seng Pheow	70,000	–	–	221	–	–	70,221

** Other emoluments comprise allowance and pension cost – defined contribution plan (EPF and SOCSO).*

Other than the remuneration of the Chief Executive Officer of the principal insurance subsidiary, the Company has not disclosed on a named basis the top 5 senior management's remuneration component, including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000 as the Board believes that such disclosure on a named basis may be detrimental to the Company's interests as this may cause unnecessary unease among senior management personnel when they compare their remuneration with others. Moreover, our calibre employees may be subject to poaching by rival companies.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

The Audit Committee plays an active role in assisting the Board in discharging its governance responsibilities, which include financial reporting and maintaining a sound risk management, internal control and governance system.

The Audit Committee comprises wholly Independent Directors and the Chairman of the Audit Committee is not the Chairman of the Board. The full details of the composition, attendance of each member of the Audit Committee at meetings and summary of the activities of the Audit Committee during the financial year are set out in the Report of the Audit Committee on pages 37 to 45 of this Annual Report.

All members of the Audit Committee are financially literate and able to perform their duties and discharge their responsibilities, including the financial reporting process, as spelt out in the Audit Committee Charter which is available on the Company's website at https://www.pacific-orient.com.

The Audit Committee has adopted an External Auditors Assessment Policy which lays down the criteria to be considered in the selection, appointment and reappointment of the External Auditors, the need to obtain written assurance from the External Auditors confirming that they are, and have been, professionally independent throughout the conduct of the audit engagement in conformity with all regulatory requirements and practices, as well as ensuring that the audit fees payable to the External Auditors are reasonable, fair and realistic in terms of complexity and the size of the audit so as to preserve their professional independence.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

I. Audit Committee (Cont'd)

Internal Audit Function

The Audit Committee is supported by an in-house Internal Audit function in the discharge of its duties and responsibilities. The Group Internal Audit Department undertakes regular reviews of the adequacy and effectiveness of the Group's system of internal controls and risk management process, as well as appropriateness and effectiveness of the corporate governance practices based on Audit Planning Memorandums approved by the respective Audit Committees. In addition, it also assists the Audit Committee in its oversight of the Group's financial reporting. An overview of the Group Internal Audit Department and the activities performed by the Department are set out in the Report of the Audit Committee on pages 37 to 45 of this Annual Report.

II. Risk Management and Internal Control Framework

Risk Management Committee

The Risk Management Committee is primarily responsible for overseeing the risk management activities of the Company and the Group. The Committee has a broad mandate to ensure effective implementation of the objectives outlined in the Risk Management Framework approved by the Company and compliance with them throughout the Group.

The Risk Management Committee has carried out the following activities during the financial year:

(i) Reviewed and approved the Risk Management Plan developed by the Group Risk Management Unit;
(ii) Reviewed and recommended to the Board the approval of the Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 30 September 2019;
(iii) Reviewed and recommended to the Board the approval of the Anti-Bribery and Anti-Corruption Policy for adoption by the Company and the Group; and
(iv) Reviewed the risk review reports and risk dashboards prepared by the Group Risk Management Unit.

Risk Management Framework

The Company has established a formal Risk Management Framework to assist in the identification, evaluation and management of risks. The Risk Management Committee meets regularly to oversee the development of risk management policies and procedures, monitor and evaluate the numerous risks that may arise from the business activities. A Group Risk Management Unit has been established to assist the Risk Management Committee to discharge its duties. The formulated Risk Management Framework covers, among others, risk management principles and philosophy/policy; accountability, roles and responsibilities for risk management; risk management structure and cycle; and risk management process. The Statement on Risk Management and Internal Control, which provides an overview of the risk management and state of internal control within the Group, is set out on pages 22 to 34 of this Annual Report.

Internal Control System

The Board maintains a sound system of internal control, covering not only financial controls but also operational and compliance controls. The system of internal controls is designed to provide reasonable assurance of effectiveness and efficiency of operations and programs, reliability and integrity of financial and operational information, safeguarding of assets and compliance with laws, regulations, policies, procedures and contracts. Nevertheless, the system of internal control, by its nature, can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

II. Risk Management and Internal Control Framework (Cont'd)

Compliance

A Compliance Department was established by the principal insurance subsidiary. Its main responsibilities include providing regulatory and compliance advice to the company and its business units on an ongoing basis, assisting management in the development of policies, procedures and guidelines to facilitate compliance with applicable laws and regulations, proactively reviewing business activities to identify potential regulatory, compliance and reputational risks and designing ways to minimize such risks and promoting a culture of compliance in the company.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Communication with Stakeholders

The Company communicates information to its stakeholders mainly through the Company's annual reports, quarterly financial reports, annual general meetings and extraordinary general meetings that may be convened, as well as by way of disclosures made to Bursa Malaysia Securities Berhad and other corporate publications on the corporate website at https://www.pacific-orient.com.

The Board acknowledges the importance of effective, accurate, transparent, and timely communication between the Company and shareholders as well as stakeholders. As such, the Board has adopted a Shareholders Communication Policy and Corporate Disclosure Policy which may be viewed on the corporate website.

II. Conduct of General Meetings

In line with Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the notice of the 26th Annual General Meeting was issued 29 days prior to the Annual General Meeting.

At the 26th Annual General Meeting of the Company held on 19 February 2020, all Directors had attended the Annual General Meeting to provide opportunity for shareholders to engage with each Director. Senior Management and External Auditors were also available to respond to any queries from shareholders at the Annual General Meeting. A summary of key matters discussed at the Annual General Meeting of the Company may be viewed on the corporate website.

KEY CORPORATE GOVERNANCE FOCUS AREAS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

The Securities Commission Malaysia has issued a new "Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries", which seeks to, among others, promote the proper discharge of directors' fiduciary duties among corporate Malaysia. The Guidelines set out guidance on duties and responsibilities of boards in company group structures and requirements for the establishment of a group-wide framework to enable, among others, oversight of group performance and the implementation of corporate governance policies. Chapter 3 on 'Conduct Requirements for Directors' which covers conduct of Directors and managing conflict of interest, and Chapter 4 on 'Maintaining Proper Records and Accounts' of the Guidelines came into effect on 30 July 2020, with the exception of Chapter 5 on 'Group Governance' which will come into effect on 1 January 2021.

During the financial year under review, the Board has taken note of the requirements contained in the Guidelines, and has complied substantially with all the requirements contained therein for the purpose of strengthening corporate governance practices in the Group.

FUTURE ACTIVITIES ON CORPORATE GOVERNANCE AREAS

In addition to the existing Directors' Code of Ethics, Corporate Disclosure Policy and Whistleblowing Policy, as well as financial and non-financial controls implemented, such as segregation of incompatible functions, multiple signatories for transactions, and actions to be taken during situations of conflicts of interest, the Group has adopted an Anti-Bribery and Anti-Corruption Policy in line with the enforcement of the new provision, Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business in order to prevent acts of bribery and corruption.

As part of the Group's continuous efforts towards preventing acts of bribery and corruption, the Group will perform a continuous review of its anti-bribery and anti-corruption management systems to assess the comprehensiveness of its systems, policies and procedures with a view towards enhancing them and to address any shortcomings, so as to provide assurance to the Group that its systems, policies and procedures are 'reasonable and proportionate' to the nature and size of the Group and that they meet the requirements of the Guidelines on Adequate Procedures.

The Board also intend to revise and update the Company's policies and other disclosures displayed on its corporate website, where necessary, to incorporate current best practices and ensure their continued applicability.

In addition, in view that the Company's principal insurance subsidiary is a financial institution under the regulation of Bank Negara Malaysia, the Group would prioritise implementation of policy documents issued by the Central Bank that enhance corporate governance and strengthen resilience of the insurance industry.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires the Board of Directors to include in the Company's Annual Report a statement about the state of risk management and internal control of the Company as a Group. This statement has been prepared in accordance with the "Statement on Risk Management & Internal Control: Guidelines for Directors of Public Listed Issuers" issued by an industry-led task force in December 2012.

BOARD RESPONSIBILITY

The Board of Directors has overall responsibility for maintaining a sound risk management and internal control framework that is able to ensure the achievement of the organisation's strategic objectives, reliability and integrity of the financial and operational information; effectiveness and efficiency of operations and programs; safeguarding of assets; and compliance with laws, regulations, policies, procedures and contracts. With this in mind, the Board is fully committed to ensure the adequacy and effectiveness of the risk management and internal control framework within Pacific & Orient Berhad and its subsidiaries (collectively known as "the Group").

However, the framework in place is designed to manage rather than eliminate the risk of failure to achieve business objectives, and therefore can only provide reasonable but not absolute assurance against material misstatement of management and financial information or against financial losses.

The Board has established an ongoing process, in the holding company and particularly in the principal insurance subsidiary, to identify, evaluate and manage the significant risks faced in achieving its strategic plan. Such process has been in place for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report.

MAIN FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Group has defined internal control as "Any action taken by management, the Board, and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved. Management plans, organises, and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved."

Similarly, the Group has also defined risk management as "A process to identify, assess, manage, and control potential events or situations to provide reasonable assurance regarding the achievement of the Group's objectives."

The persons within the POB Group that have particular roles in risk management and internal control are:

(i) Boards of Directors

The respective companies' Board of Directors is responsible for the risk management and internal control within each subsidiary, while the holding company's Board has responsibility for the Group's overall approach to risk management and internal control. Its responsibilities include ensuring the design and implementation of appropriate risk management and internal control framework; determining the Group's business strategies; approving the Group's overall risk strategy and risk philosophy/policy and concurring with the Group's risk appetite to ensure that they are consistent with the Group's strategic direction and business objectives; reviewing the Group's portfolio of risk and considering it against the Group's risk appetite; and being apprised of the principal risks and whether management is responding appropriately to reduce the likelihood of their incidence or their impact.

MAIN FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

(ii) Risk Management Committee

A Risk Management Committee was established at the holding company level with its terms of reference to oversee the risk management activities of the Group and ensure effective implementation of the objectives and procedures outlined in the Risk Management Framework. Significant risks are brought to the attention of the Risk Management Committee/Board. The Committee also oversees the effective communication and implementation of the subsidiaries' risk appetite/tolerance and other related issues.

The principal insurance subsidiary too, has in place a Risk Management Committee, with the relevant terms of reference.

(iii) Audit Committee

The Audit Committee was established to assist the Board and Directors to discharge their duties regarding reported financial information, internal controls and corporate codes of conduct. Significant issues are brought to the Board's attention. The Committee also oversees the independence and resources of the internal audit function besides ensuring that the scope of work is adequate and that the audit has been carried out objectively and effectively by a competent team. Additionally, the Audit Committee reviews the independence of the Company's External Auditors, and maintains an open line of communication and consultation between the Board, the Internal Auditors, the External Auditors and Management.

(iv) Group Risk Management Unit

A Group Risk Management Unit was established at the holding company level to assist the Risk Management Committee in ensuring effective implementation and maintenance of the Risk Management Framework. The Group Risk Management Unit also acts as the central contact and guide for enterprise risk management issues within the Group, and coordinates the routine risk management reporting among the various business units.

A dedicated Risk Management Department was also established to assist the Risk Management Committee in the principal insurance subsidiary.

(v) Management

Management is directly responsible for all activities of the Group, including risk management. This includes establishing clear guidance regarding the business and risk strategies, including risk limits, for individual business units; contributing towards promoting a sound risk culture through a clear focus on risk in the activities of the Group and timely and proportionate responses to inappropriate risk-taking behaviour; promoting a culture of risk awareness and risk management within the Group; establishing a management structure that promotes accountability and effective oversight of delegated authorities and responsibilities for risk-taking decisions; and implementing appropriate systems for managing financial and non-financial risks to which the Group is exposed.

(vi) Risk Owners

Risk owners normally comprise heads of business units. They perform the operational risk assessment, management, monitoring and reporting risk exposures in the areas/activities within their control to the Group Risk Management Unit, or to the Risk Management Department of the principal insurance subsidiary.

MAIN FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

(vii) Staff

Staff are made aware to be cognisant of operational risks, undertaking tasks in a careful and conscientious manner that reflects – but not limited to – the Group's policies. They are to report any new or escalating risks identified to the risk owners.

(viii) Group Internal Audit Department

The Group Internal Audit Department, which reports to the Audit Committees established at the holding company and principal insurance subsidiary, conducts operational, financial, compliance and management information system control audits on companies within the Group in accordance with Audit Planning Memorandums approved by the Audit Committees. The Internal Audit function adopts a risk-based approach and employs systematic audit methodology to provide an objective and independent audit assessment of the appropriateness and effectiveness of the corporate governance practices and adequacy and effectiveness of the risk management and internal control framework of the Group. In carrying out its duties, the Group Internal Audit Department evaluates the Group's risk exposures and controls relating to achievement of the Group's strategic objectives; reliability and integrity of financial and operational information; effectiveness and efficiency of operations and programs; safeguarding of assets; and compliance with laws, regulations, policies, procedures and contracts. Internal audit recommendations to mitigate associated risks, which were developed based on root-cause analysis performed, would be provided for each internal control issue highlighted and follow-up audit would be carried out to ensure that the auditee has implemented the recommendations within the agreed timeline.

(ix) Compliance Department

A Compliance Department was established by the principal insurance subsidiary. Its main responsibilities include providing regulatory and compliance advice to the company and its business units on an ongoing basis, assisting management in the development of policies, procedures and guidelines to facilitate compliance with applicable laws and regulations, proactively reviewing business activities to identify potential regulatory, compliance and reputational risks and designing ways to minimise such risks and promoting a culture of compliance in the company.

The Compliance Department, Risk Management Department and Group Internal Audit Department are guided by an Internal Audit, Risk Management and Compliance Matrix, which lays down clearly the roles and responsibilities of each of the control functions to ensure that there are no areas that are left unexamined although some duplication of work is expected. The matrix allows sharing of information arising from the work performed by each of the control functions, where necessary, while maintaining each other's independence.

The main features of the internal control framework within the Group can be categorised into the following components:

(I) Control Environment

(a) Board Independence

The Board had met the majority of Independent Directors requirement. As at 30 September 2020, 4 out of the 6 Directors on the Board are Independent Directors. In addition, each of the Directors does not have material relationship with the Company and, except for Director fee and share ownership, does not financially benefit from his or her relationship with the Company. Absence of material relationship ensures that there is no interference with each Director's ability to exercise independent judgment or inhibit his or her ability to make difficult decisions about management and the business.

MAIN FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

(I) Control Environment (Cont'd)

(b) Structures, Reporting Lines and Appropriate Authorities and Responsibilities

A formal organisation structure for each company in the Group has been established with clearly defined reporting lines of authority, responsibility and accountability. Management authority limits are also imposed on Executive Directors and management within the Group in respect of the day-to-day operations to ensure proper accountability and segregation of functional duties.

(c) Managing Conflict of Interest Situations

The Board is alert to the possibility of potential conflict of interest situations involving the Directors and the Company and affirms its commitment to ensuring that such situations of conflict are avoided. The Board Charter requires Board members to inform the Board of any conflict or potential conflict of interest they have in relation to particular business transactions; disclose their direct or indirect shareholdings in the Company, other directorships and any potential conflict of interest; abstain from deliberation/ discussion or decisions on matters in which they have a conflicting interest; and leave the meeting room when the decision on the contract or transaction is being deliberated and approved.

(d) Code of Ethics

The Board has adopted a Code of Ethics for Directors which outlines the standards of ethical behaviour which the Directors should possess in discharging their duties and responsibilities. The Code was formulated based on 4 principles, i.e. transparency, integrity, accountability and corporate social responsibilities. The Code of Ethics may be viewed at the corporate website at https://www.pacific-orient.com.

The principal insurance subsidiary has also adopted a Guidelines on the Code of Conduct for the General Insurance Industry for guidance of its employees.

In addition, expectations of employee conduct to maintain high moral and ethical standards are included in the Group Employee Handbook and embedded in the policies, procedures, and practices of the Company.

(e) Whistleblowing Policy

A formal Whistleblowing Policy has been established to assist in ensuring that the Company's business and operations are conducted in an ethical, moral and legal manner. The Whistleblowing Policy is designed to encourage employees or external parties to disclose any malpractice or misconduct which they become aware of and to provide protection to employees or external parties who report allegations of such malpractice or misconduct.

The Whistleblowing Policy may also be viewed at the corporate website at https://www.pacific-orient.com.

MAIN FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

(I) Control Environment (Cont'd)

(f) Anti-Bribery and Anti-Corruption Policy

In addition to the existing Code of Ethics for Directors, Corporate Disclosure Policy and Whistleblowing Policy, as well as financial and non-financial controls implemented, such as segregation of incompatible functions, multiple signatories for transactions, and actions to be taken during situations of conflicts of interest, the Group has adopted an Anti-Bribery and Anti-Corruption Policy in line with the enforcement of the new provision, Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business in order to prevent acts of bribery and corruption.

The Group will perform a continuous review of its anti-bribery and anti-corruption management systems to assess the comprehensiveness of its systems, policies and procedures with a view towards enhancing them and to address any shortcomings, so as to provide assurance to the Group that its systems, policies and procedures are 'reasonable and proportionate' to the nature and size of the Group and that they meet the requirements of the Guidelines on Adequate Procedures.

In adherence to this Policy, the Group has adopted a zero-tolerance approach to all forms of corruption and bribery. The Group is committed to conduct its business with the highest level of integrity and ethics and to comply with applicable laws, rules and regulations on anti-bribery and anti-corruption.

The Group practices an open-door policy and encourages employees to share their concerns and suggestions using the reporting channels stated in the Whistleblowing Policy.

The Anti-Bribery and Anti-Corruption Policy may be viewed at the corporate website.

(g) Regulatory Compliance Framework

A proactive, integrated regulatory compliance monitoring and control process has been implemented in the principal insurance subsidiary, which lays the foundation for a stronger compliance environment. This provides assurance to the company that its products and services offered are in a manner consistent with regulatory requirements and the company's corporate responsibilities. The Regulatory Compliance Framework sets out the ground rules for the compliance and monitoring process. It further provides the Compliance Department with a mechanism to assist the Department in its role of compliance oversight.

(II) Risk Assessment

Operating management of each business unit bears responsibility for the identification and mitigation of major business risks and each maintains controls and procedures appropriate to its own business environment. These include, inter alia, establishment of a formal Risk Management Framework, which outlines the principles, philosophy/policy, roles and responsibilities, structure as well as the process for identifying, evaluating, reporting and managing risks. The Framework, which was prepared based on ISO 31000:2018 Risk Management – Guidelines, provides the Board and the management with a tool to anticipate and manage both existing and potential risks.

The Risk Management Framework is continuously reinforced through face-to-face discussions with risk owners, as well as posting of the Risk Management Framework in an easy-to-understand format and with pictorials on noticeboards.

MAIN FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

(II) Risk Assessment (Cont'd)

The main features of the risk management process within the Group are:

(a) Scope, Context and Criteria

Management has established the scope of the risk management activities, as well as defined the external and internal context, and the risk criteria. These involved, among others, consideration of the resources required, responsibilities to be assigned and the records to be maintained; understanding the interrelationship between the purpose and scope of risk management process with the objectives of the company as a whole; and setting the risk impact, management control ratings, residual risk ratings and risk priorities, against which risk is to be evaluated.

(b) Risk Identification

Risk management is generally carried out at 2 levels. Strategic risk assessment, which involves identification and evaluation of risks that threaten the achievement of the company's strategic objectives, is carried out at the senior management level. Operational risk assessment, on the other hand, involves a critical examination of each business unit's processes by heads of business units to identify and evaluate operational risks where they occur.

The company has an ongoing process for identifying, evaluating and managing significant risks. The Risk Management Framework requires the company and all its business units to perform risk review at least quarterly with a view towards identifying any new risks which may have an impact on the objectives of the company or its business units. In this respect, management has implemented a systematic process to identify risks, which considers both internal and external factors that have an impact on the achievement of objectives. The ten broad/main risk areas considered were external, regulatory, legal, corporate governance, financial, customer, product/service, human, operation and supply.

As and when necessary, the company also performs project risk assessments. Such risk assessments may be performed prior to launching of significant projects such as new insurance products, IT programs or services, outsourcing of services, or as and when required under any Acts, rules or regulations.

(c) Risk Analysis

Upon identification of a risk, the risk owner would conduct analysis to evaluate the risk impact and likelihood of occurrence of the risk in the context of existing control measures, in order to arrive at residual risk. The effectiveness of existing control measures is determined using a Control Effectiveness Rating Table. The residual risk is thereafter determined based on its consequence/impact to the risk area if the risk were to occur and the likelihood of the residual risk occurring or materialising. A Table of Consequence and Table of Likelihood have been developed to measure the consequence and likelihood respectively. The residual risk is then rated using a Likelihood and Consequence Matrix adopted from the Australian and New Zealand Risk Management Standard AS/NZ 4360:2004.

(d) Risk Evaluation

Risk evaluation involves comparing the level of risk found during the analysis process with established risk criteria/priorities. Risks which result in injury or fatality, reduction in service level, damage to image or credibility, damage to company's assets and failure to meet legal obligations and regulatory compliance are given priority of attention over all other risks. Similarly, risks which are rated high or significant are given priority and evaluated whether the risks fall within the control of the company. Those risks which fall outside the company's control would be closely monitored as nothing else could be done, while risk treatment would be taken on those risks that fall within the company's control.

MAIN FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

(II) Risk Assessment (Cont'd)

(e) Risk Treatment

Risk treatment plans are developed by management for those risks assessed as high or significant to the company. The range of options are either to terminate the risk by ceasing to undertake the business activity altogether, reduce the risk by taking steps or implementing controls to minimise its impact and/or likelihood of occurrence, accept the risk without further action, or pass on the risk by transferring the risk to another party by outsourcing the activity or purchasing insurance.

(f) Monitor and Review

All risks are documented in risk registers, which are used by the company as an effective tool to record, monitor and report risks. Annually, each head of business unit would perform a risk review to ascertain whether the risks already identified as well as the ratings are still applicable and whether risk registers need to be raised to document any newly identified risks. Once the risk review has been performed, the heads of business units would submit the individual risk registers to the Risk Management Unit/Department, which would challenge the heads of business unit, if necessary. Once satisfied, the Risk Management Unit/Department prepares Risk Review Reports for presentation to the Risk Management Committee quarterly.

(g) Communication and Consultation

Communication and consultation are carried out at each stage of the risk management process with all relevant parties. Strong communication and consultation allow buy-in from senior management and ownership of risks.

(h) Recording and Reporting

The risk management activities and its results are documented in risk review reports, which are issued to the relevant Risk Management Committees for their review and subsequent reporting to the Board of the Company/principal insurance subsidiary. Such reports provide information to the Board of the Company/principal insurance subsidiary to facilitate decision-making.

(III) Control Activities

(a) Selection and Development of Control Activities to Mitigate Risks

Once the risks which threaten the achievement of the company's objectives are identified and assessed, management and the Board of each subsidiary would establish control activities that would eliminate these risks or reduce their occurrences to an acceptable level. Such control activities include authorisations and approvals, verifications, physical controls, controls over standing data, reconciliations and supervisory controls.

(b) Policies and Procedures

The control activities are built into business processes and employees' daily activities through the establishment of policies and procedures for each core business process throughout the Group. The procedures, which lay down each step of the process, ensures that control activities are performed in a timely manner as one moves along the process. The policies and procedures are regularly reviewed and updated in line with changes in business environment, statutory and regulatory requirements to ensure their relevance and effectiveness.

MAIN FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

(IV) Information and Communication

(a) Generation of Relevant, Quality Information to Support Functioning of Internal Control

Management identifies and defines information requirements which are relevant and specific to support the functioning of internal control and risk management process. Such identification is an ongoing process, refined over the years, with regular feedbacks from users of such information, or as and when there is any new information requirement.

(b) Communication of Information to Support Functioning of Internal Control

To assist the Board in its risk management and internal control responsibilities, the Board receives periodic reports from the Chief Executive Officer on the scope and performance of the risk management and internal control system. In addition, the Audit Committee also receives internal audit reports from the Group Internal Audit Department, which is independent of management.

There is also effective processes for communication and exchange of relevant information with external parties, such as suppliers, service providers, insureds, agents, shareholders and regulators. Such communication allows external parties to know and understand the Group's expectations with regard to the ethical conduct and internal controls.

(V) Monitoring Activities

(a) Ongoing and Separate Evaluations to Ascertain Presence and Functioning of Internal Control

Management had included in its monitoring activities a balance of ongoing and separate evaluations to ascertain whether internal control and the risk management process are present and functioning. Ongoing evaluations, which are routinely performed, include monitoring of system performance, bank reconciliations, review of management accounts, etc. Separate evaluations, which are performed periodically, include internal reviews by the Group Internal Audit Department, Compliance Department and independent managers/executives and external reviews by regulators.

(b) Evaluation and Communication of Internal Control Deficiencies in a Timely Manner

Management and the Board, as appropriate, assess results of ongoing and separate evaluations. Any significant internal control deficiencies or opportunities to improve the efficiency of internal control noted are communicated to personnel responsible for taking corrective action and to senior management and the Audit Committee or Board, as appropriate.

REVIEW FOR THE FINANCIAL YEAR

A review of the adequacy and effectiveness of the risk management process and internal control framework was undertaken by the Company and the principal insurance subsidiary for the financial year under review. Each business unit, comprising Sections, Departments, Branches and Business Centres had performed the following:

- Critically reviewed the operational risk profiles, identified new and emerging risks, assessed the continued applicability of the risks already identified and re-rated those risks, where necessary.
- Evaluated the adequacy and effectiveness of the internal controls in managing the risks identified, and established risk treatment plans for significant risks.
- Reviewed progress of implementation of previously outlined risk treatment plans and evaluated their effectiveness.

REVIEW FOR THE FINANCIAL YEAR (CONT'D)

The Risk Management Unit/Department had reviewed the risk registers submitted by the business units and challenged the business units at each point of the risk management process in a series of discussions to ensure its robustness. The discussions had also served as refresher courses for the risk owners to improve and update their knowledge of risk management.

Senior management of the principal insurance subsidiary too had performed a strategic risk review in conjunction with the establishment of the annual strategic plan of the subsidiary. A mid-year review of the strategic risks was also performed to update the strategic risk profile based on the extent of the company's achievement of the strategic plan.

All the risks identified were documented in risk review reports by the Risk Management Unit/Department and presented for review by the relevant Risk Management Committees and the Board of the Company/principal insurance subsidiary. Altogether, 3 risk review reports were issued by the Risk Management Unit of the Company, while 7 risk review reports were issued by the Risk Management Department of the principal insurance subsidiary. 2 out of the 7 reports were in respect of strategic risks of the company, 3 reports were in respect of operational risks, 1 report was in respect of project risk assessment pertaining to internet insurance, while the remaining report was in respect of impact of COVID-19 pandemic and actions taken by the company. In addition, risk dashboards were also prepared quarterly to provide a high level overview of the quantitative and qualitative indicators of the risks already identified. The risk dashboards provide an early warning system to management, the Risk Management Committee and the Board of Directors of any risks that may be increasing in the horizon to allow management sufficient time to institute the necessary risk treatment plans to reduce the risk, where possible.

The management of some of the principal risks faced by the Group for the financial year ended 30 September 2020 are outlined below:

(i) Underwriting Risk

With the phased liberalisation of the motor and fire tariffs which came into effect on 1 July 2017, insurance companies are now able to charge premiums that commensurate to the risk behaviour of consumers based on their business risk models and strategies. This has affected the insurance landscape, particularly, increasing competition and requiring better product differentiation.

The risk mitigation that has been put in place to manage Underwriting Risk are outlined below:

- Gaining a deeper understanding of the Group's target customers and the prices to charge based on its internal pricing model.
- Enhancing after-sales services to insured.
- Establishing a Marketing and Advertising Strategy to create brand awareness, attract business and enhance direct/telemarketing channels.
- Enhancing the Group's mobile-friendly application, POI2u, to expose the general public to the Group's products and pricing (by way of online quotation) and at the same time allow insureds to manage their own policies by purchasing them online using the application (i.e. online policy purchase).
- Focusing on expanding the Group's portfolio of motor and non-motor products.

(ii) Legal and Regulatory Risk

The financial services sector is a highly regulated industry. The management of Legal and Regulatory Risk aims to ensure that the Group's exposure to potential legal liabilities during the course of business such as rule implementation or product liability are well mitigated to avoid disruption to its business and operations. If not properly mitigated, legal liabilities can have a significant impact on the Group's reputation which in turn can affect investor confidence.

The Company Secretarial and Compliance Departments monitor the dynamic regulatory landscape which has been getting increasingly complex and costly to comply. There is an ever present risk that the Group may breach new regulations and face reprimands or hefty fines from regulators. As such, the Board is kept abreast of such new regulations and management's action taken to meet the regulatory requirements.

REVIEW FOR THE FINANCIAL YEAR (CONT'D)

(ii) Legal and Regulatory Risk (Cont'd)

Another key area that the Group Legal Department monitors is the exposure to legal liabilities in the terms and conditions contained in the insurance contracts. The Group Legal Department reviews contracts from time to time to ensure consistency of terms and conditions across contractual agreements and regulatory requirements.

(iii) Cybersecurity Risk

Being reliant on information technology and custodian of customer information, especially in the Group's insurance operation, cybersecurity is a continual threat to the Group. The cybersecurity threats may come in the form of ransomware, malware, social engineering and phishing, among others.

The Group has implemented various mitigation measures to manage Cybersecurity Risk. These included the following:

- Establishing a Cybersecurity Committee to look into cybersecurity issues, including assessing integrity of cybersecurity in the Group, raising awareness and promoting best practices across the Group and facilitating discussion on emerging issues related to cybersecurity.
- Implementing an intrusion prevention system to detect and prevent vulnerability exploits within the internal and external network.
- Protecting crucial servers in the internal network using firewall and router access controls.
- Using Secure Sockets Layer, a standard security technology, to establish encrypted link between the server and the client/public.

(iv) Business Continuity Risk

The Group is exposed to events that could disrupt its critical business functions. These may include disasters such as catastrophic damage to the building the Group occupies for business, pandemic, fire and flood, among others.

The Group has implemented the following controls to manage Business Continuity Risk:

- Establishing a comprehensive Business Continuity Manual to provide guidance to management and employees in the event of a disaster.
- Relocating the offsite Disaster Recovery Centre to a larger premises with upgraded facilities and services. The new premises would be able to accommodate more personnel and houses sales and claims counters to enable live business operation to be conducted.
- Performing annual disaster recovery testing of the Disaster Recovery Centre and the secondary server to ensure functionality and continuity of technology operations.

(v) Pandemic Risk

With growing populations and urbanisation, encroachment into new environments and territories, climate change and increasing global travel, among others, people, businesses and economies are more at risk than ever of a global pandemic, such as the coronavirus (COVID-19) pandemic, which was first identified in Wuhan, China, in December 2019 and which continues its rapid spread globally today.

To curb the spread of the virus, the federal government of Malaysia had imposed a Movement Control Order on 18 March 2020 to restrict movements of its residents. Only businesses involved in essential business were allowed to operate. The Movement Control Order was subsequently relaxed and replaced by a Conditional Movement Control Order in May 2020 and then by a Recovery Movement Control Order on 10 June 2020 and which is expected to end on 31 December 2020 if there is no further extension.

REVIEW FOR THE FINANCIAL YEAR (CONT'D)

(v) Pandemic Risk (Cont'd)

The Group, especially its principal insurance subsidiary, has implemented its pandemic preparedness and response plan, which included the following:

- Essential staff were segregated into 4 teams to work in office on allocated days to prevent infection of one staff to the other teams.
- Implemented Work-From-Home policy during the initial phase of the Movement Control Order whereby non-essential staff with notebooks had worked from home.
- Adhering to Standard Operating Procedures issued by the Ministry of International Trade and Industry.
- Temperature of staff were taken, and continue to be taken daily, before they are allowed into the building.
- Adopting safety precautions, such as wearing of face mask, regular handwashing or use of hand sanitisers, maintaining safe physical distancing of at least 1 metre and avoiding crowds.
- In the event of an office or building lockdown, the Disaster Recovery Centre is fully set up with computers and necessary facilities to accommodate essential employees and handle walk-in customers.

Based on the review of the risk management framework, the Risk Management Unit had concluded that the risk management process was generally adequate and effective, vis-à-vis the following:

- Management has reviewed the scope, context and criteria established in respect of strategic/external, organisational/internal and risk management contexts as well as confirmed their continued applicability.
- Management has implemented a systematic process of risk identification, which resulted in all known operational risks which have an impact on the company being identified by the risk owners. The risk identification process has considered both internal and external factors that have an impact on the achievement of objectives. The ten broad/main risk areas considered were external, regulatory, legal, corporate governance, financial, customer, product/service, human, operation and supply.
- Management has implemented a systematic process of risk analysis, which involved application of the Table of Consequence and Table of Likelihood when measuring the impact and likelihood of the residual risk occurring and utilisation of the Likelihood and Consequence Matrix to rate the risk.
- Risks identified and assessed were properly evaluated based on established risk criteria/priorities adopted by the company. The priority types of risks that were dealt with quickly and efficiently were injury to fatality, reduction in service level, damage to image and credibility, damage to company's assets and failure to meet legal obligations and regulatory compliance.
- Risk treatment plans have been developed by management for risks assessed as high or significant. Appropriate actions have been taken which have included either ceasing the business activity altogether, implementing controls to reduce its impact and/or likelihood of occurrence, accepting the risk where it was beyond the control of the company or passing on the risk by reinsuring the risk with other insurance companies.
- Management has closely monitored and reviewed the operational risks, effectiveness of risk treatment plan to mitigate risks for those rated high and significant, as well as effectiveness of control measures, to ensure changing circumstances do not alter risk priorities.
- Adequate communication and consultation were held between management and the Risk Management Unit/ Department to ensure that all known risks have been identified, assessed and adequately mitigated, where necessary.

REVIEW FOR THE FINANCIAL YEAR (CONT'D)

Although lapses and improvement opportunities were observed in the risk management process, these were not considered significant and were brought to management's attention for corrective actions to be taken on a timely basis.

Additionally, the Board of the principal insurance subsidiary had also received periodic reports from the Chief Executive Officer on the scope and performance of the risk management and internal control system. The periodic reports from the Chief Executive Officer were prepared based on an assessment process derived from a system of direct and indirect assessment of the risk management and internal control system implemented in the subsidiary. For the current financial year under review, the Chief Executive Officer has intimated that the subsidiary's risk management and internal control system was adequate and effective in addressing the identified risks of the subsidiary. Although minor lapses were noted, these did not have a significant impact on the subsidiary.

Such reporting from the Chief Executive Officer of the principal insurance subsidiary, together with review reports from the Group Internal Audit Department and Group Risk Management Unit, provide the basis for the assurance provided by the Managing Director/Chief Executive Officer to the Company's Board, which was that the risk management and internal control system was adequate and effective.

The Group Internal Audit Department had included in its approved Audit Planning Memorandums review of the appropriateness and effectiveness of corporate governance practices, as well as review of the adequacy and effectiveness of the risk management process during its regular assessment of the adequacy and effectiveness of the internal control of the business units. The audit findings as well as audit opinion on appropriateness and effectiveness of corporate governance practices and adequacy and effectiveness of risk management and internal control system had provided independent assurance to the respective Audit Committees and the Boards with regard to the corporate governance practices and risk management and internal control system established by management.

During the financial year, the Group Internal Audit Department had provided its independent assurance that the corporate governance practices were adequate and appropriate, and that risk management and internal control system in respect of the auditable areas covered, were adequate and effective. Although shortcomings or lapses were noted, these did not have a significant impact to the Group. The Group Internal Audit Department had followed up on remedial actions agreed to be taken by the Risk Management Unit/Department to ensure that the matters were satisfactorily addressed. The Risk Management Unit/Department would in turn report to the Risk Management Committee on such remedial actions, if necessary.

For the principal insurance subsidiary, the company is also subject to annual examination by Bank Negara Malaysia. Any supervisory issues, including control-related matters would be highlighted in a Composite Risk Rating letter. Most of the control-related matters were not considered significant and these were progressively being addressed by management and followed up by the Group Internal Audit Department, if necessary.

As part of the External Auditors audit, the External Auditors had considered the Group's internal control over financial reporting, solely for the purpose of planning their audit and determining the nature, timing and extent of their audit procedures. Nevertheless, this consideration is not sufficient to enable the External Auditors to express an opinion on the effectiveness of internal control or to identify all significant deficiencies. Be that as it may, certain control-related matters were noted by the External Auditors, although not considered material, were reported in its Report to the Audit Committee. Management has either taken action or given a commitment to address the issues highlighted.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed the Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide 3 ("AAPG 3") *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report*, issued by the Malaysian Institute of Accountants, for inclusion in the Annual Report of the Company for the financial year ended 30 September 2020 and have reported to the Board that nothing has come to their attention that causes them to believe, on the basis of the procedures performed and evidence obtained, that the Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the "Statement on Risk Management & Internal Control: Guidelines for Directors of Public Listed Issuers" to be set out, nor is factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system. The External Auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

CONCLUSION

Based on the risk management and internal control framework established and maintained by the Group, work performed by the Group Internal Audit Department and Group Risk Management Unit, reviews performed by management and various Board Committees, periodic reports from the Chief Executive Officer on the scope and performance of the risk management and internal control system established in the principal insurance subsidiary, annual examination by Bank Negara Malaysia on the principal insurance subsidiary, as well as the External Auditors' consideration of the Group's internal control over financial reporting for the purpose of audit planning, the Board is of the view that the state of the Group's risk management and internal control framework is generally adequate and effective in mitigating risks to achieve its business objectives. Nonetheless, it should be noted that risk management and internal control framework can only manage rather than eliminate risk of failure to achieve business objectives. Therefore, the Group's risk management and internal control framework can only provide reasonable but not absolute assurance against material misstatements, frauds and losses. The Group will nevertheless continue to monitor all key risks affecting the Group and will take the necessary measures to mitigate them. Continuous review of the adequacy and effectiveness of risk management and internal control framework of the Group would also be carried out in line with the changes in the business and relevant laws and regulations to ensure its effectiveness in safeguarding shareholders' investment and the Group's assets.

The Board has also received assurance from the Managing Director/Chief Executive Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system established by the Group.

This statement is made in accordance with a resolution of the Board of Directors.

ADDITIONAL COMPLIANCE STATEMENT

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

There were no proceeds raised from corporate proposals during the financial year ended 30 September 2020.

2. AUDIT AND NON-AUDIT SERVICES

The amount of audit and non-audit fees incurred for services rendered to the Company or its subsidiaries for the financial year ended 30 September 2020 by the external auditors or a firm or corporation affiliated to the auditors' firm were as follows :

	The Group RM'000	The Company RM'000
Audit Fees	787	186
Non-audit Fees	40	7
Total	**827**	**193**

3. EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

(i) The ESOS of the Company was approved by the shareholders at the Annual General Meeting held on 20 February 2019 and came into effect on 17 June 2019.

(ii) The total number of options granted, vested, exercised and outstanding vested under the ESOS as at 30 September 2020 are set out below :

Description	Number of Options as at 30 September 2020	
	Total Allocated to the Group	Executive Director of the Company
Granted	25,109,000	4,000,000
Forfeited	436,000	–
Exercised	128,000	–
Outstanding	24,545,000	4,000,000
Vested and Exercisable	12,279,500	1,202,000

Additional Compliance Statement

3. EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (CONT'D)

(iii) Percentage of options granted to the Executive Director and Senior Management of the Group under the ESOS are as follows :

Executive and Senior Management	During the financial year (%)	Since commencement up to 30 September 2020 (%)
Aggregate maximum allocation	50.00	50.00
Actual granted	9.96	42.90

The Company did not grant any options to the Non-Executive Directors under the ESOS.

4. MATERIAL CONTRACTS INVOLVING THE INTERESTS OF THE DIRECTORS AND MAJOR SHAREHOLDERS

There were no material contracts entered into by the Company and its subsidiaries involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 30 September 2020 or entered into since the end of the previous financial year.

REPORT OF THE AUDIT COMMITTEE

MEMBERS OF THE AUDIT COMMITTEE

The Company has fulfilled the requirements of paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Principles and Practices recommended by the Malaysian Code on Corporate Governance with regard to the composition of the Audit Committee. The members of the Committee during the financial year were as follows:

1. Mr. Michael Yee Kim Shing
   Chairman (Independent Director)

2. Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed
   (Independent Director)

3. Dato' Dr. Zaha Rina binti Zahari
   (Independent Director)

4. Mr. Ong Seng Pheow
   (Independent Director)

AUDIT COMMITTEE CHARTER

In performing its duties and discharging its responsibilities, the Audit Committee is guided by an Audit Committee Charter. The Audit Committee Charter is accessible to the public on the Company's corporate website at https://www.pacific-orient.com.

The terms of office and performance of the Audit Committee as a whole and of individual Committee members were evaluated by the Board in the financial year under review. The Board was satisfied that the Audit Committee and its members were able to discharge their functions, duties and responsibilities in accordance with the Audit Committee Charter.

ATTENDANCE AT MEETINGS

A total of 4 Audit Committee meetings were held during the financial year ended 30 September 2020. The details of attendance of each of the members at the Committee meetings held during the financial year are as follows:

Name of Committee Member	Number of meetings attended
1. Mr. Michael Yee Kim Shing	3/4
2. Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed	4/4
3. Dato' Dr. Zaha Rina binti Zahari	4/4
4. Mr. Ong Seng Pheow	4/4

The Chief Audit Executive and Assistant Manager of the Group Internal Audit Department, and Company Secretary were in attendance at all the meetings. The Head of Finance Department was present by invitation at all the meetings while the Senior Accounts Manager was also present during deliberations which required additional inputs and clarifications. Representatives of the External Auditors, Messrs Ernst & Young PLT, were also present at 2 meetings of the Audit Committee, the first during presentation of their report on the Company's and the Group's financial statements for the financial year ended 30 September 2019 covering the financial performance and financial position as well as other information in the Company's annual report together with their Report to the Audit Committee, and the second when the External Auditors presented their 2020 Audit Plan.

In addition, the Audit Committee had met once with the External Auditors without the presence of Management, to discuss matters relating to their remit and any issues arising from their statutory audit. Nevertheless, the External Auditors had not brought up any significant issues which warrant the attention of the Audit Committee during the discussion. The External Auditors did not feel it necessary to discuss with the Audit Committee, without the presence of Management, on matters which they noted in the course of preparation of their 2020 Audit Plan.

ACTIVITIES OF THE COMMITTEE

The summary of activities of the Audit Committee in the discharge of its duties and responsibilities for the financial year ended 30 September 2020 included the following:

Financial Reporting

(a) Reviewed the unaudited quarterly financial reports (inclusive of cumulative year-to-date figures) for announcement to Bursa Malaysia Securities Berhad with management before recommendation to the Board of Directors for consideration and approval for their release to Bursa Malaysia Securities Berhad. When reviewing the report, the Audit Committee had obtained reasonable assurance that the condensed consolidated interim financial statements were prepared in accordance with paragraph 9.22 of the Bursa Malaysia Listing Requirements, applicable Malaysian Financial Reporting Standards, International Accounting Standards issued by the International Accounting Standards Board and the requirements of the Companies Act 2016 in Malaysia.

(b) Reviewed the unaudited management report and accounts of the Company and of the Group with management before recommending to the Board of Directors for their consideration and approval. The Audit Committee's review of the management report and accounts had included a review of the Company's quarterly results against the preceding year's corresponding quarter, quarterly results against the immediate year's preceding quarter, as well as year-to-date results against the preceding year's year-to-date results. In reviewing the management report and accounts, the Audit Committee was guided by Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

(c) Reviewed the audited statutory accounts of the Company and of the Group, issues and reservations arising from the statutory audit with the External Auditors, prior to recommendation to the Board of Directors for their consideration and approval. The Audit Committee's review included a critical and intelligent scrutiny of the statutory accounts based on an analytical approach, while at the same time obtaining assurance from management and the External Auditors that the financial statements have been prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Audit Committee's examination of the statutory accounts had also included a review of the key audit matters, their implications to the audit of the Company and of the Group and how the matters were addressed in the audit; going concern considerations; and information other than the financial statements and the auditors' report that were included in the Company's annual report. The Audit Committee had also reviewed significant audit matters highlighted by the External Auditors in their Report to the Audit Committee which warranted the Audit Committee's attention. In addition, the Audit Committee had taken note of any corrected material misstatements related to the accounts and reviewed the summary of the unadjusted audit differences for the Group. The External Auditors report on the financial statements was not subject to any qualification.

(d) Reviewed the extent of the Group's compliance with the Principles and Practices set out under the Malaysian Code on Corporate Governance and Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers for the purpose of preparing the corporate disclosure statements comprising the Corporate Governance Overview Statement, the Statement on Risk Management and Internal Control, and the Report of the Audit Committee pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad for inclusion in the Company's Annual Report, and the Corporate Governance Report which is available on the Bursa Malaysia Securities Berhad website at https://www.bursamalaysia.com. Reference was also made to the Corporate Governance Monitor 2019 issued by Securities Commission Malaysia, Analysis of Corporate Governance Disclosures in Annual Reports (for Annual Reports 2015 – 2016), the Company's Corporate Governance Disclosure scores and detailed report issued by Bursa Malaysia Securities Berhad to further enhance the disclosure statements. The Audit Committee approved the corporate disclosure statements for inclusion in the Company's Annual Report thereafter.

ACTIVITIES OF THE COMMITTEE (CONT'D)

Financial Reporting (Cont'd)

(e) Reviewed other disclosures forming the contents of the Company's Annual Report spelt out in Part A of Appendix 9C of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, which included Corporate Information; Profile of the Board of Directors & Key Senior Management; Additional Compliance Statement disclosing the utilisation of proceeds raised from corporate proposals, the amount of audit and non-audit services, information in relation to Employees' Share Option Scheme, and material contracts involving the interests of the Directors and major shareholders; Management Discussion and Analysis of the Group's business, operations and performance (including financial performance) during the financial year; Sustainability Statement; Directors' Responsibility Statement in Respect of the Annual Audited Financial Statements; List of Group's Properties; and Shareholdings Statistics.

(f) Reviewed the Corporate Governance Report for announcement to Bursa Malaysia Securities Berhad with management before recommending to the Board of Directors for their consideration and approval for its release to Bursa Malaysia Securities Berhad. When reviewing the report, the Audit Committee had obtained reasonable assurance that the report was prepared in compliance with Paragraph 15.25(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and that the report has provided specific disclosures of how the Company has applied the Practices set out in the Malaysian Code on Corporate Governance for the financial year ended 30 September 2020. Reference was also made to the Corporate Governance Monitor 2019 issued by Securities Commission Malaysia to further enhance disclosures in the Corporate Governance Report.

External Audit

(a) Reviewed with the External Auditors their 2020 Audit Plan of the Company and of the Group (inclusive of audit approach and scope of work) prior to the commencement of the annual audit. The External Auditors had briefed the Audit Committee on their 2020 Audit Plan pertaining to the statutory audit of the Company and of the Group for the financial year ended 30 September 2020, highlighting the following:

- Areas of audit emphasis, comprising adoption of new accounting standards, i.e. Malaysian Financial Reporting Standard 16; impairment of subsidiaries and associated companies; valuation of insurance contract liabilities; insurance receivables and payables; trade receivables of information technology subsidiaries; development of Malaysian Competition Commission's case against insurance companies pertaining to imposition of trade discount rate on certain vehicles and fixing of labour rates for workshops under Persatuan Insurans Approved Repairers Scheme; other significant accounts; significant classes of transactions; accounting estimates and assumptions; and related party transactions and disclosures.
- Involvement of internal audit, risk management, compliance, and management experts (i.e. in-house Appointed Actuary, independent property valuers and legal counsels) as well as External Auditors' experts (i.e. actuarial, technology risk professionals, tax accounting and risk advisory services professionals, and transaction advisory services professionals).
- Fraud considerations and the risk of management override.
- Internal control considerations.
- Important updates on Bank Negara Malaysia's policy document on Risk Management in Technology, cybersecurity, Malaysian Financial Reporting Standard 17: Insurance Contracts and implementation of corporate liability provision involving commercial organisations under Section 17A of the Malaysian Anti-Corruption Commission Act 2009.

The Audit Committee had performed a detailed review of the 2020 Audit Plan tabled and after due deliberation, the Audit Committee approved the 2020 Audit Plan.

(b) Reviewed the External Auditors' Report to the Audit Committee and management letter together with management's corrective actions taken to address the findings of the External Auditors. Based on the Audit Committee's review, the Audit Committee was satisfied that the financial statements taken as a whole had provided a true and fair view of the Company's and of the Group's financial position and performance.

Report of the Audit Committee

ACTIVITIES OF THE COMMITTEE (CONT'D)

External Audit (Cont'd)

(c) Met with the External Auditors once without the presence of management, to discuss matters relating to their remit and any issues arising from their statutory audit. Nevertheless, the External Auditors had not brought up any significant issues which warrant the attention of the Audit Committee during the discussion. The External Auditors did not feel it necessary to discuss with the Audit Committee, without the presence of Management, on matters which they noted in the course of preparation of their 2020 Audit Plan.

(d) Evaluated the suitability and independence of the External Auditors and made recommendations to the Board of Directors on their re-appointment and remuneration. In reviewing the suitability and independence of External Auditors, the Audit Committee had reviewed the curriculum vitae of the engagement partner and the concurring partner as well as completed its own assessment in the form of a checklist, which covered the following considerations – minimum qualifying criteria for External Auditors, the scope of audit and auditors' performance, their independence and objectivity, audit fees, the resources (manpower, tools and collective knowledge of professionals globally) of the External Auditors to carry out their audit during the financial year, their insurance audit experience, as well as the nature, scope and fee of non-audit services to the extent that the total fees for non-audit services are not excessive when compared against the total audit fees so as to preserve the External Auditors' independence. The Audit Committee had also received feedback from management on the professional working relationship with the External Auditors. Pertaining to independence, the Audit Committee had obtained written assurance from the External Auditors confirming that, in relation to their audit of the financial statements of the Group for the financial year, the External Auditors were not aware of any relationships or matters that may reasonably be brought to bear on their independence. The External Auditors' independence was further enhanced by the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants, International Ethics Standard Board for Accountants' Code of Ethics for Professional Accountants, and the Companies Act 2016 in Malaysia. Based on the written assurance from the External Auditors and the Audit Committee's own assessment performed, the Audit Committee was satisfied with the suitability and independence of the External Auditors. The Audit Committee's assessment was concurred by the Board of Directors and the re-appointment was subsequently approved by the shareholders at the annual general meeting.

(e) Reviewed the nature, scope and fees for non-audit services provided by the External Auditors and ensured that the services were justified and reasonable and in line with the laid down policy and procedures on non-audit services in order to safeguard the independence and objectivity of the External Auditors and reduce potential conflicts of interest. The non-audit services performed by the External Auditors included review of Statement on Risk Management and Internal Control; classifications, measurements, impairments and disclosures in respect of new Malaysian Financial Reporting Standards implementation; Employees' Share Option Scheme; as well as reviews of the principal insurance subsidiary's annual returns and audit of Risk Based Capital Statements; abridged financial statements; and agreed upon procedures in relation to the independent validation of Differential Levy System Quantitative Information and Returns on Calculation of Levies. The Head of Finance, in consultation with the Managing Director/Chief Executive Officer, may proceed to engage the External Auditors to provide permitted non-audit services, provided that the fees are reasonable, fair and realistic having regard to the nature, scope and complexity of the non-audit services undertaken so as to preserve the External Auditors' independence.

(f) Having heard from the Audit Committee, the Board concurred with the Audit Committee's assessment on the suitability and independence of the External Auditors and approved the re-appointment of the External Auditors.

ACTIVITIES OF THE COMMITTEE (CONT'D)

Internal Audit

(a) Reviewed and approved the Audit Planning Memorandum developed by the Group Internal Audit Department, which was prepared using a risk-based approach. The Audit Planning Memorandum had laid down the auditable activities, nature of work, audit methodology, selection of auditable areas for audit based on a risk-based approach, the detailed audit plan, staff strength and competency, and cost and time budgets. Reviews of internal controls, risk management process and governance practices that were planned to be performed included the Group's information technology operations and related party transactions; and the principal insurance subsidiary's underwriting and claims operations; selected branches; actuarial valuation process; anti-money laundering, counter financing of terrorism and targeted financial sanctions process; public complaints process; internal capital adequacy assessment process; product transparency and disclosure; and independent validation of Differential Levy System Quantitative Information and Returns on Calculation of Premiums; among others. The Audit Planning Memorandum had also included non-internal audit-related assignments, such as assisting the Audit Committee in its oversight of the Company's financial reporting and preparation of the Report of the Audit Committee. The approved Audit Planning Memorandum was subject to ongoing review and revision at each quarterly Audit Committee meeting. This had allowed the Audit Committee to determine how well the Group Internal Audit Department had performed against the plan, approve any departures, substituted or additional work that may be warranted as a result of changes in circumstances, regulations or the environment, and address any issues on adequacy or competency of audit resources to complete the audit assignments.

(b) The Group Internal Audit Department had assisted the Audit Committee in its oversight of the Group Internal Audit Department by issuing quarterly reports to the Audit Committee, highlighting the status of completion of the approved Audit Planning Memorandum, a summary of significant audit findings raised in the audit reports, status of follow-up on significant internal audit issues, the cooperation extended by management and staff, the Group Internal Audit Department's certification on the adequacy and effectiveness of the risk management process and internal controls as well as the appropriateness and effectiveness of the corporate governance practices based on the areas reviewed under the Audit Planning Memorandum, planned audit assignments for the following quarter, adequacy and competency of internal audit resources, professional independence of the Group Internal Audit Department, conduct of audits in accordance with the International Professional Practices Framework, staff training and development, and comparison of actual versus budgeted time and expenditure spent on assignments. Any clarifications sought by the Audit Committee was addressed by the Chief Audit Executive during Audit Committee meetings.

(c) The Chief Audit Executive had also met with the Audit Committee Chairman at least once every quarter to keep the Audit Committee Chairman updated on the Group's risk management, internal controls, governance and financial reporting matters as well as matters relating to the Group Internal Audit Department.

(d) Reviewed the audit activities (comprising internal controls, risk management process and governance practices) carried out by the Group Internal Audit Department and the audit reports to ensure corrective actions were taken by management in a timely manner to address the governance, risk and control issues reported. Risk-based reviews of internal controls, risk management process and governance practices performed included the Group's information technology and related party transactions; and the principal insurance subsidiary's underwriting and claims operations; selected branches; actuarial valuation process; anti-money laundering, counter financing of terrorism and targeted financial sanctions process; public complaints process; product transparency and disclosure; Nominating Committee and Remuneration Committee of the Board; and independent validation of Differential Levy System Quantitative Information and Returns on Calculation of Premiums; among others. The Audit Committee had also reviewed the non-internal audit-related assignments carried out by the Group Internal Audit Department, such as the result of the Department's review of the Group's financial reporting.

ACTIVITIES OF THE COMMITTEE (CONT'D)

Related Party Transactions

(a) Reviewed, with the assistance of the Group Internal Audit Department, related party transactions entered into by the Company and the Group to ensure that the transactions entered into were in adherence to paragraphs 10.08 and 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Chapter 10 Part E – Related Party Transactions), Malaysian Financial Reporting Standards, BNM's policy document on Related Party Transactions (ref. BNM/RH/GL 018-6) and the Related Party Transactions Policy and Procedures adopted by the Group; and the adequacy, appropriateness and compliance of the procedures established to monitor related party transactions.

(b) Reviewed sufficiency of the Company's and the Group's procedures to ensure that recurrent related party transactions were not more favorable to the related party than those generally available to the public and were not to the detriment of the minority shareholders. Ensured that the related party transactions were conducted in the best interest of the Company and the Group.

(c) Reviewed and reported to the Board all related party contracts and transactions entered into by the Company and the Group.

(d) Monitored potential conflict of interest situations involving Directors and ensured that such situations of conflict were avoided and that the requirements under the Directors' Code of Ethics were adhered to.

Others

(a) Discussed the implications of any latest changes and pronouncements on the Company and the Group, which were issued by the accountancy, statutory and regulatory bodies as well as publications on matters of significance, which may be of interest to the Audit Committee and the Board.

(b) Reported to the Board on significant issues and concerns discussed during the Audit Committee meetings together with applicable recommendations. Minutes of meetings were made available to all Board members.

(c) Took note of the briefings by the Audit Committee Chairman of the principal insurance subsidiary on important matters that were discussed at the subsidiary's Audit Committee meetings, which were held prior to the Company's Audit Committee meetings. Such briefings had included internal audit reports issued by the Internal Audit Department, management report and accounts of the subsidiary for the quarter and year to-date, related party transactions entered into by the subsidiary, the subsidiary's Chief Executive Officer's report to the Board as well as management's periodic reporting on the scope and performance of the subsidiary's risk management and internal control systems to the Board, among other matters.

(d) Reviewed the assurance provided by the Managing Director/Chief Executive Officer on the scope and performance of the risk management and internal control systems established by the Group prior to recommendation to the Board for acceptance. For the period under review, the Managing Director/Chief Executive Officer had assured that the Company's risk management and internal control systems were adequate and generally effective in addressing the identified risks of the Group. Although minor lapses were noted, these did not have a significant impact on the Group. The assurance provided by the Managing Director/ Chief Executive Officer was mainly based on the periodic reports received from the Chief Executive Officer of the principal insurance subsidiary, which were prepared based on an assessment process derived from a system of direct and indirect assessment of the risk management and internal control systems implemented in the said insurance subsidiary. The assurance provided by the subsidiary's Chief Executive Officer was corroborated by independent assurance received from the Group Internal Audit Department based on the audit performance of its Audit Planning Memorandums approved by the relevant Audit Committees as well as reports issued by the Compliance Department. Limited assurance was placed on the External Auditors' consideration of the Group's internal control over financial reporting, as this was performed solely for the purpose of planning the External Auditors' audit and determining the nature, timing and extent of their audit procedures. Such consideration was not sufficient to enable the External Auditors to express an opinion on the overall effectiveness of internal control or to identify all significant deficiencies.

ACTIVITIES OF THE COMMITTEE (CONT'D)

Others (Cont'd)

(e) Reviewed the Share Buy-Back Statement prior to recommendation to the Board for approval. The Statement sets out the details of the Proposed Renewal of Authority for the Purchase by the Company of its Own Shares and was prepared based on the requirements set out in Part B of Appendix 12A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Audit Committee was generally satisfied with the disclosure thereof.

(f) Verified the allocation of options pursuant to the Employees Share Option Scheme were in compliance with the approved criteria for allocation of options.

(g) Monitored the Group's progress in establishing the Anti-Bribery and Anti-Corruption Policy in line with the enforcement of the new provision, Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) and enhancing its systems, policies and procedures towards meeting the requirements of the Guidelines on Adequate Procedures.

INTERNAL AUDIT ACTIVITIES REPORT

The Audit Committee is supported by an in-house Internal Audit function in the discharge of its duties and responsibilities. The Group Internal Audit Department is headed by the Chief Audit Executive, Mr. Wong Chiang Meng, who is a member of both the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. Mr. Wong is also a Certified Internal Auditor and possesses a Certification in Risk Management Assurance. Mr. Wong has 30 years of internal audit experience and thus has the relevant experience, sufficient standing and authority to enable him to discharge his duties and responsibilities effectively.

The Internal Audit function reports directly to the Audit Committee and is independent of the activities it audits. The primary responsibility of the Group Internal Audit Department is to undertake regular and systematic reviews of the risk management process, internal controls and governance practices of the Company and of the Group in conformance with the International Professional Practices Framework so as to provide reasonable assurance that the risk management process, internal controls and governance practices are operating satisfactorily and effectively and are in line with the Group's goals and objectives. In addition, it also assists the Audit Committee in its oversight of the Company's financial reporting. The total costs incurred for the Internal Audit function of the Group in respect of the financial year ended 30 September 2020 was RM1,246,871.

All 12 Internal Audit personnel in the Group Internal Audit Department do not have family relationships with any Directors or major shareholders of the Company and the Group. They also do not have any conflicts of interest which could impair their objectivity and independence.

The summary of the activities of the Group Internal Audit Department for the financial year ended 30 September 2020 is as follows:

(a) Prepared the Audit Planning Memorandum for approval of the Audit Committee. The Audit Planning Memorandum was developed based on a review of the risk profile of the Group and an assessment of the significance of potential risk exposures of the auditable areas conducted by the Internal Audit function.

INTERNAL AUDIT ACTIVITIES REPORT (CONT'D)

(b) Performed regular governance, risk and control reviews of the strategic business units of the Company and of the Group. Risk-based audits and governance reviews performed included the Group's information technology and related party transactions; and the principal insurance subsidiary's underwriting and claims operations; selected branches; actuarial valuation process; anti-money laundering, counter financing of terrorism and targeted financial sanctions process; public complaints process; internal capital adequacy assessment process; product transparency and disclosure; Nominating Committee and Remuneration Committee of the Board; and independent validation of Differential Levy System Quantitative Information and Returns on Calculation of Premiums; among others. The audit reviews covered the adequacy and effectiveness of the internal control and risk management process and appropriateness and effectiveness of governance practices, reliability and integrity of the financial, operational and management information systems, safeguarding of assets, and compliance with laws, regulations, policies, procedures and contracts. The Internal Audit function has also assisted the Audit Committee in its oversight of the Group's financial reporting.

(c) Issued 25 audit reports to the Audit Committees and management, identifying weaknesses and issues as well as highlighting recommendations for improvement. Such recommendations were developed based on a root-cause analysis performed, and were acted upon by management within agreed timelines.

(d) Performed an independent review of the principal insurance subsidiary's internal capital adequacy assessment process to ensure its integrity and consistent application. The completed report was submitted to the Risk Management Committee of the principal insurance subsidiary for review prior to submission to Bank Negara Malaysia.

(e) Acted on suggestions made by the Board, Audit Committee members and/or senior management on concerns over operations or control.

(f) Followed up on management corrective actions on audit issues raised by the Internal Auditors and External Auditors. Determined whether corrective actions taken had generally achieved the desired results.

(g) Reported to the Audit Committee on review of the adequacy, appropriateness and compliance with the procedures established to monitor related party transactions.

(h) Reviewed the unaudited management report and accounts of the Company and of the Group with management and the Audit Committee.

(i) Reviewed the quarterly report on consolidated results for announcement to Bursa Malaysia Securities Berhad and management report and accounts of the Company and of the Group with management and the Audit Committee.

(j) Reviewed the audited statutory accounts of the Company and of the Group, and issues and reservations arising from the statutory audit with the Audit Committee, management and the External Auditors.

(k) Prepared quarterly reports to the Audit Committee to assist the Audit Committee in its oversight of the Group Internal Audit Department.

(l) Reviewed the appropriateness of the Corporate Governance Overview Statement and Statement on Risk Management and Internal Control in regard to compliance with the Malaysian Code on Corporate Governance and the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers and that the processes adopted by management were consistent with the Internal Audit function's understanding of the Group's risk management and internal control systems and corporate governance practices. Reference was also made to the Corporate Governance Monitor 2019 issued by Securities Commission Malaysia, Analysis of Corporate Governance Disclosures in Annual Reports (for Annual Reports 2015 – 2016), the Company's Corporate Governance Disclosure scores and detailed report issued by Bursa Malaysia Securities Berhad.

INTERNAL AUDIT ACTIVITIES REPORT (CONT'D)

(m) Assisted the Audit Committee to prepare the Report of the Audit Committee in line with the requirements of paragraph 15.15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Malaysian Code on Corporate Governance for inclusion in the Company's Annual Report. Reference was also made to the Analysis of Corporate Governance Disclosures in Annual Reports (for Annual Reports 2015 – 2016) as well as the Company's Corporate Governance Disclosure scores and detailed report issued by Bursa Malaysia Securities Berhad.

(n) Reviewed other disclosures forming the contents of the Company's Annual Report spelt out in Part A of Appendix 9C of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, which included Corporate Information; Profile of the Board of Directors & Key Senior Management; Additional Compliance Statement; Management Discussion and Analysis; Sustainability Statement; Directors' Responsibility Statement in Respect of the Annual Audited Financial Statements; List of Group's Properties; and Shareholdings Statistics.

(o) Reviewed the Corporate Governance Report for announcement to Bursa Malaysia Securities Berhad before recommendation to the Board of Directors for their consideration and approval. Reference was also made to the Corporate Governance Monitor 2019 issued by Securities Commission to further enhance disclosures in the Corporate Governance Report.

(p) Attended all Audit Committee meetings to table and discuss the audit reports and followed up on matters raised.

(q) Verified the allocation of options pursuant to the Employees Share Option Scheme and confirmed that the allocations were made in compliance with the approved criteria for allocation of options.

CHAIRMAN'S STATEMENT

On behalf of your Board of Directors, I have the pleasure of presenting the Annual Report and Audited Financial Statements of your Company for the Financial Year Ended 30 September 2020.

FINANCIAL RESULTS

The Group turnover of RM309.2 million recorded during the year under review was lower than the RM323.5 million achieved in 2019, primarily due to a reduction in premium income at the insurance subsidiary company. This in turn translated to a pre-tax loss of RM1.6 million as compared to a pre-tax profit of RM5.9 million in 2019.

At Company level, turnover was recorded at RM26.5 million, a decrease from RM36.8 million recorded in the previous year. The Company registered a lower profit before tax of RM3.9 million compared to a profit before tax of RM19.7 million in 2019, mainly due to lower dividend income from subsidiary companies and higher allowance for impairment on amounts due from subsidiary companies as compared to the preceding year.

ECONOMIC OUTLOOK

The International Monetary Fund forecast global growth at negative 4.4% for 2020, a less severe contraction than its earlier forecast in the June 2020. The revision reflects better-than anticipated second quarter Gross Domestic Product ("GDP") outturns, mostly in advanced economies, where activity began to improve sooner than expected after lockdowns were scaled back in May and June, as well as indicators of a stronger recovery in the third quarter. The global growth for 2021 is also projected lower at 5.2%, reflecting the more moderate downturn projected for 2020 and consistent with expectations of persistent social distancing. Following the contraction in 2020 and recovery in 2021, the level of global GDP in 2021 is expected to be a modest 0.6% above that of 2019. The growth projections imply wide negative output gaps and elevated unemployment rates this year and in 2021 across both advanced and emerging market economies. *(Source: World Economic Outlook October 2020)*

Within Malaysia, the Malaysian Institute of Economic Research ("MIER") has revised downwards its real GDP growth projection for 2020 to negative 5.5% amid a confluence of factors that weighed on the economy. The projection was based on a deep decline in the economic growth rate in the second quarter of 2020 of negative 17.1%, the resurgence of COVID-19 cases and the re-imposition of the Conditional Movement Control Order, as well as the absence of additional government mitigation measures for the last quarter, especially for midsize small and medium enterprises. GDP growth in third and fourth quarter of 2020 would have been expected to register positive growth of between 2% and 2.5%, largely depending on the effectiveness of the stimulus packages of Prihatin and the National Economic Recovery Plan. *(Source: The Edge Malaysia October 2020)*

PROSPECTS OF THE COMPANY

During the year, the Group had rolled out an enhanced website and a mobile app which offer better value-added services to customers mainly by facilitating online purchase and delivery of insurance products. The insurance subsidiary company also introduced a timely new insurance plan that offers customers all the benefits of Comprehensive Private Car insurance at lower premiums if the mileage that their vehicles record in a year fall below certain agreed limits. Both these services and the new product are of particular relevance during this period of COVID-19 as they address the needs and financial concerns of the public whom the Malaysian Government has encouraged to practise physical distancing and to limit travel wherever possible.

However, the environment in which the Group operates is expected to remain challenging for the coming year mainly due to the global economic uncertainties and the continued impact of the COVID-19 pandemic. Despite this, the Group will continue to invest in technology and to innovate in line with the long-term strategic goals of sustainable growth and improved profitability.

DIVIDEND

The principal source of cash/funds for dividend payments by the Company are dividends received from the insurance subsidiary company. Payments of dividends by the insurance subsidiary company are subject to Bank Negara Malaysia approval and therefore it is not practical to maintain a dividend policy.

In general, however, dividend payments depend on earnings, capital commitments and other factors that must be considered by the Board.

In respect of the financial year ended 30 September 2020, your Company paid out dividends on seven occasions as follows:

First interim dividend of 1.50 sen per share on 13 January 2020
Second interim dividend of 1.50 sen per share on 20 March 2020
Third interim dividend of 0.40 sen per share on 30 April 2020
Fourth interim dividend of 0.40 sen per share on 22 May 2020
Fifth interim dividend of 0.40 sen per share on 18 June 2020
Sixth interim dividend of 1.20 sen per share on 25 August 2020
Seventh interim dividend of 1.20 sen per share on 30 October 2020

Your Directors do not propose to declare any final dividend for the financial year under review.

APPRECIATION

On behalf of the Board of Directors, I would like to acknowledge the efforts put in by management and staff during the year and to thank our business associates for their continued co-operation and support.

CHAN HUA ENG
Chairman
December 2020
Kuala Lumpur

PENYATA PENGERUSI

Bagi pihak Lembaga Pengarah anda, saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan Teraudit Syarikat anda bagi Tahun Kewangan Berakhir 30 September 2020.

PRESTASI KEWANGAN

Perolehan Kumpulan sebanyak RM309.2 juta yang dicatatkan pada tahun yang dikaji adalah lebih rendah daripada RM323.5 juta yang diperolehi pada 2019, terutamanya disebabkan oleh penurunan dalam pendapatan premium anak syarikat insurans. Ini seterusnya mengakibatkan kerugian sebelum cukai sebanyak RM1.6 juta berbanding keuntungan sebelum cukai sebanyak RM5.9 juta pada 2019.

Di peringkat Syarikat, perolehan dicatatkan sebanyak RM26.5 juta, suatu penurunan daripada RM36.8 juta yang dicatatkan pada tahun sebelumnya. Syarikat mencatatkan keuntungan pracukai yang lebih rendah sebanyak RM3.9 juta berbanding keuntungan pracukai sebanyak RM19.7 juta pada 2019, terutamanya disebabkan oleh pendapatan dividen yang rendah daripada anak-anak syarikat dan peruntukan yang lebih tinggi untuk kemerosotan jumlah terhutang daripada anak-anak syarikat dicatatkan berbanding tahun sebelumnya.

PROSPEK EKONOMI

Tabung Kewangan Antarabangsa ("IMF") telah menjangkakan pertumbuhan global mencecah negatif 4.4% bagi tahun 2020, iaitu penguncupan yang kurang teruk daripada ramalan sebelumnya pada Jun 2020. Semakan ini menunjukkan hasil yang lebih baik daripada jangkaan Produk Domestik Kasar ("KDNK") suku kedua, kebanyakannya di ekonomi maju, di mana aktiviti mula meningkat lebih cepat daripada yang dijangkakan setelah penutupan dikurangkan kembali pada bulan Mei dan Jun, serta petunjuk pemulihan yang lebih kuat pada suku ketiga. Pertumbuhan ekonomi pada 2021 juga diunjurkan lebih rendah pada 5.2%, mencerminkan kemerosotan yang lebih sederhana yang diunjurkan untuk 2020 dan selaras dengan jangkaan jarak sosial yang berterusan. Berikutan penguncupan pada 2020 dan pemulihan pada 2021, tahap KDNK global pada 2021 dijangka 0.6% sederhana melebihi daripada 2019. Unjuran pertumbuhan menyiratkan jurang pengeluaran negatif yang luas dan peningkatan kadar pengangguran tahun ini dan pada 2021 di kedua-dua ekonomi pasaran maju dan baru. (*Sumber: World Economic Outlook October 2020*)

Di Malaysia, Institut Penyelidikan Ekonomi Malaysia ("MIER") telah menyemak turun unjuran pertumbuhan KDNK yang sebenar untuk 2020 kepada negatif 5.5% di tengah-tengah pertemuan faktor-faktor yang membebankan ekonomi. Unjuran ini berdasarkan penurunan yang mendalam di dalam kadar pertumbuhan ekonomi pada suku kedua 2020 pada negatif 17.1%, kebangkitan semula kes COVID-19 dan pengenaan semula Perintah Kawalan Pergerakan Bersyarat, serta ketiadaan langkah-langkah pengurangan tambahan oleh kerajaan untuk suku terakhir, terutamanya untuk perusahaan kecil dan sederhana. Pertumbuhan KDNK pada suku ketiga dan keempat pada 2020 dijangka mencatat pertumbuhan positif antara 2% dan 2.5%, sebahagian besarnya bergantung pada keberkesanan pakej rangsangan Prihatin dan Rancangan Pemulihan Ekonomi Nasional. (*Sumber: The Edge Malaysia October 2020*)

PROSPEK SYARIKAT

Dalam tahun ini, Kumpulan telah melancarkan laman web dan aplikasi mudah alih yang lebih baik yang menawarkan perkhidmatan tambah nilai yang lebih baik kepada pelanggan terutamanya dengan memudahkan pembelian dan penghantaran produk insurans dalam talian. Syarikat subsidiari insurans juga memperkenalkan rancangan insurans baru yang tepat pada masanya yang menawarkan kepada pelanggan semua faedah insurans Kereta Persendirian Komprehensif dengan premium yang lebih rendah jika jarak perjalanan yang dicatatkan kenderaan mereka dalam setahun jatuh di bawah had tertentu yang dipersetujui. Kedua-dua perkhidmatan ini dan produk baru adalah sangat relevan dalam tempoh COVID-19 ini kerana ia memenuhi keperluan dan masalah kewangan orang ramai yang telah digalakkan oleh Kerajaan Malaysia untuk melaksanakan penjarakan fizikal dan untuk menghadkan perjalanan seboleh mungkin.

Walau bagaimanapun, persekitaran di mana Kumpulan beroperasi dijangka terus mencabar untuk tahun yang akan datang terutamanya disebabkan oleh ketidaktentuan ekonomi global dan kesan berterusan wabak COVID-19. Walaupun begitu, Kumpulan akan terus melabur dalam teknologi dan berinovasi sejajar dengan matlamat strategik jangka panjang pertumbuhan yang mampan dan peningkatan keuntungan.

DIVIDEN

Sumber utama tunai/dana untuk pembayaran dividen oleh Syarikat adalah dividen yang diterima daripada anak syarikat insurans. Pembayaran dividen oleh anak syarikat insurans adalah tertakluk kepada kelulusan Bank Negara Malaysia dan oleh yang demikian, adalah tidak praktikal untuk mengekalkan polisi dividen.

Secara umum, walau bagaimanapun, pembayaran dividen adalah bergantung kepada pendapatan, komitmen modal dan faktor lain yang perlu dipertimbangkan oleh Lembaga Pengarah.

Berhubung tahun kewangan berakhir 30 September 2020, Syarikat anda telah membayar dividen sebanyak tujuh kali seperti berikut:

Dividen interim pertama sebanyak 1.50 sen sesaham pada 13 Januari 2020
Dividen interim kedua sebanyak 1.50 sen sesaham pada 20 Mac 2020
Dividen interim ketiga sebanyak 0.40 sen sesaham pada 30 April 2020
Dividen interim keempat sebanyak 0.40 sen sesaham pada 22 Mei 2020
Dividen interim kelima sebanyak 0.40 sen sesaham pada 18 Jun 2020
Dividen interim keenam sebanyak 1.20 sen sesaham pada 25 Ogos 2020
Dividen interim ketujuh sebanyak 1.20 sen sesaham pada 30 Oktober 2020

Para Pengarah anda tidak bercadang untuk mengisytiharkan sebarang dividen akhir bagi tahun kewangan yang dikaji.

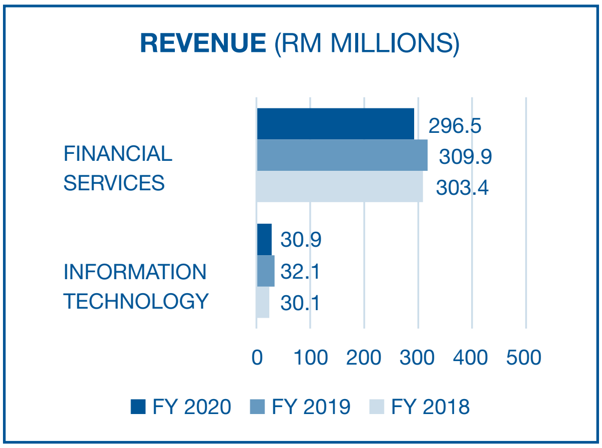
PENGHARGAAN

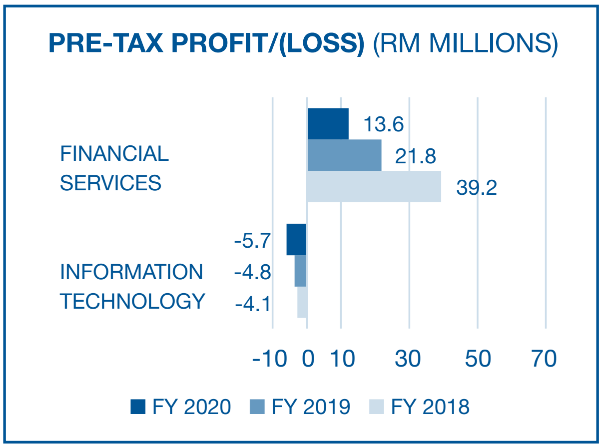
Bagi pihak Lembaga Pengarah, saya ingin mengiktiraf usaha-usaha yang dilakukan oleh pengurusan dan kakitangan sepanjang tahun dan berterima kasih kepada rakan-rakan perniagaan kami atas kerjasama dan sokongan yang berterusan.

CHAN HUA ENG
Pengerusi
Disember 2020
Kuala Lumpur

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW





The Group operates in two main areas namely Financial Services and Information Technology. The former focuses on general insurance and money lending, while the latter is primarily involved in highly customised financial software/hardware solutions for the insurance industry and security and surveillance systems with a wide range of applications.

A third area of activity is made up of investments in start-up companies ("start-ups") that operate in various industries ranging from financial technology to renewable energy. These start-ups are located in the UK and selected Southeast Asian countries. These start-ups are currently grouped together as "Other Investments" as they are yet to make any significant contributions to the Group.

In addition to the above, the Group undertakes a property development project in Miami, Florida, USA. It is anticipated that the funding requirements for the construction will be finalised by end of the year, followed by the commencement of construction in the following year.

CAPITAL MANAGEMENT

The Group endeavours to employ capital as effectively and efficiently as reasonably possible to ensure that adequate funding is available to:

- Sustain the growth and operations of the principal activities of the Group
- Satisfy regulatory requirements in respect of capital adequacy at Pacific & Orient Insurance Co. Berhad ("POI")
- Support the Group's new investments
- Pay out dividends

Thus, in addition to reserves of cash and cash equivalents amounting to RM71.0 million (2019: RM44.5 million), the Group has maintained the following facilities:

<u>Pacific & Orient Berhad</u>

- Malayan Banking Berhad – RM7.5 million overdraft ("OD") facility
- Malayan Banking Berhad – RM7.5 million revolving credit ("RC") facility
- Hong Leong Bank Berhad – RM15 million RC facility
- RHB Bank Berhad – RM5 million OD facility
- Hong Leong Investment Bank – RM35 million warehousing facility

P & O Global Technologies Sdn. Bhd.

- Public Bank Berhad – RM500,000 RC facility

P & O Global Technologies, Inc.

- Intercontinental Bank (USA) – USD200,000 term loan facility

Pacific & Orient Insurance Co. Berhad

- Subordinated Notes Programme with an aggregate nominal value of RM150 million issuable in tranches
- Malayan Banking Berhad – RM5 million bank guarantee facility
- Malayan Banking Berhad – RM300,000 OD facility

At POI, capital management is centred on optimising the efficient and effective use of its resources to maximise return on equity and provide an appropriate level of capital to protect policyholders and meet regulatory requirements.

POI is required to comply with the regulatory capital requirement prescribed in the Risk-Based Capital ("RBC") Framework which is imposed by the Minister of Finance as a licensing condition for insurers. Under the RBC Framework for Insurers policy document issued by Bank Negara Malaysia, insurance companies are required to satisfy a minimum capital adequacy ratio of 130%. POI has been maintaining a capital adequacy ratio in excess of the minimum requirement. The prescribed capital structure was as follows:

	2020 RM millions	2019 RM millions
Eligible Tier 1 Capital		
- Share capital (paid-up)	**100.0**	100.0
- Retained earnings	**91.2**	105.9
	191.2	205.9
Tier 2 Capital		
- Capital instruments qualifying as Tier 2 Capital	**24.3**	27.7
- Revaluation reserve	**13.8**	12.4
- Fair value through other comprehensive income reserve	**6.3**	2.0
	44.4	42.1
Amounts deducted from Capital	**(1.3)**	(1.4)
Total Capital Available	**234.3**	246.6

SHARE OPTIONS

On 20 February 2019, the shareholders of the Company at the Annual General Meeting approved the establishment of an Employee Share Option Scheme ("ESOS") of up to 15% of the total number of issued shares of the Company. Open to eligible employees and Executive Directors of the Group, the ESOS is intended to motivate and retain staff by rewarding them in a manner related to the performance of the Group. By recognising employee contributions in this manner, it is hoped that staff will take even greater interest in the Group's progress.

The ESOS was implemented on 17 June 2019 ("Effective Date") and shall be in force for a period of five years. The tenure of the ESOS may be extended or renewed, at the discretion of the Board upon the recommendation of the ESOS Committee, subject always that the duration of the ESOS shall not be more than ten years from the Effective Date.

During the financial year, a total of 4,287,000 additional share options were granted to and accepted by the eligible employees and Executive Director. As at 30 September 2020, the total share options yet to be exercised are as follows:

Offer Date	Option price	Granted	Forfeited	Exercised	Balance to be Exercised
1 August 2019	RM0.89	20,822,000	(436,000)	(113,000)	20,273,000
14 August 2020	RM0.73	4,287,000	–	(15,000)	4,272,000
		25,109,000	**(436,000)**	**(128,000)**	**24,545,000**

The new ordinary shares issued ranked in pari passu in all respects with the existing ordinary shares of the Company.

TREASURY SHARES

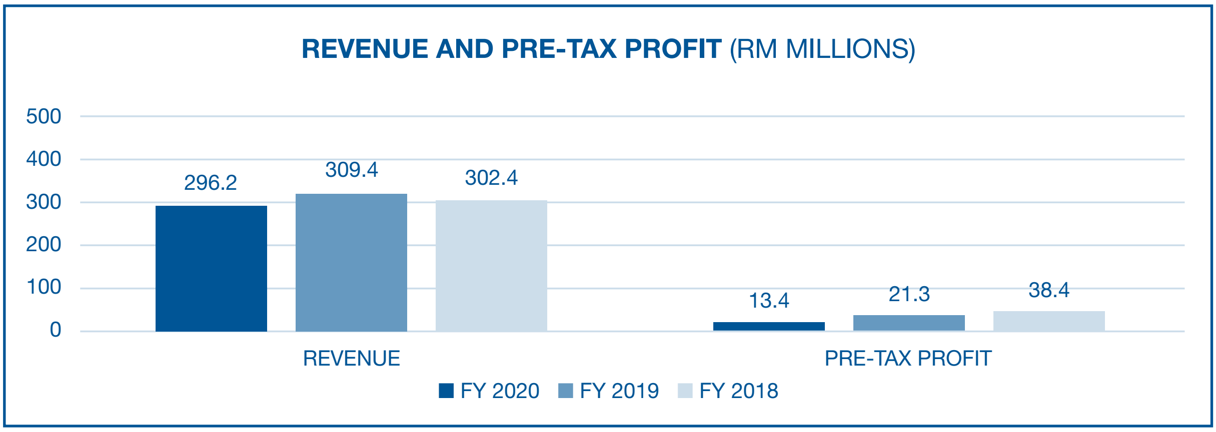
During the financial year, the Company purchased 3,410,200 or 1.19% (2019: 3,671,200 or 1.28%) of its issued ordinary shares from the open market under the Share Buyback scheme approved by the shareholders. This has raised the number of treasury shares held by the Company to 19,353,593 which represented 6.74% of the issued ordinary shares. The rationale for the buyback was to stabilise the market price of the Company's shares traded on the Main Market of Bursa Malaysia Securities Berhad, thereby supporting its fundamental value in order to enhance investors' confidence.

PERFORMANCE BY OPERATING BUSINESS SEGMENTS

FINANCIAL SERVICES

This division comprises Pacific & Orient Insurance Co. Berhad ("POI"), a general insurance company, and P&O Capital Sdn. Bhd. ("POC"), a money lending company.

General Insurance



Total revenue of POI was RM296.2 million for the year under review, a decrease as compared to the RM309.4 million recorded in the previous year. The decrease was primarily due to a decline in motorcycle premium income driven by intense market competition, and lower investment income resulted from the low interest rate environment, where Overnight Policy Rate has reduced from 3.00% to 1.75%. However, this was partially mitigated by an increase in private car premium income from better consumer engagement and purchasing experience via enhanced digital platform, i.e. the corporate website at https://www.poi2u.com and POI2U mobile app. This has translated into a lower pre-tax profit of RM13.4 million as compared to the RM21.3 million recorded in 2019.

The Government of Malaysia has imposed several phases of Movement Control Order ("MCO") since 18 March 2020. The insurance subsidiary company is considered an essential service as part of the overall financial sector and was allowed to operate throughout the MCO period, with strict adherence to Standard Operating Procedures issued by the government. In addition to counter services at its branches, POI was able to operate via its digital platform throughout the MCO period. Although insurance premiums collected justifiably declined during the MCO period, this was offset by a significant decline in insurance claims due to travel restrictions under the MCO.

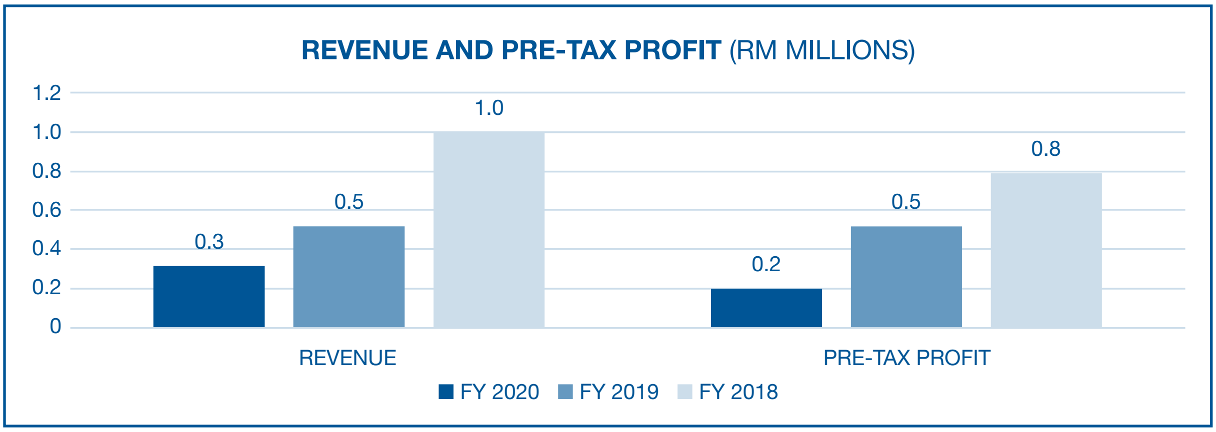
During the year, the insurance subsidiary company has implemented various enhancements to its digital channels in order to increase its reach and to achieve better operational efficiency such that motor insurance products can now be purchased entirely online in a simplified and secure manner. Take-up is expected to gain momentum especially during the COVID-19 and MCO period as the insuring public seeks to reduce movement and practise physical distancing as much as possible.

POI had also launched a new insurance plan, its first in Malaysia limited mileage type motor insurance product, known as PrOmilej, that offers customers all the benefits of comprehensive private car insurance at lower premiums based on certain agreed mileage limits. The introduction of such product was timely as it had addressed the concerns of customers who, due to COVID-19 and MCO restrictions, were using less of their vehicles and at the same time may be facing financial constraints.

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

Management Discussion and Analysis

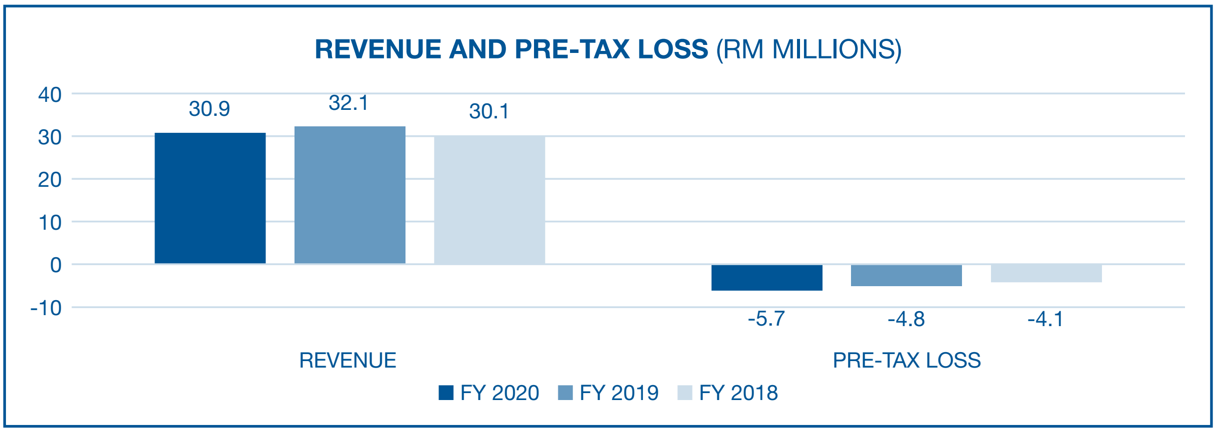
Money Lending



The money lending subsidiary recorded a reduction in turnover to RM0.3 million from RM0.5 million in 2019. This was due to a reduction in interest income following a six-month loan moratorium period from April to September 2020. Correspondingly, the subsidiary recorded a lower pre-tax profit of RM0.2 million compared to RM0.5 million in 2019.

In line with its previous practice, POC will remain highly selective in providing loans targeted at individuals with high income and/or good quality collateral.

INFORMATION TECHNOLOGY



The Information Technology ("IT") division comprises P&O Global Technologies Sdn. Bhd., P&O Global Technologies, Inc. and P&O Global Technologies (Thailand) Co., Ltd. which operate in Malaysia, USA and Thailand respectively.

In general, the IT business saw a decrease in revenue to RM30.9 million, from RM32.1 million the year before. Coupled with higher operating expenses and unrealised foreign exchange losses, the IT business reported a higher pre-tax loss of RM5.7 million as compared to RM4.8 million in 2019.

The Group anticipates that the environment in which the IT division operates will remain challenging in the coming year mainly due to continued strong competition, global economic uncertainties and the prevalent impact of the COVID-19 pandemic. However, the Group expects the pandemic to provide some opportunities as well, as clients seek to accelerate the development of online solutions to customer relationship management, sales and marketing in order to meet the pressing need of businesses to ensure employee and customer safety through physical distancing.

Against this backdrop of difficult and uncertain market conditions, the IT division has sought to focus on development of technical capabilities and product innovation in order to remain competitive in the stiff business environment.

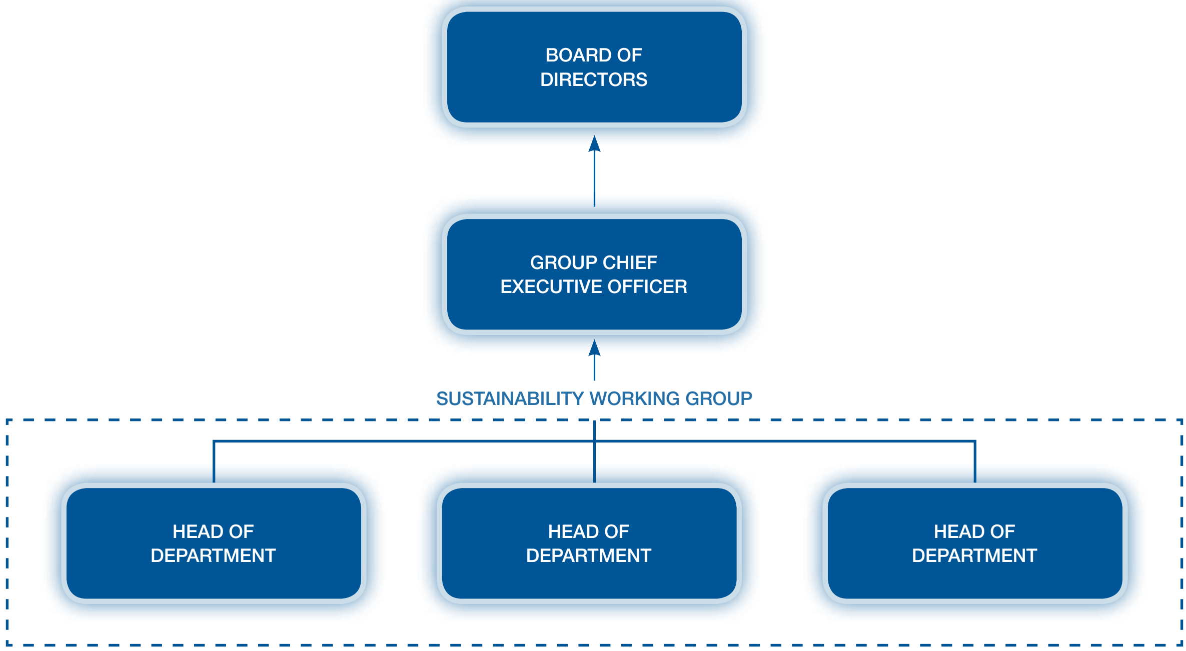
SUSTAINABILITY STATEMENT

GOVERNANCE STRUCTURE AND RESPONSIBILITY

The Board of Directors is ultimately responsible for management, direction and performance of sustainability efforts within the Group. The Board has mandated the Group Chief Executive Officer to set the strategic directions of the Group. The Board also takes on the role of reviewing the effectiveness of the risk management process of the sustainability matters to the Group.

The Group Chief Executive Officer assumes the role of primary decision maker for all sustainability efforts within the Group where he approves and delegates the strategic directions, framework, plans and targets of sustainability efforts of the Group to the Sustainability Working Group for execution.

The Group Chief Executive Officer will review the sustainability efforts and report to the Board on a timely basis, as required.



SCOPE

This Sustainability Statement (“Statement”) covers our sustainability efforts in our main activities and key operations in Malaysia from 1 October 2019 to 30 September 2020. This Statement has been prepared based on;

- Paragraph 29, Part A of Appendix 9C of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, supplemented by Practice Note 9; and
- Sustainability Reporting Guide (2nd Edition) issued by Bursa Malaysia Securities Berhad.

The Group recognises the importance of creating long-term sustainable value for all stakeholders. In this regard, the Group endeavours to address issues related to sustainability across the various Economic, Environmental and Social (“EES”) impacts of the activities of the Group and the interests of our key stakeholders.

STAKEHOLDER ENGAGEMENT

The Group recognises the importance of engaging with its stakeholders in order to identify their concerns and views on sustainability issues. For the current reporting year, the Group has identified customers, employees, investors/ shareholders, government and regulators, business partners and agents, and communities as key stakeholders.

The engagement approach to key stakeholders can be summarised below:

Stakeholders	Communication Channels	Frequency of Engagement
Customers	• Company website • Feedback forms • Other channel including social media platforms, email and hotlines • Survey	• Regular • Daily • Daily • Ad-hoc
Employees	• Internal feedback • Performance appraisals	• Regular • Annually
Investors/ Shareholders	• Annual general meeting • Annual report • Bursa announcements • Circulars	• Annually • Annually • Regular • Ad-hoc
Government and Regulators	• Meetings • Reports	• Ad-hoc • Regular
Business partners/ Agents	• iAgent • Training programme	• Daily • Ad-hoc
Communities	• Participation in community programmes	• Ad-hoc

MATERIAL ASSESSMENT AND SUSTAINABILITY MATTERS

The Group has identified issues that are material to both our Group and key stakeholders. These material EES issues were determined after undertaking a materiality assessment process, whereby each sustainability matter identified was rated based on its likelihood and potential impact on the Group's business and long-term growth.

Economic

Growth is one of the primary factors that contributes to the business sustainability of the Group, and it is crucial that the Group continues to be prepared and resilient against potential disruptions in our business strategies or operations. The Group is committed to achieve sustainable economic growth to enhance our shareholder returns and deliver fair rewards to our employees.

Together with the Board, the management also identifies opportunities relevant to the long term success of the Group. At the same time, various efforts are continuously being made to improve efficiency and profitability.

However, the unprecedented COVID-19 pandemic has had a profound impact on economic growth and business operations globally. The pandemic has accelerated the need for the Group to find greater flexibility and innovation in order to successfully navigate through this challenging situation. From the adoption of technology and changes to working arrangements, the Group has taken measures to ensure that the interests of our stakeholders are safeguarded during the pandemic.

Throughout the period of the Movement Control Order ("MCO"), the Group took the opportunity to continuously enhance its delivery of services digitally through its improved website and POI2U mobile application in order to extend its reach while maintaining physical distancing between our employees and our clients without sacrificing service quality.

Environmental

The Group remained committed to playing its part in the effort to reduce activities harmful to the environment by adopting a responsible approach in terms of resource use and encouraging employees to adopt eco-friendly practices in their everyday activities.

The Group has implemented initiatives to encourage sustainable practices on paper use by ceasing the mailing of printed hard copy annual reports unless specifically requested. Instead, stakeholders may obtain softcopies of the annual reports at its website.

In line with the commitment to reduce carbon footprints, the Group has encouraged its employees to fully maximise the benefits of the electronic environment for communication and only print hard copies when necessary; switch off lights, office equipment and computers when away from the work place or when not in use; and consume water sparingly. Employees are also encouraged to do their part in making the office more green based on the 3R principles (Reduce, Reuse and Recycle).

The Group will continue to work towards reducing the environmental impact of its operations and to promote environmental protection within the Group and community.

Social

Employees

Employees are the cornerstone of any business as they determine the quality and efficiency of service delivery. Therefore, the Group ensures that employees' wellbeing, development and work-life are taken care of to build a healthy work environment.

During the year under review, the Group has sponsored employees in their training and development to keep them up to date with changes in the relevant industries. By supporting education and training, the Group hopes to promote staff retention and to build a workforce capable of meeting the challenges of an increasingly complex business environment.

The onset of the global pandemic has made health and safety in the workplace a priority for all businesses. During the phases of MCO issued by the Government of Malaysia, the Group has performed the following initiatives:

- activated business continuity plans that included splitting employees into teams and implementing working from home on rotation, while closely monitoring the situation to ensure that decisions on human resource matters were guided by the latest available information;
- provided free and subsidised catered lunches to employees who were working in office during the MCO phases to reduce their exposure to the coronavirus and thereby protect their health;
- installed nanotechnology-powered self-cleaning surfaces on high traffic public touch points; and
- ensured that face masks and hand sanitizers are available for use.

Customers

As a service provider, client satisfaction and confidentiality are of utmost importance to ensure the continued success of the Group.

The Group maintains a number of different channels for customers to provide feedback, namely, website, social media platforms and call centre. In addition, the principal insurance subsidiary maintains a dedicated customer complaints department as mandated by Bank Negara Malaysia.

During the reporting period, the Group has not received any complaints concerning breaches of customer privacy and complaints from regulatory bodies and remains committed to the protection of sensitive data in its business relationships.

During the MCO, the principal insurance subsidiary, being considered an essential service, has kept its offices open to continue to provide insurance coverage to customers and receive insurance claims.

The Group has also introduced the PrOmilej policy, a new insurance product that offers all the benefits of a Comprehensive Private Car Insurance but at lower premiums which accounts for their reduced mileage in a year. With people spending more time at home through lockdowns and work from home arrangements, this product has allowed car owners to save on the cost of motor insurance while continuing to enjoy full protection.

Community

The Group is aware of its place in society and has sought to contribute generally through charitable donations, such as to not-for-profit organisations that provides education, care and support services to people afflicted with diseases; cultural festivities; and contribution towards insurance, road safety and crime prevention awareness campaigns. The Group's other commitments included reducing the cost of insurance for disabled drivers and motorcyclists by waiving loading on motor policies sold to them.

To support the fight against COVID-19, the Group endeavours to do its part to protect the health and safety of communities around us. For the time being, all non-essential internal or external events have been cancelled or, where possible, these events have been conducted virtually. In addition the Group has also played a small part in supporting the morale of frontline personnel by supplying Buka Puasa treats to police officers in the central region during the MCO, as well as contributing towards Persatuan Insurans Am Malaysia's COVID-19 relief fund, and other COVID-19 charity funds to provide financial assistance to the poor and the needy.

DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF THE ANNUAL AUDITED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the Group's and the Company's financial statements each financial year in accordance with the requirements of the applicable approved Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board, the requirements of the Companies Act 2016, Financial Services Act 2013, Bank Negara Malaysia's guidelines and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Central to those requirements is the need to ensure that these accounts present a true and fair view of the state of affairs of the Group and of the Company, and of the results, cash flows and statement of changes in equity for the financial year. In the preparation of these financial statements for the year under review, the Directors have:

(a) applied the appropriate and relevant accounting policies in a consistent manner;

(b) made judgements and estimates that are reasonable and prudent;

(c) prepared the annual audited financial statements on a going concern basis;

(d) ensure that the Company keep accounting records that disclose with reasonably accuracy the financial position of the Group and of the Company, and which enable them to ensure that the financial statements comply with the Companies Act 2016 ; and

(e) taken such steps as are reasonably available to them to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 September 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and the provision of management services.

The principal activities of the subsidiary companies are as disclosed in Note 12 to the financial statements.

There were no significant changes in the principal activities of the Group and of the Company during the financial year.

RESULTS

	Group RM'000	Company RM'000
Net (loss)/profit for the year	(5,304)	4,300
Attributable to:		
Equity holders of the Company	(9,841)	4,300
Non-controlling interest	4,537	–
	(5,304)	4,300

DIVIDENDS

The amount of dividends paid or declared by the Company since 30 September 2019 were as follows:

	RM'000
In respect of the financial year ended 30 September 2020:	
1st interim single tier dividend of 1.50 sen per share, declared on 13 December 2019 and paid on 13 January 2020	4,056
2nd interim single tier dividend of 1.50 sen per share, declared on 18 February 2020 and paid on 20 March 2020	4,050
3rd interim single tier dividend of 0.40 sen per share, declared on 8 April 2020 and paid on 30 April 2020	1,072
4th interim single tier dividend of 0.40 sen per share, declared on 27 April 2020 and paid on 22 May 2020	1,072
5th interim single tier dividend of 0.40 sen per share, declared on 20 May 2020 and paid on 18 June 2020	1,071
6th interim single tier dividend of 1.20 sen per share, declared on 22 July 2020 and paid on 25 August 2020	3,212
7th interim single tier dividend of 1.20 sen per share, declared on 25 September 2020 and paid on 30 October 2020	3,213
	17,746

The Directors do not recommend the payment of any final dividend for the financial year ended 30 September 2020.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

Before the income statements, statements of other comprehensive income and statements of financial position of the Group were made, the Directors took reasonable steps to ascertain that there was adequate provision for insurance contract liabilities at the insurance subsidiary company in accordance with the valuation methods specified in Part D of the Risk-Based Capital Framework ("RBC Framework") for insurers issued by Bank Negara Malaysia ("BNM").

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from 286,957,333 to 287,074,333 by way of issuance of 117,000 new ordinary shares pursuant to the Company's Employees' Share Option Scheme at exercise prices of between RM0.73 to RM0.89 per ordinary share for cash.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The ESOS was approved by the shareholders at the Annual General Meeting held on 20 February 2019 and came into effect on 17 June 2019. The ESOS shall be in force for a period of up to five years until 16 June 2024 ("the option period").

The ESOS is administered by the ESOS Committee that has been approved by the Board.

The main features of the ESOS are as follows:

(a) The ESOS is made available to eligible employees and Executive Directors who are confirmed employees of the Group and the Company, as amended from time to time, and any re-enactment thereof;

(b) The number of options offered under the ESOS shall not exceed in aggregate 15% of the total issued and paid-up ordinary share capital of the Company (excluding treasury shares) at any one time during the duration of the ESOS, or such percentage of the issued and paid-up share capital of the Company as may be permitted by Bursa Malaysia Securities Berhad ("Bursa Securities") from time to time during the duration of the ESOS;

(c) The exercise price under the ESOS shall be based on the five days weighted average market price of the ordinary shares of the Company immediately preceding the date of offer of the ESOS as shown in the daily official list issued by Bursa Securities, and at the sole discretion of the ESOS Committee with either a:

    (i) premium; or

    (ii) discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities and any other relevant authorities from time to time.

(d) The maximum number of options, which may be offered to any eligible employee or Executive Director shall be at the discretion of the ESOS Committee after taking into consideration, amongst others, the eligible employee's and Executive Director's position, performance and length of service in the Group and the Company respectively, or such other matters that the ESOS Committee may in its discretion deem fit, subject to the following:

    (i) not more than 50% of the options available under the ESOS shall be allocated in aggregate to Executive Directors and senior management of the Group and the Company; and

    (ii) not more than 10% of the options available under the ESOS shall be allocated to any individual Executive Director or eligible employee who, either singly or collectively through persons connected with that Executive Director or eligible employee, holds 20% or more of the issued ordinary shares of the Company (excluding treasury shares, if any).

EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (CONT'D)

(e) An option granted under the ESOS may be exercised by the grantee upon achieving the vesting conditions set by the ESOS Committee;

(f) A grantee of the option shall not be entitled to any dividends, right or other entitlement on the option relating to his/her unexercised options; and

(g) The new ordinary shares of the Company to be allotted and issued pursuant to any exercise of an option will upon such allotment and issuance rank equally in all respects with the then existing, issued share capital of the Company.

The number and movements in the ESOS during the current financial year are as follows:

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

Included in the total of 24,545,000 options outstanding as at 30 September 2020 were 5,275,000 options granted to the Executive Directors/Chief Executive Officer ("CEO") of the Company and the Group, and person connected to the CEO of the Company, all of which remain outstanding as at 30 September 2020.

Further details and the movements of the ESOS granted to the eligible employees and Executive Directors of the Company and the Group are disclosed in Note 39 to the financial statements.

TREASURY SHARES

During the financial year, the Company purchased 3,410,200 of its issued and fully paid ordinary shares from the open market at an average price of RM0.91 per share for a consideration of RM3,088,070. The purchase was financed by internally generated funds. These shares are held as treasury shares in accordance with Section 127 of the Companies Act, 2016. Further relevant details are disclosed in Note 30(a) to the financial statements.

BAD AND DOUBTFUL DEBTS

Before the income statements, statements of comprehensive income and statements of financial position of the Group and of the Company were made, the Directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the income statements, statements of comprehensive income and statements of financial position of the Group and of the Company were made, the Directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business at their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(a) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group or of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

For the purpose of this paragraph, contingent or other liabilities do not include liabilities arising from contracts of insurance underwritten in the ordinary course of business of the insurance subsidiary company.

CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature which is likely, in the opinion of the Directors, to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

DIRECTORS

The Directors in office since the beginning of the financial year to the date of this report are:

Mr. Chan Hua Eng
Mr. Chan Thye Seng *
Mr. Michael Yee Kim Shing *
Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed *
Dato' Dr. Zaha Rina binti Zahari *
Mr. Ong Seng Pheow

* These directors are also directors of the Company's subsidiaries.

In accordance with Article 77 of the Company's Constitution, Dato' Dr. Zaha Rina binti Zahari and Mr. Chan Hua Eng retire from the Board by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) are:

Mr. Khong Yuen Piaw
Ms. Kng Bee Kim
Mr. Liew Kai Wah
Mr. Lim Hing Yoong
Mr. Maurizio Pejoves
Mr. Ong Eng Soon
Ms. Ratana Orn-Arun
Mr. Robert Bryan Pick
Mr. Yong Kim Fatt

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangement subsisted to which the Company or its subsidiary companies was a party with the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than the share options granted to Executive Directors/CEO under the ESOS.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary as a full-time employee of the Company as shown in Note 38 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Directors and officers of the Group and the Company are covered by Directors and Officers liability insurance up to a limit of RM20,000,000 for liability incurred in the discharging of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance premium paid during the financial year by the Group and the Company amounted to RM50,890 and RM8,086 respectively.

There was no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

Directors' Report
(Cont'd)

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares and options over ordinary shares of the Company and its related corporations during the financial year were as follows:

Ordinary Shares	Number of Ordinary Shares			
	At 1 October 2019	Acquired	Disposed	At 30 September 2020
The Company				
Mr. Chan Hua Eng				
- Direct interest	331,564	–	–	331,564
- Indirect interest	6,254,924	–	–	6,254,924
Mr. Chan Thye Seng				
- Direct interest	39,250,538	–	–	39,250,538
- Indirect interest	127,219,650	–	–	127,219,650
Mr. Michael Yee Kim Shing				
- Direct interest	233,333	–	–	233,333
- Indirect interest	479,519	–	–	479,519
Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed				
- Direct interest	233,333	–	–	233,333
Dato' Dr. Zaha Rina binti Zahari				
- Direct interest	1,000,066	–	–	1,000,066

ESOS	Number of Options over Ordinary Shares			
	At 1 October 2019	Granted	Exercised	At 30 September 2020
The Company				
Mr. Chan Thye Seng				
- Direct interest	1,350,000	2,650,000	–	4,000,000
- Indirect interest	1,275,000	–	–	1,275,000

Mr. Chan Hua Eng and Mr. Chan Thye Seng, by virtue of their interests in the Company, are deemed to have an interest in the shares of all the subsidiary companies within the Group to the extent the Company has an interest.

Other than as stated above, none of the Directors who were in office at the end of the financial year had any interest in the shares of the Company or its related corporations during the financial year.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Details of the significant event during the financial year is disclosed in Note 60 to the financial statements.

AUDITORS' REMUNERATION

Total amounts paid or payable to the auditors as remuneration for their statutory audit services are disclosed in Note 41 to the financial statements.

AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution
of the Directors dated 26 November 2020.

CHAN THYE SENG **MICHAEL YEE KIM SHING**

Kuala Lumpur

STATEMENT BY DIRECTORS

We, CHAN THYE SENG and MICHAEL YEE KIM SHING, being two of the Directors of PACIFIC & ORIENT BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 74 to 220 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2020 and of the results and cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 26 November 2020.

CHAN THYE SENG **MICHAEL YEE KIM SHING**

Kuala Lumpur

STATUTORY DECLARATION

I, LIM HING YOONG (MIA Membership No. 22685), being the Officer primarily responsible for the financial management of PACIFIC & ORIENT BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 74 to 220 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by	)	
the abovenamed LIM HING YOONG	)	
at Kuala Lumpur in Wilayah	)	**LIM HING YOONG**
Persekutuan on 26 November 2020.	)	

Before me,

TAN SEOK KETT
Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

To The Members of Pacific & Orient Berhad
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Pacific & Orient Berhad, which comprise the statements of financial position as at 30 September 2020 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 74 to 220.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 September 2020, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

1. Insurance contract liabilities of the Group

The Group's insurance contract liabilities as at 30 September 2020 amounted to RM524.3 million or approximately 79.0% of its total liabilities. The insurance contract liabilities include the claims and premium liabilities of the insurance subsidiary, Pacific & Orient Insurance Co. Berhad.

These liabilities have been estimated based on standard actuarial valuation methodologies and other estimation models as allowed under the Risk-based Capital Framework issued by Bank Negara Malaysia, as well as the accounting policies described in Notes 2(w)(ii) and 2(x) for premium liabilities, claim liabilities and liability adequacy test respectively.

The complexity of the actuarial valuation methodologies and other estimation models applied to derive the claims and premium liabilities may give rise to estimation errors as a result of inadequate or incomplete data, the design and application of the relevant valuation models by the management's expert (i.e. the Appointed Actuary) and the use of inappropriate or outdated assumptions. Significant professional judgement is applied by the Group in deriving the assumptions (as described in Note 4(b)(vi) to the financial statements) and any significant changes thereon may have a material effect on the insurance contract liabilities.

Independent Auditors' Report
To The Members of Pacific & Orient Berhad
(Incorporated in Malaysia)
(Cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key audit matters (Cont'd)

1. Insurance contract liabilities of the Group (Cont'd)

Estimates of claims liabilities have to be made for both the expected ultimate costs of claims already reported at the reporting date, and for the expected ultimate costs of claims incurred but not yet reported ("IBNR") as of the financial year end. The estimates of premium liabilities is based on the higher of the Unearned Premium Reserves ("UPR"), as calculated by management and the Unexpired Risk Reserve ("URR"), as estimated by the Appointed Actuary. The estimation of insurance contract liabilities are sensitive to various factors and uncertainties as discussed in Note 56. Significant management judgement is applied in setting these assumptions.

Our audit procedures were focused on the following key areas:

- Understanding and documenting the qualifications, objectivity and independence of the Appointed Actuary tasked with estimating the insurance contract liabilities of the Group;
- Reviewing the reports prepared by the Appointed Actuary in respect of the insurance contract liabilities of the Group;
- Assessing the design and testing the operating effectiveness of internal controls over the actuarial valuation process with respect to financial reporting;
- Testing the completeness and sufficiency of data used in the valuation of insurance contract liabilities. These tests also included control tests performed on a selected sample of claims reserves, claims paid and insurance policies issued by the Group to ascertain effectiveness of operating controls over quality and accuracy of the underlying data;
- Assessing the experience analyses of the insurance subsidiary used during the setting of the key assumptions to derive the insurance contract liabilities and challenging the rationale applied by the Appointed Actuary and management in deriving those assumptions. In addition and where appropriate, comparisons have also been made against other industry constituents and the experience of the subsidiary;
- Performing independent analyses and re-computation of the insurance contract liabilities for selected classes of business, focusing on the most significant business portfolio and those which may potentially result in significant deviations in estimates. We compared our independent analyses to those performed by management to ascertain if the reserves were sufficient and within range of our independent analyses;
- Reviewing the Liability Adequacy Test results performed by the insurance subsidiary;
- Performing tests on the UPR calculations produced by management and thereafter, comparing the UPR against the URR valuation estimated by the Appointed Actuary to ascertain if adequate reserves have been established;
- Reviewing management's estimation of the calculated reinsurance assets and thereon, their assessment of the credit quality and security of the underlying reinsurance counterparties; and
- Assessing the adequacy of disclosures made in respect of the insurance contract liabilities of the Group as disclosed in Note 24.

We have also engaged our Actuarial Services professionals in accordance with the requirements of International Standards on Auditing 620: *Reliance on the Work of an Auditors' Expert* to assist us in performing our audit procedures on the insurance contract liabilities of the Group.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key audit matters (Cont'd)

2. Investments in subsidiary and associated companies and amount due from subsidiary companies of the Group and Company

As at 30 September 2020, the carrying amount of investment in subsidiary companies and amount due from subsidiary companies of the Company stood at RM156.4 million and RM162.2 million respectively, whilst interest in associates of the Group stood at RM17.5 million. Information relating to these balances are disclosed in Notes 12, 20 and 13.

The Group and the Company have performed impairment assessments to ascertain if the Value-In-Use ("VIU") of the respective cash generating units ("CGUs") is sufficient to support their carrying amounts as at 30 September 2020.

In testing for impairment, the Group and the Company estimated the VIU of the respective CGUs using the discounted cash flow ("DCF") method. The DCF method requires the application of assumptions which are subjective in nature and which will require judgement in its application.

The application of such assumptions will have an impact on the estimated VIU and thus, affect the impairment decisions to be made for each CGU. The policy for impairment of non-financial assets is disclosed in Note 2(j)(ii).

Our audit procedures were focused on the following key areas:

- Challenging the key assumptions which would have the most significant effect on the estimated VIU calculated by the Group and the Company and benchmarking these against industry, market information and historical experiences of the Group and of the Company;

- Understanding the rationale and considerations used by management in deriving the relevant assumptions underlying the DCF and related VIU estimates; and

- Performing mathematical accuracy calculations on the DCF workings performed by the Group and the Company.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information consists of the information included in the directors' report and the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditors' Report
To The Members of Pacific & Orient Berhad
(Incorporated in Malaysia)
(Cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' responsibilities for the audit of the financial statements (Cont'd)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 12 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst &Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Brandon Bruce Sta Maria
No. 02937/09/2021 J
Chartered Accountant

Kuala Lumpur, Malaysia
26 November 2020

STATEMENTS OF FINANCIAL POSITION

As At 30 September 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
ASSETS					
Property, plant and equipment	5	**21,533**	24,004	**254**	1,421
Investment properties	6	**655**	1,220	**–**	–
Prepaid land lease payments	7	**–**	290	**–**	–
Intangible assets	8	**1,715**	1,867	**48**	54
Right-of-use assets	9(a)(i)	**16,646**	–	**2,042**	–
Deferred tax assets	10	**979**	510	**979**	510
Investments	11	**478,789**	245,496	**64,356**	54,244
Investment in subsidiary companies	12	**–**	–	**156,387**	156,070
Investment in associated companies	13	**17,486**	18,528	**–**	–
Inventories - goods for resale	14	**611**	552	**–**	–
Land held for development	15	**51,124**	47,345	**–**	–
Loans	16	**2,134**	2,155	**–**	–
Reinsurance assets	17	**172,640**	161,941	**–**	–
Insurance receivables	18	**17,655**	24,792	**–**	–
Trade receivables	19	**2,881**	2,395	**–**	–
Other receivables	19	**65,406**	72,172	**2,629**	788
Lease receivables	9(c)	**747**	–	**–**	–
Due from subsidiary companies	20	**–**	–	**162,163**	155,275
Due from associated companies	21	**11,787**	6,744	**–**	–
Tax receivable		**–**	–	**151**	–
Deposits and placements with financial institutions	22	**104,976**	332,267	**–**	–
Cash and bank balances	23	**71,021**	44,456	**36,042**	3,120
TOTAL ASSETS		**1,038,785**	986,734	**425,051**	371,482
LIABILITIES					
Insurance contract liabilities	24	**524,336**	515,060	**–**	–
Insurance payables	25	**11,910**	14,693	**–**	–
Deferred tax liabilities	10	**4,313**	3,078	**–**	–
Lease liabilities	9(a)(ii)	**15,922**	–	**1,355**	–
Trade payables	26	**314**	435	**–**	–
Other payables	26	**13,948**	14,943	**2,449**	1,633
Due to subsidiary companies	27	**–**	–	**3,699**	47
Hire purchase creditors	28	**–**	1,419	**–**	473
Borrowings	29	**89,302**	35,179	**53,957**	–
Dividend payable		**3,213**	3,388	**3,213**	3,388
Tax payable		**249**	928	**–**	–
TOTAL LIABILITIES		**663,507**	589,123	**64,673**	5,541

Statements of Financial Position
As At 30 September 2020
(Cont'd)

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
EQUITY					
Share capital	30	**147,401**	147,289	**147,401**	147,289
Treasury shares	30	**(20,244)**	(17,156)	**(20,244)**	(17,156)
Merger reserve	31	**20,792**	20,792	**–**	–
Translation reserve	31	**(14,971)**	(17,037)	**–**	–
Revaluation reserve	31	**11,182**	10,624	**–**	–
Fair Value through Other Comprehensive Income ("FVOCI") reserve	31	**13,273**	4,792	**14,733**	4,389
Share options reserve	31	**1,553**	1,046	**1,553**	1,046
Retained profits		**112,303**	139,344	**216,935**	230,373
Equity attributable to equity holders of the Company		**271,289**	289,694	**360,378**	365,941
Non-controlling interest		**103,989**	107,917	**–**	–
TOTAL EQUITY		**375,278**	397,611	**360,378**	365,941
TOTAL EQUITY AND LIABILITIES		**1,038,785**	986,734	**425,051**	371,482

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
For The Year Ended 30 September 2020

		Attributable to equity holders of the Company										
				Non-Distributable					Distributable			
	Note	Share Capital RM'000	Treasury Shares RM'000	Merger Reserve RM'000	Translation Reserve RM'000	Revaluation Reserve RM'000	Share Options Reserve RM'000	FVOCI Reserve RM'000	Retained Profits RM'000	Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
Group												
At 1 October 2019 (As previously stated)		147,289	(17,156)	20,792	(17,037)	10,624	1,046	4,792	139,344	289,694	107,917	397,611
Effects of adoption of MFRS16	3(a)	-	-	-	-	-	-	-	23	23	-	23
At 1 October 2019 (As restated)		147,289	(17,156)	20,792	(17,037)	10,624	1,046	4,792	139,367	289,717	107,917	397,634
Option charge arising from share options granted	39	-	-	-	-	-	542	-	-	542	-	542
Ordinary shares issued pursuant to exercise of ESOS	30,39	112	-	-	-	-	(10)	-	-	102	-	102
Forfeiture of ESOS		-	-	-	-	-	(25)	-	21	(4)	4	-
Purchase of treasury shares	30(a)	-	(3,088)	-	-	-	-	-	-	(3,088)	-	(3,088)
Net loss for the year		-	-	-	-	-	-	-	(9,841)	(9,841)	4,537	(5,304)
Other comprehensive income for the year		-	-	-	2,066	861	-	9,164	-	12,091	3,297	15,388
Total comprehensive income for the year		-	-	-	2,066	861	-	9,164	(9,841)	2,250	7,834	10,084
Dividends	32	-	-	-	-	-	-	-	(17,746)	(17,746)	-	(17,746)
Dividends to a non-controlling interest by a subsidiary company		-	-	-	-	-	-	-	-	-	(12,250)	(12,250)
Transfer of FVOCI reserve to retained profits upon disposal of financial assets at FVOCI		-	-	-	-	-	-	(683)	348	(335)	335	-
Transfer of revaluation reserves to retained profits upon disposal of property		-	-	-	-	(303)	-	-	154	(149)	149	-
At 30 September 2020		147,401	(20,244)	20,792	(14,971)	11,182	1,553	13,273	112,303	271,289	103,989	375,278

The accompanying notes form an integral part of the financial statements.

Statements of Changes in Equity
For The Year Ended 30 September 2020
(Cont'd)

		Attributable to equity holders of the Company										
				Non-Distributable					Distributable			
	Note	Share Capital RM'000	Treasury Shares RM'000	Merger Reserve RM'000	Translation Reserve RM'000	Revaluation Reserve RM'000	Share Options Reserve RM'000	FVOCI Reserve RM'000	Retained Profits RM'000	Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
Group												
At 1 October 2018		147,279	(13,465)	20,792	(14,252)	10,624	–	9,879	164,778	325,635	123,318	448,953
Option charge arising from share options granted	39	–	–	–	–	–	1,047	–	–	1,047	–	1,047
Ordinary shares issued pursuant to exercise of ESOS	30,39	10	–	–	–	–	(1)	–	–	9	–	9
Purchase of treasury shares	30(a)	–	(3,691)	–	–	–	–	–	–	(3,691)	–	(3,691)
Net loss for the year		–	–	–	–	–	–	–	(8,435)	(8,435)	7,463	(972)
Other comprehensive loss for the year		–	–	–	(2,785)	–	–	(5,087)	–	(7,872)	(814)	(8,686)
Total comprehensive loss for the year		–	–	–	(2,785)	–	–	(5,087)	(8,435)	(16,307)	6,649	(9,658)
Dividends	32	–	–	–	–	–	–	–	(16,999)	(16,999)	–	(16,999)
Dividends to a non-controlling interest by a subsidiary company		–	–	–	–	–	–	–	–	–	(22,050)	(22,050)
At 30 September 2019		147,289	(17,156)	20,792	(17,037)	10,624	1,046	4,792	139,344	289,694	107,917	397,611

The accompanying notes form an integral part of the financial statements.

Statements of Changes in Equity
For The Year Ended 30 September 2020
(Cont'd)

		Attributable to equity holders of the Company					
				Non-Distributable		Distributable	
	Note	Share Capital RM'000	Treasury Shares RM'000	Share Options Reserve RM'000	FVOCI Reserve RM'000	Retained Profits RM'000	Total RM'000
Company							
At 1 October 2019		**147,289**	**(17,156)**	**1,046**	**4,389**	**230,373**	**365,941**
Option charge arising from share options granted	39	**–**	**–**	**542**	**–**	**–**	**542**
Ordinary shares issued pursuant to ESOS	30,39	**112**	**–**	**(10)**	**–**	**–**	**102**
Forfeiture of ESOS		**–**	**–**	**(25)**	**–**	**8**	**(17)**
Purchase of treasury shares	30(a)	**–**	**(3,088)**	**–**	**–**	**–**	**(3,088)**
Net profit for the year		**–**	**–**	**–**	**–**	**4,300**	**4,300**
Other comprehensive income for the year		**–**	**–**	**–**	**10,344**	**–**	**10,344**
Total comprehensive income for the year		**–**	**–**	**–**	**10,344**	**4,300**	**14,644**
Dividends	32	**–**	**–**	**–**	**–**	**(17,746)**	**(17,746)**
At 30 September 2020		**147,401**	**(20,244)**	**1,553**	**14,733**	**216,935**	**360,378**
At 1 October 2018		147,279	(13,465)	–	8,629	228,414	370,857
Option charge arising from share options granted	39	–	–	1,047	–	–	1,047
Ordinary shares issued pursuant to ESOS	30,39	10	–	(1)	–	–	9
Purchase of treasury shares	30(a)	–	(3,691)	–	–	–	(3,691)
Net profit for the year		–	–	–	–	18,958	18,958
Other comprehensive loss for the year		–	–	–	(4,240)	–	(4,240)
Total comprehensive income for the year		–	–	–	(4,240)	18,958	14,718
Dividends	32	–	–	–	–	(16,999)	(16,999)
At 30 September 2019		147,289	(17,156)	1,046	4,389	230,373	365,941

The accompanying notes form an integral part of the financial statements.

INCOME STATEMENTS
For The Year Ended 30 September 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Revenue	33	**309,168**	323,480	**26,547**	36,807
Other operating income	34	**33,557**	34,389	**2,376**	26
		342,725	357,869	**28,923**	36,833
Changes in inventories		**(911)**	(2,284)	**–**	–
Gross premium ceded to reinsurers		**(99,510)**	(102,169)	**–**	–
Change in premium liabilities ceded to reinsurers		**(123)**	(5,470)	**–**	–
Premiums ceded to reinsurers	44	**(99,633)**	(107,639)	**–**	–
Gross claims paid		**(125,497)**	(163,745)	**–**	–
Claims ceded to reinsurers		**35,767**	52,151	**–**	–
Gross decrease in insurance contract liabilities		**(25,293)**	17,994	**–**	–
Change in insurance contract liabilities ceded to reinsurers		**10,822**	(4,392)	**–**	–
Net claims incurred	35	**(104,201)**	(97,992)	**–**	–
Commission expenses	44	**(29,904)**	(33,149)	**–**	–
Staff costs	37	**(46,779)**	(50,068)	**(7,971)**	(8,740)
Depreciation	40	**(7,073)**	(2,121)	**(518)**	(209)
Amortisation	40	**(563)**	(565)	**(13)**	(13)
Other operating expenses	41	**(47,198)**	(50,778)	**(14,705)**	(7,791)
Operating profit		**6,463**	13,273	**5,716**	20,080
Finance costs	42	**(5,441)**	(3,314)	**(1,849)**	(380)
Share of losses of associated companies (net of tax)		**(2,597)**	(4,067)	**–**	–
(Loss)/profit before taxation	43	**(1,575)**	5,892	**3,867**	19,700
Income tax	50	**(3,729)**	(6,864)	**433**	(742)
Net (loss)/profit for the year		**(5,304)**	(972)	**4,300**	18,958
Attributable to:					
Equity holders of the Company		**(9,841)**	(8,435)	**4,300**	18,958
Non-controlling interest		**4,537**	7,463	**–**	–
		(5,304)	(972)	**4,300**	18,958
Loss per share attributable to equity holders of the Company (sen)					
Basic	51	**(3.66)**	(3.10)		
Diluted		*	*		

* Not disclosed as it is anti-dilutive

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME
For The Year Ended 30 September 2020

	Group		Company	
	2020 **RM'000**	**2019** **RM'000**	**2020** **RM'000**	**2019** **RM'000**
Net (loss)/profit for the year	**(5,304)**	(972)	**4,300**	18,958
Other comprehensive income/(loss):				
Items that will not be reclassified to income statements in subsequent periods:				
- Fair value changes on FVOCI financial assets - equity instruments				
- Gain/(loss) in fair value changes	**10,209**	(6,467)	**10,344**	(4,240)
- Deferred tax	**(787)**	534	**–**	–
Net gain/(loss)	**9,422**	(5,933)	**10,344**	(4,240)
- Surplus from revaluation of land and buildings				
- Gross surplus from revaluation	**2,221**	–	**–**	–
- Deferred tax	**(533)**	–	**–**	–
Net gain	**1,688**	–	**–**	–
Items that may be reclassified to income statements in subsequent periods:				
- Currency translation differences in respect of foreign operations	**2,066**	(2,785)	**–**	–
- Fair value changes on FVOCI financial assets - debt instruments				
- Gain in fair value changes	**2,910**	42	**–**	–
- Deferred tax	**(698)**	(10)	**–**	–
Net gain	**2,212**	32	**–**	–
Other comprehensive income/(loss) for the year, net of tax	**15,388**	(8,686)	**10,344**	(4,240)
Total comprehensive income/(loss) for the year	**10,084**	(9,658)	**14,644**	14,718
Attributable to:				
Equity holders of the Company	**2,250**	(16,307)	**14,644**	14,718
Non-controlling interest	**7,834**	6,649	**–**	–
	10,084	(9,658)	**14,644**	14,718

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For The Year Ended 30 September 2020

	Note	2020 RM'000	2019 RM'000
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss)/profit before taxation		**(1,575)**	5,892
Adjustments for:			
Depreciation of:			
- property, plant and equipment	5	**1,808**	2,121
- right-of-use assets	9(a)(i)	**5,265**	–
Amortisation of:			
- prepaid land lease payments	40	**–**	4
- intangible assets	40	**563**	561
Loss on disposal of property, plant and equipment	41	**13**	40
Loss on disposal of investment property	41	**51**	–
Property, plant and equipment written off	41	**7**	4
Intangible assets written off	41	**–**	2
Inventories written off	41	**25**	–
Gain on disposal of investments	34	**(2,918)**	(701)
Gain on derecognition of right-of-use assets	34	**(12)**	–
Gain on remeasurement of lease liabilities	34	**(41)**	–
Loss on fair value of investments held at fair value through profit or loss	41	**1,398**	2,725
Impairment of intangible assets	41	**–**	25
Dividend income		**(7,706)**	(5,293)
Interest income		**(11,273)**	(14,589)
Income from Sukuk		**–**	(3)
Income from Islamic fixed deposits		**(3,412)**	(5,708)
Interest expense	42	**5,168**	2,957
Allowance for impairment:			
- investment in associated companies	41	**2,886**	–
- insurance receivables	41	**–**	56
- trade receivables	41	**429**	613
- corporate debt securities	41	**38**	–
Write back in allowance for impairment:			
- insurance receivables	41	**(197)**	–
- trade receivables	41	**–**	(131)
Bad debts written off:			
- other receivables	41	**206**	–
Share of losses of associated companies		**2,597**	4,067
Allowance for unutilised leave	37	**497**	267
Pension cost – defined benefit plan	37	**(57)**	164
Share options expense	37	**542**	1,047
Unrealised (gain)/loss on foreign exchange	34,41	**(269)**	69
Operating loss before working capital changes		**(5,967)**	(5,811)

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

For The Year Ended 30 September 2020
(Cont'd)

	Note	2020 RM'000	2019 RM'000
CASH FLOW FROM OPERATING ACTIVITIES (Cont'd)			
Changes in working capital:			
Disposal of investments		**43,932**	118,093
Purchase of investments		**(265,722)**	(229,730)
Decrease in deposits and placements with financial institutions		**227,291**	126,267
Due from associated companies		**(5,126)**	(3,013)
Decrease in loans		**21**	5,812
(Increase)/decrease in reinsurance assets		**(10,699)**	9,862
Decrease in insurance receivables		**7,334**	332
Decrease/(increase) in trade and other receivables		**1,778**	(2,280)
Decrease in lease receivables		**485**	–
Increase in inventories - goods for resale		**(84)**	(44)
Additional direct expenditure of land held for development		**(3,539)**	(2,177)
Increase/(decrease) in insurance contract liabilities		**9,276**	(19,068)
Decrease in insurance payables		**(2,783)**	(78)
Decrease in payables		**(1,516)**	(726)
Cash used in operations		**(5,319)**	(2,561)
Tax paid, net of tax refunded		**(4,320)**	(2,939)
Dividends received		**7,561**	5,742
Interest received		**13,128**	16,797
Income received from Sukuk		**–**	3
Income received from Islamic fixed deposits		**3,412**	5,708
Interest paid		**(3,165)**	(8,380)
Net cash generated from operating activities		**11,297**	14,370

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

For The Year Ended 30 September 2020
(Cont'd)

	Note	2020 RM'000	2019 RM'000
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of associated companies		**(2,163)**	(2,608)
Purchase of property, plant and equipment	5(c)	**(559)**	(1,496)
Purchase of intangible assets	8	**(415)**	(525)
Acquisition of right-of-use assets	9(a)(i)	**(255)**	–
Purchase of investments		**(380)**	(30,971)
Maturities of Sukuk		**33**	40
Disposal of investments		**2,889**	54,122
Disposal of property, plant and equipment		**639**	171
Disposal of investment property		**514**	–
Net cash generated from investing activities		**303**	18,733
CASH FLOW FROM FINANCING ACTIVITIES			
Issuance of share capital		**102**	9
Purchase of treasury shares		**(3,088)**	(3,691)
Dividends paid		**(17,921)**	(17,043)
Dividends paid to a non-controlling interest		**(12,250)**	(22,050)
Decrease in hire purchase creditors	(a)	**–**	(712)
Payment of principal portion of lease liabilities	(a)	**(5,973)**	–
Drawdown of borrowings	(a)	**53,957**	–
Net cash generated from/(used in) financing activities		**14,827**	(43,487)
Net increase/(decrease) in cash and cash equivalents		**26,427**	(10,384)
Foreign exchange differences		**138**	(2,629)
Cash and cash equivalents at beginning of year		**44,456**	57,469
Cash and cash equivalents at end of year	23	**71,021**	44,456

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

For The Year Ended 30 September 2020
(Cont'd)

(a) Reconciliation of liabilities arising from financing activities:

	Note	Lease Liabilities (Note 9(a)(ii)) RM'000	Hire Purchase Creditors (Note 28) RM'000	Borrowings (Note 29) RM'000	Total RM'000
At 1 October 2019 (as previously stated)		–	1,419	35,179	36,598
Effects of adoption of MFRS 16	3(a)	18,263	(1,419)	–	16,844
At 1 October 2019 (as restated)		18,263	–	35,179	53,442
Cash flows:					
Payment of principal portion of lease liabilities		(5,973)	–	–	(5,973)
Drawdown of borrowings		–	–	53,957	53,957
Non-cash transactions:					
Acquisition of right-of-use assets	9(a)(i)	2,685	–	–	2,685
Accretion of interests		971	–	–	971
Remeasurement of lease liabilities		(41)	–	–	(41)
Transaction costs		–	–	162	162
Translation differences		17	–	4	21
At 30 September 2020		15,922	–	89,302	105,224

	Note	Hire Purchase Creditors (Note 28) RM'000	Borrowings (Note 29) RM'000	Total RM'000
At 1 October 2018		1,412	35,004	36,416
Cash flows:				
Repayment of hire purchase creditors		(712)	–	(712)
Non-cash transactions:				
Purchase of property, plant and equipment	5(c)	720	–	720
Transaction costs		(1)	175	174
At 30 September 2019		1,419	35,179	36,598

STATEMENT OF CASH FLOWS

For The Year Ended 30 September 2020

	Note	2020 RM'000	2019 RM'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		**3,867**	19,700
Adjustments for:			
Depreciation of:			
- property, plant and equipment	5	**39**	209
- right-of-use assets	9(a)(i)	**479**	–
Allowance for impairment of:			
- amounts due from subsidiary companies	41	**10,806**	193
Amortisation of intangible assets	40	**13**	13
Loss on disposal of property, plant and equipment	41	**–**	27
Property, plant and equipment written off	41	**2**	–
(Gain)/loss on fair value of investments held at fair value through profit or loss	34,41	**(802)**	728
Unrealised (gain)/loss on foreign exchange	34,41	**(1,481)**	1,819
Non-allowable expenses		**–**	36
Allowance for unutilised leave	37	**93**	116
Share options expense	37	**208**	199
Dividend income		**(13,753)**	(24,737)
Interest income		**(8,781)**	(7,744)
Income from Sukuk		**–**	(3)
Interest expense	42	**1,583**	29
Operating loss before working capital changes		**(7,727)**	(9,415)
Changes in working capital:			
Increase in receivables		**(386)**	(30)
Increase in due from subsidiary companies		**(10,572)**	(30,520)
Decrease in due to subsidiary companies		**(2)**	–
(Decrease)/increase in payables		**(342)**	66
Cash used in operations		**(19,029)**	(39,899)
Tax paid, net of tax refunded		**(187)**	(466)
Dividends received		**13,753**	24,508
Interest received		**1,631**	2,812
Income received from Sukuk		**–**	4
Interest paid		**(273)**	(29)
Net cash used in operating activities		**(4,105)**	(13,070)

The accompanying notes form an integral part of the financial statements.

Statement of Cash Flows

For The Year Ended 30 September 2020
(Cont'd)

	Note	2020 RM'000	2019 RM'000
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5(c)	**(19)**	(49)
Purchase of intangible assets	8	**(7)**	(1)
Purchase of investments		**(3)**	(24,467)
Disposal of investments		**1,038**	54,122
Maturities of Sukuk		**33**	40
Disposal of property, plant and equipment		**–**	60
Net cash generated from investing activities		**1,042**	29,705
CASH FLOW FROM FINANCING ACTIVITIES			
Issuance of share capital		**102**	9
Purchase of treasury shares		**(3,088)**	(3,691)
Dividends paid		**(17,921)**	(17,043)
Decrease in hire purchase creditors	(a)	**–**	(278)
Payment of principal portion of lease liabilities	(a)	**(588)**	–
Loan from subsidiary company		**3,500**	–
Drawdown of borrowings	(a)	**53,957**	–
Net cash generated from/(used in) financing activities		**35,962**	(21,003)
Net increase/(decrease) in cash and cash equivalents		**32,899**	(4,368)
Foreign exchange differences		**23**	(4)
Cash and cash equivalents at beginning of year		**3,120**	7,492
Cash and cash equivalents at end of year	23	**36,042**	3,120

The accompanying notes form an integral part of the financial statements.

Statement of Cash Flows

For The Year Ended 30 September 2020
(Cont'd)

(a) Reconciliation of liabilities arising from financing activities:

	Note	Lease Liabilities (Note 9(a)(ii)) RM'000	Borrowings (Note 29) RM'000	Hire Purchase Creditors (Note 28) RM'000	Total RM'000
At 1 October 2019 (as previously stated)		–	–	473	473
Effects of adoption of MFRS 16	3(a)	1,849	–	(473)	1,376
At 1 October 2019 (as restated)		1,849	–	–	1,849
Cash flows:					
Payment of principal portion of lease liabilities		(588)	–	–	(588)
Drawdown of borrowings		–	53,957	–	53,957
Non-cash transactions:					
Accretion of interests		94	–	–	94
At 30 September 2020		1,355	53,957	–	55,312

	Note	Hire Purchase Creditors (Note 28) RM'000	Total RM'000
At 1 October 2018		631	631
Cash flows:			
Repayment of hire purchase creditors		(278)	(278)
Non-cash transactions:			
Purchase of property, plant and equipment	5(c)	120	120
At 30 September 2019		473	473

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
- 30 September 2020

1. CORPORATE INFORMATION

The Company is a public company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The registered office of the Company is located at the 11th Floor, Wisma Bumi Raya, No. 10, Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia.

The principal activities of the Company are that of investment holding and the provision of management services.

The principal activities of the subsidiary companies are as disclosed in Note 12.

There were no significant changes in the principal activities of the Group and of the Company during the financial year.

The financial statements of the Group and of the Company were authorised for issue on 26 November 2020 pursuant to a resolution by the Board of Directors.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements of the Group and of the Company are prepared under the historical cost basis unless otherwise indicated in the significant accounting policies.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("000") except when otherwise indicated.

(b) Subsidiaries, Associated Companies and Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to the end of the financial year.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less any impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Subsidiaries, Associated Companies and Basis of Consolidation (Cont'd)

(ii) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary companies made up to the end of the financial year. All the subsidiary companies were accounted for using the acquisition method except for Pacific & Orient Insurance Co. Berhad, which was accounted for using the merger method of accounting.

(a) Merger Method of Accounting

The merger method of accounting is used by the Group to account for business combinations under common control. Under the merger method of accounting, the results of the subsidiaries are included in the consolidated income statements as if the merger had been effected throughout the current financial year and previous financial years. On consolidation, the difference between the carrying value of the investment and the nominal value of shares issued is transferred to a merger reserve or deficit, as applicable.

(b) Acquisition Method of Accounting

The acquisition method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the income statements.

In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

(c) Non-Controlling Interest

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held directly or indirectly by the Group. Non-controlling interests are disclosed separately in the consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of financial position.

Losses applicable to the non-controlling interest in a subsidiary are allocated to the non-controlling interest even if doing so causes the non-controlling interest to have a deficit balance.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Subsidiaries, Associated Companies and Basis of Consolidation (Cont'd)

(ii) Basis of Consolidation (Cont'd)

(c) Non-Controlling Interest (Cont'd)

Changes in the Group's equity interests in a subsidiary that do not result in loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their respective interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in shareholders' equity. If the Group loses control of a subsidiary, the assets and liabilities of the subsidiary and non-controlling interests will be derecognised at their carrying amounts at the date when control is lost. Any investment retained in the former subsidiary is recognised at its fair value at the date when control is lost. The resulting difference between the amounts derecognised and the aggregate of the fair value of consideration received and investment retained is recognised as gain or loss in profit or loss attributable to the Group.

(iii) Associated Companies

Associated companies are those entities in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the associated companies, but is not in control over those policies.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associated companies or the investment becomes a subsidiary.

Under the equity method, investments in associated companies are carried at cost adjusted for post-acquisition changes in the Group's share of net assets of the associated companies and impairment loss, if any.

Goodwill relating to the associated companies is included in the carrying amount of the investment and is not amortised. Conversely, any excess of the Group's share of the net fair value of the associated companies identifiable assets, liabilities and contingent liabilities over the cost of the investments is excluded from the carrying amount of the investments and is instead included as income in the determination of the Group's share of the associated companies profit or loss in the period in which the investment is acquired.

The Group's share of the net profit or loss of the associated companies is recognised in the consolidated income statements. Where there has been a change recognised directly in the equity of the associated companies, the Group recognises its share of such changes.

Unrealised gains and losses on transactions between the Group and the associated companies are eliminated to the extent of the Group's interest in the associated companies.

When the Group's share of losses in the associated companies equals or exceeds its interest in the associated companies, including any long term interests that, in substance, form part of the Group's net investment in the associated companies, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated companies.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Subsidiaries, Associated Companies and Basis of Consolidation (Cont'd)

(iii) Associated Companies (Cont'd)

The most recent available financial statements of the associated companies are used by the Group in applying the equity method. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

On disposal of an associated company, the difference between the net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences of the associated company are recognised in the consolidated income statements.

(c) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the assumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances for which different data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised into one of the three different levels of the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The Group and the Company analyse the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group and the Company verify the major inputs in the latest valuation by agreeing the information to the relevant valuation reports and other related documents.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statements during the financial period in which they are incurred.

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 revalued amounts, which are the fair values at the date of the revaluation less subsequent accumulated depreciation (except for freehold land which has an unlimited useful life and therefore is not depreciated) and any subsequent accumulated impairment losses. The Board determines the policies and procedures for both recurring and non-recurring fair value measurement. External valuers are involved for valuation of such assets. Involvement of external valuers is decided by the Board and selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's and the Company's accounting policies. For this analysis, the management verifies inputs applied in the latest valuation and verified by agreeing the information in the valuation computation to contracts and other relevant documents which also includes comparison with other relevant external sources to determine if any change is reasonable. Full 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.

Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same property previously recognised in income statements, in which case the increase is recognised in income statements to the extent of the decrease previously recognised.

A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same property and the balance is thereafter recognised in income statements. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the property and the net amount is restated to the revalued amount of the property. Upon disposal or retirement of a property, any revaluation reserve relating to the particular property is transferred directly to retained profits.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over its estimated useful life.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, Plant and Equipment and Depreciation (Cont'd)

The policy for the recognition and measurement of impairment losses is in accordance with Note 2(j)(ii).

The principal annual rates of depreciation are:

Buildings	2%
Computer equipment	10%
Motor vehicles	20%
Office equipment	10% - 20%
Furniture, fixtures and fittings	10% - 20%

The residual values, useful lives and depreciation methods are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the income statements and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

(e) Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. The Board determines the policies and procedures for recurring and non-recurring fair value measurement. External valuers are involved for valuation of investment properties. Involvement of external valuers is decided by the Board and selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies inputs applied in the latest valuation and verified by agreeing the information in the valuation computation to contracts and other relevant documents which also includes comparison with other relevant external sources to determine if any change is reasonable. Full revaluations are performed once in every three years or earlier if the carrying values of the revalued properties are materially different from their market values.

Gains or losses arising from changes in the fair values of investment properties are recognised in the income statements in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rental or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statements in the year in which they arise.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Investment Properties (Cont'd)

Transfers are made to or from investment properties only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment sets out in Note 2(d) up to the date of change in use.

(f) Intangible Assets

(i) Goodwill

Goodwill arising on business combination represents the excess of acquisition cost over the fair value of the net assets of the subsidiary companies at the date of acquisition. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGUs"), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Following the initial recognition, goodwill on business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Other Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each reporting date.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

<u>Club Memberships</u>
Club memberships are amortised using the straight-line method over a period of 30 to 78 years.

<u>Computer Software and Other Licences</u>
The useful lives of computer software and other licences are considered to be finite because computer software and licences are susceptible to technological obsolescence.

The acquired computer software and other licences are amortised using the straight-line method over their estimated useful lives not exceeding 10 years. Impairment is assessed whenever there is indication of impairment and the amortisation period and method are also reviewed at least at each reporting date.

<u>Preliminary and Pre-operating Expenses</u>
Preliminary and pre-operating expenses are written off as and when incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial Assets

Initial recognition and initial measurement

Financial assets of the Group and the Company are classified in the following measurement categories - Amortised Cost, Fair Value Through Other Comprehensive Income ("FVOCI") or Fair Value Through Profit or Loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade and insurance receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15 *Revenue from Contracts with Customers*.

Insurance receivables are measured on initial recognition at the fair value of the consideration received or receivable.

In order for a financial asset to be classified and measured at amortised cost or fair value, it needs to give rise to cash flows that are "solely payments of principal and interest" ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how they manage their financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

(1) Financial assets at Amortised Cost (Debt Instruments)

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the income statements when the asset is derecognised, modified or impaired.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial Assets (Cont'd)

Subsequent measurement (Cont'd)

(2) Financial assets at Fair Value Through Other Comprehensive Income ("FVOCI") (Debt Instruments)

The Group and the Company measure debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the income statements and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in the FVOCI reserve.

Upon derecognition, the cumulative fair value change recognised in the FVOCI reserve is recycled to the income statements.

(3) Financial assets at Fair Value through Other Comprehensive Income ("FVOCI") (Equity Instruments)

The Group and the Company may elect to designate an equity instrument as FVOCI. Such designation is determined on an instrument by instrument basis. It is also the Group's and Company's policy to elect to designate equity instruments as FVOCI when those instruments are held for purposes other than to generate investment returns.

When such election is used, fair value gains or losses are recognised in the FVOCI reserve and are not subsequently recycled to the income statements including upon derecognition.

Dividends from financial assets at FVOCI are recognised in the income statements when the right of payment has been established, except when the Group or the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in FVOCI reserve.

Upon derecognition of an equity instrument designated as FVOCI, the cumulative gain or loss previously recognised in the FVOCI reserve is transferred to retained earnings.

(4) Financial assets at Fair Value Through Profit or Loss ("FVTPL")

Financial assets at FVTPL may comprise equity instruments as well as debt instruments.

These assets include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial Assets (Cont'd)

Subsequent measurement (Cont'd)

(4) Financial assets at Fair Value Through Profit or Loss ("FVTPL") (Cont'd)

The Group and the Company may, upon initial recognition, irrevocably designate a financial asset as measured at FVTPL that otherwise meets the criteria for amortised cost or FVOCI if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Changes in fair value of financial assets at FVTPL, dividend income and interest income are recognised in the income statements.

Gains or losses of financial assets at FVTPL are recognised in the income statements upon their derecognition.

Reclassification of Financial Assets

Reclassification of financial assets is required when, and only when, the Group and the Company change their business model for managing the assets. In such cases, the Group and the Company are required to reclassify all affected financial assets.

However, it will be inappropriate to reclassify financial assets that have been designated at FVTPL, or equity instruments that have been designated as at FVOCI even when there is a change in business model. Such designations are irrevocable.

Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the income statements.

(h) Regular Way Purchase or Sale of Financial Assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market place concerned.

All the financial assets are recognised using trade date, the date that the Group and the Company commit to purchase or sell the assets except for debt instruments which are recognised using settlement date, the date the Group and the Company receive or deliver the asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial Liabilities

Financial liabilities are classified as either (a) financial liabilities at FVTPL or (b) other financial liabilities.

(a) Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition at FVTPL.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in income statements. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities at fair value through profit or loss.

(b) Other Financial Liabilities

The Group's other financial liabilities comprise insurance payables, borrowings, trade payables, other payables and lease liabilities.

Insurance payables, borrowings, trade payables and other payables are recognised initially at their respective fair values net of directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the income statements when the liabilities are derecognised, and through the amortisation process.

(c) Derecognition

A financial liability or part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the income statements.

(j) Impairment

(i) Financial Assets

The Group and the Company recognise allowance for expected credit losses ("ECL") on financial assets measured at amortised cost and debt instruments measured at FVOCI.

Overview of ECL

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Both 12-month ECL and lifetime ECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment (Cont'd)

(i) Financial Assets (Cont'd)

Financial assets other than insurance receivables and debt instruments at FVOCI

The Group and the Company have adopted a simplified approach when measuring the ECL for financial assets other than insurance receivables and debt instruments at FVOCI.

Calculation of ECL – Simplified Approach

For debt instruments, trade and other receivables measured at amortised cost, the Group and the Company apply a simplified approach in calculating ECL. Therefore, the Group and the Company do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECL at each reporting date.

The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking information specific to the debtors and the economic environment. Forward-looking information may include the consumer price index, base lending rate, unemployment rate, consumption growth rate and the stock exchange index.

For individual impairment assessment, the amount of ECL is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Group and the Company and all the cash flows that the Group and the Company expect to receive.

Insurance Receivables and Debt Instruments at FVOCI

For insurance receivables and debt instruments at FVOCI, the general approach is used where the ECL is assessed using an approach which classifies the financial assets into three stages which reflects the change in credit quality of the financial asset since initial recognition:

Stage 1: 12-month ECL - not credit impaired

For financial assets which have not had a significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the ECL associated with the probability of default events occurring within next 12 months will be recognised.

Stage 2: Lifetime ECL - not credit impaired

For financial assets which have had a significant increase in credit risk since initial recognition but that are not credit-impaired, a lifetime ECL will be recognised.

Stage 3: Lifetime ECL - credit impaired

For financial assets that are assessed as credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that are credit-impaired, a lifetime ECL will be recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment (Cont'd)

(i) Financial Assets (Cont'd)

Significant increase in credit risk

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures of its insurance receivables and debt securities since initial recognition to determine whether the exposure is subject to 12-month ECL or lifetime ECL.

This is performed by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. When determining whether the risk of default has increased significantly since initial recognition, the Group considers both quantitative and qualitative information and assessments based on the Group's historical experience and credit risk assessments, including forward-looking information.

Measurement of ECL – General Approach - Insurance Receivables

The Group uses a Loss Provision Ratio ("LPR") in the determination of the ECL of its insurance receivables. LPR is a ratio computed to estimate the percentage of outstanding insurance receivables that requires provisioning. In essence, LPR acts as a proxy for loss rate where the ratio is applied to the total outstanding insurance receivables in order to obtain the ECL.

The LPR is derived from internally developed statistical models and adjusted to reflect forward-looking information.

The components for computing the LPR include:

(i) amount of outstanding insurance receivables as at reporting date for stage 1 and 2;

(ii) present value of insurance receivables received or settled during the period under review using the effective interest rate;

(iii) forward-looking macro-economic information which may comprise economic indicators and industry statistics such as the consumer price index, base lending rate, unemployment rate, consumption growth rate, and the stock exchange composite index; and

(iv) full allowance for impairment is recognised for insurance receivables that have been classified as stage 3.

Measurement of ECL – General Approach - Debt Instruments

The Group uses the Probability of Default ("PD") approach with the use of a proxy model. The ECL components are derived from internally developed statistical model and are adjusted to reflect forward-looking information.

The components for computing the ECL include:

(i) present value of the exposure at default over 12 months or lifetime of the asset depending on its staging using the effective interest rate;

(ii) probability of the debt instrument defaulting;

(iii) loss percentage in event of default; and

(iv) forward-looking macro-economic information which may comprise economic indicators and industry statistics such as the consumer price index, base lending rate, unemployment rate, consumption growth rate, and the stock exchange composite index.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment (Cont'd)

(i) Financial Assets (Cont'd)

Write off policy

The Group and the Company write off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's and the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in income statements.

Definition of default and credit-impaired financial assets

At each reporting period, the Group and the Company assess whether financial assets are impaired. Qualitative and quantitative information are used to determine if a financial asset is credit impaired. The general presumption under MFRS 9 is that a financial asset is in default when contractual payments are more than 90 days past due. However, in certain cases, the Group and the Company may rebut such presumption where there are reasonable and supportable information available to demonstrate that forward-looking rather than past due information is more appropriate to assess the changes in credit risk. Trade and other receivables are considered to be in default when the counterparty fails to make contractual payments within 12 months when they fall due. The 90 days presumption has also been rebutted for reinsurance and broker insurance receivables due to the longer time required for settlement. The default criteria has been defined as 12 months for these insurance receivables.

In general, indicators that a financial asset is credit-impaired include the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

(ii) Non-Financial Assets

The carrying amounts of non-financial assets, other than inventories, investment properties and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment (Cont'd)

(ii) Non-Financial Assets (Cont'd)

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in the income statements in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the income statements.

(iii) Investment in Subsidiary Companies and Investment in Associated Companies

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary company or associated company exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and present value of the estimated future cash flows expected to be derived from the investment including the proceeds from its disposal.

Any subsequent reversal of an impairment loss is recognised in the income statements to the extent that the recoverable amount does not exceed its carrying value of the investment in subsidiary company or investment in associated company at the reversal date.

(k) Inventories

Inventories are stated at the lower of cost (determined on the first in, first out basis) and net realisable value, after making due allowance for any obsolete items.

(l) Land Held for Development

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is classified as land held for development and is measured at the lower of cost and net realisable value.

Cost includes:
- Freehold land
- Amounts paid to contractors for construction
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sale.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Reinsurance

The Group cedes insurance risk in the normal course of business for all of its insurance businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the insurer's policies and are in accordance with the related reinsurance contracts.

Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders. Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting period. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive all amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer. The impairment loss is recorded in the income statements.

Gains or losses on buying reinsurance are recognised in the income statements immediately at the date of purchase and are not amortised.

The Group also assumes reinsurance risk in the normal course of business for general insurance contracts when applicable.

Premiums and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or have expired or when the contract is transferred to another party.

(n) Insurance Receivables

Insurance receivables are amounts receivable under the contractual terms of an insurance contract. On initial recognition, insurance receivables are measured at fair value based on the consideration given. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective interest method.

Insurance receivables are assessed at each reporting date for objective evidence of impairment. The impairment loss is recognised in the income statements. The basis for recognition of such impairment loss is as described in Note 2(j)(i).

Insurance receivables are derecognised when the rights to receive cash flows from them have expired or when they have been transferred and the Group has also transferred substantially all risks and rewards of ownership.

(o) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at banks and in hand, short-term deposits with original maturity of less than 3 months, and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risks of changes in value. These cash and cash equivalents also include bank overdrafts that form an integral part of the Group's cash management. The statements of cash flow are prepared using the indirect method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Insurance Payables

Insurance payables are recognised when due and measured on initial recognition at the fair value of the consideration payable less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

(q) Borrowings

Borrowings (including subordinated notes) are initially recognised at fair value, net of transaction costs incurred and are subsequently carried at amortised cost using the effective interest method. Any difference between the initial recognised amount and the redemption value is recognised in the income statements over the period of the borrowing.

(r) Share Capital

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The consideration paid, including attributable transaction costs on purchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the income statements on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(s) Provisions

Provisions are recognised when the Group or the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(t) Income Recognition

Revenue From Contracts with Customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group and the Company recognise revenue when (or as) they transfer control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Income Recognition (Cont'd)

Revenue From Contracts with Customers (Cont'd)

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group and the Company transfer control of a good or service at a point in time unless one of the following overtime criteria is met:

- The customer simultaneously receives and consumes the benefits provided as the Group and the Company perform.
- The Group's and the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's and the Company's performance does not create an asset with an alternative use and the Group and the Company have an enforceable right to payment for performance completed to date.

(i) Revenue relating to sales of hardware and software is recognised at point in time when control of the goods has been transferred to the customer and upon its acceptance.

(ii) Revenue from software customisation, one-off maintenance services, and professional services is recognised at point in time upon completion of services rendered and upon its acceptance.

(iii) Revenue from software subscription and contracted maintenance services is recognised over time in the period in which the services are rendered. Revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. Unearned income is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Unearned income is recognised as revenue when the Group delivers the performance obligations.

(iv) Revenue from management services rendered to subsidiaries of the Company is recognised over time as the subsidiaries simultaneously receive and consume the benefits provided as the Company performs the services.

Revenue from Other Sources and Other Operating Income

(i) Interest income on loans is recognised using the effective interest method.

(ii) Rental income is recognised on an accrual basis except where default in payment of rent has already occurred and rent due remains outstanding for over six months, in which case recognition of rental income is suspended. Subsequent to suspension, rental income is recognised on the receipt basis until all arrears have been paid.

(iii) Interest income from money market instruments and deposits and placements with financial institutions is recognised using the effective interest method.

(iv) Dividends from subsidiary companies and other investments are recognised when the right to receive payment is established.

(v) Income from Islamic corporate bond is recognised using the effective interest method.

(vi) Premium income from insurance and reinsurance contracts is recognised in the period in which the insurance risks are assumed as further described in Note 2(w)(i).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Commission Expenses and Commission Income

Gross commission expenses, which are cost directly incurred in securing premium on insurance policies, and income derived from reinsurers in the course of ceding of premiums to reinsurers, are recognised in the income statements in the period in which they are incurred.

(v) Product Classification

The insurance subsidiary company of the Group currently only issues contracts that transfer insurance risk.

An insurance contract is a contract under which the insurance subsidiary company (the insurer) has accepted significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. As a general guideline, the insurance subsidiary company determines whether it has significant insurance risk, by comparing claims paid with claims payable if the insured event did not occur. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its life-time, even if the insurance risk reduces significantly during the period, unless all rights and obligations are extinguished or expired.

When insurance contracts contain both a financial risk component and a significant insurance risk component and the cash flows from the two components are distinct and can be measured reliably, the underlying amounts are unbundled. Any premiums relating to the insurance risk component are accounted for on the same bases as insurance contracts and the remaining element is accounted for as a deposit through the statements of financial position similar to investment contracts.

(w) General Insurance Underwriting Results

The general insurance underwriting results are determined for each class of business after taking into account reinsurance, unearned premiums, claims incurred and commissions.

(i) Premium Income

Premium is recognised in a financial period in respect of risks assumed during that particular financial period. Inward treaty reinsurance premiums are recognised on the basis of periodic advices received from ceding insurers.

(ii) Insurance Contract Liabilities

Insurance contract liabilities comprise premium liabilities and claims liabilities.

Premium Liabilities

Premium liabilities represent the future obligations on insurance contracts, as represented by premium received for unexpired risks.

Premium liabilities are reported at the higher of the aggregate of the unearned premium reserves ("UPR") for all lines of business and the best estimate value of the insurer's unexpired risk reserves ("URR") at the end of the financial year and the provision of risk margin for adverse deviation ("PRAD") calculated at 75% confidence level at the overall level of the insurance subsidiary company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(w) General Insurance Underwriting Results (Cont'd)

(ii) Insurance Contract Liabilities (Cont'd)

Insurance contract liabilities comprise premium liabilities and claims liabilities. (Cont'd)

Premium Liabilities (Cont'd)

- **UPR**

  UPR represents the portion of premium income not yet earned at reporting date. UPR is computed on the following bases:

  - 25% method for marine cargo, aviation cargo and transit
  - 1/24th method for fire, engineering and marine hull with a deduction of 15%, motor and bonds with a deduction of 10%, medical with a deduction of 10%-15% and all other classes of business with a deduction of 25% or actual commission incurred, whichever is lower
  - 1/8th method for overseas inward treaty business with a deduction of 20% for acquisition costs
  - Non-annual policies with a duration of cover extending beyond one year is time apportioned over the period of the risks.

- **URR**

  URR is the prospective estimate of the expected future payments arising from future events insured under policies in force as at the end of the financial year and also includes allowance for expenses, including overheads and cost of reinsurance, expected to be incurred during the unexpired period in administering these policies and settling the relevant claims, and expected future premium refunds.

Claims Liabilities

Claims liabilities are recognised as the obligation to make future payments in relation to all claims that have been incurred as at the end of the financial year. They are recognised in respect of both direct insurance and inward reinsurance. The value of claims liabilities is based on the best estimate which includes provision for claims reported, claims incurred but not reported ("IBNR") and direct and indirect claim-related expenses as well as PRAD calculated at 75% confidence level at the overall level of the insurance subsidiary company. The claims liabilities are calculated based on an actuarial valuation by a qualified actuary, using a mathematical method of estimation based on, among others, actual claims development pattern.

(x) Liability Adequacy Test

At each reporting date, the Group reviews all insurance contract liabilities to ensure that the carrying amount of the liabilities is sufficient or adequate to cover the obligations of the Group, contractual or otherwise, with respect to insurance contracts issued. In performing this review, the Group compares all contractual cash flows against the carrying value of insurance contract liabilities. Any deficiency is recognised in the income statements.

The estimation of claim and premium liabilities performed at reporting date is part of the liability adequacy tests performed by the Group. Based on this, all insurance contract liabilities as at the reporting date are deemed to be adequate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(y) Employee Benefits

(i) Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Allowance for unutilised leave such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Allowance for unutilised leave such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group's contributions to defined contribution pension plans are charged to profit or loss in the financial year in which they relate.

(iii) Defined Benefit Plan

A foreign subsidiary company has obligations to make severance payments to its employees upon their retirement. This subsidiary company records provision for severance payments when it is probable that employees will work until they meet all employment conditions or will remain with the subsidiary company until their retirement. The value of these severance payment obligations are arrived at based on best estimates and are considered immaterial.

(iv) Employees' Share Option Scheme

The Employees' Share Option Scheme ("ESOS") is an equity-settled, share-based compensation plan for eligible employees and Executive Directors of the Group and the Company whereby the Group and the Company receive services from eligible employees/Executive Directors in consideration for equity instruments (options) of the Company. The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense in the income statements of the Group and the Company over the vesting periods of the grant with a corresponding increase credited to share options reserve within equity.

The share options granted by the Company to eligible employees and Executive Directors of its subsidiary companies are treated as additional investment in the respective subsidiaries with the corresponding credit to the share options reserve.

At each reporting date, the Group and the Company revise the estimates of the number of share options that are expected to vest based on historical experience and statistical analysis. The Group and the Company recognise the impact of the revision of original estimates, if any, in the income statements, with a corresponding adjustment to share options reserve in equity.

When the options are exercised, new ordinary shares of the Company would be issued. The proceeds received net of any directly attributable transaction costs are credited to share capital of the Company.

When options are not exercised and are lapsed, the balance in the share options reserve is transferred to retained earnings of the Group and the Company respectively. Further details on the ESOS are disclosed in Note 39 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(z) Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the dates when the fair values were determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates prevailing at the dates of transactions.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in the income statements for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in a foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in the income statements. Exchange differences arising on monetary items that form part of the Group's net investment in a foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in the income statements for the period. Exchange differences arising on monetary items that form part of the Company's net investment in a foreign operation, regardless of the currency of the monetary item, are recognised in the income statements in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate. Exchange differences arising on the translation of non-monetary items carried at fair value are included in the income statements for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign Operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency ("RM") of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate prevailing at the reporting date;

- Income and expenses for each income statements are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(z) Foreign Currencies (Cont'd)

(iii) Foreign Operations (Cont'd)

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rate prevailing at the date of acquisition.

(aa) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income tax payable in respect of the taxable profit for the year and is measured using the tax rates as enacted at the reporting date. Current tax expense is determined according to the tax laws of each jurisdiction in which the Company and the Company's subsidiaries operate and generate taxable income.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses, unabsorbed capital allowances and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses, unabsorbed capital allowances and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognised in the income statements as income or expense, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(ab) Leases

Accounting policies applied from 1 October 2019

The Group and the Company assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group and the Company as lessee

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ab) Leases (Cont'd)

Accounting policies applied from 1 October 2019 (Cont'd)

The Group and the Company as lessee (Cont'd)

(i) Right-of-use assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, and the lease payments made at or before the commencement date less any lease incentives received. The lease term includes periods covered by an option to extend if the Group and the Company are reasonably certain to exercise that option. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold land	70 years
Buildings	2 - 5 years
Computer equipment	3 years
Office equipment	3 - 5 years
Motor vehicles	5 years

If ownership of the leased asset transfers to the Group and the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The policy for the recognition and measurement of impairment losses of right-of-use assets is in accordance with Note 2(j)(ii).

(ii) Lease liabilities

At the commencement date of the lease, the Group and the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Company, and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group and the Company use the incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ab) Leases (Cont'd)

Accounting policies applied from 1 October 2019 (Cont'd)

The Group and the Company as lessee (Cont'd)

(iii) Short-term leases and leases of low-value assets

The Group and the Company apply the short-term lease recognition exemption to its short-term leases of computer and office equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Group and the Company also apply the lease of low-value assets recognition exemption to leases of computer and office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The Group as lessor

As a lessor, the Group determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(i) Finance leases

The Group classifies a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group derecognises the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from the lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. The net investment in the lease is subject to impairment loss as described in Note 2(j)(i). In addition, the Group reviews regularly the estimated unguaranteed residual value.

Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return. The Group revises the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

(ii) Operating leases

The Group classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee. Rental income from operating lease is accounted for on a straight-line basis over the lease terms and is included in revenue in the income statements due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ab) Leases (Cont'd)

Accounting policies applied from 1 October 2019 (Cont'd)

The Group as lessor (Cont'd)

(iii) Sublease classification

When the Group is an intermediate lessor, it assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. If the head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

(iv) Separating lease and non-lease components

If an arrangement contains lease and non-lease components, the Group allocates the consideration in the contract to the lease and non-lease components based on the stand-alone selling prices in accordance with the principles in MFRS 15.

Accounting policies applied prior to 1 October 2019

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards incidental to ownership are classified as operating leases, with the following exceptions:

- A property held under an operating lease that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and

- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(ii) Finance Leases – the Group as Lessee

Assets acquired by way of hire purchase agreements are stated at an amount equal to the lower of their fair values and the present value of the minimum payments at the inception of the agreements, less accumulated depreciation and impairment losses. The corresponding liability is included in the statements of financial position as hire purchase creditors. In calculating the present value of the minimum payments, the discount factor used is the interest rate implicit in the agreements, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are charged to the income statements.

Notes to the Financial Statements
- 30 September 2020
(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ab) Leases (Cont'd)

Accounting policies applied prior to 1 October 2019 (Cont'd)

(ii) Finance Leases – the Group as Lessee (Cont'd)

Hire purchase payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total hire purchase commitments and the fair value of the assets acquired, are recognised in the income statements over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2(d).

(iii) Operating Leases – the Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(iv) Operating Leases – the Group as Lessor

Assets leased out under operating leases are presented in the statements of financial position according to the nature of the assets. Rental income from operating leases is recognised on an accrual basis (Note 2(t)(ii)). Initial direct costs incurred in negotiating and arranging an operating lease are charged to the income statements.

(ac) Contingent Liabilities and Contingent Assets

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

(ad) Offsetting of Financial Assets and Financial Liabilities

Financial assets and financial liabilities are offset and net amount reported in the statements of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses will not be offset in the income statements unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Group and the Company.

3. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED MFRSs

(a) Changes in Accounting Policies

The significant accounting policies adopted in preparing these financial statements are consistent with those adopted in the audited financial statements for the year ended 30 September 2019 except for the adoption of the following new MFRS, Amendments to MFRSs and Interpretation issued by the Malaysian Accounting Standards Board ("MASB") which are mandatory for annual periods beginning on or after 1 January 2019.

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 3	Business Combinations (Annual Improvements to MFRSs 2015 – 2017 Cycle)
Amendments to MFRS 11	Joint Arrangements (Annual Improvements to MFRSs 2015 – 2017 Cycle)
Amendments to MFRS 112	Income Taxes (Annual Improvements to MFRSs 2015 – 2017 Cycle)
Amendments to MFRS 119	Employee Benefits - Plan Amendment, Curtailment or Settlement
Amendments to MFRS 123	Borrowing Costs (Annual Improvements to MFRSs 2015 – 2017 Cycle)

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

Adoption of MFRS 16 - Leases

MFRS 16 supersedes MFRS 117 *Leases*, IC Interpretation 4 *Determining whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Lease-Incentives* and IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

3. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED MFRSs (CONT'D)

(a) Changes in Accounting Policies (Cont'd)

Adoption of MFRS 16 - Leases (Cont'd)

Refer to Note 2(ab) for the accounting policy applied from 1 October 2019 and for the accounting policy applied prior to 1 October 2019.

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

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

Upon the adoption of MFRS 16, the Group and the Company classify each of the leases as follows:

(i) The Group and the Company as Lessee

(a) Leases previously classified as operating leases

As at 1 October 2019, the Group and the Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating lease under MFRS 117, except for short-term leases and leases of low-value assets which are described in Note 2(ab)(iii).

Lease liabilities were measured based on the present value of the remaining lease payments, discounted using the incremental borrowing rate as at 1 October 2019. Right-of-use assets were measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments.

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

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- The exclusion of initial direct costs for the measurement of the right-of-use assets at the date of initial application;
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- The application of short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application, and which do not contain any purchase option.

3. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED MFRSs (CONT'D)

(a) Changes in Accounting Policies (Cont'd)

Adoption of MFRS 16 - Leases (Cont'd)

(i) The Group and the Company as Lessee (Cont'd)

(b) Leases previously classified as finance leases

The Group and the Company recognised the carrying amount of finance lease assets and liabilities as at 30 September 2019 as the carrying amounts of right-of-use assets and lease liabilities at the date of initial application.

(ii) The Group as Lessor

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

(iii) The Group as Intermediate Lessor

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

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

Notes to the Financial Statements
- 30 September 2020
(Cont'd)

3. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED MFRSs (CONT'D)

(a) Changes in Accounting Policies (Cont'd)

Adoption of MFRS 16 - Leases (Cont'd)

Effects of initial adoption of MFRS 16

The effects of adoption of MFRS 16 on the statements of financial position of the Group and the Company as at 1 October 2019 were as follows:

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

(1) Reclassification of motor vehicles and office equipment previously recognised as finance lease under MFRS 117 *Leases* to right-of-use assets (Note 5).

(2) Reclassification of prepaid land lease payments to right-of-use assets (Note 7).

(3) Recognition of right-of-use assets (Note 9(a)(i)).

(4) Derecognition of prepayments related to previous operating leases.

(5) Recognition of lease receivables (Note 9(c)).

(6) Reclassification of leases on underlying asset not within the scope of MFRS 16.

(7) Reclassification of hire purchase creditors previously recognised as finance lease under MFRS 117 *Leases* to lease liabilities (Note 28).

(8) Recognition of lease liabilities (Note 9(a)(ii)).

(9) Recognition of gain on derecognition of right-of-use assets.

3. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED MFRSs (CONT'D)

(a) Changes in Accounting Policies (Cont'd)

Adoption of MFRS 16 - Leases (Cont'd)

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

The effects of adoption of MFRS 16 on the statements of financial position of the Group and the Company as at 1 October 2019 were as follows: (Cont'd)

Company	30 September 2019 (As previously stated) RM'000	Reclassification RM'000	Remeasurement RM'000	1 October 2019 (As restated) RM'000
Assets				
Property, plant and equipment [1]	1,421	(1,145)	–	276
Right-of-use assets [2]	–	1,145	1,376	2,521
Liabilities				
Hire purchase creditors [3]	473	(473)	–	–
Lease liabilities [4]	–	473	1,376	1,849

(1) Reclassification of motor vehicles previously recognised as finance lease under MFRS 117 *Leases* to right-of-use assets (Note 5).

(2) Recognition of right-of-use assets (Note 9(a)(i)).

(3) Reclassification of hire purchase creditors previously recognised as finance lease under MFRS 117 *Leases* to lease liabilities (Note 28).

(4) Recognition of lease liabilities (Note 9(a)(ii)).

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

	Group RM'000	Company RM'000
Operating lease commitments as at 30 September 2019	10,569	375
Weighted average incremental borrowing rate	6.39%	6.39%
Discounted operating lease commitments as at 1 October 2019	7,447	159
Less:		
Commitments relating to short-term leases	(165)	–
Commitments relating to leases of low-value assets	(444)	(73)
Commitments relating to licensing arrangements which are not within the scope of MFRS 16	(97)	(22)
Add:		
Commitments relating to leases previously classified as finance leases	1,388	473
Lease payments relating to renewal periods not included in operating lease commitments as at 30 September 2019	9,258	1,312
Purchase options not included in operating lease commitments as at 30 September 2019	876	–
Lease liabilities as at 1 October 2019	18,263	1,849

3. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED MFRSs (CONT'D)

(b) MFRSs, Amendments to MFRSs and Interpretations yet to be effective

The Group and the Company have not adopted the following MFRSs, Amendments to MFRSs and Interpretations which have been issued but are not yet effective. The Group and the Company intend to adopt these new pronouncements, if applicable, when they become effective.

Effective for financial periods beginning on or after 1 January 2020

Amendments to MFRS 2	Share-Based Payment
Amendment to MFRS 3	Business Combinations - Definition of a business
Amendments to MFRS 6	Exploration for and Evaluation of Mineral Resources
Amendment to MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 101	Presentation of Financial Statements - Definition of material
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors - Definition of material
Amendments to MFRS 134	Interim Financial Reporting
Amendment to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendment to MFRS 138	Intangible Assets
Amendment to IC Interpretation 12	Service Concession Arrangements
Amendment to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendment to IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendment to IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to IC Interpretation 132	Intangible Assets-Web Site Costs

Interest Rate Benchmark Reform (Amendments to MFRS 9 *Financial Instruments*, MFRS 139 *Financial Instruments: Recognition and Measurement* and MFRS 7 *Financial Instruments: Disclosures*)

Effective for financial periods beginning on or after 1 June 2020

Amendments to MFRS 16	Leases - Covid-19 Related Rent Concessions

Effective for financial periods beginning on or after 1 January 2021

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

3. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED MFRSs (CONT'D)

(b) MFRSs, Amendments to MFRSs and Interpretations yet to be effective (Cont'd)

Effective for financial periods beginning on or after 1 January 2022

Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)
Amendments to MFRS 3	Business Combinations - Reference to the Conceptual Framework
Amendments to MFRS 9	Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)
Amendments to MFRS 16	Leases (Annual Improvements to MFRS Standards 2018-2020)
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract
Amendments to MFRS 141	Agriculture (Annual Improvements to MFRS Standards 2018-2020)

Effective for financial periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 101	Presentation of Financial Statements - Classification of Liabilities as Current or Non-current

Effective date to be announced by Malaysian Accounting Standards 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, Amendments to MFRSs and Interpretations is not expected to result in significant financial impact to the Group and the Company, except as disclosed below:

- **MFRS 17 *Insurance Contracts***

  MFRS 17 replaces the existing MFRS 4 *Insurance Contracts* and introduces a single principle-based standard for recognition, measurement, presentation and disclosure of all insurance contracts. MFRS 17 is introduced to address the inconsistency in MFRS 4 which allowed insurers to use different accounting policies to measure insurance contracts in different countries.

  MFRS 17 requires entities to recognise and measure a group of insurance contracts at (i) a risk-adjusted present value of future cash flows that incorporates information that is consistent with observable market information plus (ii) an amount representing the unearned profit in the insurance contracts.

3. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED MFRSs (CONT'D)

(b) MFRSs, Amendments to MFRSs and Interpretations yet to be effective (Cont'd)

The adoption of the above MFRSs, Amendments to MFRSs and Interpretations is not expected to result in significant financial impact to the Group and the Company, except as disclosed below: (Cont'd)

- **MFRS 17 *Insurance Contracts* (Cont'd)**

MFRS 17 also requires entities to change the financial statements presentations of insurance service results whereby the insurance revenue is presented separately from insurance finance income or expenses.

MFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies MFRS 9 and MFRS 15 on or before the date it first applies MFRS 17.

The Group plans to adopt MFRS 17 on the required effective date and a Project Steering Committee has been formed to oversee the implementation of MFRS 17. The Group expects that MFRS 17 will result in an important change to the accounting policies for insurance contract liabilities of the Group and is likely to have a significant impact on profit and total equity together with the Group's financial statements' presentation and disclosure.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Critical Judgement Made in Applying Accounting Policies

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's and the Company's accounting policies. These are areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(i) Classification between Investment Properties and Property, Plant and Equipment

The Group has developed certain criteria based on MFRS 140 *Investment Property* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rental or for capital appreciation or both.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately.

If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(a) Critical Judgement Made in Applying Accounting Policies (Cont'd)

(ii) Classification of Associated Companies

The Group has interest in several equity investments held through its subsidiaries, which it regards as associated companies, although the Group owns less than 20% of the equity interest in these investees because of the significant influence the Group is able to exercise over their financial and operating policy decisions.

The determination as to whether significant influence exists in relation to the investments held by the Group is assessed after taking into account the Group's ability to appoint directors to the investees' boards, its relative shareholding compared with other shareholders, any significant contracts or arrangements with the investee or its other shareholders and other relevant facts and circumstances. The application of this judgement in respect of the Group's investments is through representation on the investees' boards and ability to exercise significant influence over their financial and operating policies through powers vested in the shareholder agreements.

(b) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Depreciation and Amortisation

Depreciation and amortisation are based on management's estimates of the future estimated average useful lives and residual values of property, plant and equipment and intangible assets. Estimates may change due to technological developments, expected level of usage, competition, market conditions and other factors which could impact the estimated average useful lives and the residual values of these assets. This may result in future changes in the estimated useful lives and in the depreciation or amortisation expenses.

(ii) Revaluation of Property, Plant and Equipment and Investment Properties

The Group carries its freehold and leasehold land and building, and investment properties at fair value, with changes in fair value being recognised in the revaluation reserves and income statements respectively. The valuation of these properties are carried out by independent professional property valuers by reference to open market values using the comparison method as described further in Notes 5 and 6.

(iii) ESOS

Estimating fair value for ESOS requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share options, volatility and dividend yield and making assumptions about them.

Judgement is also required in estimating the number of share options expected to vest as this involves a high degree of subjectivity.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) Key Sources of Estimation Uncertainty (Cont'd)

(iv) Impairment of Non-Financial Assets

Non-financial assets are tested for impairment when indications of potential impairment exist. Indicators of impairment which could trigger an impairment review include evidence of obsolescence or physical damage, significant fall in market values, significant under-performance relative to historical or projected future operating results, significant changes in the use of assets or the strategy of the business, significant adverse industry or economic changes.

Recoverable amounts of assets are based on management's estimates and assumptions of the net realisable value, cash flows arising from the future operating performance and revenue generating capacity of the assets and CGUs and future market conditions. Changes in circumstances may lead to revisions in estimates and assumptions. This may result in changes to the recoverable amounts of assets and impairment losses.

(v) Impairment of Financial Assets - Measurement of ECL

The measurement of the ECL for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour.

MFRS 9 introduces the use of macroeconomic factors which include, but is not limited to, gross domestic product, unemployment rates, house price index, wholesale and retail index, passenger car sales, and lending rates. Incorporating forward-looking information increases the level of judgement as to how changes in these macroeconomic factors will affect ECL. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

(a) Determining criteria for significant increase in credit risk;

(b) Choosing appropriate models and assumptions for the measurement of ECL;

(c) Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and

(d) Establishing groups of similar financial assets for the purposes of measuring ECL.

(vi) Uncertainty in Accounting Estimates in the General Insurance Business

The principal uncertainty in the general insurance business arises from technical provisions for premium and claims liabilities.

Premium liabilities comprise the higher of UPR or URR while claims liabilities comprise outstanding claims case estimates and Incurred But Not Reported ("IBNR") claims.

UPR is determined based on estimates of the portion of premium income not yet earned at reporting date whilst URR is determined based on estimates of expected future payments arising from future events insured under policies in force at reporting date, including expected future premium refunds.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) Key Sources of Estimation Uncertainty (Cont'd)

(vi) Uncertainty in Accounting Estimates in the General Insurance Business (Cont'd)

Generally, claims liabilities are determined based upon previous claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Particularly relevant is past experience with similar cases, historical claims development trends, legislative changes, judicial decisions and economic conditions.

There may be significant reporting lags between the occurrence of an insured event and the time it is actually reported. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude of the claim. There are many factors that will determine the level of uncertainty such as inflation, inconsistent judicial interpretation, legislative changes, and claims handling procedures.

The establishment of technical provisions is an inherently uncertain process and, as a consequence of this uncertainty, the eventual settlement of premium and claims liabilities may vary from the initial estimates.

The estimates of premium and claims liabilities are therefore sensitive to various factors and uncertainties.

(vii) Deferred Tax Assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other taxable temporary differences to the extent that it is probable that taxable profit will be available against which the benefits can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(viii) Fair Value Measurement of Financial Instruments

When the fair values of financial assets recorded in the statements of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using relevant reports and related documents. A degree of judgement is required in establishing their fair values which include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(ix) Impairment of Investments in Subsidiary Companies and Associated Companies

The Group assesses whether there is any indication that investments in associated companies may be impaired at each reporting date. The Company assesses whether there is any indication that investments in subsidiary companies may be impaired at each reporting date.

If indicators are present, these investments are subjected to impairment review. The impairment review comprises a comparison of the carrying amounts of the investment and their respective estimated recoverable amounts.

(i) The Group and the Company determine whether its investments are impaired following certain indications of impairment such as, amongst others, significant changes with adverse effects on the investment and deteriorating financial performance of the investment due to observed changes in the economic environment; and

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) Key Sources of Estimation Uncertainty (Cont'd)

(ix) Impairment of Investments in Subsidiary Companies and Associated Companies (Cont'd)

(ii) Depending on their nature and the location in which the investments relate to, judgements are made by management to select suitable methods of valuation such as, amongst others, discounted future cash flows or estimated fair value based on net assets of the associated companies.

Once a suitable method of valuation is selected, management makes certain assumptions concerning the future to estimate the recoverable amount of the specific individual investment. These assumptions and other key sources of estimation uncertainty at the reporting date, may have a significant risk of causing a material adjustment to the carrying amounts of the investments within the next financial year.

Depending on the specific individual investment, assumptions made by management may include, amongst others, assumptions on expected future cash flows, revenue growth, terminal value and discount rate used for purposes of discounting future cash flows which incorporates the relevant risks and expected future outcome based on certain past trends.

Changes in circumstances may lead to revisions in estimates and assumptions. This may result in changes to recoverable amounts of the investments.

(x) Impairment of Amounts Due from Subsidiary Companies and Associated Companies

The Group and the Company apply MFRS 9 to measure expected credit losses on amounts due from associated companies and subsidiary companies respectively. The assumptions applied in the measurement of expected credit losses is described in Note 4(b)(v).

(xi) Leases - Uncertainty in Estimates of Incremental Borrowing Rate

For certain lease contracts of which the interest rate implicit in the lease cannot be readily determined, the Group and the Company use the incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group and the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group and the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group and the Company estimate the IBR using observable inputs when available and is required to make certain entity-specific estimates.

(xii) Leases - Extension Options

The Group and the Company determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group and the Company have the option, under some of its leases to lease the assets for additional terms of 2 to 5 years. In determining the lease term, the Group and the Company consider all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

5. PROPERTY, PLANT AND EQUIPMENT

Group	Valuation			Cost				
	Freehold Land RM'000	Freehold Buildings RM'000	Leasehold Buildings RM'000	Computer Equipment RM'000	Motor Vehicles RM'000	Office Equipment RM'000	Furniture, Fixtures and Fittings RM'000	Total RM'000
2020								
Valuation/Cost								
At 1 October 2019 (as previously stated)	2,465	921	16,705	6,806	7,605	5,425	6,689	46,616
Effects of adoption of MFRS 16 (Note 3(a))	–	–	–	–	(3,872)	(17)	–	(3,889)
At 1 October 2019 (as restated)	2,465	921	16,705	6,806	3,733	5,408	6,689	42,727
Additions	–	–	–	371	–	139	49	559
Disposals	–	–	(445)	(4)	(567)	–	–	(1,016)
Write-offs	–	–	–	(82)	(7)	(99)	(3)	(191)
Revaluation surplus	75	38	2,108	–	–	–	–	2,221
Elimination of accumulated depreciation on revaluation	–	(93)	(2,708)	–	–	–	–	(2,801)
Translation differences	–	–	–	2	(5)	(8)	(3)	(14)
At 30 September 2020	2,540	866	15,660	7,093	3,154	5,440	6,732	41,485
Accumulated Depreciation and Impairment								
At 1 October 2019 (as previously stated)	–	62	1,858	6,195	3,859	4,582	6,056	22,612
Effects of adoption of MFRS 16 (Note 3(a))	–	–	–	–	(1,079)	(4)	–	(1,083)
At 1 October 2019 (as restated)	–	62	1,858	6,195	2,780	4,578	6,056	21,529
Charge for the year	–	31	921	95	251	268	242	1,808
Disposals	–	–	(71)	(4)	(289)	–	–	(364)
Write-offs	–	–	–	(80)	(7)	(94)	(3)	(184)
Elimination of accumulated depreciation on revaluation	–	(93)	(2,708)	–	–	–	–	(2,801)
Translation differences	–	–	–	(2)	(8)	(12)	(14)	(36)
At 30 September 2020	–	–	–	6,204	2,727	4,740	6,281	19,952
Net Book Value								
At 30 September 2020	2,540	866	15,660	889	427	700	451	21,533

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- 30 September 2020
(Cont'd)

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

Group	Valuation			Cost				
	Freehold Land RM'000	Freehold Buildings RM'000	Leasehold Buildings RM'000	Computer Equipment RM'000	Motor Vehicles RM'000	Office Equipment RM'000	Furniture, Fixtures and Fittings RM'000	Total RM'000
2019								
Valuation/Cost								
At 1 October 2018	2,465	921	16,705	6,726	7,098	4,684	6,322	44,921
Additions	–	–	–	79	893	800	444	2,216
Disposals	–	–	–	–	(454)	(68)	–	(522)
Write-offs	–	–	–	–	–	(5)	(92)	(97)
Translation differences	–	–	–	1	68	14	15	98
At 30 September 2019	2,465	921	16,705	6,806	7,605	5,425	6,689	46,616
Accumulated Depreciation and Impairment								
At 1 October 2018	–	31	929	6,109	3,414	4,403	5,929	20,815
Charge for the year	–	31	929	82	662	227	190	2,121
Disposals	–	–	–	–	(245)	(67)	–	(312)
Write-offs	–	–	–	–	–	(3)	(90)	(93)
Translation differences	–	–	–	4	28	22	27	81
At 30 September 2019	–	62	1,858	6,195	3,859	4,582	6,056	22,612
Net Book Value								
At 30 September 2019	2,465	859	14,847	611	3,746	843	633	24,004

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

Company	← Cost			→	
	Computer Equipment RM'000	Motor Vehicles RM'000	Office Equipment RM'000	Furniture, Fixtures and Fittings RM'000	Total RM'000
2020					
Cost					
At 1 October 2019 (as previously stated)	**292**	**2,075**	**153**	**487**	**3,007**
Effects of adoption of MFRS 16 (Note 3(a))	**–**	**(1,729)**	**–**	**–**	**(1,729)**
At 1 October 2019 (as restated)	**292**	**346**	**153**	**487**	**1,278**
Additions	**–**	**–**	**19**	**–**	**19**
Write-offs	**(33)**	**–**	**(3)**	**–**	**(36)**
At 30 September 2020	**259**	**346**	**169**	**487**	**1,261**
Accumulated Depreciation					
At 1 October 2019 (as previously stated)	**286**	**765**	**106**	**429**	**1,586**
Effects of adoption of MFRS 16 (Note 3(a))	**–**	**(584)**	**–**	**–**	**(584)**
At 1 October 2019 (as restated)	**286**	**181**	**106**	**429**	**1,002**
Charge for the year	**1**	**17**	**9**	**12**	**39**
Write-offs	**(33)**	**–**	**(1)**	**–**	**(34)**
At 30 September 2020	**254**	**198**	**114**	**441**	**1,007**
Net Book Value					
At 30 September 2020	**5**	**148**	**55**	**46**	**254**
2019					
Cost					
At 1 October 2018	292	2,098	138	487	3,015
Additions	–	154	15	–	169
Disposal	–	(177)	–	–	(177)
At 30 September 2019	292	2,075	153	487	3,007
Accumulated Depreciation					
At 1 October 2018	285	669	99	414	1,467
Charge for the year	1	186	7	15	209
Disposal	–	(90)	–	–	(90)
At 30 September 2019	286	765	106	429	1,586
Net Book Value					
At 30 September 2019	6	1,310	47	58	1,421

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

(a) Freehold land and buildings and leasehold buildings of the Group were revalued as at 30 September 2017 by Messrs. Rahim & Co., an independent professional valuer. Fair value was determined by reference to open market values using the comparison method.

A desktop valuation on freehold land and buildings and leasehold buildings of the Group was conducted by Messrs. Rahim & Co. in the current financial year ended 30 September 2020.

The fair value of the freehold land and buildings and leasehold buildings is categorised within Level 3 of the fair value hierarchy. The significant inputs used in the valuation are provided in Note 55.

There are no changes to the valuation technique and fair value hierarchy in the current financial year.

The net book values of the freehold land and buildings and leasehold buildings of the Group had the cost model been applied, compared to the revaluation model as at 30 September 2020 are as follows:

		Net Book Value			
		2020		2019	
	Note	Under Revaluation Model RM'000	Under Cost Model RM'000	Under Revaluation Model RM'000	Under Cost Model RM'000
Freehold land		**2,540**	**380**	2,465	380
Freehold buildings		**866**	**203**	859	210
Leasehold buildings		**15,660**	**4,539**	14,847	4,950
	55	**19,066**	**5,122**	18,171	5,540

(b) The net carrying amount of motor vehicles of the Group and the Company held under finance leases as at 30 September 2019 were RM2,793,000 and RM1,145,000 respectively. These assets have been reclassified to right-of-use assets upon adoption of MFRS 16 as disclosed in Note 3(a).

(c) During the year, the Group and the Company acquired property, plant and equipment by:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash	**559**	1,496	**19**	49
Hire purchase *	**–**	720	**–**	120
	559	2,216	**19**	169

* Property, plant and equipment purchased under finance lease arrangements have been reclassified and recognised as right-of-use assets upon adoption of MFRS 16 beginning 1 October 2019.

6. INVESTMENT PROPERTIES

	Note	Group 2020 RM'000	2019 RM'000
At fair value			
At 1 October		**1,220**	1,220
Disposal		**(565)**	–
At 30 September		**655**	1,220
Analysed as:			
Freehold buildings		**655**	655
Leasehold buildings		**–**	565
	55	**655**	1,220

Investment properties were revalued as at 30 September 2017 by Messrs. Rahim & Co., an independent professional valuer. Fair value was determined by reference to open market values using the comparison method.

A desktop valuation on investment properties of the Group was conducted by Messrs. Rahim & Co. in the current financial year ended 30 September 2020 and no adjustment to the financial statements is made as their carrying values are not materially different from their market values.

The Group has assessed that the existing use of its investment properties is the most appropriate, and at its highest and best use.

The fair value of the investment properties is categorised within Level 3 of the fair value hierarchy. The significant inputs used in the valuation are provided in Note 55.

7. PREPAID LAND LEASE PAYMENTS

	Note	Group 2020 RM'000	2019 RM'000
Long term leasehold land:			
At 1 October (as previously stated)		**290**	294
Effects of adoption of MFRS 16	3(a)	**(290)**	–
At 1 October (as restated)		**–**	294
Amortisation	40	**–**	(4)
At 30 September		**–**	290

Notes to the Financial Statements
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(Cont'd)

8. INTANGIBLE ASSETS

Group

	Note	Club Membership RM'000	Computer Software and Other Licences RM'000	Total RM'000
2020				
Cost				
At 1 October 2019		**560**	**6,403**	**6,963**
Additions		**–**	**415**	**415**
Translation differences		**(6)**	**(5)**	**(11)**
At 30 September 2020		**554**	**6,813**	**7,367**
Accumulated Amortisation and Impairment				
At 1 October 2019		**232**	**4,864**	**5,096**
Amortisation	40	**11**	**552**	**563**
Translation differences		**(1)**	**(6)**	**(7)**
At 30 September 2020		**242**	**5,410**	**5,652**
Net Book Value				
At 30 September 2020		**312**	**1,403**	**1,715**
2019				
Cost				
At 1 October 2018		549	5,872	6,421
Additions		–	525	525
Write-offs		–	(2)	(2)
Translation differences		11	8	19
At 30 September 2019		560	6,403	6,963
Accumulated Amortisation and Impairment				
At 1 October 2018		194	4,306	4,500
Amortisation	40	11	550	561
Impairment		25	–	25
Translation differences		2	8	10
At 30 September 2019		232	4,864	5,096
Net Book Value				
At 30 September 2019		328	1,539	1,867

8. INTANGIBLE ASSETS (CONT'D)

Company	Note	2020 RM'000	2019 RM'000
Computer Software and Licences			
Cost			
At 1 October 2019/2018		**229**	228
Additions		**7**	1
At 30 September		**236**	229
Accumulated Amortisation			
At 1 October 2019/2018		**175**	162
Amortisation	40	**13**	13
At 30 September		**188**	175
Net Book Value		**48**	54

9. LEASES

(a) The Group and the Company as lessee

The Group and the Company have lease contracts for various items of computer and office equipment, motor vehicles, buildings and leasehold land used in its operations. The lease terms of these assets are generally between 2 to 5 years with the exception of leasehold land which has a lease term of 99 years.

The Group and the Company also have certain leases of equipment with lease terms of 12 months or less, or of low value. The Group and the Company apply the "short-term lease" and "lease of low-value assets" recognition exemptions for these leases.

(i) Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

Group	Note	Leasehold Land RM'000	Buildings RM'000	Computer Equipment RM'000	Motor Vehicles RM'000	Office Equipment RM'000	Total RM'000
2020							
At 1 October 2019 (as previously stated)		–	–	–	–	–	–
Effects of adoption of MFRS 16	3(a)	290	11,039	4,974	2,793	585	19,681
At 1 October 2019 (as restated)		290	11,039	4,974	2,793	585	19,681
Additions		–	–	1,398	893	649	2,940
Depreciation charge	40	(4)	(2,055)	(2,510)	(426)	(270)	(5,265)
Derecognition		–	–	(741)	–	–	(741)
Translation differences		–	72	(7)	(29)	(5)	31
At 30 September 2020		286	9,056	3,114	3,231	959	16,646

9. LEASES (CONT'D)

(a) The Group and the Company as lessee (Cont'd)

(i) Right-of-use assets (Cont'd)

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year: (Cont'd)

Company	Note	Buildings RM'000	Computer Equipment RM'000	Motor Vehicles RM'000	Office Equipment RM'000	Total RM'000
2020						
At 1 October 2019 (as previously stated)		–	–	–	–	–
Effects of adoption of MFRS 16	3(a)	1,121	48	1,145	207	2,521
At 1 October 2019 (as restated)		1,121	48	1,145	207	2,521
Depreciation charge	40	(224)	(25)	(142)	(88)	(479)
At 30 September 2020		897	23	1,003	119	2,042

During the year, the Group acquired right-of-use assets by:

	Group 2020 RM'000
Cash	255
Lease liabilities	2,685
	2,940

(ii) Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Note	Group 2020 RM'000	Company 2020 RM'000
At 1 October 2019 (as previously stated)		–	–
Effects of adoption of MFRS 16	3(a)	18,263	1,849
At 1 October 2019 (as restated)		18,263	1,849
Additions		2,685	–
Accretion of interest	42	971	94
Payments		(5,973)	(588)
Remeasurements		(41)	–
Translation differences		17	–
At 30 September 2020		15,922	1,355

Maturity profile of lease liabilities is disclosed in Note 57(b)(i).

9. LEASES (CONT'D)

(a) The Group and the Company as lessee (Cont'd)

(ii) Lease liabilities (Cont'd)

Extension options

The Group and the Company have several lease contracts of buildings which contain extension options exercisable by the Group and the Company. At the commencement of the lease, the Group and the Company assess whether it is reasonably certain to exercise such options.

All of the extension options for buildings have been included in the lease liabilities because the Group and the Company are reasonably certain that the leases will be extended based on past practice and the existing economic incentive.

(b) The Group as lessor

During the financial year, the Group leased out its investment property and computer equipment under operating leases with the terms of the leases of up to 2 years. Rental income and revenue from equipment under leasing arrangements during the year are disclosed in Note 33.

Following the disposal of the Group's investment property as described in Note 6, the Group does not have any non-cancellable operating leases contracted for as at the reporting date but not recognised as receivables.

(c) The Group as intermediate lessor

The Group has entered into sublease arrangements on its leased buildings and computer equipment which have been recognised as right-of-use assets. The Group has classified the subleases as finance leases because the subleases are for the whole of the remaining term of the head lease.

Set out below are the carrying amounts of lease receivables and the movements during the year:

	Note	Group 2020 RM'000
At 1 October 2019 (as previously stated)		–
Effects of adoption of MFRS 16	3(a)	458
At 1 October 2019 (as restated)		458
Additions		753
Accretion of interest		46
Lease payments received		(485)
Translation differences		(25)
At 30 September 2020		747

9. LEASES (CONT'D)

(c) The Group as intermediate lessor (Cont'd)

The following table sets out the maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date:

	Group 2020 RM'000
Up to a year	**446**
1-2 years	**230**
2-5 years	**118**
Over 5 years	**1**
Total undiscounted lease payments receivable	**795**
Unearned finance income	**(48)**
Lease receivables at 30 September 2020	**747**

(d) The following are the amounts recognised in the income statements:

	Note	Group 2020 RM'000	Company 2020 RM'000
The Group and the Company as lessee:			
Depreciation expense of right-of-use assets	40	**(5,265)**	**(479)**
Interest expense on lease liabilities	42	**(971)**	**(94)**
Remeasurement gain on lease liabilities	34	**41**	**–**
Expenses relating to leases of low-value assets	41	**(329)**	**(60)**
Expenses relating to short term leases	41	**(360)**	**(67)**
The Group as intermediate lessor:			
Gain on derecognition of right-of-use assets	34	**12**	**–**
Interest income on lease receivables	34	**46**	**–**

(e) During the year, the Group and the Company had total cash outflow for payment of lease liabilities of RM6,662,000 and RM715,000 respectively. The Group also had non-cash additions to right-of use assets during the year of RM2,685,000.

10. DEFERRED TAX (LIABILITIES)/ASSETS

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 October 2019/2018		**(2,568)**	(3,135)	**510**	514
Transferred from/(to) income statements	50	**1,252**	43	**469**	(4)
- deferred tax assets	10.1,10.3	**1,119**	(7)	**463**	(5)
- deferred tax liabilities	10.2,10.4	**133**	50	**6**	1
Transferred (to)/from FVOCI reserve - deferred tax liabilities	10.2	**(1,485)**	524	**–**	–
Transferred to revaluation reserve - deferred tax liabilities	10.2	**(533)**	–	**–**	–
At 30 September		**(3,334)**	(2,568)	**979**	510

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes related to the same tax authority.

Reflected after offsetting in the statements of financial position as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deferred tax assets	**979**	510	**979**	510
Deferred tax liabilities	**(4,313)**	(3,078)	**–**	–
Net deferred tax (liabilities)/assets	**(3,334)**	(2,568)	**979**	510

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10. DEFERRED TAX (LIABILITIES)/ASSETS (CONT'D)

The components of deferred tax assets and deferred tax liabilities during the year and in the previous year prior to offsetting are as follows:

		Group	
	Note	2020 RM'000	2019 RM'000
Deferred tax assets	10.1	**3,621**	2,502
Deferred tax liabilities	10.2	**(6,955)**	(5,070)
		(3,334)	(2,568)

		Company	
	Note	2020 RM'000	2019 RM'000
Deferred tax assets	10.3	**1,052**	589
Deferred tax liabilities	10.4	**(73)**	(79)
		979	510

The components and movements of deferred tax assets and deferred tax liabilities during the year and in the previous year prior to offsetting are as follows:

10.1 Deferred Tax Assets of the Group:

	Provisions and Other Temporary Differences RM'000	Revaluation Deficit RM'000	Changes in Fair Value of FVOCI Financial Assets RM'000	Provision for Impairment Losses RM'000	Unabsorbed Capital Allowances RM'000	Total RM'000
2020						
At 1 October 2019	–	30	1,883	–	589	2,502
Recognised in the income statements	541	–	–	575	3	1,119
At 30 September 2020	541	30	1,883	575	592	3,621

	Premium Liabilities RM'000	Revaluation Deficit RM'000	Changes in Fair Value of FVOCI Financial Assets RM'000	Unabsorbed Capital Allowances RM'000	Total RM'000
2019					
At 1 October 2018	2	30	1,883	594	2,509
Recognised in the income statements	(2)	–	–	(5)	(7)
At 30 September 2019	–	30	1,883	589	2,502

10. DEFERRED TAX (LIABILITIES)/ASSETS (CONT'D)

The components and movements of deferred tax assets and deferred tax liabilities during the year and in the previous year prior to offsetting are as follows: (Cont'd)

10.2 Deferred Tax Liabilities of the Group:

2020	Lease and Other Temporary Differences RM'000	Changes in Fair Value of FVOCI Financial Assets RM'000	Revaluation Surplus RM'000	Accelerated Capital Allowances RM'000	Total RM'000
At 1 October 2019	–	(754)	(3,890)	(426)	(5,070)
Recognised in the income statements	(44)	–	–	177	133
Recognised in FVOCI reserve	–	(1,485)	–	–	(1,485)
Recognised in revaluation reserve	–	–	(533)	–	(533)
At 30 September 2020	(44)	(2,239)	(4,423)	(249)	(6,955)

2019	Changes in Fair Value of FVOCI Financial Assets RM'000	Revaluation Surplus RM'000	Accelerated Capital Allowances RM'000	Total RM'000
At 1 October 2018	(1,278)	(3,890)	(476)	(5,644)
Recognised in the income statements	–	–	50	50
Recognised in FVOCI reserve	524	–	–	524
At 30 September 2019	(754)	(3,890)	(426)	(5,070)

10.3 Deferred Tax Assets of the Company:

2020	Provision for Impairment Loss RM'000	Leases and Other Temporary Differences RM'000	Unabsorbed Capital Allowances RM'000	Total RM'000
At 1 October 2019	–	–	589	589
Recognised in the income statements	324	136	3	463
At 30 September 2020	324	136	592	1,052

2019	Unabsorbed Capital Allowances RM'000	Total RM'000
At 1 October 2018	594	594
Recognised in the income statements	(5)	(5)
At 30 September 2019	589	589

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10. DEFERRED TAX (LIABILITIES)/ASSETS (CONT'D)

The components and movements of deferred tax assets and deferred tax liabilities during the year and in the previous year prior to offsetting are as follows: (Cont'd)

10.4 Deferred Tax Liabilities of the Company:

	Accelerated Capital Allowances RM'000	Total RM'000
2020		
At 1 October 2019	**(79)**	**(79)**
Recognised in the income statements	**6**	**6**
At 30 September 2020	**(73)**	**(73)**
2019		
At 1 October 2018	(80)	(80)
Recognised in the income statements	1	1
At 30 September 2019	(79)	(79)

As at 30 September 2020, net deferred tax assets have not been recognised in respect of the following temporary differences of the Group:

	Group 2020 RM'000	Group 2019 RM'000
Depreciation and capital allowances on property, plant and equipment	**(1,123)**	(1,320)
Unutilised tax losses	**116,526**	115,103
Other deductible temporary differences	**91**	(3,126)
	115,494	110,657

The unutilised tax losses of the Group are available for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act 1967 and guidelines issued by the tax authority.

The Malaysia Finance Act gazetted on 27 December 2018 has imposed a time limitation to restrict the carry forward of the unutilised tax losses. The unutilised tax losses accumulated up to the year of assessment 2018 are allowed to be carried forward for 7 consecutive years of assessment (i.e. from year of assessment 2019 to 2025) and any balance of the unutilised losses thereafter shall be disregarded.

However, for any unutilised tax losses that originated from the year of assessment 2019 onwards, these are allowed to be carried forward for a maximum period of 7 consecutive years of assessment immediately following that originating year of assessment and any balance of the unutilised tax losses thereafter shall be disregarded.

The foreign unutilised tax losses applicable to foreign incorporated subsidiary companies are pre-determined by and subject to the tax legislation of the respective countries. During the current financial year, unutilised tax losses from foreign incorporated subsidiary companies amounting to RM3,117,000 (2019: Nil) have expired.

11. INVESTMENTS

The Group's and the Company's investments have been categorised as follows:

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
(a) Financial assets at FVOCI					
At fair value:					
Designated upon initial recognition:					
- Quoted shares (i)		**40,576**	28,465	**26,825**	16,481
- Unquoted shares (i)		**1,952**	5,605	**–**	–
Mandatorily measured:					
- Corporate debt securities (ii)		**62,952**	20,042	**–**	–
	55	**105,480**	54,112	**26,825**	16,481
(b) Financial assets at FVTPL					
At fair value:					
Mandatorily measured:					
- Quoted shares		**19,763**	3,425	**815**	1,617
- Unquoted redeemable convertible loan notes		**5,980**	6,299	**–**	–
- Unit trusts		**345,172**	181,627	**–**	1,228
- Warrants		**2,394**	–	**1,797**	–
	55	**373,309**	191,351	**2,612**	2,845
(c) Financial assets at amortised cost					
Subordinated Notes (iii)		**–**	–	**34,919**	34,885
Sukuk		**–**	33	**–**	33
		–	33	**34,919**	34,918
Total investments		**478,789**	245,496	**64,356**	54,244

11. INVESTMENTS (CONT'D)

(i) Financial assets at FVOCI

Financial assets designated at FVOCI include investments in equity shares of listed and unlisted companies in Malaysia and outside Malaysia. The Group and the Company hold non-controlling interests in these companies. These investments were irrevocably designated at FVOCI as the Group and the Company consider these investments to be strategic in nature.

The pertinent information of the investments in quoted shares in Malaysia and unquoted shares outside Malaysia of the Group, held at FVOCI by sectors are as follows:

Group	Quoted shares in Malaysia: Transportation and Logistics RM'000	Industrial Products and Services RM'000	Financial Services RM'000	Total RM'000	Unquoted Shares Outside Malaysia RM'000	Total RM'000
Fair value						
At 1 October 2018	63	33,652	1,217	34,932	5,605	40,537
Fair value losses during the year	(13)	(6,262)	(192)	(6,467)	–	(6,467)
At 1 October 2019	50	27,390	1,025	28,465	5,605	34,070
Fair value gains/(losses) during the year	4	13,908	51	13,963	(3,754)	10,209
Disposal during the year	(54)	(1,798)	–	(1,852)	–	(1,852)
Translation differences	–	–	–	–	101	101
At 30 September 2020	–	39,500	1,076	40,576	1,952	42,528

During the year, the Group sold equity instruments at FVOCI and the accumulated gain recognised in other comprehensive income has been transferred to retained profits, net of tax of RM683,000. The dividends received by the Group in respect of the shares sold was RM89,000 during the year.

The pertinent information of the investments in quoted shares in Malaysia of the Company, held at FVOCI by sector is as follows:

Company

Quoted shares in Malaysia	Industrial Products and Services RM'000	Total RM'000
Fair value		
At 1 October 2018	20,721	20,721
Fair value losses during the year	(4,240)	(4,240)
At 1 October 2019	16,481	16,481
Fair value gains during the year	10,344	10,344
At 30 September 2020	26,825	26,825

11. INVESTMENTS (CONT'D)

(ii) Disclosure of expected credit losses recognised on corporate debt securities at FVOCI are disclosed in Note 57(a)(ii).

(iii) The Company's investments in Subordinated Notes ("Sub Notes") of RM34,919,000 (2019: RM34,885,000) are in respect of Sub Notes issued by its insurance subsidiary company. The Sub Notes were issued for a period of 10 years on a 10 non-callable 5 basis, with a coupon rate of 7.60% per annum.

During the current financial year, the Sub Notes have been pledged to a licensed bank as security for a financing facility granted to the Group and the Company as disclosed in Note 29(e).

12. INVESTMENT IN SUBSIDIARY COMPANIES

	Company 2020 RM'000	2019 RM'000
Unquoted shares - at cost	**161,847**	161,847
ESOS Share Options - additional equity contribution	**1,165**	848
Impairment losses	**(6,625)**	(6,625)
At 30 September	**156,387**	156,070

The subsidiary companies are as follows:

	Effective Interests 2020 %	2019 %	Principal Activities
Incorporated in Malaysia			
Pacific & Orient Insurance Co. Berhad	**51**	51	General insurance business
P & O Global Technologies Sdn. Bhd.	**100**	100	Dealing in computer hardware, software and systems
P & O Technologies Sdn. Bhd.	**100**	100	Provision of information technology services and sale of information technology equipment
Pacific & Orient Distribution Sdn. Bhd.	**100**	100	Investing in start-up companies
P & O Capital Sdn. Bhd.	**100**	100	Money lending
P & O Resources Sdn. Bhd.	**100**	100	Dealing in computer hardware, software and systems
Dynamic Network Distributions Sdn. Bhd.	**100**	100	Dormant
P & O Nominees Services (Tempatan) Sdn. Bhd.	**100**	100	Dormant

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12. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The subsidiary companies are as follows: (Cont'd)

	Effective Interests 2020 %	Effective Interests 2019 %	Principal Activities
Incorporated in Malaysia (Cont'd)			
P & O Properties Sdn. Bhd.	**100**	100	Dormant
Focus Internet Sdn. Bhd.	**100**	100	Dormant
P & O Equities Sdn. Bhd.	**100**	100	Dormant
Incorporated in England and Wales			
Pacific & Orient Properties Ltd.*	**100**	100	Investing in real estate market and start-up companies
Incorporated in the United States of America			
P & O Global Technologies, Inc. ("POGT Inc.") ***	**100**	100	Property development, information technology services, research and development and trading activities
Subsidiary company of P & O Global Technologies Sdn. Bhd. - Incorporated in Thailand			
P & O Global Technologies (Thailand) Co., Ltd. ("POGT Thai") **	**100**	100	Dealing in computer software and systems
Subsidiary company of P & O Global Technologies, Inc. - Incorporated in the United States of America			
Pacific & Orient Properties LLC ("POPLLC") (1)***	**100**	–	Dormant

The above subsidiary companies are audited by Ernst & Young PLT, Malaysia except for the following:

* Audited by Ernst & Young LLP
** Audited by firm other than Ernst & Young
*** Company not required to be audited under the laws of the country of incorporation

(1) Incorporation of a subsidiary company

POGT Inc., a wholly owned subsidiary of the Company, had on 6 April 2020 completed the incorporation of Pacific & Orient Properties LLC ("POPLLC"), a limited liability company in the United States of America. POPLLC has not commenced operations as at the reporting date.

12. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Financial information of a subsidiary company that has material non-controlling interest is provided below:

	2020	2019
Portion of equity interest held by a non-controlling interest:		
Non-controlling interest - percentage of ownership interest and voting interest in Pacific & Orient Insurance Co. Berhad	**49%**	49%
Gross carrying amount of non-controlling interest (RM'000)	**103,883**	108,187
Inter-company eliminations - Share options vested under ESOS (RM'000)	**(378)**	(270)
Transfer of FVOCI reserve to non-controlling interest (RM'000)	**335**	–
Transfer of revaluation reserve to non-controlling interest (RM'000)	**149**	–
Net carrying amount of non-controlling interest (RM'000)	**103,989**	107,917

The summarised financial information of Pacific & Orient Insurance Co. Berhad is provided below. This information is based on amounts before inter-company eliminations.

(a) Summarised statement of financial position

	2020 RM'000	2019 RM'000
Total assets	**837,912**	833,059
Total liabilities	**(625,904)**	(612,269)
Total equity	**212,008**	220,790

(b) Summarised income statement

	2020 RM'000	2019 RM'000
Revenue	**296,167**	309,436
Net profit for the year	**9,258**	15,230
Net profit for the year attributable to:		
Equity holders of the Company	**4,721**	7,767
Non-controlling interest	**4,537**	7,463
	9,258	15,230

12. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The summarised financial information of Pacific & Orient Insurance Co. Berhad is provided below. This information is based on amounts before inter-company eliminations. (Cont'd)

(c) Summarised statement of comprehensive income

	2020 RM'000	2019 RM'000
Net profit for the year	**9,258**	15,230
Other comprehensive income/(loss)	**6,731**	(1,661)
Total comprehensive income for the year	**15,989**	13,569
Total comprehensive income for the year attributable to:		
Equity holders of the Company	**8,155**	6,920
Non-controlling interest	**7,834**	6,649
	15,989	13,569
Dividends paid to non-controlling interest	**12,250**	22,050

(d) Summarised statement of cash flows

	2020 RM'000	2019 RM'000
Net cash generated from/(used in):		
Operating activities	**31,427**	26,129
Investing activities	**429**	(631)
Financing activities	**(28,736)**	(45,181)
Net increase/(decrease) in cash and cash equivalents	**3,120**	(19,683)
Cash and cash equivalents at beginning of year	**18,617**	38,300
Cash and cash equivalents at end of year	**21,737**	18,617

13. INVESTMENT IN ASSOCIATED COMPANIES

	Group	
	2020 RM'000	2019 RM'000
Unquoted shares outside Malaysia - at cost	**39,419**	36,230
Translation differences	**(1,814)**	(3,066)
Group's share of losses of associated companies	**(15,173)**	(12,576)
	22,432	20,588
Allowance for impairment *	**(4,946)**	(2,060)
	17,486	18,528

13. INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)

* The movement in allowance for impairment is as follows:

	Group 2020 RM'000	Group 2019 RM'000
As at 1 October 2019/2018	**2,060**	7,829
Addition	**2,886**	–
Write-off	**–**	(5,769)
As at 30 September	**4,946**	2,060

The additional allowance for impairment of RM2,886,000 made in the current financial year was due to the carrying amount of an associated company exceeding its recoverable amounts.

In the previous year, the Group wrote-off investment in an associated company of RM5,769,000 pursuant to the dissolution of the said company.

Summary of financial information of the Group's investment in associated companies that are not individually material is as follows:

	Group 2020 RM'000	Group 2019 RM'000
Share of loss for the year	**(2,597)**	(4,067)
Share of total comprehensive loss for the year	**(2,597)**	(4,067)

Details of the associated companies are as follows:

	Effective Interests 2020 %	Effective Interests 2019 %	Principal Activities
Incorporated in Singapore			
Associated company of Pacific & Orient Distribution Sdn. Bhd.			
Hiringboss Holdings Pte. Ltd.**	**20.22**	16.72	Engaged in the business of information technology and computer services activities
Incorporated in England and Wales			
Associated companies of Pacific & Orient Properties Ltd.			
Cloudbanter Limited**	**23.55**	23.55	Development of software
Cross-Flow Energy Company Limited**	**25.03**	26.65	Development of wind turbines

13. INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)

Summary of financial information of the Group's investment in associated companies that are not individually material is as follows: (Cont'd)

Details of the associated companies are as follows: (Cont'd)

	Effective Interests 2020 %	Effective Interests 2019 %	Principal Activities
Incorporated in England and Wales (Cont'd)			
Associated companies of Pacific & Orient Properties Ltd. (Cont'd)			
Silicon Markets Limited**	**28.12**	28.12	Provision of algorithmic trading tools and services
Massive Analytic Limited**	**6.36**	11.65	Provision of machine learning and predictive analytics solutions
Acumentive Limited**	**17.10**	17.10	Provision of real-time asset tracking and management solutions

** These associated companies are not audited by Ernst & Young PLT, Malaysia.

Although the Group holds less than 20% of the voting power in some of these companies, these companies are considered to be associated companies because of the significant influence the Group is able to exercise over their financial and operating policy decisions. The judgements applied in determining whether these entities meet the definition of associated companies are disclosed in Note 4(a)(ii).

The financial statements of the above associates are not co-terminous with those of the Group. For the purpose of applying the equity method of accounting, the management financial statements to the end of the accounting period of 30 September 2020 and 2019 have been used.

14. INVENTORIES – GOODS FOR RESALE

	Group 2020 RM'000	Group 2019 RM'000
Inventories - at cost	**611**	552

15. LAND HELD FOR DEVELOPMENT

	Group	
	2020 RM'000	2019 RM'000
Cost:		
Freehold land	**29,442**	29,442
Translation differences	**4,986**	4,746
Direct expenditure	**16,696**	13,157
At 30 September	**51,124**	47,345

Land held for development is held by the Company's subsidiary, P & O Global Technologies, Inc. Relevant approvals to proceed with the development activities have been obtained. Construction will commence once suitable financing has been secured.

16. LOANS

	Group	
	2020 RM'000	2019 RM'000
Loans:		
- secured loans [(1)]	**2,050**	2,050
- unsecured loans	**84**	105
	2,134	2,155
Due within one year	**30**	29
Due after one year	**2,104**	2,126
	2,134	2,155

The interest rates on loans were between 9.50% and 12.00% (2019: 9.50% and 12.00%) per annum.

(1) The loans are secured by way of shares and land and building, pledged by the respective borrowers.

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17. REINSURANCE ASSETS

	Note	Group 2020 RM'000	Group 2019 RM'000
Reinsurance of insurance contracts			
Claims liabilities	24.1	**141,386**	130,564
Premium liabilities	24.2	**31,254**	31,377
		172,640	161,941

18. INSURANCE RECEIVABLES

	Note	Group 2020 RM'000	Group 2019 RM'000
Outstanding premiums including agents', brokers' and co-insurers' balances		**4,964**	4,193
Due from reinsurers and ceding companies		**13,736**	21,841
		18,700	26,034
Allowance for impairment	57(a)(ii)	**(1,045)**	(1,242)
		17,655	24,792

The carrying amounts of insurance receivables above approximate their respective fair values due to the relatively short-term maturity of these balances.

Insurance receivables that have been offset against the insurance payables are as follows:

Offsetting insurance receivables and insurance payables

	Group 2020 RM'000	Group 2019 RM'000
Gross amounts of recognised insurance receivables	**26,449**	39,016
Less: Gross amounts of recognised insurance payables set off in the statements of financial position	**(7,749)**	(12,982)
Net amount of insurance receivables presented in the statements of financial position	**18,700**	26,034

19. RECEIVABLES

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Trade receivables:					
Trade receivables		**5,402**	4,487	**–**	–
Allowance for impairment	57(a)(ii)	**(2,521)**	(2,092)	**–**	–
		2,881	2,395	**–**	–
Other receivables:					
Accrued income		**2,932**	4,732	**2,152**	701
Share of net assets held under the Malaysian Motor Insurance Pool ("MMIP") [1]		**49,749**	53,890	**–**	–
Deposits and prepayments		**4,945**	4,980	**195**	79
Tax recoverable		**368**	1,708	**–**	–
Goods and Services Tax recoverable		**142**	514	**–**	1
Sales and Services Tax recoverable		**2,864**	2,864	**–**	–
Withholding tax recoverable		**1,017**	1,012	**–**	–
Unbilled receivables		**776**	1,564	**–**	–
Due from an Investment Bank [2]		**518**	–	**–**	–
Others		**2,095**	908	**282**	7
		65,406	72,172	**2,629**	788

(1) As a participating member of MMIP, the Group shares a proportion of the Pool's net assets/liabilities. At each reporting date, the Group accounts for its proportionate share of the assets, liabilities and performance of the Pool. The net assets held under MMIP represents the Group's share of the Pool's net assets, before insurance contract liabilities. The Group's proportionate share of the Pool's insurance contract liabilities arising from its participation in the Pool is disclosed in Note 24.

(2) Amount due from a licensed investment bank in Malaysia ("Investment Bank") relates to coupon payment receivable by the Group in accordance with the terms of the financing facility as disclosed in Note 29(e).

The Group's normal trade credit term is up to 60 days. Other credit terms are assessed and approved on a case by case basis.

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20. DUE FROM SUBSIDIARY COMPANIES

The amounts due from subsidiary companies are repayable in accordance with applicable terms, are unsecured and interest-free, except for an amount of RM140,958,000 (2019: RM130,659,000) which bore interest between 4.75% and 10.25% (2019: 4.75% and 10.25%) per annum.

The gross to net balances and currency exposure profile of the amounts due from subsidiary companies are as follows:

Company

	Gross RM'000	Impairment RM'000 (Note 57(a)(ii))	Net RM'000
2020			
Ringgit Malaysia	**48,375**	**(28,047)**	**20,328**
United States Dollar	**89,874**	**(19,527)**	**70,347**
Thai Baht	**9,737**	**–**	**9,737**
Great Britain Pound	**83,868**	**(22,117)**	**61,751**
	231,854	**(69,691)**	**162,163**
2019			
Ringgit Malaysia	44,273	(22,968)	21,305
United States Dollar	88,484	(19,527)	68,957
Thai Baht	9,468	–	9,468
Great Britain Pound	71,935	(16,390)	55,545
	214,160	(58,885)	155,275

The amounts granted to subsidiary companies are for investment and working capital purposes.

21. DUE FROM ASSOCIATED COMPANIES

The currency exposure profile of the amount due from associated companies is as follows:

	Group 2020 RM'000	Group 2019 RM'000
Great Britain Pound	**11,787**	6,744

The amount due from associated companies is repayable in accordance with applicable terms, are unsecured and interest-free.

22. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	Group	
	2020	**2019**
	RM'000	**RM'000**
At amortised cost:		
Licensed banks	**104,976**	332,267

Deposits and placements with financial institutions of the Group with maturities of more than three months are disclosed as deposits and placements with financial institutions. Deposits and placements with original maturities of less than three months are disclosed as cash and bank balances under Note 23.

Deposits and placements with financial institutions of RM1,619,000 (2019: RM1,579,000) of the Group have been pledged as securities for credit facilities granted to the Group as disclosed in Note 29(a) and (c).

Included in deposits and placements of the Group is an amount of RM108,000 (2019: RM105,000) representing placements of deposits received from insureds as collateral for bond guarantees granted by the insurance subsidiary company to third parties.

The range of effective interest rates per annum of deposits and placements with financial institutions at the reporting date was as follows:

	Group	
	2020	**2019**
	%	**%**
Licensed banks	**0.30 - 4.50**	1.00 - 4.35

23. CASH AND BANK BALANCES

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash and bank balances	**11,134**	17,166	**777**	860
Short-term deposits and placements with financial institutions (with original maturity period of less than three months)	**59,887**	27,290	**35,265**	2,260
	71,021	44,456	**36,042**	3,120

The range of effective interest rates per annum of bank balances, short-term deposits and placements with financial institutions at the reporting date was as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	%	**%**	**%**	**%**
Licensed banks	**0.00 – 3.30**	0.00 – 3.92	**0.00 – 3.00**	0.00 – 3.90

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24. INSURANCE CONTRACT LIABILITIES

	2020 Gross RM'000	2020 Reinsurance RM'000 (Note 17)	2020 Net RM'000	2019 Gross RM'000	2019 Reinsurance RM'000 (Note 17)	2019 Net RM'000
Group						
General insurance	**524,336**	**(172,640)**	**351,696**	515,060	(161,941)	353,119

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

	Note	2020 Gross RM'000	2020 Reinsurance RM'000	2020 Net RM'000	2019 Gross RM'000	2019 Reinsurance RM'000	2019 Net RM'000
Group							
Provision for claims reported by policyholders		**271,548**	**(100,446)**	**171,102**	248,928	(88,379)	160,549
Provision for Incurred But Not Reported ("IBNR") claims		**117,657**	**(29,951)**	**87,706**	117,188	(31,990)	85,198
Provision of Risk Margin for Adverse Deviation ("PRAD")		**31,552**	**(10,989)**	**20,563**	29,348	(10,195)	19,153
Claims liabilities	24.1	**420,757**	**(141,386)**	**279,371**	395,464	(130,564)	264,900
Premium liabilities	24.2	**103,579**	**(31,254)**	**72,325**	119,596	(31,377)	88,219
		524,336	**(172,640)**	**351,696**	515,060	(161,941)	353,119

24. INSURANCE CONTRACT LIABILITIES (CONT'D)

24.1 CLAIMS LIABILITIES

	Note	2020 Gross RM'000	2020 Reinsurance RM'000	2020 Net RM'000	2019 Gross RM'000	2019 Reinsurance RM'000	2019 Net RM'000
Group							
At 1 October 2019/2018		**395,464**	**(130,564)**	**264,900**	413,458	(134,956)	278,502
Claims incurred for the current accident year (direct and facultative)		**140,344**	**(36,026)**	**104,318**	158,856	(45,100)	113,756
Adjustment to claims incurred in prior accident years (direct and facultative)		**7,060**	**(9,769)**	**(2,709)**	(13,199)	(4,192)	(17,391)
Claims incurred during the year (treaty inwards claims)		**418**	**–**	**418**	50	–	50
Movement in PRAD of claims liabilities at 75% confidence level		**2,204**	**(794)**	**1,410**	(996)	1,533	537
Movement in claims handling expenses		**764**	**–**	**764**	1,040	–	1,040
Claims paid during the year	44	**(125,497)**	**35,767**	**(89,730)**	(163,745)	52,151	(111,594)
At 30 September		**420,757**	**(141,386)**	**279,371**	395,464	(130,564)	264,900

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24. INSURANCE CONTRACT LIABILITIES (CONT'D)

24.2 PREMIUM LIABILITIES

	Note	2020 Gross RM'000	2020 Reinsurance RM'000	2020 Net RM'000	2019 Gross RM'000	2019 Reinsurance RM'000	2019 Net RM'000
Group							
At 1 October 2019/2018		**119,596**	**(31,377)**	**88,219**	120,670	(36,847)	83,823
(Decrease)/increase in premium liabilities:							
- Premium written during the year	44	**255,918**	**(99,510)**	**156,408**	280,953	(102,169)	178,784
- Premium earned during the year	44	**(271,935)**	**99,633**	**(172,302)**	(282,027)	107,639	(174,388)
		(16,017)	**123**	**(15,894)**	(1,074)	5,470	4,396
At 30 September		**103,579**	**(31,254)**	**72,325**	119,596	(31,377)	88,219

At 30 September 2020, the insurance contract liabilities above include the Group's proportionate share of MMIP's claims and premium liabilities amounting to RM27,591,000 (2019: RM31,812,000) and RM1,607,000 (2019: RM2,541,000) respectively.

25. INSURANCE PAYABLES

	Group 2020 RM'000	Group 2019 RM'000
Due to reinsurers and ceding companies	**9,501**	12,585
Due to agents, brokers, co-insurers and insureds	**2,409**	2,108
	11,910	14,693

The carrying amounts disclosed above approximate fair values at the reporting date due to the relatively short-term maturity of these balances. All amounts are payable within one year.

Offsetting insurance receivables and insurance payables

	Group 2020 RM'000	Group 2019 RM'000
Gross amounts of recognised insurance payables	**19,659**	27,675
Less: Gross amounts of recognised insurance receivables set off in the statements of financial position	**(7,749)**	(12,982)
Net amount of insurance payables presented in the statements of financial position	**11,910**	14,693

26. PAYABLES

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Trade payables:				
Refund premiums	**5**	10	**–**	–
Others	**309**	425	**–**	–
	314	435	**–**	–
Other payables:				
Accruals	**4,217**	4,798	**1,194**	856
Allowance for unutilised leave	**1,865**	1,421	**419**	327
Collateral deposits	**104**	101	**–**	–
Stamp duty payable	**531**	659	**–**	–
Unearned income	**1,171**	1,060	**–**	–
Accrual of directors' fees	**807**	778	**390**	380
Unclaimed monies	**17**	12	**–**	–
Sales and Services Tax payable	**2,157**	2,486	**–**	–
Value Added Tax payable	**205**	238	**–**	–
Deposits received	**1,267**	1,191	**–**	–
Due to an Investment Bank	**–**	–	**442**	–
Others	**1,607**	2,199	**4**	70
	13,948	14,943	**2,449**	1,633

The normal trade credit terms granted to the Group is up to 90 days.

27. DUE TO SUBSIDIARY COMPANIES

The amounts due to subsidiary companies are repayable in accordance with applicable terms, unsecured and interest-free.

The currency exposure profile of the amounts due to subsidiary companies was as follows:

	Company 2020 RM'000	Company 2019 RM'000
Ringgit Malaysia	**3,654**	1
United States Dollar	**29**	29
Thai Baht	**16**	17
	3,699	47

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28. HIRE PURCHASE CREDITORS

Hire purchase creditors have been reclassified to lease liabilities upon adoption of MFRS 16 as at 1 October 2019, and as disclosed in Note 3(a).

	Group 2019 RM'000	Company 2019 RM'000
Future minimum payments are as follows:		
Not later than 1 year	677	284
Later than 1 year and not later than 2 years	446	147
Later than 2 years and not later than 5 years	406	69
Total future minimum lease payments	1,529	500
Less: Future finance charges	(110)	(27)
Present value of hire purchase creditors	1,419	473

Analysis of present value of hire purchase creditors:

	Group 2019 RM'000	Company 2019 RM'000
Not later than 1 year	617	267
Later than 1 year and not later than 2 years	417	141
Later than 2 years and not later than 5 years	385	65
	1,419	473
Amount due within 1 year	(617)	(267)
Amount due after 1 year	802	206

The hire purchase agreements as at 30 September 2019 bore interest at between 2.41% and 10.42% per annum.

29. BORROWINGS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Secured:				
Revolving credits (a)	**200**	200	**–**	–
Term loan (c)	**540**	536	**–**	–
Warehousing facility (e)	**34,757**	–	**34,757**	–
Unsecured:				
Revolving credits (b)	**19,200**	–	**19,200**	–
Sub Notes (d)	**34,605**	34,443	**–**	–
	89,302	35,179	**53,957**	–

29. BORROWINGS (CONT'D)

Analysis of repayment period of total borrowings are as follows:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Amount due within 1 year	**19,400**	736	**19,200**	–
Amount due within 2 to 5 years	**69,902**	34,443	**34,757**	–
	89,302	35,179	**53,957**	–

(a) Revolving Credit Facilities - secured

The revolving credit facilities of a subsidiary company is secured by a deposit of the said subsidiary company of RM743,000 (2019: RM724,000). The revolving credit facilities of the subsidiary company bore interest at 5.28% (2019: 6.54%) per annum.

The revolving credit facilities of the subsidiary company are due to mature within 1 year.

(b) Revolving Credit Facilities - Unsecured

The revolving credit facilities of the Company bore interest rate between 3.77% - 4.07% per annum and are due to mature within 1 year.

(c) Term Loan

The term loan of a foreign subsidiary company is secured by a deposit of the said subsidiary company of RM876,000 (2019: RM855,000). The term loan bore interest at 4.62% (2019: 4.62%) per annum.

The term loan of the subsidiary company is due to mature on 30 March 2024.

(d) Subordinated Notes ("Sub Notes")

During the financial year ended 30 September 2012, the insurance subsidiary company established a 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 period of 10 years on a 10 non-callable 5 basis, with fixed a coupon rate of 7.60% per annum.

Of the RM70,000,000 Sub Notes, RM35,000,000 were subscribed by the Company as disclosed in Note 11 whilst the remaining RM35,000,000 were subscribed by a third party, of which the balance payable is disclosed above.

The balance of RM80,000,000 Sub Notes remain unissued as at 30 September 2020 and 2019.

(e) Warehousing Facility

On 14 April 2020, the Company entered into a financing arrangement with a licensed investment bank in Malaysia ("Investment Bank") for the drawdown of RM35,000,000 warehousing facility ("Drawdown Amount"). The warehousing facility bore effective interest rate between 5.97% - 6.39% per annum and is secured by the Sub Notes of the Company as disclosed in Note 11.

The warehousing facility of the Company is due to mature within 2 to 5 years.

29. BORROWINGS (CONT'D)

(e) Warehousing Facility (Cont'd)

The warehousing facility contains a call option wherein one of the Company's subsidiaries has the right to buy back the Sub Notes at the Drawdown Amount, and a put option wherein the Investment Bank has the right to sell back the Sub Notes to the Company at the Drawdown Amount.

The call option has not been separately recognised as a derivative asset because it does not have an intrinsic value (due to its exercise price being equivalent to its fair value) and that the impact of discounting is insignificant to the Group.

30. SHARE CAPITAL

		Group/Company			
		Number of shares		Amount	
	Note	2020 '000	2019 '000	2020 RM'000	2019 RM'000
Issued and fully paid ordinary shares:					
Ordinary shares:					
At 1 October 2019/2018		**286,957**	286,946	**147,289**	147,279
Exercise of ESOS	39	**117**	11	**112**	10
At 30 September		**287,074**	286,957	**147,401**	147,289

(a) Treasury Shares

	Group/Company			
	Number of shares		Amount *	
	2020 '000	2019 '000	2020 RM'000	2019 RM'000
At 1 October 2019/2018	**15,943**	12,272	**17,156**	13,465
Purchased	**3,410**	3,671	**3,088**	3,691
At 30 September	**19,353**	15,943	**20,244**	17,156

* This amount includes acquisition costs of treasury shares.

The shareholders of the Company, by an ordinary resolution passed at a general meeting held on 19 February 2020 (2019: 20 February 2019), approved the renewal of the Company's plan to purchase its own ordinary shares.

During the financial year, the Company purchased 3,410,200 (2019: 3,671,200) of its issued and fully paid ordinary shares from the open market at an average price of RM0.91 (2019: RM1.01) per share for a consideration of RM3,088,070 (2019: RM3,690,533). The purchase was financed by internally generated funds. These shares are held as treasury shares in accordance with Section 127 of the Companies Act, 2016.

Of the total 287,074,333 (2019: 286,957,333) issued and fully paid ordinary shares as at 30 September 2020, 19,353,593 (2019: 15,943,393) are held as treasury shares by the Company. The number of outstanding ordinary shares in issue and fully paid after deduction of treasury shares are therefore 267,720,740 (2019: 271,013,940) ordinary shares.

30. SHARE CAPITAL (CONT'D)

(a) Treasury Shares (Cont'd)

Details of the shares purchased during the financial year are as follows:

Shares purchased

Month	Price per share (RM) Lowest	Highest	Average	Number of shares purchased '000	Total consideration* RM'000
2020					
October 2019	**0.96**	**0.98**	**0.97**	**367**	**357**
November 2019	**0.96**	**0.98**	**0.97**	**225**	**218**
December 2019	**0.95**	**0.97**	**0.97**	**117**	**113**
January 2020	**0.94**	**0.96**	**0.95**	**168**	**160**
February 2020	**0.92**	**0.95**	**0.95**	**210**	**198**
March 2020	**0.81**	**0.95**	**0.89**	**1,907**	**1,696**
April 2020	**0.85**	**0.86**	**0.86**	**181**	**157**
May 2020	**0.80**	**0.82**	**0.81**	**96**	**78**
June 2020	**0.75**	**0.81**	**0.80**	**102**	**81**
July 2020	**0.79**	**0.80**	**0.80**	**37**	**30**
Total shares purchased				**3,410**	**3,088**
2019					
October 2018	1.01	1.05	1.02	632	646
November 2018	1.01	1.03	1.01	427	432
December 2018	1.00	1.01	1.01	596	600
January 2019	1.00	1.01	1.01	424	426
February 2019	1.01	1.03	1.01	56	56
March 2019	1.00	1.02	1.01	157	158
April 2019	1.00	1.04	1.01	152	153
May 2019	0.99	1.02	1.00	493	491
June 2019	1.00	1.02	1.00	266	266
July 2019	0.99	1.01	1.00	178	177
August 2019	0.98	1.00	0.99	142	140
September 2019	0.98	0.99	0.98	148	146
Total shares purchased				3,671	3,691

* This amount includes acquisition costs of treasury shares.

There was no cancellation of treasury shares during the financial year.

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31. RESERVES (NON-DISTRIBUTABLE)

(a) Merger Reserve

Merger reserve arose from the business combination exercise of the insurance subsidiary company in financial year 1995 which was accounted for using the merger method of accounting.

(b) Translation Reserve

Translation reserve is in respect of exchange differences arising from translation of financial statements of foreign subsidiaries and associated companies whose functional currencies are different from that of the Group's presentation currency.

(c) Revaluation Reserve

Revaluation reserve is in respect of increases in the fair value of freehold land and freehold and leasehold buildings classified as property, plant and equipment (Note 5(a)).

(d) Fair Value Through Other Comprehensive Income ("FVOCI") Reserve

FVOCI reserve is in respect of unrealised gains or losses (net of tax) arising from changes in fair values of financial instruments classified as FVOCI.

(e) Share Options Reserve

Share options reserve represents the value of equity-settled share options granted and vested to eligible employees and Executive Directors as at 30 September 2020. This reserve is made up of the cumulative value of services received from eligible employees/Executive Directors recorded on grant of share options.

32. DIVIDENDS

The amount of dividends paid or declared by the Company on ordinary shares are as follows:

	Group/Company		
	Sen per share	Total amount RM'000	Date of payment
2020			
In respect of the financial year ended 30 September 2020:			
1st interim single tier dividend of 1.50 sen per share, declared on 13 December 2019	**1.50**	**4,056**	13 January 2020
2nd interim single tier dividend of 1.50 sen per share, declared on 18 February 2020	**1.50**	**4,050**	20 March 2020
3rd interim single tier dividend of 0.40 sen per share, declared on 8 April 2020	**0.40**	**1,072**	30 April 2020
4th interim single tier dividend of 0.40 sen per share, declared on 27 April 2020	**0.40**	**1,072**	22 May 2020

32. DIVIDENDS (CONT'D)

The amount of dividends paid or declared by the Company on ordinary shares are as follows: (Cont'd)

	Group/Company Sen per share	Group/Company Total amount RM'000	Date of payment
2020			
In respect of the financial year ended 30 September 2020: (Cont'd)			
5th interim single tier dividend of 0.40 sen per share, declared on 20 May 2020	**0.40**	**1,071**	18 June 2020
6th interim single tier dividend of 1.20 sen per share, declared on 22 July 2020	**1.20**	**3,212**	25 August 2020
7th interim single tier dividend of 1.20 sen per share, declared on 25 September 2020	**1.20**	**3,213**	30 October 2020
	6.60	**17,746**	
2019			
In respect of the financial year ended 30 September 2019:			
1st interim single tier dividend of 1.00 sen per share, declared on 20 December 2018	1.00	2,728	24 January 2019
2nd interim single tier dividend of 1.50 sen per share, declared on 19 February 2019	1.50	4,088	21 March 2019
3rd interim single tier dividend of 1.25 sen per share, declared on 17 April 2019	1.25	3,403	23 May 2019
4th interim single tier dividend of 1.25 sen per share, declared on 10 July 2019	1.25	3,392	15 August 2019
5th interim single tier dividend of 1.25 sen per share, declared on 25 September 2019	1.25	3,388	1 November 2019
	6.25	16,999	

All dividends of the Company are paid on the issued ordinary shares (net of treasury shares).

33. REVENUE

Revenue of the Group represents gross earned premium and investment income (inclusive of amortisation of premiums, net of accretion of discounts) of the insurance subsidiary company, sales of goods and services, interest income on loans granted and investment income of the Company. Revenue of the Company represents interest income on advances to subsidiary companies, investment income and fees for the provision of management services.

		Group		Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
Revenue from other sources					
Gross earned premium	36	**271,935**	282,027	**–**	–
Gross dividends:					
- shares quoted in Malaysia		**926**	642	**–**	–
- unit trusts		**6,595**	4,465	**3**	787
- subsidiary companies		–	–	**13,750**	23,950
Interest income:					
- subsidiary companies		**–**	–	**8,372**	7,595
- corporate debt securities		**2,488**	209	**–**	–
- deposits and placements with financial institutions		**8,177**	13,302	**409**	149
- loans to third parties		**129**	459	**–**	–
Income from Sukuk		**–**	3	**–**	3
Income from Islamic fixed deposit		**3,360**	5,705	**–**	–
Rental income from investment properties		**19**	112	**–**	–
Malaysian Motor Insurance Pool ("MMIP") investment income		**2,786**	3,663	**–**	–
Malaysian Reinsurance Berhad ("MRB") investment income		**–**	42	**–**	–
Rental income from equipment under leasing		**238**	467	**–**	–
Total revenue from other sources		**296,653**	311,096	**22,534**	32,484
Revenue from contracts with customers					
Sale of hardware, software and subscription services		**6,127**	6,423	**–**	–
Provision of software customisation and professional services		**3,825**	2,846	**–**	–
Provision of hardware and software maintenance services		**2,563**	3,115	**–**	–
Management services fees		**–**	–	**4,013**	4,323
Total revenue from contracts with customers (i)		**12,515**	12,384	**4,013**	4,323
Total revenue		**309,168**	323,480	**26,547**	36,807

33. REVENUE (CONT'D)

(i) Set out below is the disaggregation of the Group's and the Company's revenue from contracts with customers:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Geographical markets				
Malaysia	**800**	1,439	**2,746**	2,567
Thailand	**10,837**	10,133	**656**	735
United States of America	**878**	812	**611**	1,021
Total revenue from contracts with customers	**12,515**	12,384	**4,013**	4,323
Timing of revenue recognition				
Goods transferred at a point in time	**4,034**	3,550	**–**	–
Services transferred over time	**8,481**	8,834	**4,013**	4,323
Total revenue from contracts with customers	**12,515**	12,384	**4,013**	4,323

Included in the revenue recognised by the Group are the amounts recognised in unearned income at the beginning of the year amounting to RM818,000 (2019: RM698,000).

34. OTHER OPERATING INCOME

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Commission income	**28,498**	32,230	**–**	–
Gross dividends:				
- preference shares unquoted outside Malaysia	**185**	186	**–**	–
Interest income from deposits	**433**	619	**–**	–
Interest income from lease receivables	**46**	–	**–**	–
Income from Islamic fixed deposit	**52**	3	**–**	–
Gain on fair value of investments held at fair value through profit or loss	**–**	–	**802**	–
Realised gain/(loss):				
- Financial assets at FVTPL				
- quoted shares	**2,918**	723	**–**	–
- unit trusts	**–**	(22)	**–**	–
Gain on foreign exchange:				
- unrealised	**269**	–	**1,481**	–
- realised	**8**	–	**–**	–
Gain on derecognition of right-of-use assets	**12**	–	**–**	–
Gain on remeasurement of lease liabilities	**41**	–	**–**	–
Insurance policy transfer fees	**15**	23	**–**	–
Others	**1,080**	627	**93**	26
	33,557	34,389	**2,376**	26

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35. NET CLAIMS INCURRED

	Note	Group 2020 RM'000	Group 2019 RM'000
Gross claims paid		**125,497**	163,745
Claims ceded to reinsurers		**(35,767)**	(52,151)
Net claims paid		**89,730**	111,594
Gross decrease in insurance contract liabilities:			
At end of year	24.1	**420,757**	395,464
At beginning of year		**395,464**	413,458
		25,293	(17,994)
Change in insurance contract liabilities ceded to reinsurers:			
At end of year	24.1	**(141,386)**	(130,564)
At beginning of year		**(130,564)**	(134,956)
		(10,822)	4,392
Net claims incurred		**104,201**	97,992

36. GROSS EARNED PREMIUM

	Note	Group 2020 RM'000	Group 2019 RM'000
Gross premium		**255,918**	280,953
Change in premium liabilities	44	**16,017**	1,074
Gross earned premium	33	**271,935**	282,027

37. STAFF COSTS

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Salaries, wages and bonus		**37,895**	40,203	**6,393**	6,978
Allowance for unutilised leave		**497**	267	**93**	116
Pension cost:					
- defined contribution plan		**3,976**	4,152	**765**	856
- defined benefit plan		**(57)**	164	**–**	–
ESOS	39	**542**	1,047	**208**	199
Staff general insurance		**1,151**	1,119	**66**	135
Staff training		**305**	789	**22**	29
Staff welfare		**1,172**	826	**275**	215
Other staff related expenses		**1,298**	1,501	**149**	212
		46,779	50,068	**7,971**	8,740

Included in staff costs of the Group and of the Company are executive directors' and chief executive officer's remuneration (excluding benefits-in-kind) amounting to RM4,105,000 (2019: RM4,275,000) and RM1,872,000 (2019: RM2,052,000) respectively as further disclosed in Note 38.

38. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S REMUNERATION

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Directors of the Company					
Executive director/chief executive officer:					
Salaries and other remuneration		**1,345**	1,329	**1,345**	1,329
Bonus		**112**	336	**112**	336
ESOS		**133**	52	**133**	52
Pension cost – defined contribution plan		**162**	215	**162**	215
Benefits-in-kind		**117**	57	**117**	57
Allowance		**170**	170	**120**	120
		2,039	2,159	**1,989**	2,109
Non-Executive directors:					
Fees		**460**	484	**360**	360
Meeting allowance		**40**	20	**40**	20
Benefits-in-kind		**5**	3	**3**	1
		505	507	**403**	381
Directors of Subsidiary Companies					
Executive directors/chief executive officer:					
Salaries and other remuneration		**1,654**	1,778	**–**	–
Bonus		**134**	–	**–**	–
ESOS		**46**	23	**–**	–
Allowance for unutilised leave		**42**	(14)	**–**	–
Pension cost:					
- Defined contribution plan		**93**	86	**–**	–
- Defined benefit plan		**(34)**	149	**–**	–
Other short-term benefits		**248**	151	**–**	–
Benefits-in-kind		**124**	99	**–**	–
		2,307	2,272	**–**	–
Non-Executive directors:					
Fees		**456**	445	**–**	–
Benefits-in-kind		**29**	5	**–**	–
		485	450	**–**	–
Total		**5,336**	5,388	**2,392**	2,490

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38. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S REMUNERATION (CONT'D)

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Analysis excluding benefits in-kind:					
Total executive directors' remuneration	37	**4,105**	4,275	**1,872**	2,052
Total non-executive directors' remuneration	41	**956**	949	**400**	380
Total directors' remuneration excluding benefits-in-kind		**5,061**	5,224	**2,272**	2,432

39. EMPLOYEES' SHARE OPTION SCHEME

The Employees' Share Option Scheme ("ESOS") was approved by the shareholders at the Annual General Meeting held on 20 February 2019 and came into effect on 17 June 2019. The ESOS shall be in force for a period of five years until 16 June 2024 ("the option period").

The main features of the ESOS are as follows:

(a) The ESOS is made available to eligible employees and Executive Directors who are confirmed employees/ Executive Directors of the Group and the Company, as amended from time to time, and any re-enactment thereof;

(b) The number of options offered under the ESOS shall not exceed in aggregate 15% of the total issued and paid-up ordinary share capital of the Company (excluding treasury shares) at any one time during the duration of the ESOS, or such percentage of the issued and paid-up share capital of the Company as may be permitted by Bursa Malaysia Securities Berhad ("Bursa Securities") from time to time during the duration of the ESOS;

(c) The exercise price under the ESOS shall be based on the five days weighted average market price of the ordinary shares of the Company immediately preceding the date of offer of the ESOS as shown in the daily official list issued by the Bursa Securities, and at the sole discretion of the ESOS Committee with either a:

  (i) premium; or

  (ii) discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities and any other relevant authorities from time to time.

(d) The maximum number of options, which may be offered to any eligible employee and Executive Director shall be at the discretion of the ESOS Committee after taking into consideration, amongst others, the eligible employee's/Executive Director's position, performance and length of service in the Group and the Company respectively, or such other matters that the ESOS Committee may in its discretion deem fit, subject to the following:

  (i) not more than 50% of the options available under the ESOS shall be allocated in aggregate to Executive Directors and senior management of the Group and the Company; and

  (ii) not more than 10% of the options available under the ESOS shall be allocated to any individual Executive Director or eligible employee who, either singly or collectively through persons connected with that Executive Director or eligible employee, holds 20% or more of the issued ordinary shares of the Company (excluding treasury shares, if any).

39. EMPLOYEES' SHARE OPTION SCHEME (CONT'D)

(e) An option granted under the ESOS may be exercised by the grantee upon achieving the vesting conditions set by the ESOS Committee;

(f) A grantee of the option shall not be entitled to any dividends, right or other entitlement on the option relating to his/her unexercised options; and

(g) The new ordinary shares of the Company to be allotted and issued pursuant to any exercise of an option will upon such allotment and issuance rank equally in all respects with the then existing, issued share capital of the Company.

The options granted to an eligible employee/Executive Director under the ESOS is exercisable by the said employee/Executive Director during his/her employment or directorship with the Group and upon meeting the vesting conditions of the ESOS stated as follows:

ESOS Vesting Structure

	Maximum Percentage of Option Shares Exercisable by the Individual Director or Eligible Employee within each particular year of the ESOS				
Number of Option Shares Granted	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
First Grant - 13 Sept 2019					
Below 25,000	100%	–	–	–	–
25,000 to less than 100,000	33%	33%	34%	–	–
Above 100,000	20%	20%	20%	20%	20%
Second Grant - 28 Sept 2020					
Below 25,000	100%	–	–	–	–
25,000 to less than 100,000	33%	33%	34%	–	–
Above 100,000	25%	25%	25%	25%	–

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

2020

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

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39. EMPLOYEES' SHARE OPTION SCHEME (CONT'D)

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

2019

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

The weighted average share price at the date of exercise for share options exercised during the year was RM0.94 (2019: RM0.97). The options outstanding as at 30 September 2020 had an exercise price of RM0.89 or RM0.73 (2019: RM0.89), and a weighted average remaining contractual life of 3.71 years (2019: 4.71 years).

The fair value of share options was estimated by the Group and the Company using the Black-Scholes-Merton ("BSM") option pricing model, taking into account the terms and conditions upon which the options were granted.

The key inputs used in the BSM model for the purposes of calculating the fair values of the options are as follows:

		Grant dates 28 Sept 2020	14 Sept 2019
Fair value of share option	(RM)	**0.075-0.086**	0.085-0.087
Share option exercise price	(RM)	**0.73**	0.89
Price of underlying share	(RM)	**0.83**	0.975
Expected life of the option	(Years)	**1-4**	2-5
Expected volatility of share price	(%)	**15.96**	14.23
Expected dividend yield (continuously compounded rate)	(%)	**6.08**	5.55
Risk-free interest rate	(%)	**1.74-3.85**	3.02-3.78

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

	Group/Company 2020 RM'000	2019 RM'000
Share options reserve at 1 October 2019/2018	**1,046**	–
Option charge recognised from share options granted	**542**	1,047
Option charge relating to forfeiture of ESOS	**(25)**	–
Option exercised during the year	**(10)**	(1)
Share options reserve at 30 September	**1,553**	1,046

39. EMPLOYEES' SHARE OPTION SCHEME (CONT'D)

Value of employee services received for issuance of share options are as follows:

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Share options expense:					
By the Company		**542**	1,047	**542**	1,047
Allocation to subsidiaries #		**–**	–	**(334)**	(848)
Total share options expense	37	**542**	1,047	**208**	199

Share options expense allocated to subsidiaries is recognised as additional equity contribution to the subsidiaries. As at 30 September 2020, equity contribution to subsidiaries (net of share options forfeited) pursuant to the ESOS was RM1,165,000 (30 September 2019: RM848,000) as disclosed in Note 12.

40. DEPRECIATION AND AMORTISATION

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Depreciation of:					
- property, plant and equipment	5	**1,808**	2,121	**39**	209
- right-of-use assets	9(a)(i)	**5,265**	–	**479**	–
		7,073	2,121	**518**	209
Amortisation of:					
- intangible assets	8	**563**	561	**13**	13
- prepaid land lease payments	7	**–**	4	**–**	–
		563	565	**13**	13

41. OTHER OPERATING EXPENSES

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Other operating expenses include the following items:					
Auditors' remuneration:					
- statutory audit		**768**	630	**186**	130
- other regulatory related services		**40**	47	**7**	6
Audit fees to other audit firms		**19**	18	**–**	–
Non-executive directors' remuneration	38	**956**	949	**400**	380
Property, plant and equipment written off		**7**	4	**2**	–

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41. OTHER OPERATING EXPENSES (CONT'D)

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Other operating expenses include the following items: (Cont'd)					
Intangible assets written off		–	2	–	–
Inventories written off		25	–	–	–
Impairment of intangible assets		–	25	–	–
Rental of office equipment		–	3,357	–	306
Office rental:					
- subsidiary company		–	–	–	262
- others		–	2,495	–	–
Expenses relating to leases of low-value assets	9	329	–	60	–
Expenses relating to short-term leases	9	360	–	67	–
Loss on foreign exchange:					
- unrealised		–	69	–	1,819
- realised		–	14	–	–
Loss on disposal of:					
- property, plant and equipment		13	40	–	27
- investment property		51	–	–	–
Loss on fair value of investments held at fair value through profit or loss		1,398	2,725	–	728
Allowance for impairment:					
- investment in associated companies	13	2,886	–	–	–
- insurance receivables	57(a)(ii)	–	56	–	–
- trade receivables	57(a)(ii)	429	613	–	–
- corporate debt securities	57(a)(ii)	38	–	–	–
- amounts due from subsidiary companies [1]	57(a)(ii)	–	–	10,806	193
Write back of allowance for impairment:					
- insurance receivables	57(a)(ii)	(197)	–	–	–
- trade receivables	57(a)(ii)	–	(131)	–	–
Bad debts written off:					
- other receivables		206	–	–	–

[1] During the year, an impairment loss of RM10,806,000 (2019: RM193,000) was recognised in respect of the amounts due from subsidiary companies as their carrying amounts exceeded their recoverable amounts and it is not expected that the subsidiary companies will be able to repay the amounts owing.

42. FINANCE COSTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest expense on:				
- borrowings	**4,197**	2,869	**1,489**	–
- hire purchase	**–**	88	**–**	29
- lease liabilities	**971**	–	**94**	–
Others	**273**	357	**266**	351
	5,441	3,314	**1,849**	380

43. (LOSS)/PROFIT BEFORE TAXATION

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Determined as follows:					
Insurance subsidiary company	44	**13,369**	21,298	**–**	–
Others		**(13,321)**	9,497	**3,867**	19,700
Before consolidation		**48**	30,795	**3,867**	19,700
Consolidation adjustments		**974**	(20,836)	**–**	–
After consolidation		**1,022**	9,959	**3,867**	19,700
Share of losses of associated companies (net of tax)	13	**(2,597)**	(4,067)	**–**	–
		(1,575)	5,892	**3,867**	19,700

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44. PROFIT BEFORE TAXATION - INSURANCE SUBSIDIARY COMPANY

		Group	
	Note	2020 RM'000	2019 RM'000
Revenue		**296,167**	309,436
Gross premiums	24	**255,918**	280,953
Change in premium liabilities	36	**16,017**	1,074
Gross earned premiums	24	**271,935**	282,027
Gross premiums ceded to reinsurers	24	**(99,510)**	(102,169)
Change in premium liabilities ceded to reinsurers		**(123)**	(5,470)
Premiums ceded to reinsurers	24	**(99,633)**	(107,639)
Net earned premiums		**172,302**	174,388
Investment income	45	**24,232**	27,409
Realised gains, net	46	**2,926**	688
Commission income		**28,498**	32,230
Other operating expenses, net	49	**(2,370)**	(1,960)
Other income		**53,286**	58,367
Gross claims paid	24	**(125,497)**	(163,745)
Claims ceded to reinsurers	24	**35,767**	52,151
Gross decrease in insurance contract liabilities		**(25,293)**	17,994
Change in insurance contract liabilities ceded to reinsurers		**10,822**	(4,393)
Net claims incurred		**(104,201)**	(97,993)
Commission expenses		**(29,904)**	(33,149)
Management expenses	47	**(72,029)**	(74,757)
Finance costs		**(6,085)**	(5,558)
Other expenses		**(108,018)**	(113,464)
Profit before taxation	43	**13,369**	21,298

45. INVESTMENT INCOME - INSURANCE SUBSIDIARY COMPANY

	Group	
	2020	**2019**
	RM'000	**RM'000**
Dividend income:		
- shares quoted in Malaysia	**926**	642
- unit trusts	**6,592**	3,679
Interest income:		
- corporate debt securities	**2,488**	209
- deposits and placements with financial institutions	**7,769**	13,152
Income from Islamic fixed deposits	**3,360**	5,705
Rental income from investment properties	**311**	317
Investment income from:		
- MMIP	**2,786**	3,663
- MRB	**–**	42
	24,232	27,409

46. REALISED GAINS, NET - INSURANCE SUBSIDIARY COMPANY

	Group	
	2020	**2019**
	RM'000	**RM'000**
Realised gains/(losses) for:		
- Financial asset at FVTPL		
- quoted shares	**2,918**	723
- unit trusts	**–**	(22)
- Property, plant and equipment	**47**	–
- Investment property	**(51)**	–
- Foreign exchange	**12**	(13)
	2,926	688

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47. MANAGEMENT EXPENSES - INSURANCE SUBSIDIARY COMPANY

	Note	Group 2020 RM'000	Group 2019 RM'000
Chief executive officer's remuneration	48	**802**	739
Staff salaries and bonus		**18,652**	19,396
Allowance for unutilised leave		**208**	121
Staff pension cost – defined contribution plan		**2,260**	2,377
Other staff benefits		**1,832**	2,233
Employees' share option expense		**229**	551
Depreciation:			
- property, plant and equipment		**1,139**	1,246
- right-of-use assets		**3,343**	–
Auditors' remuneration:			
- statutory audit		**289**	274
- other regulatory related services		**34**	37
Amortisation:			
- prepaid land lease payments		**–**	4
- intangible assets		**455**	444
Directors' remuneration	48	**387**	368
Allowance for impairment of:			
- insurance receivables		**–**	56
Write back of allowance for impairment:			
- insurance receivables		**(197)**	–
Rental of properties		**–**	748
Management fees to holding company		**1,232**	1,232
Call centre service charges		**565**	635
Subscription and software maintenance services		**2,195**	5,575
Leases of low-value assets		**707**	–
Expense on short-term leases		**531**	–
Printing and information system expenses		**15,109**	15,899
Business development		**13,626**	12,584
Bank charges		**16**	17
Credit card charges		**1,935**	2,567
Office administration and utilities		**1,690**	1,719
Share of MMIP expenses		**514**	559
Professional fees		**1,572**	2,023
Motor vehicle expenses		**509**	626
Travelling and transport expenses		**121**	185
Road transport department access fees		**289**	311
Goods and services tax charge		**–**	8
General insurance		**131**	135
Subscription fees		**242**	269
Levy		**374**	421
Motor assist and towing services		**777**	782
Other expenses		**461**	616
	44	**72,029**	74,757

48. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S REMUNERATION - INSURANCE SUBSIDIARY COMPANY

	Note	Group 2020 RM'000	Group 2019 RM'000
Chief Executive Officer:			
- salaries		**660**	660
- bonus		**55**	–
- defined contribution plan		**87**	79
- benefits-in-kind		**58**	37
- ESOS		**33**	–
		893	776
Total Chief Executive Officer's remuneration excluding benefits-in-kind and ESOS	47	**802**	739
Executive director:			
- allowance		**50**	50
Non-executive directors:			
- fee		**337**	318
- benefits-in-kind		**17**	7
		354	325
		404	375
Total Directors' remuneration excluding benefits-in-kind	47	**387**	368

49. OTHER OPERATING EXPENSES, NET - INSURANCE SUBSIDIARY COMPANY

	Note	Group 2020 RM'000	Group 2019 RM'000
Sundry income		**737**	395
Loss on fair value of investments at FVTPL		**(2,053)**	(1,821)
Property, plant and equipment written off		**(3)**	(2)
Allowance for impairment - Corporate debt securities		**(38)**	–
Other expenses		**(1,013)**	(532)
	44	**(2,370)**	(1,960)

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50. INCOME TAX

		Group		Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
Income tax:					
Current year's provision					
- Malaysian tax		**4,739**	6,997	**339**	179
Under/(over) provision in prior years		**242**	(90)	**(303)**	559
		4,981	6,907	**36**	738
Deferred tax:					
Relating to timing differences		**(425)**	86	**(306)**	(8)
(Over)/under provision in prior years		**(827)**	(129)	**(163)**	12
Transferred (from)/to deferred taxation	10	**(1,252)**	(43)	**(469)**	4
		3,729	6,864	**(433)**	742

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019: 24%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to (loss)/profit before tax at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:

	Group	
	2020	2019
	RM'000	RM'000
(Loss)/profit before taxation	**(1,575)**	5,892
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)	**(378)**	1,414
Effects of different tax rates in other countries	**326**	229
Income not subject to tax	**(3,624)**	(239)
Expenses not deductible for tax purposes	**6,418**	5,917
Effects of share of losses of associated companies	**623**	976
Deferred tax asset not recognised during the year	**2,433**	2,744
Under/(over) provision of tax expense in prior years	**242**	(90)
Over provision of deferred tax in prior years	**(827)**	(129)
Consolidation adjustments	**(343)**	(2,644)
Utilisation of previous years' unused tax losses and unabsorbed capital allowances	**(1,134)**	(925)
Translation differences	**(7)**	(389)
Tax expense for the year	**3,729**	6,864

50. INCOME TAX (CONT'D)

	Company 2020 RM'000	Company 2019 RM'000
Profit before taxation	**3,867**	19,700
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)	**928**	4,728
Income not subject to tax	**(4,958)**	(6,869)
Expenses not deductible for tax purposes	**4,063**	2,312
(Over)/under provision of tax expense in prior years	**(303)**	559
(Over)/under provision of deferred tax in prior years	**(163)**	12
Tax (income)/expense for the year	**(433)**	742

As at 30 September 2020, the Company has unabsorbed capital allowances of approximately RM2,466,000 (2019: RM2,455,000), subject to agreement with the Inland Revenue Board, which can be used to offset future taxable profits arising from business income.

51. LOSS PER SHARE (SEN)

(a) Basic

Basic loss per share is calculated by dividing the net loss for the year by the weighted average number of ordinary shares in issue during the financial year.

		Group 2020 RM'000	Group 2019 RM'000
Net loss for the year attributable to equity holders of the Company	(RM'000)	**(9,841)**	(8,435)
Weighted average number of ordinary shares in issue	('000)	**268,887**	272,259
Basic loss per share	(sen)	**(3.66)**	(3.10)

(b) Diluted

The diluted loss per share for the current and previous financial years are not presented as the effects of the dilutive potential ordinary shares comprising the potential exercise of the ESOS options granted during the current and previous financial years on the basic loss per share is anti-dilutive.

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52. OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Items that may not be reclassified to income statements in subsequent periods:				
- Fair value changes on FVOCI financial assets				
- equity instruments:				
- Gain/(loss) in fair value changes	**10,209**	(6,467)	**10,344**	(4,240)
- Deferred tax	**(787)**	534	**–**	–
Net gain/(loss)	**9,422**	(5,933)	**10,344**	(4,240)
- Surplus from revaluation of land and buildings				
- Gross surplus from revaluation	**2,221**	–	**–**	–
- Deferred tax	**(533)**	–	**–**	–
Net gain	**1,688**	–	**–**	–
Items that may be reclassified to income statements in subsequent periods:				
- Currency translation differences in respect of foreign operations	**2,066**	(2,785)	**–**	–
- Fair value changes on FVOCI financial assets				
- debt instruments:				
- Gain in fair value changes	**2,910**	42	**–**	–
- Deferred tax	**(698)**	(10)	**–**	–
Net gain	**2,212**	32	**–**	–
Other comprehensive income/(loss) for the year, net of tax	**15,388**	(8,686)	**10,344**	(4,240)

53. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

(a) The following transactions with related parties were carried out under the terms and conditions negotiated with the related parties:

	Company	
	2020	**2019**
	RM'000	**RM'000**
Subsidiary companies - Income:		
Dividend income	**13,750**	23,950
Interest income on loans	**5,665**	4,240
Interest income on Subordinated Notes	**2,673**	2,660
Management fee income	**4,013**	4,323
Subsidiary companies - Expenditure:		
Lease/rental of office	**262**	262
Lease/rental of office equipment	**292**	300
Information technology advisory services	**1,100**	1,107

	Group	
	2020	**2019**
	RM'000	**RM'000**
Substantial shareholder of the insurance subsidiary company - Expenditure:		
Product and pricing services	**258**	228
Specialised liability business services fees	**–**	45
	258	273
Associated companies:		
Advances to associated companies by a foreign subsidiary company (Pacific & Orient Properties Ltd.)	**5,126**	3,013

Information regarding outstanding balances arising from related party transactions, subsidiary companies and associated companies as at 30 September 2020 are as disclosed in Notes 12, 20, 21, 27 and 29(d).

53. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

(b) Key Management Personnel Compensation

The key management personnel are defined as executive directors and chief executive officers. The remuneration of key management personnel during the financial year are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Short-term employee benefits:				
- Salaries and other remuneration	**2,999**	3,107	**1,345**	1,329
- Bonus	**246**	336	**112**	336
- Allowance for unutilised leave	**42**	(14)	**–**	–
- Benefits-in-kind	**241**	156	**117**	57
- Allowances	**170**	170	**120**	120
- ESOS option	**179**	75	**133**	52
Post-employment benefits:				
- Pension cost:				
- defined contribution plan	**255**	301	**162**	215
- defined benefit plan	**(34)**	149	**–**	–
Other short-term benefits	**248**	151	**–**	–
	4,346	4,431	**1,989**	2,109

54. COMMITMENTS AND CONTINGENCIES

(a) Contingent liabilities

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
(i) Performance guarantees – secured	**420**	424	**–**	–
(ii) Guarantees given to financial institutions for facilities extended to subsidiary companies – secured	**–**	–	**4,895**	5,370
	420	424	**4,895**	5,370

54. COMMITMENTS AND CONTINGENCIES (CONT'D)

(b) On-going litigation

On 10 August 2016, the Malaysia Competition Commission ("MyCC") through its powers granted under the Competition Act 2010 [Act 712] ("Competition Act") commenced investigations into an alleged infringement by the Persatuan Insurans Am Malaysia ("PIAM") and its 22 members including the insurance subsidiary company (Pacific & Orient Insurance Co. Berhad) under the Section 4 of the Competition Act.

The alleged infringement was in relation to an agreement reached pursuant to a requirement of Bank Negara Malaysia ("BNM") between PIAM and the Federation of Automobile Workshop Owners' Association of Malaysia ("FAWOAM") on trade discount rates for parts of certain vehicle makes and labour hour rates for workshops under the PIAM Approved Repairers Scheme.

On 22 February 2017, MyCC issued its Proposed Decision on the alleged infringement which includes proposed financial penalties amounting to a total of RM213,454,814 on all the 22 members of PIAM. The proposed financial penalty on the insurance subsidiary company was RM2,108,452. The Proposed Decision was subject to both written and oral representations from various parties including PIAM and the respective insurers.

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

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

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

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

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

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

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

54. COMMITMENTS AND CONTINGENCIES (CONT'D)

(c) Non-cancellable operating lease commitments as at 30 September 2019 was as follow:

	Group 2019 RM'000	Company 2019 RM'000
Future minimum lease payments are as follows:		
Not later than 1 year	5,388	194
Later than 1 year and not later than 5 years	5,181	181
	10,569	375

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

With effect from 1 October 2019, the Group and the Company recognised right-of-use assets and lease liabilities for these leases as described in Note 3(a).

55. FAIR VALUE

(i) Fair value of financial instruments

(a) The carrying amounts of financial assets of the Group and of the Company at reporting date approximate their fair values as further described in (c) below.

(b) The carrying amounts of financial liabilities of the Group and of the Company at reporting date approximate their fair values except for hire purchase creditors of the previous year, as set out below. The fair value disclosed is categorised under level 2 of the fair value hierarchy.

	Group		Company	
	Carrying amount RM'000	Fair Value RM'000	Carrying amount RM'000	Fair Value RM'000
2019				
Financial liabilities				
Hire purchase creditors	1,419	1,494	473	526

(c) The following methods and assumptions are used to estimate the fair values of financial instruments that are carried at fair value:

(i) Cash and bank balances, deposits and placements with financial institutions, insurance receivables/payables, trade and other receivables/payables, loans receivable and short term borrowings.

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

55. FAIR VALUE (CONT'D)

(i) Fair value of financial instruments (Cont'd)

(c) The following methods and assumptions are used to estimate the fair values of financial instruments that are carried at fair value: (Cont'd)

(ii) Sukuk

The fair value of Sukuk is indicative values obtained from the secondary markets.

(iii) Quoted Shares and warrants

The fair value of quoted shares and warrants is determined by reference to the stock exchange quoted market bid prices at the close of the business on the reporting date.

(iv) Unquoted Shares and Redeemable Convertible Loan Notes

The fair value of unquoted shares and redeemable convertible loan notes is measured at fair value, being the consideration paid for the acquisition of the shares and loan notes.

(v) Unit Trusts

The fair value of quoted units in the unit trust funds is determined by reference to market quotations by the manager of the unit trust funds.

(vi) Corporate debt securities

Unquoted corporate debt securities are valued using fair value prices quoted by a bond pricing agency.

(vii) Sub Notes

The fair value of the Sub Notes is determined by the present value of the estimated future cash flows at the end of the tenure of the Sub Notes.

The carrying amount of the Sub Notes approximate its fair value.

(viii) Hire Purchase Creditors

The fair value of hire purchase creditors is estimated by discounting the expected future cash flows using the current interest rates for liabilities with similar risk profiles.

The carrying amounts of hire purchase creditors approximate their fair values, as disclosed in (b) above.

(ix) Warehousing facility

The fair value of the warehousing facility is determined by the present value of the estimated future cash flows to the end of the tenure of the warehousing facility.

The carrying amount of the warehousing facility approximates its fair value.

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55. FAIR VALUE (CONT'D)

(i) Fair value of financial instruments (Cont'd)

(d) The financial instruments which are carried at fair value on a recurring basis are categorised into the following levels of the fair value hierarchy:

	Date of Valuation	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2020						
Group						
Financial assets at FVOCI						
Quoted shares	30 Sep 2020		40,576	–	–	40,576
Unquoted shares	30 Sep 2020		–	–	1,952	1,952
Corporate debt securities	30 Sep 2020		–	62,952	–	62,952
		11(a)	40,576	62,952	1,952	105,480
Financial assets at FVTPL						
Quoted shares	30 Sep 2020		19,763	–	–	19,763
Unquoted redeemable convertible loan notes	30 Sep 2020		–	5,980	–	5,980
Unit trusts	30 Sep 2020		345,172	–	–	345,172
Warrants	30 Sep 2020		2,394	–	–	2,394
		11(b)	367,329	5,980	–	373,309
Company						
Financial assets at FVOCI						
Quoted shares	30 Sep 2020		26,825	–	–	26,825
		11(a)	26,825	–	–	26,825
Financial assets at FVTPL						
Quoted shares	30 Sep 2020		815	–	–	815
Warrants	30 Sep 2020		1,797	–	–	1,797
		11(b)	2,612	–	–	2,612

55. FAIR VALUE (CONT'D)

(i) Fair value of financial instruments (Cont'd)

(d) The financial instruments which are carried at fair value on a recurring basis are categorised into the following levels of the fair value hierarchy: (Cont'd)

	Date of Valuation	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2019						
Group						
Financial assets at FVOCI						
Quoted shares	30 Sep 2019		28,465	–	–	28,465
Unquoted shares	30 Sep 2019		–	–	5,605	5,605
Corporate debt securities	30 Sep 2019		–	20,042	–	20,042
		11(a)	28,465	20,042	5,605	54,112
Financial assets at FVTPL						
Quoted shares	30 Sep 2019		3,425	–	–	3,425
Unquoted redeemable convertible loan notes	30 Sep 2019		–	6,299	–	6,299
Unit trusts	30 Sep 2019		181,627	–	–	181,627
		11(b)	185,052	6,299	–	191,351
Company						
Financial assets at FVOCI						
Quoted shares	30 Sep 2019		16,481	–	–	16,481
		11(a)	16,481	–	–	16,481
Financial assets at FVTPL						
Quoted shares	30 Sep 2019		1,617	–	–	1,617
Unit trusts	30 Sep 2019		1,228	–	–	1,228
		11(b)	2,845	–	–	2,845

There were no transfers between Level 1, 2 and 3 of the fair value hierarchy during the current and previous financial years.

The movements from opening to closing balances of unquoted shares held at fair value is shown as part of the movement of financial assets at FVOCI in Note 11.

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55. FAIR VALUE (CONT'D)

(ii) Fair value of property, plant and equipment and investment properties

	Date of Valuation	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2020						
Group						
Property, plant and equipment						
- Freehold land	30 Sep 2020		**–**	**–**	**2,540**	**2,540**
- Freehold buildings	30 Sep 2020		**–**	**–**	**866**	**866**
- Leasehold buildings	30 Sep 2020		**–**	**–**	**15,660**	**15,660**
		5	**–**	**–**	**19,066**	**19,066**
Investment properties						
- Freehold buildings	30 Sep 2020		**–**	**–**	**655**	**655**
		6	**–**	**–**	**655**	**655**
2019						
Group						
Property, plant and equipment						
- Freehold land	30 Sep 2019		–	–	2,465	2,465
- Freehold buildings	30 Sep 2019		–	–	859	859
- Leasehold buildings	30 Sep 2019		–	–	14,847	14,847
		5	–	–	18,171	18,171
Investment properties						
- Freehold buildings	30 Sep 2019		–	–	655	655
- Leasehold buildings	30 Sep 2019		–	–	565	565
		6	–	–	1,220	1,220

The fair value of the property, plant and equipment and investment properties of the Group is categorised as Level 3. The properties and investment properties have been revalued based on the valuations performed by an accredited independent valuer. The valuations are based on the comparison method. In arriving at the fair value of the assets, the valuer had taken into account the sales of similar properties and related market data, and established a value estimate by processes involving comparisons. In general, the properties being valued are compared with sales of similar properties that have been transacted in the open market. Listing and offering may also be considered. Valuation under this method may be significantly affected by the timing and the characteristics (such as location, accessibility, design, size and location) of the property used for comparison.

55. FAIR VALUE (CONT'D)

(ii) Fair value of property, plant and equipment and investment properties (Cont'd)

Description of significant unobservable input:

	Significant unobservable input	Range
	The comparison method used by the professional independent valuer included the following input:	
2020		
- Property, plant and equipment - Investment properties	- Adjusted sales price per square foot ("psf") of recently transacted properties within close vicinity	RM380-RM490 psf
2019		
- Property, plant and equipment - Investment properties	- Adjusted sales price psf of recently transacted properties within close vicinity	RM380-RM520 psf

A significant change in the unobservable input above may have a significant impact on the fair value of the properties.

The movements from opening to closing balances of the above property, plant and equipment and investment properties held at fair value are disclosed in Notes 5 and 6.

There were no transfers between Levels 1, 2 and 3 of the fair value hierarchy during the current and previous financial years.

56. INSURANCE RISK

Insurance risk is the inherent uncertainty regarding the occurrence, amount or timing of insurance liabilities.

Insurance contracts transfer risk to the Group by indemnifying the policyholders against adverse effects arising from the occurrence of specified uncertain future events.

The Group underwrites various general insurance contracts which are mostly on an annual coverage and annual premium basis with the exception of short term policies such as Marine Cargo which covers the duration in which the cargo is being transported.

The Group also underwrites some non-annual policies with coverage period more than one year such as Contractor's All Risks and Engineering, Bonds and Workmen Compensation.

The majority of the insurance business written by the Group is Motor and Personal Accident insurance. Other insurance business includes Fire, Contractor's All Risks and Engineering, Workmen Compensation, Professional Indemnity and other miscellaneous classes of insurance.

56. INSURANCE RISK (CONT'D)

The principal insurance risks faced by the Group include risks of actual claims and benefit payments differing from expectation, risks arising from natural disasters, risks arising from the fluctuations in timing, frequency and severity of claims, as well as the adequacy of premiums and reserves. For longer tail claims that take some years to settle, there is also inflation risk.

The Group's objectives of managing insurance risks are to enhance the long-term financial performance of the business to achieve sustainable growth in profitability, strong asset quality and to continually optimise shareholders' value. The Group seeks to write those risks that it understands and that provide a reasonable opportunity to earn an acceptable profit.

The Group has the following policies and processes to manage its insurance risks:

- An underwriting policy that aims to take advantage of its competitive strengths while avoiding risks with disruptive volatility to ensure underwriting profitability. Acceptance of risk is guided by a set of underwriting guidelines with set limits on underwriting capacity and authority to individuals based on their specific expertise.

- A claims management and control system to pay claims and control claim wastage or fraud.

- Claim review policies to assess all new and ongoing claims and possible fraudulent claims are investigated to reduce the risk exposure of the Group. The Group further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

- The Group purchases reinsurance as part of its risks mitigation programme. The objectives for purchasing reinsurance are to control exposure to insurance losses, reduce volatility and optimising the Group's capital efficiency. Reinsurance is ceded on quota share, proportional and non-proportional basis. The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

The table below sets out the concentration of the Group's general insurance business by type of insurance products, using gross and net earned premiums:

General insurance business

	2020			2019		
	Gross Earned Premiums RM'000	Reinsurance RM'000	Net Earned Premiums RM'000	Gross Earned Premiums RM'000	Reinsurance RM'000	Net Earned Premiums RM'000
Group						
Motor	**200,311**	**(42,911)**	**157,400**	212,333	(53,709)	158,624
Personal Accident	**8,207**	**(813)**	**7,394**	10,285	(828)	9,457
Fire	**1,612**	**(846)**	**766**	1,645	(870)	775
Miscellaneous	**61,805**	**(55,063)**	**6,742**	57,764	(52,232)	5,532
	271,935	**(99,633)**	**172,302**	282,027	(107,639)	174,388

56. INSURANCE RISK (CONT'D)

The table below sets out the concentration of the Group's insurance contract liabilities by type of insurance products:

Premium liabilities

	2020			2019		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Group						
Motor	**86,983**	**(18,045)**	**68,938**	105,764	(21,922)	83,842
Personal Accident	**653**	**(66)**	**587**	1,017	(137)	880
Fire	**251**	**(102)**	**149**	288	(125)	163
Miscellaneous	**15,692**	**(13,041)**	**2,651**	12,527	(9,193)	3,334
	103,579	**(31,254)**	**72,325**	119,596	(31,377)	88,219

Claims liabilities

	2020			2019		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Group						
Motor	**342,572**	**(76,139)**	**266,433**	326,274	(73,135)	253,139
Personal Accident	**3,728**	**(141)**	**3,587**	4,184	(167)	4,017
Fire	**1,079**	**(859)**	**220**	969	(834)	135
Miscellaneous	**73,378**	**(64,247)**	**9,131**	64,037	(56,428)	7,609
	420,757	**(141,386)**	**279,371**	395,464	(130,564)	264,900

Key assumptions

The principal assumptions underlying the estimation of liabilities is that the Group's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, discounting factors, claim inflation factors and average number of claims for each accident year.

Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example, isolated occurrence, changes in market factors such as public attitude to claiming, economic conditions as well as internal factors, such as portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors, such as judicial decisions and government legislation affect the estimates.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency rates.

56. INSURANCE RISK (CONT'D)

Sensitivity

The Appointed Actuary re-runs its valuation models on various bases. An analysis of sensitivity around various scenarios provides an indication of the adequacy of the Group's estimation process in respect of its insurance contracts.

The analysis below is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on Gross and Net liabilities, Profit before tax and Equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis.

The method used for deriving sensitivity results did not change from the previous year.

	Change in Assumptions	Impact on Gross Liabilities RM'000	Impact on Net Liabilities RM'000	Impact on Profit Before Tax RM'000	Impact on Equity* RM'000
		← Increase / (decrease) →			
2020					
Average claims cost	+1%	**3,932**	**2,518**	**(2,518)**	**(1,914)**
Average number of claims	+1%	**3,932**	**2,518**	**(2,518)**	**(1,914)**
Average claims settlement period	decreased by 6 months	**1,767**	**1,396**	**(1,396)**	**(1,061)**
2019					
Average claims cost	+1%	3,637	2,331	(2,331)	(1,771)
Average number of claims	+1%	3,637	2,331	(2,331)	(1,771)
Average claims settlement period	decreased by 6 months	2,324	1,779	(1,779)	(1,352)

* Impact on equity reflects adjustments for tax, where applicable.

Claims development table

The following tables show the estimate of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at the end of each reporting date, together with cumulative payments to date.

While the information in the tables provides a historical perspective on the adequacy of the unpaid claims estimate established in previous years, users of these financial statements are cautioned against extrapolating redundancies or deficiencies of the past on current unpaid loss balances.

The management of the Group believes that the estimate of total claims outstanding as of 30 September 2020 is adequate. However, the possibility of inadequacy of such balance should not be ruled out as the actual experience is likely to differ from the projected results to different degrees, depending on the level of uncertainty. This is primarily due to the nature of the reserving process and the elements of uncertainty inherent in the exercise.

56. INSURANCE RISK (CONT'D)

Gross general insurance contract liabilities for 2020:

Accident year	Before 2014 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	Total RM'000
At end of accident year		241,788	235,691	223,370	199,691	188,653	188,323	182,297	
One year later		280,037	208,308	177,210	146,915	146,399	157,127	–	
Two years later		262,636	202,198	173,470	142,800	144,075	–	–	
Three years later		259,945	197,726	164,646	139,972	–	–	–	
Four years later		259,186	194,570	163,426	–	–	–	–	
Five years later		262,912	195,172	–	–	–	–	–	
Six years later		261,968	–	–	–	–	–	–	
Current estimate of cumulative claims incurred		261,968	195,172	163,426	139,972	144,075	157,127	182,297	
At end of accident year		(47,235)	(36,239)	(32,100)	(29,859)	(29,587)	(32,319)	(28,295)	
One year later		(121,759)	(91,019)	(75,007)	(71,540)	(73,453)	(64,169)	–	
Two years later		(176,978)	(134,824)	(119,145)	(100,568)	(96,662)	–	–	
Three years later		(206,667)	(164,628)	(138,007)	(113,282)	–	–	–	
Four years later		(230,058)	(176,689)	(146,250)	–	–	–	–	
Five years later		(238,147)	(181,728)	–	–	–	–	–	
Six years later		(242,445)	–	–	–	–	–	–	
Cumulative payments to-date		(242,445)	(181,728)	(146,250)	(113,282)	(96,662)	(64,169)	(28,295)	
Gross general insurance outstanding liability (direct and facultative)	17,902	19,523	13,444	17,176	26,690	47,413	92,958	154,002	389,108
Gross general insurance outstanding liability (treaty inward)									762
Best estimate of claims liabilities									389,870
Claims handling expenses									6,510
PRAD at 75% confidence level									32,202
Effects of discounting									(7,825)
Gross general insurance contract liabilities per statements of financial position									420,757

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56. INSURANCE RISK (CONT'D)

Net general insurance contract liabilities for 2020:

Accident year	Before 2014 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	Total RM'000
At end of accident year		174,718	178,631	172,639	148,606	101,587	142,820	136,607	
One year later		207,249	152,783	120,864	99,684	96,360	114,633	–	
Two years later		183,247	148,032	116,799	95,813	94,593	–	–	
Three years later		185,003	143,827	112,338	94,643	–	–	–	
Four years later		183,740	141,592	111,563	–	–	–	–	
Five years later		186,354	141,425	–	–	–	–	–	
Six years later		180,744	–	–	–	–	–	–	
Current estimate of cumulative claims incurred		180,744	141,425	111,563	94,643	94,593	114,633	136,607	
At end of accident year		(36,192)	(28,124)	(25,086)	(22,481)	(21,731)	(24,720)	(22,831)	
One year later		(89,377)	(69,408)	(56,418)	(50,029)	(50,218)	(48,750)	–	
Two years later		(129,214)	(101,677)	(84,099)	(70,628)	(65,635)	–	–	
Three years later		(152,181)	(121,227)	(96,493)	(79,723)	–	–	–	
Four years later		(165,800)	(129,265)	(101,694)	–	–	–	–	
Five years later		(170,932)	(132,526)	–	–	–	–	–	
Six years later		(173,347)	–	–	–	–	–	–	
Cumulative payments to-date		(173,347)	(132,526)	(101,694)	(79,723)	(65,635)	(48,750)	(22,831)	
Net general insurance outstanding liabilities (direct and facultative)	7,516	7,397	8,899	9,869	14,920	28,958	65,883	113,776	257,218
Net general insurance outstanding liability (treaty inward)									762
Best estimate of claims liabilities									257,980
Claims handling expenses									6,510
PRAD at 75% confidence level									21,073
Effects of discounting									(6,192)
Net general insurance contract liabilities per statements of financial position									279,371

56. INSURANCE RISK (CONT'D)

Gross general insurance contract liabilities for 2019:

Accident year	Before 2013 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	Total RM'000
At end of accident year		253,244	241,788	235,691	223,370	199,691	188,653	188,323	
One year later		256,276	280,037	208,308	177,210	146,915	146,399	–	
Two years later		294,416	262,636	202,198	173,470	142,800	–	–	
Three years later		286,821	259,945	197,726	164,646	–	–	–	
Four years later		289,060	259,186	194,570	–	–	–	–	
Five years later		289,843	262,912	–	–	–	–	–	
Six years later		292,684	–	–	–	–	–	–	
Current estimate of cumulative claims incurred		292,684	262,912	194,570	164,646	142,800	146,399	188,323	
At end of accident year		(52,326)	(47,235)	(36,239)	(32,100)	(29,859)	(29,587)	(32,319)	
One year later		(136,129)	(121,759)	(91,019)	(75,007)	(71,540)	(73,453)	–	
Two years later		(197,270)	(176,978)	(134,824)	(119,145)	(100,568)	–	–	
Three years later		(242,006)	(206,667)	(164,628)	(138,007)	–	–	–	
Four years later		(258,596)	(230,058)	(176,689)	–	–	–	–	
Five years later		(274,198)	(238,147)	–	–	–	–	–	
Six years later		(279,097)	–	–	–	–	–	–	
Cumulative payments to-date		(279,097)	(238,147)	(176,689)	(138,007)	(100,568)	(73,453)	(32,319)	
Gross general insurance outstanding liability (direct and facultative)	15,184	13,587	24,765	17,881	26,639	42,232	72,946	156,004	369,238
Gross general insurance outstanding liability (treaty inward)									394
Best estimate of claims liabilities									369,632
Claims handling expenses									5,746
PRAD at 75% confidence level									30,194
Effects of discounting									(10,108)
Gross general insurance contract liabilities per statements of financial position									395,464

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56. INSURANCE RISK (CONT'D)

Net general insurance contract liabilities for 2019:

Accident year	Before 2013 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	Total RM'000
At end of accident year		168,742	174,718	178,631	172,639	148,606	101,587	142,820	
One year later		174,031	207,249	152,783	120,864	99,684	96,360	–	
Two years later		196,815	183,247	148,032	116,799	95,813	–	–	
Three years later		185,345	185,003	143,827	112,338	–	–	–	
Four years later		187,613	183,740	141,592	–	–	–	–	
Five years later		188,173	186,354	–	–	–	–	–	
Six years later		188,278	–	–	–	–	–	–	
Current estimate of cumulative claims incurred		188,278	186,354	141,592	112,338	95,813	96,360	142,820	
At end of accident year		(36,504)	(36,192)	(28,124)	(25,086)	(22,481)	(21,731)	(24,720)	
One year later		(94,298)	(89,377)	(69,408)	(56,418)	(50,029)	(50,218)	–	
Two years later		(135,787)	(129,214)	(101,677)	(84,099)	(70,628)	–	–	
Three years later		(160,090)	(152,181)	(121,227)	(96,493)	–	–	–	
Four years later		(169,940)	(165,800)	(129,265)	–	–	–	–	
Five years later		(178,552)	(170,932)	–	–	–	–	–	
Six years later		(180,773)	–	–	–	–	–	–	
Cumulative payments to-date		(180,773)	(170,932)	(129,265)	(96,493)	(70,628)	(50,218)	(24,720)	
Net general insurance outstanding liabilities (direct and facultative)	6,218	7,505	15,422	12,327	15,845	25,185	46,142	118,100	246,744
Net general insurance outstanding liability (treaty inward)									394
Best estimate of claims liabilities									247,138
Claims handling expenses									5,746
PRAD at 75% confidence level									19,799
Effects of discounting									(7,783)
Net general insurance contract liabilities per statements of financial position									264,900

57. FINANCIAL RISKS

The Group is exposed to a variety of financial risks arising from their operations. The key financial risks are credit risk, liquidity risk, and market risk.

The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders whilst minimising potential exposure to adverse effects on its financial performance and positions.

The policies and processes taken by the Group to manage these risks are set out below:

(a) Credit risk

Credit risk is the risk of financial loss that may arise from the failure of intermediary or counterparties in meeting their financial and contractual obligations to the Group as and when they fall due.

The Group's primary exposure to credit risk arises through its investments in debt instruments, receivables arising from sales of insurance policies and obligations of reinsurers through reinsurance contracts.

The Group has the following policies and processes to manage and mitigate its credit risks:

- Financial loss from an investment in debt instrument may arise from a change in the value of the investment due to a rating downgrade or default. Before acquiring a debt instrument from an issuer, an evaluation of the issuer's credit risk is undertaken by the Group. Ratings assigned by external rating agencies are also used in the evaluation to ensure optimal credit quality of the individual debt instrument concerned. The Group also has an Investment Policy which sets out the limits on which the Group may invest in each counterparty so as to ensure that there is no concentration of credit risk.

- Insurance receivables which arise mainly from premiums collected on behalf of the Group by appointed agents, brokers and other intermediaries are monitored on a day-to-day basis to ensure adherence to the Group's Credit Policy. Internal guidelines are also established to evaluate the Group's intermediaries before their appointment as well as setting credit terms/limits to the appointees concerned.

- Receivables from reinsurance contracts are monitored on a monthly basis to ensure compliance with payment terms. The Group also monitors the credit quality and financial conditions of its reinsurers on an ongoing basis to reduce the risk exposure. When selecting its reinsurers, the Group considers their relative financial security which is assessed based on public rating information, annual reports and other financial data.

- Other trade receivables are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

57. FINANCIAL RISKS (CONT'D)

(a) Credit risk (Cont'd)

The table below shows the maximum exposure to credit risk for the financial and insurance assets components on the statements of financial position. The reinsurer's share of unearned premium reserves have been excluded from the analysis as they are not contractual obligations.

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Financial asset at amortised cost	**–**	33	**34,919**	34,918
Financial assets at FVOCI (1)	**62,952**	20,042	**–**	–
Loans	**2,134**	2,155	**–**	–
Reinsurance assets (2)	**141,386**	130,564	**–**	–
Insurance receivables	**17,655**	24,792	**–**	–
Trade receivables	**2,881**	2,395	**–**	–
Other receivables (3)	**6,321**	7,204	**2,434**	708
Lease receivables	**747**	–	**–**	–
Due from subsidiary companies	**–**	–	**162,163**	155,275
Due from associated companies	**11,787**	6,744	**–**	–
Deposits and placements with financial institutions	**104,976**	332,267	**–**	–
Cash and bank balances	**71,021**	44,456	**36,042**	3,120
	421,860	570,652	**235,558**	194,021

(1) Includes only corporate debt securities.

(2) The reinsurer's share of unearned premium reserves have been excluded from the analysis as they are not contractual obligations.

(3) Includes only financial assets.

Except for secured loans, the other financial and insurance assets are not secured by any collateral or credit enhancements.

The secured loans are secured by way of shares and land and buildings.

57. FINANCIAL RISKS (CONT'D)

(a) Credit risk (Cont'd)

(i) Credit exposure by credit quality

The table below provides information regarding the credit risk exposure of the Group and the Company by classifying financial and insurance assets according to the Group's and the Company's credit ratings of counterparties. AAA is the highest possible rating.

Group	AAA RM'000	AA RM'000	A RM'000	B RM'000	BBB/BB RM'000	Not rated RM'000	Total RM'000
2020							
Financial assets at FVOCI	**–**	**21,216**	**10,628**	**–**	**–**	**31,108**	**62,952**
Loans	**–**	**–**	**–**	**–**	**–**	**2,134**	**2,134**
Reinsurance assets	**–**	**480**	**125,818**	**1,709**	**2,969**	**10,410^**	**141,386**
Insurance receivables	**–**	**7**	**12,724**	**20**	**135**	**4,769^**	**17,655**
Trade receivables	**–**	**–**	**–**	**–**	**–**	**2,881**	**2,881**
Other receivables	**2,451**	**233**	**187**	**–**	**–**	**3,450**	**6,321**
Lease receivables	**–**	**–**	**–**	**–**	**–**	**747**	**747**
Due from associated companies	**–**	**–**	**–**	**–**	**–**	**11,787**	**11,787**
Deposits and placements with financial institutions	**93,811**	**10,896**	**–**	**–**	**269**	**–**	**104,976**
Cash and bank balances	**50,422**	**1,445**	**11,126**	**–**	**5,586**	**2,442**	**71,021**
	146,684	**34,277**	**160,483**	**1,729**	**8,959**	**69,728**	**421,860**
2019							
Financial asset at amortised cost	–	–	–	–	–	33	33
Financial asset at FVOCI	–	20,042	–	–	–	–	20,042
Loans	–	–	–	–	–	2,155	2,155
Reinsurance assets	–	6	120,426	–	3,234	6,898^	130,564
Insurance receivables	–	–	20,952	62	–	3,778^	24,792
Trade receivables	–	–	–	–	–	2,395	2,395
Other receivables	2,212	2,897	223	–	–	1,872	7,204
Due from an associated company	–	–	–	–	–	6,744	6,744
Deposits and placements with financial institutions	119,057	204,205	8,729	–	276	–	332,267
Cash and bank balances	15,542	7,155	16,704	–	4,479	576	44,456
	136,811	234,305	167,034	62	7,989	24,451	570,652

^ Non-rated balances primarily relate to balances due/recoverable from local brokers/insurers/reinsurers licensed under the Financial Services Act, 2013 and Labuan Financial Services Authority.

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57. FINANCIAL RISKS (CONT'D)

(a) Credit risk (Cont'd)

(i) Credit exposure by credit quality (Cont'd)

The table below provides information regarding the credit risk exposure of the Group and the Company by classifying financial and insurance assets according to the Group's and the Company's credit ratings of counterparties. AAA is the highest possible rating. (Cont'd)

	AAA RM'000	AA RM'000	A RM'000	Not rated RM'000	Total RM'000
Company					
2020					
Financial asset at amortised cost	**–**	**–**	**34,919**	**–**	**34,919**
Other receivables	**1,467**	**–**	**685**	**282**	**2,434**
Due from subsidiary companies	**–**	**–**	**46**	**162,117**	**162,163**
Cash and bank balances	**35,834**	**208**	**–**	**–**	**36,042**
	37,301	**208**	**35,650**	**162,399**	**235,558**
2019					
Financial asset at amortised cost	–	–	34,885	33	34,918
Other receivables	–	–	701	7	708
Due from subsidiary companies	–	–	46	155,229	155,275
Cash and bank balances	2,887	233	–	–	3,120
	2,887	233	35,632	155,269	194,021

57. FINANCIAL RISKS (CONT'D)

(a) Credit risk (Cont'd)

(ii) Reconciliation of allowance account

(1) Expected credit loss ("ECL") - Investment assets

- Financial assets at amortised cost

As at the reporting date, all financial assets at amortised cost held by the Group and the Company are classified as Stage 1. There were no ECL arising from these assets as at 30 September 2020 and 30 September 2019. The credit rating of these financial assets at amortised cost are as disclosed above in Note 57(a)(i).

- Financial assets at FVOCI

The following table shows the fair value of the Group's financial assets measure at FVOCI by credit risk and the expected credit loss amount recognised.

	Group	
	2020 RM'000	**2019 RM'000**
Financial assets at FVOCI		
AA	**21,216**	20,042
A	**10,628**	–
Not rated	**31,108**	–
Total carrying amount	**62,952**	20,042
Total ECL	**38**	–

As at the reporting date, all financial assets measured at FVOCI held by the Group is classified as Stage 1.

Movements in allowance for impairment losses for financial assets measured at FVOCI are as follows:

		Group	
	Note	**2020 RM'000**	**2019 RM'000**
As at 1 October		**–**	–
Net adjustment of loss allowances	41	**38**	–
As at 30 September		**38**	–

57. FINANCIAL RISKS (CONT'D)

(a) Credit risk (Cont'd)

(ii) Reconciliation of allowance account (Cont'd)

(2) Expected credit loss ("ECL") - Insurance receivables

Set out below is the information about the credit risk exposure on the Group's insurance receivables using a provision matrix:

(a) ECL by staging

	Months in arrears							
	Group 1				Group 2			
	0 to 1 month RM'000	2 to 3 months RM'000	More than 3 months RM'000	Total RM'000	0 to 6 months RM'000	7 to 12 months RM'000	More than 12 months RM'000	Total RM'000
Group								
30 September 2020								
ECL rate	**0.01%**	**0.83%**	**100.00%**		**1.03%**	**1.12%**	**100.00%**	
Carrying amount *	**1,715**	**31**	**12**	**1,758**	**13,132**	**2,946**	**864**	**16,942**
Allowance for ECL	**–**	**1**	**12**	**13**	**135**	**33**	**864**	**1,032**
30 September 2019								
ECL rate	0.27%	0.20%	100.00%		0.71%	0.51%	100.00%	
Carrying amount *	2,972	48	11	3,031	19,194	2,737	1,072	23,003
Allowance for ECL	8	–	11	19	137	14	1,072	1,223

Group 1 comprises of insurance receivables from agents, banks, corporate clients and direct customers, whereas Group 2 comprises of reinsurance receivables from reinsurers and ceding companies, amount due from brokers and co-insurers.

57. FINANCIAL RISKS (CONT'D)

(a) Credit risk (Cont'd)

(ii) Reconciliation of allowance account (Cont'd)

(2) Expected credit loss ("ECL") - Insurance receivables (Cont'd)

Set out below is the information about the credit risk exposure on the Group's insurance receivables using a provision matrix: (Cont'd)

(b) ECL by ageing

		Months in arrears					
	Not due RM'000	1 to 6 months RM'000	7 to 12 months RM'000	13 to 18 months RM'000	19 to 24 months RM'000	More than 24 months RM'000	Total RM'000
Group							
30 September 2020							
Carrying amount *	**–**	**14,890**	**2,946**	**864**	**–**	**–**	**18,700**
Allowance for ECL	**–**	**148**	**33**	**864**	**–**	**–**	**1,045**
30 September 2019							
Carrying amount *	–	22,225	2,737	1,072	–	–	26,034
Allowance for ECL	–	156	14	1,072	–	–	1,242

* The carrying amount consists of individual insurance receivables with gross outstanding amounts, as well as outstanding receivable balances that were netted off with credit balances.

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57. FINANCIAL RISKS (CONT'D)

(a) Credit risk (Cont'd)

(ii) Reconciliation of allowance account (Cont'd)

(2) Expected credit loss ("ECL") - Insurance receivables (Cont'd)

The following table shows the movement in gross insurance receivables and the loss allowances recognised for credit impaired receivables.

Group

	Note	Not Credit Impaired RM'000	Credit Impaired RM'000	Total RM'000
2020				
Gross carrying amounts				
As at 1 October 2019		**22,390**	**1,083**	**23,473**
Decrease		**(7,248)**	**(207)**	**(7,455)**
As at 30 September 2020		**15,142**	**876**	**16,018**
Allowance for ECL				
As at 1 October 2019		**159**	**1,083**	**1,242**
Increase/(write back)	41	**10**	**(207)**	**(197)**
As at 30 September 2020		**169**	**876**	**1,045**
2019				
Gross carrying amounts				
As at 1 October 2018		21,415	1,024	22,439
Increase		975	59	1,034
As at 30 September 2019		22,390	1,083	23,473
Allowance for ECL				
As at 1 October 2018		162	1,024	1,186
(Write back)/increase	41	(3)	59	56
As at 30 September 2019		159	1,083	1,242

57. FINANCIAL RISKS (CONT'D)

(a) Credit risk (Cont'd)

(ii) Reconciliation of allowance account (Cont'd)

(3) Expected credit loss ("ECL") - Trade receivables

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	Months in arrears					
	< 30 days RM'000	31 to 60 days RM'000	61 to 90 days RM'000	91 to 180 days RM'000	> 180 days RM'000	Total RM'000
Group						
30 September 2020						
ECL rate	**1.81%**	**0.83%**	**2.28%**	**41.03%**	**92.43%**	
Carrying amount	**1,820**	**120**	**702**	**156**	**2,604**	**5,402**
Allowance for ECL	**33**	**1**	**16**	**64**	**2,407**	**2,521**
30 September 2019						
ECL rate	8.17%	67.02%	8.05%	83.10%	64.15%	
Carrying amount	747	94	733	213	2,700	4,487
Allowance for ECL	61	63	59	177	1,732	2,092

The following table shows the movement in gross trade receivables and the loss allowances recognised for credit impaired receivables.

Group	Note	Not Credit Impaired RM'000	Credit Impaired RM'000	Total RM'000
2020				
Gross carrying amounts				
As at 1 October 2019		**2,397**	**2,090**	**4,487**
Increase		**770**	**145**	**915**
As at 30 September 2020		**3,167**	**2,235**	**5,402**
Allowance for ECL				
As at 1 October 2019		**4**	**2,088**	**2,092**
Addition	41	**282**	**147**	**429**
As at 30 September 2020		**286**	**2,235**	**2,521**

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(Cont'd)

57. FINANCIAL RISKS (CONT'D)

(a) Credit risk (Cont'd)

(ii) Reconciliation of allowance account (Cont'd)

(3) Expected credit loss ("ECL") - Trade receivables (Cont'd)

The following table shows the movement in gross trade receivables and the loss allowances recognised for credit impaired receivables. (Cont'd)

Group

	Note	Not Credit Impaired RM'000	Credit Impaired RM'000	Total RM'000
2019				
Gross carrying amounts				
As at 1 October 2018		2,467	1,593	4,060
(Decrease)/Increase		(70)	497	427
As at 30 September 2019		2,397	2,090	4,487
Allowance for ECL				
As at 1 October 2018		17	1,593	1,610
Addition	41	2	611	613
Reversal	41	(15)	(116)	(131)
As at 30 September 2019		4	2,088	2,092

(4) Expected credit loss ("ECL") - Due from subsidiary companies

Set out below is the information about the credit risk exposure on the Company's due from subsidiary companies using a provision matrix:

	Months in arrears					
	< 30 days RM'000	31 to 60 days RM'000	61 to 90 days RM'000	91 to 180 days RM'000	> 180 days RM'000	Total RM'000
Company						
30 September 2020						
ECL rate	**–**	**–**	**–**	**–**	**30.50%**	
Carrying amount	**1,733**	**539**	**602**	**454**	**228,526**	**231,854**
Allowance for ECL	**–**	**–**	**–**	**–**	**69,691**	**69,691**
30 September 2019						
ECL rate	0.39%	–	–	–	29.13%	
Carrying amount	5,933	1,626	2,889	1,615	202,097	214,160
Allowance for ECL	23	–	–	–	58,862	58,885

57. FINANCIAL RISKS (CONT'D)

(a) Credit risk (Cont'd)

(ii) Reconciliation of allowance account (Cont'd)

(4) Expected credit loss ("ECL") - Due from subsidiary companies (Cont'd)

The following table shows the movement in gross due from subsidiary companies and the loss allowances recognised for credit impaired receivables.

Company

	Note	Not Credit Impaired RM'000	Credit Impaired RM'000	Total RM'000
2020				
Gross carrying amounts				
As at 1 October 2019		**155,275**	**58,885**	**214,160**
Increase		**6,888**	**10,806**	**17,694**
As at 30 September 2020		**162,163**	**69,691**	**231,854**
Allowance for ECL				
As at 1 October 2019		**–**	**58,885**	**58,885**
Addition	41	**–**	**10,806**	**10,806**
As at 30 September 2020		**–**	**69,691**	**69,691**
2019				
Gross carrying amounts				
As at 1 October 2018		121,866	58,692	180,558
Increase		33,409	193	33,602
As at 30 September 2019		155,275	58,885	214,160
Allowance for ECL				
As at 1 October 2018		–	58,692	58,692
Addition	41	–	193	193
As at 30 September 2019		–	58,885	58,885

(b) Liquidity risk

Liquidity risk is the risk that the Group and Company may not have sufficient liquid financial resources to meet its obligations when they fall due, or would have to incur excessive costs to do so. In respect of catastrophic events, there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries. The Group's and Company's policy is to maintain adequate liquidity to meet their liquidity needs under normal and stressed conditions.

57. FINANCIAL RISKS (CONT'D)

(b) Liquidity risk (Cont'd)

The following policies and procedures are in place to mitigate the Group's and Company's exposure to liquidity risk:

- The Group-wide liquidity risk management policy setting out the assessment and determination of what constitutes liquidity risk for the Group is established. Compliance with the policy is monitored and exposures and breaches are reported to the Group's Risk Management Committee.

- Guidelines on asset allocations, portfolio limit structures and maturity profiles of assets are implemented in order to ensure sufficient funding is available to meet insurance, investment contract and other payment obligations. As part of its liquidity management, the Group maintains sufficient level of cash and cash equivalents to meet expected and to a lesser extent unexpected outflows.

- Contingency funding plans were established to mitigate funding requirement arising from emergency and other unforeseen cash calls. Such funding plans include the arrangement of credit with banks and funding from the Company.

- The Group has established treaty reinsurance contracts that contain a "cash call" clause which permits the Group to make cash calls on claims and receive immediate payments for large losses without waiting for usual periodic payment procedures to occur.

(i) Maturity analysis

The table below summarises the maturity profile of the financial and insurance liabilities of the Group and the Company based on remaining undiscounted contractual obligations, including interest/profit payable.

For insurance contract liabilities, maturity profiles are determined based on estimated timing of net cash outflows from recognised insurance liabilities. Premium liabilities and the reinsurers' share of premium liabilities have been excluded from the analysis as these are not contractual obligations.

Group	Carrying value RM'000	Up to a year* RM'000	1-2 years RM'000	2-5 years RM'000	Over 5 years RM'000	Total RM'000
2020						
Insurance contract liabilities	420,757	174,388	117,090	110,797	26,308	428,583
Insurance payables	11,910	11,910	–	–	–	11,910
Trade payables	314	314	–	–	–	314
Other payables #	3,526	3,526	–	–	–	3,526
Lease liabilities	15,922	5,625	4,871	6,725	354	17,575
Borrowings	89,302	24,064	73,314	577	–	97,955
Total	541,731	219,827	195,275	118,099	26,662	559,863

* Expected utilisation or settlement is within 12 months from the reporting date.

Net of provisions and accrued expenses.

57. FINANCIAL RISKS (CONT'D)

(b) Liquidity risk (Cont'd)

(i) Maturity analysis (Cont'd)

Group	Carrying value RM'000	Up to a year* RM'000	1-2 years RM'000	2-5 years RM'000	Over 5 years RM'000	Total RM'000
2019						
Insurance contract liabilities	395,464	188,068	101,023	96,106	20,375	405,572
Insurance payables	14,693	14,693	–	–	–	14,693
Trade payables	435	435	–	–	–	435
Other payables #	4,162	4,162	–	–	–	4,162
Hire purchase creditors	1,419	677	446	406	–	1,529
Borrowings	35,179	3,396	5,331	36,964	–	45,691
Total	451,352	211,431	106,800	133,476	20,375	472,082

Company	Carrying value RM'000	Up to a year* RM'000	1-2 years RM'000	2-5 years RM'000	No maturity date RM'000	Total RM'000
2020						
Other payables #	**446**	**446**	**–**	**–**	**–**	**446**
Due to subsidiary companies	**3,699**	**–**	**–**	**–**	**3,699**	**3,699**
Lease liabilities	**1,355**	**580**	**320**	**604**	**–**	**1,504**
Borrowings	**53,957**	**21,179**	**36,329**	**–**	**–**	**57,508**
Total	**59,457**	**22,205**	**36,649**	**604**	**3,699**	**63,157**
2019						
Other payables #	70	70	–	–	–	70
Due to subsidiary companies	47	–	–	–	47	47
Hire purchase creditors	473	284	147	69	–	500
Total	590	354	147	69	47	617

* Expected utilisation or settlement is within 12 months from the reporting date.

\# Net of provisions and accrued expenses.

57. FINANCIAL RISKS (CONT'D)

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of exposures: foreign exchange rates (currency risk), market interest rates (interest rate/profit yield risk) and market prices (price risk).

The key features of the Group's and the Company's market risk management practices and policies are as follows:

- A Group and Company-wide market-risk policy setting out the evaluation and determination of what constitutes market risk for the Group and the Company is established.

- Policies and limits have been established to manage market risk. Market risk is managed through portfolio diversification and changes in asset allocation. The Group's and the Company's policies on asset allocation, portfolio limit structure and diversification benchmark have been set in line with the Group's risk management policy after taking cognisance of the regulatory requirements in respect of maintenance of assets and solvency.

(i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group and the Company are exposed to foreign exchange risk as a result of its net investments in overseas subsidiary companies and normal trading activities, both external and intra-group, where the currency denomination differs from the functional currency, Ringgit Malaysia ("RM"). The currencies giving rise to foreign exchange risk are primarily United States Dollar ("USD"), Thailand Baht ("Baht"), Great Britain Pound ("GBP"), Singapore Dollar ("SGD") and Japanese Yen ("JPY").

Exposure to foreign currency risk

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting date was:

	2020 Exposure in				
	USD RM'000	**BAHT RM'000**	**GBP RM'000**	**SGD RM'000**	**JPY RM'000**
Trade and other receivables	**303**	**5,073**	**1,099**	**–**	**–**
Due from associated companies	**–**	**–**	**11,787**	**–**	**–**
Deposits and placements with financial institutions	**876**	**271**	**–**	**–**	**–**
Cash and bank balances	**1,152**	**7,103**	**1,312**	**512**	**142**
Trade and other payables	**(219)**	**(3,136)**	**(277)**	**–**	**–**
Borrowings	**(540)**	**–**	**–**	**–**	**–**
	1,572	**9,311**	**13,921**	**512**	**142**

57. FINANCIAL RISKS (CONT'D)

(c) Market risk (Cont'd)

(i) Currency risk (Cont'd)

Exposure to foreign currency risk (Cont'd)

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting date was: (Cont'd)

	2019 Exposure in				
	USD RM'000	BAHT RM'000	GBP RM'000	SGD RM'000	JPY RM'000
Trade and other receivables	160	5,291	584	–	–
Due from an associated company	–	–	6,744	–	–
Deposits and placements with financial institutions	855	278	–	6,852	–
Cash and bank balances	8,333	4,534	1,848	68	155
Trade and other payables	(541)	(3,721)	(248)	–	–
Borrowings	(536)	–	–	–	–
	8,271	6,382	8,928	6,920	155

The Company's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting date was:

	2020 Exposure in				
	USD RM'000	BAHT RM'000	GBP RM'000	SGD RM'000	JPY RM'000
Due from subsidiary companies	**70,347**	**9,737**	**61,751**	**–**	**–**
Cash and bank balances	**52**	**–**	**1**	**184**	**142**
Due to subsidiary companies	**(29)**	**(16)**	**–**	**–**	**–**
	70,370	**9,721**	**61,752**	**184**	**142**

	2019 Exposure in				
	USD RM'000	BAHT RM'000	GBP RM'000	SGD RM'000	JPY RM'000
Due from subsidiary companies	68,957	9,468	55,545	–	–
Deposits and placements with financial institutions	–	–	–	6,852	–
Cash and bank balances	52	–	1	41	146
Due to subsidiary companies	(29)	(17)	–	–	–
	68,980	9,451	55,546	6,893	146

57. FINANCIAL RISKS (CONT'D)

(c) Market risk (Cont'd)

(i) Currency risk (Cont'd)

Currency risk sensitivity analysis

The following table demonstrates the sensitivity of the Group's and the Company's profit/(loss) net of tax to a reasonable possible change in the USD, Baht, GBP, SGD and JPY exchange rates, with all other variables held constant. The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

		Group		Company	
		2020 Profit net of tax RM'000	2019 Profit net of tax RM'000	2020 Profit net of tax RM'000	2019 Profit net of tax RM'000
		← Increase / (decrease) →			
USD/RM	- strengthened 3%	**4,959**	5,042	**2,632**	2,598
	- weakened 3%	**(4,959)**	(5,042)	**(2,632)**	(2,598)
GBP/RM	- strengthened 3%	**2,445**	2,103	**2,445**	2,103
	- weakened 3%	**(2,445)**	(2,103)	**(2,445)**	(2,103)
USD/Baht	- strengthened 3%	**(404)**	(380)	**–**	–
	- weakened 3%	**404**	380	**–**	–
Baht/RM	- strengthened 3%	**660**	506	**303**	296
	- weakened 3%	**(660)**	(506)	**(303)**	(296)
SGD/RM	- strengthened 3%	**54**	149	**6**	70
	- weakened 3%	**(54)**	(149)	**(6)**	(70)
JPY/RM	- strengthened 3%	**4**	5	**4**	5
	- weakened 3%	**(4)**	(5)	**(4)**	(5)

(ii) Interest rate/profit yield risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate/profit yield.

The Group and the Company are exposed to interest rate risk primarily through their investments in fixed income securities, deposits placements and borrowings from financial institutions. Interest rate risk is managed by the Group and the Company on an ongoing basis.

The Group and the Company have no significant concentration of interest rate/profit yield risk.

The impact on profit before tax at +/- 25 basis points change in the interest rate, with all other variables held constant, is insignificant to the Group and the Company given that it has minimal floating rate financial instruments.

57. FINANCIAL RISKS (CONT'D)

(c) Market risk (Cont'd)

(iii) Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate/profit yield risk or currency risk) and net asset value ("NAV"), regardless whether those changes are caused by factors specific to the individual financial instrument, its issuer or factors affecting similar financial instruments traded in the market.

The Group's exposure to price risk arises mainly from its investments in quoted shares, unit trusts and warrants whose values will fluctuate as a result of changes in market prices.

The Group manages its price risk by ensuring that its investments in quoted shares, unit trusts and warrants are within the limits set out in the Group's Investment Policy. The Group does not have any major concentration of price risk related to such investments.

The analysis below is performed for reasonably possible movements in equity price with all other variables held constant, showing the impact on profit before tax (due to changes in fair value through profit or loss financial assets) and equity (due to changes in fair value of FVOCI).

		2020 Impact on		2019 Impact on	
	Change in variables	Profit before tax RM'000	Equity* RM'000	Profit before tax RM'000	Equity* RM'000
		← Increase / (decrease) →			
Group					
Market price	+10%	**36,733**	**31,721**	12,804	15,213
Market price	-10%	**(36,733)**	**(31,721)**	(12,804)	(15,213)
Company					
Market price	+10%	**261**	**2,944**	265	1,763
Market price	-10%	**(261)**	**(2,944)**	(265)	(1,763)

* Impact on Equity reflects adjustments for tax, where applicable.

(d) Operational risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss.

The Group and the Company cannot expect to eliminate all operational risks but mitigates them by establishing a control framework and by monitoring and responding to potential risks. Controls include segregation of duties, access controls, authorisation, reconciliation procedures, staff training and evaluation procedures, including the use of internal audit. Business risk, such as changes in environment, technology and the industry are monitored through the Group's and the Company's strategic planning and budgeting process.

58. CAPITAL MANAGEMENT

The Group's capital management policy is to optimise the efficient and effective use of resources to maximise the return on equity and provide an appropriate level of capital to protect policyholders of its insurance subsidiary company and meet regulatory requirements.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions and regulatory requirements. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue new shares or obtain credit facilities from financial institutions.

The insurance subsidiary company is required to comply with the regulatory capital requirement prescribed in the Risk-Based Capital ("RBC") Framework which is imposed by the Minister of Finance as a licensing condition for insurers. Under the RBC Framework guidelines issued by BNM, insurance companies are required to satisfy a minimum capital adequacy ratio of 130%. The insurance subsidiary company has a capital adequacy ratio in excess of the minimum requirement.

The capital structure of the insurance subsidiary company as at 30 September 2020, as prescribed under the RBC Framework is provided below:

	2020 RM'000	2019 RM'000
Eligible Tier 1 Capital		
Share capital (paid-up)	**100,000**	100,000
Retained earnings	**91,173**	105,920
	191,173	205,920
Tier 2 Capital		
Capital instruments which qualify as Tier 2 Capital	**24,333**	27,731
Revaluation reserve	**13,763**	12,378
FVOCI reserve	**6,301**	1,941
	44,397	42,050
Amounts deducted from Capital	**(1,305)**	(1,357)
Total Capital Available	**234,265**	246,613

59. SEGMENT REPORTING

(a) Business Segments

The Group is organised into the following 4 major business segments:

(i) Insurance
(ii) Information technology
(iii) Investment holding
(iv) Money lending

Other business segments include distribution of consumer goods, property development and dealings in properties and investments, none of which is of a sufficient size to be reported separately.

The Directors are of the opinion that the inter-segment transactions have been entered into in the normal course of business on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

	Insurance RM'000	Information Technology RM'000	Investment Holding RM'000	Money Lending RM'000	Others RM'000	Consolidation Adjustments RM'000	Group RM'000
2020							
REVENUE							
External sales	295,875	12,753	412	128	–	–	309,168
Inter-segment sales	292	18,107	26,135	154	–	(44,688)	–
Total segment revenue	296,167	30,860	26,547	282	–	(44,688)	309,168
RESULTS							
Segment profit/(loss)	13,369	(5,723)	3,867	225	(11,690)	974	1,022
Share of losses of associated companies (net of tax)	–	–	–	–	(2,597)	–	(2,597)
Segment profit/(loss) before tax after accounting for:	13,369	(5,723)	3,867	225	(14,287)	974	(1,575)
Interest income	–	693	–	15	151	(380)	479
Finance cost	(6,085)	(3,910)	(1,849)	–	(4,478)	10,881	(5,441)
Depreciation	(4,482)	(3,096)	(518)	–	(490)	1,513	(7,073)
Amortisation	(455)	(161)	(13)	–	(2)	68	(563)
Unrealised foreign exchange gains	–	(1,214)	1,481	–	2	–	269
Other income/(expenses)	188	(24)	(10,099)	–	(5,289)	12,166	(3,058)

Notes to the Financial Statements
- 30 September 2020
(Cont'd)

59. SEGMENT REPORTING (CONT'D)

(a) Business Segments (Cont'd)

	Insurance RM'000	Information Technology RM'000	Investment Holding RM'000	Money Lending RM'000	Others RM'000	Consolidation Adjustments RM'000	Group RM'000
2020							
ASSETS							
Segment assets	831,087	36,492	66,838	4,682	98,588	–	1,037,687
Unallocated corporate assets							1,098
Consolidated total assets							1,038,785
LIABILITIES							
Segment liabilities	545,000	17,027	4,601	137	2,320	–	569,085
Unallocated corporate liabilities							94,422
Consolidated total liabilities							663,507
OTHER INFORMATION							
Investment in associated companies	–	–	–	–	17,486	–	17,486
Capital expenditure	103	437	19	–	–	–	559

59. SEGMENT REPORTING (CONT'D)

(a) Business Segments (Cont'd)

	Insurance RM'000	Information Technology RM'000	Investment Holding RM'000	Money Lending RM'000	Others RM'000	Consolidation Adjustments RM'000	Group RM'000
2019							
REVENUE							
External sales	309,231	12,850	939	460	–	–	323,480
Inter-segment sales	204	19,230	35,868	–	–	(55,302)	–
Total segment revenue	309,435	32,080	36,807	460	–	(55,302)	323,480
RESULTS							
Segment profit/(loss)	21,298	(4,778)	19,700	501	(5,926)	(20,836)	9,959
Share of losses of associated companies (net of tax)	–	–	–	–	(4,067)	–	(4,067)
Segment profit/(loss) before tax after accounting for:	21,298	(4,778)	19,700	501	(9,993)	(20,836)	5,892
Interest income	–	276	–	176	167	–	619
Finance cost	(5,558)	(2,755)	(380)	–	(3,742)	9,121	(3,314)
Depreciation	(1,246)	(590)	(209)	–	(87)	11	(2,121)
Amortisation	(449)	(167)	(13)	–	(2)	66	(565)
Unrealised foreign exchange losses	–	1,758	(1,819)	(10)	2	–	(69)
Other (expenses)/income	(1,387)	177	(1,064)	–	(167)	193	(2,248)
ASSETS							
Segment assets	829,786	29,667	24,182	8,112	92,771	–	984,518
Unallocated corporate assets							2,216
Consolidated total assets							986,734
LIABILITIES							
Segment liabilities	537,073	5,582	4,762	137	273	–	547,827
Unallocated corporate liabilities							41,296
Consolidated total liabilities							589,123

Notes to the Financial Statements
- 30 September 2020
(Cont'd)

59. SEGMENT REPORTING (CONT'D)

(a) Business Segments (Cont'd)

	Insurance RM'000	Information Technology RM'000	Investment Holding RM'000	Money Lending RM'000	Others RM'000	Consolidation Adjustments RM'000	Group RM'000
2019							
OTHER INFORMATION							
Investment in associated companies	–	–	–	–	18,528	–	18,528
Capital expenditure	465	1,563	169	–	19	–	2,216

Other (expenses)/income include the following items:

	Group 2020 RM'000	Group 2019 RM'000
Gain on disposal of investments	**2,918**	701
Loss on fair value of investments held at fair value through profit or loss	**(1,398)**	(2,725)
Allowance for impairment of:		
- investment in associated companies	**(2,886)**	–
- insurance receivables	**–**	(56)
- trade receivables	**(429)**	(613)
- corporate debt securities	**(38)**	–
Write back in allowance for impairment:		
- insurance receivables	**197**	–
- trade receivables	**–**	131
Bad debts written off:		
- other receivables	**(206)**	–
Inventories written off	**(25)**	–
Property, plant and equipment written off	**(7)**	(4)
Loss on disposal of property, plant and equipment	**(13)**	(40)
Loss on disposal of investment property	**(51)**	–
Gain on derecognition of right-of-use assets	**12**	–
Gain on remeasurement of lease liabilities	**41**	–
Allowance for unutilised leave	**(497)**	(267)
	(2,382)	(2,873)

59. SEGMENT REPORTING (CONT'D)

(b) Geographical Segments

In Malaysia, the Group's areas of operation are principally insurance, information technology, investment holding and money lending. Other operations in Malaysia include distribution of consumer goods and investing in start-up companies.

The Group also operates in the United States of America (information technology and property development), Thailand (information technology) and England (investing in real estate market and start-up companies).

	Total Revenue from External Customers		Segment Assets		Capital Expenditure	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2020 RM'000
Malaysia	**297,453**	312,535	**918,267**	868,544	**475**	1,847
Thailand	**10,837**	10,133	**13,605**	11,401	**73**	347
United States of America	**878**	812	**59,849**	62,805	**11**	3
England	**–**	–	**45,966**	41,768	**–**	19
	309,168	323,480	**1,037,687**	984,518	**559**	2,216

(c) Major Customers

There was no revenue from a single external customer which amounted to 10% or more of the Group's revenue during the financial year (2019: Nil).

60. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Coronavirus Pandemic

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

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

The overall impact to IT division was not significantly affected as the division has long term customers on which it can rely for a steady stream of income.

At this juncture, it is not possible to estimate the full impact of the outbreak's long-term effects on the performance of the Group or the government's varying efforts to combat the outbreak and support businesses. The management will continue to monitor the situation of the outbreak and the financial impact, if any, to the Group's and the Company's financial statements.

The Group is of the view that the COVID-19 pandemic will not adversely affect the fundamentals and going concern of its business operations and that it will continue to remain resilient. Accordingly, the Group's and the Company's financial statements for the financial year ended 30 September 2020 have been prepared based on the application of the going concern assumption. There were no other matters, other than those described above, arising from the on-going pandemic that would have a significant impact on the carrying values of the Group's and the Company's assets and liabilities as at 30 September 2020.

LIST OF PROPERTIES
As At 30 September 2020

No	Location	Gross build-up area (Land area) sq. ft.	Tenure	Description/ existing use	Net book value @ 30.9.2020 RM'000	Approximate age of building Years	Date of acquisition/ Date of last valuation
	MALAYSIA						
1.	P.N. (WP) 50897/M1/11/12 Lot No. 20004, Section 46 Town of Kuala Lumpur State of Wilayah Persekutuan 10th Floor Wisma Bumi Raya No. 10, Jalan Raja Laut 50350 Kuala Lumpur Wilayah Persekutuan K.L	10,589	Leasehold expiring 8.4.2074 (P.N 50897 expiring 29.09.2112)	Office	5,000	35	Unit 10-A 1.7.1993/ 30.09.2020 Unit 10-B 1.4.1995/ 30.09.2020
2.	P.N. (WP) 50897/M1/11/12 Lot No. 20004, Section 46 Town of Kuala Lumpur State of Wilayah Persekutuan 11th and 12th Floor Wisma Bumi Raya No. 10, Jalan Raja Laut 50350 Kuala Lumpur Wilayah Persekutuan K.L	11th Floor 10,589 12th Floor 10,589	Leasehold expiring 8.4.2074 (P.N 50897 expiring 29.09.2112)	Office	10,000	35	21.12.1982/ 30.09.2020
3.	Geran 5815/M1/16/132 Lot No. 262 Mukim of Ampang District and State of Wilayah Persekutuan K.L Unit 332B-15A, 15th Floor, GCB Court Off Jalan Ampang 50450 Kuala Lumpur Wilayah Persekutuan K.L	1,615	Freehold	Condominium/ Residential	610	35	14.4.1986 / 30.09.2020

List of Properties
as at 30 September 2020
(Cont'd)

No	Location	Gross build-up area (Land area) sq. ft.	Tenure	Description/ existing use	Net book value @ 30.9.2020 RM'000	Approximate age of building Years	Date of acquisition/ Date of last valuation
4.	Geran No.17880 for Lot No. 2163, Town and District of Seremban, Negeri Sembilan Darul Khusus Unit No. G.07, Ground Floor Wisma Punca Emas Jalan Dato' Sheikh Ahmad/ Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus	312.5	Freehold	Shop-lot	45	41	1.12.1986 / 30.09.2020
5.	Lot No. 13772 & 13771S Geran 10602/M1/4/11 & 10601/M1/4/2 Town of Ipoh District of Kinta, State of Perak Darul Ridzuan Lot 3.1 & 3.2, 3rd Floor Wisma Kota Emas Jalan Dato' Tahwil Azhar 30300 Ipoh Perak Darul Ridzuan	1,528	Freehold	Office-lots	200	37	13.2.1991/ 30.09.2020
6.	Lot No. 1217, Title No. PN 26201, Town of Kawasan Bandar XLII District of Melaka Tengah State of Melaka No.2, Jalan PM7 Plaza Mahkota Bandar Hilir 75000 Melaka	9,428 (2,357)	Leasehold expiring 18.7.2101	4 storey shop-office	945	22	18.9.1998/ 30.09.2020

List of Properties
as at 30 September 2020
(Cont'd)

No	Location	Gross build-up area (Land area) sq. ft.	Tenure	Description/ existing use	Net book value @ 30.9.2020 RM'000	Approximate age of building Years	Date of acquisition/ Date of last valuation
7.	Geran 72942 Lot No. 59758 Mukim and District of Petaling, State of Selangor Darul Ehsan No. 40, Jalan BP 5/8 Bandar Bukit Puchong 47100 Puchong, Selangor Darul Ehsan	4,879 (3,477)	Freehold	1 ½ storey factory corner unit/ office	1,980	21	3.12.1999/ 30.09.2020
8.	Geran 72944 Lot No. 59759 Mukim and District of Petaling, State of Selangor Darul Ehsan No. 38, Jalan BP 5/8 Bandar Bukit Puchong 47100 Puchong, Selangor Darul Ehsan	2,875 (2,002)	Freehold	1 ½ storey factory intermediate unit/office	1,225	21	3.12.1999/ 30.09.2020
	UNITED STATES OF AMERICA						
1.	7914, 7916, 7918 West Drive North Bay Village Miami-Dade County Florida 33141	33,600	Freehold	Land held for development	51,124	N/A	08.01.2015/ 30.09.2020

SHAREHOLDINGS STATISTICS
As At 31 December 2020

Issued and fully paid-up capital	:	RM147,401,000.00
Class of share	:	Ordinary shares
Voting rights	:	One vote per ordinary share

BREAKDOWN OF SHAREHOLDINGS

Holdings	No. of Holders	Total Holdings	%
Less than 100 shares	581	24,681	0.01
100 to 1,000 shares	399	149,491	0.06
1,001 to 10,000 shares	2,482	10,731,593	4.01
10,001 to 100,000 shares	1,343	35,051,752	13.09
100,001 to less than 5% of issued shares	161	144,941,790	54.14
5% and above of issued shares	3	76,821,433	28.69
Total	**4,969**	**267,720,740***	**100.00**

* The number of 267,720,740 ordinary shares is exclusive of treasury shares retained by the Company.

SUBSTANTIAL SHAREHOLDERS

According to the Register of Substantial Shareholders, the substantial shareholders of the Company as at 31 December 2020 were as follows:

	No. of Shares Held			
Name	**Direct Interest**	**%**	**Indirect Interest**	**%**
Chan Thye Seng	39,250,538	14.66	127,219,650[(2)]	47.52
Mah Wing Holdings Sdn. Bhd.	63,337,400	23.66	–	–
Mah Wing Investments Limited	57,473,102	21.47	–	–

Shareholdings Statistics
As At 31 December 2020
(Cont'd)

DIRECTORS' SHAREHOLDINGS

According to the Register of Directors' Shareholdings, the Directors' shareholdings as at 31 December 2020 were as follows:

	No. of Shares Held			
Name	**Direct Interest**	**%**	**Indirect Interest**	**%**
Chan Hua Eng	331,564	0.12	6,254,924[(1)]	2.34
Chan Thye Seng	39,250,538	14.66	127,219,650[(2)]	47.52
Michael Yee Kim Shing	233,333	0.09	479,519[(3)]	0.18
Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed	233,333	0.09	–	–
Dato' Dr. Zaha Rina binti Zahari	1,000,066	0.37	–	–

Notes:

(1) *Held by virtue of Chan Hua Eng's interests in Chan Kok Tien Realty Sdn. Bhd. ("CKT"), Tysim Holdings Sdn. Bhd. ("Tysim") and deemed to have interest in shares held by his spouse and daughter.*

(2) *Held by virtue of Chan Thye Seng's interests in Mah Wing Investments Limited, Mah Wing Holdings Sdn. Bhd., CKT, Tysim and deemed to have interest in shares held by his spouse.*

(3) *Deemed to have interest in shares held by his spouse and children.*

THIRTY LARGEST SECURITIES ACCOUNTS HOLDERS

No.	Name	No. of Shares Held	% of Issued Capital
1.	Mah Wing Investments Limited	44,806,436	16.74
2.	HLB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Mah Wing Holdings Sdn. Bhd.*	16,089,047	6.01
3.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Chan Thye Seng*	15,925,950	5.95
4.	Public Nominees (Asing) Sdn. Bhd. *Pledged Securities Account for Mah Wing Investments Limited*	12,666,666	4.73
5.	Kenanga Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Mah Wing Holdings Sdn. Bhd.*	12,550,000	4.70
6.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Mah Wing Holdings Sdn. Bhd.*	12,506,666	4.67
7.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. *Deutsche Bank AG Singapore for Yeoman 3-Rights Value Asia Fund*	10,091,666	3.77
8.	Mah Wing Holdings Sdn. Bhd.	9,271,733	3.46
9.	AMSEC Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Mah Wing Holdings Sdn. Bhd.*	7,319,954	2.73

Shareholdings Statistics
As At 31 December 2020
(Cont'd)

THIRTY LARGEST SECURITIES ACCOUNTS HOLDERS (CONT'D)

No.	Name	No. of Shares Held	% of Issued Capital
10.	CIMSEC Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Chan Thye Seng*	6,145,281	2.30
11.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Chan Thye Seng*	6,133,333	2.29
12.	CIMSEC Nominees (Tempatan) Sdn. Bhd. *CIMB for Chan Kok Tien Realty Sdn. Bhd.*	5,612,469	2.10
13.	Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Mah Wing Holdings Sdn. Bhd.*	5,600,000	2.09
14.	Kenanga Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Chan Thye Seng*	5,424,014	2.03
15.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Chan Thye Seng*	2,485,000	0.93
16.	Kenanga Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Chan Thye Seng*	2,431,370	0.91
17.	Tan Teong Han	2,098,928	0.78
18.	Yeoh Phek Leng	1.853,400	0.69
19.	Maybank Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Liew Kon Sing @Liew Kong*	1,704,033	0.64
20.	HLIB Nominees (Tempatan) Sdn. Bhd. *Hong Leong Bank Bhd for Tan Chong Meng*	1,380,000	0.52
21.	Neoh Choo Ee & Company, Sdn. Berhad	1,240,466	0.46
22.	Affin Hwang Nominees (Asing) Sdn. Bhd. *DBS Vickers Secs (S) Pte. Ltd. for Yeo Seng Chong*	1,185,066	0.44
23.	Yeap Chin Loon	1,132,432	0.42
24.	Yayasan Guru Tun Hussein Onn	1,027,873	0.38
25.	RHB Capital Nominees (Tempatan) Sdn. Bhd. *Lim Kam Seng*	1,001,000	0.37
26.	Maybank Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Zaha Rina Binti Zahari*	875,000	0.33
27.	Tong Fong Realty Sdn. Berhad	868,583	0.32
28.	Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Surinder Singh A/L Wassan Singh*	730,033	0.27
29.	Yayasan Guru Tun Hussein Onn	723,333	0.27
30.	Chan Thye Seng	705,590	0.26
	Total	**191,585,322**	**71.56**

PACIFIC & ORIENT BERHAD
Registration no. 199401022687 (308366-H)
(Incorporated in Malaysia)

FORM OF PROXY

*I/We, ____

of ____

being a member/members of **PACIFIC & ORIENT BERHAD**, hereby appoint ______________________________

of ____

or failing whom, ____

of ____

or failing whom the **Chairman of the meeting** as *my/our proxy to vote for *me/us on *my/our behalf at the 27th Annual General Meeting of the Company to be conducted on a fully virtual basis and live-streamed from the broadcast venue at the Conference Room, 17th Floor, Wisma Bumi Raya, No. 10, Jalan Raja Laut, 50350 Kuala Lumpur on Wednesday, 10 March 2021 at 10.30 a.m. and at any adjournment thereof.

Item	Agenda			
1.	To receive the Audited Financial Statements and Reports.			
		Resolution	**For**	**Against**
2.	To approve the Directors' fees payable to the Non-Executive Directors of the Company up to an amount of RM600,000 from the day after the 27th Annual General Meeting until the next Annual General Meeting of the Company	Ordinary Resolution 1		
3.	To approve the Directors' benefits and meeting allowance payable to the Non-Executive Directors of the Company up to an amount of RM100,000 from the day after the 27th Annual General Meeting until the next Annual General Meeting of the Company	Ordinary Resolution 2		
4	To re-elect Mr. Chan Hua Eng as Director	Ordinary Resolution 3		
5.	To re-elect Dato' Dr. Zaha Rina binti Zahari as Director	Ordinary Resolution 4		
6.	To re-appoint Messrs. Ernst & Young PLT as Auditors and to authorise the Directors to fix their remuneration	Ordinary Resolution 5		
7.	Authority under Sections 75 & 76 of the Companies Act 2016 to allot and issue shares	Ordinary Resolution 6		
8.	Proposed Renewal of Authority for the Purchase by the Company of its Own Shares	Ordinary Resolution 7		
9.	To retain Mr Michael Yee Kim Shing as Independent Non-Executive Director	Ordinary Resolution 8		
10.	To retain Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed as Independent Non-Executive Director	Ordinary Resolution 9		

(Please indicate with an "X" in the space provided above how you wish your vote to be cast on the resolutions specified in the notice of meeting. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.)

* Delete if not applicable.

As witness my hand this ____________ day of ____________________ 2021

No. of Shares Held	
CDS Account No.	

____
Signature/Common Seal of Member(s)

Notes:

1. *Depositors whose names appear in the Record of Depositors as at 4 March 2021 shall be regarded as members of the Company entitled to attend the Annual General Meeting or appoint proxies to attend on their behalf.*
2. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.*
3. *Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.*
4. *In the case of a corporate member, the instrument appointing a proxy must be executed under its common seal or under the hand of its attorney.*
5. *The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited at the office of the Share Registrar of the Company at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur or email to **AGM-support.POB@megacorp.com.my** not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.*
6. *By submitting the duly executed proxy form, a member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for this meeting and any adjournment thereof.*

Fold this flap for sealing

Then fold here

AFFIX
POSTAGE
STAMP

THE SHARE REGISTRAR

PACIFIC & ORIENT BERHAD
(199401022687 (308366-H))
c/o Mega Corporate Services Sdn. Bhd.
Level 15-2, Bangunan Faber Imperial Court,
Jalan Sultan Ismail,
50250 Kuala Lumpur

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https://www.poi2u.com

Pacific & Orient Insurance Co. Berhad

Registration no. 197201000959 (12557-W)

A Member of The Pacific & Orient Group

PACIFIC & ORIENT BERHAD
Registration no. 199401022687 (308366-H)

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