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PACIFIC & ORIENT BERHAD

Registration no. 199401022687 (308366-H)

ANNUAL REPORT 2022

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 29th Annual General Meeting of the Company will be held on a 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, 8 March 2023 at 11.00 a.m. for the following purposes:

AGENDA

A. Ordinary Business

1. To receive the Audited Financial Statements for the year ended 30 September 2022 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 RM800,000 from the day after the 29th 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 RM200,000 from the day after the 29th Annual General Meeting until the next Annual General Meeting of the Company. **Ordinary Resolution 2**

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

   Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed who also retires by rotation pursuant to Article 77 of the Constitution of the Company has expressed his intention not to seek re-election. He will retain office until the close of the 29th Annual General Meeting.

5. To re-elect Dato' Sri Mohd Mokhtar bin Haji Mohd Shariff who retires as a Director of the Company pursuant to Article 84 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 10% of the total number of issued shares of the Company for the time being.

   THAT pursuant to Section 85 of the Companies Act 2016 to be read together with Article 48 of the Constitution of the Company, approval be and is hereby given to waive the pre-emptive rights of the shareholders of the Company to be offered new shares ranking pari passu in all respects with the existing ordinary shares arising from the issuance and allotment of the shares pursuant to Sections 75 and 76 of the Companies Act 2016.

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 of the Company until 31 May 2023 pursuant to Bursa Malaysia Securities Berhad Main Market Listing Requirements."

Notice of Annual General Meeting

(Cont'd)

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

"**THAT** Dato' Dr. Zaha Rina binti Zahari, who has served for more than nine years as Independent Director be and is hereby retained as Independent Director of the Company."

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.

By Order of the Board

YONG KIM FATT
Company Secretary
MIA 27769
SSM PC No: 201908000412
30 January 2023
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 should 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/T2EJUk. 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 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 2 March 2023 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) of 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 29th 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 Resolution 3 – Re-election of Director

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 Thye Seng, being eligible, has offered himself for re-election at the 29th Annual General Meeting.

Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed who also retires by rotation pursuant to Article 77 of the Constitution of the Company has expressed his intention not to seek re-election. He will retain office until the close of the 29th Annual General Meeting.

The Board through the Nomination Committee ("NC") had undertaken an annual assessment and evaluation on Mr. Chan Thye Seng. Based on the assessment conducted, the NC was satisfied with the performance and contribution of Mr. Chan Thye Seng and has accordingly recommended to the Board for his re-election. The Board has endorsed the NC's recommendation and support the re-election of Mr. Chan Thye Seng and recommended the re-election of Mr. Chan Thye Seng for approval by the shareholders at the 29th Annual General Meeting.

Notice of Annual General Meeting

(Cont'd)

3. **Ordinary Resolution 4 -** Article 84 of the Constitution states that the Directors shall have the power at any time, and from time to time to appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors but the total number of Directors shall not at any time exceed the number fixed in accordance with this Constitution. Any Director so appointed shall hold office only until the next annual general meeting, and shall then be eligible for re-election. Pursuant to Article 84, Dato' Sri Mohd Mokhtar bin Haji Mohd Shariff who was appointed on 22 December 2022, being eligible, has offered himself for re-election at the 29th Annual General Meeting of the Company.

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

   This resolution will allow the Company to procure the renewal of the general mandate which will give authority to the Directors of the Company, from the date of the 29th Annual General Meeting, to allot and issue shares in the Company up to and not exceeding in total 10% of the total number of issued shares of the Company for the time being, for such purposes as they consider would be in the interest of the Company ("10% General Mandate"). This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next annual general meeting of the Company.

   This general mandate if renewed, will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment, working capital and/or acquisitions.

   Pursuant to Section 85 of the Companies Act 2016 read together with Article 48 of the Constitution of the Company, the shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company.

   The proposed Ordinary Resolution 6, if passed, would allow the Directors to issue new shares to any person under the said mandate without having to offer the new shares in the Company to be issued equally to all existing shareholders of the Company prior to issuance.

   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the 28th Annual General Meeting held on 11 March 2022 and it will lapse at the conclusion of the 29th Annual General Meeting.

5. **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 30 January 2023 which is despatched together with the Company's Annual Report 2022.

6. **Ordinary Resolutions 8 & 9 – Retention of Independent Directors**

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

(i) Mr. Michael Yee Kim Shing
(ii) Dato' Dr. Zaha Rina binti Zahari

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 nine and twelve years respectively 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 9 to 11 – Profile of the Board of Directors in the Company's Annual Report 2022.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Chan Hua Eng
Chairman

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

Dato' Sri Mohd Mokhtar bin Haji Mohd Shariff
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 : +603-2692 4271
Fax No : +603-2732 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 : +603-2698 5033
Fax No : +603-2694 4209
Website: 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

(94), 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 Managing Director and Chief Executive Officer. 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

(66), 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 Nylex Berhad (formerly known as 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

(84), 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

(Cont'd)

BOARD OF DIRECTORS

Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed

(78), 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.

Dato' Dr. Zaha Rina binti Zahari

(61) 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 33 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' demutualisation. She was previously a member of the Market Participations Committee of Bursa Securities.

Dato' Dr. Zaha Rina was a Director of Zurich Insurance Malaysia Berhad prior to being appointed Chairman of Manulife Holdings Berhad in December 2013. Currently, she sits on the board of Hibiscus Petroleum Berhad, Keck Seng (Malaysia) Berhad and IGB Berhad besides holding directorships in several private limited companies. She is also the Chairman of Pacific & Orient Insurance Co. Berhad and Chairman of Mizuho Bank (Malaysia) Berhad. She is a Vice-President of Persatuan Chopin Malaysia and Divemaster with National Association of Underwater Instructors. She was a Member of Global Board of Advisers for XBRL until 2009 and was also on the Board of Trustee for Malaysian AIDS Foundation until May 2010.

BOARD OF DIRECTORS

Mr. Ong Seng Pheow

(74), Male, Malaysian

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

Mr. Ong was appointed to the Board of Pacific & Orient Berhad on 19 April 2018. He was appointed as a member of the Audit Committee on the same date.

Mr. Ong 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 currently sits on the board of several public and private limited companies.

Dato' Sri Mohd Mokhtar bin Haji Mohd Shariff

(65), Male, Malaysian

- Independent Director

Dato' Sri Mohd Mokhtar was appointed to the Board of Pacific & Orient Berhad on 22 December 2022.

Dato' Sri Mohd Mokhtar holds a degree in Bachelor of Law (Hons) from the University of Wolverhampton, United Kingdom, a Master of Business Administration from Phoenix International University, New Zealand and was called to the Malaysian Bar in September 2019.

Dato' Sri Mohd Mokhtar had served the Royal Malaysia Police from 1977 to 2018. He held several key senior positions in Royal Malaysia Police, namely Head of Special Branch Kuala Lumpur, Deputy Chief Police Officer of Pahang, Deputy Chief Police Officer of Johor, Chief Police Officer of Johor, Director of Narcotics and Crime Investigation Department and Director of Special Branch. He had also served in the Embassy of Malaysia in Bangkok, Thailand.

He is also an Independent Non-Executive Chairman of TMC Life Sciences Berhad, an Independent Non-Executive Director of South Malaysia Industries Berhad and an Independent Non-Executive Director of MY E.G. Services Berhad and currently sits on the board of several private limited companies.

Profile of the Board of Directors & Key Senior Management

(Cont'd)

KEY SENIOR MANAGEMENT

Encik Noor Muzir bin Mohamed Kassim

(54), 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. His commitments to the insurance industry include being a Non-Independent Director of Persatuan Insurans Am Malaysia ("PIAM"), Chairman of ISM Insurance Services Malaysia Berhad (a company formed by the Insurance Industry to provide databases and analytics to allow members to make informed decisions), and Chairman of CAB (an initiative by the Insurance Industry to facilitate the administration & settlement of facultative reinsurance and coinsurance placements).

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. In the 5 years with OCBC Bank Berhad, he was 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 where he held portfolios as Head of Cards Acquisition and Head of Unsecured Risk.

NOTES :

1. The interests of each Director in the shares of the Company are disclosed on page 232 (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

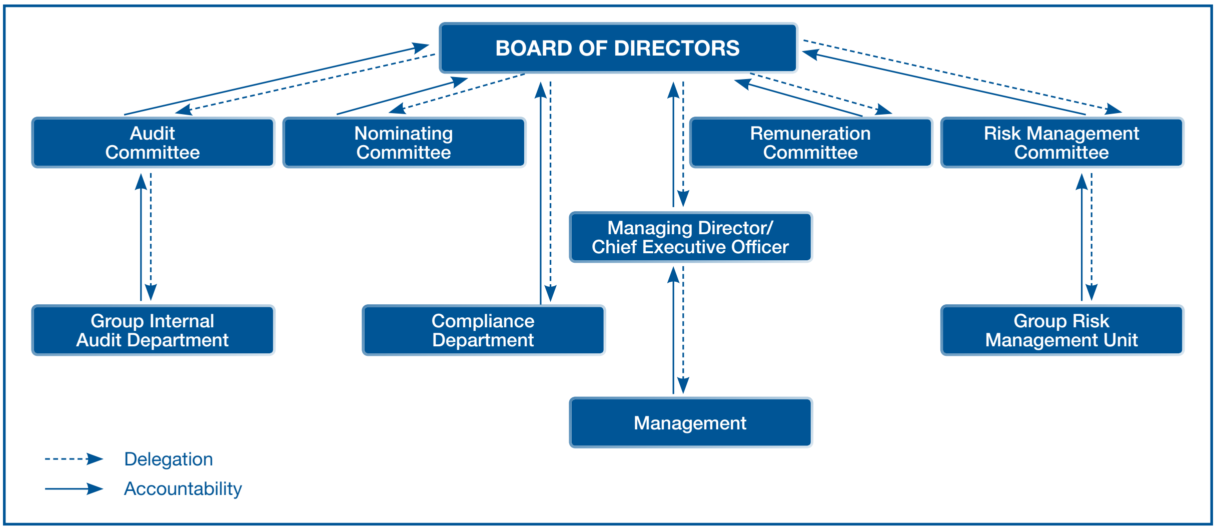
Pursuant to paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a public listed company is required to provide an overview of the application of the Principles set out in the Malaysian Code on Corporate Governance, in its annual report.

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 2022 with reference to the 3 key Principles of good corporate governance, which are:

Principle A	Principle B	Principle C
Board Leadership and Effectiveness	Effective Audit and Risk Management	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 2022, 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.

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 available on Bursa Malaysia Securities Berhad's website.

Corporate Governance Overview Statement

(Cont'd)

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 allows for more effective oversight of management, besides ensuring Board balance and minority shareholders' interests are adequately represented.

The Chairman of the Board is not a member of any of the Board Committees so as to ensure that the objectivity of the Chairman and the Board is not impaired when deliberating on observations and recommendations put forth by the Board Committees.

The Chairman is primarily responsible for the orderly conduct and workings of the Board. In this respect, the Chairman provides overall leadership in the process of reviewing and deciding upon strategic matters that influence 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")	4/4	1/1	1/1	4/4	4/4
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 Chairman sets the Board meeting agenda, with the assistance of the Company Secretary, and ensures adequate time is allocated for discussion of issues tabled to the Board for deliberation. 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 unrestricted access to information on the matters to be deliberated, in order to facilitate informed decision making.

All Board and Board Committee meetings of the Company during the financial year were held in-person. All Board meetings were conducted separately from Board Committee meetings to enable objective and independent discussion during the meetings.

Code of Ethics and Anti-Corruption Programme

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 Group has implemented an Anti-Corruption Programme in accordance with the Guidelines on Adequate Procedures issued pursuant to Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018). The Anti-Corruption Programme comprises policies, procedures, controls, training and communication to establish the necessary adequate procedures to prevent and/or reduce the risk of corruption. Some of the key policies developed included the Chairman's Statement on Integrity; Anti-Corruption Policy; Conflicts of Interest Policy; Whistleblowing Policy and Procedures; and Due Diligence Policy.

Corporate Governance Overview Statement

(Cont'd)

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

I. Board Responsibilities (Cont'd)

Code of Ethics and Anti-Corruption Programme (Cont'd)

The Whistleblowing Policy and Procedures provides internal and external parties with secure reporting channels and guidance for them to disclose, in good faith, any wrongdoing, malpractice, unlawful behaviour or other improper conduct, or any violation of the Anti-Corruption Policy or any other established written policies and procedures within the Group without fear of reprisal.

The Code of Ethics; Chairman's Statement on Integrity; Anti-Corruption Policy; Conflicts of Interest Policy; and Whistleblowing Policy and Procedures may be viewed on the corporate website at https://www.pacific-orient.com.

Sustainability

The Group has adopted a Sustainability Policy, which serves to facilitate achievement of the Group's goal to conduct business responsibly through the integration of Economic, Environmental and Social considerations in its business processes. The Board of Directors is ultimately responsible for management, direction and performance of sustainability efforts within the Group. The Board acknowledges the importance of delivering durable and sustainable value as well as maintaining the confidence of its stakeholders. The Board has mandated the Managing Director/Chief Executive Officer to set the strategic directions of the Group. The Group communicates its sustainability strategies, priorities and targets to stakeholders via the Sustainability Statement on pages 60 to 65 of this Annual Report.

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. 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 Board balance and that minority shareholders' interests are adequately represented.

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

II. Board Composition (Cont'd)

Board Composition and Diversity (Cont'd)

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. This similarly applies to Senior Management. That said, even without a formal gender diversity policy, the percentage of women on the Company's Board is 17%. Thus, the Company had met the Government-mandated policy of having at least one woman director on the board by 1 June 2023 for listed issuers not categorised as large companies.

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 while another 1 Independent Director has served a tenure of 9 years and above but less than 12 years.

1 of the 2 Independent Directors whose tenure has exceeded 12 years has expressed his intention not to seek re-election. He will retain office until the close of the 29th Annual General Meeting. The Board intends to retain the other Director, whose tenure has exceeded 12 years, as Independent Director until 31 May 2023 pursuant to the Main Market Listing Requirements. The Board also intends to retain the Director whose tenure has exceeded 9 years but less than 12 years, as Independent Director. Both the Directors have provided annual declarations of the Director's independence to the Board. The Nominating Committee and the Board have assessed and concluded that 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. The Company will be seeking shareholders' approval for the reappointments of the latter 2 Directors to the Board through a 2-tier voting process in the forthcoming Annual General Meeting.

Pursuant to Amendments to the Main Market Listing Requirements in relation to Director Appointment and Independence issued by Bursa Malaysia Securities Berhad on 19 January 2022, the Board intends to re-designate the Director who has served a tenure exceeding 12 years as Non-Independent Non-Executive Director by May 2023.

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.

Corporate Governance Overview Statement

(Cont'd)

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

II. Board Composition (Cont'd)

Nominating Committee (Cont'd)

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

(i) Assessed the effectiveness of the Board, Board Committees, Chairman of the Board 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 3 Independent Directors whose tenure have exceeded a cumulative term of 9 years each;
(iv) Reviewed and assessed the mix of skills, knowledge, industry experience, age, cultural background, gender and other distinctions among 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, Chairman of the Board, 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 Group has established a Directors' Fit and Proper Policy during the financial year under review, which sets out the fit and proper criteria for the selection of candidates that are proposed for appointment as Directors of the Company and its subsidiaries. This serves to ensure that any person to be appointed or re-elected as a Director within the Group possesses the character, experience, integrity, competence and time to effectively discharge his/her role as a Director. The Directors' Fit and Proper Policy may be viewed on the corporate website at https://www.pacific-orient.com.

The Nominating Committee is also responsible for assessing the effectiveness of the Board as a whole, the Board Committees, Chairman of the Board 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, Chairman of the Board 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 had acknowledged the importance of including Directors with knowledge of the digital age or those that possess information technology background in order for the Company and the Group to manage risks more effectively and identify opportunities for the Company and the Group.

The Nominating Committee had reviewed the performance of the Managing Director/Chief Executive Officer and was satisfied that the Managing Director/Chief Executive Officer had performed satisfactorily in the position and discharged his duties and responsibilities effectively.

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 2022, the Directors had attended training covering a broad range of areas such as sustainability, anti-corruption, statutory regulations, insurance, corporate governance, cyber security and financial planning. The details of training attended by each individual Director are as follows:

Name of Director	Training Course
Mr. Chan Hua Eng	• Environment, Social and Governance and Climate Risk Impacts on the Insurance Industry
Mr. Chan Thye Seng	• Environment, Social and Governance and Climate Risk Impacts on the Insurance Industry
Mr. Michael Yee Kim Shing	• Anti-Bribery, Anti-Corruption and Whistleblowing Policy associated with Section 17A of the MACC Act 2009 and ISO 37001:2016 ABMS • Environment, Social and Governance and Climate Risk Impacts on the Insurance Industry
Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed	• Environment, Social and Governance and Climate Risk Impacts on the Insurance Industry
Dato' Dr. Zaha Rina binti Zahari	• FIDE FORUM – Dialogue on Sustainability • Detecting Financial Fraud & Business Transformation • FIDE FORUM – Annual Dialogue with Governor of Bank Negara Malaysia • FIDE FORUM – Engagement Session with Board Members of General Insurers and Takaful Operators on Motor Claims Reforms • FIDE FORUM-CGM – Conversations with Chairmen: A Standing Item in Board Agendas • Environment, Social and Governance and Climate Risk Impacts on the Insurance Industry
Mr. Ong Seng Pheow	• Malaysia Budget 2022 Webinar • Security Commission Audit Oversight Board's Conversation with Audit Committees • Metaverse – The Ultimate Digital Transformation • Net Zero Targets – Implications and Reporting Requirements • Sustainability Management and Reporting • Environment, Social and Governance and Climate Risk Impacts on the Insurance Industry

Corporate Governance Overview Statement

(Cont'd)

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

The remuneration of the Executive Director is structured to link reward to corporate 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 2022 are as follows:

Company

	Fees (RM)	Allowance (RM)	Salary (RM)	Bonus (RM)	Benefits in-kind (RM)	Other emoluments (RM)	Total (RM)
Executive Director							
Mr. Chan Thye Seng	–	120,000	1,395,045	352,965	26,507	264,020	2,158,537
Non-Executive Directors							
i) Mr. Chan Hua Eng	100,000	–	–	–	282	–	100,282
ii) Mr. Michael Yee Kim Shing	80,000	40,000	–	–	2,267	–	122,267
iii) Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed	80,000	–	–	–	–	–	80,000
iv) Dato' Dr. Zaha Rina binti Zahari	80,000	–	–	–	–	–	80,000
v) Mr. Ong Seng Pheow	80,000	–	–	–	282	–	80,282

** Other emoluments comprise contribution to EPF, SOCSO and Employees' Share Option Scheme.*

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

III. Remuneration (Cont'd)

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

Group

	Fees (RM)	Allowance (RM)	Salary (RM)	Bonus (RM)	Benefits in-kind (RM)	Other emoluments (RM)	Total (RM)
Executive Director							
Mr. Chan Thye Seng	–	404,401	1,395,045	352,965	26,789	264,020	2,443,220
Non-Executive Directors							
i) Mr. Chan Hua Eng	100,000	–	–	–	282	–	100,282
ii) Mr. Michael Yee Kim Shing	98,000	40,000	–	–	2,267	–	140,267
iii) Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed	92,000	–	–	–	–	–	92,000
iv) Dato' Dr. Zaha Rina binti Zahari	180,000	–	–	–	2,025	–	182,025
v) Mr. Ong Seng Pheow	80,000	–	–	–	282	–	80,282

** Other emoluments comprise contribution to EPF, SOCSO and Employees' Share Option Scheme.*

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 five 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 should they compare their remuneration against those listed in the Annual Report. Moreover, our calibre employees may be subject to poaching by rival companies.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

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 on pages 43 to 49 of the Report of the Audit Committee in 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 corporate website at https://www.pacific-orient.com.

The Audit Committee has adopted a Policy and Procedures to Assess the Suitability, Objectivity and Independence of External Auditors which lays down the selection criteria for consideration when appointing new external auditors; the assessment criteria for consideration when reappointing or removing the existing external auditors; the assessment process; resignation of external auditors; review of audit and non-audit services fees and ensuring that the undertaking of such non-audit services will not in any way impact the external auditors' professional independence; and rotation of the external audit engagement partner.

Corporate Governance Overview Statement

(Cont'd)

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, the Department 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 is set out on pages 50 to 52 of the Report of the Audit Committee in 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;
(iii) Reviewed and recommended to the Board the approval of the revised Anti-Corruption Policy pertaining to Gift and Hospitality for adoption by the Company and the Group;
(iv) Reviewed the risk review reports and risk dashboards prepared by the Group Risk Management Unit; and
(v) Kept updated on the progress of implementation of the Anti-Corruption Programme within the Company and the Group.

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, and 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 25 to 40 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 corporate website also provides an avenue for stakeholders to drop a message, which may relate to their views, feedback or complaints. The Company will acknowledge and address the views, feedback or complaints, where appropriate.

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 28th Annual General Meeting was issued 42 days prior to the Annual General Meeting.

As a precautionary measure amid the COVID-19 pandemic, the Company's 28th Annual General Meeting as well as the Extraordinary General Meeting held on 11 March 2022 were conducted on a fully virtual basis through live streaming from the broadcast venue at the Group's premises. All Directors of the Company had attended the Annual General Meeting to provide opportunity for shareholders to engage with each Director. All shareholders were encouraged to pose questions and were provided with ample opportunity to do so during the General Meetings. Senior Management and External Auditors were also available to respond to any queries from shareholders at the Annual General Meeting.

The minutes of the 28th Annual General Meeting, including questions raised by shareholders and the responses given by the Company, may be viewed on the corporate website.

Corporate Governance Overview Statement

(Cont'd)

KEY CORPORATE GOVERNANCE FOCUS AREAS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

Bursa Malaysia Securities Berhad had issued a letter to all listed issuers on 19 January 2022 pertaining to amendments to the Main Market Listing Requirements in relation to Director Appointment, Independence (Enhanced Director Amendments, in short) and Miscellaneous Changes, which sought to encourage board renewal and strengthen board independence; improve board quality and promote greater transparency in the appointment and re-election of directors; and promote greater diversity and inclusivity in listed issuers' board of directors.

Pursuant thereto, the Company had focused on establishing and publishing a Director' Fit and Proper Policy on the corporate website and looking into compliance with the amended definition of independent directors where all long-serving independent directors of more than 12 years must resign or be re-designated as a non-independent director.

Further, after having developed the Anti-Corruption Programme in the previous financial year, the Group had spent much of its time during the financial year under review in implementing the Anti-Corruption Programme, creating awareness of the Programme among its employees and business associates, and complemented by digitalisation of the relevant forms and declarations to facilitate submission and adherence to the Programme. Ongoing reviews were also conducted to enhance the Programme, where necessary.

FUTURE ACTIVITIES ON CORPORATE GOVERNANCE AREAS

Bursa Malaysia Securities Berhad has issued a letter to all listed issuers on 26 September 2022 pertaining to amendments to the Main Market Listing Requirements in relation to Enhanced Sustainability Reporting Framework and the Updated Sustainability Reporting Guide and Toolkits with the aim of elevating the sustainability practices and disclosures of listed issuers (Enhanced Sustainability Disclosures, in short). The Enhanced Sustainability Disclosures will be reflected progressively in the applicable Sustainability Statements in annual reports issued for financial years ending 31 December 2023, 2024 and 2025. The Board takes cognisance of the amendments and will work towards complying with the sustainability disclosures within the implementation dates.

The first batch of companies to include the Enhanced Sustainability Disclosures in their Sustainability Statements will be those with financial year ending on or after 31 December 2023. As the Company's financial year ends on 30 September 2023, the Enhanced Sustainability Disclosures should be included in the Sustainability Statement in the Annual Report for the financial year ending 30 September 2024. This will be followed by further Enhanced Sustainability Disclosures in the Annual Reports for financial years ending 30 September 2025 and 2026.

The Group will also continue with its implementation/enhancement and digitalization of its Anti-Corruption Programme, where applicable.

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 Group, 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 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.

Statement on Risk Management and Internal Control

(Cont'd)

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 Committee

A Management Committee was established at the principal insurance subsidiary, which comprises the Chief Executive Officer, Chief Operating Officer, General Manager – Business Development, Underwriting & Operations and General Manager – Claims (Bodily Injury/Non-Motor). Members of management, Group Human Resource & Administration Department and Group Internal Audit Department are in attendance by invitation.

The Management Committee, among others, oversees and ensures the smooth running of daily operations and the conduct of the company's business; undertakes the necessary measures to ensure compliance and implementation of regulatory requirements applicable to the company; establishes and regularly assesses the internal control mechanisms and procedures, in particular with regard to the independent control functions and their resources; establishes appropriate administrative and accounting procedures and internal control that ensure data quality of financial and prudential reporting systems in compliance with applicable regulations; and implements necessary measures to ensure that the company has an effective risk management system.

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

(vi) 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.

(vii) 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.

(viii) Employees

Employees 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.

(ix) 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.

(x) 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.

Statement on Risk Management and Internal Control

(Cont'd)

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

The Group Internal Audit Department, Risk Management Department and Compliance 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 2022, 4 out of the 6 Directors on the Board are Independent Directors. In addition, each of the Independent 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.

(b) Director's Fitness and Propriety

The Group has established a Directors' Fit and Proper Policy during the financial year under review, which sets out the fit and proper criteria for the selection of candidates that are proposed for appointment as Directors of the Company and its subsidiaries. This serves to ensure that any person to be appointed or re-elected as a Director within the Group possesses the character, experience, integrity, competence and time to effectively discharge his/her role as a Director. The Directors' Fit and Proper Policy may be viewed on the corporate website at https://www.pacific-orient.com.

(c) 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.

(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.

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.

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

(I) Control Environment (Cont'd)

(e) Anti-Corruption Programme

The Group has established an Anti-Corruption Programme which has been developed in accordance with the Guidelines on Adequate Procedures issued by the Prime Minister's Department of Malaysia. The Programme comprises policies, procedures, controls, training and communication to establish the necessary adequate procedure to prevent and/or reduce the risk of corruption. Some of the key policies or documents under the Anti-Corruption Programme include:

(i) Chairman's Statement on Integrity

The Statement emphasizes the Group's commitment to the highest level of integrity in safeguarding the Group, its employees and business associates against the impact of corruption. Adherence to the Programme by all stakeholders will not only enable the Group to comply with applicable laws and regulations but afford the Group tangible business benefits and help support the service excellence needed to create and maintain long lasting relationships.

(ii) Anti-Corruption Policy

In addition to the financial and non-financial controls implemented, such as segregation of incompatible functions, multiple signatories for transactions, and actions to be taken during conflict of interest situations, the Group has adopted a zero-tolerance approach to all forms of corruption. The Anti-Corruption Policy sets out the Group's position to prevent corrupt practices in relation to its business activities.

This Policy applies to all Directors, employees, business associates and other third parties associated with or acting on behalf of the Group. No Director, employee, business associate or other third party working in relation to the Group shall, directly or indirectly, offer, give, receive or solicit any item of value with corrupt intent to influence the decisions or actions of a person in a position of trust within an organisation, either for the intended benefit of the Group or the persons involved in the transaction. All Directors, employees and business associates are required to sign integrity declarations to confirm that they have read, understood and will abide by this Policy.

Breach of this Policy may result in disciplinary or other appropriate action (including but not limited to dismissal and imprisonment under the relevant provisions of the laws) being taken against the individual and/or organisation concerned.

The Group, assisted by a Group Anti-Corruption Committee, will perform a continuous review of the Anti-Corruption Programme to ensure that the Programme is effectively implemented, determine the effectiveness of the processes and procedures in controlling and managing the effectiveness of the Programme, and identify the need to modify any of the Programme processes and procedures for continual improvement.

The Anti-Corruption Policy may be viewed on the corporate website at https://www.pacific-orient.com.

Statement on Risk Management and Internal Control

(Cont'd)

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

(I) Control Environment (Cont'd)

(e) Anti-Corruption Programme (Cont'd)

(iii) Conflicts of Interest Policy

The Conflicts of Interest Policy was established to prevent conflicts of interest (whether actual or potential conflicts) from damaging the well-being, business interests and reputation of the Group, and provide guidance to employees and business associates to identify and understand their obligations in disclosing and managing conflicts of interest.

This Policy requires Directors to disclose their conflicts to the Board of Directors, and where relevant, the prior approval of shareholders must be sought, in accordance with the applicable laws and regulations. The Company Secretarial Department shall record the declaration in the meeting minutes.

As for employees, they are to declare their conflicts of interest upon their commencement of work with the Group, and on an ad-hoc basis as and when any conflict arises. Business associates too are required to declare any conflicts of interest which arise as part of their commercial relationship with the Group prior to executing any business agreement or procurement process and as and when they become aware of any conflict of interest during their business activities with the Group.

(iv) Due Diligence Policy

The Due Diligence Policy sets out the Group's commitment to conduct due diligence to ensure that its businesses are protected from corruption risks posed by Directors, employees, business associates and other third parties where corruption may be a factor.

This Policy requires relevant employees of the Group to conduct due diligence checks on prospective employees, business associates and other third parties, and certain projects, transactions and activities, especially where a significant corruption risk has been identified. The extent of the due diligence check required would be determined after taking into account any corruption risk assessment conducted, resources available and the magnitude of the project, transaction or activity.

(v) Whistleblowing Policy and Procedures

The Whistleblowing Policy and Procedures was designed to provide internal and external parties with secure reporting channels and guidance for them to disclose, in good faith, any wrongdoing, malpractice, unlawful behaviour or other improper conduct, or any violation of the Anti-Corruption Policy or any other established written policies and procedures within the Group, which could be harmful to the reputation of the Group and/or compromise the interests of the shareholders, clients or the public. It is also intended to encourage them to come forward without fear of reprisal, victimisation, harassment or subsequent discrimination arising from their disclosure.

Anyone who discloses wrongdoing or improper conduct in good faith and in compliance with the provisions of this Policy and Procedures shall be protected against any retaliation, arising from making the report. All disclosures related to the Group can be made by completing the Whistleblower Form with details and submitting it through the Chief Audit Executive or the Chair of the Audit Committee.

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

(I) Control Environment (Cont'd)

(e) Anti-Corruption Programme (Cont'd)

(v) Whistleblowing Policy and Procedures (Cont'd)

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

To ensure that the Anti-Corruption Programme is effectively implemented in accordance with the adequate procedures, the Board has established a Group Anti-Corruption Committee to assist the Group to implement, maintain and periodically review the Anti-Corruption Programme, and make improvements to the Programme as and when deemed necessary.

(f) Anti-Money Laundering, Counter Financing of Terrorism & Targeted Financial Sanctions Policy

The principal insurance subsidiary has established an Anti-Money Laundering, Counter Financing of Terrorism and Targeted Financial Sanctions Policy to reflect the company's commitment to complying with applicable anti-money laundering, counter financing of terrorism and targeted financial sanctions regulations.

The company conducts customer due diligence when establishing business relations, when it has any suspicion of money laundering and terrorism financing, or it has any doubt about the veracity or adequacy of previously obtained information. This involves verifying the identity of the customer against independent source documents. However, where the business relationship with the new customer involves a cash transaction of RM5,000 and above, an enhanced customer due diligence will be performed instead.

The company maintains an updated sanctions database on the United Nations Security Council Resolutions List and Domestic List issued by the Minister of Home Affairs. Sanctions screening on existing, potential or new customers is conducted against this sanctions database upon establishing business relationships, during in-force period of the policy and before any payout. The company will reject a potential customer, when there is a positive name match.

The company further maintains a sanctions database on domestic politically exposed persons. Sanctions screening on existing, potential or new customers is also conducted against this sanctions database. In the event of a positive name match, the company will conduct an enhanced customer due diligence to assess the level of money laundering and terrorism financing risks posed by the business relationship with the domestic politically exposed person before a decision is made on whether to establish, or continue to establish, such business relationship with the customer.

In addition, the company has also blacklisted all countries which the specified entities are nationals of. Such blacklisted countries also included those countries that have been identified by Financial Action Taskforce in its latest Public Statement as higher risk countries as well as countries with strategic anti-money laundering or counter-financing of terrorism deficiencies.

(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.

Statement on Risk Management and Internal Control

(Cont'd)

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

(I) Control Environment (Cont'd)

(h) Technology Risk Management and Cyber Resilience Framework

The principal insurance subsidiary has established a Technology Risk Management and Cyber Resilience Framework to guide and manage technology and cyber risks in a systematic and consistent manner. The Framework was developed with reference to Bank Negara Malaysia's policy document on Risk Management in Technology.

The Technology Risk Management Framework is a framework to safeguard the company's information structure, systems and data while the Cyber Resilience Framework is a framework to ensure the company's cyber resilience. Together, both the frameworks set out the risk governance structure and risk management processes for identification, assessment, control and mitigation, monitoring and reporting of technology risks to which the company is exposed. These risks may arise from failures of systems, applications, platforms or infrastructures, including risks or vulnerabilities exposed from internal or external networks, which could result in financial loss, disruption of financial services or the operations of the company. Failures or errors in any of the elements above could also lead to adverse reputational impact.

(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.

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.

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

(II) Risk Assessment (Cont'd)

(b) Risk Identification (Cont'd)

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.

(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 Group Risk Management Unit/Risk Management Department, which would challenge the heads of business unit, if necessary. Once satisfied, the Group Risk Management Unit/Risk Management Department prepares risk review reports for presentation to the Risk Management Committee quarterly.

Statement on Risk Management and Internal Control

(Cont'd)

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

(II) Risk Assessment (Cont'd)

(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 or principal insurance subsidiary. Such reports provide information to the Board of the Company or 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

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 continued relevance and effectiveness.

(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 are 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.

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

(V) Monitoring Activities

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

Management has 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 and review of management accounts, among others. 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.

The Group Risk Management Unit/Risk Management 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 Group Risk Management Unit/Risk Management Department and presented for review by the relevant Risk Management Committees and the Board of the Company/principal insurance subsidiary. Altogether, 4 risk review reports pertaining to impact of COVID-19 pandemic on the Group were issued by the Group Risk Management Unit of 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.

Statement on Risk Management and Internal Control

(Cont'd)

REVIEW FOR THE FINANCIAL YEAR (CONT'D)

At the principal insurance subsidiary level, 11 risk review reports were issued by the Risk Management Department of the principal insurance subsidiary. 2 out of the 11 reports were in respect of strategic risks of the company, 3 reports were in respect of operational risks, 1 report was in respect of assessment of key outsourcing risks pertaining to outsourced services, while remaining reports were mainly in respect of project risk assessments pertaining to implementation of Malaysian Financial Reporting Standard 17: *Insurance Contracts*, which is still in progress. Besides the risk review reports, the Risk Management Committee of the principal insurance subsidiary had also reviewed, among others, risk dashboards; the company's Internal Capital Adequacy Assessment Process; capital management plan; proposed enhancements to the Risk Based Capital framework; proposed stress test scenarios; IT and cyber security strategic plan; data governance; Risk Management Framework; progress of implementation of the Anti-Corruption Programme; business continuity management; cyber resilience maturity assessment; enterprise architecture framework; and succession planning.

The management of some of the principal risks faced by the Group for the financial year ended 30 September 2022 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.

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.

REVIEW FOR THE FINANCIAL YEAR (CONT'D)

(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 detection system and 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.
- Establishing a Technology Risk Management and Cyber Resilience Framework to guide and manage technology and cyber risks in a systematic and consistent manner.
- Reinforcing confidentiality and security by disabling all universal serial bus ports and remote desktop protocol.

(iv) Economic Risk

The fourth quarter of 2022 and 2023 will be a challenge for Malaysia's economy if the Russia-Ukraine war, US-China trade tension, and China's zero-Covid policy persist, what with China being Malaysia's largest trading partner. Added to these, the weakening of the Malaysian Ringgit against a strengthening US Dollar due to the US' rate hike anticipation to fight inflation, is a concern as most of Malaysia's trades are denominated in US Dollar.

Rising inflation and interest rates in the country and around the world, together with signs of slowdown in major economies like United States, Europe and China, will have a visible impact on the country's economy from the fourth quarter onward.

The tightening monetary policies by various central banks globally could cause an economic slowdown in other countries as well as Malaysia. A slowdown would be compounded by high household debt which could see a rise in bankruptcy and downward trend in consumption. Coupled with the recent increases in the overnight policy rate, it would be challenging for Malaysia to achieve strong growth in 2023. In the worst case scenario, stagflation could be a possibility.

In the midst of all these economic uncertainties, the Group has implemented the following controls to manage Economic Risk:

- Exploring other sources of business.
- Developing lower cost 'direct' business channels.
- Aggressive marketing in the insurance market to promote products which will enable the Group to capture a portion of the private car segment.

Statement on Risk Management and Internal Control
(Cont'd)

REVIEW FOR THE FINANCIAL YEAR (CONT'D)

(v) 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.
- Establishing the Disaster Recovery Centre offsite at a large premises with upgraded facilities and services. The premises would be able to accommodate a large number of 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 servers to ensure functionality and continuity of technology operations.

Based on the review of the risk management framework, the Group 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 Group Risk Management Unit/Risk Management Department to ensure that all known risks have been identified, assessed and adequately mitigated, where necessary.

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.

REVIEW FOR THE FINANCIAL YEAR (CONT'D)

There is a process in place to assess the adequacy and effectiveness of the risk management and internal control framework. Reports issued by the Group Internal Audit Department and Group Risk Management Unit on reviews performed on the Company as well as companies within the Group other than the principal insurance subsidiary, together with reporting from the Chief Executive Officer of the principal insurance subsidiary on the scope and performance of the risk management and internal control system within the principal insurance subsidiary, form 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 periodic reporting from the Chief Executive Officer of the principal insurance subsidiary to the subsidiary's Board on the scope and performance of the risk management and internal control system 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.

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 controls 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 Group Risk Management Unit/Risk Management Department to ensure that the matters were satisfactorily addressed. The Group Risk Management Unit/Risk Management Department would in turn report to the respective Risk Management Committees 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 and Compliance 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 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.

Statement on Risk Management and Internal Control

(Cont'd)

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 2022 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 2022.

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 2022 by the external auditors or a firm or corporation affiliated to the auditors' firm were as follows:

	Group RM'000	Company RM'000
Audit Fees	935	202
Non-audit Fees	45	7
Total	**980**	**209**

3. EMPLOYEES' SHARE OPTION SCHEME

(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 2022 are set out below:

Description	Number of Options as at 30 September 2022	
	Total Allocated to the Group	Executive Director of the Company
Granted	26,969,000	4,000,000
Forfeited	3,060,000	-
Exercised	1,042,000	-
Outstanding	22,867,000	4,000,000
Vested and Exercisable	18,875,500	3,066,000

Additional Compliance Statement

(Cont'd)

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

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

Executive and Senior Management	During the financial year (%)	Since commencement up to 30 September 2022 (%)
Aggregate maximum allocation	50.00	50.00
Actual granted	3.47	46.58

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 2022 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 2022. 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	4/4
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 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 2021 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 year 2022 Audit Plan.

Report of the Audit Committee

(Cont'd)

ATTENDANCE AT MEETINGS (CONT'D)

In addition, the Audit Committee had met twice with the External Auditors without the presence of Management, the first meeting to discuss matters relating to their remit and any issues arising from their statutory audit, and the second to discuss any matters which the External Auditors noted in the course of preparation of their year 2022 Audit Plan which they wished to discuss with the Audit Committee. Nevertheless, the External Auditors had not brought up any significant issues which warranted the attention of the Audit Committee during the discussions.

ACTIVITIES OF THE COMMITTEE

A summary of activities of the Audit Committee in the discharge of its duties and responsibilities for the financial year ended 30 September 2022 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 reports, the Audit Committee had obtained reasonable assurances 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 assurances 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; corporate governance disclosures; 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 accounting and auditing 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 unadjusted audit differences for the Group. The External Auditors report on the financial statements was not subject to any qualification.

ACTIVITIES OF THE COMMITTEE (CONT'D)

Financial Reporting (Cont'd)

(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 corporate governance disclosures 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 2021 issued by Securities Commission Malaysia, Analysis of Corporate Governance Disclosures in Annual Reports, the Company's Corporate Governance Disclosure scores and detailed report issued by Bursa Malaysia Securities Berhad to further enhance the corporate governance disclosures. The Audit Committee approved the corporate governance disclosures for inclusion in the Company's Annual Report thereafter.

(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 fees for services rendered by the External Auditors, information in relation to Employees' Share Option Scheme, and material contracts involving the interests of 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 2022. Reference was also made to the Corporate Governance Monitor 2021 issued by Securities Commission Malaysia to further enhance disclosures in the Corporate Governance Report.

External Audit

(a) Reviewed with the External Auditors their year 2022 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 year 2022 Audit Plan pertaining to the statutory audit of the Company and of the Group for the financial year ended 30 September 2022, highlighting the following:

- Areas of audit emphasis, comprising investments in subsidiaries and associated companies; insurance contract liabilities and reinsurance assets; insurance receivables and payables; land for development and commencement of construction activities; significant classes of transactions and significant accounts; accounting estimates and judgements; 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 Am Malaysia Approved Repairers Scheme; related party transactions and disclosures; and follow up on prior year findings.
- Overview of the Company's implementation plan and its current progress with regard to Malaysian Financial Reporting Standard 17: *Insurance Contracts*, and the External Auditors' validation plan, including validation milestones.

Report of the Audit Committee

(Cont'd)

ACTIVITIES OF THE COMMITTEE (CONT'D)

External Audit (Cont'd)

- Involvement of internal audit, risk management, compliance, and management's experts (i.e. in-house Appointed Actuary, independent property valuers and legal counsels) as well as External Auditors' experts (i.e. actuarial, tax advisory and risk advisory services, and technology risk professionals).
- Fraud considerations and the risk of management override.
- Internal control considerations.
- Important updates on changes to International Ethics Standards Board for Accountants Code auditor independence requirements; developments in the Environmental, Social and Governance environment, covering Bank Negara Malaysia's exposure draft on Climate Risk Management and Scenario Analysis, disclosure requirements of International Financial Reporting Standards Sustainability Disclosure Standards and Task Force on Climate-Related Financial Disclosures Application Guide, Bank Negara Malaysia's discussion paper on 2024 Climate Risk Stress Testing exercise, and Bursa Malaysia's consultation paper on Review of the Sustainability Reporting Requirements under the Main Market and ACE Market Listing Requirements; corporate taxation; and stamp duty.

The Audit Committee had performed a detailed review of the year 2022 Audit Plan tabled and after due deliberation, the Audit Committee approved the year 2022 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 financial position of the Company and of the Group as at 30 September 2022, and of its financial performance and its cash flows for the year.

(c) Met with the External Auditors twice without the presence of Management, the first meeting to discuss matters relating to their remit and any issues arising from their statutory audit, and the second to discuss any matters which the External Auditors noted in the course of preparation of their year 2022 Audit Plan which they wished to discuss with the Audit Committee. Nevertheless, the External Auditors had not brought up any significant issues which warranted the attention of the Audit Committee during the discussions.

(d) Evaluated the suitability and independence of the External Auditors and made recommendations to the Board of Directors on their reappointment 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, and that fees for non-audit services are reasonable, fair and realistic having regard to the nature, scope and complexity of the non-audit services 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 are independent of the Company and the Group in accordance with the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the International Code of Ethics for Professional Accountants (including International Independence Standards), and the requirements of 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.

ACTIVITIES OF THE COMMITTEE (CONT'D)

External Audit (Cont'd)

(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 service performed by the External Auditors was in respect of validation of Malaysian Financial Reporting Standard 17: *Insurance Contracts*, specifically relating to review of accounting entries and chart of accounts of the principal insurance subsidiary. 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.

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, employee 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; human resource and administration; finance operations; the Group's Anti-Corruption Programme; and related party transactions; as well as the principal insurance subsidiary's marketing operations; credit control; selected branches; product transparency and disclosure; and ethics and compliance officers; 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, preparation of the Report of the Audit Committee, and review of the allocation of options pursuant to the Employees' Share Option Scheme. 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 said 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 employees, 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, employee 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.

Report of the Audit Committee

(Cont'd)

ACTIVITIES OF THE COMMITTEE (CONT'D)

Internal Audit (Cont'd)

(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 operations, company secretarial and related party transactions; as well as the principal insurance subsidiary's underwriting and claims operations; pricing and product development; selected branch; outsourcing arrangements; and product transparency and disclosure; 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 results of the Department's review of the Group's financial reporting and allocation of options pursuant to the Employees' Share Option Scheme, as well as its preparation of the Report of the Audit Committee.

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, Bank Negara Malaysia'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 conflicts of interest involving Directors and ensured that such situations of conflict were avoided and that the requirements under the Directors' Code of Ethics were adhered to.

(e) Reviewed the Transfer Pricing Documentation prepared by tax consultants in relation to the Company's related party transactions. The Transfer Pricing Documentation was prepared in accordance with the Income Tax (Transfer Pricing) Rules, the Malaysian Transfer Pricing Guidelines 2012 issued by the Malaysian Inland Revenue Board and where relevant, the transfer pricing guidelines issued by the Organisation for Economic Cooperation and Development. Based on work performed, the tax consultants had concluded that the charges for provision of management services by the Company, as well as provision of information technology services by the information technology subsidiary, were largely consistent with the arm's length principle.

ACTIVITIES OF THE COMMITTEE (CONT'D)

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 Chair 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 Group 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.

(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.

Report of the Audit Committee

(Cont'd)

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 Certified Internal Auditor and a member of both the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. Mr. Wong also possesses a Certification in Risk Management Assurance. Mr. Wong has 32 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 2022 was RM1,236,225.

All 10 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.

A summary of the activities of the Group Internal Audit Department for the financial year ended 30 September 2022 is as follows:

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

(b) 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.

(c) 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.

(d) 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 2021 issued by Securities Commission Malaysia, Analysis of Corporate Governance Disclosures in Annual Reports, the Company's Corporate Governance Disclosure scores and detailed report issued by Bursa Malaysia Securities Berhad. Both the statements were subsequently included in the Company's Annual Report.

(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; Management Discussion and Analysis; Sustainability Statement; Directors' Responsibility Statement in respect of the Annual Audited Financial Statements; Shareholdings Statistics; and List of the Group's Properties.

(f) 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 2021 issued by Securities Commission to further enhance disclosures in the Corporate Governance Report. The Corporate Governance Report was also published on the corporate website at https://www.pacific-orient.com.

INTERNAL AUDIT ACTIVITIES REPORT (CONT'D)

(g) 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 as well as the Company's Corporate Governance Disclosure scores and detailed report issued by Bursa Malaysia Securities Berhad.

(h) 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. The approved Audit Planning Memorandums were subject to ongoing review and revision at each quarterly Audit Committee meeting to allow 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.

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

(j) 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 operations, company secretarial and related party transactions; as well as the principal insurance subsidiary's underwriting and claims operations; pricing and product development; selected branch; outsourcing arrangements; and product transparency and disclosure; 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. Also assisted the Audit Committee in its oversight of the Group's financial reporting.

(k) Issued 22 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.

(l) 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.

(m) Acted on suggestions made by the Board, Audit Committee members and/or Senior Management on concerns over operations or control.

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

(o) 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.

Report of the Audit Committee

(Cont'd)

INTERNAL AUDIT ACTIVITIES REPORT (CONT'D)

(p) Participated as a member of the Group Anti-Corruption Committee, which main responsibilities include establishing, maintaining and periodically reviewing the Group's Anti-Corruption Programme; planning, establishing, implementing and maintaining a review and monitoring programme and internal auditing programme; ensuring that regular reviews are conducted to assess the performance, efficiency and effectiveness of the Anti-Corruption Programme in accordance to audit risk methodology; making recommendations as part of the review and audit process for appropriate steps to be taken to ensure that effective monitoring and auditing, measurement, analysis and evaluation of the Anti-Corruption Programme is performed; reporting on the performance of the Anti-Corruption Programme to the relevant Board Committee(s) as appropriate; and ensuring that the Group complies with applicable laws and regulatory requirements on anti-corruption.

(q) Provided consulting or advisory functions on compliance and control-related matters as and when requested by management while maintaining objectivity and independence.

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

(s) Kept abreast of 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 Group Internal Audit Department.

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 2022.

FINANCIAL RESULTS

The Group's turnover of RM311.4 million recorded during the year under review was higher than the RM274.6 million achieved in 2021, primarily due to an increase in premium income at the insurance subsidiary company. The Group registered a higher pre-tax profit of RM56.8 million as compared to a pre-tax profit of RM11.0 million in 2021, mainly due to a one-off gain from the disposal of shares held in an associated company.

At the Company level, a turnover of RM64.4 million was recorded, an increase compared to the RM20.7 million recorded in 2021, due to higher dividend income from subsidiary companies. Correspondingly, the Company registered a higher profit before tax of RM28.7 million compared to RM14.3 million in 2021.

ECONOMIC OUTLOOK

The International Monetary Fund ("IMF") has revised its forecast global growth to 3.2 percent for 2022, down from 6.0 percent in 2021. For 2023, the IMF's global growth forecast is at 2.7 percent. The forecast growth is the weakest since 2001, except during the global financial crisis of 2008 and the acute phase of the COVID-19 pandemic, and reflected significant slowdowns for the largest economies, a US Gross Domestic Product ("GDP") contraction in the first half of 2022, a Euro area contraction in the second half of 2022, and prolonged COVID-19 outbreak and lockdowns in China with a growing property sector crisis. About a third of the world economy faces two consecutive quarters of negative growth. *(Source: World Economic Outlook October 2022)*

Within Malaysia, the Malaysian Institute of Economic Research ("MIER") estimates that it will take about two and a half years for Malaysia to recover and surpass the pre COVID-19 output level that prevailed in 2019. The Malaysian economic recovery process is expected to gain momentum with continuing support by consumer spending, registering a strong growth of 5.8 percent in 2022. Real GDP growth is forecast to slow down slightly to a more sustainable growth rate of between 5.0 percent and 6.0 percent in 2023, more or less defying global recession fears on the external front. *(Source: Malaysian Economic Outlook, Second Quarter 2022)*

PROSPECTS OF THE COMPANY

De-tariffication in the insurance industry and the lingering effects of the COVID-19 pandemic continue to pose challenges to the environment in which the Group operates. The Group has continuously sought to overcome these through incremental improvements to the quality of customer service, development of newer and more relevant products and investment in digitalisation. However, we have since seen additional issues emerge in the form of the Ukraine-Russia conflict and global inflation. The measures already taken to address de-tariffication and COVID-19, because they largely involve improvements to efficiency, can reasonably be expected to offset to some extent the effects of the more recent challenges as well. As such, the Group intends to continue with its present strategy.

Notwithstanding the above, the need to be alert and responsive to changes in business conditions is increasingly important and accordingly, the Management has been tasked with close monitoring of the Group's various operating units. This, together with ongoing efforts to identify new business opportunities, will be key to ensuring the long term growth of the Group.

Chairman's Statement

(Cont'd)

DIVIDEND

The principal source of cash/funds for dividend payments by the Company are dividends received from the subsidiary companies. Payments of dividends by the insurance subsidiary company are subject to Bank Negara Malaysia's 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 2022, your Company paid out dividends on five occasions as follows:

First interim dividend of 2.50 sen per share on 12 January 2022
Second interim dividend of 2.50 sen per share on 23 March 2022
Third interim dividend of 1.80 sen per share on 25 May 2022
Fourth interim dividend of 1.80 sen per share on 25 August 2022
Fifth interim dividend of 1.20 sen per share on 23 November 2022

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

BOARD APPOINTMENT

We warmly welcome Dato' Sri Mohd Mokhtar bin Haji Mohd Shariff, who joined the Board on 22 December 2022 as an Independent Non-Executive Director. He presently serves on the boards of three other Bursa Securities main market listed companies. We look forward to his insights and contributions to the Group.

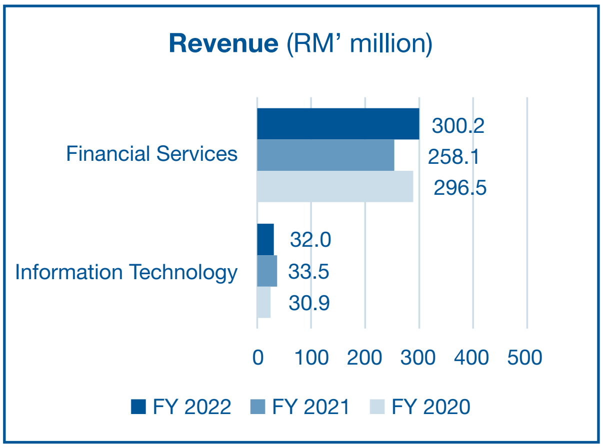
APPRECIATION

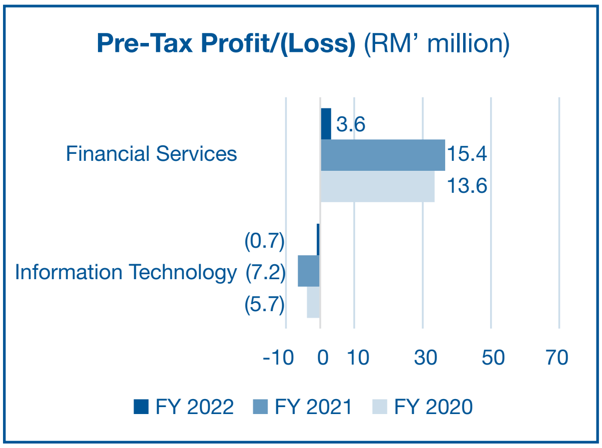
On behalf of the Board of Directors, I would like to acknowledge the efforts put in by the management and staff during the year and to thank our business associates for their continued co-operation and support.

CHAN HUA ENG
Chairman
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 and are currently grouped together and categorised as "Other Investments".

The Group is also undertaking a property development project in Miami, Florida, USA. The project is a 21-story waterfront condominium development in Miami's North Bay Village that will feature 54 one-of-a-kind residences.

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 RM103.7 million (2021: RM51.0 million), the Group has maintained the following facilities:

- RM5.3 million overdraft facilities
- RM30.5 million revolving credit facilities
- USD0.2 million term loan facility
- RM90.0 million subordinated notes programme issuable in tranches
- RM5.0 million bank guarantee 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.

Management Discussion and Analysis

(Cont'd)

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:

	2022 RM' million	2021 RM' million
Eligible Tier 1 Capital		
- Share capital (paid-up)	**100.0**	100.0
- Retained earnings	**112.3**	93.7
	212.3	193.7
Tier 2 Capital		
- Capital instruments qualifying as Tier 2 Capital	**–**	10.5
- Revaluation reserve	**14.3**	14.0
- Fair value through other comprehensive income reserve	**3.7**	21.1
	18.0	45.6
Amounts deducted from Capital	**(1.3)**	(1.7)
Total Capital Available	**229.0**	237.6

SHARE OPTIONS

On 20 February 2019, the shareholders of the Company at the Annual General Meeting approved the establishment of an Employees' 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 employees 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 1,616,000 additional share options were granted to and accepted by the eligible employees. As at 30 September 2022, 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	(2,572,000)	(1,008,000)	17,242,000
14 August 2020	RM0.73	4,287,000	(338,000)	(15,000)	3,934,000
16 August 2021	RM0.84	244,000	(150,000)	(19,000)	75,000
16 August 2022	RM0.95	1,616,000	–	–	1,616,000
		26,969,000	**(3,060,000)**	**(1,042,000)**	**22,867,000**

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 had not repurchased its own equity securities from the open market. The shares repurchased in the previous years were held as treasury shares in accordance with Section 127 of the Companies Act 2016 in Malaysia.

The Company has the right to cancel, resell and/or distribute the treasury shares as dividends at a later date or transfer the treasury shares to the ESOS or as purchase consideration at a later date. As treasury shares, the rights attached to voting, dividends and participation in other distribution is suspended.

During the current financial year, the Company has disposed 50,100 treasury shares in the open market of Bursa Malaysia between 18 November 2021 and 22 November 2021 for a total consideration of RM46,317 (after deducting transaction costs).

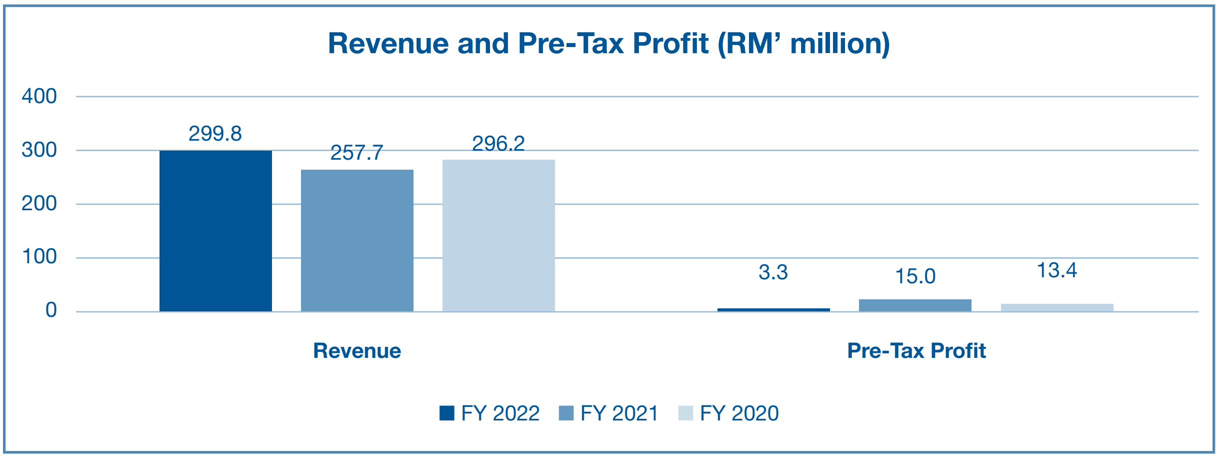
As at 30 September 2022, the number of treasury shares is 19,303,493 which represented 6.70 percent of the Company's issued ordinary shares. The ordinary shares in issue after deducting the treasury shares is 268,684,840 shares. Further details are disclosed in Note 28 to the financial statements.

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 RM299.8 million for the year under review compared to the RM257.7 million recorded in the previous year. The increase was primarily due to an increase in motor premium income as a result of the introduction of PrOmilej and a substantial increase in business written from digital channels. However, the pre-tax profit of RM3.3 million was lower compared to RM15.0 million recorded in 2021, mainly due to a higher claims ratio and fair value loss on quoted shares designated at fair value through profit or loss during the year.

POI continues to face intense competition and pressure on pricing in its motorcycle insurance business which have resulted in the loss of market share and reduced profitability. In response to this, POI will manage profitability by reviewing underwriting guidelines, expanding its product range and diversifying further into non-motor classes (which currently constitutes only a small part of the company's business). The company will also be expanding its distribution network to reach more customers via digital and traditional channels.

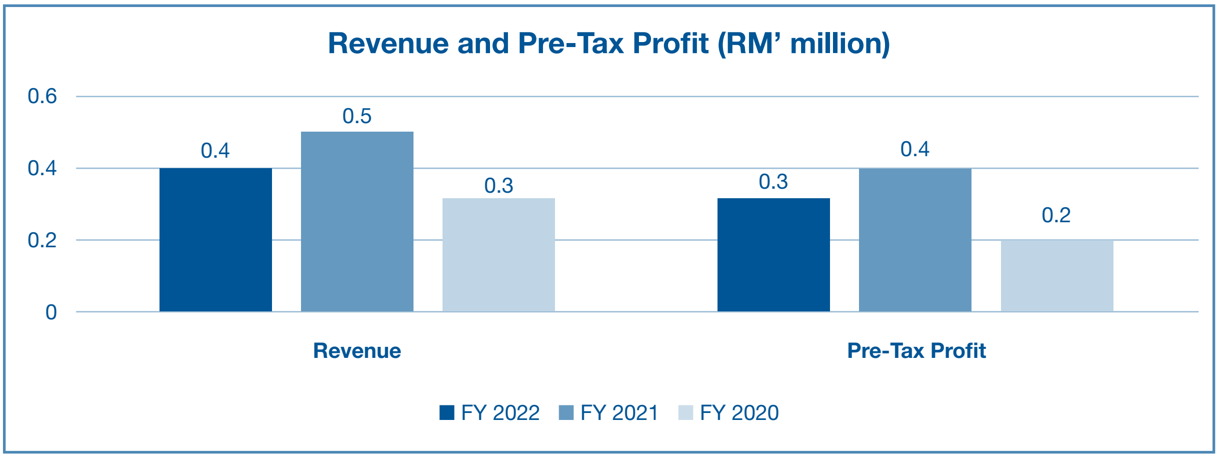
Management Discussion and Analysis

(Cont'd)

Through the ongoing efforts of promoting PrOmilej, collaboration with digital agents, enhancements made to POI2U and call center activities, POI had managed to gain traction in acquiring business during the pandemic. These initiatives have resulted in POI registering a better financial performance despite the subdued market environment caused by the global pandemic.

However, the innovations in recent years do not ensure continued growth going forward. The rapid pace of change in the insurance industry, in business conditions and in technology, means that past gains could easily be eroded through complacency. Thus, while POI remains committed to a strategic plan that is designed to achieve sustainable growth, Management is acutely aware of the need to monitor progress closely and to maintain a highly responsive attitude to external developments.

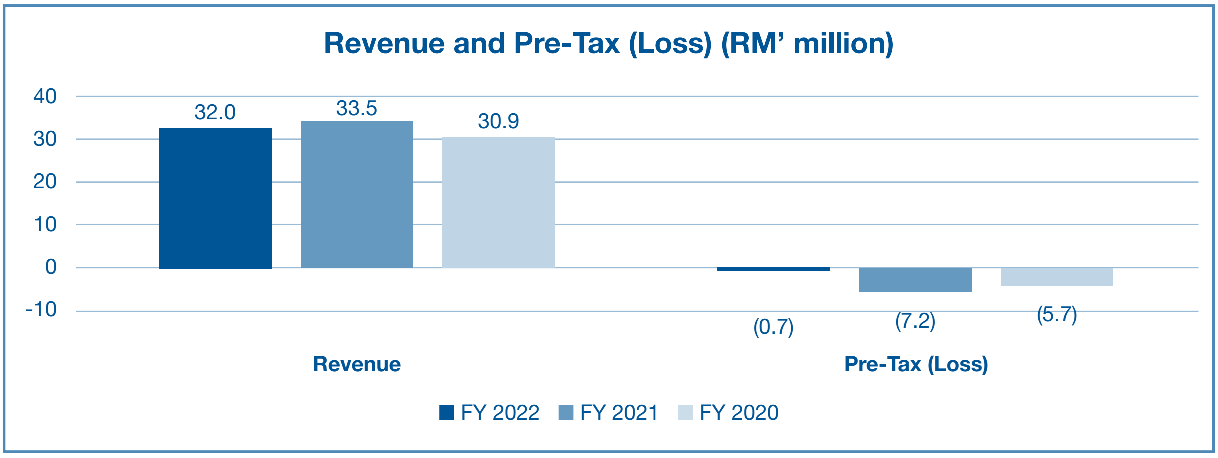
Money Lending



The money lending subsidiary recorded a decrease in turnover to RM0.4 million from RM0.5 million in 2021. Correspondingly, the subsidiary recorded a lower pre-tax profit of RM0.3 million compared to RM0.4 million in 2021.

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 RM32.0 million, from RM33.5 million the year before. However, the IT division reported a lower pre-tax loss of RM0.7 million compared to RM7.2 million in 2021, mainly due to a write back in allowance for impairment on trade receivables and the effect of unrealised foreign exchange gains during the year.

The global economic condition remains challenging and uncertain in the post-pandemic era. Notwithstanding that, the COVID-19 pandemic has revealed the importance of technological adoption, especially digitalisation. Thus, the IT division is in the process of reviewing the range products and services that it offers with a view to ensuring their relevance to current and future demand. New products are expected to be announced in the coming months.

OTHER INVESTMENTS

Under other investments, the Group via its wholly-owned subsidiary, Pacific & Orient Distribution Sdn. Bhd. disposed of its entire 21.91% equity interest in Hiringboss Holdings Pte. Ltd. ("HHPL") on 31 December 2021.

Following the sale, the Group realised a net gain of RM71.6 million based on the carrying amount of HHPL of RM8.2 million at the point of disposal. The disposal will strengthen the Group's cash flow position as the proceeds are earmarked for future investments and working capital requirements.

PROPERTY DEVELOPMENT

The Property Development division comprises Pacific & Orient Properties LLC, which operates in Miami, Florida, USA.

During the year, the main contractor for the project has been appointed and pre-construction works have commenced in September 2022. The project is expected to be completed within 30 months.

The underwriting of the construction financing is currently underway and the construction financing is expected to be approved by first quarter of 2023.

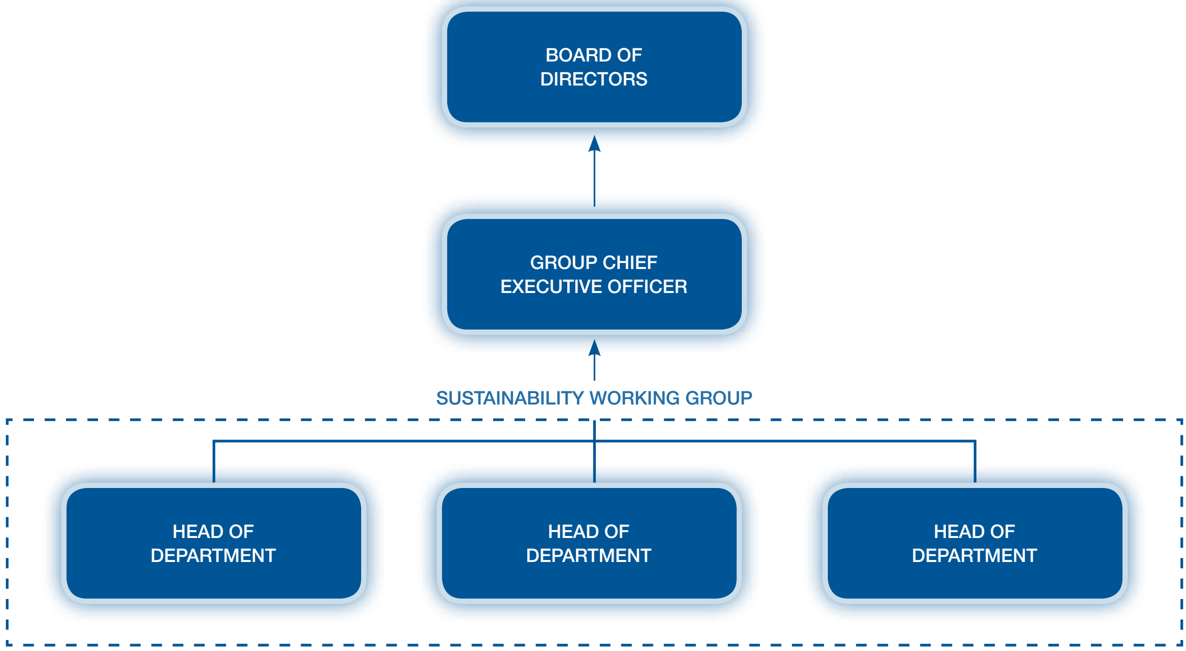
SUSTAINABILITY STATEMENT

Pacific & Orient Berhad and its subsidiaries ("the Group") is committed to improving its Economic, Environmental and Social ("EES") impact of its business activities. 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 and its impact on the activities of the Group and in the interests of our key stakeholders.

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 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 covers our sustainability efforts in our main activities and key operations in Malaysia from 1 October 2021 to 30 September 2022. This Statement has been prepared based on:

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

The scope of reporting will be reviewed periodically to ensure that it reflects any changes to regulatory requirements or nature of the businesses that comprise the Group.

Bursa Malaysia has issued a letter to all listed issuers on 26 September 2022 pertaining to amendments to the MMLR in relation to Enhanced Sustainability Reporting Framework and the Updated Sustainability Reporting Guide and Toolkits with the aim of elevating the sustainability practices and disclosures of listed issuers ("Enhanced Sustainability Disclosures"). The Enhanced Sustainability Disclosures will be reflected progressively in the applicable Sustainability Statements in annual reports issued for financial years ending 31 December 2023, 2024 and 2025. The Board takes cognisance of the amendments and will work towards complying with the sustainability disclosures within the implementation dates.

The first batch of companies to include the Enhanced Sustainability Disclosures in their Sustainability Statements will be those with financial year ending on or after 31 December 2023.

As the Company's financial year ends on 30 September 2023, the Enhanced Sustainability Disclosures should be included in the Sustainability Statement in the Annual Report for the financial year ending 30 September 2024. This will be followed by further Enhanced Sustainability Disclosures in the Annual Reports for financial years ending 30 September 2025 and 2026.

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 is summarised below:

Stakeholders	Communication Channels	Frequency of Engagement
Customers	• Company website • Feedback forms • Other channels, including social media platforms, emails and hotlines • Surveys	• Regular • Daily • Daily • Ad-hoc
Employees	• Internal feedback • Performance appraisals • Training programmes	• Regularly • Annually • Ad-hoc
Investors/ Shareholders	• Annual general meetings • Extraordinary general meetings • Annual reports • Bursa Malaysia announcements • Circulars	• Annually • Ad-hoc • Annually • Ad-hoc • Ad-hoc
Government and Regulators	• Meetings • Reports	• Ad-hoc • Regularly
Business partners/ Agents	• iAgent • Meetings • Training programmes	• Daily • Ad-hoc • Ad-hoc
Communities	• Participation in community programmes	• Ad-hoc

Sustainability Statement

(Cont'd)

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

(a) Business Sustainability

Growth is one of the primary factors that contributes to the business sustainability of the Group. It is therefore 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.

The COVID-19 outbreak has brought into sharp focus the importance of digitalisation for both the Group and its customers. The Group continues to leverage on its strong digital capabilities to expand customer reach. Through its subsidiary, Pacific & Orient Insurance Co Berhad, digitalisation efforts of the Group have produced a positive impact in its operations, as customers are able to continue to renew their insurance online through its digital agents and its mobile application, POI2U, which provides an avenue for the Group's customers to renew their insurance without the need to engage physically over the counter or through their agents. The Group also continues to promote its newer, money-saving products, PrOmilej and PrORumah, as well as its online road tax renewal service.

In addition to its digital platforms, the Group continues to support traditional distribution and communication channels, including its existing agency network, call centre and counter operations.

(b) Business Code of Conduct and Ethics

The Group is committed to high ethical standards in its dealings with all stakeholders. This approach is extended to the Group's business partners and agents who are encouraged to uphold similarly high standards of integrity, which is guided by the Group Chairman's Statement on Integrity.

As part of its commitment, the Group has established policies on the following:
- Anti-Corruption
- Whistleblowing
- Conflicts of Interest
- Due Diligence
- Anti-Money Laundering, Counter Financing of Terrorism & Targeted Financial Sanctions

Further details on the Group's policies and the Chairman's Statement on Integrity can be found in the Statement on Risk Management and Internal Control in the annual report, and on the Company's website at https://www.pacific-orient.com.

For the financial year ended 30 September 2022, there was no recorded incidence of corruption, bribery and/or non-compliance of any of the Group's policies received through the whistleblowing channel.

Environmental

(a) Compliance With Laws and Regulations

The Group complies with existing laws and/or regulations that govern environmental issues. The Group is also committed to reducing activities harmful to the environment or that contribute to climate change 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 not incurred fines or non-monetary sanctions arising from non-compliance with laws and/or regulations during the financial year ended 30 September 2022.

(b) Waste Management

As part of its commitment to reduce waste, the Group has encouraged employees to adopt digital instead of paper documents with the aim to further reduce paper consumption and use of other printing materials. In addition, following the discontinuation of mailed printed hard copy annual reports, the Group further minimises environmental impact in its dealings with stakeholders, through digital transformation by promoting the use of cashless payment and e-renewal services.

The Group will continue to explore new ways to reduce the environmental impact in its day-to-day operations and encourage eco-friendly services.

Social

(a) Human Rights

The Group is committed to complying with applicable local laws on human rights and to ensure that proper standards are observed throughout the Group's operations. The Group has recorded zero incidence of human rights violations or non-compliance of laws in relation to the welfare of employees during the financial year ended 30 September 2022.

(b) 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 balance are taken care of to build a healthy work environment.

The Group currently offers its employees benefits that are competitive, including but not limited to annual, hospitalization and sick leaves, allowances for travelling and communication, as well as contributions to SOCSO and EPF.

The Group maintains a Remuneration Policy which may be viewed on the Company's website at https://www.pacific-orient.com.

Sustainability Statement

(Cont'd)

(c) Diversity and Equal Opportunities

The Group strives to promote diversity and equal opportunity for all its employees. The Group takes active steps to improve its recruitment process and recruits suitable candidates based on merit. In addition, the Group also seeks to achieve a mix of employees across age bands so as to strike a balance between experience and innovation by way of fresh ideas that may be brought in by younger employees. The Group's workforce composition based on age and gender are captured below:

Workforce Composition	2022	2021
Total employees	**436**	**476**
By gender		
Male	170	178
Female	266	298
Percentage of women in management	24%	27%
By age		
< 30 years old	80	100
31 – 50 years old	213	241
> 50 years old	143	135

(d) Training and Development

The Group endeavours to provide employees with opportunities for personal development through a range of training programmes to improve technical and soft skills. In this way the Group hopes to achieve and maintain a workforce that is equipped to meet the rapidly changing business environment.

A total of 2,376 training hours were provided to the employees with an average of five (5) training hours per employee for the financial year ended 30 September 2022.

	2022	2021
Total training hours	2,376	437
Average hours of training per year per employee	5	1
No. of training programmes	60	26

The following are some of the training programmes that were provided to the employees during the financial year ended 30 September 2022:

No	Training Programmes
1.	Maximising Integrity: The Role of Directors & Senior Management in Keeping Anti-Corruption System Strong
2.	Awareness Training on Anti-Corruption Programme
3	Code Red: Our Responsibility to the Earth
4.	Environment, Social and Governance ("ESG") and Sustainable Finance for the Insurance Sector
5.	Cyber Security Training
6.	MFRS 17 Insurance Contracts: Understanding its Impact and Consequences
7.	General Compliance Program
8.	Governance, Risk and Compliance Framework
9.	Key Provisions and Compliance Requirements Under Companies Act 2016
10.	ESG and Enterprise Risk Management

(e) Occupational Health and Safety ("OHS")

The Group adheres to regulatory requirements governing OHS matters. Supplementary measures to promote the safety and well-being of employees are also introduced periodically. These measures include on-going employee education on issues such as lifestyle diseases as well as safety and security in the workplace.

COVID-19 remains an important OSH matter and the Group, having taken into account prevailing Government regulations and guidance, has made workplace precautionary measures less stringent. However, masking in the workplace is strongly encouraged and employees who are symptomatic may be required to work from home.

(f) 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.

Interaction with customers generally remained satisfactory. No reports of complaints concerning privacy issues were received directly or via regulatory bodies during the financial year ended 30 September 2022.

(g) Communities

The Group has contributed generally through donations to not-for-profit organisations that provide education, care and support in the areas of healthcare and disability, culture and heritage as well as personal and public safety. The Group's other continuing commitments included reducing the cost of insurance for disabled drivers and motorcyclists by waiving loading on motor policies sold to them.

Despite the pandemic, the Group remains keenly aware of its role as a responsible corporate citizen and to be responsive to the needs of the wider communities. During the financial year ended 30 September 2022, the Group made donations to several entities, including an orphanage, a women's interest group and a public safety campaign.

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

The Directors are responsible for the preparation of 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 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 judgments 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 have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 September 2022.

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 11 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 profit for the year	55,610	28,128
Attributable to:		
Equity holders of the Company	54,482	28,128
Non-controlling interest	1,128	–
	55,610	28,128

DIVIDENDS

The amount of dividends paid or declared by the Company since 30 September 2021 were as follows:

	RM'000
In respect of the financial year ended 30 September 2021:	
5th interim single tier dividend of 1.20 sen per share, declared on 11 October 2021 and paid on 9 November 2021	3,213
In respect of the financial year ended 30 September 2022:	
1st interim single tier dividend of 2.50 sen per share, declared on 10 December 2021 and paid on 12 January 2022	6,695
2nd interim single tier dividend of 2.50 sen per share, declared on 24 February 2022 and paid on 23 March 2022	6,698
3rd interim single tier dividend of 1.80 sen per share, declared on 25 April 2022 and paid on 25 May 2022	4,828
4th interim single tier dividend of 1.80 sen per share, declared on 21 July 2022 and paid on 25 August 2022	4,836
	26,270

DIVIDENDS (CONT'D)

The Directors had on 21 October 2022 declared a fifth interim single tier dividend of 1.20 sen per share in respect of the current financial year ended 30 September 2022, which was paid on 23 November 2022. This dividend has not been reflected in the financial statements for the current financial year ended 30 September 2022 but will be accounted for in equity as an appropriation of retained profits for the next financial year ending 30 September 2023.

The Directors do not recommend the payment of any final dividend for the financial year ended 30 September 2022.

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 287,074,333 to 287,988,333 by way of issuance of 914,000 new ordinary shares pursuant to the Company's Employees' Share Option Scheme at exercise prices of RM0.84 and 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;

Directors' Report

(Cont'd)

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

(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).

(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 2021	Granted	Forfeited	Exercised	Outstanding as at 30 Sept 2022	Vested and exercisable as at 30 Sept 2022
13 Sept 2019	16 June 2024	RM0.89	18,569,000	–	(432,000)	(895,000)	17,242,000	14,972,000
28 Sept 2020	16 June 2024	RM0.73	4,256,000	–	(322,000)	–	3,934,000	3,007,500
30 Sept 2021	16 June 2024	RM0.84	244,000	–	(150,000)	(19,000)	75,000	49,000
30 Sept 2022	16 June 2024	RM0.95	–	1,616,000	–	–	1,616,000	847,000
			23,069,000	1,616,000	(904,000)	(914,000)	22,867,000	18,875,500

Included in the total of 22,867,000 options outstanding as at 30 September 2022 were 5,275,000 options granted to the Executive Director/Chief Executive Officer ("CEO") of the Company, and a person connected to the CEO of the Company, all of which remain outstanding as at 30 September 2022.

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 37 to the financial statements.

TREASURY SHARES

During the financial year,

(a) there was no purchase of the Company's issued and fully paid ordinary shares; and

(b) the Company resold 50,100 treasury shares for a total consideration of RM46,317 (after deducting transaction costs) in the open market at an average price of RM0.93 per share, resulting in a deficit of RM6,088 which has been debited to retained profits.

As at 30 September 2022, the cumulative number of issued and fully paid ordinary shares purchased was 19,303,493 from the open market at an average price of RM1.05 per share for a consideration of RM20,191,475. 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 28(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 there were no known bad debts 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 it necessary to write off any 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.

Directors' Report

(Cont'd)

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 other than as disclosed in Note 58 to the financial statements.

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, Mr. Chan Thye Seng retires from the Board by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed who is retiring from the Board in accordance with Article 77 of the Company's Constitution has indicated that he does not wish to seek re-election.

DIRECTORS (CONT'D)

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:

Dato' Foong Chee Meng (Appointed on 1 September 2022)
Dr. Loh Leong Hua
Mr. Lim Tian Huat
Mr. Prasheem Seebran
Mr. Ong Eng Soon
Ms. Kng Bee Kim
Mr. Liew Kai Wah
Mr. Lim Hing Yoong
Mr. Yong Kim Fatt
Mr. Robert Bryan Pick
Mr. Maurizio Pejoves
Mr. Liu Jenn Shuoh
Ms. Ratana Orn-Arun
Pn. Norazian binti Ahmad Tajuddin (Resigned on 29 April 2022)

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 and 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 36 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 RM65,730 and RM12,355 respectively.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young PLT during or since the financial year end.

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 2021	**Acquired**	**Disposed**	**At 30 September 2022**
The Company				
Mr. Chan Hua Eng				
- Direct interest	331,564	–	–	331,564
- Indirect interest	6,254,924	–	5,612,469	642,455
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 2021	**Granted**	**Exercised**	**At 30 September 2022**
The Company				
Mr. Chan Thye Seng				
- Direct interest	4,000,000	–	–	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 EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events during and subsequent to the end of the financial year are disclosed in Note 58 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 39 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 30 November 2022.

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 82 to 231 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 2022 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 30 November 2022.

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 82 to 231 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 30 November 2022.)

Before me,

S. ARULSAMY
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 2022 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 82 to 231.

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 2022, 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 2022 amounted to RM550.1 million or approximately 89.3% 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.

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)

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.

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 54. 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 the 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 and re-computations to those performed by management to ascertain if the reserves were sufficient and within range of our independent analyses;
- Performing tests on the UPR calculations produced by management and thereafter, comparing the UPR against the URR valuations 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 23.

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

Key audit matters (Cont'd)

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

We have also engaged our Actuarial Services professionals in accordance with the requirements of International Standard 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.

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

As at 30 September 2022, the carrying amount of investment in subsidiary companies and amount due from subsidiary companies of the Company stood at RM157.0 million and RM211.2 million respectively. Information relating to these balances are disclosed in Notes 11 and 19.

The Company has 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 2022. The processes to perform the impairment assessments and key assumptions applied and methods used to derive the VIU are further described in Notes 4(b)(ix) and (x).

In testing for impairment, 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. Any significant changes thereon may have a material effect on the carrying amounts of the investments and amounts receivable. The policy for impairment of non-financial assets is disclosed in Notes 2(j)(ii) and 2(j)(iii).

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 Company and benchmarking these against industry, available market information and historical experiences 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 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 of the Company 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 directors.

- 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.

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

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

- 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.

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, actions taken to eliminate threats or safeguards applied.

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 11 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. 02937/09/2023 J
Chartered Accountant

Kuala Lumpur, Malaysia
30 November 2022

STATEMENTS OF FINANCIAL POSITION

As At 30 September 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
ASSETS					
Property, plant and equipment	5	**20,916**	20,092	**197**	222
Investment properties	6	**640**	650	**–**	–
Intangible assets	7	**1,061**	1,495	**20**	34
Right-of-use assets	8(a)(i)	**11,830**	13,284	**2,013**	1,644
Deferred tax assets	9	**1,475**	993	**1,023**	993
Investments	10	**388,217**	549,061	**37,335**	112,350
Investment in subsidiary companies	11	**–**	–	**157,017**	156,458
Investment in associated companies	12	**6,890**	18,879	**–**	–
Inventories - goods for resale	13	**186**	317	**–**	–
Land held for development	14	**94,462**	54,658	**–**	–
Loans	15	**2,112**	2,138	**–**	–
Reinsurance assets	16	**208,218**	193,946	**–**	–
Insurance receivables	17	**13,834**	23,453	**–**	–
Trade receivables	18	**4,493**	4,902	**–**	–
Other receivables	18	**54,522**	57,976	**626**	2,878
Lease receivables	8(c)	**549**	563	**–**	–
Due from subsidiary companies	19	**–**	–	**211,241**	185,159
Due from associated companies	20	**8,758**	17,823	**–**	–
Tax recoverable		**–**	290	**322**	511
Deposits and placements with financial institutions	21	**166,168**	115,790	**–**	–
Cash and bank balances	22	**103,740**	51,005	**27,825**	15,090
TOTAL ASSETS		**1,088,071**	1,127,315	**437,619**	475,339
LIABILITIES					
Insurance contract liabilities	23	**550,146**	543,686	**–**	–
Insurance payables	24	**16,336**	23,788	**–**	–
Deferred tax liabilities	9	**4,628**	9,488	**–**	–
Lease liabilities	8(a)(ii)	**10,585**	12,669	**1,161**	847
Trade payables	25	**622**	465	**–**	–
Other payables	25	**31,561**	16,174	**1,686**	2,103
Due to subsidiary companies	26	**–**	–	**4,036**	3,876
Borrowings	27	**1,765**	93,029	**1,000**	57,320
Tax payable		**359**	–	**–**	–
TOTAL LIABILITIES		**616,002**	699,299	**7,883**	64,146

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

Statements of Financial Position
As At 30 September 2022

(Cont'd)

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
EQUITY					
Share capital	28	**148,293**	147,401	**148,293**	147,401
Treasury shares	28	**(20,192)**	(20,244)	**(20,192)**	(20,244)
Merger reserve	29	**20,792**	20,792	**–**	–
Translation reserve	29	**(18,353)**	(16,132)	**–**	–
Revaluation reserve	29	**11,473**	11,289	**–**	–
Fair Value through Other Comprehensive Income ("FVOCI") reserve	29	**20,460**	70,082	**32,215**	64,001
Share options reserve	29	**1,865**	1,737	**1,865**	1,737
Retained profits		**185,401**	100,449	**267,555**	218,298
Equity attributable to equity holders of the Company		**349,739**	315,374	**429,736**	411,193
Non-controlling interest		**122,330**	112,642	**–**	–
TOTAL EQUITY		**472,069**	428,016	**429,736**	411,193
TOTAL EQUITY AND LIABILITIES		**1,088,071**	1,127,315	**437,619**	475,339

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

STATEMENTS OF CHANGES IN EQUITY
For The Year Ended 30 September 2022

		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 2021		147,401	(20,244)	20,792	(16,132)	11,289	1,737	70,082	100,449	315,374	112,642	428,016
Option charge arising from share options granted	37	-	-	-	-	-	273	-	-	273	-	273
Ordinary shares issued pursuant to exercise of ESOS	28,37	892	-	-	-	-	(79)	-	-	813	-	813
Forfeiture of ESOS		-	-	-	-	-	(66)	-	38	(28)	28	-
Resale of treasury shares	28(a)	-	52	-	-	-	-	-	(6)	46	-	46
Net profit for the year		-	-	-	-	-	-	-	54,482	54,482	1,128	55,610
Other comprehensive (loss)/income for the year		-	-	-	(2,221)	184	-	16,027	-	13,990	571	14,561
Total comprehensive (loss)/income for the year		-	-	-	(2,221)	184	-	16,027	54,482	68,472	1,699	70,171
Dividends	30	-	-	-	-	-	-	-	(26,270)	(26,270)	-	(26,270)
Dividends to a non-controlling interest by a subsidiary company		-	-	-	-	-	-	-	-	-	(980)	(980)
Transfer of FVOCI reserve to retained profits upon disposal of financial assets at FVOCI		-	-	-	-	-	-	(65,649)	56,708	(8,941)	8,941	-
At 30 September 2022		148,293	(20,192)	20,792	(18,353)	11,473	1,865	20,460	185,401	349,739	122,330	472,069

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

		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 2020		147,401	(20,244)	20,792	(14,971)	11,182	1,553	13,273	112,303	271,289	103,989	375,278
Option charge arising from share options granted	37	–	–	–	–	–	284	–	–	284	–	284
Forfeiture of ESOS		–	–	–	–	–	(100)	–	84	(16)	16	–
Net profit for the year		–	–	–	–	–	–	–	881	881	4,874	5,755
Other comprehensive (loss)/income for the year		–	–	–	(1,161)	107	–	56,871	–	55,817	7,408	63,225
Total comprehensive (loss)/income for the year		–	–	–	(1,161)	107	–	56,871	881	56,698	12,282	68,980
Dividends	30	–	–	–	–	–	–	–	(12,851)	(12,851)	–	(12,851)
Dividends to a non-controlling interest by a subsidiary company		–	–	–	–	–	–	–	–	–	(3,675)	(3,675)
Transfer of FVOCI reserve to retained profits upon disposal of financial assets at FVOCI		–	–	–	–	–	–	(62)	32	(30)	30	–
At 30 September 2021		147,401	(20,244)	20,792	(16,132)	11,289	1,737	70,082	100,449	315,374	112,642	428,016

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

Statements of Changes In Equity
For The Year Ended 30 September 2022

(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 2021		**147,401**	**(20,244)**	**1,737**	**64,001**	**218,298**	**411,193**
Option charge arising from share options granted	37	**–**	**–**	**273**	**–**	**–**	**273**
Ordinary shares issued pursuant to ESOS	28,37	**892**	**–**	**(79)**	**–**	**–**	**813**
Forfeiture of ESOS		**–**	**–**	**(66)**	**–**	**3**	**(63)**
Resale of treasury shares	28(a)	**–**	**52**	**–**	**–**	**(6)**	**46**
Net profit for the year		**–**	**–**	**–**	**–**	**28,128**	**28,128**
Other comprehensive income for the year		**–**	**–**	**–**	**15,616**	**–**	**15,616**
Total comprehensive income for the year		**–**	**–**	**–**	**15,616**	**28,128**	**43,744**
Transfer of FVOCI reserve to retained profits upon disposal of financial assets at FVOCI		**–**	**–**	**–**	**(47,402)**	**47,402**	**–**
Dividends	30	**–**	**–**	**–**	**–**	**(26,270)**	**(26,270)**
At 30 September 2022		**148,293**	**(20,192)**	**1,865**	**32,215**	**267,555**	**429,736**
At 1 October 2020		147,401	(20,244)	1,553	14,733	216,935	360,378
Option charge arising from share options granted	37	–	–	284	–	–	284
Forfeiture of ESOS		–	–	(100)	–	4	(96)
Net profit for the year		–	–	–	–	14,210	14,210
Other comprehensive income for the year		–	–	–	49,268	–	49,268
Total comprehensive income for the year		–	–	–	49,268	14,210	63,478
Dividends	30	–	–	–	–	(12,851)	(12,851)
At 30 September 2021		147,401	(20,244)	1,737	64,001	218,298	411,193

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

INCOME STATEMENTS

For The Year Ended 30 September 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Revenue	31	**311,375**	274,630	**64,365**	20,693
Other operating income	32	**115,834**	43,319	**3,781**	9,894
		427,209	317,949	**68,146**	30,587
Changes in inventories		**(1,167)**	(1,730)	**–**	–
Gross premium ceded to reinsurers		**(128,646)**	(111,188)	**–**	–
Change in premium liabilities ceded to reinsurers		**4,818**	4,015	**–**	–
Premiums ceded to reinsurers	42	**(123,828)**	(107,173)	**–**	–
Gross claims paid		**(144,392)**	(107,711)	**–**	–
Claims ceded to reinsurers		**43,533**	33,219	**–**	–
Gross increase in insurance contract liabilities		**(6,710)**	(11,425)	**–**	–
Change in insurance contract liabilities ceded to reinsurers		**9,454**	17,291	**–**	–
Net claims incurred	33	**(98,115)**	(68,626)	**–**	–
Commission expenses	42	**(28,747)**	(28,350)	**–**	–
Staff costs	35	**(44,778)**	(45,127)	**(8,810)**	(8,132)
Depreciation	38	**(6,517)**	(6,922)	**(406)**	(461)
Amortisation	38	**(430)**	(545)	**(14)**	(14)
Other operating expenses	39	**(59,835)**	(38,078)	**(27,944)**	(4,481)
Operating profit		**63,792**	21,398	**30,972**	17,499
Finance costs	40	**(4,856)**	(6,622)	**(2,237)**	(3,170)
Share of losses of associated companies (net of tax)	12	**(2,170)**	(3,798)	**–**	–
Profit before taxation	41	**56,766**	10,978	**28,735**	14,329
Income tax	48	**(1,156)**	(5,223)	**(607)**	(119)
Net profit for the year		**55,610**	5,755	**28,128**	14,210
Attributable to:					
Equity holders of the Company		**54,482**	881	**28,128**	14,210
Non-controlling interest		**1,128**	4,874	**–**	–
		55,610	5,755	**28,128**	14,210
Earnings per share attributable to equity holders of the Company (sen)					
Basic	49(a)	**20.32**	0.33		
Diluted	49(b)	**20.08**	0.33		

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

STATEMENTS OF COMPREHENSIVE INCOME

For The Year Ended 30 September 2022

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Net profit for the year	**55,610**	5,755	**28,128**	14,210
Other comprehensive income:				
Items that will not be reclassified to income statements in subsequent periods:				
- Fair value changes on FVOCI financial assets – equity instruments				
- Gain in fair value changes	**17,155**	69,789	**15,616**	49,268
- Deferred tax	**3,960**	(4,911)	**–**	–
- Tax expense on disposal of FVOCI financial assets- equity instruments	**(4,313)**	–	**–**	–
Net gain	**16,802**	64,878	**15,616**	49,268
- Surplus from revaluation of land and buildings				
- Gross surplus from revaluation	**472**	275	**–**	–
- Deferred tax	**(113)**	(66)	**–**	–
Net gain	**359**	209	**–**	–
Items that may be reclassified to income statements in subsequent periods:				
- Currency translation differences in respect of foreign operations	**(2,221)**	(1,161)	**–**	–
- Fair value changes on FVOCI financial assets – debt instruments				
- Loss in fair value changes	**(499)**	(923)	**–**	–
- Deferred tax	**120**	222	**–**	–
Net loss	**(379)**	(701)	**–**	–
Other comprehensive income for the year, net of tax	**14,561**	63,225	**15,616**	49,268
Total comprehensive income for the year	**70,171**	68,980	**43,744**	63,478
Attributable to:				
Equity holders of the Company	**68,472**	56,698	**43,744**	63,478
Non-controlling interest	**1,699**	12,282	**–**	–
	70,171	68,980	**43,744**	63,478

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Year Ended 30 September 2022

	Note	2022 RM'000	2021 RM'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		**56,766**	10,978
Adjustments for:			
Depreciation of:			
- property, plant and equipment	5	**1,950**	1,953
- right-of-use assets	8(a)(i)	**4,567**	4,969
Amortisation of:			
- intangible assets	38	**430**	545
Loss/(gain) on disposal of:			
- property, plant and equipment	39	**6**	28
- intangible assets	39	**60**	–
- investments	32	**(56)**	(3,192)
- an associated company	32	**(71,633)**	–
Property, plant and equipment written off	39	**11**	5
Loss on fair value of investment properties	39	**10**	5
Inventories written off	39	**27**	425
Gain on derecognition of right-of-use assets	32	**(78)**	(7)
Net loss/(gain) on remeasurement of leases	39,32	**13**	(6)
Income from COVID-19 related rent concessions	32	**(9)**	(37)
Loss/(gain) on fair value of investments held at fair value through profit or loss	39,32	**6,932**	(4,409)
Dividend income		**(4,066)**	(9,942)
Distribution income		**(4,711)**	–
Interest income		**(9,224)**	(6,465)
Income from Islamic fixed deposits		**(420)**	(482)
Interest expense		**4,646**	6,488
(Write back of allowance for)/allowance for impairment:			
- property, plant and equipment	39	**(1,574)**	–
- investment in an associated company	39	**2,405**	–
- amounts due from an associated company	39	**16,133**	–
- insurance receivables	39	**33**	(210)
- trade receivables	39	**(1,873)**	259
- corporate debt securities	39	**(52)**	19
Share of losses of associated companies		**2,170**	3,798
(Write back)/allowance for unutilised leave	35	**(752)**	244
Pension cost – defined benefit plan	35	**103**	72
Share options expense	35	**273**	284
Unrealised gain on foreign exchange	32	**(8,560)**	(3,212)
Operating (loss)/profit before working capital changes		**(6,473)**	2,110

Consolidated Statement of Cash Flows

For The Year Ended 30 September 2022

(Cont'd)

	Note	2022 RM'000	2021 RM'000
CASH FLOW FROM OPERATING ACTIVITIES (Cont'd)			
Changes in working capital:			
Disposal of investments		**134,609**	32,511
Purchase of investments		**(43,333)**	(35,520)
Increase in deposits and placements with financial institutions		**(50,378)**	(10,814)
Increase in due from associated companies		**(7,619)**	(5,442)
Decrease/(increase) in loans		**26**	(4)
Increase in reinsurance assets		**(14,272)**	(21,306)
Decrease/(increase) in insurance receivables		**9,586**	(5,588)
Decrease in trade and other receivables		**4,779**	2,038
Decrease in lease receivables		**385**	502
Decrease/(increase) in inventories - goods for resale		**104**	(131)
Additional direct expenditure of land held for development		**(36,077)**	(3,264)
Increase in insurance contract liabilities		**6,460**	19,350
(Decrease)/increase in insurance payables		**(7,452)**	11,878
Increase in payables		**17,205**	2,253
Cash generated from/(used in) operations		**7,550**	(11,427)
Tax paid, net of tax refunded		**(6,195)**	(4,988)
Dividends received		**3,822**	7,838
Distribution income received		**1,093**	–
Interest received		**7,973**	7,087
Income received from Islamic fixed deposits		**419**	482
Interest paid		**(3,347)**	(3,724)
Net cash generated from/(used in) operating activities		**11,315**	(4,732)

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

Consolidated Statement of Cash Flows
For The Year Ended 30 September 2022

(Cont'd)

	Note	2022 RM'000	2021 RM'000
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of associated companies		**(2,612)**	(94)
Purchase of property, plant and equipment	5	**(820)**	(413)
Purchase of intangible assets	7	**(84)**	(333)
Acquisition of right-of-use assets	8(a)(i)	**(342)**	(20)
Purchase of investments		**(1,015)**	(41)
Disposal of investments		**84,078**	7,971
Disposal of property, plant and equipment		**41**	84
Disposal of intangible assets		**29**	–
Derecognition of right-of-use assets		**56**	158
Disposal of an associated company		**79,804**	–
Net cash generated from investing activities		**159,135**	7,312
CASH FLOW FROM FINANCING ACTIVITIES			
Issuance of share capital		**813**	–
Resale of treasury shares		**46**	–
Dividends paid	30	**(26,270)**	(16,064)
Dividends paid to a non-controlling interest		**(980)**	(3,675)
Payment of principal portion of lease liabilities	(a)	**(5,829)**	(6,028)
(Repayment)/drawdown of borrowings, net	(a)	**(91,690)**	3,436
Net cash used in financing activities		**(123,910)**	(22,331)
Net increase/(decrease) in cash and cash equivalents		**46,540**	(19,751)
Foreign exchange differences		**6,195**	(265)
Cash and cash equivalents at beginning of year		**51,005**	71,021
Cash and cash equivalents at end of year	22	**103,740**	51,005

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

Consolidated Statement of Cash Flows
For The Year Ended 30 September 2022

(Cont'd)

(a) Reconciliation of liabilities arising from financing activities:

	Note	Lease liabilities (Note 8(a)(ii)) RM'000	Borrowings (Note 27) RM'000	Total RM'000
At 1 October 2021		**12,669**	**93,029**	**105,698**
Cash flows:				
Payment of principal portion of lease liabilities		**(5,829)**	**–**	**(5,829)**
Repayment of borrowings		**–**	**(91,690)**	**(91,690)**
Non-cash transactions:				
Acquisition of right-of-use assets	8(a)(i)	**3,231**	**–**	**3,231**
Accretion of interests		**685**	**–**	**685**
Remeasurement of lease liabilities		**(100)**	**–**	**(100)**
COVID-19 related rent concessions		**(9)**	**–**	**(9)**
Transaction costs		**–**	**353**	**353**
Translation differences		**(62)**	**73**	**11**
At 30 September 2022		**10,585**	**1,765**	**12,350**
At 1 October 2020		15,922	89,302	105,224
Cash flows:				
Payment of principal portion of lease liabilities		(6,028)	–	(6,028)
Drawdown of borrowings		–	3,436	3,436
Non-cash transactions:				
Acquisition of right-of-use assets	8(a)(i)	2,110	–	2,110
Accretion of interests		779	–	779
Remeasurement of lease liabilities		(72)	–	(72)
COVID-19 related rent concessions		(37)	–	(37)
Transaction costs		–	285	285
Translation differences		(5)	6	1
At 30 September 2021		12,669	93,029	105,698

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

STATEMENT OF CASH FLOWS

For The Year Ended 30 September 2022

	Note	2022 RM'000	2021 RM'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		**28,735**	14,329
Adjustments for:			
Depreciation of:			
- property, plant and equipment	5	**35**	43
- right-of-use assets	8(a)(i)	**371**	418
(Write back of allowance for)/allowance for impairment:			
- investment in a subsidiary company	39	**(500)**	–
- amounts due from subsidiary companies	39	**22,987**	417
Amortisation of intangible assets	38	**14**	14
Property, plant and equipment written off	39	**–**	1
Gain on disposal of investments	32	**–**	(4,543)
Loss on derecognition of right-of-use assets	39	**23**	–
Net gain on remeasurement of leases	32	**(4)**	–
Loss/(gain) on fair value of investments held at fair value through profit or loss	39,32	**877**	(479)
Unrealised gain on foreign exchange	32	**(3,535)**	(4,711)
Allowance for unutilised leave	35	**(90)**	53
Share options expense	35	**151**	117
Dividend income		**(48,280)**	(6,678)
Interest income		**(9,984)**	(9,229)
Interest expense		**2,033**	3,042
Operating loss before working capital changes		**(7,167)**	(7,206)
Changes in working capital:			
Decrease/(increase) in receivables		**1,569**	(25)
Increase in due from subsidiary companies		**(40,016)**	(12,660)
(Decrease)/increase in due to subsidiary companies		**(3)**	10
Decrease in payables		**(1,636)**	(26)
Cash used in operations		**(47,253)**	(19,907)
Tax paid, net of tax refunded		**(448)**	(493)
Dividends received		**48,010**	5,325
Interest received		**4,688**	569
Interest paid		**(502)**	(828)
Net cash generated from/(used in) operating activities		**4,495**	(15,334)

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

Statement of Cash Flows
For The Year Ended 30 September 2022

(Cont'd)

	Note	2022 RM'000	2021 RM'000
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	**(10)**	(12)
Acquisition of right-of-use assets	8(a)(i)	**(149)**	(20)
Purchase of investments		**–**	(20)
Disposal of investments		**55,060**	7,713
Derecognition of right-of-use assets		**56**	–
Net cash generated from investing activities		**54,957**	7,661
CASH FLOW FROM FINANCING ACTIVITIES			
Issuance of share capital		**813**	–
Resale of treasury shares		**46**	–
Dividends paid		**(26,270)**	(16,064)
Payment of principal portion of lease liabilities	(a)	**(408)**	(574)
(Repayment)/drawdown of borrowings, net	(a)	**(21,320)**	3,363
Net cash used in financing activities		**(47,139)**	(13,275)
Net increase/(decrease) in cash and cash equivalents		**12,313**	(20,948)
Foreign exchange differences		**422**	(4)
Cash and cash equivalents at beginning of year		**15,090**	36,042
Cash and cash equivalents at end of year	22	**27,825**	15,090

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

(a) Reconciliation of liabilities arising from financing activities:

	Note	Lease liabilities (Note 8(a)(ii)) RM'000	Borrowings (Note 27) RM'000	Total RM'000
At 1 October 2021		**847**	**57,320**	**58,167**
Cash flows:				
Payment of principal portion of lease liabilities		**(408)**	**–**	**(408)**
Repayment of borrowings		**–**	**(21,320)**	**(21,320)**
Non-cash transactions:				
Settlement of warehousing facility		**–**	**(35,000)**	**(35,000)**
Acquisition of right-of-use assets	8(a)(i)	**722**	**–**	**722**
Accretion of interests		**56**	**–**	**56**
Remeasurement of lease liabilities		**(56)**	**–**	**(56)**
At 30 September 2022		**1,161**	**1,000**	**2,161**
At 1 October 2020		1,355	53,957	55,312
Cash flows:				
Payment of principal portion of lease liabilities		(574)	–	(574)
Drawdown of borrowings		–	3,363	3,363
Non-cash transactions:				
Acquisition of right-of-use assets	8(a)(i)	68	–	68
Accretion of interests		66	–	66
Remeasurement of lease liabilities		(68)	–	(68)
At 30 September 2021		847	57,320	58,167

NOTES TO THE FINANCIAL STATEMENTS
- 30 September 2022

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 11.

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 30 November 2022 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.

Notes to the Financial Statements
– 30 September 2022

(Cont'd)

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.

Notes to the Financial Statements
– 30 September 2022

(Cont'd)

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.

Notes to the Financial Statements
– 30 September 2022

(Cont'd)

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 as set 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 refer 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.

Notes to the Financial Statements
– 30 September 2022

(Cont'd)

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.

Notes to the Financial Statements
– 30 September 2022

(Cont'd)

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.

Notes to the Financial Statements
– 30 September 2022

(Cont'd)

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment (Cont'd)

(i) Financial Assets (Cont'd)

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.

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.

Notes to the Financial Statements
– 30 September 2022

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment (Cont'd)

(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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

(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.

Notes to the Financial Statements
– 30 September 2022

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

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.

Notes to the Financial Statements
– 30 September 2022

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Income Recognition (Cont'd)

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) Distribution income and 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).

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

- **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.

Notes to the Financial Statements
– 30 September 2022

(Cont'd)

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)

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(y) Employee Benefits (Cont'd)

(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 37 to the financial statements.

(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.

Notes to the Financial Statements
– 30 September 2022

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(z) Foreign Currencies (Cont'd)

(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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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

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.

Notes to the Financial Statements
– 30 September 2022

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ab) Leases (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)

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.

(iv) COVID-19 Related Rent Concessions

The Group and the Company have applied the Amendments to MFRS 16 *Leases* whereby rent concessions received as a direct consequence of the COVID-19 pandemic are not assessed as lease modification if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- There is no substantive change to other terms and conditions of the lease.

The Group and the Company account for COVID-19 related rent concessions as a variable payment in the period in which the event or condition that triggers the reduced payment occurs. Impact of rent concessions are presented within "other operating income" in the income statements.

For changes in lease payments that do not meet the above conditions, the requirements under MFRS 16 stipulate that a change in lease payments (including rent concession), other than those arising from a change in amounts expected to be payable under residual value guarantees or in an index or rate used to determine lease payments, is accounted for as a lease modification if it is not part of the original terms and conditions of the lease. The lease modification is accounted for as either a new lease or as a remeasurement of an existing lease liability, depending on the criteria set in MFRS 16.

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.

Notes to the Financial Statements
– 30 September 2022

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ab) Leases (Cont'd)

The Group as lessor (Cont'd)

(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.

(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.

(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 and the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 2021 except for the adoption of the following Amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") which are mandatory for annual periods beginning on or after 1 January 2021 and 1 April 2021.

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)

Effective for financial periods beginning on or after 1 April 2021

Amendments to MFRS 16	Leases - COVID-19 Related Rent Concessions Beyond 30 June 2021

The adoption of the above Amendments to MFRSs did not have any significant impact on the financial statements of the Group and the Company.

(b) MFRSs and Amendments to MFRSs yet to be effective

The Group and the Company have not adopted the following MFRSs and Amendments to MFRSs 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 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)

Notes to the Financial Statements
– 30 September 2022

(Cont'd)

3. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED MFRSs (CONT'D)

(b) MFRSs and Amendments to MFRSs yet to be effective (Cont'd)

Effective for financial periods beginning on or after 1 January 2022 (Cont'd)

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 17	Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101	Presentation of Financial Statements - Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Presentation of Financial Statements - Disclosure of Accounting Policies
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
Amendments to MFRS 112	Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective for financial periods beginning on or after 1 January 2024

Amendments to MFRS 16	Leases - Lease Liability in a Sale and Leaseback

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)

3. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED MFRSs (CONT'D)

(b) MFRSs and Amendments to MFRSs yet to be effective (Cont'd)

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

- MFRS 17 *Insurance Contracts* and Amendments to MFRS 17

  MASB has issued MFRS 17 *Insurance Contracts* ("MFRS 17"), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, which will replace MFRS 4 *Insurance Contracts* ("MFRS 4") upon adoption. MFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of MFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in MFRS 4, which are largely based on grandfathering previous local accounting policies, MFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of MFRS 17 is the general model, supplemented by:

  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  - A specific adaptation for contracts with direct participation features (the variable fee approach)

  MFRS 17 and Amendments to MFRS 17 are 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 intends to adopt MFRS 17 on the required effective date. The Group has completed the documentation of business and technical requirements in technical papers, and is currently in the progress of designing and implementing the necessary system solutions and processes.

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.

Notes to the Financial Statements
– 30 September 2022

(Cont'd)

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(a) Critical Judgement Made in Applying Accounting Policies (Cont'd)

(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.

(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.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) Key Sources of Estimation Uncertainty (Cont'd)

(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.

(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.

Notes to the Financial Statements
– 30 September 2022

(Cont'd)

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) Key Sources of Estimation Uncertainty (Cont'd)

(vi) Uncertainty in Accounting Estimates for 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.

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.

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

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

(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).

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) Key Sources of Estimation Uncertainty (Cont'd)

(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	Note	Valuation: Freehold land RM'000	Valuation: Freehold buildings RM'000	Valuation: Leasehold buildings RM'000	Cost: Computer equipment RM'000	Cost: Motor vehicles RM'000	Cost: Office equipment RM'000	Cost: Furniture, fixtures and fittings RM'000	Total RM'000
2022									
Valuation/Cost									
At 1 October 2021		2,670	851	14,730	7,228	2,908	5,515	6,724	40,626
Additions		–	–	–	259	–	207	354	820
Disposals		–	–	–	(11)	(320)	(157)	(31)	(519)
Write-offs		–	–	–	(563)	–	(1,539)	(655)	(2,757)
Revaluation surplus		60	32	380	–	–	–	–	472
Elimination of accumulated depreciation on revaluation		–	(33)	(1,070)	–	–	–	–	(1,103)
Translation differences		–	–	–	5	71	(3)	(31)	42
At 30 September 2022		2,730	850	14,040	6,918	2,659	4,023	6,361	37,581
Accumulated Depreciation and Impairment									
At 1 October 2021		–	–	–	6,310	2,782	4,973	6,469	20,534
Charge for the year	38	–	33	1,070	122	212	273	240	1,950
Write back of allowance for impairment	39	–	–	–	(44)	(799)	(179)	(552)	(1,574)
Disposals		–	–	–	(2)	(271)	(129)	(31)	(433)
Write-offs		–	–	–	(560)	–	(1,530)	(656)	(2,746)
Elimination of accumulated depreciation on revaluation		–	(33)	(1,070)	–	–	–	–	(1,103)
Translation differences		–	–	–	5	56	–	(24)	37
At 30 September 2022		–	–	–	5,831	1,980	3,408	5,446	16,665
Net Book Value									
At 30 September 2022		2,730	850	14,040	1,087	679	615	915	20,916

Notes to the Financial Statements
– 30 September 2022

(Cont'd)

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

Group	Note	Valuation: Freehold land RM'000	Valuation: Freehold buildings RM'000	Valuation: Leasehold buildings RM'000	Cost: Computer equipment RM'000	Cost: Motor vehicles RM'000	Cost: Office equipment RM'000	Cost: Furniture, fixtures and fittings RM'000	Total RM'000
2021									
Valuation/Cost									
At 1 October 2020		2,540	866	15,660	7,093	3,154	5,440	6,732	41,485
Additions		–	–	–	143	138	118	14	413
Disposals		–	–	–	(7)	(264)	(8)	–	(279)
Write-offs		–	–	–	–	–	(17)	(8)	(25)
Revaluation surplus		130	18	127	–	–	–	–	275
Elimination of accumulated depreciation on revaluation		–	(33)	(1,057)	–	–	–	–	(1,090)
Translation differences		–	–	–	(1)	(120)	(18)	(14)	(153)
At 30 September 2021		2,670	851	14,730	7,228	2,908	5,515	6,724	40,626
Accumulated Depreciation and Impairment									
At 1 October 2020		–	–	–	6,204	2,727	4,740	6,281	19,952
Charge for the year	38	–	33	1,057	112	263	267	221	1,953
Disposals		–	–	–	(3)	(162)	(2)	–	(167)
Write-offs		–	–	–	–	–	(13)	(7)	(20)
Elimination of accumulated depreciation on revaluation		–	(33)	(1,057)	–	–	–	–	(1,090)
Translation differences		–	–	–	(3)	(46)	(19)	(26)	(94)
At 30 September 2021		–	–	–	6,310	2,782	4,973	6,469	20,534
Net Book Value									
At 30 September 2021		2,670	851	14,730	918	126	542	255	20,092

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

Company	Note	Cost: Computer equipment RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture, fixtures and fittings RM'000	Total RM'000
2022						
Cost						
At 1 October 2021		**259**	**346**	**178**	**487**	**1,270**
Additions		**–**	**–**	**9**	**1**	**10**
At 30 September 2022		**259**	**346**	**187**	**488**	**1,280**
Accumulated Depreciation						
At 1 October 2021		**255**	**217**	**122**	**454**	**1,048**
Charge for the year	38	**1**	**11**	**10**	**13**	**35**
At 30 September 2022		**256**	**228**	**132**	**467**	**1,083**
Net Book Value						
At 30 September 2022		**3**	**118**	**55**	**21**	**197**
2021						
Cost						
At 1 October 2020		259	346	169	487	1,261
Additions		–	–	12	–	12
Write-offs		–	–	(3)	–	(3)
At 30 September 2021		259	346	178	487	1,270
Accumulated Depreciation						
At 1 October 2020		254	198	114	441	1,007
Charge for the year	38	1	19	10	13	43
Write-offs		–	–	(2)	–	(2)
At 30 September 2021		255	217	122	454	1,048
Net Book Value						
At 30 September 2021		4	129	56	33	222

Notes to the Financial Statements
– 30 September 2022

(Cont'd)

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

Freehold land and buildings and leasehold buildings of the Group were revalued as at 30 September 2021 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 2022.

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 53.

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 2022 are as follows:

		Net Book Value			
		2022		2021	
	Note	Under revaluation model RM'000	Under cost model RM'000	Under revaluation model RM'000	Under cost model RM'000
Freehold land		**2,730**	**380**	2,670	380
Freehold buildings		**850**	**187**	851	195
Leasehold buildings		**14,040**	**4,020**	14,730	4,280
	53	**17,620**	**4,587**	18,251	4,855

6. INVESTMENT PROPERTIES

		Group	
	Note	2022 RM'000	2021 RM'000
At fair value			
At 1 October		**650**	655
Loss on fair value adjustments	39	**(10)**	(5)
At 30 September	53	**640**	650

The investment properties comprise of freehold buildings.

Investment properties were revalued as at 30 September 2021 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 2022.

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 53.

7. INTANGIBLE ASSETS

Group

	Note	Club membership RM'000	Computer software and other licences RM'000	Total RM'000
2022				
Cost				
At 1 October 2021		**545**	**7,137**	**7,682**
Additions		**–**	**84**	**84**
Disposals		**(124)**	**–**	**(124)**
Write-offs		**–**	**(937)**	**(937)**
At 30 September 2022		**421**	**6,284**	**6,705**
Accumulated Amortisation and Impairment				
At 1 October 2021		**250**	**5,937**	**6,187**
Amortisation	38	**8**	**422**	**430**
Disposals		**(35)**	**–**	**(35)**
Write-offs		**–**	**(937)**	**(937)**
Translation differences		**–**	**(1)**	**(1)**
At 30 September 2022		**223**	**5,421**	**5,644**
Net Book Value				
At 30 September 2022		**198**	**863**	**1,061**
2021				
Cost				
At 1 October 2020		554	6,813	7,367
Additions		–	333	333
Translation differences		(9)	(9)	(18)
At 30 September 2021		545	7,137	7,682
Accumulated Amortisation and Impairment				
At 1 October 2020		242	5,410	5,652
Amortisation	38	11	534	545
Translation differences		(3)	(7)	(10)
At 30 September 2021		250	5,937	6,187
Net Book Value				
At 30 September 2021		295	1,200	1,495

Notes to the Financial Statements
– 30 September 2022

(Cont'd)

7. INTANGIBLE ASSETS (CONT'D)

Company

	Note	2022 RM'000	2021 RM'000
Computer software and licences			
Cost			
At 1 October/30 September		**236**	236
Accumulated Amortisation			
At 1 October		**202**	188
Amortisation	38	**14**	14
At 30 September		**216**	202
Net Book Value		**20**	34

8. 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 a 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
2022							
At 1 October 2021		**282**	**7,046**	**2,493**	**2,636**	**827**	**13,284**
Additions		**928**	**–**	**1,069**	**1,409**	**167**	**3,573**
Depreciation charge	38	**(391)**	**(1,877)**	**(1,608)**	**(407)**	**(284)**	**(4,567)**
Derecognition		**–**	**–**	**(193)**	**(79)**	**–**	**(272)**
Remeasurements		**–**	**(113)**	**–**	**–**	**–**	**(113)**
Translation differences		**39**	**(98)**	**(1)**	**(15)**	**–**	**(75)**
At 30 September 2022		**858**	**4,958**	**1,760**	**3,544**	**710**	**11,830**
2021							
At 1 October 2020		286	9,056	3,114	3,231	959	16,646
Additions		–	–	1,903	88	139	2,130
Depreciation charge	38	(4)	(2,003)	(2,202)	(473)	(287)	(4,969)
Derecognition		–	–	(309)	(193)	(16)	(518)
Remeasurements		–	(48)	–	–	39	(9)
Translation differences		–	41	(13)	(17)	(7)	4
At 30 September 2021		282	7,046	2,493	2,636	827	13,284

Notes to the Financial Statements
– 30 September 2022

(Cont'd)

8. 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**
2022						
At 1 October 2021		**618**	**6**	**979**	**41**	**1,644**
Additions		**139**	**–**	**649**	**83**	**871**
Depreciation charge	38	**(210)**	**(6)**	**(125)**	**(30)**	**(371)**
Derecognition		**–**	**–**	**(79)**	**–**	**(79)**
Remeasurements		**(50)**	**–**	**–**	**(2)**	**(52)**
At 30 September 2022		**497**	**–**	**1,424**	**92**	**2,013**
2021						
At 1 October 2020		897	23	1,003	119	2,042
Additions		–	–	88	–	88
Depreciation charge	38	(211)	(17)	(112)	(78)	(418)
Remeasurements		(68)	–	–	–	(68)
At 30 September 2021		618	6	979	41	1,644

During the year, the Group and the Company acquired right-of-use assets by:

	Group		**Company**	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Cash	**342**	20	**149**	20
Lease liabilities	**3,231**	2,110	**722**	68
	3,573	2,130	**871**	88

8. LEASES (CONT'D)

(a) The Group and the Company as lessee (Cont'd)

(ii) Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the year:

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 October		**12,669**	15,922	**847**	1,355
Additions		**3,231**	2,110	**722**	68
Accretion of interest	40	**685**	779	**56**	66
Payments		**(5,829)**	(6,028)	**(408)**	(574)
Remeasurements		**(100)**	(72)	**(56)**	(68)
COVID-19 related rent concessions	32	**(9)**	(37)	**–**	–
Translation differences		**(62)**	(5)	**–**	–
At 30 September		**10,585**	12,669	**1,161**	847

Maturity profile of lease liabilities is disclosed in Note 55(b)(i).

COVID-19 related rent concessions

As a practical expedient, the Group has adopted the treatment under Paragraph 46A of the Amendments to MFRS 16, whereby it has not accounted for rent concessions which are direct consequences of the COVID-19 pandemic as lease modifications. Instead, the Group recognised these concessions in the income statements for the years ended 30 September 2021 and 30 September 2022.

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.

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8. LEASES (CONT'D)

(b) The Group as lessor

During the financial year, the Group leased out its computer equipment under operating leases with the terms of the leases of up to 2 years. Revenue from equipment under leasing arrangements during the year are disclosed in Note 31.

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:

		Group	
	Note	2022 RM'000	2021 RM'000
At 1 October		**563**	747
Additions		**333**	368
Accretion of interest	32	**35**	38
Lease payments received		**(385)**	(502)
Remeasurements		**–**	(57)
Translation differences		**3**	(31)
At 30 September		**549**	563

The following table sets out the maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date:

	Group	
	2022 RM'000	2021 RM'000
Up to a year	**366**	327
1-2 years	**159**	214
2-5 years	**56**	50
Total undiscounted lease payments receivable	**581**	591
Unearned finance income	**(32)**	(28)
Lease receivables at 30 September	**549**	563

8. LEASES (CONT'D)

(d) The following are the amounts recognised in the income statements:

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
The Group and the Company as lessee:					
Depreciation expense of right-of-use assets	38	**(4,567)**	(4,969)	**(371)**	(418)
Interest expense on lease liabilities	40	**(685)**	(779)	**(56)**	(66)
Remeasurement (loss)/gain on leases	39,32	**(13)**	63	**4**	–
Loss on derecognition of right-of-use assets	39	**–**	–	**(23)**	–
Expenses relating to:					
- leases of low-value assets	39	**(247)**	(232)	**(130)**	(73)
- short term leases	39	**(310)**	(330)	**(92)**	(73)
Income from COVID-19 related rent concessions	32	**9**	37	**–**	–
The Group as intermediate lessor:					
Gain on derecognition of right-of-use assets	32	**78**	7	**–**	–
Interest income on lease receivables	32	**35**	38	**–**	–
Remeasurement loss on leases		**–**	(57)	**–**	–

(e) During the year, the Group and the Company had total cash outflow for payment of leases of RM6,386,000 (2021: RM6,590,000) and RM630,000 (2021: RM720,000) respectively. The Group and the Company also had non-cash additions to right-of-use assets during the year of RM3,231,000 (2021: RM2,110,000) and RM722,000 (2021: RM68,000) respectively.

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9. DEFERRED TAX (LIABILITIES)/ASSETS

		Group		Company	
		2022	**2021**	**2022**	**2021**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 October		**(8,495)**	(3,334)	**993**	979
Transferred from/(to) income statements	48	**1,375**	(406)	**30**	14
- deferred tax assets	9.1,9.3	**1,545**	(76)	**40**	17
- deferred tax liabilities	9.2,9.4	**(170)**	(330)	**(10)**	(3)
Transferred from/(to) FVOCI reserve		**4,080**	(4,689)	**–**	–
- deferred tax assets	9.1	**(1,428)**	–	**–**	–
- deferred tax liabilities	9.2	**5,508**	(4,689)	**–**	–
Transferred to revaluation reserve - deferred tax liabilities	9.2	**(113)**	(66)	**–**	–
At 30 September		**(3,153)**	(8,495)	**1,023**	993

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 relate to the same tax authority.

Reflected after offsetting in the statements of financial position as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deferred tax assets	**1,475**	993	**1,023**	993
Deferred tax liabilities	**(4,628)**	(9,488)	**–**	–
Net deferred tax (liabilities)/assets	**(3,153)**	(8,495)	**1,023**	993

9. DEFERRED TAX (LIABILITIES)/ASSETS (CONT'D)

The components of deferred tax assets and deferred tax liabilities at the end of the current and previous years prior to offsetting are as follows:

	Note	Group 2022 RM'000	Group 2021 RM'000
Deferred tax assets	9.1	**3,662**	3,545
Deferred tax liabilities	9.2	**(6,815)**	(12,040)
		(3,153)	(8,495)

	Note	Company 2022 RM'000	Company 2021 RM'000
Deferred tax assets	9.3	**1,109**	1,069
Deferred tax liabilities	9.4	**(86)**	(76)
		1,023	993

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:

9.1 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
2022						
At 1 October 2021	**514**	**30**	**1,883**	**524**	**594**	**3,545**
Recognised in the income statements	**577**	**–**	**–**	**225**	**743**	**1,545**
Recognised in FVOCI reserve	**–**	**–**	**(1,428)**	**–**	**–**	**(1,428)**
At 30 September 2022	**1,091**	**30**	**455**	**749**	**1,337**	**3,662**
2021						
At 1 October 2020	541	30	1,883	575	592	3,621
Recognised in the income statements	(27)	–	–	(51)	2	(76)
At 30 September 2021	514	30	1,883	524	594	3,545

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9. 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)

9.2 Deferred Tax Liabilities of the Group:

	Leases and other temporary differences RM'000	Changes in fair value of FVTPL financial assets RM'000	Changes in fair value of FVOCI financial assets RM'000	Revaluation surplus RM'000	Accelerated capital allowances RM'000	Total RM'000
2022						
At 1 October 2021	**(117)**	**(544)**	**(6,776)**	**(4,489)**	**(114)**	**(12,040)**
Recognised in the income statements	**(1,027)**	**877**	**–**	**–**	**(20)**	**(170)**
Recognised in FVOCI reserve	**–**	**–**	**5,508**	**–**	**–**	**5,508**
Recognised in revaluation reserve	**–**	**–**	**–**	**(113)**	**–**	**(113)**
At 30 September 2022	**(1,144)**	**333**	**(1,268)**	**(4,602)**	**(134)**	**(6,815)**
2021						
At 1 October 2020	(44)	–	(2,239)	(4,423)	(249)	(6,955)
Recognised in the income statements	(73)	(544)	152	–	135	(330)
Recognised in FVOCI reserve	–	–	(4,689)	–	–	(4,689)
Recognised in revaluation reserve	–	–	–	(66)	–	(66)
At 30 September 2021	(117)	(544)	(6,776)	(4,489)	(114)	(12,040)

9. 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)

9.3 Deferred Tax Assets of the Company:

	Provision for impairment loss RM'000	Leases and other temporary differences RM'000	Unabsorbed capital allowances RM'000	Total RM'000
2022				
At 1 October 2021	**324**	**151**	**594**	**1,069**
Recognised in the income statements	**–**	**36**	**4**	**40**
At 30 September 2022	**324**	**187**	**598**	**1,109**
2021				
At 1 October 2020	324	136	592	1,052
Recognised in the income statements	–	15	2	17
At 30 September 2021	324	151	594	1,069

9.4 Deferred Tax Liabilities of the Company:

	Accelerated capital allowances RM'000	Total RM'000
2022		
At 1 October 2021	**(76)**	**(76)**
Recognised in the income statements	**(10)**	**(10)**
At 30 September 2022	**(86)**	**(86)**
2021		
At 1 October 2020	(73)	(73)
Recognised in the income statements	(3)	(3)
At 30 September 2021	(76)	(76)

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9. DEFERRED TAX (LIABILITIES)/ASSETS (CONT'D)

As at 30 September 2022, net deferred tax assets have not been recognised in respect of the following temporary differences of the Group:

	Group	
	2022 RM'000	**2021 RM'000**
Depreciation and capital allowances on property, plant and equipment	**2,527**	1,589
Unutilised tax losses	**131,273**	119,803
Other deductible temporary differences	**–**	1,896
	133,800	123,288

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.

Following the gazetting of the Finance Act 2021 on 31 December 2021, the unutilised tax losses accumulated up to year of assessment 2019 are now allowed to be carried forward for 10 consecutive years of assessment and any balance of the unutilised tax losses thereafter shall be disregarded. For any unutilised tax losses that originated from the year of assessment 2019 onwards, these can now be carried forward to a maximum 10 consecutive years of assessment immediately following that originating year 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 RM2,771,000 (2021: RM1,244,000) have expired.

10. INVESTMENTS

The Group's and the Company's investments have been categorised as follows:

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
(a) Financial assets at FVOCI					
At fair value:					
Designated upon initial recognition:					
- Quoted shares (i)		**46,963**	110,204	**36,649**	76,093
- Unquoted shares (i)		**2,848**	2,055	**–**	–
Mandatorily measured:					
- Corporate debt securities (ii)		**71,524**	61,971	**–**	–
	53	**121,335**	174,230	**36,649**	76,093
(b) Financial assets at FVTPL					
At fair value:					
Mandatorily measured:					
- Quoted shares		**15,628**	22,865	**686**	1,292
- Unquoted redeemable convertible loan notes (iii)		**362**	2,768	**–**	–
- Unit trusts		**245,447**	345,230	**–**	–
- Warrants		**5,445**	3,968	**–**	2
	53	**266,882**	374,831	**686**	1,294
(c) Financial assets at amortised cost					
Subordinated Notes (iv)		**–**	–	**–**	34,963
Total investments		**388,217**	549,061	**37,335**	112,350

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10. 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:

	Quoted shares in Malaysia				
	Industrial products and services RM'000	Financial services RM'000	Total RM'000	Unquoted shares outside Malaysia RM'000	Total RM'000
Fair value					
2022					
At 1 October 2021	**109,102**	**1,102**	**110,204**	**2,055**	**112,259**
Addition during the year	**3,682**	**–**	**3,682**	**1,015**	**4,697**
Disposal during the year	**(83,887)**	**(191)**	**(84,078)**	**–**	**(84,078)**
Fair value gains during the year	**16,977**	**178**	**17,155**	**–**	**17,155**
Translation differences	**–**	**–**	**–**	**(222)**	**(222)**
At 30 September 2022	**45,874**	**1,089**	**46,963**	**2,848**	**49,811**
2021					
At 1 October 2020	39,500	1,076	40,576	1,952	42,528
Addition during the year	97	–	97	–	97
Disposal during the year	(258)	–	(258)	–	(258)
Fair value gains during the year	69,763	26	69,789	–	69,789
Translation differences	–	–	–	103	103
At 30 September 2021	109,102	1,102	110,204	2,055	112,259

During the year, the Group sold equity instruments at FVOCI and the accumulated gains recognised in other comprehensive income reserves of the Group of RM65,649,000 (2021: RM62,000) have been transferred to retained profits. No dividend was received by the Group in respect of the shares sold during the current and previous financial years.

10. INVESTMENTS (CONT'D)

(i) Financial assets at FVOCI (Cont'd)

The Company's financial assets at FVOCI is in respect of investments in quoted shares in Malaysia under the Industrial Products and Services sector. The pertinent information of the Company's investments in quoted shares is as follows:

	Company	
	2022	**2021**
	RM'000	**RM'000**
Fair value		
At 1 October	**76,093**	26,825
Disposal during the year	**(55,060)**	–
Fair value gains during the year	**15,616**	49,268
At 30 September	**36,649**	76,093

During the year, the Company sold equity instruments at FVOCI and the accumulated gains recognised in other comprehensive income reserves of the Company of RM47,402,000 (2021: nil) has been transferred to retained profits. There was no dividend received by the Company in respect of the shares sold during the year.

(ii) Disclosure of expected credit losses recognised on corporate debt securities held at FVOCI are disclosed in Note 55(a)(ii).

(iii) The Group's investments in unquoted redeemable convertible loan notes ("RCLN") are in respect of RCLN issued by its associated companies. The fair value of the RCLN is categorised within Level 3 of the fair value hierarchy as disclosed in Note 53.

Set out below are the carrying amounts of the RCLN and the movements during the year.

	Group	
	2022	**2021**
	RM'000	**RM'000**
At 1 October	**2,768**	5,980
Conversion during the year	**–**	(3,360)
Fair value loss during the year	**(2,252)**	**–**
Translation differences	**(154)**	148
At 30 September	**362**	2,768

(iv) As at 30 September 2021, the Company's investments in Subordinated Notes ("Sub Notes") of RM34,963,000 were 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. The Sub Notes have matured and have been fully redeemed on 27 June 2022.

Prior to its maturity date, the Sub Notes were pledged to a licensed bank as security for a financing facility granted to the Group and the Company as disclosed in Note 27(e).

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11. INVESTMENT IN SUBSIDIARY COMPANIES

	Note	Company 2022 RM'000	2021 RM'000
Unquoted shares - at cost		**161,847**	161,847
ESOS Share Options - additional equity contribution	37	**1,295**	1,236
Impairment losses		**(6,125)**	(6,625)
At 30 September		**157,017**	156,458

The subsidiary companies are as follows:

	Effective Interests 2022 %	2021 %	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
P & O Properties Sdn. Bhd.	**100**	100	Dormant
Focus Internet Sdn. Bhd.	**100**	100	Dormant
P & O Equities Sdn. Bhd.	**100**	100	Dormant

11. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The subsidiary companies are as follows: (Cont'd)

	Effective Interests 2022 %	Effective Interests 2021 %	Principal Activities
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
Incorporated in Singapore			
Pacific & Orient (Singapore) Private Limited (1)*	**100**	–	Investing in start-up companies
Incorporated in Hong Kong			
Pacific & Orient (Hong Kong) Limited (2)*	**100**	–	Investing in start-up companies
Subsidiary company of P & O Global Technologies Sdn. Bhd. - Incorporated in Thailand			
P & O Global Technologies (Thailand) Co., Ltd.*	**100**	100	Dealing in computer software and systems
Subsidiary company of P & O Global Technologies, Inc. - Incorporated in United States of America			
Pacific & Orient Properties LLC**	**100**	100	Property development

The above subsidiary companies are audited by Ernst & Young PLT, Malaysia except for the following:

* Audited by firms of chartered accountants other than Ernst & Young PLT, Malaysia
** Company not required to be audited under the laws of United States of America

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11. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The subsidiary companies are as follows: (Cont'd)

(1) On 10 February 2022, the Company incorporated a wholly-owned subsidiary, Pacific & Orient (Singapore) Private Limited ("P & O Singapore") with a paid-up share capital of SGD100 comprising 100 ordinary shares. P & O Singapore has not commenced operations as at the reporting date and its intended principal activity is to invest in start-up companies.

(2) On 6 April 2022, the Company incorporated a wholly-owned subsidiary, Pacific & Orient (Hong Kong) Limited ("P & O Hong Kong") with a paid-up share capital of HKD100 comprising 100 ordinary shares. P & O Hong Kong has not commenced operations as at the reporting date and its intended principal activity is to invest in start-up companies.

Financial information of a subsidiary company that has material non-controlling interest is provided below:

	2022	2021
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)	**113,321**	112,553
Inter-company eliminations - Share options vested under ESOS (RM'000)	**(446)**	(425)
Transfer of FVOCI reserve to non-controlling interest (RM'000)	**9,306**	365
Transfer of revaluation reserve to non-controlling interest (RM'000)	**149**	149
Net carrying amount of non-controlling interest (RM'000)	**122,330**	112,642

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

	2022 RM'000	2021 RM'000
Total assets	**812,869**	890,846
Total liabilities	**(581,601)**	(661,145)
Total equity	**231,268**	229,701

11. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(b) Summarised income statement

	2022 RM'000	2021 RM'000
Revenue	**299,799**	257,659
Net profit for the year	**2,301**	9,946
Net profit for the year attributable to:		
Equity holders of the Company	**1,173**	5,072
Non-controlling interest	**1,128**	4,874
	2,301	9,946

(c) Summarised statement of comprehensive income

	2022 RM'000	2021 RM'000
Net profit for the year	**2,301**	9,946
Other comprehensive income	**1,167**	15,119
Total comprehensive income for the year	**3,468**	25,065
Total comprehensive income for the year attributable to:		
Equity holders of the Company	**1,769**	12,783
Non-controlling interest	**1,699**	12,282
	3,468	25,065
Dividends paid to non-controlling interest	**980**	3,675

(d) Summarised statement of cash flows

	2022 RM'000	2021 RM'000
Net cash generated from/(used in):		
Operating activities	**81,854**	11,030
Investing activities	**(255)**	(289)
Financing activities	**(74,960)**	(11,213)
Net increase/(decrease) in cash and cash equivalents	**6,639**	(472)
Cash and cash equivalents at beginning of year	**21,265**	21,737
Cash and cash equivalents at end of year	**27,904**	21,265

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12. INVESTMENT IN ASSOCIATED COMPANIES

	Group 2022 RM'000	Group 2021 RM'000
Unquoted shares outside Malaysia - at cost	**36,887**	43,297
Translation differences	**(2,356)**	(501)
Group's share of losses of associated companies	**(20,290)**	(18,971)
	14,241	23,825
Allowance for impairment [(1)]	**(7,351)**	(4,946)
	6,890	18,879

[(1)] The movement in allowance for impairment is as follows:

	Group 2022 RM'000	Group 2021 RM'000
As at 1 October	**4,946**	4,946
Addition	**2,405**	–
As at 30 September	**7,351**	4,946

The additional allowance for impairment of RM2,405,000 (2021: nil) made in the current financial year was due to the carrying amount of an associated company exceeding its recoverable amount as described in Note 58(c).

Summary of financial information of the Group's investment in associated companies that are not individually material is as follows:

	Group 2022 RM'000	Group 2021 RM'000
Share of loss for the year	**(2,170)**	(3,798)
Share of total comprehensive loss for the year	**(2,170)**	(3,798)

The Group has not recognised its share of losses of an associated company amounting to RM2,073,000 (2021: nil) because the Group's cumulative share of losses has exceeded its interest in that associate and the Group has no obligation in respect of these losses. As at 30 September 2022, the Group's cumulative accumulated losses not recognised were RM2,073,000 (30 September 2021: nil)

12. INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)

Details of the associated companies are as follows:

	Effective Interests 2022 %	Effective Interests 2021 %	Principal Activities
Incorporated in Singapore			
Associated company of Pacific & Orient Distribution Sdn. Bhd.			
Hiringboss Holdings Pte. Ltd. [(1)]**	–	23.54	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**	25.03	Development of wind turbines
Silicon Markets Limited**	**28.29**	28.29	Provision of algorithmic trading tools and services
Massive Analytic Limited**	**4.10**	6.36	Provision of machine learning and predictive analytics solutions
Acumentive Limited**	**31.52**	31.52	Provision of real-time asset tracking and management solutions
Gigabit Networks Ltd [(2)]**	**20.00**	–	Provision of internet access services

** These associated companies are not audited by Ernst & Young PLT, Malaysia.

(1) On 31 December 2021, the Group completed the disposal of its entire 21.91% equity interest (as of disposal date) in Hiringboss Holdings Pte. Ltd. ("HHPL") comprising 5,029,600 ordinary shares for a total cash consideration of USD19,835,000 (approximately RM82,611,000). The carrying amount of investment in HHPL as at the date of disposal was RM8,170,000. The gain on disposal arising from this transaction for the Group was RM71,633,000 as disclosed in Note 32.

(2) On 15 September 2022, a wholly owned foreign subsidiary of the Company, Pacific & Orient Properties Ltd. ("POPL"), had invested in the equity of Gigabit Networks Ltd ("Gigabit"), a company incorporated and registered in England and Wales, for a subscription price of GBP500,000 (approximately RM2,612,000). The said investment represents 20% of the equity interest in Gigabit.

Although the Group holds less than 20% of the voting power in Massive Analytic Limited, this company is considered to be an associated company because of the significant influence the Group is able to exercise over its 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 2022 and 2021 have been used.

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13. INVENTORIES – GOODS FOR RESALE

	Group	
	2022	**2021**
	RM'000	**RM'000**
Inventories - at cost	**186**	317

14. LAND HELD FOR DEVELOPMENT

	Group	
	2022	**2021**
	RM'000	**RM'000**
Cost:		
Freehold land	**29,442**	29,442
Translation differences	**8,983**	5,256
Direct expenditure	**56,037**	19,960
At 30 September	**94,462**	54,658

Land held for development is held by Pacific & Orient Properties LLC, a wholly owned subsidiary of P & O Global Technologies Inc. Building permits have been obtained from the local authorities during the financial year and pre-construction work has commenced in September 2022.

15. LOANS

	Group	
	2022	**2021**
	RM'000	**RM'000**
Loans:		
- secured loans [1]	**2,078**	2,083
- unsecured loans	**34**	55
	2,112	2,138
Due within one year	**21**	21
Due after one year	**2,091**	2,117
	2,112	2,138

The interest rates on loans were between 9.50% and 12.00% (2021: 9.50% and 12.00%) per annum.

[1] The loans are secured by way of shares pledged by the borrowers.

16. REINSURANCE ASSETS

		Group	
	Note	2022 RM'000	2021 RM'000
Reinsurance of insurance contracts			
Claims liabilities	23.1	**168,131**	158,677
Premium liabilities	23.2	**40,087**	35,269
		208,218	193,946

17. INSURANCE RECEIVABLES

		Group	
	Note	2022 RM'000	2021 RM'000
Outstanding premiums including agents', brokers' and co-insurers' balances		**4,273**	6,671
Due from reinsurers and ceding companies		**10,429**	17,617
		14,702	24,288
Allowance for impairment	55(a)(ii)	**(868)**	(835)
		13,834	23,453

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	
	Note	2022 RM'000	2021 RM'000
Gross amounts of recognised insurance receivables		**30,613**	34,861
Less: Gross amounts of recognised insurance payables set off in the statements of financial position	24	**(15,911)**	(10,573)
Net amount of insurance receivables presented in the statements of financial position		**14,702**	24,288

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18. RECEIVABLES

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade receivables:					
Trade receivables		**5,400**	7,682	**–**	–
Allowance for impairment	55(a)(ii)	**(907)**	(2,780)	**–**	–
		4,493	4,902	**–**	–
Other receivables:					
Accrued income		**2,403**	2,083	**15**	2,376
Share of net assets held under the Malaysian Motor Insurance Pool ("MMIP") [1]		**42,171**	45,941	–	–
Deposits and prepayments		**5,625**	5,483	**226**	176
Withholding tax recoverable		**967**	1,017	**–**	–
Unbilled receivables		**1,000**	748	**–**	–
Due from an Investment Bank [2]		**–**	1,302	**–**	–
Others		**2,356**	1,402	**385**	326
		54,522	57,976	**626**	2,878

(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 23.

(2) As at 30 September 2021, 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 warehousing facility as disclosed in Note 27(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.

19. 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 RM210,675,000 (2021: RM160,396,000) which bore interest between 4.75% and 10.25% (2021: 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 55(a)(ii))	Net RM'000
2022			
Ringgit Malaysia	**25,877**	**(18,353)**	**7,524**
United States Dollar	**165,955**	**(19,527)**	**146,428**
Thai Baht	**6,461**	**(367)**	**6,094**
Great Britain Pound	**105,934**	**(54,848)**	**51,086**
Singapore Dollar	**98**	**–**	**98**
Hong Kong Dollar	**11**	**–**	**11**
	304,336	**(93,095)**	**211,241**
2021			
Ringgit Malaysia	49,951	(28,097)	21,854
United States Dollar	100,981	(19,527)	81,454
Thai Baht	6,135	(367)	5,768
Great Britain Pound	98,200	(22,117)	76,083
	255,267	(70,108)	185,159

The amounts granted to subsidiary companies are for investment and working capital purposes.

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20. DUE FROM ASSOCIATED COMPANIES

The amounts due from associated companies are repayable in accordance with applicable terms, are unsecured and interest-free, except for an amount of RM6,605,000 (2021: RM2,115,000) which bore interest of 8.00% (2021: 8.00%) per annum.

The gross to net balances and currency exposure profile of the amounts due from associated companies are as follows:

	Group	
	2022 RM'000	**2021 RM'000**
Great Britain Pound		
Gross	**24,891**	17,823
Allowance for impairment	**(16,133)**	–
Net	**8,758**	17,823

The allowance for impairment of RM16,133,000 (2021: nil) made in the current financial year was due to the carrying amount of amount due from an associated company exceeding its recoverable amount as described in Note 58(c).

21. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	Group	
	2022 RM'000	**2021 RM'000**
At amortised cost:		
Licensed banks	**166,168**	115,790

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 three months or less are disclosed as cash and bank balances under Note 22.

Deposits and placements with financial institutions of RM1,751,000 (2021: RM1,641,000) of the Group have been pledged as securities for credit facilities granted to the Group as disclosed in Note 27(a) and (c).

Included in deposits and placements of the Group is an amount of RM112,000 (2021: RM110,000) 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	
	2022 %	**2021 %**
Licensed banks	**0.15 - 3.35**	0.15 - 2.50

22. CASH AND BANK BALANCES

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash and bank balances	**47,315**	14,604	**2,316**	1,183
Short-term deposits and placements with financial institutions (with original maturity period of three months or less)	**56,425**	36,401	**25,509**	13,907
	103,740	51,005	**27,825**	15,090

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 2022 %	Group 2021 %	Company 2022 %	Company 2021 %
Licensed banks	**0.00 - 3.35**	0.00 - 2.50	**0.00 - 2.70**	0.00 - 1.90

23. INSURANCE CONTRACT LIABILITIES

	2022 Gross RM'000	2022 Reinsurance RM'000 (Note 16)	2022 Net RM'000	2021 Gross RM'000	2021 Reinsurance RM'000 (Note 16)	2021 Net RM'000
Group						
General insurance	**550,146**	**(208,218)**	**341,928**	543,686	(193,946)	349,740

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

	Note	2022 Gross RM'000	2022 Reinsurance RM'000	2022 Net RM'000	2021 Gross RM'000	2021 Reinsurance RM'000	2021 Net RM'000
Group							
Provision for claims reported by policyholders		**297,262**	**(120,778)**	**176,484**	290,241	(116,321)	173,920
Provision for Incurred But Not Reported ("IBNR") claims		**105,479**	**(31,928)**	**73,551**	106,402	(27,713)	78,689
Provision of Risk Margin for Adverse Deviation ("PRAD")		**36,151**	**(15,425)**	**20,726**	35,539	(14,643)	20,896
Claims liabilities	23.1	**438,892**	**(168,131)**	**270,761**	432,182	(158,677)	273,505
Premium liabilities	23.2	**111,254**	**(40,087)**	**71,167**	111,504	(35,269)	76,235
		550,146	**(208,218)**	**341,928**	543,686	(193,946)	349,740

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23. INSURANCE CONTRACT LIABILITIES (CONT'D)

23.1 CLAIMS LIABILITIES

		2022			2021		
	Note	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Group							
At 1 October		**432,182**	**(158,677)**	**273,505**	420,757	(141,386)	279,371
Claims incurred for the current accident year (direct and facultative)		**182,837**	**(57,450)**	**125,387**	121,306	(38,365)	82,941
Adjustment to claims incurred in prior accident years (direct and facultative)		**(32,648)**	**5,245**	**(27,403)**	(7,093)	(8,492)	(15,585)
Claims incurred during the year (treaty inwards claims)		**(442)**	**–**	**(442)**	393	–	393
Movement in PRAD of claims liabilities at 75% confidence level		**612**	**(782)**	**(170)**	3,987	(3,653)	334
Movement in claims handling expenses		**743**	**–**	**743**	543	–	543
Claims paid during the year	42	**(144,392)**	**43,533**	**(100,859)**	(107,711)	33,219	(74,492)
At 30 September		**438,892**	**(168,131)**	**270,761**	432,182	(158,677)	273,505

23. INSURANCE CONTRACT LIABILITIES (CONT'D)

23.2 PREMIUM LIABILITIES

		2022			2021		
	Note	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
At 1 October		**111,504**	**(35,269)**	**76,235**	103,579	(31,254)	72,325
(Decrease)/increase in premium liabilities:							
- Premium written during the year	42	**283,976**	**(128,646)**	**155,330**	250,658	(111,188)	139,470
- Premium earned during the year	42	**(284,226)**	**123,828**	**(160,398)**	(242,733)	107,173	(135,560)
		(250)	**(4,818)**	**(5,068)**	7,925	(4,015)	3,910
At 30 September		**111,254**	**(40,087)**	**71,167**	111,504	(35,269)	76,235

At 30 September 2022, the insurance contract liabilities above include the Group's proportionate share of MMIP's claims and premium liabilities amounting to RM15,950,000 (2021: RM22,257,000) and RM801,000 (2021: RM859,000) respectively.

24. INSURANCE PAYABLES

	Group	
	2022 RM'000	2021 RM'000
Due to reinsurers and ceding companies	**10,323**	21,216
Due to agents, brokers, co-insurers and insureds	**6,013**	2,572
	16,336	23,788

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.

<u>Offsetting insurance receivables and insurance payables</u>

		Group	
	Note	2022 RM'000	2021 RM'000
Gross amounts of recognised insurance payables		**32,247**	34,361
Less: Gross amounts of recognised insurance receivables set off in the statements of financial position	17	**(15,911)**	(10,573)
Net amount of insurance payables presented in the statements of financial position		**16,336**	23,788

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25. PAYABLES

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade payables:				
Refund premiums	**9**	9	**–**	–
Others	**613**	456	**–**	–
	622	465	**–**	–
Other payables:				
Accruals	**6,593**	4,986	**822**	1,220
Allowance for unutilised leave	**1,412**	2,122	**382**	472
Collateral deposits	**108**	106	**–**	–
Stamp duty payable	**473**	624	**–**	–
Unearned income	**1,345**	1,386	**–**	–
Accrual of directors' fees	**866**	840	**460**	400
Unclaimed monies	**7**	6	**–**	–
Sales and Services Tax payable	**2,262**	3,061	**–**	–
Value Added Tax payable	**119**	150	**–**	–
Deposits received	**1,174**	1,312	**–**	–
Due to stockbrokers	**–**	6	**–**	–
Due to insurance broker for property development insurance	**15,779**	–	**–**	–
Others	**1,423**	1,575	**22**	11
	31,561	16,174	**1,686**	2,103

The normal trade credit terms granted to the Group is up to 90 days.

26. DUE TO SUBSIDIARY COMPANIES

The amounts due to subsidiary companies are repayable in accordance with applicable terms, unsecured and interest-free, except for an amount of RM3,500,000 (2021: RM3,500,000) which bore interest of 4.75% (2021: 4.75%) per annum.

The currency exposure profile of the amounts due to subsidiary companies was as follows:

	Company	
	2022	**2021**
	RM'000	**RM'000**
Ringgit Malaysia	**3,989**	3,832
United States Dollar	**32**	29
Thai Baht	**15**	15
	4,036	3,876

27. BORROWINGS

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Secured:				
Revolving credits (a)	**10**	200	**–**	–
Term loan (c)	**755**	682	**–**	–
Warehousing facility (e)	**–**	34,820	**–**	34,820
Unsecured:				
Revolving credits (b)	**1,000**	22,500	**1,000**	22,500
Sub Notes (d)	**–**	34,827	**–**	–
	1,765	93,029	**1,000**	57,320

Analysis of repayment period of total borrowings are as follows:

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Amount due within 1 year	**1,010**	92,347	**1,000**	57,320
Amount due within 2 to 5 years	**755**	682	**–**	–
	1,765	93,029	**1,000**	57,320

(a) Revolving Credit Facilities - Secured

The revolving credit facilities of a subsidiary company is secured by a deposit of the said subsidiary company of RM767,000 (2021: RM755,000). The revolving credit facilities of the subsidiary company bore interest at 5.96% (2021: 5.28%) 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 4.49% - 4.73% (2021: 3.74% - 3.99%) 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 RM984,000 (2021: RM886,000). The term loan bore interest at 4.62% (2021: 4.62%) per annum.

The term loan of the subsidiary company is due to mature on 30 March 2024.

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27. BORROWINGS (CONT'D)

(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 were 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 a fixed 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 10 whilst the remaining RM35,000,000 were subscribed by a third party.

The Sub Notes have matured and have been fully redeemed on 27 June 2022.

(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 5.79% - 5.80% (2021: 5.80% - 5.97%) per annum and was secured by the Sub Notes investment of the Company as disclosed in Note 10.

The warehousing facility contained 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 was not separately recognised as a derivative asset because it did not have an intrinsic value (due to its exercise price being equivalent to its fair value) and that the impact of discounting was insignificant to the Group.

The warehousing facility of the Company has matured and has been fully settled on 27 June 2022.

28. SHARE CAPITAL

		Group/Company			
		Number of shares		Amount	
	Note	2022 '000	2021 '000	2022 RM'000	2021 RM'000
Issued and fully paid ordinary shares:					
Ordinary shares:					
At 1 October		**287,074**	287,074	**147,401**	147,401
Exercise of ESOS	37	**914**	–	**892**	–
At 30 September		**287,988**	287,074	**148,293**	147,401

28. SHARE CAPITAL (CONT'D)

(a) Treasury Shares

	Group/Company			
	Number of shares		Amount*	
	2022 '000	2021 '000	2022 RM'000	2021 RM'000
At 1 October	**19,353**	19,353	**20,244**	20,244
Disposed	**(50)**	–	**(52)**	–
At 30 September	**19,303**	19,353	**20,192**	20,244

* This amount includes acquisition costs of treasury shares.

The shareholders of the Company, by an ordinary resolution passed at a general meeting held on 11 March 2022 (2021: 10 March 2021), approved the renewal of the Company's plan to purchase its own ordinary shares.

There was no purchase of the Company's shares during the current and previous financial years. During the financial year, the Company resold 50,100 treasury shares for a total consideration of RM46,317 (after deducting transaction costs) in the open market at an average price of RM0.93 per share, resulting in a deficit of RM6,088 which has been debited to the retained profits.

Of the total 287,988,333 (2021: 287,074,333) issued and fully paid ordinary shares as at 30 September 2022, 19,303,493 (2021: 19,353,593) are held as treasury shares by the Company in accordance with Section 127 of the Companies Act, 2016. The number of outstanding ordinary shares in issue and fully paid after deduction of treasury shares are therefore 268,684,840 (2021: 267,720,740) ordinary shares.

Details of the shares disposed during the financial year are as follows:

Shares disposed

Month	Price per share (RM) Lowest	Price per share (RM) Highest	Price per share (RM) Average	Number of shares disposed '000	Total consideration* RM'000
2022					
November 2021	**0.93**	**0.94**	**0.93**	**50**	**46**

* This amount includes disposal costs of treasury shares.

There was no cancellation of treasury shares during the financial year.

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29. 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).

(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 2022. This reserve is made up of the cumulative value of services received from eligible employees/Executive Directors recorded on grant of share options.

30. 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
2022			
In respect of the financial year ended 30 September 2021:			
5th interim single tier dividend of 1.20 sen per share, declared on 11 October 2021	**1.20**	**3,213**	9 November 2021
In respect of the financial year ended 30 September 2022:			
1st interim single tier dividend of 2.50 sen per share, declared on 10 December 2021	**2.50**	**6,695**	12 January 2022
2nd interim single tier dividend of 2.50 sen per share, declared on 24 February 2022	**2.50**	**6,698**	23 March 2022
3rd interim single tier dividend of 1.80 sen per share, declared on 25 April 2022	**1.80**	**4,828**	25 May 2022
4th interim single tier dividend of 1.80 sen per share, declared on 21 July 2022	**1.80**	**4,836**	25 August 2022
	9.80	**26,270**	

The Directors had on 21 October 2022 declared a fifth interim single tier dividend of 1.20 sen per share in respect of the current financial year ended 30 September 2022, which was paid on 23 November 2022. This dividend has not been reflected in the financial statements for the current financial year ended 30 September 2022 but will be accounted for in equity as an appropriation of retained profits for the next financial year ending 30 September 2023.

	Group/Company		
	Sen per share	Total amount RM'000	Date of payment
2021			
In respect of the financial year ended 30 September 2021:			
1st interim single tier dividend of 1.20 sen per share, declared on 11 December 2020	1.20	3,213	11 January 2021
2nd interim single tier dividend of 1.20 sen per share, declared on 25 February 2021	1.20	3,212	25 March 2021
3rd interim single tier dividend of 1.20 sen per share, declared on 15 April 2021	1.20	3,213	20 May 2021
4th interim single tier dividend of 1.20 sen per share, declared on 21 July 2021	1.20	3,213	25 August 2021
	4.80	12,851	

All dividends of the Company are paid on the issued ordinary shares (net of treasury shares).

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31. 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	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue from other sources					
Gross earned premium	34	**284,226**	242,733	**–**	–
Gross dividends:					
- shares quoted in Malaysia		**1,082**	2,663	**270**	1,353
- unit trusts		**2,984**	7,228	**–**	–
- subsidiary companies		**–**	–	**48,010**	5,325
Distribution income:					
- shares quoted in Malaysia		**4,711**	–	**–**	–
Interest income:					
- subsidiary companies		**–**	–	**9,429**	8,767
- corporate debt securities		**3,394**	3,329	**–**	–
- deposits and placements with financial institutions		**4,682**	2,528	**555**	462
- loans to third parties		**245**	284	**–**	–
Income from Islamic fixed deposit		**372**	439	**–**	–
MMIP investment (loss)/income		**(1,088)**	261	**–**	–
Malaysian Reinsurance Berhad ("MRB") investment income		**–**	19	**–**	–
Rental income from equipment under leasing		**241**	229	**–**	–
Total revenue from other sources		**300,849**	259,713	**58,264**	15,907
Revenue from contracts with customers					
Sale of hardware, software and subscription services		**4,597**	7,872	**–**	–
Provision of software customisation and professional services		**3,045**	4,305	**–**	–
Provision of hardware and software maintenance services		**2,884**	2,740	**–**	–
Management services fees		**–**	–	**6,101**	4,786
Total revenue from contracts with customers (i)		**10,526**	14,917	**6,101**	4,786
Total revenue		**311,375**	274,630	**64,365**	20,693

31. 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Geographical markets				
Malaysia	**794**	4,126	**5,149**	4,224
Thailand	**8,991**	9,625	**379**	309
United States of America	**741**	1,166	**573**	253
Total revenue from contracts with customers	**10,526**	14,917	**6,101**	4,786
Timing of revenue recognition:				
Goods transferred at a point in time	**3,562**	5,950	**–**	–
Services transferred over time	**6,964**	8,967	**6,101**	4,786
Total revenue from contracts with customers	**10,526**	14,917	**6,101**	4,786

Included in the revenue recognised by the Group are amounts recognised in unearned income at the beginning of the year amounting to RM1,164,000 (2021: RM936,000).

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32. OTHER OPERATING INCOME

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Commission income		**28,671**	30,621	**–**	–
Gross dividends:					
- preference shares unquoted outside Malaysia		**–**	51	**–**	–
Interest income from deposits		**868**	286	**–**	–
Interest income from lease receivables	8(d)	**35**	38	**–**	–
Income from Islamic fixed deposit		**48**	43	**–**	–
Gain on fair value of investments held at fair value through profit or loss		**–**	4,409	**–**	479
Realised (loss)/gain:					
- Financial assets at FVTPL					
- Quoted shares		**(407)**	3,188	**–**	4,543
- Unit trusts		**463**	4	**–**	–
Gain on foreign exchange:					
- unrealised		**8,560**	3,212	**3,535**	4,711
- realised		**4,360**	120	**120**	108
Gain on derecognition of right-of-use assets	8(d)	**78**	7	**–**	–
Net gain on remeasurement of leases		**–**	6	**4**	–
Insurance policy transfer fees		**8**	8	**–**	–
Income from COVID-19 related rent concessions	8(d)	**9**	37	**–**	–
Gain on disposal of an associated company	58(b)	**71,633**	–	**–**	–
Others		**1,508**	1,289	**122**	53
		115,834	43,319	**3,781**	9,894

33. NET CLAIMS INCURRED

	Note	Group 2022 RM'000	Group 2021 RM'000
Gross claims paid		**144,392**	107,711
Claims ceded to reinsurers		**(43,533)**	(33,219)
Net claims paid		**100,859**	74,492
Gross increase in insurance contract liabilities:			
At end of year	23.1	**438,892**	432,182
At beginning of year		**432,182**	420,757
		6,710	11,425
Change in insurance contract liabilities ceded to reinsurers:			
At end of year	23.1	**(168,131)**	(158,677)
At beginning of year		**(158,677)**	(141,386)
		(9,454)	(17,291)
Net claims incurred		**98,115**	68,626

34. GROSS EARNED PREMIUM

	Note	Group 2022 RM'000	Group 2021 RM'000
Gross premium		**283,976**	250,658
Change in premium liabilities	42	**250**	(7,925)
Gross earned premium	31	**284,226**	242,733

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35. STAFF COSTS

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Salaries, wages and bonus		**36,348**	35,893	**7,261**	6,402
Allowance for unutilised leave		**(752)**	244	**(90)**	53
Pension cost:					
- defined contribution plan		**3,876**	3,773	**876**	764
- defined benefit plan		**103**	72	**–**	–
ESOS	37	**273**	284	**151**	117
Staff general insurance		**1,132**	1,175	**131**	97
Staff training		**125**	47	**5**	6
Staff welfare		**1,502**	1,392	**169**	326
Medical fee		**685**	1,282	**99**	205
Other staff related expenses		**1,486**	965	**208**	162
		44,778	45,127	**8,810**	8,132

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 RM5,213,000 (2021: RM4,202,000) and RM2,132,000 (2021: RM1,838,000) respectively as further disclosed in Note 36.

36. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S REMUNERATION

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Directors of the Company					
Executive director/ chief executive officer:					
Salaries and other remuneration		**1,396**	1,345	**1,396**	1,345
Bonus		**353**	112	**353**	112
ESOS		**39**	72	**39**	72
Pension cost – defined contribution plan		**224**	189	**224**	189
Benefits-in-kind		**27**	73	**27**	73
Allowance		**404**	170	**120**	120
		2,443	1,961	**2,159**	1,911
Non-Executive directors:					
Fees		**550**	539	**420**	420
Meeting allowance		**40**	40	**40**	40
Benefits-in-kind		**5**	5	**3**	3
		595	584	**463**	463

36. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S REMUNERATION (CONT'D)

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Directors of Subsidiary Companies					
Executive directors/ chief executive officer:					
Salaries and other remuneration		**1,956**	1,799	**–**	–
Bonus		**236**	100	**–**	–
ESOS		**53**	26	**–**	–
Allowance for unutilised leave		**10**	(6)	**–**	–
Pension cost:					
- Defined contribution plan		**112**	96	**–**	–
- Defined benefit plan		**85**	9	**–**	–
Other short-term benefits		**345**	290	**–**	–
Benefits-in-kind		**125**	162	**–**	–
		2,922	2,476	**–**	–
Non-Executive directors:					
Fees		**497**	553	**–**	–
Benefits-in-kind		**17**	17	**–**	–
		514	570	**–**	–
Total		**6,474**	5,591	**2,622**	2,374
Analysis excluding benefits-in-kind:					
Total executive directors' remuneration	35	**5,213**	4,202	**2,132**	1,838
Total non-executive directors' remuneration	39	**1,087**	1,132	**460**	460
Total directors' remuneration excluding benefits-in-kind		**6,300**	5,334	**2,592**	2,298

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37. 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).

(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.

37. EMPLOYEES' SHARE OPTION SCHEME (CONT'D)

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

Number of Option Shares Granted	Maximum Percentage of Option Shares Exercisable by the Individual Director or Eligible Employee within each particular year of the ESOS				
	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%	–
Third Grant - 30 Sept 2021					
Below 25,000	100%	–	–	–	–
25,000 to less than 100,000	33%	33%	34%	–	–
Above 100,000	33%	33%	34%	–	–
Fourth Grant - 30 Sept 2022					
Below 25,000	100%	–	–	–	–
25,000 to less than 100,000	50%	50%	–	–	–
Above 100,000	50%	50%	–	–	–

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37. EMPLOYEES' SHARE OPTION SCHEME (CONT'D)

The movements in share options pursuant to the ESOS during the financial years ended 30 September 2022 and 30 September 2021 are as follows:

2022

Grant date	Expiry date	Exercise price	Outstanding as at 1 Oct 2021	Granted	Forfeited	Exercised	Outstanding as at 30 Sept 2022	Vested and exercisable as at 30 Sept 2022
			← Number of Options					→
13 Sept 2019	16 June 2024	RM0.89	18,569,000	–	(432,000)	(895,000)	17,242,000	14,972,000
28 Sept 2020	16 June 2024	RM0.73	4,256,000	–	(322,000)	–	3,934,000	3,007,500
30 Sept 2021	16 June 2024	RM0.84	244,000	–	(150,000)	(19,000)	75,000	49,000
30 Sept 2022	16 June 2024	RM0.95	–	1,616,000	–	–	1,616,000	847,000
			23,069,000	1,616,000	(904,000)	(914,000)	22,867,000	18,875,500
Weighted average exercise price (RM)			RM0.86	RM0.95	RM0.82	RM0.89	RM0.87	RM0.87

2021

Grant date	Expiry date	Exercise price	Outstanding as at 1 Oct 2020	Granted	Forfeited	Exercised	Outstanding as at 30 Sept 2021	Vested and exercisable as at 30 Sept 2021
			← Number of Options					→
13 Sept 2019	16 June 2024	RM0.89	20,273,000	–	(1,704,000)	–	18,569,000	14,029,000
28 Sept 2020	16 June 2024	RM0.73	4,272,000	–	(16,000)	–	4,256,000	2,187,000
30 Sept 2021	16 June 2024	RM0.84	–	244,000	–	–	244,000	96,000
			24,545,000	244,000	(1,720,000)	–	23,069,000	16,312,000
Weighted average exercise price (RM)			RM0.86	RM0.84	RM0.89	–	RM0.86	RM0.87

The weighted average share price at the date of exercise for share options exercised during the year was RM1.13 (2021: nil). The options outstanding as at 30 September 2022 had a weighted average remaining contractual life of 1.71 years (2021: 2.71 years).

The fair values of share options were 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.

37. EMPLOYEES' SHARE OPTION SCHEME (CONT'D)

The key inputs used in the BSM model for the purposes of calculating the fair values of the options are as follows:

		Grant dates			
		30 Sept 2022	30 Sept 2021	28 Sept 2020	14 Sept 2019
Fair value of share option	(RM)	**0.101-0.117**	0.087-0.093	0.075-0.086	0.085-0.087
Share option exercise price	(RM)	**0.95**	0.84	0.73	0.89
Price of underlying share	(RM)	**1.02**	0.925	0.830	0.975
Expected life of the option	(Years)	**1-2**	1-3	1-4	2-5
Expected volatility of share price	(%)	**22.21**	18.31	15.96	14.23
Expected dividend yield (continuously compounded rate)	(%)	**6.51**	6.10	6.08	5.55
Risk-free interest rate	(%)	**3.08-4.89**	1.77-4.17	1.74-3.85	3.02-3.78

The movements of share options reserve during the year are presented as follows:

	Group/Company	
	2022 RM'000	2021 RM'000
Share options reserve at 1 October	**1,737**	1,553
Option charge recognised from share options granted	**273**	284
Option charge relating to forfeiture of ESOS	**(66)**	(100)
Option exercised during the year	**(79)**	–
Share options reserve at 30 September	**1,865**	1,737

Value of employee services received for issuance of share options are as follows:

		Group		Company	
	Note	**2022 RM'000**	2021 RM'000	**2022 RM'000**	2021 RM'000
Share options expense:					
By the Company		**273**	284	**273**	284
Allocation to subsidiaries #		**–**	–	**(122)**	(167)
Total share options expense	35	**273**	284	**151**	117

Share options expense allocated to subsidiaries is recognised as additional equity contribution to the subsidiaries. As at 30 September 2022, equity contribution to subsidiaries (net of share options forfeited) pursuant to the ESOS was RM1,295,000 (30 September 2021: RM1,236,000) as disclosed in Note 11.

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38. DEPRECIATION AND AMORTISATION

		Group		Company	
	Note	**2022 RM'000**	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Depreciation of:					
- property, plant and equipment	5	**1,950**	1,953	**35**	43
- right-of-use assets	8(a)(i)	**4,567**	4,969	**371**	418
		6,517	6,922	**406**	461
Amortisation of:					
- intangible assets	7	**430**	545	**14**	14

39. OTHER OPERATING EXPENSES

		Group		Company	
	Note	**2022 RM'000**	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Other operating expenses include the following items:					
Auditors' remuneration:					
- statutory audit		**639**	628	**202**	205
- other regulatory related services		**45**	43	**7**	7
- other assurance services		**150**	–	**–**	–
Audit fees to other audit firms		**146**	115	**–**	–
Non-executive directors' remuneration	36	**1,087**	1,132	**460**	460
Loss on fair value adjustments on investment properties	6	**10**	5	**–**	–
Property, plant and equipment written off		**11**	5	**–**	1
Inventories written off		**27**	425	**–**	–
Expenses relating to leases of low-value assets	8	**247**	232	**130**	73
Expenses relating to short-term leases	8	**310**	330	**92**	73
Net loss on remeasurement of leases	8	**13**	–	**–**	–
Loss on derecognition of right-of-use assets	8	**–**	–	**23**	–
Loss on disposal of:					
- property, plant and equipment		**6**	28	**–**	–
- intangible assets		**60**	–	**–**	–
Loss on fair value of investments held at fair value through profit or loss		**6,932**	–	**877**	–

39. OTHER OPERATING EXPENSES (CONT'D)

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other operating expenses include the following items: (Cont'd)					
(Write back of allowance for)/allowance for impairment:					
- property, plant and equipment	5	**(1,574)**	–	**–**	–
- investment in a subsidiary company		**–**	–	**(500)**	–
- amounts due from subsidiary companies [1]	55(a)(ii)	**–**	–	**22,987**	417
- investment in an associated company	12	**2,405**	–	**–**	–
- amounts due from an associated company	20	**16,133**	–	**–**	–
- insurance receivables	55(a)(ii)	**33**	(210)	**–**	–
- trade receivables	55(a)(ii)	**(1,873)**	259	**–**	–
- corporate debt securities	55(a)(ii)	**(52)**	19	**–**	–

[1] During the year, a net impairment loss of RM22,987,000 (2021: RM417,000) 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.

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40. FINANCE COSTS

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest expense on:				
- borrowings	**3,961**	5,709	**1,977**	2,976
- lease liabilities	**685**	779	**56**	66
Others	**210**	134	**204**	128
	4,856	6,622	**2,237**	3,170

41. PROFIT BEFORE TAXATION

		Group		Company	
		2022	**2021**	**2022**	**2021**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Determined as follows:					
Insurance subsidiary company	42	**3,269**	15,025	**–**	–
Others		**69,276**	(212)	**28,735**	14,329
Before consolidation		**72,545**	14,813	**28,735**	14,329
Consolidation adjustments		**(13,609)**	(37)	**–**	–
After consolidation		**58,936**	14,776	**28,735**	14,329
Share of losses of associated companies (net of tax)	12	**(2,170)**	(3,798)	**–**	–
		56,766	10,978	**28,735**	14,329

42. PROFIT BEFORE TAXATION - INSURANCE SUBSIDIARY COMPANY

	Note	Group 2022 RM'000	Group 2021 RM'000
Revenue		**299,799**	257,659
Gross premiums	23	**283,976**	250,658
Change in premium liabilities	34	**250**	(7,925)
Gross earned premiums	23	**284,226**	242,733
Gross premiums ceded to reinsurers	23	**(128,646)**	(111,188)
Change in premium liabilities ceded to reinsurers		**4,818**	4,015
Premiums ceded to reinsurers	23	**(123,828)**	(107,173)
Net earned premiums		**160,398**	135,560
Investment income	43	**15,573**	14,926
Realised gains/(losses), net	44	**34**	(1,360)
Commission income		**28,671**	30,621
Other operating (expenses)/income, net	47	**(3,291)**	4,010
Other income		**40,987**	48,197
Gross claims paid	23	**(144,392)**	(107,711)
Claims ceded to reinsurers	23	**43,533**	33,219
Gross decrease in insurance contract liabilities		**(6,710)**	(11,425)
Change in insurance contract liabilities ceded to reinsurers		**9,454**	17,291
Net claims incurred		**(98,115)**	(68,626)
Commission expenses		**(28,747)**	(28,350)
Management expenses	45	**(66,890)**	(65,787)
Finance costs		**(4,364)**	(5,969)
Other expenses		**(100,001)**	(100,106)
Profit before taxation	41	**3,269**	15,025

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43. INVESTMENT INCOME - INSURANCE SUBSIDIARY COMPANY

	Group 2022 RM'000	Group 2021 RM'000
Dividend income:		
- shares quoted in Malaysia	**811**	1,309
- unit trusts	**2,984**	7,228
Distribution income:		
- shares quoted in Malaysia	**4,711**	–
Interest income:		
- corporate debt securities	**3,394**	3,329
- deposits and placements with financial institutions	**4,127**	2,066
Income from Islamic fixed deposits	**372**	439
Rental income from investment properties	**262**	275
Investment (loss)/income from:		
- MMIP	**(1,088)**	261
- MRB	**–**	19
	15,573	14,926

44. REALISED GAINS/(LOSSES), NET - INSURANCE SUBSIDIARY COMPANY

	Group 2022 RM'000	Group 2021 RM'000
Realised (losses)/gains for:		
- Financial assets at FVTPL		
- quoted shares	**(1,027)**	(1,355)
- warrants	**620**	–
- unit trusts	**463**	4
- Property, plant and equipment	**(25)**	(10)
- Foreign exchange	**3**	1
	34	(1,360)

45. MANAGEMENT EXPENSES - INSURANCE SUBSIDIARY COMPANY

	Note	Group 2022 RM'000	Group 2021 RM'000
Chief executive officers' remuneration	46	**1,001**	802
Staff salaries and bonus		**17,105**	17,403
(Write back of allowance)/allowance for unutilised leave		**(490)**	211
Staff pension cost – defined contribution plan		**2,087**	2,100
Other staff benefits		**2,411**	2,524
Employees' share option expense		**99**	128
Depreciation:			
- property, plant and equipment		**1,264**	1,261
- right-of-use assets		**2,659**	3,344
Auditors' remuneration:			
- statutory audit		**300**	292
- regulatory related services		**38**	36
- other assurance services		**150**	–
Amortisation:			
- intangible assets		**357**	456
Directors' remuneration	46	**443**	469
Allowance for/(write back of allowance) for impairment:			
- insurance receivables		**33**	(210)
Management fees		**1,629**	1,572
Call centre service charges		**767**	657
Subscription and software maintenance services		**317**	543
Leases of low-value assets		**931**	910
Expense on short-term leases		**784**	544
Printing and information system expenses		**19,137**	16,963
Business development		**4,072**	5,714
Bank charges		**34**	19
Credit card charges		**1,210**	1,219
Office administration and utilities		**2,276**	1,640
Share of MMIP expenses		**260**	356
Professional fees		**2,872**	2,828
Motor vehicle expenses		**429**	371
Travelling and transport expenses		**103**	89
Road transport department access fees		**174**	144
General insurance		**121**	126
Subscription fees		**248**	274
Levy		**346**	340
Motor assist and towing services		**1,255**	903
Gateway subscription fee		**1,981**	1,337
Other expenses		**487**	422
	42	**66,890**	65,787

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46. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S REMUNERATION - INSURANCE SUBSIDIARY COMPANY

	Note	Group 2022 RM'000	Group 2021 RM'000
Chief Executive Officer:			
- salaries		**795**	660
- bonus		**110**	55
- defined contribution plan		**96**	87
- benefits-in-kind		**41**	71
- ESOS		**46**	17
		1,088	890
Total Chief Executive Officer's remuneration excluding benefits-in-kind and ESOS	45	**1,001**	802
Executive director:			
- allowance		**50**	50
Non-executive directors:			
- fee		**393**	419
- benefits-in-kind		**19**	19
		412	438
		462	488
Total Directors' remuneration excluding benefits-in-kind	45	**443**	469

47. OTHER OPERATING (EXPENSES)/INCOME, NET - INSURANCE SUBSIDIARY COMPANY

	Note	Group 2022 RM'000	Group 2021 RM'000
Sundry income		**1,076**	1,160
(Loss)/gain on fair value of investments at FVTPL		**(3,653)**	3,999
Loss on fair value of investment properties		**(10)**	(5)
Write back of allowance/(allowance) for impairment			
- Corporate debt securities		**52**	(19)
Other expenses		**(756)**	(1,125)
	42	**(3,291)**	4,010

48. INCOME TAX

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Income tax:					
Current year's provision					
- Malaysian tax		**2,738**	3,595	**514**	269
(Over)/under provision in prior years		**(207)**	1,222	**123**	(136)
		2,531	4,817	**637**	133
Deferred tax:					
Relating to timing differences		**(1,365)**	818	**(20)**	(17)
(Over)/under provision in prior years		**(10)**	(412)	**(10)**	3
Transferred (from)/to deferred taxation	9	**(1,375)**	406	**(30)**	(14)
		1,156	5,223	**607**	119

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to 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	
	2022 RM'000	2021 RM'000
Profit before taxation	**56,766**	10,978
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	**13,624**	2,635
Effects of different tax rates in other countries	**1,516**	75
Income not subject to tax	**(22,979)**	(5,994)
Expenses not deductible for tax purposes	**9,464**	6,317
Effects of share of losses of associated companies	**521**	912
Deferred tax asset not recognised during the year	**1,542**	2,459
(Over)/under provision of tax expense in prior years	**(207)**	1,222
Over provision of deferred tax in prior years	**(10)**	(412)
Consolidation adjustments	**(397)**	(547)
Utilisation of previous years' unused tax losses and unabsorbed capital allowances	**(702)**	(1,446)
Deferred tax assets recognised on unused tax losses and other temporary differences	**(1,217)**	–
Translation differences	**1**	2
Tax expense for the year	**1,156**	5,223

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48. INCOME TAX (CONT'D)

	Company 2022 RM'000	Company 2021 RM'000
Profit before taxation	**28,735**	14,329
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	**6,896**	3,439
Income not subject to tax	**(14,042)**	(5,189)
Expenses not deductible for tax purposes	**7,640**	2,002
Under/(over) provision of tax expense in prior years	**123**	(136)
(Over)/under provision of deferred tax in prior years	**(10)**	3
Tax expense for the year	**607**	119

As at 30 September 2022, the Company has unabsorbed capital allowances of approximately RM2,492,000 (2021: RM2,480,000), subject to agreement with the Inland Revenue Board, which can be used to offset future taxable profits arising from business income.

49. EARNINGS PER SHARE (SEN)

(a) Basic

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year.

		Group 2022	Group 2021
Net profit for the year attributable to equity holders of the Company	(RM'000)	**54,482**	881
Weighted average number of ordinary shares in issue	('000)	**268,136**	267,721
Basic earnings per share	(sen)	**20.32**	0.33

49. EARNINGS PER SHARE (SEN) (CONT'D)

(b) Diluted

Diluted earnings per ordinary share is calculated by dividing net profit for the year by the weighted average number of ordinary shares in issue during the financial year adjusted for the effects of dilutive potential ordinary shares.

		Group	
		2022	**2021**
Net profit for the year attributable to equity holders of the Company	(RM'000)	**54,482**	881
Weighted average number of ordinary shares in issue	('000)	**268,136**	267,721
Effects of dilution of ESOS	('000)	**3,139**	641
Weighted average number of ordinary shares for calculation of diluted earnings per share	('000)	**271,275**	268,362
Diluted earnings per share	(sen)	**20.08**	0.33

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50. OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Items that may not be reclassified to income statements in subsequent periods:				
- Fair value changes on FVOCI financial assets - equity instruments:				
- Gain on fair value changes	**17,155**	69,789	**15,616**	49,268
- Deferred tax	**3,960**	(4,911)	**–**	–
- Tax expense on disposal of FVOCI financial assets - equity instruments	**(4,313)**	–	**–**	–
Net gain	**16,802**	64,878	**15,616**	49,268
- Surplus from revaluation of land and buildings				
- Gross surplus from revaluation	**472**	275	**–**	–
- Deferred tax	**(113)**	(66)	**–**	–
Net gain	**359**	209	**–**	–
Items that may be reclassified to income statements in subsequent periods:				
- Currency translation differences in respect of foreign operations	**(2,221)**	(1,161)	**–**	–
- Fair value changes on FVOCI financial assets - debt instruments:				
- Loss on fair value changes	**(499)**	(923)	**–**	–
- Deferred tax	**120**	222	**–**	–
Net loss	**(379)**	(701)	**–**	–
Other comprehensive income for the year, net of tax	**14,561**	63,225	**15,616**	49,268

51. 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	
	2022	**2021**
	RM'000	**RM'000**
Subsidiary companies - Income:		
Dividend income	**48,010**	5,325
Interest income on loans	**7,407**	6,039
Interest income on Subordinated Notes	**2,318**	2,685
Management fee income	**6,101**	4,786
Subsidiary companies - Expenditure:		
Lease/rental of office	**246**	247
Lease/rental of office equipment	**298**	277
Subscription and software maintenance services	**71**	49
Information technology advisory services	**1,100**	1,100

	Group	
	2022	**2021**
	RM'000	**RM'000**
Substantial shareholder of the insurance subsidiary company - Expenditure:		
Product and pricing services	**252**	252
Associated company - Revenue:		
Provision of software customisation and professional services by a subsidiary company	**19**	2,684
Associated companies - Advances:		
Advances to associated companies by a foreign subsidiary company	**7,619**	5,442

Information regarding outstanding balances arising from related party transactions, subsidiary companies and associated companies as at 30 September 2022 are as disclosed in Notes 11, 19, 20, 26 and 27(d).

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51. 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Short-term employee benefits:				
- Salaries and other remuneration	**3,352**	3,144	**1,396**	1,345
- Bonus	**589**	212	**353**	112
- Allowance for unutilised leave	**10**	(6)	**–**	–
- Benefits-in-kind	**152**	235	**27**	73
- Allowances	**404**	170	**120**	120
- ESOS option	**92**	98	**39**	72
Post-employment benefits:				
- Pension cost:				
- defined contribution plan	**336**	285	**224**	189
- defined benefit plan	**85**	9	**–**	–
Other short-term benefits	**345**	290	**–**	–
	5,365	4,437	**2,159**	1,911

52. COMMITMENTS AND CONTINGENCIES

(a) Contingent liabilities

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
(i) Performance guarantees – secured	**397**	371	**–**	–
(ii) Guarantees given for facilities extended to subsidiary companies – secured	**–**	–	**2,729**	3,664
	397	371	**2,729**	3,664

52. 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 its notice of appeal with the Competition Appeal Tribunal ("CAT") on 13 October 2020 and a stay application (pending the disposal of the appeal) on 16 March 2021. On 23 March 2021, the CAT granted a stay for all members including the insurance subsidiary company in respect of both the cease and desist order and the financial penalty with no order as to costs. The CAT proceedings started in November 2021 with the insurance subsidiary company's legal counsel, together with other legal counsels representing the insurers and PIAM making its submission. On 21 April 2022, the CAT concluded the proceedings after hearing from all parties including MyCC.

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52. COMMITMENTS AND CONTINGENCIES (CONT'D)

(b) On-going litigation (Cont'd)

On 2 September 2022, the CAT unanimously decided and ordered, inter alia, that the appeal by PIAM and the insurers be allowed and that the whole of the MyCC Decision be set aside. Consequently, the financial penalties imposed on all the insurers amounting to an aggregate quantum of penalty of RM173,655,300 (including the insurance subsidiary company's share of the penalty of RM1,581,339) was also set aside.

On 13 September 2022, MyCC has publised a news release commenting on the decision by the CAT in relation to MyCC's decision, which MyCC is currently analysing and weighing its options, which includes filing a judicial review.

As at the date of the financial statements, MyCC has not initiated any further legal action on the CAT's decision. The Group has not made any provision, and will continue to disclose the matter as an on-going litigation until further development.

53. FAIR VALUE

(i) Fair value of financial instruments

(a) The carrying amounts of financial assets and financial liabilities of the Group and of the Company at reporting date approximate their fair values as further described in (b) below.

(b) 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.

(ii) **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.

(iii) **Unquoted Shares and Redeemable Convertible Loan Notes**

The fair value of unquoted shares and redeemable convertible loan notes is determined based on the consideration paid for the acquisition of the shares and loan notes.

53. FAIR VALUE (CONT'D)

(i) Fair value of financial instruments (Cont'd)

(iv) **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.

(v) **Corporate debt securities**

Unquoted corporate debt securities are valued using fair value prices quoted by a bond pricing agency.

(vi) **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.

(vii) **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.

(viii) **Lease receivables/liabilities**

The fair value of the lease receivables/liabilities is determined by the present value of the estimated future lease payments to be received/made over the lease term.

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53. FAIR VALUE (CONT'D)

(i) Fair value of financial instruments (Cont'd)

(c) 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
2022						
Group						
Financial assets at FVOCI						
Quoted shares	30 Sep 2022		**46,963**	**–**	**–**	**46,963**
Unquoted shares	30 Sep 2022		**–**	**–**	**2,848**	**2,848**
Corporate debt securities	30 Sep 2022		**–**	**71,524**	**–**	**71,524**
		10(a)	**46,963**	**71,524**	**2,848**	**121,335**
Financial assets at FVTPL						
Quoted shares	30 Sep 2022		**15,628**	**–**	**–**	**15,628**
Unquoted redeemable convertible loan notes	30 Sep 2022		**–**	**–**	**362**	**362**
Unit trusts	30 Sep 2022		**245,447**	**–**	**–**	**245,447**
Warrants	30 Sep 2022		**5,445**	**–**	**–**	**5,445**
		10(b)	**266,520**	**–**	**362**	**266,882**
Company						
Financial assets at FVOCI						
Quoted shares	30 Sep 2022		**36,649**	**–**	**–**	**36,649**
		10(a)	**36,649**	**–**	**–**	**36,649**
Financial assets at FVTPL						
Quoted shares	30 Sep 2022		**686**	**–**	**–**	**686**
		10(b)	**686**	**–**	**–**	**686**

53. FAIR VALUE (CONT'D)

(i) Fair value of financial instruments (Cont'd)

(c) 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
2021						
Group						
Financial assets at FVOCI						
Quoted shares	30 Sep 2021		110,204	–	–	110,204
Unquoted shares	30 Sep 2021		–	–	2,055	2,055
Corporate debt securities	30 Sep 2021		–	61,971	–	61,971
		10(a)	110,204	61,971	2,055	174,230
Financial assets at FVTPL						
Quoted shares	30 Sep 2021		22,865	–	–	22,865
Unquoted redeemable convertible loan notes	30 Sep 2021		–	–	2,768	2,768
Unit trusts	30 Sep 2021		345,230	–	–	345,230
Warrants	30 Sep 2021		3,968	–	–	3,968
		10(b)	372,063	–	2,768	374,831
Company						
Financial assets at FVOCI						
Quoted shares	30 Sep 2021		76,093	–	–	76,093
		10(a)	76,093	–	–	76,093
Financial assets at FVTPL						
Quoted shares	30 Sep 2021		1,292	–	–	1,292
Warrants	30 Sep 2021		2	–	–	2
		10(b)	1,294	–	–	1,294

There were no transfers between Levels 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 and unquoted redeemable convertible loan notes held at fair value is shown as part of the movement of financial assets as disclosed in Note 10.

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53. 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
2022						
Group						
Property, plant and equipment						
- Freehold land	30 Sep 2022		**–**	**–**	**2,730**	**2,730**
- Freehold buildings	30 Sep 2022		**–**	**–**	**850**	**850**
- Leasehold buildings	30 Sep 2022		**–**	**–**	**14,040**	**14,040**
		5	**–**	**–**	**17,620**	**17,620**
Investment properties						
- Freehold buildings	30 Sep 2022		**–**	**–**	**640**	**640**
		6	**–**	**–**	**640**	**640**
2021						
Group						
Property, plant and equipment						
- Freehold land	30 Sep 2021		–	–	2,670	2,670
- Freehold buildings	30 Sep 2021		–	–	851	851
- Leasehold buildings	30 Sep 2021		–	–	14,730	14,730
		5	–	–	18,251	18,251
Investment properties						
- Freehold buildings	30 Sep 2021		–	–	650	650
		6	–	–	650	650

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 fair value estimate using processes involving comparisons to recently transacted properties within close vicinity. In general, the properties being valued are compared with sales of similar properties that have been transacted in the open market. 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.

53. 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:	
2022 - Property, plant and equipment - Investment properties	- Adjusted sales price per square foot ("psf") of recently transacted properties within close vicinity	RM380-RM530 psf
2021 - Property, plant and equipment - Investment properties	- Adjusted sales price per square foot ("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.

54. 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.

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54. 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

	2022			2021		
	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	**192,072**	**(42,413)**	**149,659**	164,156	(39,853)	124,303
Personal Accident	**4,853**	**(562)**	**4,291**	5,539	(596)	4,943
Fire	**1,823**	**(1,287)**	**536**	1,690	(968)	722
Miscellaneous	**85,478**	**(79,566)**	**5,912**	71,348	(65,756)	5,592
	284,226	**(123,828)**	**160,398**	242,733	(107,173)	135,560

54. 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

	2022			2021		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Group						
Motor	**96,870**	**(29,447)**	**67,423**	91,805	(19,595)	72,210
Personal Accident	**350**	**(71)**	**279**	489	(54)	435
Fire	**376**	**(236)**	**140**	303	(149)	154
Miscellaneous	**13,658**	**(10,333)**	**3,325**	18,907	(15,471)	3,436
	111,254	**(40,087)**	**71,167**	111,504	(35,269)	76,235

Claims liabilities

	2022			2021		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Group						
Motor	**345,778**	**(90,017)**	**255,761**	344,673	(86,300)	258,373
Personal Accident	**2,859**	**(139)**	**2,720**	3,547	(161)	3,386
Fire	**4,131**	**(3,278)**	**853**	2,209	(1,440)	769
Miscellaneous	**86,124**	**(74,697)**	**11,427**	81,753	(70,776)	10,977
	438,892	**(168,131)**	**270,761**	432,182	(158,677)	273,505

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.

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54. INSURANCE RISK (CONT'D)

Sensitivities

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 in performing the sensitivity analysis was consistent with the prior 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) →			
2022					
Average claims cost	+10%	**21,661**	**17,275**	**(17,275)**	**(13,129)**
Average number of claims	+10%	**3,007**	**2,385**	**(2,385)**	**(1,812)**
Average claims settlement period	delayed by 6 months	**2,639**	**2,074**	**(2,074)**	**(1,576)**
2021					
Average claims cost	+10%	24,757	19,742	(19,742)	(15,004)
Average number of claims	+10%	9,128	7,404	(7,404)	(5,627)
Average claims settlement period	delayed by 6 months	2,077	1,645	(1,645)	(1,250)

* Impact on equity reflects adjustments for tax, where applicable.

A reduction in the key assumption at the rates shown above will have an equal but opposite effect on gross and net liabilities, profit before taxation and equity.

The Group has only assessed the sensitivity on average claim settlement period for Motor Act due to the long-tailed nature of the portfolio.

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.

54. INSURANCE RISK (CONT'D)

Claims development table (Cont'd)

The management of the Group believes that the estimate of total claims outstanding as of 30 September 2022 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.

Gross general insurance contract liabilities for 2022:

Accident year	Before 2016 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	Total RM'000
At end of accident year		223,370	199,691	188,653	188,323	182,297	124,546	188,257	
One year later		177,210	146,915	146,399	157,127	146,760	113,724	–	
Two years later		173,470	142,800	144,075	161,015	140,957	–	–	
Three years later		164,646	139,972	148,776	158,398	–	–	–	
Four years later		163,426	142,722	144,255	–	–	–	–	
Five years later		175,708	141,519	–	–	–	–	–	
Six years later		164,961	–	–	–	–	–	–	
Current estimate of cumulative claims incurred		164,961	141,519	144,255	158,398	140,957	113,724	188,257	
At end of accident year		(32,100)	(29,859)	(29,587)	(32,319)	(28,295)	(22,437)	(49,355)	
One year later		(75,007)	(71,540)	(73,453)	(64,169)	(54,294)	(47,141)	–	
Two years later		(119,145)	(100,568)	(96,662)	(88,375)	(77,983)	–	–	
Three years later		(138,007)	(113,282)	(111,858)	(107,589)	–	–	–	
Four years later		(146,250)	(119,838)	(120,295)	–	–	–	–	
Five years later		(150,765)	(125,232)	–	–	–	–	–	
Six years later		(154,707)	–	–	–	–	–	–	
Cumulative payments to-date		(154,707)	(125,232)	(120,295)	(107,589)	(77,983)	(47,141)	(49,355)	
Gross general insurance outstanding liability (direct and facultative)	35,120	10,254	16,287	23,960	50,809	62,974	66,583	138,902	404,889
Gross general insurance outstanding liability (treaty inward)									454
Best estimate of claims liabilities									405,343
Claims handling expenses									7,797
PRAD at 75% confidence level									37,062
Effects of discounting									(11,310)
Gross general insurance contract liabilities per statements of financial position									438,892

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(Cont'd)

54. INSURANCE RISK (CONT'D)

Net general insurance contract liabilities for 2022:

Accident year	Before 2016 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	Total RM'000
At end of accident year		172,639	148,606	101,587	142,820	136,607	85,440	129,681	
One year later		120,864	99,684	96,360	114,633	107,427	79,107	–	
Two years later		116,799	95,813	94,593	117,354	100,954	–	–	
Three years later		112,338	94,643	96,258	110,893	–	–	–	
Four years later		111,563	96,622	93,372	–	–	–	–	
Five years later		114,777	95,588	–	–	–	–	–	
Six years later		111,169	–	–	–	–	–	–	
Current estimate of cumulative claims incurred		111,169	95,588	93,372	110,893	100,954	79,107	129,681	
At end of accident year		(25,086)	(22,481)	(21,731)	(24,720)	(22,831)	(17,312)	(38,650)	
One year later		(56,418)	(50,029)	(50,218)	(48,750)	(42,294)	(35,486)	–	
Two years later		(84,099)	(70,628)	(65,635)	(65,631)	(59,164)	–	–	
Three years later		(96,493)	(79,723)	(74,737)	(79,344)	–	–	–	
Four years later		(101,694)	(84,043)	(79,497)	–	–	–	–	
Five years later		(103,980)	(86,343)	–	–	–	–	–	
Six years later		(105,315)	–	–	–	–	–	–	
Cumulative payments to-date		(105,315)	(86,343)	(79,497)	(79,344)	(59,164)	(35,486)	(38,650)	
Net general insurance outstanding liabilities (direct and facultative)	13,037	5,854	9,245	13,875	31,549	41,790	43,621	91,031	250,002
Net general insurance outstanding liability (treaty inward)									454
Best estimate of claims liabilities									250,456
Claims handling expenses									7,797
PRAD at 75% confidence level									21,439
Effects of discounting									(8,931)
Net general insurance contract liabilities per statements of financial position									270,761

54. INSURANCE RISK (CONT'D)

Gross general insurance contract liabilities for 2021:

Accident year	Before 2015 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	Total RM'000
At end of accident year		235,691	223,370	199,691	188,653	188,323	182,297	124,546	
One year later		208,308	177,210	146,915	146,399	157,127	146,760	–	
Two years later		202,198	173,470	142,800	144,075	161,015	–	–	
Three years later		197,726	164,646	139,972	148,776	–	–	–	
Four years later		194,570	163,426	142,722	–	–	–	–	
Five years later		195,172	175,708	–	–	–	–	–	
Six years later		198,961	–	–	–	–	–	–	
Current estimate of cumulative claims incurred		198,961	175,708	142,722	148,776	161,015	146,760	124,546	
At end of accident year		(36,239)	(32,100)	(29,859)	(29,587)	(32,319)	(28,295)	(22,437)	
One year later		(91,019)	(75,007)	(71,540)	(73,453)	(64,169)	(54,294)	–	
Two years later		(134,824)	(119,145)	(100,568)	(96,662)	(88,375)	–	–	
Three years later		(164,628)	(138,007)	(113,282)	(111,858)	–	–	–	
Four years later		(176,689)	(146,250)	(119,838)	–	–	–	–	
Five years later		(181,728)	(150,765)	–	–	–	–	–	
Six years later		(185,995)	–	–	–	–	–	–	
Cumulative payments to-date		(185,995)	(150,765)	(119,838)	(111,858)	(88,375)	(54,294)	(22,437)	
Gross general insurance outstanding liability (direct and facultative)	32,010	12,966	24,943	22,884	36,918	72,640	92,466	102,109	396,936
Gross general insurance outstanding liability (treaty inward)									975
Best estimate of claims liabilities									397,911
Claims handling expenses									7,054
PRAD at 75% confidence level									36,286
Effects of discounting									(9,069)
Gross general insurance contract liabilities per statements of financial position									432,182

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54. INSURANCE RISK (CONT'D)

Net general insurance contract liabilities for 2021:

Accident year	Before 2015 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	Total RM'000
At end of accident year		178,631	172,639	148,606	101,587	142,820	136,607	85,440	
One year later		152,783	120,864	99,684	96,360	114,633	107,427	–	
Two years later		148,032	116,799	95,813	94,593	117,354	–	–	
Three years later		143,827	112,338	94,643	96,258	–	–	–	
Four years later		141,592	111,563	96,622	–	–	–	–	
Five years later		141,425	114,777	–	–	–	–	–	
Six years later		142,332	–	–	–	–	–	–	
Current estimate of cumulative claims incurred		142,332	114,777	96,622	96,258	117,354	107,427	85,440	
At end of accident year		(28,124)	(25,086)	(22,481)	(21,731)	(24,720)	(22,831)	(17,312)	
One year later		(69,408)	(56,418)	(50,029)	(50,218)	(48,750)	(42,294)	–	
Two years later		(101,677)	(84,099)	(70,628)	(65,635)	(65,631)	–	–	
Three years later		(121,227)	(96,493)	(79,723)	(74,737)	–	–	–	
Four years later		(129,265)	(101,694)	(84,043)	–	–	–	–	
Five years later		(132,526)	(103,980)	–	–	–	–	–	
Six years later		(134,494)	–	–	–	–	–	–	
Cumulative payments to-date		(134,494)	(103,980)	(84,043)	(74,737)	(65,631)	(42,294)	(17,312)	
Net general insurance outstanding liabilities (direct and facultative)	13,470	7,838	10,797	12,579	21,521	51,723	65,133	68,128	251,189
Net general insurance outstanding liability (treaty inward)									975
Best estimate of claims liabilities									252,164
Claims handling expenses									7,054
PRAD at 75% confidence level									21,485
Effects of discounting									(7,198)
Net general insurance contract liabilities per statements of financial position									273,505

55. 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.

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(Cont'd)

55. 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.

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Financial asset at amortised cost	–	–	–	34,963
Financial assets at FVOCI [1]	71,524	61,971	–	–
Loans	2,112	2,138	–	–
Reinsurance assets [2]	168,131	158,677	–	–
Insurance receivables	13,834	23,453	–	–
Trade receivables	4,493	4,902	–	–
Other receivables [3]	5,759	5,535	400	2,702
Lease receivables	549	563	–	–
Due from subsidiary companies	–	–	211,241	185,159
Due from associated companies	8,758	17,823	–	–
Deposits and placements with financial institutions	166,168	115,790	–	–
Cash and bank balances	103,740	51,005	27,825	15,090
	545,068	441,857	239,466	237,914

[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.

55. 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
2022							
Financial assets at FVOCI	**9,941**	**21,518**	**10,158**	**–**	**–**	**29,907**	**71,524**
Loans	**–**	**–**	**–**	**–**	**–**	**2,112**	**2,112**
Reinsurance assets	**–**	**11,915**	**139,393**	**5,103**	**1,753**	**9,967 ^**	**168,131**
Insurance receivables	**–**	**11**	**8,040**	**82**	**46**	**5,655 ^**	**13,834**
Trade receivables	**–**	**–**	**–**	**–**	**–**	**4,493**	**4,493**
Other receivables	**1,742**	**262**	**284**	**–**	**–**	**3,471**	**5,759**
Lease receivables	**–**	**–**	**–**	**–**	**–**	**549**	**549**
Due from associated companies	**–**	**–**	**–**	**–**	**–**	**8,758**	**8,758**
Deposits and placements with financial institutions	**135,122**	**12,499**	**18,295**	**–**	**252**	**–**	**166,168**
Cash and bank balances	**41,524**	**31,593**	**22,764**	**–**	**5,326**	**2,533**	**103,740**
	188,329	**77,798**	**198,934**	**5,185**	**7,377**	**67,445**	**545,068**
2021							
Financial asset at FVOCI	–	20,483	10,480	–	–	31,008	61,971
Loans	–	–	–	–	–	2,138	2,138
Reinsurance assets	–	367	141,520	4,169	2,372	10,249 ^	158,677
Insurance receivables	–	219	16,146	196	101	6,791 ^	23,453
Trade receivables	–	–	–	–	–	4,902	4,902
Other receivables	2,338	237	250	–	–	2,710	5,535
Lease receivables	–	–	–	–	–	563	563
Due from an associated company	–	–	–	–	–	17,823	17,823
Deposits and placements with financial institutions	80,405	13,127	15,505	–	253	6,500	115,790
Cash and bank balances	30,209	1,444	10,543	–	6,325	2,484	51,005
	112,952	35,877	194,444	4,365	9,051	85,168	441,857

^ Non-rated balances for reinsurance assets and insurance receivables primarily relate to balances due/recoverable from local brokers/insurers/reinsurers licensed under the Financial Services Act, 2013 and Labuan Financial Services and Securities Act 2010.

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(Cont'd)

55. 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					
2022					
Other receivables	**15**	**–**	**–**	**385**	**400**
Due from subsidiary companies	**–**	**–**	**37**	**211,204**	**211,241**
Cash and bank balances	**16,047**	**173**	**11,605**	**–**	**27,825**
	16,062	**173**	**11,642**	**211,589**	**239,466**
2021					
Financial asset at amortised cost	–	–	34,963	–	34,963
Other receivables	1,684	–	692	326	2,702
Due from subsidiary companies	–	–	42	185,117	185,159
Cash and bank balances	14,894	196	–	–	15,090
	16,578	196	35,697	185,443	237,914

55. 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 2022 and 30 September 2021. The credit rating of these financial assets at amortised cost are as disclosed above in Note 55(a)(i).

- Financial assets at FVOCI

The following table shows the fair value of the Group's financial assets measured at FVOCI by credit risk and the expected credit loss amount recognised.

	Group	
	2022 RM'000	2021 RM'000
Financial assets at FVOCI		
AAA	**9,941**	–
AA	**21,518**	20,483
A	**10,158**	10,480
Not rated	**29,907**	31,008
Total carrying amount	**71,524**	61,971
Total ECL	**5**	57

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	2022 RM'000	2021 RM'000
As at 1 October		**57**	38
Net adjustment of loss allowances	39	**(52)**	19
As at 30 September		**5**	57

55. 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 2022								
ECL rate	**0.04%**	**1.34%**	**100.00%**		**1.38%**	**21.11%**	**100.00%**	
Carrying amount *	**2,115**	**21**	**25**	**2,161**	**11,365**	**621**	**555**	**12,541**
Allowance for ECL	**1**	**–**	**25**	**26**	**156**	**131**	**555**	**842**
30 September 2021								
ECL rate	0.10%	3.05%	100.00%		0.56%	10.06%	100.00%	
Carrying amount *	2,589	197	62	2,848	20,199	656	585	21,440
Allowance for ECL	3	6	62	71	113	66	585	764

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.

* 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.

55. 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 2022							
Carrying amount *	**–**	**13,526**	**621**	**555**	**–**	**–**	**14,702**
Allowance for ECL	**–**	**182**	**131**	**555**	**–**	**–**	**868**
30 September 2021							
Carrying amount *	–	23,047	656	585	–	–	24,288
Allowance for ECL	–	184	66	585	–	–	835

* 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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(Cont'd)

55. 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
2022				
Gross carrying amounts				
As at 1 October 2021		**23,642**	**646**	**24,288**
Decrease		**(9,519)**	**(67)**	**(9,586)**
As at 30 September 2022		**14,123**	**579**	**14,702**
Allowance for ECL				
As at 1 October 2021		**189**	**646**	**835**
Increase/(write back)	39	**100**	**(67)**	**33**
As at 30 September 2022		**289**	**579**	**868**
2021				
Gross carrying amounts				
As at 1 October 2020		17,824	876	18,700
Increase/(decrease)		5,818	(230)	5,588
As at 30 September 2021		23,642	646	24,288
Allowance for ECL				
As at 1 October 2020		169	876	1,045
Increase/(write back)	39	20	(230)	(210)
As at 30 September 2021		189	646	835

55. 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 2022						
ECL rate	**1.70%**	**23.21%**	**29.17%**	**23.33%**	**19.53%**	
Carrying amount	**942**	**56**	**96**	**240**	**4,066**	**5,400**
Allowance for ECL	**16**	**13**	**28**	**56**	**794**	**907**
30 September 2021						
ECL rate	1.74%	21.35%	3.75%	24.65%	46.84%	
Carrying amount	1,037	89	614	284	5,658	7,682
Allowance for ECL	18	19	23	70	2,650	2,780

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
2022				
Gross carrying amounts				
As at 1 October 2021		**5,180**	**2,502**	**7,682**
Decrease		**(473)**	**(1,809)**	**(2,282)**
As at 30 September 2022		**4,707**	**693**	**5,400**
Allowance for ECL				
As at 1 October 2021		**278**	**2,502**	**2,780**
Write back	39	**(64)**	**(1,809)**	**(1,873)**
As at 30 September 2022		**214**	**693**	**907**

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(Cont'd)

55. 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
2021				
Gross carrying amounts				
As at 1 October 2020		3,167	2,235	5,402
Increase		2,013	267	2,280
As at 30 September 2021		5,180	2,502	7,682
Allowance for ECL				
As at 1 October 2020		286	2,235	2,521
(Write back)/increase	39	(8)	267	259
As at 30 September 2021		278	2,502	2,780

(4) Expected credit loss ("ECL") - Due from subsidiary companies

Set out below is the information about the credit risk exposure on the Company's amount 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 2022						
ECL rate	**0.42%**	**0.48%**	**0.41%**	**20.31%**	**36.97%**	
Carrying amount	**36,771**	**12,835**	**1,700**	**3,993**	**249,037**	**304,336**
Allowance for ECL	**155**	**62**	**7**	**811**	**92,060**	**93,095**
30 September 2021						
ECL rate	–	–	–	–	28.58%	
Carrying amount	1,877	2,234	1,201	4,690	245,265	255,267
Allowance for ECL	–	–	–	–	70,108	70,108

55. 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 amount 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
2022				
Gross carrying amounts				
As at 1 October 2021		**185,159**	**70,108**	**255,267**
Increase		**26,082**	**22,987**	**49,069**
As at 30 September 2022		**211,241**	**93,095**	**304,336**
Allowance for ECL				
As at 1 October 2021		**–**	**70,108**	**70,108**
Addition	39	**–**	**22,987**	**22,987**
As at 30 September 2022		**–**	**93,095**	**93,095**
2021				
Gross carrying amounts				
As at 1 October 2020		162,163	69,691	231,854
Increase		22,996	417	23,413
As at 30 September 2021		185,159	70,108	255,267
Allowance for ECL				
As at 1 October 2020		–	69,691	69,691
Addition	39	–	417	417
As at 30 September 2021		–	70,108	70,108

(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.

Notes to the Financial Statements
– 30 September 2022

(Cont'd)

55. 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 entered into 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
2022						
Insurance contract liabilities	438,892	190,669	107,423	119,891	32,219	450,202
Insurance payables	16,336	16,336	–	–	–	16,336
Trade payables	622	622	–	–	–	622
Other payables #	18,964	18,964	–	–	–	18,964
Lease liabilities	10,585	4,971	3,424	2,931	179	11,505
Borrowings	1,765	1,045	769	–	–	1,814
Total	487,164	232,607	111,616	122,822	32,398	499,443

* Expected utilisation or settlement is within 12 months from the reporting date.

\# Net of provisions and accrued expenses.

55. 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
2021						
Insurance contract liabilities	432,182	167,138	102,042	121,934	50,137	441,251
Insurance payables	23,788	23,788	–	–	–	23,788
Trade payables	465	465	–	–	–	465
Other payables #	3,629	3,629	–	–	–	3,629
Lease liabilities	12,669	5,481	3,441	4,844	176	13,942
Borrowings	93,029	95,977	31	695	–	96,703
Total	565,762	296,478	105,514	127,473	50,313	579,778

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
2022						
Other payables #	**22**	**22**	**–**	**–**	**–**	**22**
Due to subsidiary companies	**4,036**	**–**	**–**	**–**	**4,036**	**4,036**
Lease liabilities	**1,161**	**497**	**448**	**309**	**–**	**1,254**
Borrowings	**1,000**	**1,000**	**–**	**–**	**–**	**1,000**
Total	**6,219**	**1,519**	**448**	**309**	**4,036**	**6,312**
2021						
Other payables #	11	11	–	–	–	11
Due to subsidiary companies	3,876	–	–	–	3,876	3,876
Lease liabilities	847	323	308	292	-	923
Borrowings	57,320	58,785	–	–	–	58,785
Total	62,054	59,119	308	292	3,876	63,595

* Expected utilisation or settlement is within 12 months from the reporting date.

\# Net of provisions and accrued expenses.

Notes to the Financial Statements
– 30 September 2022

(Cont'd)

55. 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 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 ("THB"), Great Britain Pound ("GBP"), Singapore Dollar ("SGD"), Japanese Yen ("JPY") and Hong Kong Dollar ("HKD").

Exposure to foreign currency risk

The Group's exposure to foreign currency risk, based on carrying amounts of financial instruments as at the end of the reporting date was:

	2022 Exposure in					
	USD RM'000	**THB RM'000**	**GBP RM'000**	**SGD RM'000**	**JPY RM'000**	**HKD RM'000**
Trade and other receivables	4,459	3,531	325	5	–	2
Due from associated companies	–	–	8,758	–	–	–
Deposits and placements with financial institutions	14,913	254	–	–	–	–
Cash and bank balances	47,305	9,095	1,242	552	111	–
Trade and other payables	(15,861)	(2,978)	(200)	(10)	–	(8)
Borrowings	(755)	–	–	–	–	–
	50,061	9,902	10,125	547	111	(6)

55. 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 of financial instruments as at the end of the reporting date was: (Cont'd)

	2021 Exposure in					
	USD RM'000	THB RM'000	GBP RM'000	SGD RM'000	JPY RM'000	HKD RM'000
Trade and other receivables	3,176	4,289	715	–	–	–
Due from associated companies	–	–	17,823	–	–	–
Deposits and placements with financial institutions	887	255	–	–	–	–
Cash and bank balances	1,249	6,522	1,341	553	135	–
Trade and other payables	(276)	(3,333)	(188)	–	–	–
Borrowings	(682)	–	–	–	–	–
	4,354	7,733	19,691	553	135	–

The Company's exposure to foreign currency risk, based on carrying amounts of financial instruments as at the end of the reporting date was:

	2022 Exposure in					
	USD RM'000	THB RM'000	GBP RM'000	SGD RM'000	JPY RM'000	HKD RM'000
Due from subsidiary companies	**146,428**	**6,094**	**51,086**	**98**	**–**	**11**
Cash and bank balances	**15,418**	**–**	**1**	**119**	**111**	**–**
Due to subsidiary companies	**(32)**	**(15)**	**–**	**–**	**–**	**–**
	161,814	**6,079**	**51,087**	**217**	**111**	**11**

	2021 Exposure in					
	USD RM'000	THB RM'000	GBP RM'000	SGD RM'000	JPY RM'000	HKD RM'000
Due from subsidiary companies	81,454	5,768	76,083	–	–	–
Cash and bank balances	52	–	1	186	135	–
Due to subsidiary companies	(29)	(15)	–	–	–	–
	81,477	5,753	76,084	186	135	–

Notes to the Financial Statements
– 30 September 2022

(Cont'd)

55. 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, THB, 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	
		2022 Profit net of tax RM'000	2021 Profit net of tax RM'000	2022 Profit net of tax RM'000	2021 Profit net of tax RM'000
		Increase / (decrease)			
USD/RM	- strengthened 3%	**5,177**	2,990	**4,061**	2,248
	- weakened 3%	**(5,177)**	(2,990)	**(4,061)**	(2,248)
GBP/RM	- strengthened 3%	**2,356**	2,180	**2,356**	2,180
	- weakened 3%	**(2,356)**	(2,180)	**(2,356)**	(2,180)
USD/THB	- strengthened 3%	**(341)**	(321)	**–**	–
	- weakened 3%	**341**	321	**–**	–
THB/RM	- strengthened 3%	**453**	426	**144**	138
	- weakened 3%	**(453)**	(426)	**(144)**	(138)
SGD/RM	- strengthened 3%	**55**	51	**5**	4
	- weakened 3%	**(55)**	(51)	**(5)**	(4)
JPY/RM	- strengthened 3%	**3**	3	**3**	3
	- weakened 3%	**(3)**	(3)	**(3)**	(3)

(ii) Interest rate 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.

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 risk.

55. FINANCIAL RISKS (CONT'D)

(c) Market risk (Cont'd)

(ii) Interest rate risk (Cont'd)

The analysis below is performed for reasonably possible movements in interest rates of corporate debt securities, with all other variables held constant, showing the impact on profit before tax and equity. The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

		2022 Impact on		2021 Impact on	
Group	Change in basis points	Profit before tax RM'000	Equity * RM'000	Profit before tax RM'000	Equity * RM'000
		← Increase / (decrease) →			
Interest rates	+25 bps	**(656)**	**(499)**	(696)	(529)
Interest rates	-25 bps	**666**	**506**	708	538

* Impact on Equity reflects adjustments for tax, where applicable.

(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.

Notes to the Financial Statements
– 30 September 2022

(Cont'd)

55. FINANCIAL RISKS (CONT'D)

(c) Market risk (Cont'd)

(iii) Price risk (Cont'd)

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).

The method used in performing the sensitivity analysis was consistent with the prior year.

		2022 Impact on		2021 Impact on	
Group	Change in variables	Profit before tax RM'000	Equity * RM'000	Profit before tax RM'000	Equity * RM'000
		Increase / (decrease)			
Market price	+10%	**26,652**	**24,543**	37,206	38,522
Market price	-10%	**(26,652)**	**(24,543)**	(37,206)	(38,522)
Company					
Market price	+10%	**69**	**3,734**	129	7,739
Market price	-10%	**(69)**	**(3,734)**	(129)	(7,739)

(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.

56. 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 the reporting dates, as prescribed under the RBC Framework is provided below:

	2022 RM'000	2021 RM'000
Eligible Tier 1 Capital		
Share capital (paid-up)	**100,000**	100,000
Retained earnings	**112,317**	93,714
	212,317	193,714
Tier 2 Capital		
Capital instruments which qualify as Tier 2 Capital	**–**	10,468
Revaluation reserve	**14,332**	13,972
FVOCI reserve	**3,709**	21,148
	18,041	45,588
Amounts deducted from Capital	**(1,342)**	(1,723)
Total Capital Available	**229,016**	237,579

Notes to the Financial Statements
– 30 September 2022

(Cont'd)

57. SEGMENT REPORTING

(a) Business Segments

The Group is organised into the following 5 major business segments:

(i) Insurance
(ii) Information technology
(iii) Investment holding
(iv) Money lending
(v) Investment in start-ups

Other business segments include distribution of consumer goods, property development and dealings in properties, 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	Investment in start-ups RM'000	Others RM'000	Consolidation adjustments RM'000	Group RM'000
2022								
REVENUE								
External sales	299,538	10,767	825	245	–	–	–	311,375
Inter-segment sales	261	21,221	63,540	166	–	–	(85,188)	–
Total segment revenue	299,799	31,988	64,365	411	–	–	(85,188)	311,375
RESULTS								
Segment profit/(loss)	3,269	(678)	28,736	348	42,744	(1,874)	(13,609)	58,936
Share of losses of associated companies (net of tax)	–	–	–	–	(2,170)	–	–	(2,170)
Segment profit/(loss) before tax after accounting for:	3,269	(678)	28,736	348	40,574	(1,874)	(13,609)	56,766
Interest income	–	341	–	–	723	–	(161)	903
Finance cost	(4,364)	(4,467)	(2,237)	–	(5,045)	(488)	11,745	(4,856)
Depreciation	(3,923)	(2,557)	(406)	–	(533)	(387)	1,289	(6,517)
Amortisation	(357)	(132)	(14)	–	(2)	–	75	(430)
Unrealised foreign exchange gains	–	2,137	3,535	–	1,525	–	1,363	8,560
Other (expenses)/income	(3,155)	2,444	(23,274)	–	42,963	–	31,474	50,452

57. SEGMENT REPORTING (CONT'D)

(a) Business Segments (Cont'd)

	Insurance RM'000	Information technology RM'000	Investment holding RM'000	Money lending RM'000	Investment in start-ups RM'000	Others RM'000	Consolidation adjustments RM'000	Group RM'000
2022								
ASSETS								
Segment assets	809,797	43,580	66,108	5,125	36,448	126,349	–	1,087,407
Unallocated corporate assets								664
Consolidated total assets								1,088,071
LIABILITIES								
Segment liabilities	574,638	12,154	1,554	140	1,259	19,863	–	609,608
Unallocated corporate liabilities								6,394
Consolidated total liabilities								616,002
OTHER INFORMATION								
Investment in associated companies	–	–	–	–	6,890	–	–	6,890
Capital expenditure	56	751	10	–	3	–	–	820

Notes to the Financial Statements
– 30 September 2022

(Cont'd)

57. SEGMENT REPORTING (CONT'D)

(a) Business Segments (Cont'd)

	Insurance RM'000	Information technology RM'000	Investment holding RM'000	Money lending RM'000	Investment in start-ups RM'000	Others RM'000	Consolidation adjustments RM'000	Group RM'000
2021								
REVENUE								
External sales	257,385	15,146	1,815	284	–	–	–	274,630
Inter-segment sales	274	18,380	18,878	166	–	–	(37,698)	–
Total segment revenue	257,659	33,526	20,693	450	–	–	(37,698)	274,630
RESULTS								
Segment profit/(loss)	15,025	(7,216)	14,329	398	(6,973)	(750)	(37)	14,776
Share of losses of associated companies (net of tax)	–	–	–	–	(3,798)	–	–	(3,798)
Segment profit/(loss) before tax after accounting for:	15,025	(7,216)	14,329	398	(10,771)	(750)	(37)	10,978
Interest income	–	427	–	–	169	–	(272)	324
Finance cost	(5,969)	(4,061)	(3,170)	–	(5,000)	(56)	11,634	(6,622)
Depreciation	(4,605)	(2,753)	(461)	–	(586)	–	1,483	(6,922)
Amortisation	(456)	(146)	(14)	–	(3)	–	74	(545)
Unrealised foreign exchange (losses)/gains	-	(1,521)	4,711	–	22	–	–	3,212
Other income/(expenses)	2,642	(2,056)	4,551	–	(70)	–	1,872	6,939
ASSETS								
Segment assets	887,101	38,991	94,360	4,930	45,383	55,266	–	1,126,031
Unallocated corporate assets								1,284
Consolidated total assets								1,127,315
LIABILITIES								
Segment liabilities	577,430	15,158	1,221	139	1,831	165	–	595,944
Unallocated corporate liabilities								103,355
Consolidated total liabilities								699,299

57. SEGMENT REPORTING (CONT'D)

(a) Business Segments (Cont'd)

	Insurance RM'000	Information technology RM'000	Investment holding RM'000	Money lending RM'000	Investment in start-ups RM'000	Others RM'000	Consolidation adjustments RM'000	Group RM'000
2021								
OTHER INFORMATION								
Investment in associated companies	–	–	–	–	18,879	–	–	18,879
Capital expenditure	30	367	12	–	4	–	–	413

Other income/(expenses) include the following items:

	Group 2022 RM'000	Group 2021 RM'000
(Loss)/gain on disposal of:		
- property, plant and equipment	**(6)**	(28)
- intangible assets	**(60)**	–
- investments	**56**	3,192
- an associated company	**71,633**	–
(Loss)/gain on fair value of investments held at fair value through profit or loss	**(6,932)**	4,409
Write back of allowance for/(allowance for) impairment of:		
- property, plant and equipment	**1,574**	–
- investment in an associated company	**(2,405)**	–
- amounts due from an associated company	**(16,133)**	–
- insurance receivables	**(33)**	210
- trade receivables	**1,873**	(259)
- corporate debt securities	**52**	(19)
Inventories written off	**(27)**	(425)
Property, plant and equipment written off	**(11)**	(5)
Loss on fair value of investment properties	**(10)**	(5)
Gain on derecognition of right-of-use assets	**78**	7
Net (loss)/gain on remeasurement of leases	**(13)**	6
Income from COVID-19 related rent concessions	**9**	37
Allowance for unutilised leave	**752**	(244)
Others	**55**	63
	50,452	6,939

Notes to the Financial Statements
– 30 September 2022

(Cont'd)

57. 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	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Malaysia	**301,643**	263,838	**905,479**	997,377	**774**	253
Thailand	**8,991**	9,625	**13,688**	12,023	**35**	17
United States of America	**741**	1,167	**135,579**	63,449	**8**	139
England	**–**	–	**32,661**	53,182	**3**	4
	311,375	274,630	**1,087,407**	1,126,031	**820**	413

(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 (2021: Nil).

58. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

(a) Disposal of ordinary shares of Ancom Nylex Berhad (formerly known as Ancom Berhad)

- **Disposal during the financial year**

The Group and the Company have disposed an aggregate of 31,777,000 and 22,207,000 ordinary shares of Ancom Nylex Berhad ("Ancom Shares") respectively, for a total gross consideration of RM78,696,000 and RM55,059,000 respectively on Bursa Malaysia Securities Berhad ("Bursa Malaysia") via open market and direct business transactions from 27 October 2021 to 16 November 2021. Prior to the disposal, the Ancom Shares were classified as financial assets at FVOCI and had been stated at fair value at each reporting date.

The fair value gains in respect of the disposed shares, that arose during the financial year and which was recognised in the statement of other comprehensive income up to the date of disposal, amounted to RM9,741,000 and RM6,871,000 for the Group and the Company respectively.

Arising from the disposal, the accumulated gains recognised in FVOCI reserves of the Group and the Company of RM63,296,000 and RM47,402,000 respectively in relation to this tranche of shares disposed have been transferred to retained profits during the financial year ended 30 September 2022.

58. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR (CONT'D)

(a) Disposal of ordinary shares of Ancom Nylex Berhad (formerly known as Ancom Berhad) (Cont'd)

- **Disposal subsequent to the end of the financial year**

  Subsequent to the financial year end, the Group and the Company disposed an additional 34,000,000 and 28,000,000 ordinary shares of Ancom Shares respectively, for a total gross consideration of RM29,580,000 and RM24,360,000 respectively on Bursa Malaysia via direct business transactions from 17 November 2022 to 23 November 2022.

  The fair value loss in respect of the disposed shares, that arose from the period subsequent to the financial year end to the date of this report and which was recognised in the statement of other comprehensive income up to the date of disposal, amounted to RM2,720,000 and RM2,240,000 for the Group and the Company respectively.

  Arising from the disposal, the accumulated gains recognised in FVOCI reserves of the Group and the Company of RM23,013,000 and RM21,142,000 respectively in relation to this tranche of shares disposed have been transferred to retained profits during the financial year ending 30 September 2023.

(b) Disposal of an associated company

On 24 December 2021, the Company had announced that its wholly-owned subsidiary, Pacific & Orient Distribution Sdn Bhd ("POD") together with other shareholders of HiringBoss Holdings Pte Ltd ("HHPL") had on even date entered into a share purchase agreement with Access UK Limited ("Access UK") for a joint disposal of 22,894,800 ordinary shares in HHPL to Access UK for a total cash consideration of USD90,288,000 (equivalent to RM376,050,000 based on the exchange rate of RM4.1650/USD1.00 as at 31 December 2021 ("Completion Date")).

The joint disposal entailed the disposal by POD of its entire 21.91% equity interest (as of disposal date) in HHPL to Access UK for a total cash consideration of USD19,835,000 (equivalent to RM82,611,000 based on the exchange rate of RM4.1650/USD1.00 as at the Completion Date).

The disposal had been completed on 31 December 2021 and ratification by the shareholders had been obtained through an Extraordinary General Meeting held on 11 March 2022. Arising from the disposal, the Group recognised a gain on disposal of an associated company in other operating income which amounted to RM71,633,000.

(c) Impairment loss of an associated company

During the financial year, the board of directors of an associated company, Silicon Markets Limited ("SML") informed that SML has to cease operations as it could no longer continue operations under difficult market conditions and increasing overheads.

In view of the above, the Group had performed an impairment assessment and had accordingly made an allowance for impairment loss of RM20,790,000 as the carrying amount of its investment in SML exceeded the recoverable amount.

(d) Coronavirus ("COVID-19") Pandemic

The prolonged COVID-19 pandemic has continued to cause disruption to the businesses and economies globally. However, the Group and the Company were not adversely affected as their business operations were able to operate uninterrupted throughout the COVID-19 pandemic. Accordingly, the Group's and the Company's financial statements for the financial years ended 30 September 2022 and 30 September 2021 have been prepared based on the application of the going concern assumption.

SHAREHOLDINGS STATISTICS

As At 30 December 2022

Issued and fully paid-up capital	:	RM148,382,456
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	602	25,264	0.01
100 to 1,000 shares	448	187,315	0.07
1,001 to 10,000 shares	2,491	10,827,365	4.03
10,001 to 100,000 shares	1,325	34,823,134	12.96
100,001 to less than 5% of issued shares	165	143,607,329	53.42
5% and above of issued shares	3	79,306,433	29.51
Total	**5,034**	**268,776,840***	**100.00**

* The number of 268,776,840 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 30 December 2022 were as follows:

	No. of Shares Held			
Name	Direct Interest	%	Indirect Interest	%
Chan Thye Seng	39,250,538	14.60	127,219,650[(2)]	47.33
Mah Wing Holdings Sdn. Bhd.	63,337,400	23.57	–	–
Mah Wing Investments Limited	57,473,102	21.38	–	–

DIRECTORS' SHAREHOLDINGS

According to the Register of Directors' Shareholdings, the Directors' shareholdings as at 30 December 2022 were as follows:

	No. of Shares Held			
Name	**Direct Interest**	**%**	**Indirect Interest**	**%**
Chan Hua Eng	331,564	0.12	642,455[(1)]	0.24
Chan Thye Seng	39,250,538	14.60	127,219,650[(2)]	47.33
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	–	–
Dato' Sri Mohd Mokhtar bin Haji Mohd Shariff	116,666	0.04	–	–

Notes:
(1) Held by virtue of Chan Hua Eng's interests in, 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., Chan Kok Tien Realty Sdn. Bhd., 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	16.67
2.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Thye Seng	18,410,950	6.85
3.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mah Wing Holdings Sdn Bhd	16,089,047	5.99
4.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mah Wing Holdings Sdn Bhd	13,006,666	4.84
5.	Public Nominees (Asing) Sdn Bhd Pledged Securities Account for Mah Wing Investments Limited	12,666,666	4.71
6.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mah Wing Holdings Sdn Bhd	12,550,000	4.67
7.	DB (Malaysia) Nominee (Asing) Sdn Bhd Deutsche Bank Ag Singapore for Yeoman 3-Rights Value Asia Fund	10,091,666	3.75
8.	Mah Wing Holdings Sdn Bhd	8,771,733	3.26
9.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mah Wing Holdings Sdn Bhd	7,319,954	2.72
10.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Chan Thye Seng	6,145,281	2.29

Shareholdings Statistics
As At 30 December 2022

(Cont'd)

THIRTY LARGEST SECURITIES ACCOUNTS HOLDERS

No.	Name	No. of Shares Held	% of Issued Capital
11.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Thye Seng	6,133,333	2.28
12.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Chan Kok Tien Realty Sdn Bhd	5,612,469	2.09
13.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mah Wing Holdings Sdn Bhd	5,600,000	2.08
14.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Thye Seng	5,424,014	2.02
15.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Thye Seng	2,431,370	0.91
16.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Liew Kon Sing @ Liew Kong	1,958,933	0.73
17.	Tan Teong Han	1,548,928	0.58
18.	Yeap Kim Siew	1,270,932	0.47
19.	Affin Hwang Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for Yeo Seng Chong	1,185,066	0.44
20.	Lim Kam Seng	1,130,000	0.42
21.	Yeoh Phek Leng	1,125,000	0.42
22.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Surinder Singh A/L Wassan Singh	1,109,533	0.41
23.	Yayasan Guru Tun Hussein Onn	1,027,873	0.38
24.	Zaha Rina binti Zahari	1,000,066	0.37
25.	Tan Chong Meng	900,000	0.34
26.	Liau Keen Yee	894,500	0.33
27.	Tong Fong Realty Sdn Berhad	868,583	0.32
28.	Affin Hwang Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for Lim Mee Hwa	755,099	0.28
29.	Yayasan Guru Tun Hussein Onn	723,333	0.27
30.	Lee Yeow Hian	712,644	0.27
	Total	**191,270,075**	**71.16**

LIST OF PROPERTIES
As At 30 September 2022

No	Location	Gross build-up area (Land area) sq. ft.	Tenure	Description/ existing use	Net book value @ 30.9.2022 RM'000	Approximate age of building Years	Date of acquisition/ Date of last valuation
	MALAYSIA						
1.	P.N. (WP) 50897/M1/10/11 Lot No. 20004, Section 46 Town and District of Kuala Lumpur State of Wilayah Persekutuan 10th Floor Wisma Bumi Raya No. 10, Jalan Raja Laut 50350 Kuala Lumpur Wilayah Persekutuan K.L	11,108	Leasehold expiring 8.4.2074 (P.N 50897 expiring 29.09.2112)	Office	4,440	37	Unit 10-A 1.7.1993/ 30.09.2022 Unit 10-B 1.4.1995/ 30.09.2022
2.	P.N. (WP) 50897/M1/11/12 & M1/12/13, Lot No. 20004, Section 46 Town and District 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 11,108 12th Floor 11,108	Leasehold expiring 8.4.2074 (P.N 50897 expiring 29.09.2112)	Office	8,880	37	21.12.1982/ 30.09.2022
3.	Geran 71669/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	37	14.4.1986 / 30.09.2022

List of Properties
As At 30 September 2022

(Cont'd)

No	Location	Gross build-up area (Land area) sq. ft.	Tenure	Description/ existing use	Net book value @ 30.9.2022 RM'000	Approximate age of building Years	Date of acquisition/ Date of last valuation
	MALAYSIA						
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	30	43	1.12.1986 / 30.09.2022
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	39	13.2.1991/ 30.09.2022
6.	Lot No. 1217, Title No. PN 26201, Town of Melaka 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 corner unit	720	24	18.9.1998/ 30.09.2022

List of Properties
As At 30 September 2022

(Cont'd)

No	Location	Gross build-up area (Land area) sq. ft.	Tenure	Description/ existing use	Net book value @ 30.9.2022 RM'000	Approximate age of building Years	Date of acquisition/ Date of last valuation
	MALAYSIA						
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 terraced factories corner unit/ office	2,080	23	3.12.1999/ 30.09.2022
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 terraced factories intermediate unit/office	1,300	23	3.12.1999/ 30.09.2022
	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	94,462	N/A	08.01.2015/ 30.09.2022

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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 29th Annual General Meeting of the Company to be conducted on a 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, 8 March 2023 at 11.00 a.m. and at any adjournment thereof.

Item	Agenda	Resolution	For	Against
1.	To receive the Audited Financial Statements and Reports.			
2.	To approve the Directors' fees payable to the Non-Executive Directors of the Company up to an amount of RM800,000 from the day after the 29th 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 RM200,000 from the day after the 29th Annual General Meeting until the next Annual General Meeting of the Company	Ordinary Resolution 2		
4	To re-elect Mr. Chan Thye Seng as Director	Ordinary Resolution 3		
5.	To re-elect Dato' Sri Mohd Mokhtar bin Haji Mohd Shariff	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 Director	Ordinary Resolution 8		
10.	To retain Dato' Dr. Zaha Rina binti Zahari as Independent 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 ____________________ 2023

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 2 March 2023 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
Registration No. 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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PACIFIC & ORIENT BERHAD
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