PACIFIC & ORIENT BERHAD

Registration no. 199401022687 (308366-H)

ANNUAL REPORT
2023

TABLE OF CONTENTS

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 30th 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 Friday, 8 March 2024 at 10.30 a.m. for the following purposes:

AGENDA

A. Ordinary Business

1. To receive the Audited Financial Statements for the year ended 30 September 2023 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 30th 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 30th Annual General Meeting until the next Annual General Meeting of the Company. **Ordinary Resolution 2**

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

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

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

B. Special Business

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

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** 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."

10. 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 2024
Kuala Lumpur

NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

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/NeVBp0. Members are advised to read the Administrative Guide carefully and follow the procedures in the Administrative Guide for this Annual General Meeting in order to participate remotely.

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

(B) Appointment of Proxy

1. Depositors whose names appear in the Record of Depositors as of 4 March 2024 shall be regarded as members of the Company entitled to attend the Annual General Meeting or appoint proxies to attend on their behalf.

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

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

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

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

(C) Audited Financial Statements

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

NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

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 30th 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 and 4 – Re-election of Directors

Article 77 of the Constitution states that at every Annual General Meeting, at least one-third (1/3) of the Directors for the time being shall retire from office at each annual general meeting. A Director retiring at a meeting shall retain office until the conclusion of the meeting and all Directors shall retire from office at least once every three (3) years. A retiring Director shall be eligible for re-election. Pursuant to Article 77, Mr. Chan Hua Eng and Dato' Dr. Zaha Rina binti Zahari, being eligible, have offered themselves for re-election at the 30th Annual General Meeting.

The Board through the Nomination Committee ("NC") had undertaken an annual assessment and evaluation on Mr. Chan Hua Eng and Dato' Dr. Zaha Rina binti Zahari. Based on the assessments conducted, the NC was satisfied with the performance and contribution of Mr. Chan Hua Eng and Dato' Dr. Zaha Rina binti Zahari and has accordingly recommended to the Board for their re-election.

The Board has endorsed the NC's recommendation and support the re-election of Mr. Chan Hua Eng and Dato' Dr. Zaha Rina binti Zahari and recommended the re-election of Mr. Chan Hua Eng and Dato' Dr. Zaha Rina binti Zahari for approval by the shareholders at the 30th Annual General Meeting.

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

This resolution 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 30th 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.

Ordinary Resolution 6, if passed, will exclude shareholder's pre-emptive right to be offered such new shares to be issued by the Company pursuant to the resolution.

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 29th Annual General Meeting held on 8 March 2023 and it will lapse at the conclusion of the 30th Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

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

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

For further information, please refer to the Share Buy-Back Statement dated 30 January 2024 which is despatched together with the Company's Annual Report 2023.

5. Ordinary Resolutions 8 – Retention of Independent Director

The Board of Directors has via the Nominating Committee conducted an assessment of independence of Dato' Dr. Zaha Rina binti Zahari, who has served as Independent Director for a cumulative term of more than nine years and recommended her to continue to act as Independent Directors based on the following justifications:

<u>Justifications</u>

(a) She has met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements and is therefore able to give independent opinion to the Board;
(b) Being director for more than nine years respectively has enabled her to contribute positively during deliberations/discussions at meetings as she is familiar with the operations of the Company and possess tremendous insight and knowledge of the Company's operations;
(c) She has contributed sufficient time and exercised due care during her tenure as Independent Director;
(d) She has discharged her professional duties in good faith and also in the best interest of the Company and shareholders;
(e) She has vigilantly safeguarded the interests of the minority shareholders of the Company;
(f) She has the calibre, qualifications, experiences and personal qualities to challenge management in an effective and constructive manner;
(g) She has never compromised on her independent judgement;
(h) She has provided objective views on the performance of the Executive Director and Management in meeting the agreed goals and objectives; and
(i) She has ensured that there were effective checks and balances in Board proceedings.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

Details of the Directors who are standing for re-election at this Annual General Meeting can be found on pages 8 and 9 – Profile of the Board of Directors in the Company's Annual Report 2023.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Chan Hua Eng
Chairman

Mr. Chan Thye Seng
Managing Director and Chief Executive Officer

Mr. Michael Yee Kim Shing
Non-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

95, 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

67, 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 the Executive Director of Pacific & Orient Insurance Co. Berhad and he has retired as a non-independent non-executive director of Ancom Nylex Berhad in October 2023.

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

85, Male, Malaysian

Non-Independent
Non-Executive Director

Member of the Audit Committee,
Risk Management Committee,
Nominating Committee and
Remuneration Committee

Mr. Yee joined the Board in February 1995. He was redesignated as a Non-Independent Non-Executive Director on 30 May 2023.

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).

Mr. Yee has resigned as a non-independent non-executive director of Datasonic Group Berhad in August 2023.

PROFILE OF THE BOARD OF DIRECTORS & KEY SENIOR MANAGEMENT

(CONT'D)

BOARD OF DIRECTORS

Dato' Dr. Zaha Rina binti Zahari

62, 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 also 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.

Mr. Ong Seng Pheow

75, Male, Malaysian

Independent Director

Chairman of Audit Committee

Member of Risk Management Committee, Nominating Committee and Remuneration Committee

Mr. Ong was appointed to the Board of Pacific & Orient Berhad on 19 April 2018 and was redesignated as the Chairman of the Audit Committee on 30 May 2023.

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 boards of several public and private limited companies.

PROFILE OF THE BOARD OF DIRECTORS & KEY SENIOR MANAGEMENT

(CONT'D)

BOARD OF DIRECTORS

Dato' Sri Mohd Mokhtar bin Haji Mohd Shariff

66, Male, Malaysian

Independent Director

Chairman of the Nominating Committee and Remuneration Committee

Member of Audit Committee and Risk Management Committee

Dato' Sri Mohd Mokhtar was appointed to the Board of Pacific & Orient Berhad on 22 December 2022 and was subsequently appointed as the Chairman of the Nominating Committee and Remuneration Committee on 1 June 2023.

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.

KEY SENIOR MANAGEMENT

Encik Noor Muzir bin Mohamed Kassim

55, 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 pages 236 and 237 (Shareholding Statistics).
2. Except for Mr. Chan Hua Eng who is a 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

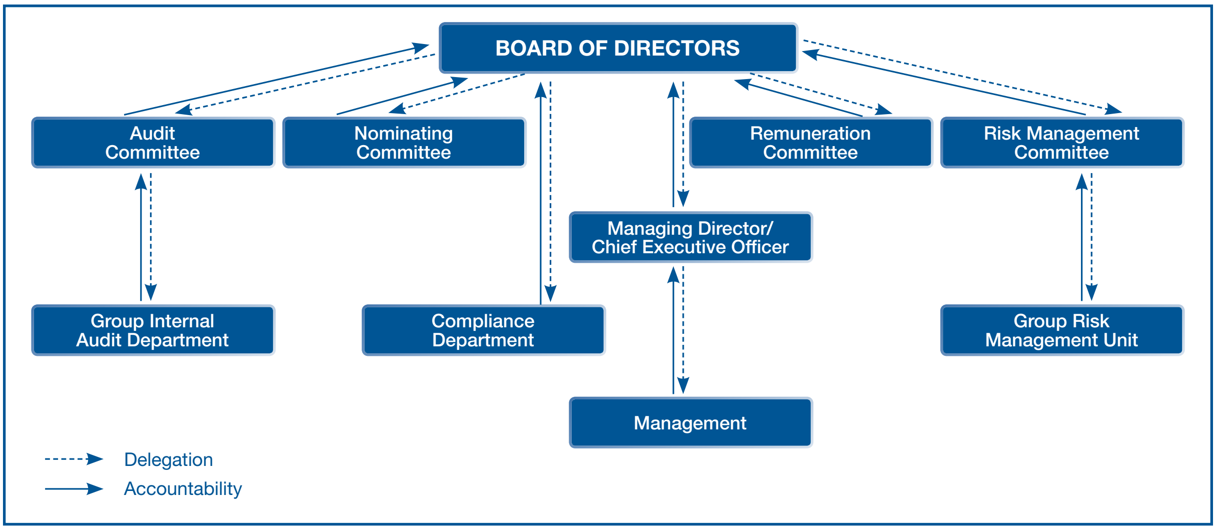
Pursuant to paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a public listed company is required to provide an overview of the application of the Principles set out in the Malaysian Code on Corporate Governance, in its annual report.

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 2023 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 2023, which is available on Bursa Malaysia Securities Berhad's website at https://www.bursamalaysia.com and corporate website at https://www.pacific-orient.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 11 and 24 of the Corporate Governance Report available on Bursa Malaysia Securities Berhad's website and corporate 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, to provide independent oversight of management besides ensuring Board balance and minority shareholders' interests are adequately represented, half of the Board comprised Independent Directors.

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.

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

I. Board Responsibilities (Cont'd)

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:

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	Non-Independent Non-Executive Director	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/ Chairman of Audit Committee ("AC")	4/4	1/1	1/1	4/4	4/4
Dato' Sri Mohd Mokhtar bin Haji Mohd Shariff (Appointed on 22 December 2022)	Independent Director/ Chairman of the Nominating Committee ("NC") and Remuneration Committee ("RC")	3/3	0/0	0/0	3/3	3/3
Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed (Retired on 8 March 2023)	Independent Director	2/2	1/1	1/1	2/2	2/2

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.

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

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.

Similarly, the Board of the principal insurance subsidiary has also adopted a Directors' Code of Ethics. Additionally, during the financial year, the principal insurance subsidiary has also established a Code of Ethical Conduct for its employees, which outlines 6 ethical principles and 10 standards of conduct to be adhered to by all its employees to advocate a strong culture of professionalism and ethics across the company.

Further, 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.

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 for Directors; 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 64 of this Annual Report.

Board Committees

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

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

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

II. Board Composition

Board Composition and Diversity

Independent Directors form half of the Board. This ensures Board balance and that minority shareholders' interests are adequately represented.

The Company recognises the benefits of having a diverse Board, which will make good use of the differences in skills, industry experience, age, cultural background, gender and other distinctions among the Directors. The Board, when making appointments, will consider skills and experience needed as well as gender balance to expand the perspective and capability of the Board as a whole. Nevertheless, the Board does not set any specific target for female Directors on the Board but will actively work towards having more female Directors on the Board, all things being equal. 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

During the financial year, one of the two Independent Directors who had served a tenure of 12 years and above had retired while the other Independent Director was redesignated as Non-Independent Non-Executive Director pursuant to the Main Market Listing Requirements. With the appointment of a new Independent Director during the financial year, the Board currently comprises two Non-Independent Non-Executive Directors, one Executive Director and three Independent Directors.

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, 1 out of the 3 Independent Directors of the Company has served a tenure of 9 years and above but less than 12 years. The Board intends to retain the said Director as Independent Director. The Director has provided annual declaration of the Director's independence to the Board. The Nominating Committee and the Board have assessed and concluded that the Independent Director 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 reappointment of the Director to the Board through a 2-tier voting process in the forthcoming Annual General Meeting.

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 and contribution of each individual Director, including the performance of the Managing Director/Chief Executive Officer;
(ii) Reviewed and recommended the re-election of a Director who was due for retirement by rotation;
(iii) Noted the retirement of a Director who had served a tenure exceeding 12 years;
(iv) Assessed the independence of an Independent Director whose tenure has exceeded 9 years but less than 12 years. The reappointment of the said Director as Independent Director required shareholders' approval through a 2-tier voting process in the Annual General Meeting;
(v) Assessed the independence of an Independent Director whose tenure has exceeded 12 years. The reappointment of the said Director as Independent Director required shareholders' approval through a 2-tier voting process in the Annual General Meeting. The said Director had continued to act as an Independent Director until his re-designation as Non-Independent Non-Executive Director effective 1 June 2023 in accordance with the Main Market Listing Requirements;
(vi) Reviewed and recommended the appointment of a proposed Independent Director to the Board;
(vii) Assessed the independence of an Independent Director whose tenure was less than 9 years;
(viii) Reviewed and assessed the mix of skills, knowledge, industry experience, age, cultural background, gender and other distinctions among the Directors; and
(ix) Assessed the training needs of Directors and reviewed the training programmes for Directors.

Assessment of Nominees for Appointment to the Board, Re-election as Director, Effectiveness of 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 adopted a Directors' Fit and Proper Policy, 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.

In accordance with the Company's Constitution, any Director appointed to fill a casual vacancy shall hold office only until the forthcoming Annual General Meeting and shall be eligible for re-election at that meeting. The Company's Constitution also stipulates that at least 1/3 of the Directors shall retire from office by rotation at each Annual General Meeting but shall be eligible for re-election at that meeting. During the financial year, the Nominating Committee had reviewed and recommended to the Board the re-election of Directors pursuant to the Constitution of the Company.

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

II. Board Composition (Cont'd)

Assessment of Nominees for Appointment to the Board, Re-election as Director, Effectiveness of the Board as a Whole, Board Committees, Chairman of the Board, Individual Directors and Managing Director/Chief Executive Officer (Cont'd)

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 succession planning for Board members and the Chairman to ensure business continuity and performance. In addition, the Board had expected digitalization to be progressively implemented within the Company in the current digital age. The Board had also suggested that a person with information technology background be appointed to the Board in order to increase Board diversity. The Company has taken cognisance of the matter and will look for suitable candidates for directorship with information technology background.

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.

Directors' Training

The Company recognises the importance of continuous professional development and training for its Directors. During the financial year ended 30 September 2023, the Directors had attended training covering a broad range of areas such as sustainability, anti-corruption, statutory regulations, corporate governance, information technology, cybersecurity, accounting, financial reporting standards and financial planning. The details of training attended by each individual Director are as follows:

Name of Director	Training Course
Mr. Chan Hua Eng	• How can Insurers and Takaful Operators Solve the ESG Equation?
Mr. Chan Thye Seng	• Cybersecurity – A Boardroom Agenda • At-A-Glance: Board's Oversight Role on Bursa Malaysia's Enhanced Sustainability Reporting Framework • A Talk on the Corporate Liability under Section 17A of MACC Act • How can Insurers and Takaful Operators Solve the ESG Equation? • Ignite your Sustainability Journey with the New ISSB Standards
Mr. Michael Yee Kim Sing	• Sustainability Governance, Management & Reporting Implications to the Board & Management in Overseeing the Economic, Environmental, Social & Governance ("EESG") Perspectives • How can Insurers and Takaful Operators Solve the ESG Equation? • Ignite your Sustainability Journey with the New ISSB Standards

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

II. Board Composition (Cont'd)

Directors' Training (Cont'd)

Name of Director	Training Course
Dato' Dr. Zaha Rina binti Zahari	• Detecting Financial Frauds & Business Transformation • Understanding the Amendments to Listing Requirements 2022, Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries issued by Securities Commission Malaysia, and the Application of Fit & Proper Policy Winning the Sustainability Game through Risk Management • The Road to Electric Vehicles • Singapore Global Restructuring Initiative Inaugural Conference 2022 • Audit Oversight Board's Conversation with Audit Committees • Virtual Awareness Programme: Anti-Bribery Management System - A Tool for Adequate Procedures • Self Control in the Face of Multiple Projects • Digital Economy and Capital Market Series: Financial Technology ("Fintech") and Big Data • Digital Economy and Capital Market Series: Artificial Intelligence ("AI") and Internet of Things ("IOTs") • AMLA, Market Misconduct and Compliance Requirements • Code of Ethics, Anti-Bribery and Anti-corruption Policy & Managing of Customer Information • Reshaping Malaysia's Narrative: Strengthening Resilience & Sustaining Growth • Networking Discussion with President of Singapore conducted by Kuala Lumpur Business Club • Digital Malaysia: Tomorrow's Infrastructure, Today • ESG Training • S3 Restructuring and Financing Workshop • Further Offshore Emergency Training and Travel Safely by Boat • Further Offshore Emergency Training and Compressed Air Emergency Breathing System • Sustainability in the Digital Age by Georg Kell & Carolina Minio Paluello • Mandatory Sustainability Onboarding Programme for PLC Directors • Mandatory Accreditation Programme Part II: Leading for Impact
Mr. Ong Seng Pheow	• AI in Accounting – Threat or Opportunity • How can Insurers and Takaful Operators Solve ESG Equation? • Unclaimed Moneys Act 1965
Dato' Sri Mohd Mokhtar bin Haji Mohd Sharif	• Sustainability: ESG Shared by PricewaterhouseCoopers • Board Strategy Workshop 2023 • Budget 2023 Briefing on Key Tax Proposal by PricewaterhouseCoopers • Join the Race for Sustainability

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 package 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 2023 are as follows:

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

III. Remuneration (Cont'd)

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

Company

	Fee (RM)	Allowance (RM)	Salary (RM)	Bonus (RM)	Benefits in-kind (RM)	Other emoluments (RM)	Total (RM)
Executive Director							
Mr. Chan Thye Seng	–	120,000	1,464,825	1,182,435#	45,405	349,824*	3,162,489
Non-Executive Directors							
i) Mr. Chan Hua Eng	100,000	–	–	–	291	–	100,291
ii) Mr. Michael Yee Kim Shing	80,000	40,000	–	–	2,133	–	122,133
iii) Dato' Dr. Zaha Rina binti Zahari	80,000	–	–	–	–	–	80,000
iv) Mr. Ong Seng Pheow	80,000	–	–	–	291	–	80,291
v) Dato' Sri Mohd Mokhtar bin Haji Mohd Shariff	56,356	–	–	–	–	–	56,356
vi) Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed	34,849	–	–	–	–	–	34,849

\# *This includes an amount of RM1,059,000 in respect of bonus paid for the previous financial year.*
* *Other emoluments comprised contribution to EPF (including RM127,000 for the previous financial year), SOCSO, and Employees' Share Option Scheme.*

Group

	Fee (RM)	Allowance (RM)	Salary (RM)	Bonus (RM)	Benefits in-kind (RM)	Other emoluments (RM)	Total (RM)
Executive Director							
Mr. Chan Thye Seng	–	610,464	1,464,825	1,182,435#	45,405	405,940*	3,709,069
Non-Executive Directors							
i) Mr. Chan Hua Eng	100,000	–	–	–	291	–	100,291
ii) Mr. Michael Yee Kim Shing	98,000	40,000	–	–	2,133	–	140,133
iii) Dato' Dr. Zaha Rina binti Zahari	180,000	–	–	–	1,990	–	181,990
iv) Mr. Ong Seng Pheow	80,000	–	–	–	291	–	80,291
v) Dato' Sri Mohd Mokhtar bin Haji Mohd Shariff	56,356	–	–	–	–	–	56,356
vi) Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed	45,435	–	–	–	291	–	45,726

\# *This includes an amount of RM1,059,000 in respect of bonus paid for the previous financial year.*
* *Other emoluments comprised contribution to EPF (including RM127,000 for the previous financial year), SOCSO, defined benefit plan 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)

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 a majority of Independent Directors and the Chairman of the Audit Committee is not the Chairman of the Board. The full details of the composition, attendance of each member of the Audit Committee at meetings and summary of the activities of the Audit Committee during the financial year are set out in the Report of the Audit Committee on pages 44 to 53 of this Annual Report.

All members of the Audit Committee are financially literate and able to perform their duties and discharge their responsibilities, including the financial reporting process, as spelt out in the Audit Committee Charter which is available on the 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.

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 are set out in the Report of the Audit Committee on pages 44 to 53 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

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 the risk review reports and risk dashboards prepared by the Group Risk Management Unit; and
(iv) 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 41 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.

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 minimise such risks and promoting a culture of compliance in the company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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 29th Annual General Meeting was issued 37 days prior to the Annual General Meeting.

The Company's 29th Annual General Meeting held on 8 March 2023 was 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 meeting. Senior Management and External Auditors were also available to respond to any queries from shareholders at the Annual General Meeting.

The minutes of the 29th Annual General Meeting, including questions raised by shareholders and the responses given by the Company, may be viewed on the corporate website.

KEY CORPORATE GOVERNANCE FOCUS AREAS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

During the financial year, the Company had reviewed its Board composition and taken the necessary actions following amendments to the Main Market Listing Requirements in relation to Director Appointment, Independence and Miscellaneous Changes which took effect on or after 1 June 2023. In meeting the requirements, the Board had taken cognisance of the need to have a balance between new and long-serving Directors. New directors bring fresh perspectives and new ideas to the Board, while long-serving Directors provide institutional knowledge and experience.

At the principal insurance subsidiary level, the subsidiary has refined its Whistleblowing Policy and Procedures with the establishment of a Whistleblowing Committee as a sub-committee of its Audit Committee. The Whistleblowing Committee will assist the Audit Committee/Board in protecting the interests of the company and all stakeholders by reviewing and investigating complaints relating to wrongdoing, malpractice, unlawful behaviour or other misconduct, or any violation of the Anti-Corruption Policy or any other established written policies and procedures within the company that are received via any sources that is brought to its attention, deliberating and making appropriate recommendations to the Audit Committee/Board, including the necessary actions to be taken, where applicable.

The Group has continued with its enhancement and digitalization of its Anti-Corruption Programme, where applicable.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

FUTURE ACTIVITIES ON CORPORATE GOVERNANCE AREAS

Pursuant to amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad in relation to Enhanced Sustainability Reporting Framework and the Updated Sustainability Reporting Guide and Toolkits, the Group has performed initial enhancements to its sustainability disclosures in the Annual Report for the financial year. The Group is committed to make complete disclosures of the common sustainability matters (together with the accompanying indicators) and management of such matters; quantitative information for every material sustainability matter; and Statement of Assurance in the Sustainability Statement in the Annual Report for the financial year ending 30 September 2024 by the implementation date set by the Main Market Listing Requirements.

Further, Bursa Malaysia Securities Berhad has issued a letter to all listed issuers on 26 May 2023 pertaining to amendments to the Main Market Listing Requirements in relation to conflict of interest and other areas. The amendments, among others, seek to promote greater transparency on conflict of interest of key persons in a listed issuer and strengthening accountability and transparency of the Audit Committee in its oversight over conflict of interest situations.

The amendments require enhancements to the contents of annual reports issued for financial years ending on or after 30 June 2024. The enhancements include enhanced conflict of interest disclosures of a key person and enhanced Audit Committee report with disclosure on a summary of any conflict of interest or potential conflict of interest situation within the listed issuer or group that the Audit Committee has reviewed (excluding a related party transaction), and the measures taken to resolve, eliminate, or mitigate such conflicts. The Board takes cognisance of the amendments and will work towards implementing the necessary framework in order to meet the enhanced conflict of interest disclosures in the Annual Report for the financial year ending 30 September 2024.

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) Whistleblowing Committee

A Whistleblowing Committee was established as a sub-committee of the Audit Committee at the principal insurance subsidiary during the financial year under review. The Whistleblowing Committee assists the Audit Committee/Board in protecting the interests of the company and all stakeholders by reviewing and investigating complaints relating to wrongdoing, malpractice, unlawful behaviour or other misconduct, or any violation of the Anti-Corruption Policy or any other established written policies and procedures within the company that are received via any sources that is brought to its attention, deliberating and making appropriate recommendations to the Audit Committee/Board, including the necessary actions to be taken, where applicable.

(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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

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) 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.

(viii) Group Anti-Corruption Committee

The Group Anti-Corruption Committee comprises representatives from the Group Internal Audit Department, Group Risk Management Unit, Group Finance Department, Group Legal Department, Group Human Resource and Administration Department, Group Company Secretary, as well as the Risk Management Department and Compliance Department of the principal insurance subsidiary.

The main responsibilities of the Committee include establishing, maintaining and periodically reviewing the Anti-Corruption Programme, facilitating the integration of the Anti-Corruption Programme into the Group's processes; and communicating the Group's policies and commitments on anti-corruption to both internal and external parties, including consequences of non-compliance.

(ix) Whistleblowing Working Committee

A Whistleblowing Working Committee was established at the principal insurance subsidiary during the financial year under review, to assist the Whistleblowing Committee in its responsibilities. The Working Committee comprises the Chief Audit Executive and Head of Compliance Department. The Working Committee is responsible to conduct an initial enquiry of every complaint received to determine whether there are merits to initiate a full investigation. In the event the initial findings clearly indicate suspicious circumstance, the Working Committee shall commence a full investigation in accordance with the procedures outlined in the Whistleblowing Policy and Procedures.

(x) 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

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

(xi) 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.

(xii) 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.

(xiii) Compliance Department

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

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

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

(I) Control Environment

(a) Board Independence

As at 30 September 2023, 3 out of the 6 Directors on the Board are Independent Directors. Thus the Board had met the Malaysian Code on Corporate Governance requirement. 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.

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)

(b) Director's Fitness and Propriety

The Group has established a Directors' Fit and Proper Policy, 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 established a Code of Ethical Conduct to advocate a strong culture of professionalism and ethics across the company. The Code of Ethical Conduct outlines 6 ethical principles for all employees to continuously uphold and abide by, which are competence, integrity, fairness, confidentiality, objectivity and compliance. The Code of Ethical Conduct also outlines 10 standards of conduct to be complied by the employees, which are acting in the interest of the customer, complying with laws and regulations, keeping information confidential, maintaining market integrity, managing conflicts of interest, being open and transparent, operating business in a responsible manner, acquiring professional knowledge and skills, giving respect and fair treatment, as well as being responsible and accountable.

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

(e) 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 emphasises 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.

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)

(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 at the corporate website at https://www.pacific-orient.com.

(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 a conflict of interest during their business activities with the Group.

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)

(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.

The Whistleblowing Policy and Procedures may be viewed at 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.

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)

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

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.

(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.

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

(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.

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.

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)

(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.

(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.

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

(III) Control Activities

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

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

(b) Policies and Procedures

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONT'D)

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 and Branches 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, 2 risk review reports were issued by the Group Risk Management Unit of the Company. 1 out of the 2 reports was in respect of impact of COVID-19 pandemic on the Group, while the remaining report was in respect of risk review of a subsidiary. 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, 10 risk review reports were issued by the Risk Management Department of the subsidiary. 2 out of the 10 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, the company's Internal Capital Adequacy Assessment Process; capital management and contingency funding plan; proposed stress test scenarios; IT and cyber security strategic plan; IT budget; Data Governance Annual Report; revised IT policies, such as Data Management Policy, Data Loss Prevention Policy, Incidence Response Policy and Software Testing Policy; revised Terms of Reference of Risk Management Committee and Capital Management Committee; revised Risk Management Framework; Risk Appetite Statements; risk dashboards; risk review plan; progress of implementation of the Anti-Corruption Programme; revised Sponsorship and Donations Policy; business continuity management; standard operating procedures on regulatory submissions; company's departmental areas of accountability; and gap analysis and implementation plan on BNM's policy document on Climate Management and Scenario Analysis.

The management of some of the principal risks faced by the Group for the financial year ended 30 September 2023 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.
- 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

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.
- Implementing data loss protection to prevent loss, misuse, or unauthorised access of sensitive information from both internal and external threats.

(iv) Economic Risk

The fourth quarter of 2023 and year 2024 will be a challenge for Malaysia's economy if the Russia-Ukraine war and US-China trade tension persist. 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 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 2024. 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.
- Promoting lower cost 'direct' business channels.
- Aggressive marketing to promote products which will enable the Group to capture a portion of the private car segment.

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.
- Identifying various crises that may happen and corresponding actions to be taken.

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

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 2023 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 2023.

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 2023 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	1,020	339
Non-audit Fees	230	–
Total	**1,250**	**339**

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 2023 are set out below:

Description	Number of Options as at 30 September 2023	
	Total Allocated to the Group	Executive Director of the Company
Granted	27,598,000	4,000,000
Forfeited	4,304,000	–
Exercised	1,647,000	–
Outstanding	21,647,000	4,000,000
Vested and Exercisable	21,269,000	4,000,000

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 2023 (%)
Aggregate maximum allocation	50.00	50.00
Actual granted	0.50	46.98

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 2023 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. Ong Seng Pheow
   Chairman (Independent Director)
   (Redesignated as Chairman on 1 June 2023)

2. Mr. Michael Yee Kim Shing
   (Non-Independent Non-Executive Director)
   (Redesignated on 1 June 2023)

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

4. Dato' Sri Mohd Mokhtar bin Haji Mohd Shariff
   (Independent Director)
   (Appointed on 28 February 2023)

5. Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed
   (Independent Director)
   (Retired on 8 March 2023)

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 2023. 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. Ong Seng Pheow	4/4
2.	Mr. Michael Yee Kim Shing	4/4
3.	Dato' Dr. Zaha Rina binti Zahari	4/4
4.	Dato' Sri Mohd Mokhtar bin Haji Mohd Shariff	3/3
5.	Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed	2/2

ATTENDANCE AT MEETINGS (CONT'D)

The Chief Audit Executive and 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. 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 2022 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 2023 Audit Plan.

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 2023 Audit Plan which they wished to discuss with the Audit Committee. Nevertheless, the External Auditors had not brought up any significant or abnormal 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 2023 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, which was deemed not significant. The External Auditors report on the financial statements was not subject to any qualification.

REPORT OF THE AUDIT COMMITTEE

(CONT'D)

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 and the Company's corporate website at https://www.pacific-orient.com. Reference was also made to the Corporate Governance Monitor 2022 issued by Securities Commission Malaysia 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 2023. Reference was also made to the Corporate Governance Monitor 2022 issued by Securities Commission Malaysia to further enhance disclosures in the Corporate Governance Report.

External Audit

(a) Reviewed with the External Auditors their year 2023 Audit Plan of the Company and of the Group (inclusive of audit approach and scope of work) prior to the commencement of the annual year-end audit. The External Auditors had briefed the Audit Committee on their year 2023 Audit Plan pertaining to the statutory audit of the Company and of the Group for the financial year ended 30 September 2023, 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 held for development and commencement of construction activities; step-up acquisition and goodwill arising; 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 External Auditors' validation process with regard to the Company's implementation of the Malaysian Financial Reporting Standard 17: *Insurance Contracts*. This had covered their validation plan, validation milestones which showed the expected timeline for completing each stage of the validation, as well as key risks at each stage of implementation.

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 accounting and risk advisory services, and technology risk professionals).
- Fraud considerations and the risk of management override.
- Internal control considerations.
- Important updates on changes to the independence requirements in the International Code of Ethics for Professional Accountants issues by the International Ethics Standards Board for Accountants; developments in the Environmental, Social and Governance environment, covering Bursa Malaysia's enhanced sustainability reporting requirements, International Accounting Standards Board's publication on '*Effects of Climate-related matters on financial statements*', International Sustainability Standards Board's issuance of International Financial Reporting Standard ("IFRS") S1 on *'General Requirements for Disclosure of Sustainability-related Financial Information'* and IFRS S2 on *'Climate-related disclosures'*, and accounting for carbon credits; International Auditing and Assurance Standards Board's International Standard on Quality Management 1; and Bank Negara Malaysia's policy document on Risk Management in Technology.

The Audit Committee had performed a detailed review of the year 2023 Audit Plan tabled and after due deliberation, the Audit Committee approved the year 2023 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 2023, 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 2023 Audit Plan which they wished to discuss with the Audit Committee. Nevertheless, the External Auditors had not brought up any significant or abnormal 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, information presented in the Annual Transparency Report issued by the External Auditors, whether risk areas presented in the Audit Oversight Board's Annual Inspection Report were adequately addressed by the External Auditors, 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 Group and the Company 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.

REPORT OF THE AUDIT COMMITTEE

(CONT'D)

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 services performed by the External Auditors included review of the principal insurance subsidiary's annual returns and Risk Based Capital Statements; and validation of Malaysian Financial Reporting Standard 17: *Insurance Contracts*, specifically relating to review of accounting entries and chart of accounts. 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; the Group's Anti-Corruption Programme; and related party transactions; as well as the principal insurance subsidiary's underwriting and claims operations; actuarial valuation process; business practices in the appointment of panel firms; internal capital adequacy assessment process; and ethics-related programs and activities; 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.

(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.

ACTIVITIES OF THE COMMITTEE (CONT'D)

Internal Audit (Cont'd)

(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 and related party transactions; as well as the principal insurance subsidiary's marketing operations; credit control; selected branch; actuarial valuation process; business practices in the appointment of panel firms; and ethics-related programs and activities; 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 favourable 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 as well as the Board Charter were adhered to. The Board Charter requires Directors to inform the Board of conflicts or potential conflicts of interest they have in relation to particular items of business; disclose their direct or indirect shareholdings in the Company, other directorships and any potential conflicts of interest; and abstain from deliberation/ discussion or decisions on matters in which they have conflicting interest.

(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.

REPORT OF THE AUDIT COMMITTEE

(CONT'D)

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 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 33 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 2023 was RM1,252,651.

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 2023 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 2022 issued by Securities Commission Malaysia. 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 2022 issued by Securities Commission to further enhance disclosures in the Corporate Governance Report.

REPORT OF THE AUDIT COMMITTEE

(CONT'D)

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 and related party transactions; as well as the principal insurance subsidiary's marketing operations; credit control; selected branch; actuarial valuation process; business practices in the appointment of panel firms; and ethics-related programs and activities; among others. The audit reviews had 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 18 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 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.

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 2023.

CHAIRMAN'S STATEMENT

FINANCIAL RESULTS

The Group's turnover of RM281.1 million recorded during the year under review was lower than the RM311.4 million achieved in 2022, primarily due to a decrease in premium income at the insurance subsidiary company. The Group registered a pre-tax loss of RM18.9 million as compared to a pre-tax profit of RM56.8 million in 2022, mainly due to a reduction in underwriting performance, and the absence of a disposal of an associated company this year.

At the Company level, a turnover of RM36.3 million was recorded, a decrease compared to the RM64.4 million recorded in 2022, due to a reduction in dividend income from subsidiary companies. Correspondingly, the Company registered a lower profit before tax of RM26.9 million compared to RM28.7 million in 2022.

ECONOMIC OUTLOOK

The International Monetary Fund ("IMF") has revised its forecast global growth to 3.0 percent for 2023, down from 3.5 percent in 2022. For 2024, the IMF's global growth forecast is at 2.9 percent. For advanced economies, the expected slow down is from 2.6 percent in 2022 to 1.4 percent in 2024. Meanwhile emerging and developing economies are forecasted to have growth modesty decline from 4.1 percent in 2022 to 4.0 percent in 2023 and 2024, reflecting the property sector crisis in China.

(Source: World Economic Outlook October 2023)

Within Malaysia, the Malaysian Institute of Economic Research ("MIER") estimates growth of the Malaysian economy in 2023 to be between 4.0% to 5.0%. However, given shrinking consumer sentiments and business confidence, it remains to be seen whether the rest of the year will see slower growth. The expected year-on-year growth of 5.6% in Q1 2023 is higher than the growth in Q1 2022 (4.8%) due to people returning to more 'normal' consumption patterns after the post-restriction 'honeymoon period' has ended.

(Source: Malaysian Economic Outlook, Second Quarter 2023)

PROSPECTS OF THE COMPANY

While the Malaysian general insurance industry has faced challenges in recent years, namely the COVID pandemic and floods, the Group has shown resilience through the Asian financial crisis of 1997 and Global financial crisis of 2008/2009. Despite these recent challenges, the Group continues to adapt its strategy while capitalising on a growing affluent population (32.7million in 2023 to 36.5 million in 2027 – Source: World Bank), an increasing awareness of the benefits of general insurance, government initiatives promoting insurance adoption and the acceptance of digital technology. In the insurance subsidiary company, a new service was introduced allowing customers to renew their road tax, after purchasing their policy. Similarly, breakdown services will be digitalised in the next few years, giving customers alternative channels aside from contacting a call centre.

PROSPECTS OF THE COMPANY (CONT'D)

Looking ahead, with a global recession around the corner, the environment in which the Group operates is expected to remain challenging. Your board will continue to be agile while remaining to be proactive in monitoring and forming frameworks to handle unforeseen scenarios which may affect the various operating units. Nevertheless, the Group will take steps to ensure sustainable growth and greater profitability.

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 2023, your Company paid out dividends on three occasions as follows:

First interim dividend of 1.20 sen per share on 20 January 2023
Second interim dividend of 1.20 sen per share on 28 March 2023
Third interim dividend of 1.20 sen per share on 25 May 2023

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

APPRECIATION

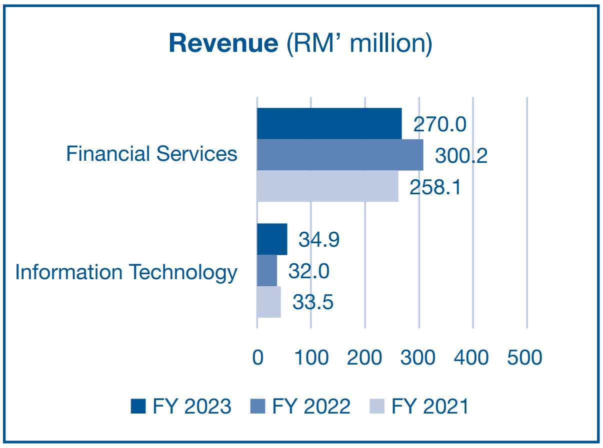
On behalf of the Board of Directors, I would like to acknowledge the efforts put in by the management and staff during the year and to thank our business associates for their continued co-operation and support.

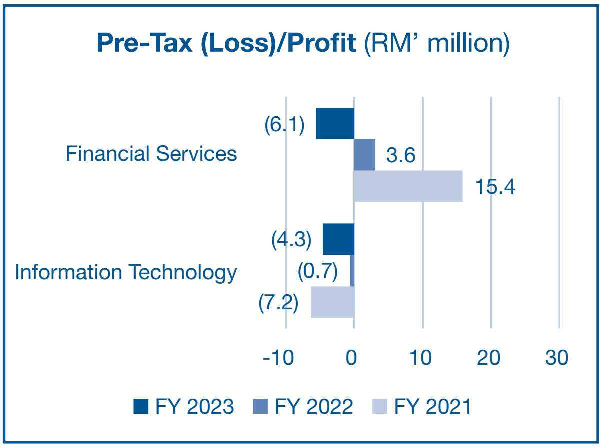
CHAN HUA ENG
Chairman

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-storey 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 RM39.1 million (2022: RM.103.7 million), the Group has maintained the following facilities:

- RM5.3 million overdraft facilities
- RM3.3 million revolving credit facilities
- USD0.2 million term loan facility
- 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:

	2023 RM' million	2022 RM' million
Eligible Tier 1 Capital		
- Share capital (paid-up)	**100.0**	100.0
- Retained earnings	**109.1**	112.3
	209.1	212.3
Tier 2 Capital		
- Revaluation reserve	**15.5**	14.3
- Fair value through other comprehensive income reserve	**2.0**	3.7
	17.5	18.0
Amounts deducted from Capital	**(4.3)**	(1.3)
Total Capital Available	**222.3**	229.0

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, expiring on 16 June 2024. The Directors of the Company had on 16 August 2023, extended the duration of the ESOS for an additional five years from 17 June 2024 to 16 June 2029 in accordance with the terms of the ESOS By-Laws.

The extension was made to allow existing employees whose ESOS options have vested with additional time to exercise their options as well as to allow an opportunity for eligible employees who had contributed to the growth and development of the Group to participate in the scheme.

During the financial year, a total of 629,000 additional share options were granted to and accepted by the eligible employees. As at 30 September 2023, 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	(3,675,000)	(1,529,000)	15,618,000
14 August 2020	RM0.73	4,287,000	(408,000)	(65,000)	3,814,000
16 August 2021	RM0.84	244,000	(190,000)	(47,000)	7,000
16 August 2022	RM0.95	1,616,000	(31,000)	(6,000)	1,579,000
16 August 2023	RM0.92	629,000	–	–	629,000
		27,598,000	**(4,304,000)**	**(1,647,000)**	**21,647,000**

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

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

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.

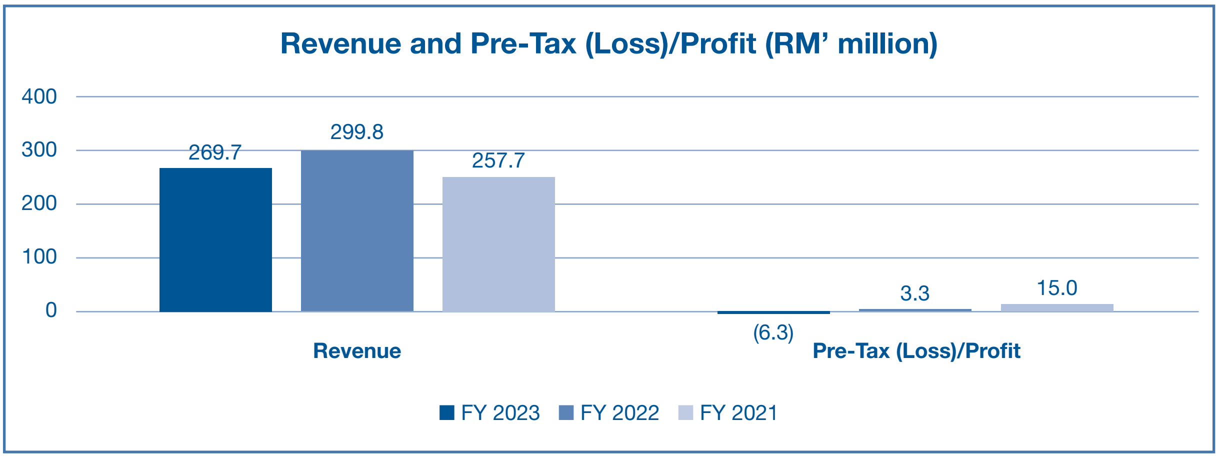
As at 30 September 2023, the number of treasury shares is 19,303,493 which represented 6.69 percent of the Company's issued ordinary shares. The ordinary shares in issue after deducting the treasury shares is 269,289,840 shares. Further details are disclosed in Note 30 to the financial statements.

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

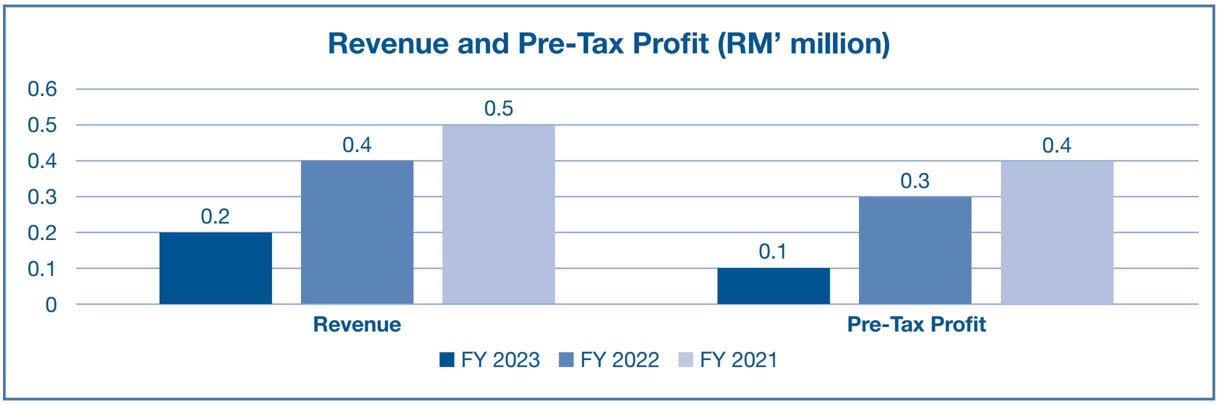


Total revenue of POI was RM269.7 million for the year under review compared to the RM299.8 million recorded in the previous year. The decrease was primarily due to significantly increased competition in the motorcycle and private car business, which was offset by increases in the non-motor portfolio. However, the pre-tax loss of RM6.3 million compared to the pre-tax profit of RM3.3 million recorded in 2022, was mainly due to lower volumes and higher loss ratios because of the competition mentioned earlier.

The insurance subsidiary company expects market conditions to remain competitive moving forward but will continue to invest in its capabilities and to pursue profitable growth opportunities. POI has taken action to improve its distribution channels which has been gaining momentum to drive higher volumes in the following year. The volumes achieved will improve the loss ratio at scale, as well as reduce management expense ratios.

In terms of digitisation, POI has begun enhancing their breakdown services to provide a digital point of request with location tracking displayed. The insurance subsidiary company will continue to leverage technology to enhance customer experiences and internal efficiencies.

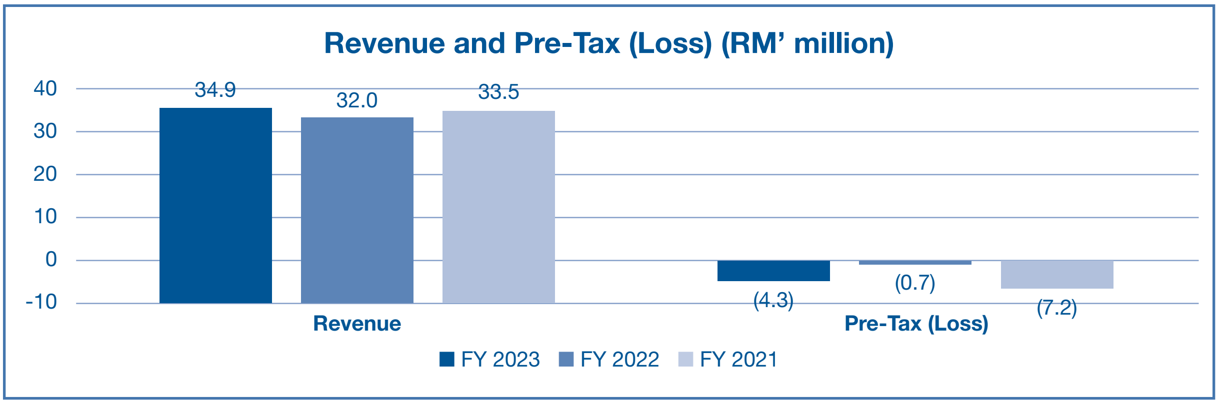
Money Lending



The money lending subsidiary recorded a decrease in turnover to RM0.2 million from RM0.4 million in 2022. Correspondingly, the subsidiary recorded a lower pre-tax profit of RM0.1 million compared to RM0.3 million in 2022.

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 an increase in revenue to RM34.9 million, from RM32.0 million the year before. However, the IT division reported a higher pre-tax loss of RM4.3 million compared to RM0.7 million in 2022, mainly due to a lower write back of allowance of trade receivables during the current period.

The IT business is expected to encounter strong competition from other players, as well as a challenging business environment due to global uncertainties arising from the various conflicts and tensions between various countries. In response to this, the Group will continue to focus on enhancing customer interactions through improved service quality and responsiveness.

PROPERTY DEVELOPMENT

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

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

The underwriting of the construction financing is still underway, the construction financing has been delayed and is in the midst of review.

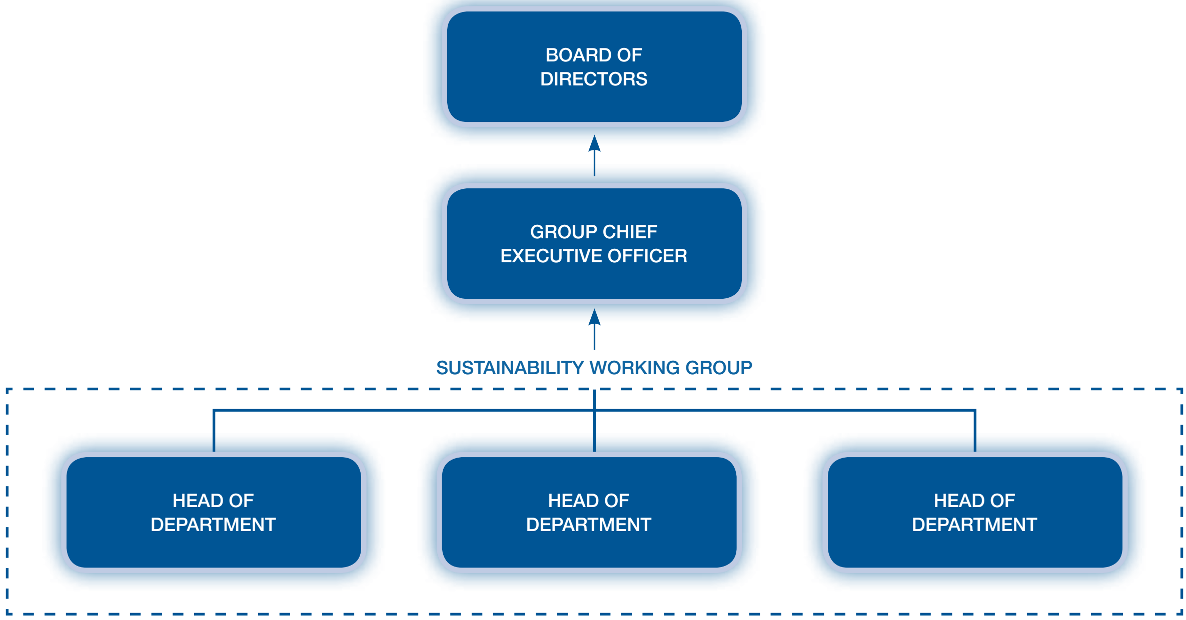
SUSTAINABILITY STATEMENT

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 2022 to 30 September 2023. 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.

SUSTAINABILITY STATEMENT

(CONT'D)

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 on or after 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 and concerns 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 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.

The Group has identified and incorporated a total of seven (7) Common Material Sustainability Matters, with four (4) of them remaining equally relevant to the Group's business operations and stakeholders from the previous reporting period, in accordance with Bursa Malaysia's enhanced sustainability reporting requirements for publicly listed companies.

The key issues that were prioritised and determined are as follows:

(1) Anti-Corruption

The Group is steadfast in conducting all business operations with the highest level of integrity. This commitment is fundamental for the success of any company, as it ensures the trust and confidence of stakeholders in management practices while maintaining a positive reputation in the public eye. Corruption and fraudulent activities can significantly impede business efficiency, leading to severe consequences such as legal penalties, suspension of business operations, and damage to the Group's reputation in the regions where it operates.

To counter these challenges, the Group has implemented rigorous measures to prevent corruption at every level. It has established a comprehensive anti-fraud framework and a whistle-blowing policy that applies to all its subsidiaries.

In an effort to deter corrupt practices, the Group conducts training on the appropriate procedures for dealing with such situations. All employees, including members of the Board of Directors, are mandated to participate in the compulsory Anti-Corruption training. This requirement extends to all future employees as well.

The Group is pleased to report that during this reporting period, there were no instances of confirmed corruption-related incidents, no employee dismissals due to corruption, and no public legal cases against the Group related to corruption.

(2) Diversity

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	1 October 2022 to 30 September 2023	1 October 2021 to 30 September 2022
Total employees	**407**	**436**
By gender		
Male	164	170
Female	243	266
Percentage of women in management	25%	24%
By age		
< 30 years old	60	80
31 – 50 years old	184	213
> 50 years old	163	143

(3) Energy Management

The Group is dedicated to minimizing its environmental impact and making positive contributions to the global community. With a business model that minimizes energy consumption and emissions, the Group plays a strategic role in raising awareness and inspiring action among employees, customers, and other stakeholders.

Recognizing its pivotal role in reducing greenhouse gas emissions and conserving valuable resources, the Group engages in meticulous planning, invests in energy-efficient technologies, and continually monitors its practices.

Within the Group, a significant portion of energy consumption arises from air-conditioning, lighting, and power usage. To further reduce energy consumption and champion environmental friendliness, the Group actively seeks opportunities for energy savings. Ongoing initiatives focus on identifying the opportunities for energy savings and create awareness among employees to energy-saving practices.

In our dedication to upholding this commitment, the Group will measure, monitor, and report on its energy usage and its associated impacts in the upcoming year.

(4) Health and Safety

The Group's foremost priority is to maintain a workplace that is safe and healthy for all individuals, including employees and visitors. The Group understands the significance of fostering a robust culture of health and safety, as it directly impacts the well-being of its workforce and the prosperity of its business.

As part of the Group's unwavering commitment to health and safety, it routinely scrutinizes and revises policies and procedures to align with current best practices and comply with pertinent legislation.

The Group acknowledges that its proficiency in managing health and safety risks is not only crucial for its employees and business but also extends to the broader community. These measures include on-going employee education on issues such as lifestyle diseases as well as safety and security in the workplace.

For the reporting period ending on 30 September 2023, the Group did not experience any work-related fatalities or lost time incident rate. This underscores the Group's commitment to maintaining a safe and healthy workplace environment.

(5) Data privacy and security

The Group is dedicated to maintaining the highest levels of data privacy and security for its valued customers. Recognizing the significance of safeguarding personal information, the Group works diligently to ensure that all sensitive data remains protected from unauthorized access, use, or disclosure.

Any complaints received are treated with utmost seriousness, undergoing thorough investigation, and will take appropriate steps to address concerns and prevent future occurrences. Regular emails are disseminated to the employees to fortify their knowledge of data privacy procedures, ensuring they comprehend their pivotal role in preserving the sanctity of customer data.

The Group will continually enhance its data privacy and security practices to align with the evolving needs and expectations of its stakeholders.

For the reporting period ending on 30 September 2023, no complaints were received concerning breaches of customer privacy or losses of customer data.

SUSTAINABILITY STATEMENT
(CONT'D)

(6) Water

The Group is steadfast in conducting operations with conscientious and sustainable practices, extending this commitment to encompass all aspects of our business, particularly our utilization of water resources.

The Group is resolute in the systematic measurement, monitoring, and transparent reporting of its water usage and the associated impacts. Recognizing water as a finite resource crucial to diverse aspects of human life and economic endeavors, the Group are firmly committed to ensuring that its water usage is both responsible and sustainable. The Group actively seek opportunities to minimize its footprint on water resources whenever feasible.

In line with its dedication to this commitment, the Group will continue to vigilantly measure, monitor, and report the water usage and its associated impacts moving forward.

(7) Waste management

Paper waste represents a significant portion of non-hazardous waste generated by the Group. All wastepaper is diligently collected and subsequently sent for recycling, if possible. To monitor the output of paper waste, the Group records the sales of paper waste in weight through its recycling service vendors.

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.

For the reporting period ending on 30 September 2023, the Group used the equivalent of 4.97 million sheets of paper. The Group will continue to explore new ways to reduce the environmental impact in its day-to-day operations and encourage eco-friendly services.

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 hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 September 2023.

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 (loss)/profit for the year	(21,223)	26,479
Attributable to:		
Equity holders of the Company	(17,886)	26,479
Non-controlling interest	(3,337)	–
	(21,223)	26,479

DIVIDENDS

The amount of dividends paid or declared by the Company since 30 September 2022 were as follows:

	RM'000
In respect of the financial year ended 30 September 2022:	
5th interim single tier dividend of 1.20 sen per share, declared on 21 October 2022 and paid on 23 November 2022	3,224
In respect of the financial year ended 30 September 2023:	
1st interim single tier dividend of 1.20 sen per share, declared on 20 December 2022 and paid on 20 January 2023	3,226
2nd interim single tier dividend of 1.20 sen per share, declared on 28 February 2023 and paid on 28 March 2023	3,228
3rd interim single tier dividend of 1.20 sen per share, declared on 26 April 2023 and paid on 25 May 2023	3,230
	12,908

The Directors do not recommend the payment of any final dividend for the financial year ended 30 September 2023.

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 287,988,333 to 288,593,333 by way of issuance of 605,000 new ordinary shares pursuant to the Company's Employees' Share Option Scheme at the various exercise prices of RM0.73, RM0.84, RM0.89 and RM0.95 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 shareholders at the Annual General Meeting on 20 February 2019, and took effect on 17 June 2019. The ESOS was in force for an initial period of up to five years, expiring on 16 June 2024. The Directors of the Company had on 16 August 2023, extended the duration of the ESOS for an additional five years from 17 June 2024 to 16 June 2029 in accordance with the terms of the ESOS By-Laws.

The extension was made to allow existing employees whose ESOS options have vested with additional time to exercise their options as well as to allow an opportunity for eligible employees who had contributed to the growth and development of the Group to participate in the scheme.

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

The main features of the ESOS are as follows:

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

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

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

    (i) premium; or

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

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

(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	Extended Expiry Date	Exercise Price	Outstanding as at 1 Oct 2022	Granted	Forfeited	Exercised	Outstanding as at 30 Sept 2023	Vested and exercisable as at 30 Sept 2023
13 Sept 2019	16 June 2029	RM0.89	17,242,000	–	(1,103,000)	(521,000)	15,618,000	15,618,000
28 Sept 2020	16 June 2029	RM0.73	3,934,000	–	(70,000)	(50,000)	3,814,000	3,814,000
30 Sept 2021	16 June 2029	RM0.84	75,000	–	(40,000)	(28,000)	7,000	7,000
30 Sept 2022	16 June 2029	RM0.95	1,616,000	–	(31,000)	(6,000)	1,579,000	1,579,000
30 Sept 2023	16 June 2029	RM0.92	–	629,000	–	–	629,000	251,000
			22,867,000	629,000	(1,244,000)	(605,000)	21,647,000	21,269,000

Included in the total of 21,647,000 options outstanding as at 30 September 2023 were 5,297,000 options granted to the Executive Director/Chief Executive Officer ("CEO") of the Company, and persons connected to the CEO of the Company, all of which remain outstanding as at 30 September 2023.

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

TREASURY SHARES

During the financial year,

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

(b) there was no resale of treasury shares.

As at 30 September 2023, 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 30(a) to the financial statements.

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

DIRECTORS' REPORT
(CONT'D)

CONTINGENT AND OTHER LIABILITIES (CONT'D)

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS

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

Mr. Chan Hua Eng
Mr. Chan Thye Seng *
Mr. Michael Yee Kim Shing *
Dato' Dr. Zaha Rina binti Zahari *
Mr. Ong Seng Pheow
Dato' Sri Mohd Mokhtar bin Haji Mohd Shariff * (Appointed on 22 December 2022)
Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed (Retired on 8 March 2023)

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

In accordance with Article 77 of the Company's Constitution, Mr. Chan Hua Eng and Dato' Dr. Zaha Rina binti Zahari retires from the Board by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for 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
Dr. Loh Leong Hua
Mr. Lim Tian Huat
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
Mr. Tan Chong Hin (Appointed on 3 January 2023)
Mr. Yongyuth Tariyo (Appointed on 12 January 2023)
Mr. Thian Joost Fick (Appointed on 20 September 2023)
Mr. Prasheem Seebran (Resigned on 20 September 2023)

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 below) 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.

The directors' benefits are as follows:

		Group RM'000	Company RM'000
Salaries and other remuneration		1,466	1,466
Fees		560	431
Bonus	(i)	1,183	1,183
ESOS		17	17
Defined contribution plan	(ii)	332	332
Defined benefit plan		56	–
Benefits-in-kind		50	48
Allowance		610	120
Meeting allowance		40	40
		4,314	3,637

DIRECTORS' BENEFITS (CONT'D)

(i) The bonus in the current financial year includes an amount of RM1,059,000 (2022: RM224,000), in respect of bonus paid for the previous financial year.

(ii) The pension cost - defined contribution plan in the current financial year includes an amount of RM127,000 (2022: RM27,000), in respect of pension cost paid for the previous financial year.

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 RM65,720 and RM12,796 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' 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 2022	**Acquired**	**Disposed**	**At 30 September 2023**
The Company				
Mr. Chan Hua Eng				
- Direct interest	331,564	–	–	331,564
- Indirect interest	642,455	–	–	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	414,453	–	647,786
- Indirect interest	479,519	8,000	414,453	73,066
Dato' Dr. Zaha Rina binti Zahari				
- Direct interest	1,000,066	–	–	1,000,066
Dato' Sri Mohd Mokhtar bin Mohd Shariff				
- Direct interest	116,666	–	–	116,666

DIRECTORS' INTERESTS (CONT'D)

ESOS	Number of Options over Ordinary Shares			
	At 1 October 2022	Granted	Exercised	At 30 September 2023
The Company				
Mr. Chan Hua Eng				
- Indirect interest	1,275,000	–	–	1,275,000
Mr. Chan Thye Seng				
- Direct interest	4,000,000	–	–	4,000,000
- Indirect interest	–	22,000	–	22,000

DIRECTORS' INTEREST SUBSEQUENT TO FINANCIAL YEAR END

(1) On 24 October 2023, Mr. Chan Thye Seng, the managing director and chief executive officer of the Company, exercised 4,000,000 ESOS options for a total consideration of RM3,136,000.

Consequently, the direct interest of Mr. Chan Thye Seng in ordinary shares of the Company increased by 4,000,000 ordinary shares to 43,250,538 ordinary shares, with corresponding reduction in the number of ESOS options over the ordinary shares of the Company by 4,000,000 options.

(2) On 10 November 2023, Ms. Chan Cheng Sim, an employee within the Group and daughter of the Chairman of the Company, Mr. Chan Hua Eng, exercised 1,275,000 ESOS options for a total consideration of RM1,134,750.

As a result of the above, Mr. Chan Hua Eng's indirect interest in ordinary shares of the Company increased by 1,275,000 ordinary shares to 1,917,455 ordinary shares, with corresponding reduction in the number of ESOS options over the ordinary shares of the Company by 1,275,000 options.

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 EVENTS AFTER THE END OF THE FINANCIAL YEAR

There were no significant events during the financial year end.

Subsequent events between the end of the financial year and the date when the financial statements are authorised for issue are disclosed in Note 60 to the financial statements.

AUDITORS' REMUNERATION

Total amounts paid or payable to the auditors as remuneration for their statutory audit services are as follows:

Auditors' remuneration is as follows:

	Group RM'000	Company RM'000
Ernst & Young PLT	1,020	339
Other auditors	230	–
	1,250	339

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 29 November 2023.

CHAN THYE SENG

ONG SENG PHEOW

Kuala Lumpur

STATEMENT BY **DIRECTORS**

We, CHAN THYE SENG and ONG SENG PHEOW, 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 235 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 2023 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 29 November 2023.

CHAN THYE SENG

ONG SENG PHEOW

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 235 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 29 November 2023.	)	

Before me,

ONG SIEW KEE
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 ("the Company"), which comprise the statements of financial position as at 30 September 2023 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 235.

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 2023, 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 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 2023 amounted to RM526.8 million or approximately 82.7% 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(y)(ii) and 2(z) 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 56. Significant management judgement is applied in setting these assumptions.

Our audit procedures were focused on the following key areas:

- Understanding and documenting the qualifications, objectivity and independence of the Appointed Actuary tasked with estimating the insurance contract liabilities of the Group;
- Reviewing the reports prepared by the Appointed Actuary in respect of the insurance contract liabilities of the Group;
- Assessing the design and testing the operating effectiveness of internal controls over the actuarial valuation process with respect to financial reporting;
- Testing the completeness and sufficiency of data used in the valuation of insurance contract liabilities. These tests also included control tests performed on a selected sample of claims reserves, claims paid and insurance policies issued by the Group to ascertain effectiveness of operating controls over 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 25.

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)

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 amounts due from subsidiary companies of the Company

As at 30 September 2023, the carrying amount of investments in subsidiary companies and amounts due from subsidiary companies of the Company stood at RM157.0 million and RM314.1 million respectively. Information relating to these balances are disclosed in Notes 11 and 21 .

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 2023. 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 subsidiaries;
- 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 comprises 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.

- 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.

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)

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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. 02937/09/2025 J
Chartered Accountant

Kuala Lumpur, Malaysia
29 November 2023

STATEMENTS OF
FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
ASSETS					
Property, plant and equipment	5	**20,886**	20,916	**92**	197
Investment properties	6	**640**	640	**–**	–
Intangible assets	7	**4,123**	1,061	**6**	20
Right-of-use assets	8(a)(i)	**11,714**	11,830	**2,183**	2,013
Deferred tax assets	9	**699**	1,475	**699**	1,023
Investments	10	**332,113**	388,217	**794**	37,335
Investment in subsidiary companies	11	**–**	–	**157,007**	157,017
Investment in associated companies	12	**14,326**	6,890	**–**	–
Goodwill on consolidation	13	**13,161**	–	**–**	–
Inventories - goods for resale	14	**87**	186	**–**	–
Property development costs	15	**201,342**	94,462	**–**	–
Contract assets	16	**2,682**	–	**–**	–
Loans	17	**13**	2,112	**–**	–
Reinsurance assets	18	**216,535**	208,218	**–**	–
Insurance receivables	19	**12,927**	13,834	**–**	–
Trade receivables	20	**1,991**	4,493	**–**	–
Other receivables	20	**59,877**	54,522	**758**	626
Lease receivables	8(c)	**1,145**	549	**–**	–
Due from subsidiary companies	21	**–**	–	**314,068**	211,241
Due from associated companies	22	**1,452**	8,758	**–**	–
Tax recoverable		**2,705**	–	**762**	322
Deposits and placements with financial institutions	23	**136,945**	166,168	**–**	–
Cash and bank balances	24	**39,115**	103,740	**1,225**	27,825
TOTAL ASSETS		**1,074,478**	1,088,071	**477,594**	437,619
LIABILITIES					
Insurance contract liabilities	25	**526,793**	550,146	**–**	–
Insurance payables	26	**22,122**	16,336	**–**	–
Deferred tax liabilities	9	**4,978**	4,628	**–**	–
Lease liabilities	8(a)(ii)	**10,327**	10,585	**1,213**	1,161
Trade payables	27	**351**	622	**–**	–
Other payables	27	**44,372**	31,561	**1,915**	1,686
Due to subsidiary companies	28	**–**	–	**4,589**	4,036
Borrowings	29	**27,942**	1,765	**27,000**	1,000
Tax payable		**–**	359	**–**	–
TOTAL LIABILITIES		636,885	616,002	**34,717**	7,883

STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023
(CONT'D)

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
EQUITY					
Share capital	30	**148,874**	148,293	**148,874**	148,293
Treasury shares	30	**(20,192)**	(20,192)	**(20,192)**	(20,192)
Merger reserve	31	**20,792**	20,792	**–**	–
Translation reserve	31	**(21,324)**	(18,353)	**–**	–
Revaluation reserve	31	**12,047**	11,473	**–**	–
Fair Value through Other Comprehensive Income ("FVOCI") reserve	31	**(3,676)**	20,460	**–**	32,215
Share options reserve	31	**1,851**	1,865	**1,851**	1,865
Retained profits		**187,690**	185,401	**312,344**	267,555
Equity attributable to equity holders of the Company		**326,062**	349,739	**442,877**	429,736
Non-controlling interest	11	**111,531**	122,330	**–**	–
TOTAL EQUITY		**437,593**	472,069	**442,877**	429,736
TOTAL EQUITY AND LIABILITIES		**1,074,478**	1,088,071	**477,594**	437,619

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

STATEMENTS OF
CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2023

		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 2022		148,293	(20,192)	20,792	(18,353)	11,473	1,865	20,460	185,401	349,739	122,330	472,069
Option charge arising from share options granted	39	-	-	-	-	-	140	-	-	140	-	140
Ordinary shares issued pursuant to exercise of ESOS	30,39	581	-	-	-	-	(52)	-	-	529	-	529
Forfeiture of ESOS		-	-	-	-	-	(102)	-	75	(27)	27	-
Net loss for the year		-	-	-	-	-	-	-	(17,886)	(17,886)	(3,337)	(21,223)
Other comprehensive (loss)/ income for the year		-	-	-	(2,971)	574	-	(69)	-	(2,466)	1,452	(1,014)
Total comprehensive (loss)/ income for the year		-	-	-	(2,971)	574	-	(69)	(17,886)	(20,352)	(1,885)	(22,237)
Dividends	32	-	-	-	-	-	-	-	(12,908)	(12,908)	-	(12,908)
Transfer of FVOCI reserve to retained profits upon disposal of financial assets at FVOCI												
- Current year disposal		-	-	-	-	-	-	(33,008)	33,008	-	-	-
- Adjustment for prior year disposal		-	-	-	-	-	-	8,941	-	8,941	(8,941)	-
At 30 September 2023		148,874	(20,192)	20,792	(21,324)	12,047	1,851	(3,676)	187,690	326,062	111,531	437,593

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2023
(CONT'D)

		Attributable to equity holders of the Company										
				Non-Distributable					Distributable			
	Note	Share Capital RM'000	Treasury Shares RM'000	Merger Reserve RM'000	Translation Reserve RM'000	Revaluation Reserve RM'000	Share Options Reserve RM'000	FVOCI Reserve RM'000	Retained Profits RM'000	Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
Group												
At 1 October 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	39	–	–	–	–	–	273	–	–	273	–	273
Ordinary shares issued pursuant to exercise of ESOS	30,39	892	–	–	–	–	(79)	–	–	813	–	813
Forfeiture of ESOS		–	–	–	–	–	(66)	–	38	(28)	28	–
Purchase of treasury shares	30(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	32	–	–	–	–	–	–	–	(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.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2023

(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 2022		**148,293**	**(20,192)**	**1,865**	**32,215**	**267,555**	**429,736**
Option charge arising from share options granted	39	**–**	**–**	**140**	**–**	**–**	**140**
Ordinary shares issued pursuant to ESOS	30,39	**581**	**–**	**(52)**	**–**	**–**	**529**
Forfeiture of ESOS		**–**	**–**	**(102)**	**–**	**10**	**(92)**
Net profit for the year		**–**	**–**	**–**	**–**	**26,479**	**26,479**
Other comprehensive loss for the year		**–**	**–**	**–**	**(1,007)**	**–**	**(1,007)**
Total comprehensive (loss)/income for the year		**–**	**–**	**–**	**(1,007)**	**26,479**	**25,472**
Transfer of FVOCI reserve to retained profits upon disposal of financial assets at FVOCI		**–**	**–**	**–**	**(31,208)**	**31,208**	**–**
Dividends	32	**–**	**–**	**–**	**–**	**(12,908)**	**(12,908)**
At 30 September 2023		**148,874**	**(20,192)**	**1,851**	**–**	**312,344**	**442,877**
At 1 October 2021		147,401	(20,244)	1,737	64,001	218,298	411,193
Option charge arising from share options granted	39	–	–	273	–	–	273
Ordinary shares issued pursuant to ESOS	30,39	892	–	(79)	–	–	813
Forfeiture of ESOS		–	–	(66)	–	3	(63)
Resale of treasury shares	30(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	32	–	–	–	–	(26,270)	(26,270)
At 30 September 2022		148,293	(20,192)	1,865	32,215	267,555	429,736

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

INCOME STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Revenue	33	**281,105**	311,375	**36,297**	64,365
Other operating income	34	**42,982**	115,834	**8,987**	3,781
		324,087	427,209	**45,284**	68,146
Changes in inventories		**(2,231)**	(1,167)	**–**	–
Gross premiums ceded to reinsurers		**(128,664)**	(128,646)	**–**	–
Change in premium liabilities ceded to reinsurers		**2,552**	4,818	**–**	–
Premiums ceded to reinsurers	44	**(126,112)**	(123,828)	**–**	–
Gross claims paid		**(177,172)**	(144,392)	**–**	–
Claims ceded to reinsurers		**59,826**	43,533	**–**	–
Gross change in insurance contract liabilities		**21,676**	(6,710)	**–**	–
Change in insurance contract liabilities ceded to reinsurers		**5,765**	9,454	**–**	–
Net claims incurred	35	**(89,905)**	(98,115)	**–**	–
Commission expenses	44	**(25,885)**	(28,747)	**–**	–
Staff costs	37	**(47,044)**	(44,778)	**(10,123)**	(8,810)
Depreciation	40	**(6,601)**	(6,517)	**(530)**	(406)
Amortisation	40	**(720)**	(430)	**(7)**	(14)
Other operating expenses	41	**(41,552)**	(59,835)	**(6,848)**	(27,944)
Operating (loss)/profit		**(15,963)**	63,792	**27,776**	30,972
Finance costs	42	**(893)**	(4,856)	**(884)**	(2,237)
Share of losses of associated companies (net of tax)	12	**(2,084)**	(2,170)	**–**	–
(Loss)/profit before taxation	43	**(18,940)**	56,766	**26,892**	28,735
Income tax	50	**(2,283)**	(1,156)	**(413)**	(607)
Net (loss)/profit for the year		**(21,223)**	55,610	**26,479**	28,128
Attributable to:					
Equity holders of the Company		**(17,886)**	54,482	**26,479**	28,128
Non-controlling interest		**(3,337)**	1,128	**–**	–
		(21,223)	55,610	**26,479**	28,128
(Loss)/earnings per share attributable to equity holders of the Company (sen)					
Basic	51(a)	**(6.65)**	20.32		
Diluted	51(b)	*	20.08		

* Not disclosed as it is anti-dilutive

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

STATEMENTS OF
COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net (loss)/profit for the year	**(21,223)**	55,610	**26,479**	28,128
Other comprehensive (loss)/income:				
Items that will not be reclassified to income statements in subsequent periods:				
- Fair value changes on FVOCI financial assets - equity instruments				
- Gain/(loss) on fair value changes	**209**	17,155	**(1,007)**	15,616
- Deferred tax	**468**	3,960	**–**	–
- Tax expense on disposal of FVOCI financial assets - equity instruments	**(749)**	(4,313)	**–**	–
Net (loss)/gain	**(72)**	16,802	**(1,007)**	15,616
- Surplus from revaluation of land and buildings				
- Gross surplus from revaluation	**1,482**	472	**–**	–
- Deferred tax	**(356)**	(113)	**–**	–
Net gain	**1,126**	359	**–**	–
Items that may be reclassified to income statements in subsequent periods:				
- Currency translation differences in respect of foreign operations	**(2,971)**	(2,221)	**–**	–
- Fair value changes on FVOCI financial assets - debt instruments				
- Gain/(loss) on fair value changes	**1,188**	(499)	**–**	–
- Deferred tax	**(285)**	120	**–**	–
Net gain/loss	**903**	(379)	**–**	–
Other comprehensive (loss)/income for the year, net of tax	**(1,014)**	14,561	**(1,007)**	15,616
Total comprehensive (loss)/income for the year	**(22,237)**	70,171	**25,472**	43,744
Attributable to:				
Equity holders of the Company	**(20,352)**	68,472	**25,472**	43,744
Non-controlling interest	**(1,885)**	1,699	**–**	–
	(22,237)	70,171	**25,472**	43,744

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Note	2023 RM'000	2022 RM'000
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss)/profit before taxation		**(18,940)**	56,766
Adjustments for:			
Depreciation of:			
- property, plant and equipment	5	**1,978**	1,950
- right-of-use assets	8(a)(i)	**4,623**	4,567
Amortisation of:			
- intangible assets	40	**720**	430
Loss/(gain) on disposal of:			
- property, plant and equipment	41	**68**	6
- intangible assets	41	**–**	60
- investments	34	**(6,189)**	(56)
- an associated company	34	**–**	(71,633)
Property, plant and equipment written off	41	**95**	11
Intangible assets written off	41	**28**	–
Loss on fair value of investment properties	41	**–**	10
Inventories written off	41	**12**	27
Gain on derecognition of right-of-use assets	34	**(334)**	(78)
Net (gain)/loss on remeasurement of leases	34,41	**(22)**	13
Income from COVID-19 related rent concessions	34	**–**	(9)
(Gain)/loss on fair value of investments held at fair value through profit or loss	34,41	**(1,791)**	6,932
Loss on remeasurement of previously held interests in an associated company	41	**1,396**	–
Dividend income		**(3,319)**	(4,066)
Distribution income		**–**	(4,711)
Interest income		**(9,920)**	(9,224)
Income from Islamic fixed deposits		**(537)**	(420)
Interest expense		**723**	4,646
(Write back of)/allowance for impairment of:			
- property, plant and equipment	41	**–**	(1,574)
- investment in an associated company	41	**–**	2,405
- amounts due from an associated company	41	**(398)**	16,133
- insurance receivables	41	**131**	33
- trade receivables	41	**(825)**	(1,873)
- corporate debt securities	41	**7**	(52)
Bad debts written off:			
- trade receivables	41	**9**	–
Share of losses of associated companies		**2,084**	2,170
		(30,401)	2,463

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

(CONT'D)

	Note	2023 RM'000	2022 RM'000
CASH FLOW FROM OPERATING ACTIVITIES (CONT'D)			
Adjustments for: (Cont'd)			
Allowance for/(write back of) unutilised leave	37	**676**	(752)
Pension cost – defined benefit plan	37	**210**	103
Share options expense	37	**140**	273
Unrealised gain on foreign exchange	34	**(10,829)**	(8,560)
Operating loss before working capital changes		**(40,204)**	(6,473)
Changes in working capital:			
Disposal of investments		**37,638**	134,609
Purchase of investments		**(19,087)**	(43,333)
Decrease/(increase) in deposits and placements with financial institutions		**29,223**	(50,378)
Decrease/(increase) in due from associated companies		**7,165**	(7,619)
Decrease in loans		**2,099**	26
Increase in reinsurance assets		**(8,317)**	(14,272)
Decrease in insurance receivables		**776**	9,586
(Increase)/decrease in trade and other receivables		**(4,319)**	4,779
Decrease in lease receivables		**544**	385
Decrease in inventories - goods for resale		**87**	104
Increase in property development costs		**(105,993)**	(36,077)
Increase in contract assets		**(2,682)**	–
(Decrease)/increase in insurance contract liabilities		**(23,353)**	6,460
Increase/(decrease) in insurance payables		**5,786**	(7,452)
Increase in payables		**10,345**	17,205
Cash (used in)/generated from operations		**(110,292)**	7,550
Tax paid, net of tax refunded		**(5,008)**	(6,195)
Dividends received		**3,348**	3,822
Distribution income received		**–**	1,093
Interest received		**8,347**	7,973
Income received from Islamic fixed deposits		**537**	419
Interest paid		**(44)**	(3,347)
Net cash (used in)/generated from operating activities		**(103,112)**	11,315

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

(CONT'D)

	Note	2023 RM'000	2022 RM'000
CASH FLOW FROM INVESTING ACTIVITIES			
Step-up acquisition of a subsidiary company, net of cash acquired		**(5,935)**	–
Acquisition of associated companies		**(12,207)**	(2,612)
Purchase of property, plant and equipment	5	**(785)**	(820)
Purchase of intangible assets	7	**(2,089)**	(84)
Acquisition of right-of-use assets	8(a)(i)	**(470)**	(342)
Purchase of investments		**–**	(1,015)
Disposal of investments		**46,980**	84,078
Disposal of property, plant and equipment		**265**	41
Disposal of intangible assets		**–**	29
Derecognition of right-of-use assets		**570**	56
Disposal of an associated company		**–**	79,804
Net cash generated from investing activities		**26,329**	159,135
CASH FLOW FROM FINANCING ACTIVITIES			
Issuance of share capital		**529**	813
Resale of treasury shares		**–**	46
Dividends paid to equity holders of the Company	32	**(12,908)**	(26,270)
Dividends paid to a non-controlling interest		**–**	(980)
Payment of principal portion of lease liabilities	8(a)(ii)	**(6,124)**	(5,829)
Drawdown/(repayment) of borrowings, net		**25,958**	(91,690)
Net cash generated from/(used in) financing activities		**7,455**	(123,910)
Net (decrease)/increase in cash and cash equivalents		**(69,328)**	46,540
Foreign exchange differences		**4,703**	6,195
Cash and cash equivalents at beginning of year		**103,740**	51,005
Cash and cash equivalents at end of year	24	**39,115**	103,740

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

(CONT'D)

(a) Reconciliation of liabilities arising from financing activities:

	Note	Lease liabilities (Note 8 (a)(ii)) RM'000	Borrowings (Note 29) RM'000	Total RM'000
At 1 October 2022		**10,585**	**1,765**	**12,350**
Cash flows:				
Payment of principal portion of lease liabilities		**(6,124)**	**–**	**(6,124)**
Drawdown of borrowings		**–**	**25,958**	**25,958**
Non-cash transactions:				
Acquisition of right-of-use assets	8(a)(i)	**4,114**	**–**	**4,114**
Accretion of interests		**582**	**–**	**582**
Acquisition of a subsidiary company	11	**–**	**195**	**195**
Remeasurement of lease liabilities		**1,004**	**–**	**1,004**
Transaction costs		**–**	**24**	**24**
Translation differences		**166**	**–**	**166**
At 30 September 2023		**10,327**	**27,942**	**38,269**
At 1 October 2021		12,669	93,029	105,698
Cash flows:				
Payment of principal portion of lease liabilities		(5,829)	–	(5,829)
Drawdown 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
Transaction differences		(62)	73	11
At 30 September 2022		10,585	1,765	12,350

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Note	2023 RM'000	2022 RM'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		**26,892**	28,735
Adjustments for:			
Depreciation of:			
- property, plant and equipment	5	**29**	35
- right-of-use assets	8(a)(i)	**501**	371
(Write back of)/allowance for impairment of:			
- investment in a subsidiary company	41	**–**	(500)
- amounts due from subsidiary companies	41	**578**	22,987
Amortisation of intangible assets	40	**7**	14
Loss on disposal of property, plant and equipment	41	**39**	–
Intangible assets written off	41	**7**	–
Gain on disposal of investments	34	**(2)**	–
Loss on derecognition of right-of-use assets	41	**–**	23
Net gain on remeasurement of leases	34	**–**	(4)
(Gain)/loss on fair value of investments held at fair value through profit or loss	34,41	**(123)**	877
Unrealised gain on foreign exchange	34	**(8,859)**	(3,535)
Allowance for unutilised leave		**200**	(90)
Share options expense	37	**58**	151
Dividend income		**(17,448)**	(48,280)
Interest income		**(11,655)**	(9,984)
Interest expense		**723**	2,033
Operating loss before working capital changes		**(9,053)**	(7,167)
Changes in working capital:			
(Increase)/decrease in receivables		**(838)**	1,569
Increase in due from subsidiary companies		**(83,360)**	(40,016)
Increase/(decrease) in due to subsidiary companies		**348**	(3)
Decrease in payables		**(67)**	(1,636)
Cash used in operations		**(92,970)**	(47,253)
Tax paid, net of tax refunded		**(529)**	(448)
Dividends received		**17,328**	48,010
Interest received		**1,249**	4,688
Interest paid		**(357)**	(502)
Net cash (used in)/generated from operating activities		**(75,279)**	4,495

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2023
(CONT'D)

	Note	2023 RM'000	2022 RM'000
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	**(34)**	(10)
Acquisition of right-of-use assets	8(a)(i)	**(76)**	(149)
Proceeds from disposal of quoted shares		**120**	–
Disposal of investments		**35,661**	55,060
Derecognition of right-of-use assets		**–**	56
Proceeds from disposal of property, plant and equipment		**71**	–
Net cash generated from investing activities		**35,742**	54,957
CASH FLOW FROM FINANCING ACTIVITIES			
Issuance of share capital		**529**	813
Resale of treasury shares		**–**	46
Dividends paid		**(12,908)**	(26,270)
Payment of principal portion of lease liabilities	8(a)(ii)	**(607)**	(408)
Drawdown/(repayment) of borrowings, net		**26,000**	(21,320)
Net cash generated from/(used in) financing activities		**13,014**	(47,139)
Net (decrease)/increase in cash and cash equivalents		**(26,523)**	12,313
Foreign exchange differences		**(77)**	422
Cash and cash equivalents at beginning of year		**27,825**	15,090
Cash and cash equivalents at end of year	24	**1,225**	27,825

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2023
(CONT'D)

(a) Reconciliation of liabilities arising from financing activities:

	Note	Lease liabilities (Note 8 (a)(ii)) RM'000	Borrowings (Note 29) RM'000	Total RM'000
At 1 October 2022		**1,161**	**1,000**	**2,161**
Cash flows:				
Payment of principal portion of lease liabilities		**(607)**	**–**	**(607)**
Drawdown of borrowings		**–**	**26,000**	**26,000**
Non-cash transactions:				
Acquisition of right-of-use assets	8(a)(i)	**595**	**–**	**595**
Accretion of interests		**64**	**–**	**64**
At 30 September 2023		**1,213**	**27,000**	**28,213**
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

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

NOTES TO THE FINANCIAL STATEMENTS
– 30 SEPTEMBER 2023

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 29 November 2023 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 2023

(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.

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.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

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

Computer Software and Other Licences
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.

Preliminary and Pre-operating Expenses
Preliminary and pre-operating expenses are written off as and when incurred.

Software development in progress
Software development in progress represents development expenditure on software. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated impairment losses. Software development in progress are not amortised as these assets are not available for use. When development is complete and the asset is available for use, it is reclassified to computer software and amortisation of the asset begins. It is amortised over the period of expected future use.

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 2023

(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.

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")

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.

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 2023

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment (Cont'd)

(i) Financial Assets (Cont'd)

Significant increase in credit risk

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

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

Measurement of ECL – General Approach - Insurance Receivables

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

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

The components for computing the LPR include:

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

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

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

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

Measurement of ECL – General Approach - Debt Instruments

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

The components for computing the ECL include:

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

(ii) probability of the debt instrument defaulting;

(iii) loss percentage in event of default; and

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment (Cont'd)

(i) Financial Assets (Cont'd)

Write off policy

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

Definition of default and credit-impaired financial assets

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

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

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

(ii) Non-Financial Assets

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment (Cont'd)

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

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

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

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

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

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

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

(k) Inventories

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

(l) Property Development Costs

Property development costs are those assets on which significant works have been undertaken and are expected to be completed within the normal operating cycle.

Property development costs are initially stated at cost. Such costs include:

- Cost of the land on which development activity is to take place;
- Amounts paid to contractors for development and construction of the property;
- Borrowing costs (see Note 2(s) for further details on accounting policy for borrowing costs); and
- Other related costs such as planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, and construction overheads.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Property Development Costs (Cont'd)

Any unexpected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development cost is measured at the lower of cost or net realisable value.

(m) Contract Assets

(i) Incremental costs of obtaining a contract

The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer which they would not have incurred if the contract had not been obtained.

(ii) Costs to fulfill a contract

The costs incurred in fulfilling contracts with customers which are not within the scope of other MFRS such as MFRS 102 *Inventories*, MFRS 116 *Property, Plant and Equipment* and MFRS 138 *Intangible Assets*, are recognised as contract cost assets when all of the following criteria are met:

- costs relate directly to a contract or to an anticipated contract that can be specifically identified;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

Contract assets are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The amortisation shall be updated subsequently to reflect any significant changes to the expected timing of transfer to the customer of the goods or services to which the asset relates.

Impairment loss is recognised in profit or loss to the extent that the carrying amount of the contract cost exceeds:

- the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less
- the costs that relate directly to providing those goods or services that have not been recognised as expenses.

Before an impairment loss is recognised for contract cost, the Group shall recognise any impairment loss for assets related to the contract that are recognised in accordance with other MFRS, such as MFRS 102, MFRS 116 and MFRS 138. The Group shall include the resulting carrying amount of the contract assets in the carrying amount of the cash-generating unit to which it belongs for the purpose of applying MFRS 136 *Impairment of Assets* to that cash-generating unit.

An impairment loss is reversed when the impairment conditions no longer exist or have improved. Such reversal is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) 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.

(o) 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.

(p) Cash and Cash Equivalents

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) 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.

(r) Borrowings

Borrowings 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.

(s) Borrowing Costs

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of those assets.

Capitalisation of borrowing costs commences when:

(i) expenditures for the asset are incurred;

(ii) borrowing costs are incurred; and

(iii) activities that are necessary to prepare the assets for their intended use or sale are in progress.

The capitalisation of general borrowings is determined using the Group's weighted average cost of borrowings after adjusting for borrowings related to specific developments.

For borrowings related to specific developments, the amount capitalised is the gross borrowing cost incurred on the said borrowings, less any investment income on the temporary investment of those borrowings.

Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

All other borrowing costs are expensed in the period in which they are incurred.

(t) 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.

NOTES TO THE FINANCIAL STATEMENTS
– 30 SEPTEMBER 2023

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) 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.

(v) 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.

(v) Revenue from sales of property under development is recognised at a point in time when the property has been completed and control has been transferred to the customer.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) 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(y)(i).

(w) 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.

(x) 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)

(y) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(ii) Insurance Contract 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.

(z) 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.

(aa) Employee Benefits

(i) Short Term Benefits

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

(ii) Defined Contribution Plans

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

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

(iii) Defined Benefit Plan

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

NOTES TO THE FINANCIAL STATEMENTS
– 30 SEPTEMBER 2023

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(aa) Employee Benefits (Cont'd)

(iv) Employees' Share Option Scheme

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

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

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

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

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

(ab) Foreign Currencies

(i) Functional and Presentation Currency

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

(ii) Foreign Currency Transactions

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ab) Foreign Currencies (Cont'd)

(ii) Foreign Currency Transactions (Cont'd)

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.

(ac) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ac) Income Tax (Cont'd)

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.

(ad) 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.

(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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ad) Leases (Cont'd)

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

(i) Right-of-use assets (Cont'd)

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.

(iii) Short-term leases and leases of low-value assets

The Group and the Company apply the short-term lease recognition exemption to its short-term leases of computer and office equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Group and the Company also apply the lease of low-value assets recognition exemption to leases of computer and office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The Group as lessor

As a lessor, the Group determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ad) 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.

(ae) 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)

(af) 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 2022 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 2022.

Effective for financial periods beginning on or after 1 January 2022

Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)
Amendments to MFRS 3	Business Combinations - Reference to the Conceptual Framework
Amendments to MFRS 9	Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)
Amendments to MFRS 16	Leases (Annual Improvements to MFRS Standards 2018-2020)
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts - Cost of Fulfilling a Contract
Amendments to MFRS 141	Agriculture (Annual Improvements to MFRS Standards 2018-2020)

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

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

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 2023 (Cont'd)

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
Amendments to MFRS 112	Income Taxes – International Tax Reform – Pillar Two Model Rules

Effective for financial periods beginning on or after 1 January 2024

Amendments to MFRS 16	Leases - Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Presentation of Financial Statements – Non-current Liabilities with Covenants
Amendments to MFRS 107	Statement of Cash Flows - Supplier Finance Arrangements
Amendments to MFRS 7	Financial Instruments: Disclosures - Supplier Finance Arrangements

Effective for financial periods beginning on or after 1 January 2025

Amendments to MFRS 121	The Effects of Changes in Foreign Exchange Rates (Lack of Exchangeability)

Effective date to be announced by Malaysian Accounting Standards Board

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)

The adoption of the above MFRSs 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. The Group will be applying MFRS 17 for the first time in the upcoming financial year ending 30 September 2024. Accordingly, it will restate comparative information for the financial year ended 30 September 2023, including the opening balance as at 1 October 2022, by applying the transitional provisions of MFRS 17.

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)

- MFRS 17 *Insurance Contracts* and Amendments to MFRS 17 (Cont'd)

The standard includes a number of significant changes regarding the measurement and disclosure of insurance contracts both in terms of liability measurement and profit recognition.

The MFRS 17 general measurement model requires insurance contract assets or liabilities to be measured using:

- Probability-weighted estimates of future cash flows;
- Discounting;
- Separate specific embedded derivatives, distinct investment components and distinct non-insurance goods or services from insurance contracts and account for them in accordance with other applicable MFRS or IFRS;
- A risk adjustment for non-financial risk; and
- A contractual service margin ("CSM") representing the unearned profit that will be recognised over the coverage period.

MFRS 17 is a principle-based accounting standard and the valuation of insurance contract assets or liabilities will continue to be the largest area of estimation uncertainty. This will, however, include additional elements such as the consideration of the cashflows within the contract boundary, discounting and the risk adjustment calculations. There are a number of accounting policy choices that are allowed under the standard and this will require the application of judgement in interpreting the standard in areas such as determining the applicable measurement model, the approach to discounting and the level of aggregation.

Under MFRS 17, insurance contracts that are subject to similar risks and that are managed together are classified into a portfolio of insurance contracts. Each portfolio of insurance contracts is then divided into a minimum of three groups:

- A group of contracts that are onerous at initial recognition;
- A group of contracts that at initial recognition have no significant possibility of becoming onerous; and
- A group of the remaining contracts in the portfolio.

The Group will recognise profits from the group of insurance contracts that at initial recognition have no significant possibility of becoming onerous and from the group of remaining contracts in the portfolio over each period the Group provides insurance coverage, as the Group is released from risk. If a group of contracts is expected to be onerous (i.e., loss making) at initial recognition, the Group will recognise the loss immediately in the statement of comprehensive income. In the statement of financial position, the Group would be required to recognise a loss component immediately in the income statement. A loss recovery component will be recognised if there is appropriate reinsurance coverage in place.

During the implementation period of MFRS 17, the Group has determined that insurance contracts issued and reinsurance contracts held by it are eligible for the Premium Allocation Approach ("PAA"), a simplified approach mainly for insurance and reinsurance contracts with a coverage period (i.e., contract boundaries) of 12 months or less, or for policies with contract boundaries of more than 12 months but which are able to pass the PAA eligibility test.

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)

- MFRS 17 *Insurance Contracts* and Amendments to MFRS 17 (Cont'd)

The PAA simplifies the measurement of liability for remaining coverage ("LRC"), replacing the fulfilment cashflow plus contractual service margin ("CSM") approach of the General Measurement Model ("GMM") with a measurement based on premiums received less acquisition costs and less those recognised through revenue. For gross insurance contracts measured under the PAA, acquisition cash flows can be recognised as an expense when incurred or included in the cash flows in the measurement of the LRC. The Group will include the cash flows in the measurement of the LRC and amortise them over the coverage period. For insurance and reinsurance contracts held, the measurement of the carrying amount of the asset for remaining coverage is simplified instead of adjusting the contractual service margin.

As not all cash flows are expected to be paid or received in one year or less from the date claims are incurred, the Group is required to discount the estimate of future cash flows included in the liability for incurred claims ("LIC"). The Group will apply the bottom-up discount rates approach when deriving its discount rates for discounting the LIC. This approach requires the use of an appropriate (liquid) risk-free yield curve plus a specific illiquidity premium (if any) above the risk-free yield curve. The Group has elected to recognise changes in the effect of discounting as part of insurance finance income or expense in the statement of comprehensive income. Yield curve information will be sourced from a third-party service provider.

A risk adjustment for non-financial risk will be determined to reflect the compensation that the Group would require for bearing the uncertainty about the amount and timing of the cash flows that arise as the Group fulfils the contracts. The risk adjustment for non-financial risk for the expired LIC and LRC under MFRS 17 will be computed using an approach similar to the Provision of Risk Margin for Adverse Deviation ("PRAD") under MFRS 4 as required when computing insurance contract liabilities under the Risk-based Capital Framework as issued by Bank Negara. The fundamentals of reserving for insurance contract liabilities remain the largely the same and accordingly, a similar approach would be adopted in setting the confidence level.

The presentation of the income statement and statement of comprehensive income will change significantly upon the adoption of MFRS 17, with clear delineation of underwriting and investment results. There will no longer be items such as gross, net or earned premiums or net claims incurred shown on the income statement.

Instead, the income statement will reflect the following items from the financial year ending 30 September 2024, together with a restated income statement under MFRS 17 for the year ended 30 September 2023:

- Insurance revenue
- Insurance service expenses
- Insurance service results
- Insurance finance income or expenses
- Income or expenses from reinsurance contracts held

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)

- MFRS 17 *Insurance Contracts* and Amendments to MFRS 17 (Cont'd)

MFRS 17 will also require more extensive disclosure requirements compared to MFRS 4. The Group will provide both qualitative and quantitative disclosure about insurance contracts in the following areas:

- Explanation of the amounts recognised in the Group's financial statements arising from insurance contracts;
- Significant judgements, and changes in those judgements, when applying MFRS 17; and
- The nature and extent of risks that arise from contracts within the scope of MFRS 17.

As MFRS 17 is applied retrospectively, the Group determined the transition approach depending on availability of reasonable and supportable historic information. At this juncture, the Group has ascertained that it will apply the full retrospective approach ("FRA") to all portfolios of insurance contracts, having considered the availability of data and effort required.

The impacts of adopting MFRS 17 to opening balances as at 1 October 2022 and the comparatives as at and for the year ended 30 September 2023 are currently being finalised after having considered all technical requirements, the relevance of the measurement approaches and transition considerations, amongst others during the implementation period.

MFRS 17 will provide enhanced disclosures to enable to readers to understand insurance contracts issued by the Group, including a clearer delineation of how the Group has performed in both underwriting and investments activities. As the Group qualifies to apply the PAA approach to its liability for remaining coverage, in which such measurement model is similar to the unearned premium reserves ("UPR") approach that is currently used under MFRS 4, the overall impact of adopting MFRS 17 is not expected to have a significant impact on its results.

MFRS 17 will create timing differences (as discussed above on onerous losses and discounting) in how insurance contracts are recognised over their lifetime. This may impact the financial reporting period in which profits are recognised but will not amend the overall profitability of the insurance contract. There is no change in the Group's underwriting strategy, fundamentals or risk appetite as a result of adopting MFRS 17. The Group also expects that there will not be any significant impacts to the capital requirements upon adoption of MFRS 17. It is also expected that there will be no significant impacts to the business, financial strength, claims paying ability, or dividend paying capacity of the Group. Accordingly, it is anticipated that at this juncture, there will not be any significant changes to the business strategies of the Group. The Group will continue to monitor this matter.

The Group is currently finalising the implementation of MFRS 17 and will be fully compliant with the requirements of the Standard by 30 September 2024.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Critical Judgement Made in Applying Accounting Policies

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's and the Company's accounting policies. These are areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(i) Classification between Investment Properties and Property, Plant and Equipment

The Group has developed certain criteria based on MFRS 140 *Investment Property* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rental or for capital appreciation or both.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately.

If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(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.

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

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

(iii) Determining the timing of revenue recognition on the sale of property under development

The Group has evaluated the timing of revenue recognition on the sale of property under development based on an analysis of the rights and obligations under the terms of the contract and legal advice from the Group's external counsels.

The Group has concluded that contracts relating to the sale of property under development are recognised at a point in time when the construction of the property has been completed and at which time control will be transferred to the customers, when all the following are fulfilled:

(a) The Group has transferred legal title of the property to the customer;

(b) The customer has signed all necessary closing documents; and

(c) The Group has received full payment of the purchase price of the completed property from the customer.

(b) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Depreciation and Amortisation

Depreciation and amortisation are based on management's estimates of the future estimated average useful lives and residual values of property, plant and equipment and intangible assets. Estimates may change due to technological developments, expected level of usage, competition, market conditions and other factors which could impact the estimated average useful lives and the residual values of these assets. This may result in future changes in the estimated useful lives and in the depreciation or amortisation expenses.

(ii) Revaluation of Property, Plant and Equipment and Investment Properties

The Group carries its freehold and leasehold land and building, and investment properties at fair value, with changes in fair value being recognised in the revaluation reserves and income statements respectively. The valuation of these properties are carried out by independent professional property valuers by reference to open market values using the comparison method as described further in Notes 5 and 6.

(iii) ESOS

Estimating fair value for ESOS requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share options, volatility and dividend yield and making assumptions about them.

Judgement is also required in estimating the number of share options expected to vest as this involves a high degree of subjectivity.

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

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

(iv) Impairment of Non-Financial Assets

Non-financial assets excluding goodwill 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 non-financial assets excluding goodwill 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.

Goodwill is tested for impairment when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

(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.

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		Valuation			Cost				
2023	Note	Freehold land RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Computer equipment RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture, fixtures and fittings RM'000	Total RM'000
Valuation/Cost									
At 1 October 2022		2,730	850	14,040	6,918	2,659	4,023	6,361	37,581
Additions		–	–	–	271	–	488	26	785
Disposals		–	–	–	–	(1,386)	(12)	–	(1,398)
Write-offs		–	–	–	(100)	–	(457)	(723)	(1,280)
Acquisition of a subsidiary company	11	–	–	–	–	–	–	78	78
Revaluation surplus		350	25	1,107	–	–	–	–	1,482
Elimination of accumulated depreciation on revaluation		–	(35)	(1,107)	–	–	–	–	(1,142)
Translation differences		–	–	–	16	76	21	101	214
At 30 September 2023		3,080	840	14,040	7,105	1,349	4,063	5,843	36,320
Accumulated Depreciation and Impairment									
At 1 October 2022		–	–	–	5,831	1,980	3,408	5,446	16,665
Charge for the year	40	–	35	1,107	119	126	308	283	1,978
Disposals		–	–	–	–	(1,037)	(1)	–	(1,038)
Write-offs		–	–	–	(83)	–	(454)	(648)	(1,185)
Elimination of accumulated depreciation on revaluation		–	(35)	(1,107)	–	–	–	–	(1,142)
Translation differences		–	–	–	8	48	15	85	156
At 30 September 2023		–	–	–	5,875	1,117	3,276	5,166	15,434
Net Book Value									
At 30 September 2023		3,080	840	14,040	1,230	232	787	677	20,886

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

Group	Note	Freehold land RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Computer equipment RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture, fixtures and fittings RM'000	Total RM'000
		Valuation			Cost				
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	40	–	33	1,070	122	212	273	240	1,950
Write back of allowance for impairment		–	–	–	(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 2023

(CONT'D)

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

Company	Note	Computer equipment RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture, fixtures and fittings RM'000	Total RM'000
		←	Cost		→	
2023						
Cost						
At 1 October 2022		**259**	**346**	**187**	**488**	**1,280**
Additions		**–**	**–**	**15**	**19**	**34**
Disposal		**–**	**(341)**	**–**	**–**	**(341)**
Write-offs		**–**	**–**	**–**	**(5)**	**(5)**
At 30 September 2023		**259**	**5**	**202**	**502**	**968**
Accumulated Depreciation						
At 1 October 2022		**256**	**228**	**132**	**467**	**1,083**
Charge for the year	40	**1**	**6**	**10**	**12**	**29**
Disposal		**–**	**(231)**	**–**	**–**	**(231)**
Write-offs		**–**	**–**	**–**	**(5)**	**(5)**
At 30 September 2023		**257**	**3**	**142**	**474**	**876**
Net Book Value						
At 30 September 2023		**2**	**2**	**60**	**28**	**92**
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	40	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

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

Freehold land and buildings and leasehold buildings of the Group were revalued as at 30 September 2023 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 2023.

The fair value of the freehold land and buildings and leasehold buildings is categorised within Level 3 of the fair value hierarchy. The significant inputs used in the valuation are provided in Note 55.

There are no changes to the valuation technique and fair value hierarchy in the current financial year.

The net book values of the freehold land and buildings and leasehold buildings of the Group had the cost model been applied, compared to the revaluation model as at 30 September 2023 are as follows:

		Net Book Value			
		2023		**2022**	
	Note	**Under Revaluation Model RM'000**	**Under Cost Model RM'000**	**Under Revaluation Model RM'000**	**Under Cost Model RM'000**
Freehold land		**3,080**	**380**	2,730	380
Freehold buildings		**840**	**180**	850	187
Leasehold buildings		**14,040**	**3,761**	14,040	4,020
	55	**17,960**	**4,321**	17,620	4,587

6. INVESTMENT PROPERTIES

		Group	
	Note	**2023 RM'000**	**2022 RM'000**
At fair value			
At 1 October		**640**	650
Loss on fair value adjustments	41	**–**	(10)
At 30 September	55	**640**	640

The investment properties comprise of freehold buildings.

Investment properties were revalued as at 30 September 2023 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 2023.

The Group has assessed that the existing use of its investment properties is the most appropriate, and at its highest and best use.

The fair value of the investment properties is categorised within Level 3 of the fair value hierarchy. The significant inputs used in the valuation are provided in Note 55.

NOTES TO THE FINANCIAL STATEMENTS
– 30 SEPTEMBER 2023

(CONT'D)

7. INTANGIBLE ASSETS

Group	**Note**	**Club Membership RM'000**	**Computer Software and Other Licences RM'000**	**Software Development in Progress RM'000**	**Total RM'000**
2023					
Cost					
At 1 October 2022		**421**	**6,284**	**–**	**6,705**
Acquisition of a subsidiary company	11	**–**	**1,606**	**–**	**1,606**
Additions		**–**	**461**	**1,628**	**2,089**
Write-offs		**–**	**(459)**	**–**	**(459)**
Translation differences		**4**	**222**	**–**	**226**
At 30 September 2023		**425**	**8,114**	**1,628**	**10,167**
Accumulated Amortisation and Impairment					
At 1 October 2022		**223**	**5,421**	**–**	**5,644**
Amortisation	40	**7**	**713**	**–**	**720**
Write-offs		**–**	**(431)**	**–**	**(431)**
Translation differences		**1**	**110**	**–**	**111**
At 30 September 2023		**231**	**5,813**	**–**	**6,044**
Net Book Value					
At 30 September 2023		**194**	**2,301**	**1,628**	**4,123**
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	40	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

7. INTANGIBLE ASSETS (CONT'D)

Company

	Note	2023 RM'000	2022 RM'000
Computer software and licences			
Cost			
At 1 October		**236**	236
Write-offs		**(202)**	–
At 30 September		**34**	236
Accumulated Amortisation			
At 1 October		**216**	202
Amortisation	40	**7**	14
Write-offs		**(195)**	–
At 30 September		**28**	216
Net Book Value		**6**	20

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.

8. LEASES (CONT'D)

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

(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
2023							
At 1 October 2022		**858**	**4,958**	**1,760**	**3,544**	**710**	**11,830**
Additions		**–**	**–**	**2,327**	**2,041**	**216**	**4,584**
Depreciation charge	40	**(821)**	**(1,741)**	**(1,239)**	**(530)**	**(292)**	**(4,623)**
Derecognition		**–**	**(47)**	**(460)**	**(737)**	**–**	**(1,244)**
Remeasurements		**945**	**37**	**–**	**–**	**–**	**982**
Translation differences		**12**	**128**	**7**	**31**	**7**	**185**
At 30 September 2023		**994**	**3,335**	**2,395**	**4,349**	**641**	**11,714**
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	40	(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

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
2023						
At 1 October 2022		**497**	**–**	**1,424**	**92**	**2,013**
Additions		**–**	**108**	**396**	**167**	**671**
Depreciation charge	40	**(224)**	**(18)**	**(197)**	**(62)**	**(501)**
At 30 September 2023		**273**	**90**	**1,623**	**197**	**2,183**
2022						
At 1 October 2021		618	6	979	41	1,644
Additions		139	–	649	83	871
Depreciation charge	40	(210)	(6)	(125)	(30)	(371)
Derecognition		–	–	(79)	–	(79)
Remeasurements		(50)	–	–	(2)	(52)
At 30 September 2022		497	–	1,424	92	2,013

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash	**470**	342	**76**	149
Lease liabilities	**4,114**	3,231	**595**	722
	4,584	3,573	**671**	871

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	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 October		**10,585**	12,669	**1,161**	847
Additions		**4,114**	3,231	**595**	722
Accretion of interest	42	**582**	685	**64**	56
Payments		**(6,124)**	(5,829)	**(607)**	(408)
Remeasurements		**1,004**	(100)	**–**	(56)
COVID-19 related rent concessions	34	**–**	(9)	**–**	–
Translation differences		**166**	(62)	**–**	–
At 30 September		**10,327**	10,585	**1,213**	1,161

Maturity profile of lease liabilities is disclosed in Note 57(b)(i).

Extension options

The Group and the Company have several lease contracts of buildings which contain extension options exercisable by the Group and the Company. At the commencement of the lease, the Group and the Company assess whether it is reasonably certain to exercise such options.

All of the extension options for buildings have been included in the lease liabilities because the Group and the Company are reasonably certain that the leases will be extended based on past practice and the existing economic incentive.

(b) The Group as lessor

During the financial year, the Group leased out its 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 33.

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.

8. LEASES (CONT'D)

(c) The Group as intermediate lessor (Cont'd)

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

		Group	
	Note	2023 RM'000	2022 RM'000
At 1 October		**549**	563
Additions		**1,035**	333
Accretion of interest	34	**55**	35
Lease payments received		**(544)**	(385)
Remeasurements		**39**	–
Translation differences		**11**	3
At 30 September		**1,145**	549

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

	Group	
	2023 RM'000	2022 RM'000
Up to a year	**691**	366
1-2 years	**344**	159
2-5 years	**162**	56
Total undiscounted lease payments receivable	**1,197**	581
Unearned finance income	**(52)**	(32)
Lease receivables at 30 September	**1,145**	549

8. LEASES (CONT'D)

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

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
The Group and the Company as lessee:					
Depreciation expense of right-of-use assets	40	**(4,623)**	(4,567)	**(501)**	(371)
Interest expense on lease liabilities	42	**(582)**	(685)	**(64)**	(56)
Remeasurement gain/(loss) on leases	34,41	**22**	(13)	**–**	4
Loss on derecognition of right-of-use assets	41	**–**	–	**–**	(23)
Expenses relating to:					
- leases of low-value assets	41	**(172)**	(247)	**(138)**	(130)
- short term leases	41	**(324)**	(310)	**(92)**	(92)
Income from COVID-19 related rent concessions	34	**–**	9	**–**	–
The Group as intermediate lessor:					
Gain on derecognition of right-of-use assets	34	**334**	78	**–**	–
Interest income on lease receivables	34	**55**	35	**–**	–
Remeasurement loss on leases		**39**	–	**–**	–

(e) During the year, the Group and the Company had total cash outflow for payment of leases of RM6,620,000 (2022: RM6,386,000) and RM837,000 (2022: RM630,000) respectively. The Group and the Company also had non-cash additions to right-of-use assets during the year of RM4,114,000 (2022: RM3,231,000) and RM595,000 (2022: RM722,000) respectively.

9. DEFERRED TAX (LIABILITIES)/ASSETS

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 October		**(3,153)**	(8,495)	**1,023**	993
Arising from acquisition of a subsidiary company	11	**(18)**	–	**–**	–
Transferred (to)/from income statements	50	**(935)**	1,375	**(324)**	30
- deferred tax assets	9.1,9.3	**370**	1,545	**(331)**	40
- deferred tax liabilities	9.2,9.4	**(1,305)**	(170)	**7**	(10)
Transferred from/(to) FVOCI reserve					
- deferred tax liabilities		**183**	4,080	**–**	–
- deferred tax assets	9.1	**(356)**	(1,428)	**–**	–
- deferred tax liabilities	9.2	**539**	5,508	**–**	–
Transferred to revaluation reserve					
- deferred tax liabilities	9.2	**(356)**	(113)	**–**	–
At 30 September		**(4,279)**	(3,153)	**699**	1,023

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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deferred tax assets	**699**	1,475	**699**	1,023
Deferred tax liabilities	**(4,978)**	(4,628)	**–**	–
Net deferred tax (liabilities)/assets	**(4,279)**	(3,153)	**699**	1,023

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 2023 RM'000	Group 2022 RM'000
Deferred tax assets	9.1	**3,676**	3,662
Deferred tax liabilities	9.2	**(7,955)**	(6,815)
		(4,279)	(3,153)

	Note	Company 2023 RM'000	Company 2022 RM'000
Deferred tax assets	9.3	**778**	1,109
Deferred tax liabilities	9.4	**(79)**	(86)
		699	1,023

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	Unutilised Business Losses and Unabsorbed Capital Allowances RM'000	Total RM'000
2023						
At 1 October 2022	**1,091**	**30**	**455**	**749**	**1,337**	**3,662**
Recognised in the income statements	**95**	**–**	**–**	**(491)**	**766**	**370**
Recognised in FVOCI reserve	**–**	**–**	**(356)**	**–**	**–**	**(356)**
At 30 September 2023	**1,186**	**30**	**99**	**258**	**2,103**	**3,676**
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

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
2023							
At 1 October 2022		(1,144)	333	(1,268)	(4,602)	(134)	(6,815)
Arising from acquisition of a subsidiary company	11	(18)	–	–	–	–	(18)
Recognised in the income statements		(467)	(458)	–	–	(380)	(1,305)
Recognised in FVOCI reserve		–	–	539	–	–	539
Recognised in revaluation reserve		–	–	–	(356)	–	(356)
At 30 September 2023		(1,629)	(125)	(729)	(4,958)	(514)	(7,955)
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)

NOTES TO THE FINANCIAL STATEMENTS
– 30 SEPTEMBER 2023

(CONT'D)

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
2023				
At 1 October 2022	**324**	**187**	**598**	**1,109**
Recognised in the income statements	**(324)**	**(10)**	**3**	**(331)**
At 30 September 2023	**–**	**177**	**601**	**778**
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

9.4 Deferred Tax Liabilities of the Company:

	Accelerated Capital Allowances RM'000	Total RM'000
2023		
At 1 October 2022	**(86)**	**(86)**
Recognised in the income statements	**7**	**7**
At 30 September 2023	**(79)**	**(79)**
2022		
At 1 October 2021	(76)	(76)
Recognised in the income statements	(10)	(10)
At 30 September 2022	(86)	(86)

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

As at 30 September 2023, net deferred tax assets have not been recognised in respect of the following temporary differences of the Group:

	Group 2023 RM'000	Group 2022 RM'000
Depreciation and capital allowances on property, plant and equipment	**2,527**	2,527
Unutilised tax losses	**155,203**	140,160
	157,730	142,687

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 RM2,078,000 (2022: RM2,771,000) have expired.

10. INVESTMENTS

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

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
(a) Financial assets at FVOCI					
At fair value:					
Designated upon initial recognition:					
- Quoted shares (i)		**211**	46,963	**–**	36,649
- Unquoted shares (i)		**3,155**	2,848	**–**	–
Mandatorily measured:					
- Corporate debt securities (ii)		**82,707**	71,524	**–**	–
	55	**86,073**	121,335	**–**	36,649

10. INVESTMENTS (CONT'D)

The Group's and the Company's investments have been categorised as follows: (Cont'd)

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
(b) Financial assets at FVTPL					
At fair value:					
Mandatorily measured:					
- Quoted shares		**13,799**	15,628	**794**	686
- Unquoted redeemable convertible loan notes (iii)		**–**	362	**–**	–
- Unit trusts		**232,161**	245,447	**–**	–
- Warrants		**80**	5,445	**–**	–
	55	**246,040**	266,882	**794**	686
Total investments		**332,113**	388,217	**794**	37,335

(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					
2023					
At 1 October 2022	**45,874**	**1,089**	**46,963**	**2,848**	**49,811**
Disposal during the year	**(45,585)**	**(1,376)**	**(46,961)**	**–**	**(46,961)**
Fair value (losses)/gains during the year	**(78)**	**287**	**209**	**–**	**209**
Translation differences	**–**	**–**	**–**	**307**	**307**
At 30 September 2023	**211**	**–**	**211**	**3,155**	**3,366**

10. INVESTMENTS (CONT'D)

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

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: (Cont'd)

	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

During the year, the Group sold equity instruments at FVOCI and the accumulated gains recognised in FVOCI reserves attributable to the equity holders of the Company of RM33,008,000 (2022: RM56,708,000) have been transferred to retained profits of the Group. No dividend was received by the Group in respect of the shares sold during the current and previous financial years.

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 these quoted shares is as follows:

	Company	
	2023 RM'000	**2022 RM'000**
Fair value		
At 1 October	**36,649**	76,093
Disposal during the year	**(35,642)**	(55,060)
Fair value (loss)/gain during the year	**(1,007)**	15,616
At 30 September	**–**	36,649

During the year, the Company sold equity instruments at FVOCI and the accumulated gains recognised in FVOCI reserves of the Company of RM31,208,000 (2022: RM47,402,000) has been transferred to retained profits. No dividend was received by the Company in respect of the shares sold during the current and previous financial years.

(ii) Disclosure of expected credit losses recognised on corporate debt securities held at FVOCI are disclosed in Note 57(a)(ii).

10. INVESTMENTS (CONT'D)

(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 55.

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

		Group	
	Note	2023 RM'000	2022 RM'000
At 1 October		**362**	2,768
Conversion during the year	12	**(410)**	–
Fair value loss during the year		**–**	(2,252)
Translation differences		**48**	(154)
At 30 September		**–**	362

11. INVESTMENT IN SUBSIDIARY COMPANIES

		Company	
	Note	2023 RM'000	2022 RM'000
Unquoted shares - at cost		**161,847**	161,847
ESOS Share Options - additional equity contribution	39	**1,285**	1,295
Impairment losses		**(6,125)**	(6,125)
At 30 September		**157,007**	157,017

The subsidiary companies are as follows:

	Effective Interests 2023 %	Effective Interests 2022 %	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

11. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

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

	Effective Interests 2023 %	Effective Interests 2022 %	Principal Activities
Incorporated in Malaysia (Cont'd)			
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
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 *	**100**	100	Investing in start-up companies
Incorporated in Hong Kong			
Pacific & Orient (Hong Kong) Limited *	**100**	100	Investing in start-up companies

NOTES TO THE FINANCIAL STATEMENTS
– 30 SEPTEMBER 2023

(CONT'D)

11. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

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

	Effective Interests 2023 %	Effective Interests 2022 %	Principal Activities
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 ("POP LLC") **	**100**	100	Property development
Subsidiary company of Pacific & Orient Properties Ltd. - Incorporated in England and Wales			
Acumentive Limited ("Acumentive") (1)*	**100**	–	Provision of real-time asset tracking and management solutions

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

(1) Step-up acquisition of Acumentive

Pacific & Orient Properties Ltd., a wholly owned subsidiary of the Company, had on 27 December 2022 acquired an additional 68.48% equity interest in Acumentive comprising 100,000 ordinary shares for a cash consideration of GBP1,253,000 (approximately RM6,667,000) ("the Acquisition"). Pursuant to the Acquisition, the Group's effective interest in Acumentive has increased from 31.52% to 100.00%. Accordingly, Acumentive ceased to be an associated company and has become a wholly-owned indirect subsidiary of the Company.

As allowed by MFRS 3 *Business Combinations*, at the date of these financial statements, the Group is in the process of assessing and finalising the acquisition accounting arising from the acquisition of Acumentive. The fair values of assets and liabilities acquired as of 30 September 2023 are consolidated based on provisional fair values as the purchase price allocation ("PPA") exercise and allocation of goodwill to specific cash generating units ("CGU") have yet to be completed. The Group anticipates to be able to complete the PPA and allocation of goodwill exercise by 26 December 2023. Upon the completion of this exercise, the carrying amount of the residual goodwill will be adjusted accordingly on a retrospective basis.

11. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(1) Step-up acquisition of Acumentive (Cont'd)

The following summarises the total consideration transferred, and the fair values of the identifiable assets acquired and liabilities assumed from Acumentive at the acquisition date:

(i) Fair value of consideration transferred

	Group 2023 RM'000
Cash and cash equivalents	**6,667**

(ii) Identifiable assets acquired and liabilities assumed

	Note	Group 2023 RM'000
Property, plant and equipment	5	**78**
Intangible assets	7	**1,606**
Cash and bank balances		**732**
Total assets		**2,416**
Deferred tax liabilities	9	**(18)**
Amount due to related companies		**(4,796)**
Other payables		**(832)**
Borrowings		**(195)**
Total liabilities		**(5,841)**
Total identifiable net liabilities assumed, at fair value		**(3,425)**

The above fair values have been determined on a provisional basis and are pending finalisation.

(iii) Net cash outflow arising from the Acquisition

	Group 2023 RM'000
Purchase consideration settled in cash and cash equivalents	**(6,667)**
Cash and bank balances acquired	**732**
	(5,935)

NOTES TO THE FINANCIAL STATEMENTS
– 30 SEPTEMBER 2023

(CONT'D)

11. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(1) Step-up acquisition of Acumentive (Cont'd)

The following summarises the total consideration transferred, and the fair values of the identifiable assets acquired and liabilities assumed of Acumentive at the acquisition date: (Cont'd)

(iv) Loss on remeasurement of previously held equity interests

	Group 2023 RM'000
Fair value of 31.52% previously held equity interest as at 27 December 2022	3,069
Carrying value of 31.52% previously held equity interest as at 27 December 2022	(4,465)
Loss on remeasurement of previously held equity interest	(1,396)

(v) Goodwill on consolidation

	Note	Group 2023 RM'000
Fair value of consideration transferred		6,667
Fair value of previously held equity interest		3,069
		9,736
Add: Fair value of identifiable net liabilities		3,425
Goodwill on consolidation	13	13,161

The goodwill of RM13,161,000 comprises the value of expected synergies arising from the Acquisition through enhanced product offerings by combining the Group's existing hardware and software solutions with the acquired real-time asset tracking and management system. Additionally, it encompasses the ability to cross-sell the Group's existing IT products to Acumentive's customer base and vice versa, as well as technology integration. None of the goodwill recognised is expected to be deductible for income tax purposes.

(vi) Impact of the Acquisition on the Group's results

From the date of the Acquisition, Acumentive's contribution of revenue and loss before tax are as follows:

	Group 2023 RM'000
Revenue	707
Loss before tax	(366)

11. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(1) Step-up acquisition of Acumentive (Cont'd)

The following summarises the total consideration transferred, and the fair values of the identifiable assets acquired and liabilities assumed of Acumentive at the acquisition date: (Cont'd)

(vi) Impact of the Acquisition on the Group's results (Cont'd)

If the Acquisition had occurred on 1 October 2022, the consolidated results for the financial year ended 30 September 2023 would have been as follows:

	Group 2023 RM'000
Revenue	**281,345**
Loss before tax	**(18,906)**

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

	2023	2022
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)	**111,467**	113,321
Inter-company eliminations - Share options vested under ESOS (RM'000)	**(450)**	(446)
Transfer of FVOCI reserve to non-controlling interest (RM'000)	**365**	9,306
Transfer of revaluation reserve to non-controlling interest (RM'000)	**149**	149
Net carrying amount of non-controlling interest (RM'000)	**111,531**	122,330

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

	2023 RM'000	2022 RM'000
Total assets	**793,159**	812,869
Total liabilities	**(565,675)**	(581,601)
Total equity	**227,484**	231,268

NOTES TO THE FINANCIAL STATEMENTS
– 30 SEPTEMBER 2023

(CONT'D)

11. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The summarised financial information of Pacific & Orient Insurance Co. Berhad is provided below. This information is based on amounts before inter-company eliminations. (Cont'd)

(b) Summarised income statement

	2023 RM'000	2022 RM'000
Revenue	**269,740**	299,799
Net (loss)/profit for the year	**(6,812)**	2,301
Net (loss)/profit for the year attributable to:		
Equity holders of the Company	**(3,475)**	1,173
Non-controlling interest	**(3,337)**	1,128
	(6,812)	2,301

(c) Summarised statement of comprehensive income

	2023 RM'000	2022 RM'000
Net (loss)/profit for the year	**(6,812)**	2,301
Other comprehensive income	**2,965**	1,167
Total comprehensive (loss)/income for the year	**(3,847)**	3,468
Total comprehensive (loss)/income for the year attributable to:		
Equity holders of the Company	**(1,962)**	1,769
Non-controlling interest	**(1,885)**	1,699
	(3,847)	3,468
Dividends paid to non-controlling interest	**–**	980

(d) Summarised statement of cash flows

	2023 RM'000	2022 RM'000
Net cash flows (used in)/generated from:		
Operating activities	**(2,510)**	81,854
Investing activities	**(1,577)**	(255)
Financing activities	**(2,920)**	(74,960)
Net (decrease)/increase in cash and cash equivalents	**(7,007)**	6,639
Cash and cash equivalents at beginning of year	**27,904**	21,265
Cash and cash equivalents at end of year	**20,897**	27,904

12. INVESTMENT IN ASSOCIATED COMPANIES

	Group	
	2023 RM'000	**2022 RM'000**
Unquoted shares outside Malaysia - at cost	**43,935**	36,887
Translation differences	**(841)**	(2,356)
Group's share of losses of associated companies	**(21,417)**	(20,290)
	21,677	14,241
Allowance for impairment [1]	**(7,351)**	(7,351)
	14,326	6,890

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

	Group	
	2023 RM'000	**2022 RM'000**
As at 1 October	**7,351**	4,946
Addition	**–**	2,405
As at 30 September	**7,351**	7,351

The additional allowance for impairment of RM2,405,000 was made in the previous financial year because the carrying amount of an associated company exceeded its recoverable amount.

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

	Group	
	2023 RM'000	**2022 RM'000**
Share of loss for the year	**(2,084)**	(2,170)
Share of total comprehensive loss for the year	**(2,084)**	(2,170)

The Group has not recognised its share of losses of an associated company amounting to RM Nil (2022: RM2,073,000) 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 2023, the Group's cumulative accumulated losses not recognised were RM2,073,000 (2022: RM2,073,000).

12. INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)

Details of the associated companies are as follows:

	Effective Interests 2023 %	Effective Interests 2022 %	Principal 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**	**27.01**^1	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 (1)**	**–**	31.52	Provision of real-time asset tracking and management solutions
Gigabit Networks Ltd **	**27.27**^2	20.00	Provision of internet access services

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

^1 The increase in shareholding of Cross-Flow Energy Company Limited from 25.03% to 27.01% is attributable to the conversion of a convertible loan note and a bridging loan, as well as a rights issue within the year. These were undertaken to reinforce the associated company's equity position and align with its financial objectives.

^2 The increase in shareholding of Gigabit Network Ltd from 20.00% to 27.27% is attributable to the further acquisition of 10,938 shares for GBP 250,000.

(1) Acquisition of additional interest in Acumentive

Pacific & Orient Properties Ltd., a wholly owned subsidiary of the Company, had on 27 December 2022 acquired an additional 68.48% equity interest in Acumentive comprising 100,000 ordinary shares for a cash consideration of GBP1,253,000 ("the Acquisition"). Pursuant to the Acquisition, the Group's effective interest in Acumentive has increased from 31.52% to 100.00%. Accordingly, Acumentive ceased to be an associated company and has become a wholly-owned indirect subsidiary of the Company. The financial effects of the Acquisition is disclosed in Note 11.

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 2023 and 2022 have been used.

13. GOODWILL ON CONSOLIDATION

	Note	Group 2023 RM'000
At 1 October		–
Arising from acquisition of a subsidiary company	11(v)	**13,161**
At 30 September		**13,161**

The goodwill above arose from the acquisition of Acumentive on 27 December 2022, which is a Cash Generating Unit ("CGU") with an indefinite useful life and is an operating unit under the Group's information technology segment.

Goodwill is allocated to the Group's CGU which is expected to benefit from the synergies of the acquisition. The recoverable amount of the CGU is assessed based on its value-in-use and compared to the carrying value of the CGU to determine whether any impairment exists. Impairment is recognised in the income statements if the carrying amount of the CGU exceeds its recoverable amount.

The value-in-use calculations apply discounted cash flow projections prepared and approved by management, covering a five-year period.

The key assumptions for the computation of value-in-use are as follows:

(i) The growth in business volume is expected to be at 10% per annum;

(ii) Operating expenditure and capital expenditure growth rate of 30% (per annum);

(iii) The discount rate applied is the internal weighted average cost of capital of Acumentive at the time of the assessment, which is estimated to be 7.36% per annum; and

(iv) Terminal value cash flow growth rate of 2.1%, which is consistent with the Gross Domestic Product rate.

The fair values of assets and liabilities acquired as of 30 September 2023 are consolidated based on provisional fair values as the purchase price allocation ("PPA") exercise and allocation of goodwill to specific CGU have yet to be completed.

The Group anticipates to be able to complete the PPA and allocation of goodwill exercise by 26 December 2023. Following the completion of this process, any necessary adjustments to the carrying amount of residual goodwill will be made retrospectively in the next financial year ending 30 September 2024.

Management believes that a reasonably possible change in any of the above key assumptions would not cause the carrying value of the CGU to exceed its recoverable amount. Accordingly, there is no evidence of impairment of goodwill as at the financial year end.

NOTES TO THE FINANCIAL STATEMENTS
– 30 SEPTEMBER 2023

(CONT'D)

14. INVENTORIES – GOODS FOR RESALE

	Group	
	2023 RM'000	**2022 RM'000**
Inventories - at cost	**87**	186

15. PROPERTY DEVELOPMENT COSTS

		Group	
	Note	**2023 RM'000**	**2022 RM'000**
Cost:			
Freehold land		**29,442**	29,442
Translation differences		**9,491**	8,983
Development costs incurred during the financial year		**164,892**	56,037
Costs transferred to contract assets	16	**(2,483)**	–
At 30 September		**201,342**	94,462

Included in development costs incurred during the financial year is:

	Group	
	2023 RM'000	**2022 RM'000**
Interest capitalised	**379**	–

16. CONTRACT ASSETS

		Group	
	Note	**2023 RM'000**	**2022 RM'000**
At 1 October		**–**	–
Additions during the year:			
- Cost to fulfill contracts with customers	15	**2,483**	–
- Incremental cost to obtain contracts with customers		**199**	–
At 30 September		**2,682**	–

17. LOANS

	Group 2023 RM'000	Group 2022 RM'000
Loans:		
- secured loans [1]	**–**	2,078
- unsecured loans	**13**	34
	13	2,112
Due within one year	**–**	21
Due after one year	**13**	2,091
	13	2,112

The interest rate on loans was 9.50% (2022: between 9.50% and 12.00%) per annum.

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

18. REINSURANCE ASSETS

	Note	Group 2023 RM'000	Group 2022 RM'000
Reinsurance of insurance contracts			
Claims liabilities	25.1	**173,896**	168,131
Premium liabilities	25.2	**42,639**	40,087
		216,535	208,218

19. INSURANCE RECEIVABLES

	Note	Group 2023 RM'000	Group 2022 RM'000
Outstanding premiums including agents', brokers' and co-insurers' balances		**3,381**	4,273
Due from reinsurers and ceding companies		**10,545**	10,429
		13,926	14,702
Allowance for impairment	57(a)(ii)	**(999)**	(868)
		12,927	13,834

The carrying amounts of insurance receivables above approximate their respective fair values due to the relatively short-term maturity of these balances.

19. INSURANCE RECEIVABLES (CONT'D)

Insurance receivables that have been offset against the insurance payables are as follows:

Offsetting insurance receivables and insurance payables

	Note	Group 2023 RM'000	Group 2022 RM'000
Gross amounts of recognised insurance receivables		**25,267**	30,613
Less: Gross amounts of recognised insurance payables set off in the statements of financial position	26	**(11,341)**	(15,911)
Net amount of insurance receivables presented in the statements of financial position		**13,926**	14,702

20. RECEIVABLES

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Trade receivables:					
Trade receivables		**2,073**	5,400	**–**	–
Allowance for impairment	57(a)(ii)	**(82)**	(907)	**–**	–
	57(a)	**1,991**	4,493	**–**	–
Other receivables:					
Accrued income		**3,309**	2,403	**1**	15
Share of net assets held under the Malaysian Motor Insurance Pool ("MMIP") [(1)]		**42,167**	42,171	**–**	–
Deposits and prepayments		**7,749**	5,625	**242**	226
Sales deposit- Escrow [(2)]		**3,311**	–	**–**	–
Withholding tax recoverable		**797**	967	**–**	–
Unbilled receivables		**567**	1,000	**–**	–
Others		**1,977**	2,356	**515**	385
		59,877	54,522	**758**	626

(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 25.

20. RECEIVABLES (CONT'D)

[(2)] The Sales deposit–Escrow consists of deposits received in respect of the Group's property development project. These deposits are held by the escrow agent in accordance with the laws applicable to the sale of condominiums under the statutes of the state of Florida, in the United States of America. The escrow agent's role ensures the secure handling of funds, adhering to legal requirements, and facilitating a smooth and transparent sales closing process.

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.

21. 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 RM313,698,000 (2022: RM210,675,000) which bore interest between 4.75% and 10.25% (2022: 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 56(a)(ii))	Net RM'000
2023			
Ringgit Malaysia	**26,155**	**(18,353)**	**7,802**
United States Dollar	**255,231**	**(24,262)**	**230,969**
Thai Baht	**1,583**	**(367)**	**1,216**
Great Britain Pound	**133,414**	**(59,514)**	**73,900**
Singapore Dollar	**157**	**–**	**157**
Hong Kong Dollar	**24**	**–**	**24**
	416,564	**(102,496)**	**314,068**
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

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

22. 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 RM1,433,000 (2022: RM6,605,000) which bore interest of 8.00% (2022: 8.00%) per annum.

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

	Group	
	2023	**2022**
	RM'000	**RM'000**
Great Britain Pound		
Gross*	**17,187**	24,891
Allowance for impairment	**(15,735)**	(16,133)
Net	**1,452**	8,758

The allowance for impairment as at the reporting dates arose due to the carrying amount of amounts due from associated companies exceeding their recoverable amount.

* Includes the conversion of a bridging loan of RM8,292,000 during the year, as described in Note 12.

23. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	Group	
	2023	**2022**
	RM'000	**RM'000**
At amortised cost:		
Licensed banks	**136,945**	166,168

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 24.

Deposits and placements with financial institutions of RM1,785,000 (2022: RM1,751,000) of the Group have been pledged as securities for credit facilities granted to the Group as disclosed in Note 29(a) and (c).

Included in deposits and placements of the Group is an amount of RM115,000 (2022: RM112,000) 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	
	2023	**2022**
	%	**%**
Licensed banks	**0.10 - 4.20**	0.15 - 3.35

24. CASH AND BANK BALANCES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and bank balances	**31,223**	47,315	**1,225**	2,316
Short-term deposits and placements with financial institutions (with original maturity period of three months or less)	**7,892**	56,425	**–**	25,509
	39,115	103,740	**1,225**	27,825

The range of effective interest rates per annum of bank balances, short-term deposits and placements with financial institutions at the reporting date was as follows:

	Group		Company	
	2023 %	2022 %	2023 %	2022 %
Licensed banks	**0.00 - 3.70**	0.00 - 3.35	**0.00 - 3.40**	0.00 - 2.70

25. INSURANCE CONTRACT LIABILITIES

	2023			2022		
	Gross RM'000	Reinsurance RM'000 (Note 18)	Net RM'000	Gross RM'000	Reinsurance RM'000 (Note 18)	Net RM'000
Group						
General insurance	**526,793**	**(216,535)**	**310,258**	550,146	(208,218)	341,928

NOTES TO THE FINANCIAL STATEMENTS
– 30 SEPTEMBER 2023

(CONT'D)

25. INSURANCE CONTRACT LIABILITIES (CONT'D)

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

	Note	2023 Gross RM'000	2023 Reinsurance RM'000 (Note 18)	2023 Net RM'000	2022 Gross RM'000	2022 Reinsurance RM'000 (Note 18)	2022 Net RM'000
Group							
Provision for claims reported by policyholders		**277,530**	**(124,725)**	**152,805**	297,262	(120,778)	176,484
Provision for Incurred But Not Reported ("IBNR") claims		**105,168**	**(33,329)**	**71,839**	105,479	(31,928)	73,551
Provision of Risk Margin for Adverse Deviation ("PRAD")		**34,518**	**(15,842)**	**18,676**	36,151	(15,425)	20,726
Claims liabilities	25.1	**417,216**	**(173,896)**	**243,320**	438,892	(168,131)	270,761
Premium liabilities	25.2	**109,577**	**(42,639)**	**66,938**	111,254	(40,087)	71,167
		526,793	**(216,535)**	**310,258**	550,146	(208,218)	341,928

25.1 CLAIMS LIABILITIES

	Note	2023 Gross RM'000	2023 Reinsurance RM'000	2023 Net RM'000	2022 Gross RM'000	2022 Reinsurance RM'000	2022 Net RM'000
Group							
At 1 October		**438,892**	**(168,131)**	**270,761**	432,182	(158,677)	273,505
Claims incurred for the current accident year (direct and facultative)		**163,427**	**(54,467)**	**108,960**	182,837	(57,450)	125,387
Adjustment to claims incurred in prior accident years (direct and facultative)		**(6,415)**	**(10,706)**	**(17,121)**	(32,648)	5,245	(27,403)
Claims incurred during the year (treaty inwards claims)		**(21)**	**–**	**(21)**	(442)	–	(442)
Movement in PRAD of claims liabilities at 75% confidence level		**(1,632)**	**(418)**	**(2,050)**	612	(782)	(170)
Movement in claims handling expenses		**137**	**–**	**137**	743	–	743
Claims paid during the year	44	**(177,172)**	**59,826**	**(117,346)**	(144,392)	43,533	(100,859)
At 30 September		**417,216**	**(173,896)**	**243,320**	438,892	(168,131)	270,761

25. INSURANCE CONTRACT LIABILITIES (CONT'D)

25.2 PREMIUM LIABILITIES

	Note	2023 Gross RM'000	2023 Reinsurance RM'000	2023 Net RM'000	2022 Gross RM'000	2022 Reinsurance RM'000	2022 Net RM'000
Group							
At 1 October		**111,254**	**(40,087)**	**71,167**	111,504	(35,269)	76,235
Change in premium liabilities:							
- Premium written during the year	44	**252,575**	**(128,664)**	**123,911**	283,976	(128,646)	155,330
- Premium earned during the year	44	**(254,252)**	**126,112**	**(128,140)**	(284,226)	123,828	(160,398)
		(1,677)	**(2,552)**	**(4,229)**	(250)	(4,818)	(5,068)
At 30 September		**109,577**	**(42,639)**	**66,938**	111,254	(40,087)	71,167

At 30 September 2023, the insurance contract liabilities above include the Group's proportionate share of MMIP's claims and premium liabilities amounting to RM11,874,000 (2022: RM15,950,000) and RM676,000 (2022: RM801,000) respectively.

26. INSURANCE PAYABLES

	Group 2023 RM'000	Group 2022 RM'000
Due to reinsurers and ceding companies	**15,344**	10,323
Due to agents, brokers, co-insurers and insureds	**6,778**	6,013
	22,122	16,336

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>

	Note	Group 2023 RM'000	Group 2022 RM'000
Gross amounts of recognised insurance payables		**33,463**	32,247
Less: Gross amounts of recognised insurance receivables set off in the statements of financial position	19	**(11,341)**	(15,911)
Net amount of insurance payables presented in the statements of financial position		**22,122**	16,336

NOTES TO THE FINANCIAL STATEMENTS
– 30 SEPTEMBER 2023

(CONT'D)

27. PAYABLES

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade payables:				
Refund premiums	**10**	9	**–**	–
Others	**341**	613	**–**	–
	351	622	**–**	–
Other payables:				
Accruals	**4,144**	6,593	**862**	822
Property development costs payable	**26,064**	–	**–**	–
Allowance for unutilised leave	**2,063**	1,412	**582**	382
Collateral deposits	**111**	108	**–**	–
Stamp duty payable	**431**	473	**–**	–
Unearned income	**1,664**	1,345	**–**	–
Accrual of directors' fees	**1,024**	866	**471**	460
Unclaimed monies	**5**	7	**–**	–
Sales and Services Tax payable	**2,434**	2,262	**–**	–
Value Added Tax payable	**112**	119	**–**	–
Deposits received	**1,180**	1,174	**–**	–
Sales of property deposit received in Escrow	**3,311**	–	**–**	–
Due to insurance broker for property development insurance	**–**	15,779	**–**	–
Others	**1,829**	1,423	**–**	22
	44,372	31,561	**1,915**	1,686

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

28. 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 RM3,850,000 (2022: RM3,500,000) which bore interest between 4.75% - 6.22% (2022: 4.75%) per annum.

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

	Company	
	2023	**2022**
	RM'000	**RM'000**
Ringgit Malaysia	**4,541**	3,989
United States Dollar	**33**	32
Thai Baht	**15**	15
	4,589	4,036

29. BORROWINGS

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Secured:				
Revolving credits (a)	**10**	10	**–**	–
Term loan (c)(i)	**765**	755	**–**	–
Unsecured:				
Revolving credits (b)	**27,000**	1,000	**27,000**	1,000
Term loan - bounce back loan (c)(ii)	**167**	–	**–**	–
	27,942	1,765	**27,000**	1,000

Analysis of repayment period of total borrowings are as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Amount due within 1 year	**27,832**	1,010	**27,000**	1,000
Amount due within 2 to 5 years	**110**	755	**–**	–
	27,942	1,765	**27,000**	1,000

(a) Revolving Credit Facilities - secured

The revolving credit facilities of a subsidiary company is secured by a deposit of the said subsidiary company of RM786,000 (2022: RM767,000). The revolving credit facilities of the subsidiary company bore interest at 6.82% (2022: 5.96%) 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, utilised for both working capital and property development needs, bore interest rates between 4.88% and 5.24% (2022: 4.49% and 4.73%) per annum and are due to mature within 1 year.

(c) Term Loans

(i) Term Loan - Secured

The term loan of a foreign subsidiary company of RM765,000 is secured by a deposit of the said subsidiary company of RM999,000 (2022: RM984,000). The term loan bore interest at 4.62% (2022: 4.62%) per annum.

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

29. BORROWINGS (CONT'D)

(c) Term Loans (Cont'd)

(ii) Bounce Back Loan - Unsecured

The bounce back loan ("BBL") of RM167,000 was assumed by the Group through the acquisition of a subsidiary company (Acumentive Limited) as disclosed in Note 11. The BBL scheme is 100% guaranteed by the UK government as a means to support businesses during the COVID-19 pandemic and has a fixed interest rate of 2.5%. The BBL of the Group is repayable over 72 months until 17 August 2026.

(d) Subordinated Notes ("Sub Notes")

During the financial year ended September 30 2012, the insurance subsidiary company established a Sub Notes Programme with an aggregate nominal value of RM150,000,000. The first and only tranche of the Sub Notes, with a nominal value of RM70,000,000, were issued in 2012 and matured in 2022. The Sub Notes were fully redeemed on June 27, 2022.

(e) Warehousing Facility

In the previous financial years, the Company entered into a RM35,000,000 warehousing facility with a licensed investment bank in Malaysia. The facility bore an effective interest rate of 5.79% - 5.80% per annum and was secured by the Company's investment in the Sub Notes described in (d) above. The facility contained a call option and a put option, but the call option was not separately recognised as a derivative asset because it did not have an intrinsic value. The facility has matured and has been fully settled in the previous financial year ended 30 September 2022.

30. SHARE CAPITAL

		Group/Company			
		Number of shares		Amount	
		2023	2022	2023	2022
	Note	'000	'000	RM'000	RM'000
Issued and fully paid ordinary shares:					
Ordinary shares:					
At 1 October		**287,988**	287,074	**148,293**	147,401
Exercise of ESOS	39	**605**	914	**581**	892
At 30 September		**288,593**	287,988	**148,874**	148,293

(a) Treasury Shares

	Group/Company			
	Number of shares		Amount *	
	2023	2022	2023	2022
	'000	'000	RM'000	RM'000
At 1 October	**19,303**	19,353	**20,192**	20,244
Disposed	**–**	(50)	**–**	(52)
At 30 September	**19,303**	19,303	**20,192**	20,192

30. SHARE CAPITAL (CONT'D)

(a) Treasury Shares (Cont'd)

* This amount includes acquisition costs of treasury shares.

The shareholders of the Company, by an ordinary resolution passed at a general meeting held on 8 March 2023 (2022: 11 March 2022), approved the renewal of the Company's plan to purchase its own ordinary shares.

There were no shares purchased during the current or previous financial year, and there were no sales of treasury shares in the current financial year. In the previous financial year, the Company sold 50,100 treasury shares on the open market at an average price of RM0.93 per share. This resulted in a loss of RM6,088 after deducting transaction expenses, which was debited to the retained earnings.

Of the total 288,593,333 (2022: 287,988,333) issued and fully paid ordinary shares as at 30 September 2023, 19,303,493 (2022: 19,303,493) 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 269,289,840 (2022: 268,684,840) ordinary shares.

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

31. RESERVES (NON-DISTRIBUTABLE)

(a) Merger Reserve

Merger reserve arose from the business combination exercise of the insurance subsidiary company in financial year 1995 which was accounted for using the merger method of accounting.

(b) Translation Reserve

Translation reserve is in respect of exchange differences arising from translation of financial statements of foreign subsidiaries and associated companies whose functional currencies are different from that of the Group's presentation currency.

(c) Revaluation Reserve

Revaluation reserve is in respect of increases in the fair value of freehold land and freehold and leasehold buildings classified as property, plant and equipment (Note 5).

(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 2023. This reserve is made up of the cumulative value of services received from eligible employees/Executive Directors recorded on grant of share options.

32. DIVIDENDS

The amount of dividends paid or declared by the Company on ordinary shares are as follows:

	Group/Company Sen per share	Group/Company Total amount RM'000	Date of payment
2023			
In respect of the financial year ended 30 September 2022:			
5th interim single tier dividend of 1.20 sen per share, declared on 21 October 2022	**1.20**	**3,224**	23 November 2022
In respect of the financial year ended 30 September 2023:			
1st interim single tier dividend of 1.20 sen per share, declared on 20 December 2022	**1.20**	**3,226**	20 January 2023
2nd interim single tier dividend of 1.20 sen per share, declared on 28 February 2023	**1.20**	**3,228**	28 March 2023
3rd interim single tier dividend of 1.20 sen per share, declared on 26 April 2023	**1.20**	**3,230**	25 May 2023
	4.80	**12,908**	

The Directors do not recommend the payment of any final dividend for the financial year ended 30 September 2023.

	Group/Company Sen per share	Group/Company 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	

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

33. REVENUE

Revenue of the Group represents gross earned premium and investment income (inclusive of amortisation of premiums, net of accretion of discounts) of the insurance subsidiary company, sales of goods and services, interest income on loans granted and investment income of the Company. Revenue of the Company represents interest income on advances to subsidiary companies, investment income and fees for the provision of management services.

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue from other sources					
Gross earned premium	36	**254,252**	284,226	**–**	–
Gross dividends:					
- shares quoted in Malaysia		**599**	1,082	**120**	270
- unit trusts		**2,720**	2,984	**–**	–
- subsidiary companies		**–**	–	**17,328**	48,010
Distribution income:					
- shares quoted in Malaysia		**–**	4,711	**–**	–
Interest income:					
- subsidiary companies		**–**	–	**11,111**	9,429
- corporate debt securities		**4,171**	3,394	**–**	–
- deposits and placements with financial institutions		**4,803**	4,682	**544**	555
- loans to third parties		**33**	245	**–**	–
Income from Islamic fixed deposit		**464**	372	**–**	–
MMIP investment income/ (loss)		**3,144**	(1,088)	**–**	–
Malaysian Reinsurance Berhad ("MRB") investment income		**9**	–	**–**	–
Rental income from equipment under leasing		**327**	241	**–**	–
Total revenue from other sources		**270,522**	300,849	**29,103**	58,264

NOTES TO THE FINANCIAL STATEMENTS
– 30 SEPTEMBER 2023

(CONT'D)

33. REVENUE (CONT'D)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue from contracts with customers				
Sale of hardware, software and subscription services	**4,599**	4,597	**–**	–
Provision of software customisation and professional services	**2,773**	3,045	**–**	–
Provision of hardware and software maintenance services	**3,211**	2,884	**–**	–
Management services fees	**–**	–	**7,194**	6,101
Total revenue from contracts with customers (i)	**10,583**	10,526	**7,194**	6,101
Total revenue	**281,105**	311,375	**36,297**	64,365

(i) Set out below is the disaggregation of the Group's and the Company's revenue from contracts with customers:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Geographical markets				
Malaysia	**703**	794	**5,677**	5,149
Thailand	**9,012**	8,991	**572**	379
United States of America	**162**	741	**945**	573
United Kingdom of Great Britain	**706**	–	**–**	–
Total revenue from contracts with customers	**10,583**	10,526	**7,194**	6,101
Timing of revenue recognition:				
Goods transferred at a point in time	**2,752**	3,562	**–**	–
Services transferred over time	**7,831**	6,964	**7,194**	6,101
Total revenue from contracts with customers	**10,583**	10,526	**7,194**	6,101

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 (2022: RM1,164,000).

34. OTHER OPERATING INCOME

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Commission income		**22,717**	28,671	**–**	–
Interest income from deposits		**858**	868	**–**	–
Interest income from lease receivables	8(d)	**55**	35	**–**	–
Income from Islamic fixed deposit		**73**	48	**–**	–
Gain on fair value of investments held at fair value through profit or loss		**1,791**	–	**123**	–
Realised gain/(loss):					
- Financial assets at FVTPL					
- Quoted shares and warrants		**5,565**	(407)	**2**	–
- Unit trusts		**624**	463	**–**	–
Gain on foreign exchange:					
- unrealised		**10,829**	8,560	**8,859**	3,535
- realised		**–**	4,360	**–**	120
Gain on derecognition of right-of-use assets	8(d)	**334**	78	**–**	–
Net gain on remeasurement of leases	8(d)	**22**	–	**–**	4
Insurance policy transfer fees		**5**	8	**–**	–
Income from COVID-19 related rent concessions	8(d)	**–**	9	**–**	–
Gain on disposal of an associated company		**–**	71,633	**–**	–
Others		**109**	1,508	**3**	122
		42,982	115,834	**8,987**	3,781

35. NET CLAIMS INCURRED

	Note	Group 2023 RM'000	Group 2022 RM'000
Gross claims paid		**177,172**	144,392
Claims ceded to reinsurers		**(59,826)**	(43,533)
Net claims paid		**117,346**	100,859
Gross change in insurance contract liabilities:			
At end of year	25.1	**417,216**	438,892
At beginning of year		**438,892**	432,182
		(21,676)	6,710
Change in insurance contract liabilities ceded to reinsurers:			
At end of year	25.1	**(173,896)**	(168,131)
At beginning of year		**(168,131)**	(158,677)
		(5,765)	(9,454)
Net claims incurred		**89,905**	98,115

36. GROSS EARNED PREMIUM

	Note	Group 2023 RM'000	Group 2022 RM'000
Gross premium		**252,575**	283,976
Change in premium liabilities	44	**1,677**	250
Gross earned premium	33	**254,252**	284,226

37. STAFF COSTS

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Salaries, wages and bonus		**37,664**	36,348	**8,255**	7,261
Allowance for unutilised leave		**676**	(752)	**200**	(90)
Pension cost:					
- defined contribution plan		**3,887**	3,876	**983**	876
- defined benefit plan		**210**	103	**–**	–
ESOS	39	**140**	273	**58**	151
Staff general insurance		**1,024**	1,132	**127**	131
Staff training		**79**	125	**1**	5
Staff welfare		**1,592**	1,502	**266**	169
Medical fee		**336**	685	**124**	99
Other staff related expenses		**1,436**	1,486	**109**	208
		47,044	44,778	**10,123**	8,810

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 RM6,108,000 (2022: RM5,213,000) and RM3,118,000 (2022: RM2,132,000) respectively as further disclosed in Note 38.

38. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S REMUNERATION

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Directors of the Company					
Executive director/chief executive officer:					
Salaries and other remuneration		**1,466**	1,396	**1,466**	1,396
Bonus	(i)	**1,183**	353	**1,183**	353
ESOS		**17**	39	**17**	39
Pension cost:					
- Defined contribution plan	(ii)	**332**	224	**332**	224
- Defined benefit plan		**56**	–	**–**	–
Benefits-in-kind		**45**	27	**45**	27
Allowance		**610**	404	**120**	120
		3,709	2,443	**3,163**	2,159
Non-Executive directors:					
Fees		**560**	550	**431**	420
Meeting allowance		**40**	40	**40**	40
Benefits-in-kind		**5**	5	**3**	3
		605	595	**474**	463

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

		Group		Company	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
Directors of Subsidiary Companies					
Executive directors/chief executive officer:					
Salaries and other remuneration		**1,861**	1,956	**–**	–
Bonus		**252**	236	**–**	–
ESOS		**19**	53	**–**	–
Allowance for unutilised leave		**2**	10	**–**	–
Pension cost:					
- Defined contribution plan		**114**	112	**–**	–
- Defined benefit plan		**(50)**	85	**–**	-
Other short-term benefits		**246**	345	**–**	–
Benefits-in-kind		**187**	125	**–**	–
		2,631	2,922	**–**	–
Non-Executive directors:					
Fees		**569**	497	**–**	–
Benefits-in-kind		**32**	17	**–**	–
		601	514	**–**	–
Total		**7,546**	6,474	**3,637**	2,622
Analysis excluding benefits-in-kind:					
Total executive directors' remuneration	37	**6,108**	5,213	**3,118**	2,132
Total non-executive directors' remuneration	41	**1,169**	1,087	**471**	460
Total directors' remuneration excluding benefits-in-kind		**7,277**	6,300	**3,589**	2,592

(i) The bonus in the current financial year includes an amount of RM1,059,000 (2022: RM224,000), in respect of bonus paid for the previous financial year.

(ii) The pension cost - defined contribution plan in the current financial year includes an amount of RM127,000 (2022: RM27,000), in respect of pension cost paid for the previous financial year.

39. EMPLOYEES' SHARE OPTION SCHEME

The ESOS was approved by the shareholders at the Annual General Meeting on 20 February 2019, and came into effect on 17 June 2019. The ESOS was in force for an initial period of up to five years, expiring on 16 June 2024. The Directors of the Company had on 16 August 2023, extended the duration of the ESOS for an additional five years from 17 June 2024 to 16 June 2029 in accordance with the terms of the ESOS By-Laws.

The extension was made to allow existing employees whose ESOS options have vested with additional time to exercise their options as well as to allow an opportunity for eligible employees who had contributed to the growth and development of the Group to participate in the scheme.

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.

NOTES TO THE FINANCIAL STATEMENTS
– 30 SEPTEMBER 2023

(CONT'D)

39. 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%	–	–	–
Fifth Grant - 30 Sept 2023					
Below 25,000	100%	–	–	–	–
25,000 to less than 100,000	33%	33%	34%	–	–
Above 100,000	20%	20%	20%	20%	20%

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

The movements in share options pursuant to the ESOS during the financial years ended 30 September 2023 and 30 September 2022 are as follows:

2023

Grant date	Extended Expiry date	Exercise price	Number of Options: Outstanding as at 1 Oct 2022	Granted	Forfeited	Exercised	Outstanding as at 30 Sept 2023	Vested and exercisable as at 30 Sept 2023
13 Sept 2019	16 June 2029	RM0.89	17,242,000	–	(1,103,000)	(521,000)	15,618,000	15,618,000
28 Sept 2020	16 June 2029	RM0.73	3,934,000	–	(70,000)	(50,000)	3,814,000	3,814,000
30 Sept 2021	16 June 2029	RM0.84	75,000	–	(40,000)	(28,000)	7,000	7,000
30 Sept 2022	16 June 2029	RM0.95	1,616,000	–	(31,000)	(6,000)	1,579,000	1,579,000
30 Sept 2023	16 June 2029	RM0.92	–	629,000	–	–	629,000	251,000
			22,867,000	629,000	(1,244,000)	(605,000)	21,647,000	21,269,000
Weighted average exercise price (RM)			RM0.87	RM0.92	RM0.88	RM0.88	RM0.87	RM0.87

2022

Grant date	Expiry date	Exercise price	Number of Options: 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
Weighted average exercise price (RM)			RM0.86	RM0.95	RM0.82	RM0.89	RM0.87	RM0.87

The weighted average share price at the date of exercise for share options exercised during the year was RM1.05 (2022: RM1.13). As at 30 September 2023, the outstanding options had an extended weighted average remaining contractual life of 5.72 years (2022: 1.71 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.

39. 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 2023	**30 Sept 2022**	**30 Sept 2021**	**28 Sept 2020**	**14 Sept 2019**
Fair value of share option	(RM)	**0.105-0.113**	0.101-0.117	0.087-0.093	0.075-0.086	0.085-0.087
Share option exercise price	(RM)	**0.92**	0.95	0.84	0.73	0.89
Price of underlying share	(RM)	**0.98**	1.02	0.925	0.830	0.975
Expected life of the option	(Years)	**2-5**	1-2	1-3	1-4	2-5
Expected volatility of share price	(%)	**22.28**	22.21	18.31	15.96	14.23
Expected dividend yield (continuously compounded rate)	(%)	**6.76**	6.51	6.10	6.08	5.55
Risk-free interest rate	(%)	**3.24-4.34**	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	
	2023 RM'000	**2022 RM'000**
Share options reserve at 1 October	**1,865**	1,737
Option charge recognised from share options granted	**140**	273
Option charge relating to forfeiture of ESOS	**(102)**	(66)
Option exercised during the year	**(52)**	(79)
Share options reserve at 30 September	**1,851**	1,865

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

		Group		Company	
		2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Share options expense:					
By the Company		**140**	273	**140**	273
Allocation to subsidiaries #		**–**	–	**(82)**	(122)
Total share options expense	37	**140**	273	**58**	151

\# Share options expense allocated to subsidiaries is recognised as additional equity contribution to the subsidiaries. As at 30 September 2023, equity contribution to subsidiaries (net of share options forfeited) pursuant to the ESOS was RM1,285,000 (30 September 2022: RM1,295,000) as disclosed in Note 11.

40. DEPRECIATION AND AMORTISATION

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Depreciation of:					
- property, plant and equipment	5	**1,978**	1,950	**29**	35
- right-of-use assets	8(a)(i)	**4,623**	4,567	**501**	371
		6,601	6,517	**530**	406
Amortisation of:					
- intangible assets	7	**720**	430	**7**	14

41. OTHER OPERATING EXPENSES

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Other operating expenses include the following items:					
Auditors' remuneration:					
- statutory audit		**820**	639	**331**	202
- other regulatory related services		**50**	45	**8**	7
- other assurance services		**150**	150	**–**	–
Audit fees to other audit firms		**230**	146	**–**	–
Non-executive directors' remuneration	38	**1,169**	1,087	**471**	460
Loss on fair value adjustments on investment properties	6	**–**	10	**–**	–
Property, plant and equipment written off		**95**	11	**–**	–
Intangible assets written off		**28**	-	**7**	–
Inventories written off		**12**	27	**–**	–
Expenses relating to leases of low-value assets	8	**172**	247	**138**	130
Expenses relating to short-term leases	8	**324**	310	**92**	92
Net loss on remeasurement of leases	8	**–**	13	**–**	–
Loss on derecognition of right-of-use assets	8	**–**	–	**–**	23
Loss on foreign exchange:					
- realised		**1,003**	–	**246**	–
Loss on disposal of:					
- property, plant and equipment		**68**	6	**39**	–
- intangible assets		**–**	60	**–**	–
Loss on fair value of investments held at fair value through profit or loss		**–**	6,932	**–**	877

41. OTHER OPERATING EXPENSES (CONT'D)

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Other operating expenses include the following items: (Cont'd)					
Loss on remeasurement of previously held interests in an associated company	11	**1,396**	–	**–**	–
(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]		**–**	–	**578**	22,987
- investment in an associated company	12	**–**	2,405	**–**	–
- amounts due from an associated company	22	**(398)**	16,133	**–**	–
- insurance receivables	57(a)(ii)	**131**	33	**–**	–
- trade receivables	57(a)(ii)	**(825)**	(1,873)	**–**	–
- corporate debt securities	57(a)(ii)	**7**	(52)	**–**	–
Bad debts written off:					
- trade receivables		**9**	–	**–**	–

[1] During the year, a net impairment loss of RM578,000 (2022: RM22,987,000) was recognised in respect of the amounts due from subsidiary companies as their carrying amounts exceeded their recoverable amounts and it is not expected that the subsidiary companies will be able to repay the amounts owing.

42. FINANCE COSTS

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Interest expense on:				
- borrowings	**141**	3,961	**659**	1,977
- lease liabilities	**582**	685	**64**	56
Others	**170**	210	**161**	204
	893	4,856	**884**	2,237

43. (LOSS)/PROFIT BEFORE TAXATION

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Determined as follows:					
Insurance subsidiary company	44	**(6,253)**	3,269	**–**	–
Others		**9,724**	69,276	**26,892**	28,735
Before consolidation		**3,471**	72,545	**26,892**	28,735
Consolidation adjustments		**(20,327)**	(13,609)	**–**	–
After consolidation		**(16,856)**	58,936	**26,892**	28,735
Share of losses of associated companies (net of tax)	12	**(2,084)**	(2,170)	**–**	–
		(18,940)	56,766	**26,892**	28,735

44. (LOSS)/PROFIT BEFORE TAXATION - INSURANCE SUBSIDIARY COMPANY

	Note	Group 2023 RM'000	Group 2022 RM'000
Revenue		**269,740**	299,799
Gross premiums	25.2	**252,575**	283,976
Change in premium liabilities	36	**1,677**	250
Gross earned premiums	25.2	**254,252**	284,226
Gross premiums ceded to reinsurers	25.2	**(128,664)**	(128,646)
Change in premium liabilities ceded to reinsurers		**2,552**	4,818
Premiums ceded to reinsurers	25.2	**(126,112)**	(123,828)
Net earned premiums		**128,140**	160,398
Investment income	45	**15,488**	15,573
Realised gains, net	46	**6,070**	34
Commission income		**22,717**	28,671
Other operating income/(expenses), net	49	**979**	(3,291)
Other income		**45,254**	40,987

NOTES TO THE FINANCIAL STATEMENTS
– 30 SEPTEMBER 2023

(CONT'D)

44. (LOSS)/PROFIT BEFORE TAXATION - INSURANCE SUBSIDIARY COMPANY (CONT'D)

	Note	Group 2023 RM'000	Group 2022 RM'000
Gross claims paid	35	**(177,172)**	(144,392)
Claims ceded to reinsurers	35	**59,826**	43,533
Gross change in insurance contract liabilities		**21,676**	(6,710)
Change in insurance contract liabilities ceded to reinsurers		**5,765**	9,454
Net claims incurred		**(89,905)**	(98,115)
Commission expenses		**(25,885)**	(28,747)
Management expenses	47	**(63,550)**	(66,890)
Finance costs		**(307)**	(4,364)
Other expenses		**(89,742)**	(100,001)
(Loss)/profit before taxation	43	**(6,253)**	3,269

45. INVESTMENT INCOME - INSURANCE SUBSIDIARY COMPANY

	Group 2023 RM'000	Group 2022 RM'000
Dividend income:		
- shares quoted in Malaysia	**480**	811
- unit trusts	**2,719**	2,984
Distribution income:		
- shares quoted in Malaysia	**–**	4,711
Interest income:		
- corporate debt securities	**4,172**	3,394
- deposits and placements with financial institutions	**4,257**	4,127
Income from Islamic fixed deposits	**464**	372
Rental income from investment properties	**243**	262
Investment income/(loss) from:		
- MMIP	**3,144**	(1,088)
- Malaysian Reinsurance Berhad ("MRB")	**9**	–
	15,488	15,573

46. REALISED GAINS, NET - INSURANCE SUBSIDIARY COMPANY

	Group 2023 RM'000	Group 2022 RM'000
Realised (losses)/gains for:		
- Financial assets at FVTPL		
- quoted shares	**(433)**	(1,027)
- warrants	**5,995**	620
- unit trusts	**624**	463
- Disposal of property, plant and equipment	**(57)**	(25)
- Derecognition of right-of-use assets	**(53)**	–
- Foreign exchange	**(6)**	3
	6,070	34

47. MANAGEMENT EXPENSES - INSURANCE SUBSIDIARY COMPANY

		Group	
	Note	2023 RM'000	2022 RM'000
Chief executive officers' remuneration	48	**904**	1,001
Directors' remuneration	48	**529**	443
Staff salaries and bonus		**16,295**	17,105
Allowance/(write back of allowance) for unutilised leave		**264**	(490)
Staff pension cost – defined contribution plan		**1,975**	2,087
Other staff benefits		**2,446**	2,411
Employees share option expense		**63**	99
Depreciation:			
- property, plant and equipment		**1,259**	1,264
- right-of-use assets		**2,353**	2,659
Auditors' remuneration:			
- statutory audit		**336**	300
- regulatory related services		**42**	38
- other assurance services		**150**	150
Amortisation:			
- intangible assets		**274**	357
Allowance for impairment:			
- insurance receivables		**131**	33
Management fees:			
- holding company		**1,490**	1,490
- third party		**131**	139
Call centre service charges:			
- third parties		**20**	107
- fellow subsidiary company		**660**	660
Subscription and software maintenance services:			
- third parties		**2**	9
- fellow subsidiary company		**188**	308
Leases of low value assets		**416**	931
Expense on short term leases		**1,698**	784
Printing and information system expenses:			
- third parties		**2,493**	3,066
- fellow subsidiary company		**18,069**	16,071
Business development		**2,910**	4,072
Bank charges		**45**	34
Credit card charges		**1,094**	1,210
Office administration and utilities		**1,678**	2,276
Share of MMIP expenses		**271**	260
Professional fees		**1,552**	2,872
Motor vehicle expenses		**469**	429
Travelling and transport expenses		**108**	103
Road transport department access fees		**209**	174
General insurance		**64**	121
Subscription fees		**254**	248
Levy		**418**	346
Motor assist and towing services		**1,290**	1,255
		62,550	64,422

47. MANAGEMENT EXPENSES - INSURANCE SUBSIDIARY COMPANY (CONT'D)

		Group	
	Note	2023 RM'000	2022 RM'000
		62,550	64,422
Gateway subscription fee		**–**	1,981
Legal fees		**375**	13
Takaful and Insurance Benefits Protection System ("TIPS") premium		**136**	78
Other expenses		**489**	396
	44	**63,550**	66,890

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

		Group	
	Note	2023 RM'000	2022 RM'000
Chief Executive Officer:			
- salaries		**719**	795
- bonus		**87**	110
- defined contribution plan		**98**	96
- benefits-in-kind		**107**	41
- ESOS		**16**	46
		1,027	1,088
Total Chief Executive Officer's remuneration excluding benefits-in-kind and ESOS	47	**904**	1,001
Executive director:			
- allowance		**50**	50
Non-executive directors:			
- fee		**479**	393
- benefits-in-kind		**34**	19
		513	412
		563	462
Total Directors' remuneration excluding benefits-in-kind	47	**529**	443

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

	Note	Group 2023 RM'000	Group 2022 RM'000
Sundry income		**65**	1,076
Gain/(loss) on fair value of investments at FVTPL		**1,908**	(3,653)
Loss on fair value of investment properties		**–**	(10)
Property, plant and equipment written off		**(6)**	–
(Allowance for)/write back of allowance for impairment			
- Corporate debt securities		**(7)**	52
Other expenses		**(984)**	(756)
Remeasurement of lease liabilities		**3**	–
	44	**979**	(3,291)

50. INCOME TAX

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Income tax:					
Current year's provision					
- Malaysian tax		**195**	2,738	**–**	514
Under/(over) provision in prior years		**1,153**	(207)	**89**	123
		1,348	2,531	**89**	637
Deferred tax:					
Relating to timing differences		**921**	(1,365)	**317**	(20)
Under/(over) provision in prior years		**14**	(10)	**7**	(10)
Transferred from/(to) deferred taxation	9	**935**	(1,375)	**324**	(30)
		2,283	1,156	**413**	607

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 24%) of the estimated assessable profit for the year.

50. INCOME TAX (CONT'D)

A reconciliation of income tax expense applicable to (loss)/profit before tax at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:

	Group	
	2023 RM'000	**2022 RM'000**
(Loss)/profit before taxation	**(18,940)**	56,766
Taxation at Malaysian statutory tax rate of 24% (2022: 24%)	**(4,546)**	13,624
Effects of different tax rates in other countries	**(34)**	1,516
Income not subject to tax	**(4,917)**	(22,979)
Expenses not deductible for tax purposes	**3,518**	9,464
Effects of share of losses of associated companies	**500**	521
Deferred tax asset not recognised during the year	**2,949**	1,542
Under/(over) provision of tax expense in prior years	**1,153**	(207)
Under/(over) provision of deferred tax in prior years	**14**	(10)
Consolidation adjustments	**3,616**	(397)
Utilisation of previous years' unused tax losses and unabsorbed capital allowances	**(33)**	(702)
Deferred tax assets recognised on unused tax losses and other temporary differences	**–**	(1,217)
Translation differences	**63**	1
Tax expense for the year	**2,283**	1,156

	Company	
	2023 RM'000	**2022 RM'000**
Profit before taxation	**26,892**	28,735
Taxation at Malaysian statutory tax rate of 24% (2022: 24%)	**6,454**	6,896
Income not subject to tax	**(8,374)**	(14,042)
Expenses not deductible for tax purposes	**2,237**	7,640
Under provision of tax expense in prior years	**89**	123
Under/(over) provision of deferred tax in prior years	**7**	(10)
Tax expense for the year	**413**	607

As at 30 September 2023, the Company has unabsorbed capital allowances of approximately RM2,504,000 (2022: RM2,492,000), subject to agreement with the Inland Revenue Board, which can be used to offset future taxable profits arising from business income.

51. EARNINGS PER SHARE (SEN)

(a) Basic

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

		Group	
		2023	**2022**
Net (loss)/profit for the year attributable to equity holders of the Company	(RM'000)	**(17,886)**	54,482
Weighted average number of ordinary shares in issue	('000)	**269,016**	268,136
Basic (loss)/earnings per share	(sen)	**(6.65)**	20.32

(b) Diluted

Diluted (loss)/earnings per ordinary share is calculated by dividing net (loss)/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	
		2023	**2022**
Net (loss)/profit for the year attributable to equity holders of the Company	(RM'000)	**(17,886)**	54,482
Weighted average number of ordinary shares in issue	('000)	*	268,136
Effects of dilution of ESOS	('000)	*	3,139
Weighted average number of ordinary shares for calculation of diluted earnings per share	('000)	*	271,275
Diluted (loss)/earnings per share	(sen)	*	20.08

* The diluted loss per share for the current financial year is not presented as the effects of the dilutive potential ordinary shares on the basic loss per share is anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS
– 30 SEPTEMBER 2023

(CONT'D)

52. OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Items that may not be reclassified to income statements in subsequent periods:				
- Fair value changes on FVOCI financial assets - equity instruments:				
- Gain/(loss) on fair value changes	**209**	17,155	**(1,007)**	15,616
- Deferred tax	**468**	3,960	**–**	–
- Tax expense on disposal of FVOCI financial assets - equity instruments	**(749)**	(4,313)	**–**	–
Net (loss)/gain	**(72)**	16,802	**(1,007)**	15,616
- Surplus from revaluation of land and buildings				
- Gross surplus from revaluation	**1,482**	472	**–**	–
- Deferred tax	**(356)**	(113)	**–**	–
Net gain	**1,126**	359	**–**	–
Items that may be reclassified to income statements in subsequent periods:				
- Currency translation differences in respect of foreign operations	**(2,971)**	(2,221)	**–**	–
- Fair value changes on FVOCI financial assets - debt instruments:				
- Gain/(loss) on fair value changes	**1,188**	(499)	**–**	–
- Deferred tax	**(285)**	120	**–**	–
Net gain/(loss)	**903**	(379)	**–**	–
Other comprehensive (loss)/income for the year, net of tax	**(1,014)**	14,561	**(1,007)**	15,616

53. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

(a) The following transactions with related parties were carried out under the terms and conditions negotiated with the related parties:

	Company	
	2023 RM'000	**2022 RM'000**
Subsidiary companies - Income:		
Dividend income	**17,328**	48,010
Interest income on loans	**11,111**	7,407
Interest income on Subordinated Notes	**–**	2,318
Management fee income	**7,194**	6,101
Subsidiary companies - Expenditure:		
Lease/rental of office	**269**	246
Lease/rental of office equipment	**314**	298
Subscription and software maintenance services	**83**	71
Information technology advisory services	**1,100**	1,100
Corporate advisory services - expenditure		
Corporate advisory services rendered to the Company by Messrs. Foong & Partners, a firm in which a director of a subsidiary company, Dato' Foong Chee Meng, has interest.	**37**	–

	Group	
	2023 RM'000	**2022 RM'000**
Substantial shareholder of the insurance subsidiary company - Expenditure:		
Product and pricing services	**252**	252
Associated companies - Advances:		
(Repayment)/advances to associated companies by a foreign subsidiary company	**(7,165)**	7,619

Information regarding outstanding balances arising from related party transactions, subsidiary companies and associated companies as at 30 September 2023 are as disclosed in Notes 11, 21, 22, and 28.

53. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

(b) Key Management Personnel Compensation

The key management personnel are defined as executive directors and chief executive officers. The remuneration of key management personnel during the financial year are as follows:

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Short-term employee benefits:				
- Salaries and other remuneration	**3,327**	3,352	**1,466**	1,396
- Bonus	**1,435**	589	**1,183**	353
- Allowance for unutilised leave	**2**	10	**–**	–
- Benefits-in-kind	**232**	152	**45**	27
- Allowances	**610**	404	**120**	120
- ESOS option	**36**	92	**17**	39
Post-employment benefits:				
- Pension cost:				
- defined contribution plan	**446**	336	**332**	224
- defined benefit plan	**(50)**	85	**–**	–
Other short-term benefits	**246**	345	**–**	–
	6,284	5,365	**3,163**	2,159

54. COMMITMENTS AND CONTINGENCIES

(a) Contingent liabilities

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
(i) Performance guarantees – secured	**262**	397	**–**	–
(ii) Guarantees given for facilities extended to subsidiary companies – secured	**–**	–	**4,463**	2,729
	262	397	**4,463**	2,729

54. COMMITMENTS AND CONTINGENCIES (CONT'D)

(b) Capital commitments

Contracted but not provided for:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Property development costs	**248,698**	–	**–**	–
Intangible assets	**289**	–	**–**	–
	248,987	–	**–**	–

(c) On-going litigation

On 10 August 2016, the Malaysia Competition Commission ("MyCC") launched an investigation into Persatuan Insurans Am Malaysia ("PIAM") and its 22 members, which includes the insurance subsidiary company (Pacific & Orient Insurance Co. Berhad), for allegedly violating the Competition Act 2010 by making an agreement with the Federation of Automobile Workshop Owners' Association of Malaysia ("FAWOAM") regarding trade discount rates for certain vehicle parts and labour hour rates for workshops.

After considering written and oral representations from various parties, MyCC issued a final decision against PIAM and its members on 14 September 2020 and imposed financial penalties of RM173,655,300 on all 22 insurance companies, including the insurance subsidiary company, with a 25% reduction due to the COVID-19 pandemic.

The insurance subsidiary's share of the financial penalty was RM1,581,339, net of 25% discount granted arising from the Covid-19 pandemic.

PIAM and its 22 members appealed against the decision, and on 2 September 2022, the Competition Appeal Tribunal ("CAT") unanimously overturned MyCC's decision and financial penalties.

However, MyCC filed an application for judicial review proceedings in the High Court, with a hearing scheduled on 8 May 2023.

On 8 May 2023, the High Court adjourned the matter to enable PIAM and the insurers to file their affidavits in reply by 22 May 2023 and MyCC to file its affidavit in reply by 6 June 2023. The High Court also directed both parties to file their further affidavits, if needed, and also to file written submissions by 10 August 2023 and replies to the written submissions, if any, by 1 September 2023.

MyCC's application for leave to commence judicial review proceedings in the High Court to review the decision of the CAT was fixed for 30 November 2023.

As of the date of this report, the Group has not made any provisions regarding this ongoing litigation.

55. 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.

(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) **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.

55. 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
2023						
Group						
Financial assets at FVOCI						
Quoted shares	30 Sep 2023		211	–	–	211
Unquoted shares	30 Sep 2023		–	–	3,155	3,155
Corporate debt securities	30 Sep 2023		–	82,707	–	82,707
		10(a)	211	82,707	3,155	86,073
Financial assets at FVTPL						
Quoted shares	30 Sep 2023		13,799	–	–	13,799
Unit trusts	30 Sep 2023		232,161	–	–	232,161
Warrants	30 Sep 2023		80	–	–	80
		10(b)	246,040	–	–	246,040
Company						
Financial assets at FVOCI						
Quoted shares	30 Sep 2023		794	–	–	794
		10(b)	794	–	–	794

55. 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
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

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.

55. FAIR VALUE (CONT'D)

(ii) Fair value of property, plant and equipment and investment properties

	Date of Valuation	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2023						
Group						
Property, plant and equipment						
- Freehold land	30 Sep 2023		**–**	**–**	**3,080**	**3,080**
- Freehold buildings	30 Sep 2023		**–**	**–**	**840**	**840**
- Leasehold buildings	30 Sep 2023		**–**	**–**	**14,040**	**14,040**
		5	**–**	**–**	**17,960**	**17,960**
Investment properties						
- Freehold buildings	30 Sep 2023		**–**	**–**	**640**	**640**
		6	**–**	**–**	**640**	**640**
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

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.

55. FAIR VALUE (CONT'D)

(ii) Fair value of property, plant and equipment and investment properties (Cont'd)

Description of significant unobservable input:

	Significant unobservable input	Range
	The comparison method used by the professional independent valuer included the following input:	
2023 - Property, plant and equipment - Investment properties	- Adjusted sales price per square foot ("psf") of recently transacted properties within close vicinity	RM380-RM600 psf
2022 - Property, plant and equipment - Investment properties	- Adjusted sales price per square foot ("psf") of recently transacted properties within close vicinity	RM380-RM530 psf

A significant change in the unobservable input above may have a significant impact on the fair value of the properties.

The movements from opening to closing balances of the above property, plant and equipment and investment properties held at fair value are disclosed in Notes 5 and 6.

There were no transfers between Levels 1, 2 and 3 of the fair value hierarchy during the current and previous financial years.

56. INSURANCE RISK

Insurance risk is the inherent uncertainty regarding the occurrence, amount or timing of insurance liabilities.

Insurance contracts transfer risk to the Group by indemnifying the policyholders against adverse effects arising from the occurrence of specified uncertain future events.

The Group underwrites various general insurance contracts which are mostly on an annual coverage and annual premium basis with the exception of short term policies such as Marine Cargo which covers the duration in which the cargo is being transported.

The Group also underwrites some non-annual policies with coverage period more than one year such as Contractor's All Risks and Engineering, Bonds and Workmen Compensation.

The majority of the insurance business written by the Group is Motor and Personal Accident insurance. Other insurance business includes Fire, Contractor's All Risks and Engineering, Workmen Compensation, Professional Indemnity and other miscellaneous classes of insurance.

56. INSURANCE RISK (CONT'D)

The principal insurance risks faced by the Group include risks of actual claims and benefit payments differing from expectation, risks arising from natural disasters, risks arising from the fluctuations in timing, frequency and severity of claims, as well as the adequacy of premiums and reserves. For longer tail claims that take some years to settle, there is also inflation risk.

The Group's objectives of managing insurance risks are to enhance the long-term financial performance of the business to achieve sustainable growth in profitability, strong asset quality and to continually optimise shareholders' value. The Group seeks to write those risks that it understands and that provide a reasonable opportunity to earn an acceptable profit.

The Group has the following policies and processes to manage its insurance risks:

- An underwriting policy that aims to take advantage of its competitive strengths while avoiding risks with disruptive volatility to ensure underwriting profitability. Acceptance of risk is guided by a set of underwriting guidelines with set limits on underwriting capacity and authority to individuals based on their specific expertise.

- A claims management and control system to pay claims and control claim wastage or fraud.

- Claim review policies to assess all new and ongoing claims and possible fraudulent claims are investigated to reduce the risk exposure of the Group. The Group further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

- The Group purchases reinsurance as part of its risks mitigation programme. The objectives for purchasing reinsurance are to control exposure to insurance losses, reduce volatility and optimising the Group's capital efficiency. Reinsurance is ceded on quota share, proportional and non-proportional basis. The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

The table below sets out the concentration of the Group's general insurance business by type of insurance products, using gross and net earned premiums:

General insurance business

	2023			2022		
	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	**158,052**	**(39,637)**	**118,415**	192,072	(42,413)	149,659
Personal Accident	**4,005**	**(518)**	**3,487**	4,853	(562)	4,291
Fire	**1,534**	**(1,011)**	**523**	1,823	(1,287)	536
Miscellaneous	**90,661**	**(84,946)**	**5,715**	85,478	(79,566)	5,912
	254,252	**(126,112)**	**128,140**	284,226	(123,828)	160,398

56. INSURANCE RISK (CONT'D)

The table below sets out the concentration of the Group's insurance contract liabilities by type of insurance products:

Premium liabilities

	2023			2022		
	Gross RM'000	**Reinsurance RM'000**	**Net RM'000**	**Gross RM'000**	**Reinsurance RM'000**	**Net RM'000**
Group						
Motor	**95,698**	**(32,515)**	**63,183**	96,870	(29,447)	67,423
Personal Accident	**270**	**(59)**	**211**	350	(71)	279
Fire	**388**	**(252)**	**136**	376	(236)	140
Miscellaneous	**13,221**	**(9,813)**	**3,408**	13,658	(10,333)	3,325
	109,577	**(42,639)**	**66,938**	111,254	(40,087)	71,167

Claims liabilities

	2023			2022		
	Gross RM'000	**Reinsurance RM'000**	**Net RM'000**	**Gross RM'000**	**Reinsurance RM'000**	**Net RM'000**
Group						
Motor	**327,671**	**(98,032)**	**229,639**	345,778	(90,017)	255,761
Personal Accident	**2,678**	**(139)**	**2,539**	2,859	(139)	2,720
Fire	**2,847**	**(1,897)**	**950**	4,131	(3,278)	853
Miscellaneous	**84,020**	**(73,828)**	**10,192**	86,124	(74,697)	11,427
	417,216	**(173,896)**	**243,320**	438,892	(168,131)	270,761

Key assumptions

The principal assumptions underlying the estimation of liabilities is that the Group's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, discounting factors, claim inflation factors and average number of claims for each accident year.

Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example, isolated occurrence, changes in market factors such as public attitude to claiming, economic conditions as well as internal factors, such as portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors, such as judicial decisions and government legislation affect the estimates.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency rates.

56. INSURANCE RISK (CONT'D)

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)			
2023					
Average claims cost	+10%	**19,891**	**15,261**	**(15,261)**	**(11,598)**
Average number of claims	+10%	**2,313**	**1,674**	**(1,674)**	**(1,272)**
Average claims settlement period	delayed by 6 months	**2,508**	**1,910**	**(1,910)**	**(1,452)**
2022					
Average claims cost	+10%	21,661	17,275	(17,275)	(13,129)
Average number of claims	+10%	3,007	2,385	(2,385)	(5,812)
Average claims settlement period	delayed by 6 months	2,639	2,074	(2,074)	(1,576)

* 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.

The management of the Group believes that the estimate of total claims outstanding as of 30 September 2023 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.

NOTES TO THE FINANCIAL STATEMENTS
– 30 SEPTEMBER 2023

(CONT'D)

56. INSURANCE RISK (CONT'D)

Gross general insurance contract liabilities for 2023:

Accident year	Before 2017 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	Total RM'000
At end of accident year		199,691	188,653	188,323	182,297	124,546	188,257	168,570	
One year later		146,915	146,399	157,127	146,760	113,724	182,528	–	
Two years later		142,800	144,075	161,015	140,957	111,050	–	–	
Three years later		139,972	148,776	158,398	136,103	–	–	–	
Four years later		142,722	144,255	157,821	–	–	–	–	
Five years later		141,519	140,979	–	–	–	–	–	
Six years later		139,165	–	–	–	–	–	–	
Current estimate of cumulative claims incurred		139,165	140,979	157,821	136,103	111,050	182,528	168,570	
At end of accident year		(29,859)	(29,587)	(32,319)	(28,295)	(22,437)	(49,355)	(47,949)	
One year later		(71,540)	(73,453)	(64,169)	(54,294)	(47,141)	(98,329)	–	
Two years later		(100,568)	(96,662)	(88,375)	(77,983)	(66,145)	–	–	
Three years later		(113,282)	(111,858)	(107,589)	(99,586)	–	–	–	
Four years later		(119,838)	(120,295)	(120,729)	–	–	–	–	
Five years later		(125,232)	(125,292)	–	–	–	–	–	
Six years later		(131,677)	–	–	–	–	–	–	
Cumulative payments to-date		(131,677)	(125,292)	(120,729)	(99,586)	(66,145)	(98,329)	(47,949)	
Gross general insurance outstanding liability (direct and facultative)	38,419	7,488	15,687	37,092	36,517	44,905	84,199	120,621	384,928
Gross general insurance outstanding liability (treaty inward)									330
Best estimate of claims liabilities									385,258
Claims handling expenses									7,934
PRAD at 75% confidence level									35,433
Effects of discounting									(11,409)
Gross general insurance contract liabilities per statements of financial position									417,216

56. INSURANCE RISK (CONT'D)

Net general insurance contract liabilities for 2023:

Accident year	Before 2017 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	Total RM'000
At end of accident year		148,606	101,587	142,820	136,607	85,440	129,681	112,840	
One year later		99,684	96,360	114,633	107,427	79,107	130,649	–	
Two years later		95,813	94,593	117,354	100,954	73,758	–	–	
Three years later		94,643	96,258	110,893	93,858	–	–	–	
Four years later		96,622	93,372	108,433	–	–	–	–	
Five years later		95,588	91,540	–	–	–	–	–	
Six years later		92,629	–	–	–	–	–	–	
Current estimate of cumulative claims incurred		92,629	91,540	108,433	93,858	73,758	130,649	112,840	
At end of accident year		(22,481)	(21,731)	(24,720)	(22,831)	(17,312)	(38,650)	(36,082)	
One year later		(50,029)	(50,218)	(48,750)	(42,294)	(35,486)	(71,309)	–	
Two years later		(70,628)	(65,635)	(65,631)	(59,164)	(47,509)	–	–	
Three years later		(79,723)	(74,737)	(79,344)	(73,367)	–	–	–	
Four years later		(84,043)	(79,497)	(89,090)	–	–	–	–	
Five years later		(86,343)	(82,474)	–	–	–	–	–	
Six years later		(88,679)	–	–	–	–	–	–	
Cumulative payments to-date		(88,679)	(82,474)	(89,090)	(73,367)	(47,509)	(71,309)	(36,082)	
Net general insurance outstanding liabilities (direct and facultative)	9,219	3,950	9,066	19,343	20,491	26,249	59,340	76,758	224,416
Net general insurance outstanding liability (treaty inward)									330
Best estimate of claims liabilities									224,746
Claims handling expenses									7,934
PRAD at 75% confidence level									19,369
Effects of discounting									(8,729)
Net general insurance contract liabilities per statements of financial position									243,320

NOTES TO THE FINANCIAL STATEMENTS
– 30 SEPTEMBER 2023

(CONT'D)

56. INSURANCE RISK (CONT'D)

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

56. 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

NOTES TO THE FINANCIAL STATEMENTS
– 30 SEPTEMBER 2023

(CONT'D)

57. FINANCIAL RISKS

The Group is exposed to a variety of financial risks arising from their operations. The key financial risks are credit risk, liquidity risk, and market risk.

The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders whilst minimising potential exposure to adverse effects on its financial performance and positions.

The policies and processes taken by the Group to manage these risks are set out below:

(a) Credit risk

Credit risk is the risk of financial loss that may arise from the failure of intermediary or counterparties in meeting their financial and contractual obligations to the Group as and when they fall due.

The Group's primary exposure to credit risk arises through its investments in debt instruments, receivables arising from sales of insurance policies and obligations of reinsurers through reinsurance contracts.

The Group has the following policies and processes to manage and mitigate its credit risks:

- Financial loss from an investment in debt instrument may arise from a change in the value of the investment due to a rating downgrade or default. Before acquiring a debt instrument from an issuer, an evaluation of the issuer's credit risk is undertaken by the Group. Ratings assigned by external rating agencies are also used in the evaluation to ensure optimal credit quality of the individual debt instrument concerned. The Group also has an Investment Policy which sets out the limits on which the Group may invest in each counterparty so as to ensure that there is no concentration of credit risk.

- Insurance receivables which arise mainly from premiums collected on behalf of the Group by appointed agents, brokers and other intermediaries are monitored on a day-to-day basis to ensure adherence to the Group's Credit Policy. Internal guidelines are also established to evaluate the Group's intermediaries before their appointment as well as setting credit terms/limits to the appointees concerned.

- Receivables from reinsurance contracts are monitored on a monthly basis to ensure compliance with payment terms. The Group also monitors the credit quality and financial conditions of its reinsurers on an ongoing basis to reduce the risk exposure. When selecting its reinsurers, the Group considers their relative financial security which is assessed based on public rating information, annual reports and other financial data.

- Other trade receivables are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

57. FINANCIAL RISKS (CONT'D)

(a) Credit risk (Cont'd)

The table below shows the maximum exposure to credit risk for the financial and insurance assets components on the statements of financial position.

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Financial assets at FVOCI [1]	**82,707**	71,524	**–**	–
Loans	**13**	2,112	**–**	–
Reinsurance assets [2]	**173,896**	168,131	**–**	–
Insurance receivables	**12,927**	13,834	**–**	–
Trade receivables	**1,991**	4,493	**–**	–
Other receivables [3]	**9,164**	5,759	**516**	400
Lease receivables	**1,145**	549	**–**	–
Due from subsidiary companies	**–**	–	**314,068**	211,241
Due from associated companies	**1,452**	8,758	**–**	–
Deposits and placements with financial institutions	**136,945**	166,168	**–**	–
Cash and bank balances	**39,115**	103,740	**1,225**	27,825
	459,355	545,068	**315,809**	239,466

[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.

57. FINANCIAL RISKS (CONT'D)

(a) Credit risk (Cont'd)

(i) Credit exposure by credit quality

The table below provides information regarding the credit risk exposure of the Group and the Company by classifying financial and insurance assets according to the Group's and the Company's credit ratings of counterparties. AAA is the highest possible rating.

Group	AAA RM'000	AA RM'000	A RM'000	B RM'000	BBB/BB RM'000	Not rated RM'000	Total RM'000
2023							
Financial assets at FVOCI	**20,163**	**22,408**	**10,134**	**–**	**–**	**30,002**	**82,707**
Loans	**–**	**–**	**–**	**–**	**–**	**13**	**13**
Reinsurance assets	**–**	**–**	**157,939**	**6,375**	**1,174**	**8,408^**	**173,896**
Insurance receivables	**–**	**72**	**8,472**	**804**	**47**	**3,532^**	**12,927**
Trade receivables	**–**	**–**	**–**	**–**	**–**	**1,991**	**1,991**
Other receivables	**2,043**	**390**	**2,846**	**–**	**–**	**3,885**	**9,164**
Lease receivables	**–**	**–**	**–**	**–**	**–**	**1,145**	**1,145**
Due from associated companies	**–**	**–**	**–**	**–**	**–**	**1,452**	**1,452**
Deposits and placements with financial institutions	**92,696**	**8,841**	**35,143**	**–**	**265**	**–**	**136,945**
Cash and bank balances	**16,747**	**1,103**	**13,449**	**–**	**5,242**	**2,574**	**39,115**
	131,649	**32,814**	**227,983**	**7,179**	**6,728**	**53,002**	**459,355**
2022							
Financial asset 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 an associated company	–	–	–	–	–	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

^ 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.

57. FINANCIAL RISKS (CONT'D)

(a) Credit risk (Cont'd)

(i) Credit exposure by credit quality (Cont'd)

The table below provides information regarding the credit risk exposure of the Group and the Company by classifying financial and insurance assets according to the Group's and the Company's credit ratings of counterparties. AAA is the highest possible rating. (Cont'd)

	AAA RM'000	AA RM'000	A RM'000	Not rated RM'000	Total RM'000
Company					
2023					
Other receivables	**1**	**–**	**–**	**515**	**516**
Due from subsidiary companies	**–**	**–**	**37**	**314,031**	**314,068**
Cash and bank balances	**907**	**318**	**–**	**–**	**1,225**
	908	**318**	**37**	**314,546**	**315,809**
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

NOTES TO THE FINANCIAL STATEMENTS
– 30 SEPTEMBER 2023

(CONT'D)

57. FINANCIAL RISKS (CONT'D)

(a) Credit risk (Cont'd)

(ii) Reconciliation of allowance account

(1) Expected credit loss ("ECL") - Investment assets

- Financial assets at 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	
	2023 RM'000	**2022 RM'000**
Financial assets at FVOCI		
AAA	**20,163**	9,941
AA	**22,408**	21,518
A	**10,134**	10,158
Not rated	**30,002**	29,907
Total carrying amount	**82,707**	71,524
Total ECL	**12**	5

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	**2023 RM'000**	**2022 RM'000**
As at 1 October		**5**	57
Net adjustment of loss allowances	41	**7**	(52)
As at 30 September		**12**	5

57. FINANCIAL RISKS (CONT'D)

(a) Credit risk (Cont'd)

(ii) Reconciliation of allowance account (Cont'd)

(2) Expected credit loss ("ECL") - Insurance receivables

Set out below is the information about the credit risk exposure on the Group's insurance receivables using a provision matrix:

(a) ECL by staging

	Months in arrears							
	Group 1				Group 2			
	0 to 1 month RM'000	2 to 3 months RM'000	More than 3 months RM'000	Total RM'000	0 to 6 months RM'000	7 to 12 months RM'000	More than 12 months RM'000	Total RM'000
Group								
30 September 2023								
ECL rate	**0.05%**	**1.96%**	**100.00%**		**1.30%**	**24.12%**	**100.00%**	
Carrying amount *	**1,916**	**102**	**33**	**2,051**	**10,533**	**680**	**662**	**11,875**
Allowance for ECL	**1**	**2**	**33**	**36**	**137**	**164**	**662**	**963**
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

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.

57. FINANCIAL RISKS (CONT'D)

(a) Credit risk (Cont'd)

(ii) Reconciliation of allowance account (Cont'd)

(2) Expected credit loss ("ECL") - Insurance receivables (Cont'd)

Set out below is the information about the credit risk exposure on the Group's insurance receivables using a provision matrix: (Cont'd)

(b) ECL by ageing

		Months in arrears					
	Not due RM'000	1 to 6 months RM'000	7 to 12 months RM'000	13 to 18 months RM'000	19 to 24 months RM'000	More than 24 months RM'000	Total RM'000
Group							
30 September 2023							
Carrying amount *	**–**	**12,584**	**680**	**662**	**–**	**–**	**13,926**
Allowance for ECL	**–**	**173**	**164**	**662**	**–**	**–**	**999**
30 September 2022							
Carrying amount *	–	13,526	621	555	–	–	14,702
Allowance for ECL	–	182	131	555	–	–	868

* 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.

57. FINANCIAL RISKS (CONT'D)

(a) Credit risk (Cont'd)

(ii) Reconciliation of allowance account (Cont'd)

(2) Expected credit loss ("ECL") - Insurance receivables (Cont'd)

The following table shows the movement in gross insurance receivables and the loss allowances recognised for credit impaired receivables.

Group

	Note	Not credit impaired RM'000	Credit impaired RM'000	Total RM'000
2023				
Gross carrying amounts				
As at 1 October 2022		**14,123**	**579**	**14,702**
(Decrease)/increase		**(891)**	**115**	**(776)**
As at 30 September 2023		**13,232**	**694**	**13,926**
Allowance for ECL				
As at 1 October 2022		**289**	**579**	**868**
Increase	41	**16**	**115**	**131**
As at 30 September 2023		**305**	**694**	**999**
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)	41	100	(67)	33
As at 30 September 2022		289	579	868

NOTES TO THE FINANCIAL STATEMENTS
– 30 SEPTEMBER 2023

(CONT'D)

57. FINANCIAL RISKS (CONT'D)

(a) Credit risk (Cont'd)

(ii) Reconciliation of allowance account (Cont'd)

(3) Expected credit loss ("ECL") - Trade receivables

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 2023						
ECL rate	**1.08%**	**4.18%**	**19.40%**	**14.85%**	**9.86%**	
Carrying amount	**1,302**	**431**	**67**	**202**	**71**	**2,073**
Allowance for ECL	**14**	**18**	**13**	**30**	**7**	**82**
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

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
2023				
Gross carrying amounts				
As at 1 October 2022		**4,707**	**693**	**5,400**
Decrease		**(2,639)**	**(688)**	**(3,327)**
As at 30 September 2023		**2,068**	**5**	**2,073**
Allowance for ECL				
As at 1 October 2022		**214**	**693**	**907**
Write back	41	**(137)**	**(688)**	**(825)**
As at 30 September 2023		**77**	**5**	**82**

57. FINANCIAL RISKS (CONT'D)

(a) Credit risk (Cont'd)

(ii) Reconciliation of allowance account (Cont'd)

(3) Expected credit loss ("ECL") - Trade receivables (Cont'd)

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	41	(64)	(1,809)	(1,873)
As at 30 September 2022		214	693	907

(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 2023						
ECL rate	**0.00%**	**0.00%**	**0.00%**	**0.47%**	**27.54%**	
Carrying amount	**9,540**	**950**	**8,923**	**25,431**	**371,720**	**416,564**
Allowance for ECL	**–**	**–**	**–**	**120**	**102,376**	**102,496**
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

57. FINANCIAL RISKS (CONT'D)

(a) Credit risk (Cont'd)

(ii) Reconciliation of allowance account (Cont'd)

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

The following table shows the movement in gross 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
2023				
Gross carrying amounts				
As at 1 October 2022		**211,241**	**93,095**	**304,336**
Increase		**102,827**	**9,401**	**112,228**
As at 30 September 2023		**314,068**	**102,496**	**416,564**
Allowance for ECL				
As at 1 October 2022		**–**	**93,095**	**93,095**
Addition		**–**	**9,401**	**9,401**
As at 30 September 2023		**–**	**102,496**	**102,496**
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	41	–	22,987	22,987
As at 30 September 2022		–	93,095	93,095

57. FINANCIAL RISKS (CONT'D)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS
– 30 SEPTEMBER 2023

(CONT'D)

57. FINANCIAL RISKS (CONT'D)

(b) Liquidity risk (Cont'd)

(i) Maturity analysis (Cont'd)

Group	Carrying value RM'000	Up to a year* RM'000	1-2 years RM'000	2-5 years RM'000	Over 5 years RM'000	Total RM'000
2023						
Insurance contract liabilities	**417,216**	**172,465**	**104,027**	**116,987**	**35,146**	**428,625**
Insurance payables	**22,122**	**22,122**	**–**	**–**	**–**	**22,122**
Trade payables	**351**	**351**	**–**	**–**	**–**	**351**
Other payables #	**32,931**	**32,931**	**–**	**–**	**–**	**32,931**
Lease liabilities	**10,327**	**5,384**	**3,536**	**1,977**	**218**	**11,115**
Borrowings	**27,942**	**27,850**	**–**	**110**	**–**	**27,960**
Total	**510,889**	**261,103**	**107,563**	**119,074**	**35,364**	**523,104**

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

Net of provisions and accrued expenses.

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

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
2023						
Due to subsidiary companies	**4,589**	**–**	**–**	**–**	**4,589**	**4,589**
Lease liabilities	**1,213**	**643**	**320**	**339**	**–**	**1,302**
Borrowings	**27,000**	**27,000**	**–**	**–**	**–**	**27,000**
Total	**32,802**	**27,643**	**320**	**339**	**4,589**	**32,891**

57. FINANCIAL RISKS (CONT'D)

(b) Liquidity risk (Cont'd)

(i) Maturity analysis (Cont'd)

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

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

Net of provisions and accrued expenses.

(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").

57. FINANCIAL RISKS (CONT'D)

(c) Market risk (Cont'd)

(i) Currency risk (Cont'd)

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:

	2023 Exposure in					
	USD RM'000	THB RM'000	GBP RM'000	SGD RM'000	JPY RM'000	HKD RM'000
Trade and other receivables	**4,927**	**3,695**	**321**	**5**	**–**	**3**
Due from associated companies	**–**	**–**	**1,452**	**–**	**–**	**–**
Deposits and placements with financial institutions	**1,000**	**268**	**–**	**–**	**–**	**–**
Cash and bank balances	**1,453**	**5,245**	**1,090**	**463**	**109**	**–**
Trade and other payables	**(30,130)**	**(3,428)**	**(645)**	**(28)**	**–**	**(9)**
Borrowings	**(765)**	**–**	**(167)**	**–**	**–**	**–**
	(23,515)	**5,780**	**2,051**	**440**	**109**	**(6)**

	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)

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

	2023 Exposure in					
	USD RM'000	THB RM'000	GBP RM'000	SGD RM'000	JPY RM'000	HKD RM'000
Due from subsidiary companies	**230,969**	**1,216**	**73,900**	**157**	**–**	**24**
Cash and bank balances	**273**	**–**	**2**	**–**	**109**	**–**
Due to subsidiary companies	**(33)**	**(15)**	**–**	**–**	**–**	**–**
	231,209	**1,201**	**73,902**	**157**	**109**	**24**

57. FINANCIAL RISKS (CONT'D)

(c) Market risk (Cont'd)

(i) Currency risk (Cont'd)

Exposure to foreign currency risk (Cont'd)

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

	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

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	
		2023 Profit net of tax RM'000	2022 Profit net of tax RM'000	2023 Profit net of tax RM'000	2022 Profit net of tax RM'000
		Increase / (decrease)			
USD/RM	- strengthened 3%	**(4,099)**	5,177	**(4,939)**	4,061
	- weakened 3%	**4,099**	(5,177)	**4,939**	(4,061)
GBP/RM	- strengthened 3%	**(1,620)**	2,356	**(1,620)**	2,356
	- weakened 3%	**1,620**	(2,356)	**1,620**	(2,356)
USD/THB	- strengthened 3%	**340**	(341)	**–**	–
	- weakened 3%	**(340)**	341	**–**	–
THB/RM	- strengthened 3%	**384**	453	**37**	144
	- weakened 3%	**(384)**	(453)	**(37)**	(144)
SGD/RM	- strengthened 3%	**48**	55	**(5)**	5
	- weakened 3%	**(48)**	(55)	**5**	(5)
JPY/RM	- strengthened 3%	**(2)**	3	**(2)**	3
	- weakened 3%	**2**	(3)	**2**	(3)

57. FINANCIAL RISKS (CONT'D)

(c) Market risk (Cont'd)

(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.

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.

		2023 Impact on		2022 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	**(987)**	**(750)**	(656)	(499)
Interest rates	-25 bps	**1,003**	**762**	666	506

* 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.

57. 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.

		2023 Impact on		2022 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%	**24,604**	**18,741**	26,652	24,543
Market price	-10%	**(24,604)**	**(18,741)**	(26,652)	(24,543)
Company					
Market price	+10%	**79**	**79**	69	3,734
Market price	-10%	**(79)**	**(79)**	(69)	(3,734)

(d) Operational risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss.

The Group and the Company cannot expect to eliminate all operational risks but mitigates them by establishing a control framework and by monitoring and responding to potential risks. Controls include segregation of duties, access controls, authorisation, reconciliation procedures, staff training and evaluation procedures, including the use of internal audit. Business risk, such as changes in environment, technology and the industry are monitored through the Group's and the Company's strategic planning and budgeting process.

58. CAPITAL MANAGEMENT

The Group's capital management policy is to optimise the efficient and effective use of resources to maximise the return on equity and provide an appropriate level of capital to protect policyholders of its insurance subsidiary company and meet regulatory requirements.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions and regulatory requirements. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue new shares or obtain credit facilities from financial institutions.

58. CAPITAL MANAGEMENT (CONT'D)

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:

	2023 RM'000	2022 RM'000
Eligible Tier 1 Capital		
Share capital (paid-up)	**100,000**	100,000
Retained earnings	**109,089**	112,317
	209,089	212,317
Tier 2 Capital		
Revaluation reserve	**15,459**	14,332
FVOCI reserve	**2,018**	3,709
	17,477	18,041
Amounts deducted from Capital	**(4,419)**	(1,342)
Total Capital Available	**222,147**	229,016

59. SEGMENT REPORTING

(a) Business Segments

The Group is organised into the following 6 major business segments:

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

Other business segment consist of distribution of consumer goods, which is insufficient 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.

59. SEGMENT REPORTING (CONT'D)

(a) Business Segments (Cont'd)

	Insurance RM'000	Information technology RM'000	Investment holding RM'000	Money lending RM'000	Investment in start-ups RM'000	Property development RM'000	Others RM'000	Consolidation adjustments RM'000	Group RM'000
2023									
REVENUE									
External sales	269,498	10,910	664	33	–	–	–	–	281,105
Inter-segment sales	243	24,015	35,633	205	–	–	–	(60,096)	–
Total segment revenue	269,741	34,925	36,297	238	–	–	–	(60,096)	281,105
RESULTS									
Segment (loss)/profit	(6,253)	(4,251)	26,891	134	(7,361)	(5,666)	(24)	(20,326)	(16,856)
Share of losses of associated companies (net of tax)	–	–	–	–	(2,084)	–	–	–	(2,084)
Segment profit/(loss) before tax after accounting for:	(6,253)	(4,251)	26,891	134	(9,445)	(5,666)	(24)	(20,326)	(18,940)
Interest income	–	368	–	–	669	–	–	(122)	915
Finance cost	(307)	(4,822)	(884)	–	(5,182)	119	–	10,183	(893)
Depreciation	(3,612)	(2,726)	(530)	–	(541)	(818)	–	1,626	(6,601)
Amortisation	(274)	(509)	(7)	–	(3)	–	–	73	(720)
Unrealised foreign exchange gains/(loss)	–	1,842	8,859	(3)	129	2	–	–	10,829
Other income/ (expenses)	7,585	1,780	(698)	–	177	–	–	(1,438)	7,406

NOTES TO THE FINANCIAL STATEMENTS
– 30 SEPTEMBER 2023

(CONT'D)

59. SEGMENT REPORTING (CONT'D)

(a) Business Segments (Cont'd)

	Insurance RM'000	Information technology RM'000	Investment holding RM'000	Money lending RM'000	Investment in start-ups RM'000	Property development RM'000	Others RM'000	Consolidation adjustments RM'000	Group RM'000
2023									
ASSETS									
Segment assets	782,524	39,277	5,783	2,931	31,429	209,042	88	–	1,071,074
Unallocated corporate assets									3,404
Consolidated total assets									1,074,478
LIABILITIES									
Segment liabilities	554,816	13,646	4,375	92	980	30,621	53	–	604,583
Unallocated corporate liabilities									32,302
Consolidated total liabilities									636,885
OTHER INFORMATION									
Investment in associated companies	–	–	–	–	14,326	–	–	–	14,326
Capital expenditure	30	686	34	–	7	28	–	–	785

59. SEGMENT REPORTING (CONT'D)

(a) Business Segments (Cont'd)

	Insurance RM'000	Information technology RM'000	Investment holding RM'000	Money lending RM'000	Investment in start-ups RM'000	Property development 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

NOTES TO THE FINANCIAL STATEMENTS
– 30 SEPTEMBER 2023

(CONT'D)

59. SEGMENT REPORTING (CONT'D)

(a) Business Segments (Cont'd)

	Insurance RM'000	Information technology RM'000	Investment holding RM'000	Money lending RM'000	Investment in start-ups RM'000	Property development 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

59. SEGMENT REPORTING (CONT'D)

(a) Business Segments (Cont'd)

Other income/(expenses) include the following items:

	Group	
	2023 RM'000	**2022 RM'000**
(Loss)/gain on disposal of:		
- property, plant and equipment	**(68)**	(6)
- intangible assets	**–**	(60)
- investments	**6,189**	56
- an associated company	**–**	71,633
Gain/(loss) on fair value of investments held at fair value through profit or loss	**1,791**	(6,932)
Write back of/(allowance for) impairment of:		
- property, plant and equipment	**–**	1,574
- investment in an associated company	**–**	(2,405)
- amounts due from an associated company	**398**	(16,133)
- insurance receivables	**(131)**	(33)
- trade receivables	**825**	1,873
- corporate debt securities	**(7)**	52
Bad debts written off:		
- trade receivables	**(9)**	–
Inventories written off	**(12)**	(27)
Property, plant and equipment written off	**(95)**	(11)
Loss on fair value of investment properties	**–**	(10)
Gain on derecognition of right-of-use assets	**334**	78
Net gain/(loss) on remeasurement of leases	**22**	(13)
Income from COVID-19 related rent concessions	**–**	9
(Allowance for)/write back of unutilised leave	**(676)**	752
Others	**(1,155)**	55
	7,406	50,452

59. SEGMENT REPORTING (CONT'D)

(b) Geographical Segments

In Malaysia, the Group's areas of operation are principally insurance, information technology, investment holding and money lending. Other operations in Malaysia include distribution of consumer goods and investing in start-up companies.

The Group also operates in the United States of America (information technology and property development), Thailand (information technology) and England (investing in real estate market and start-up companies).

	Total Revenue from External Customers		Segment Assets		Capital Expenditure	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Malaysia	**271,225**	301,643	**789,864**	905,479	**731**	774
Thailand	**9,012**	8,991	**10,148**	13,688	**2**	35
United States of America	**162**	741	**222,626**	135,579	**45**	8
England	**706**	–	**48,436**	32,661	**7**	3
	281,105	311,375	**1,071,074**	1,087,407	**785**	820

(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 (2022: Nil).

60. SUBSEQUENT EVENTS AFTER THE END OF THE FINANCIAL YEAR

(a) Exercise of ESOS options

On 24 October 2023, Mr Chan Thye Seng, the managing director and chief executive officer of the Company, exercised 4,000,000 ESOS options for a total consideration of RM3,136,000.

On 10 November 2023, Ms Chan Cheng Sim, an employee within the Group and daughter of the Chairman of the Company, Mr Chan Hua Eng, exercised 1,275,000 ESOS options for a total consideration of RM1,134,750.

Consequentially, the issued and paid-up ordinary share capital of the Company increased from 288,593,333 to 293,868,333 shares. This increase is not reflected in the balance sheet as of 30 September 2023, but will be accounted for in the equity section of the financial statements for the next financial year ending 30 September 2024.

The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company from the date of issue.

(b) Treasury Share Resale

Subsequent to the financial year-end, the Company resold 4,807,700 of the total 19,303,493 treasury shares held by the Company for a total consideration of RM4,703,685 (after deducting transaction costs) in the open market at an average price of RM0.98 per share. This transaction resulted in a deficit of RM325,174, which will be debited to the retained profits for the next financial year ending 30 September 2024. The balance of treasury shares held by the Company subsequent to the above resale is now 14,495,793 shares.

The number of outstanding ordinary shares in issue and fully paid, subsequent to the exercise of ESOS options, resale of treasury shares and after deducting the remaining balance of treasury shares is therefore 279,372,540 ordinary shares.

SHAREHOLDINGS STATISTICS
AS AT 29 DECEMBER 2023

Issued and fully paid-up capital	:	RM153,566,119
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	614	25,275	0.01
100 to 1,000 shares	440	184,252	0.07
1,001 to 10,000 shares	2,463	10,757,775	3.85
10,001 to 100,000 shares	1,286	34,425,308	12.32
100,001 to less than 5% of issued shares	166	150,666,831	53.93
5% and above of issued shares	4	83,313,099	29.82
Total	**4,973**	**279,372,540***	**100.00**

* The number of 279,372,540 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 29 December 2023 were as follows:

	No. of Shares Held			
Name	Direct Interest	%	Indirect Interest	%
Chan Thye Seng	43,250,538	15.48	127,219,650[(2)]	45.54
Mah Wing Holdings Sdn. Bhd.	63,337,400	22.67	–	–
Mah Wing Investments Limited	57,473,102	20.57	–	–

SHAREHOLDINGS STATISTICS
AS AT 29 DECEMBER 2023
(CONT'D)

DIRECTORS' SHAREHOLDINGS

According to the Register of Directors' Shareholdings, the Directors' shareholdings as at 29 December 2023 were as follows:

	No. of Shares Held			
Name	**Direct Interest**	**%**	**Indirect Interest**	**%**
Chan Hua Eng	331,564	0.12	1,917,455[(1)]	0.69
Chan Thye Seng	43,250,538	15.48	127,219,650[(2)]	45.54
Michael Yee Kim Shing	647,786	0.23	73,066[(3)]	0.03
Dato' Dr. Zaha Rina binti Zahari	1,000,066	0.36	–	–
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	%
1.	Mah Wing Investments Limited	34,806,436	12.46
2.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Thye Seng	18,410,950	6.59
3.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mah Wing Holdings Sdn Bhd	16,089,047	5.76
4.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mah Wing Holdings Sdn Bhd	14,006,666	5.01
5.	Public Nominees (Asing) Sdn Bhd Pledged Securities Account for Mah Wing Investments Limited	12,666,666	4.53
6.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mah Wing Holdings Sdn Bhd	12,550,000	4.49
7.	DB (Malaysia) Nominee (Asing) Sdn Bhd Deutsche Bank Ag Singapore for Yeoman 3-Rights Value Asia Fund	10,091,666	3.61
8.	CIMB Group Nominees (Asing) Sdn Bhd Exempt An for DBS Bank Ltd	10,000,000	3.58
9.	Mah Wing Holdings Sdn Bhd	7,771,733	2.78
10.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mah Wing Holdings Sdn Bhd	7,319,954	2.62

SHAREHOLDINGS STATISTICS
AS AT 29 DECEMBER 2023

(CONT'D)

THIRTY LARGEST SECURITIES ACCOUNTS HOLDERS (CONT'D)

No.	Name	No. of Shares Held	%
11.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Chan Thye Seng	6,145,281	2.20
12.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Thye Seng	6,133,333	2.20
13.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Chan Kok Tien Realty Sdn Bhd	5,612,469	2.01
14.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mah Wing Holdings Sdn Bhd	5,600,000	2.00
15.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Thye Seng	5,424,014	1.94
16.	Ancom Nylex Berhad	4,800,000	1.72
17.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Thye Seng	4,000,000	1.43
18.	Kenanga Nominees (Tempatan) Sdn Bhd	2,431,370	0.87
19.	Liew Chin Choi	1,945,933	0.70
20.	Yeap Kim Siew	1,684,132	0.60
21.	Tan Teong Han	1,548,928	0.55
22.	Chan Cheng Sim	1,514,778	0.54
23.	Liau Keen Yee	1,237,533	0.44
24.	Affin Hwang Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for Yeo Seng Chong	1,185,066	0.42
25.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Surinder Singh A/L Wassan Singh	1,130,033	0.40
26.	Lim Kam Seng	1,107,000	0.40
27.	Tan Chong Meng	1,040,000	0.37
28.	Yayasan Guru Tun Hussein Onn	1,027,873	0.37
29.	Zaha Rina binti Zahari	1,000,066	0.36
30.	Yeoh Phek Leng	977,000	0.35
	Total	**199,257,927**	**71.30**

LIST OF PROPERTIES

As At 30 September 2023

No	Location	Gross build-up area (Land area) sq. ft.	Tenure	Description/ existing use	Net book value @ 30.9.2023 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	38	Unit 10-A 1.7.1993/ 30.09.2023 Unit 10-B 1.4.1995/ 30.09.2023
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	38	21.12.1982/ 30.09.2023
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	38	14.4.1986 / 30.09.2023

LIST OF PROPERTIES
AS AT 30 SEPTEMBER 2023

(CONT'D)

No	Location	Gross build-up area (Land area) sq. ft.	Tenure	Description/ existing use	Net book value @ 30.9.2023 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	44	1.12.1986 / 30.09.2023
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	190	40	13.2.1991/ 30.09.2023
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	25	18.9.1998/ 30.09.2023

LIST OF PROPERTIES
AS AT 30 SEPTEMBER 2023

(CONT'D)

No	Location	Gross build-up area (Land area) sq. ft.	Tenure	Description/ existing use	Net book value @ 30.9.2023 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	4,671 (3,477)	Freehold	1 ½ storey terraced factories corner unit/ office	2,290	24	3.12.1999/ 30.09.2023
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	2,700 (2,002)	Freehold	1 ½ storey terraced factories intermediate unit/office	1,440	24	3.12.1999/ 30.09.2023
	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	201,342	N/A	08.01.2015/ 30.09.2023

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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 30th Annual General Meeting of the Company to be conducted on a virtual basis through livestreaming from the Broadcast Venue at the Conference Room, 17th Floor, Wisma Bumi Raya, No. 10, Jalan Raja Laut, 50350 Kuala Lumpur on Friday, 8 March 2024 at 10.30 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 30th 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 30th Annual General Meeting until the next Annual General Meeting of the Company	Ordinary Resolution 2		
4	To re-elect Mr. Chan Hua Eng as Director	Ordinary Resolution 3		
5.	To re-elect Dato' Dr. Zaha Rina binti Zahari as Director	Ordinary Resolution 4		
6.	To re-appoint Messrs. Ernst & Young PLT as Auditors and to authorise the Directors to fix their remuneration	Ordinary Resolution 5		
7.	Authority under Sections 75 & 76 of the Companies Act 2016 to allot and issue shares	Ordinary Resolution 6		
8.	Proposed renewal of authority for the purchase by the Company of its own shares	Ordinary Resolution 7		
9.	To retain Dato' Dr. Zaha Rina binti Zahari as Independent Director	Ordinary Resolution 8		

(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 ____________________ 2024

No. of Shares Held	
CDS Account No.	

____
Signature/Common Seal of Member(s)

Notes:

1. *Depositors whose names appear in the Record of Depositors as at 4 March 2024 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 Insurance Co. Berhad
Registration no. 197201000959 (12557-W)
A Member of The Pacific & Orient Group

PACIFIC & ORIENT BERHAD
Registration no. 199401022687 (308366-H)

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