PACIFIC & ORIENT INSURANCE CO. BERHAD

Registration No. 197201000959 (12557-W)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
30 September 2024

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DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of Pacific & Orient Insurance Co. Berhad ("the Company") for the financial year ended 30 September 2024.

PRINCIPAL ACTIVITY

The Company is principally engaged in the underwriting of all classes of general insurance business.

There have been no significant changes in the nature of this principal activity during the financial year.

RESULTS

	RM'000
Net loss for the year	(10,916)

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

In the opinion of the directors, the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than those arising from the adoption of MFRS17 *Insurance Contracts* as disclosed in Note 3(a).

DIVIDENDS

No dividend was paid or declared by the Company since the end of the last financial year. The Directors have not recommended any final dividend to be paid for the financial year under review.

BAD AND DOUBTFUL DEBTS

Before the income statement, statement of comprehensive income and statement of financial position of the Company were made out, the Directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts.

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

CURRENT ASSETS

Before the income statement, statement of comprehensive income and statement of financial position of the Company were made out, the Directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business their values as shown in the accounting records 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 Company misleading.

VALUATION METHOD

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities 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 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 Company which has arisen since the end of the financial year.

No contingent or other liability 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 Company to meet its 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 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 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 operations 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 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:

Dato' Dr. Zaha Rina binti Zahari
Mr. Chan Thye Seng
Mr. Thian Joost Fick
Mr. Lim Tian Huat
Dato' Foong Chee Meng
Mr. Tan Chong Hin
Datin Grace Yeoh Cheng Geok (Appointed on 2 January 2024)
Dr. Loh Leong Hua (Resigned on 16 February 2024)

DIRECTORS (CONT'D.)

The following are the profile of the Directors of the Company at the date of this report:

Name of Director	Background/Experience
Dato' Dr. Zaha Rina binti Zahari Malaysian, 63 ● Chairman of the Board ● Non-Independent Non-Executive Director ● Member of the Audit Committee, Risk Management Committee, Nominating Committee and Remuneration Committee	Dato' Dr. Zaha Rina binti Zahari joined the Board on 12 June 2014. Dato' Dr. Zaha Rina holds a Bachelor of Arts (Honours) in Accounting and Finance from Leeds Metropolitan University, United Kingdom, a Master in Business Administration from University of Hull, United Kingdom and a Doctorate in Business Administration from University of Hull, United Kingdom focusing on capital markets research and specialising in derivatives. She 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 Group in Singapore from August 2007 to May 2008. She has more than 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, and was the Chief Executive Officer ("CEO") of RHB Securities Sdn Bhd from 2004 to 2006. She has previous board appointments at the Commodity and Monetary Exchange of Malaysia from 1993 to 1996, then as the Chief Operating Officer ("COO") of Kuala Lumpur Options and Financial Futures Exchange in 2001, which merged to become MDEX in June 2001. She was then appointed Head of Exchanges, managing the operations of KLSE, MESDAQ, MDEX and Labuan International Financial Exchanges in September 2003 prior to KLSE's (now known as Bursa Malaysia Securities Berhad) demutualisation. She is also a regular speaker at many international conferences and forums. Dato' Dr. Zaha Rina was a Director of Zurich Insurance Malaysia Berhad prior to being appointed Chairman of Manulife Holdings Berhad in December 2013. Currently, she sits on the board of Pacific & Orient Berhad ("POB"), Hibiscus Petroleum Berhad, Keck Seng (Malaysia) Berhad, Mizuho Bank (Malaysia) Berhad and IGB Berhad besides holding directorships in several private limited companies. 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.

DIRECTORS (CONT'D.)

The following are the profile of the Directors of the Company at the date of this report: (Cont'd.)

Name of Director	Background/Experience
Mr. Chan Thye Seng Malaysian, 68 ● Executive Director ● Member of the Nominating Committee	Mr. Chan joined the Board on 22 October 1994. He graduated from University College Cardiff with a Bachelor of Law (Honours) degree. He had 13 years of working experience as a practising lawyer, after having been called to the Bar at Middle Temple in 1980 and the Malaysian Bar in 1982. He is the Managing Director and the CEO of POB. He also sits on the boards of other subsidiary companies of POB such as P & O Capital Sdn. Bhd., Pacific & Orient Distribution Sdn. Bhd., P & O Global Technologies Sdn. Bhd., P & O Global Technologies, Inc. and P&O Global Technologies (Thailand) Co., Ltd. He was previously on the boards of the Kuala Lumpur Commodities Exchange, Malaysian Futures Clearing Corporation Sdn. Bhd. and Ancom Nylex Berhad, formerly known as Ancom Berhad. Mr. Chan is also a Director of several private limited companies.

DIRECTORS (CONT'D.)

The following are the profile of the Directors of the Company at the date of this report: (Cont'd.)

Name of Director	Background/Experience
Mr. Lim Tian Huat Malaysian, 70 ● Independent Director ● Chairman of the Audit Committee and Remuneration Committee ● Member of Risk Management Committee and Nominating Committee	Mr. Lim joined the Board on 31 January 2020. He holds a Bachelor of Arts in Economics (Honours) from Manchester Metropolitan University, United Kingdom. He is a Fellow of Association of Chartered Certified Accountants, member of Malaysia Institute of Accountants and Malaysia Institute of Certified Public Accountants. He also is the Founding President of Insolvency Practitioners Association of Malaysia ("IPAM") and its current member. Mr. Lim has over 40 years of experience in assurance, corporate advisory, restructuring and insolvency. Mr. Lim founded Lim Tian Huat & Co. in 2010 and Rodgers Reidy & Co. in 2014. He was a Partner in Ernst & Young from 2002 to 2009, in charge of restructuring and insolvency. Prior to that, he was with Arthur Andersen from 1979 to 2001, first 7 years in assurance before focusing in restructuring and insolvency. He became a Partner of Arthur Andersen in 1990, and led the global corporate finance practice, including restructuring and insolvency. He was appointed as a Member of the Corporate Law Reform Committee ("CLRC") by the Domestic Trade Minister under the purview of the Companies Commission of Malaysia. CLRC's objective was to update and upgrade the Companies Act which resulted in the new Companies Act, 2016. In addition, Mr. Lim was a Commissioner to the United Nations Compensation Commission from 1998 to 2002. Mr. Lim currently serves as Executive Chairman of Lim Tian Huat & Co., Rodgers Reidy & Co. and he is an Independent Non Executive Director of Duet Acquisition Corp, listed in Nasdaq and Aseana Properties Limited, listed in London Stocks Exchange. He is also the Senior Independent Director of Majuperak Holdings Berhad, besides holding directorships in several private limited companies.

DIRECTORS (CONT'D.)

The following are the profile of the Directors of the Company at the date of this report: (Cont'd.)

Name of Director	Background/Experience
Dato' Foong Chee Meng Malaysian, 58 ● Independent Director ● Chairman of the Risk Management Committee ● Member of the Audit Committee, Nominating Committee and Remuneration Committee	Dato' Foong joined the Board on 1 September 2022. Dato' Foong holds a Bachelor of Economics, Bachelor of Law and Masters of Law from the University of Sydney, Australia. Dato' Foong has more than 25 years of experience in legal practice and is currently a Managing Partner of a niche corporate boutique law firm, Foong & Partners which he set up in 2003. Aside from being an Advocate & Solicitor at High Court of Malaya, he is also a practising Advocate & Solicitor at the Federal Court of Australia and Supreme Court of New South Wales, Australia. He had previously practiced at Baker & McKenzie in Sydney and returned to Malaysia in 1993 to continue his practice at Zaid Ibrahim & Co. Dato' Foong was made a partner in 1996 where he was subsequently appointed the Head of the Corporate & Commercial and Foreign Investment of Zaid Ibrahim & Co. Dato' Foong has been involved in structuring and executing major mergers and acquisitions, strategic alliances and joint ventures in various industry groups which comprise manufacturing, property, construction, telecommunications, food and newsprint industries. He also advises local and foreign companies and investors on a wide variety of corporate matters including foreign investments, regulatory compliance, joint ventures and acquisitions of Malaysian businesses. In 1999, Dato' Foong had published his first publication titled "Guide to Mergers and Acquisition in Asia" and was an author of the chapter on "Partnership" and "Franchising" in the Malaysia Precedents and Forms, Commercial Precedents in 2002.

DIRECTORS (CONT'D.)

The following are the profile of the Directors of the Company at the date of this report: (Cont'd.)

Name of Director	Background/Experience
Mr. Tan Chong Hin Malaysian, 49 ● Independent Non-Executive Director ● Chairman of the Nominating Committee ● Member of the Audit Committee, Risk Management Committee and Remuneration Committee	Mr. Tan Chong Hin was appointed to the Board of Pacific & Orient Insurance Co. Berhad on 3 January 2023. He graduated with a First Class Honours in Bachelor of Engineering (Electronic Engineering) from the University of Hull as a Wilberforce Scholar in 1998, and completed his Postgraduate Diploma in Economics at the University of Cambridge, as a British Chevening Scholar in 1999. He is a qualified Chartered Accountant with the Institute of Chartered Accountants in England and Wales (ICAEW) since 2003, and the Malaysian Institute of Accountants (MIA) since 2022. He had spent over 20 years working for various financial services institutions in London, Kuala Lumpur and Singapore specialising in real estate, corporate finance and advisory. He currently sits on the board of several public and private limited companies.
Mr. Thian Joost Fick South African, 41 ● Non-Independent Non-Executive Director ● Member of the Audit Committee, Risk Management Committee, Nominating Committee and Remuneration Committee	Mr. Thian joined the board on 20 September 2023. Presently, Mr. Thian is an Executive for India and Group Initiatives of the Sanlam Group. His role is to oversee Sanlam's investments in India and to maintain business relationships with Sanlam's partners in India. He is also involved in other Group strategic initiatives by supporting and giving guidance to the operating entities with strategy development and execution, technical assistance, adhering to sound audit practices, appropriate governance, risk management, and compliance. Mr. Thian holds a Bachelor of Commerce in Actuarial Science from the University of Stellenbosch, South Africa, in 2005 and is a qualified Actuary and Fellow of the Actuarial Society of South Africa. He has over 15 years of experience in actuarial (both Life and General insurance), capital management and risk management.

DIRECTORS (CONT'D.)

The following are the profile of the Directors of the Company at the date of this report: (Cont'd.)

Name of Director	Background/Experience
Datin Grace Yeoh Cheng Geok Malaysian, 63 ● Independent Non-Executive Director ● Member of the Audit Committee, Risk Management Committee, Nominating Committee and Remuneration Committee	Datin Grace was appointed to the Board of Pacific & Orient Insurance Co. Berhad on 2 January 2024. Datin Grace has more than 38 years of experience as a practising lawyer and is a partner and former managing partner of Shearn Delamore & Co. She holds a Bachelor of Laws (LLB) from the London School of Economics and Political Science as well as a Master of Laws (LLM) from the University of London. She was called to the Bar of England and Wales in 1984 and the Malaysian Bar in 1985. She has also obtained a Financial Planner Certification (CFP). She currently heads the Corporate/M&A, Energy, Natural Resources & Green Technology and Private Client & Family Business practice groups at Shearn Delamore & Co. and is a member of the Malaysian Bar as well as the Financial Planning Association of Malaysia. Her past directorships have included board memberships in Bursa Malaysia Berhad, CIMB Bank Berhad, Shearn Skinner Trust Company Ltd and Universal Trustee (Malaysia) Berhad. She also currently sits on the boards of several private limited companies and is a member of the Corporate and Commercial Law Committee and Trade in Legal Services Committee of the Malaysian Bar Council.

In accordance with Article 80 of the Company's Constitution, Dato' Dr. Zaha Rina binti Zahari and Mr. Tan Chong Hin retire from the Board by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS’ BENEFITS

During and at the end of the financial year, no arrangement subsisted to which the Company is 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.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit 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, except for the 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, and except for Dato’ Foong Chee Meng whose firm in which he is the managing partner, has provided corporate advisory services to the holding company.

The directors' benefits are as follows:

	RM’000
Salary	869
Ex-Gratia	50
Pension costs - defined contribution plan	111
Benefits-in-kind	54
Fees	510
Allowance	50
Insurance effected to indemnify directors	3
	1,647

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Directors and officers of the Company and its related corporations 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 by the Company during the financial year amounted to RM37,004.

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

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of Directors in office at the end of the financial year in shares of the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			
Shares	At 1 October 2023	Acquired	Disposed	At 30 September 2024
Pacific & Orient Berhad ("POB") (Holding Company)				
Mr. Chan Thye Seng				
- Direct interest	39,250,538	4,000,000	-	43,250,538
- Indirect interest	127,219,650	-	-	127,219,650
Dato' Dr. Zaha Rina binti Zahari				
- Direct interest	1,000,066	-	-	1,000,066

	Number of options over ordinary shares			
Employees' Share Option Scheme	At 1 October 2023	Granted	Exercised	At 30 September 2024
POB (Holding Company)				
Mr. Chan Thye Seng				
- Direct interest	4,000,000	-	4,000,000	-
- Indirect interest *	1,297,000	-	1,275,000	22,000

* Included in the indirect interest are options held by connected persons of Mr Chan Thye Seng in accordance with the ESOS By-Laws.

Mr. Chan Thye Seng, by virtue of his interest in the holding company, is deemed to have an interest in the shares of all the subsidiary companies within the POB Group to the extent the holding 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.

POB EMPLOYEES’ SHARE OPTION SCHEME (“ESOS”)

On 17 June 2019, POB implemented an ESOS to eligible employees and Executive Directors of POB and its subsidiaries (“the Group”). The ESOS was in force for an initial period of up to five years, expiring on 16 June 2024. On 16 August 2023, POB had extended the duration of the ESOS for an additional five years from 16 June 2024 to 16 June 2029. 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 Company to participate in the scheme.

As at 30 September 2024, a total of 28,279,000 options were granted to employees and Executive Directors of the Group. Included in the total options granted were 13,304,000 options granted to eligible employees of the Company. The outstanding options available to eligible employees of the Company as at 30 September 2024 was 5,815,000 options.

The movements of the ESOS granted to the eligible employees and Executive Directors of the Company are disclosed in Note 14 to the financial statements.

AUDITORS’ REMUNERATION

Total amounts paid or payable to the auditors as remuneration for their statutory audit services are as follows and as disclosed in Note 25 to the financial statements.

Auditors' remuneration is as follows:

	RM’000
Statutory audit	470
Regulatory related services	44
Other assurance services	250
	764

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("Board") of the Company acknowledges the critical importance of adopting robust corporate governance practices in fulfilling its duties and responsibilities. These efforts are essential to safeguard the Company's assets and to enhance both shareholder value and the Company's financial performance.

In this regard, the Board and management have carefully considered BNM's policy document on Corporate Governance [ref. BNM/RH/PD 029-9], issued on 3 August 2016. Following a comprehensive review of the Company's corporate governance structures and procedures, the Board and management are of the view that the Company has generally complied with all the prescriptive requirements outlined in the policy document.

BOARD LEADERSHIP AND EFFECTIVENESS

1. BOARD RESPONSIBILITIES

1.1 Board Roles and Responsibilities

The Board is responsible for providing effective stewardship and oversight of the Company, fulfilling these duties in compliance with the Financial Services Act 2013, BNM's policy document on Corporate Governance [ref. BNM/RH/PD 029-9] and other relevant policy documents and directives. In addition, the Board adopts other corporate governance best practices.

The roles and responsibilities of the Board are clearly defined in a Board Charter. During the financial year, the Board successfully carried out the following key responsibilities as outlined in the Charter:

(i) Reviewing and adopting the strategic plan, business plan and other initiatives for the Company.

The Board reviewed and adopted the Strategic Plan 2023/2024, which established the strategic direction for the Company. This comprehensive plan encompassed an analysis of the Malaysian economy, the regulatory landscape and the impact of climate change. Additionally, it addressed the Malaysian general insurance market, along with a comparison of the Company's draft financial year results for the year against both the budget and previous year's performance. The strategic priorities outlined in the plan included specific strategies for both the motor and non-motor business segments, along with a detailed budget for the financial year.

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

1. BOARD RESPONSIBILITIES (CONT'D.)

1.1 Board Roles and Responsibilities (Cont'd.)

The roles and responsibilities of the Board are clearly defined in a Board Charter. During the financial year, the Board successfully carried out the following key responsibilities as outlined in the Charter: (Cont'd.)

(ii) Overseeing the conduct of the Company's business to evaluate proper management and sustainability.

The Board conducted a mid-year review of the Strategic Plan 2023/2024 to assess the Company's progress in achieving its strategic goals. This review aimed to evaluate whether the business was being managed in line with the plan, identify any need to reallocate resources for better goal alignment, and corrective measures to keep the Company on track. Where necessary, the Board also updated the plan for the remainder of the year to ensure continued alignment with business objectives.

(iii) Identifying principal risks, approving risk appetite, and ensuring implementation of appropriate risk management systems.

The Company has established a comprehensive Risk Management Framework that outlines, among others, accountability, roles and responsibilities for risk management, and the risk management process, including the Company's defined risk appetite. The Board oversees the implementation of this framework, ensuring that effective systems and controls are in place to manage the principal risks identified. This oversight is crucial for maintaining the Company's resilience and safeguarding its assets.

(iv) Succession planning, including appointing, training, fixing remuneration, and where appropriate, replacing key Senior Management.

The Board recognises that succession planning is vital to the long-term success of the Company. Effective succession planning ensures a continuous pipeline of qualified individuals ready to assume key roles when Directors, Senior Management or other critical employees transition out of the Company for various reasons. It facilitates continuity in executing strategic plans by aligning human resources with business objectives and reflects the Company's commitment to employee development, which aids in recruiting, retaining and promoting high-performing staff.

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

1. BOARD RESPONSIBILITIES (CONT'D.)

1.1 Board Roles and Responsibilities (Cont'd.)

The roles and responsibilities of the Board are clearly defined in a Board Charter. During the financial year, the Board successfully carried out the following key responsibilities as outlined in the Charter: (Cont'd.)

(iv) Succession planning, including appointing, training, fixing remuneration, and where appropriate, replacing key Senior Management. (Cont'd.)

To support this objective, the Company has adopted a Succession Planning Policy that identifies key positions, defines essential competencies, and establishes comprehensive job descriptions outlining the responsibilities associated with each role. This structure allows for timely and effective filling of vacancies. Employees are evaluated annually based on their job descriptions and performance goals, with high-potential staff receiving targeted training and empowerment to enhance their skills and performance. Additionally, identified talent is appropriately compensated to retain key personnel.

The implementation of Departmental Areas of Accountability for each Head of Department, including heads of outsourced service providers, further clarifies roles and responsibilities. This approach incentivises leaders to take ownership of fostering a robust corporate culture that emphasises ethical conduct, prudence and vigilance against risks of misconduct.

(v) Promoting, together with Senior Management, a sound corporate culture that reinforces ethical, prudent and professional behaviour.

The Board is dedicated to fostering an ethical culture that enhances the Company's standards of corporate governance. To this end, the Board has adopted a Directors' Code of Ethics, which delineates the standards of ethical conduct expected of Directors in fulfilling their duties and responsibilities.

In support of this initiative, the Company has established a Code of Ethical Conduct for its employees. This Code outlines the ethical principles and standards of professional conduct that all employees are required to uphold. Furthermore, the expectations for employee conduct to maintain high moral and ethical standards are articulated in the Employee Handbook and are integrated into the Company's policies, procedures and practices. This holistic approach ensures that a culture of professionalism and ethics is embedded throughout the organisation.

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

1. BOARD RESPONSIBILITIES (CONT'D.)

1.1 Board Roles and Responsibilities (Cont'd.)

The roles and responsibilities of the Board are clearly defined in a Board Charter. During the financial year, the Board successfully carried out the following key responsibilities as outlined in the Charter: (Cont'd.)

(v) Promoting, together with Senior Management, a sound corporate culture that reinforces ethical, prudent and professional behaviour. (Cont'd.)

The Company has also implemented an Anti-Corruption Programme in accordance with the Guidelines on Adequate Procedures issued under Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018). This programme includes a comprehensive framework of policies, procedures, controls, training and communication aimed at establishing adequate measures to prevent and mitigate the risk of corruption. Key policies developed under this programme include the Statement on Integrity, Anti-Corruption Policy, Conflicts of Interest Policy, Whistleblowing Policy and Procedures, and Due Diligence Policy.

Additionally, during the financial year, the Company introduced a Code of Ethical Conduct for Agents, Intermediaries and Material Service Providers/Vendors. This Code mirrors the one for employees, outlining six ethical principles and ten standards of conduct to be followed by agents, intermediaries and material service providers/vendors during their business engagements with the Company.

(vi) Establishing a whistleblowing policy to ensure concerns are addressed.

The Company has formalised a Whistleblowing Policy and Procedures designed to provide both internal and external parties with secure reporting channels and clear guidance for disclosing, in good faith, any wrongdoing, malpractice, unlawful behavior, or any violations of the Anti-Corruption Policy and other established policies and procedures. This policy aims to address conduct that could harm the Company's reputation or compromise the interests of the shareholders, clients or the public.

The Whistleblowing Policy and Procedures is intended to encourage individuals to come forward without fear of reprisal, victimisation, harassment or discrimination resulting from their disclosures. It ensures that all legitimate concerns are objectively investigated and addressed, fostering an environment of transparency and integrity within the Company.

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

1. BOARD RESPONSIBILITIES (CONT'D.)

1.1 Board Roles and Responsibilities (Cont'd.)

The roles and responsibilities of the Board are clearly defined in a Board Charter. During the financial year, the Board successfully carried out the following key responsibilities as outlined in the Charter: (Cont'd.)

(vii) Promoting sustainability through environmental, social and governance ("ESG") considerations.

The Board recognises the critical importance of business sustainability and incorporates relevant ESG factors into the Company's business strategies. Several initiatives undertaken by the Company to promote sustainability include raising internal awareness by implementing initiatives centered around the principles of the 3Rs – reduce, reuse and recycle – to encourage effective resource and material usage, thereby minimising waste; community engagement by actively contributing to campaigns focused on insurance education, road safety and crime prevention, reinforcing its commitment to social responsibility; donating to the poor and needy, demonstrating the Company's dedication to social equity; introducing innovative products, such as PrOmilej insurance, designed specifically for low mileage drivers and which offers lower premiums compared to standard comprehensive car insurance, and PrOrumah insurance, a cost-effective solution combining both Houseowner and Householder policies at 30% less than traditional options; and support for disabled individuals, by waiving all loadings on private car insurance for disabled persons and eliminates all riders and loadings for motorcycle insurance purchased by such individuals.

Through these initiatives, the Company aims to integrate sustainability into its operations while contributing positively to society and the environment.

(viii) Developing and implementing an investor relations programme or communications policy.

Given that the Company currently has only two shareholders, the Board believes that a formal shareholders communication policy is not necessary at this time. However, the Board will reassess the need for such a policy if the number of shareholders increases significantly in the future.

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

1. BOARD RESPONSIBILITIES (CONT'D.)

1.1 Board Roles and Responsibilities (Cont'd.)

The roles and responsibilities of the Board are clearly defined in a Board Charter. During the financial year, the Board successfully carried out the following key responsibilities as outlined in the Charter: (Cont'd.)

(viii) Developing and implementing an investor relations programme or communications policy. (Cont'd.)

Currently, the Company maintains communication with its shareholders primarily through the following channels: shareholder Board representation, annual reports, quarterly management report and accounts, Board meetings, annual general meetings and extraordinary general meetings, and corporate publications on its website at http://www.poi2u.com, ensuring that communications remains fair, timely, effective, transparent, accurate and accessible.

The Company remains committed to maintaining open and effective communication with shareholders through these methods.

(ix) Reviewing the adequacy and integrity of the Company's governance framework, internal control and risk management framework, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

To enhance the effectiveness and efficiency of the Board in discharging its duties, the Board has established four Board Committees. They are the Nominating Committee, Remuneration Committee, Audit Committee and Risk Management Committee.

Each Board Committee operates under clearly defined Terms of Reference that have been approved by the Board. These Committees have the authority to examine specific issues within their areas of responsibility and report their findings and recommendations to the Board. While these Committees provide focused oversight, the ultimate decision-making responsibility on all matters remains with the full Board, ensuring accountability and comprehensive governance.

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

1. BOARD RESPONSIBILITIES (CONT'D.)

1.1 Board Roles and Responsibilities (Cont'd.)

The roles and responsibilities of the Board are clearly defined in a Board Charter. During the financial year, the Board successfully carried out the following key responsibilities as outlined in the Charter: (Cont'd.)

(x) Ensuring a reliable and transparent financial reporting process.

The Board, with the support of the Audit Committee, has consistently reviewed the Company's unaudited quarterly management report and accounts before submitting them to the holding company for consolidation purposes. This step ensures that the consolidated financial statements are accurate and reliable.

In addition to these quarterly reviews, the Audit Committee and the Board have also examined the unaudited interim financial statements for the six months ended 31 March 2024 as well as the audited financial statements for the financial year ended 30 September 2024. These reviews were conducted to ensure compliance with regulatory requirements and maintain transparency and accuracy in the financial reporting process for filing with the relevant authorities.

(xi) Promoting timely and effective communication between the Company and BNM on matters affecting or that may affect the safety and soundness of the Company.

Reports are key communication tools between the Company and BNM. To ensure timely submission of reports, the Company has adopted Standard Operating Procedures on Regulatory Submissions. These procedures outlines the process for compiling a list of regulatory submissions along with their deadlines, issuing reminders, and confirming reporting completion. An appendix lists all the required regulatory submissions to further ensure accuracy and compliance.

(xii) Overseeing and approving recovery and resolution as well as business continuity plans, to restore its financial strength and preserve critical operations services during stress.

The Company has developed a comprehensive Business Continuity Management plan, which includes a Business Continuity Plan, a Disaster Recovery Plan and a Crisis Management Plan. These components work together to coordinate the response across all business units during a disaster, ensuring that critical business functions are reinstated as quickly as possible. Concurrently, full restoration of services is systematically planned and implemented.

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

1. BOARD RESPONSIBILITIES (CONT'D.)

1.1 Board Roles and Responsibilities (Cont'd.)

The roles and responsibilities of the Board are clearly defined in a Board Charter. During the financial year, the Board successfully carried out the following key responsibilities as outlined in the Charter: (Cont'd.)

(xiii) Discharging responsibilities relating to anti-money laundering, countering financing of terrorism and targeted financial sanctions, as outlined by regulators.

The Board is fully committed to preventing the Company's operations from being exploited for money laundering, terrorism financing or other financial crimes. To this end, the Company has established an Anti-Money Laundering, Counter Financing of Terrorism & Targeted Financial Sanctions Policy, which reflects its commitment to complying with applicable regulations.

The Company maintains an up-to-date sanctions database, incorporating the United Nations Security Council Resolutions List and the Domestic List issued by the Minister of Home Affairs. Sanctions screening is conducted on all potential, new and existing customers, both when business relationships are established and during the policy term, as well as prior to any payout. If a positive name match is found, the customer's funds will be frozen, transactions blocked, or business declined.

The Company also conducts customer due diligence when establishing business relationships, or when there are suspicions of money laundering or terrorism financing, or it has any doubt about the veracity or adequacy of previously obtained information. This involves verifying the customer's identity through independent sourced documents. Enhanced customer due diligence is carried out for politically exposed persons or when a cash transaction with a customer involves RM5,000 and above.

The Board has delegated certain responsibilities to the Chief Executive Officer ("CEO") and the Management Committee for the day-to-day operations of the Company. This delegation includes running the Company in accordance with the Board's directives, recommending strategies and policies supported by relevant background information, keeping the Board informed, and seeking the Board's counsel on significant matters. The delegated authority encompasses specific powers granted to the CEO, along with those that the CEO may further delegate to direct reports. The Board may establish limits on Management's authority based on the nature and size of proposed transactions, allowing some flexibility while ensuring that these limits are not exceeded without Board approval.

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

1. BOARD RESPONSIBILITIES (CONT'D.)

1.1 Board Roles and Responsibilities (Cont'd.)

While the Board has delegated day-to-day management of the Company to the CEO and the Management Committee, certain matters are formally reserved for the Board's collective decision. This arrangement ensures that both the Board and Management clearly understand the limits of their responsibilities, allowing for due consideration of issues at the appropriate level.

The presence of four Independent Directors on the Board establishes essential checks and balances that contribute to its effective functioning. These Independent Directors do not engage in the Company's daily operations and maintain independence from management. They are free from any business or other relationships that could materially interfere with their independent judgment. Their expertise and objectivity enable them to provide unbiased advice and perspectives, taking into account the interest of not only the Company but also its shareholders, employees, agencies, insured parties and the communities in which the Company operates. Additionally, the Independent Directors actively participate in the Board Committees, further enhancing their contribution to governance.

1.2 Separation of Chairman and CEO Positions

The roles of the Chairman and CEO are distinct and separate, with a clearly defined division of responsibilities to ensure a balance of power and authority.

The Chairman primarily oversees the orderly conduct and functioning of the Board. In this capacity, the Chairman provides overall leadership in reviewing and deciding on strategic matters that influence the Company's operations, including strategic planning and policy formulation. The Chairman enhances Board effectiveness by leading meetings and activities, ensuring that the Board exercises appropriate oversight of Management while adhering to best practices in corporate governance. Additionally, the Chairman serves as a liaison between the Board and Management, acting as an advisor and sounding board for the CEO and the Management Committee. Furthermore, the Chairman ensures that the Board has access to timely and relevant information and resources, including regular updates from the CEO on issues critical to the Company's affairs and prospects.

The Board has delegated the day-to-day management of the Company to the CEO and the Management Committee. The CEO is responsible for recommending strategies and policies to the Board, supported by relevant background information. Additionally, the CEO implements these policies and strategies, operates the Company in alignment with the Board's direction, oversees overall business performance, and ensures efficient execution of delegated responsibilities.

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

1. BOARD RESPONSIBILITIES (CONT'D.)

1.2 Separation of Chairman and CEO Positions (Cont'd.)

The CEO also establishes and achieves performance targets, implements corporate governance, risk management and internal controls, and ensures compliance with legal requirements. Furthermore, the CEO keeps the Board informed and educated while seeking its counsel on significant matters affecting both the industry and the Company's long-term objectives.

1.3 Company Secretary

The Board is supported by a qualified, experienced and competent Company Secretary, who is an associate member of The Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") with over fifteen years of experience in company secretarial services. This extensive background equips the Company Secretary with the necessary qualifications and expertise to effectively fulfil her role.

The Company Secretary advises the Board and Board Committees on updates related to statutory and regulatory requirements concerning the duties and responsibilities of Directors, as well as corporate governance matters. She also liaises with external parties and regulatory bodies on compliance issues. Furthermore, the Company Secretary organises and attends all Board and Board Committee meetings, ensuring that these meetings are properly convened. Accurate records of the proceedings and resolutions passed are meticulously taken and maintained at the Company's registered office.

1.4 Board Meetings

Board meetings for each financial year are scheduled in advance before the conclusion of the current financial year and circulated to Directors and Senior Management prior to the start of each financial year. The Board holds regular meetings at least six times annually to receive, deliberate and decide on matters reserved for its decision. These include the Company's performance, strategic plan, quarterly financial results, annual financial statements, unaudited interim financial statements, related party transactions, and other strategic issues affecting the Company's operations.

Additional meetings are convened as necessary to address urgent matters requiring the Board's prompt review and consideration.

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

1. BOARD RESPONSIBILITIES (CONT'D.)

1.4 Board Meetings (Cont'd.)

During the financial year ended 30 September 2024, the Board met seven times. Details of attendance by each Director at the meetings are as follows:

Name of Board member	Designation	Number of meetings attended
Dato' Dr. Zaha Rina binti Zahari	Chairman, Non-Independent Non-Executive Director	7/7
Mr. Chan Thye Seng	Executive Director	7/7
Mr. Lim Tian Huat	Independent Director	7/7
Dato' Foong Chee Meng	Independent Director	7/7
Mr. Tan Chong Hin	Independent Director	7/7
Mr. Thian Joost Fick	Non-Independent Non-Executive Director	7/7
Datin Grace Yeoh Cheng Geok	Independent Director (Appointed on 2 January 2024)	5/5
Dr. Loh Leong Hua	Independent Director (Resigned on 16 February 2024)	2/2

All Directors complied with the minimum attendance requirement of 75%.

Board meetings were conducted separately from Board Committee meetings to facilitate objective and independent discussions.

The proceedings of all meetings, including issues raised, deliberations, decisions and conclusions were documented in the minutes of the respective Board of Directors' and Board Committees' meetings.

1.5 Supply of Information

The Chairman, with the assistance of the Company Secretary, sets the Board meeting agenda and ensures sufficient time is allocated for the discussion of issues presented for deliberation. Board members receive the relevant agenda and Board papers, including management and financial information, at least five business days prior to each meeting. The advance distribution allows Directors to review the materials, seek clarification, and access information on the matters to be deliberated, thereby facilitating informed decision-making. Any Director with a direct or deemed interest in a subject matter must declare their interest and leave the room during the deliberation to ensure fairness.

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

1. BOARD RESPONSIBILITIES (CONT'D.)

1.5 Supply of Information (Cont'd.)

The Board is kept informed of decisions and significant issues addressed by Board Committees through reports from the respective Committee Chairmen. Between meetings, management and/or the Company Secretary provide updates on important issues and developments discussed previously.

Furthermore, the Board is regularly updated on new regulations and policy documents issued by regulators, along with potential impacts on Directors and the Company as a whole.

All Directors have access to Senior Management and can invite employees to attend Board meetings when relevant to assist in deliberations. If necessary, Directors may seek independent professional advice at the Company's expense to support their duties.

1.6 Board Charter

The Company has established a Board Charter to facilitate effective discharge of the Board's and Director's duties. The Charter encompasses key areas such as roles of the Chairman and CEO; Board composition and appointment process; size of the Board and duration in office; Directors' remuneration and training; induction of new Directors; Board responsibilities and meeting protocols; establishment and functioning of Board Committees; internal controls including risk management; and a schedule of matters reserved for the Board's collective decision-making.

Matters reserved for the Board's decision are critical for maintaining the governance structure and ensuring that significant actions align with the Company's strategic objectives. The following key areas are reserved for Board consideration:

(i) Acquisitions and disposals of assets exceeding RM500,000;

(ii) Related party transactions that are of a material nature;

(iii) Establishment of guidelines formalized for the core functions, namely underwriting, claims, investment and reinsurance;

(iv) Approval of corporate policies regarding investment, underwriting, reinsurance, claims management and risk management;

(v) New outsourcing arrangement or significant modifications to existing ones;

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

1. BOARD RESPONSIBILITIES (CONT'D.)

1.6 Board Charter (Cont'd.)

Matters reserved for the Board's decision are critical for maintaining the governance structure and ensuring that significant actions align with the Company's strategic objectives. The following key areas are reserved for Board consideration: (Cont'd.)

(vi) Delegation to management concerning certain operational decisions;

(vii) Setting of management limits on various operational thresholds;

(viii) Oversight of strategy setting, implementation and supervision;

(ix) Procedures for Board meetings and agenda setting;

(x) Management of Board processes during meetings;

(xi) Monitoring financial performance;

(xii) Monitoring of the effectiveness of internal control system;

(xiii) Involvement in succession planning, self-evaluation and appointments;

(xiv) Conducting remuneration reviews for Directors and Senior Management;

(xv) Review and consideration of stress test reports; and

(xvi) Declaration of dividends to shareholders.

1.7 Code of Ethics

The Board has adopted a Directors' Code of Ethics, which outlines the standards of ethical behavior that Directors should uphold while discharging their duties and responsibilities. The Code is based on four key principles, i.e. compliance with legal and regulatory requirements, adherence of the Board Charter, avoidance of conflicts of interest, and a duty to act in the best interest of the Company at all times. The aim of the Code is to enhance corporate governance standards by establishing a clear ethical framework for Directors, while also promoting a spirit of accountability and social responsibility in line with applicable legislation, regulations and guidelines.

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

1. BOARD RESPONSIBILITIES (CONT'D.)

1.7 Code of Ethics (Cont'd.)

To promote a strong culture of professionalism and ethics within the Company, a Code of Ethical Conduct has been established for all employees. This Code outlines six ethical principles – competence, integrity, fairness, confidentiality, objectivity and compliance – that all employees are expected to uphold. It also specifies ten standards of conduct, which are acting in the customer's best interest, complying with laws and regulations, maintaining confidentiality, ensuring market integrity, managing conflicts of interest, promoting transparency, operating responsibly, acquiring professional knowledge and skills, treating others with respect and fairness, and being responsible and accountable.

Expectations of employee conduct and maintaining high moral and ethical standards are further reinforced in the Group Employee Handbook and embedded in the Company's policies, procedures, and practices.

Additionally, during the financial year, the Company introduced a Code of Ethical Conduct for Agents, Intermediaries, and Material Service Providers/Vendors. Similar to the Code of Ethical Conduct for employees, this Code outlines six ethical principles and ten standards conduct of that all agents, intermediaries and material service providers/vendors are required to adhere to.

1.8 Anti-Corruption Programme

In addition to the existing Directors' Code of Ethics, Code of Ethical Conduct, and the financial and non-financial controls implemented, such as segregation of incompatible functions and the requirement for multiple signatories for transactions, the Company has adopted a zero-tolerance approach to all forms of corruption. The Company has implemented an Anti-Corruption Programme in accordance with the Guidelines on Adequate Procedures issued under Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018). This programme aims to prevent and mitigate the risk of corruption.

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

1. BOARD RESPONSIBILITIES (CONT'D.)

1.8 Anti-Corruption Programme (Cont'd.)

The Anti-Corruption Programme comprises the following key policies and documents:

(i) Statement on Integrity

This Statement emphasizes the Company's unwavering commitment to integrity by ensuring robust safeguards against corruption for the Company, its employees and business associates. The Company aims for full compliance with anti-corruption laws and regulations, and this adherence extends beyond mere legal obligation. By fully embracing the Anti-Corruption Programme, the Company is positioned to reap tangible business benefits, such as enhanced credibility, trust and operating efficiency. This in turn, supports service excellence, a critical factor in fostering and sustaining long lasting business relationships.

(ii) Anti-Corruption Policy

This Policy establishes the Company's position on preventing corrupt practices in its business activities. This Policy applies to all Directors, employees, business associates and other third parties connected to or acting on behalf of the Company. It strictly prohibits any Director, employee, business associate or other third party working in relation to the Company from directly or indirectly, offering, giving, receiving or soliciting 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 benefit of the Company or the individuals involved in the transaction. To reinforce this commitment, all Directors, employees and business associates are required to sign integrity declarations confirming they have read, understood and will comply with the Policy.

(iii) Conflicts of Interest Policy

This Policy was established to prevent actual or potential conflicts of interest from compromising the well-being, business interests and reputation of the Company. It provides guidance to Directors, employees and business associates to identify and understand their obligations regarding the disclosure and management of conflicts of interest.

This Policy requires Directors to disclose any conflicts to the Board of Directors. When necessary, prior approval from shareholders must be obtained in accordance with applicable laws and regulations. The Company Secretarial Department will record these declarations in the meeting minutes.

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

1. BOARD RESPONSIBILITIES (CONT'D.)

1.8 Anti-Corruption Programme (Cont'd.)

The Anti-Corruption Programme comprises the following key policies or documents: (Cont'd.)

(iii) Conflicts of Interest Policy (Cont'd.)

This is further reinforced by the Directors' Code of Ethics, which mandates Board members to notify the Company Secretary of any changes in their shareholdings, whether direct or indirect, in the Company and its related corporations, as well as any directorships or interests in other corporations. Additionally, Board members who have a material interest, either directly or indirectly, in matters under consideration by the Board are required to declare such interests. In cases involving material related party transactions or contracts, the interested Director must abstain from deliberation and voting, and is required to leave the meeting room during discussions and decisions on the matter, in accordance with the Financial Services Act 2013.

As for employees, the Conflicts of Interest Policy requires them to declare any conflicts of interest at the start of their employment and on an ad-hoc basis as conflicts arise. Similarly, business associates are obligated to disclose any conflicts that may arise during their commercial relationship with the Company, prior to executing any business agreements or procurement process, and whenever they become aware of such conflicts during their activities with the Company.

(iv) Whistleblowing Policy and Procedures

This Policy and Procedures have been established to ensure that the Company's business and operations are conducted in a transparent, accountable and ethical manner. They provide secure reporting channels for both internal and external parties, enabling them to disclose, in good faith, any instances of wrongdoing, malpractice, unlawful behavior or violations of the Anti-Corruption Policy or other established policies within the Company. This Policy and Procedures aim to protect the Company's reputation and the interests of its shareholders, clients and the public. It also encourages individuals to come forward without fear of reprisal, victimisation, harassment or discrimination resulting from their disclosures.

Anyone who discloses wrongdoing or improper conduct in good faith and in compliance with the provisions of this Policy and Procedures will be protected from retaliation resulting from making the report. The identity of the whistleblower will be kept confidential to the greatest extent possible, subject to legal constraints. Individuals assisting in the investigation may also receive similar protection.

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

1. BOARD RESPONSIBILITIES (CONT'D.)

1.8 Anti-Corruption Programme (Cont'd.)

The Anti-Corruption Programme comprises the following key policies or documents: (Cont'd.)

(iv) Whistleblowing Policy and Procedures (Cont'd.)

Disclosures related to the Company can be made by completing a Whistleblower Form and submitting it either via a dedicated whistleblower email, by hand, or through courier to the Compliance Department. All forms received via the whistleblower email are directed to the Whistleblowing Committee Chairman, the Chief Audit Executive and the Compliance Manager. Employees may also choose to report their concerns to the CEO or Head of the Group Human Resource and Administration Department. If the report is verified and deemed serious, the whistleblower should be advised to lodge a report through the official channels.

Investigations may be conducted by an independent internal or external party and must exclude any implicated individuals. Ideally, any investigation should be completed within 30 days from the receipt of the disclosure.

The Company will take appropriate action against any whistleblower who knowingly makes a false report, intends to deceive, or commits slanders or defamation. Such actions may include termination of employment or services, demotion, or other legal recourse.

To strengthen the whistleblowing process, the Company established a Whistleblowing Committee as a sub-committee of the Audit Committee. This Committee assists the Audit Committee in reviewing and investigating complaints related to misconduct, malpractice, unlawful behavior, violations of the Anti-Corruption Policy, or breaches of other established Company policies and procedures. These complaints, received from various sources, are thoroughly reviewed, and appropriate recommendations are made to the Audit Committee or Board regarding the necessary actions to be taken, where applicable.

Additionally, the Company has set up a Whistleblowing Working Committee, comprising the Chief Audit Executive and Head of Compliance, to support the Whistleblowing Committee. The Working Committee is responsible for conducting an initial enquiry into each complaint to assess whether it warrants a full investigation. Should the initial findings indicate suspicious circumstances, the Working Committee will initiate a comprehensive investigation, following the procedures outlined in the Whistleblowing Policy and Procedures.

During the financial year under review, the Company did not receive any allegations or complaints through the whistleblowing channel.

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

1. BOARD RESPONSIBILITIES (CONT'D.)

1.8 Anti-Corruption Programme (Cont'd.)

The Anti-Corruption Programme comprises the following key policies or documents: (Cont'd.)

(v) Due Diligence Policy

This Policy establishes the Company's commitment to conducting thorough due diligence to protect its business from corruption risks associated with Directors, employees, business associates and other third parties.

Under this Policy, relevant employees are required to carry out due diligence checks on prospective employees, business associates and other third parties, as well as on specific projects, transactions and activities, particularly when significant corruption risk has been identified. The scope of the required due diligence checks will be determined by considering any corruption risk assessments conducted, the resources available and the scale of the project, transaction or activity.

1.9 Regulatory Compliance Framework

The Company has established a proactive, integrated regulatory compliance monitoring and control process, which strengthens its overall compliance environment. This process ensures that the Company's products and services are delivered in accordance with regulatory requirements and corporate responsibilities. The Regulatory Compliance Framework defines the key guidelines for the compliance and monitoring process, while providing the Compliance Department with a structured mechanism to support its role in overseeing regulatory adherence.

2. BOARD COMPOSITION

2.1 Board Composition and Size

The Board currently consists of seven Directors, comprising four Independent Directors, one Executive Director, and two Non-Independent Non-Executive Directors. With Independent Directors forming the majority, the Board complies with the requirement for a majority of Independent Directors, as stipulated in BNM's policy document on Corporate Governance [ref. BNM/RH/PD 029-9]. All Independent Directors on the Board meet the independence criteria established by BNM.

Additionally, all Directors meet the minimum 'fit and proper person' criteria as outlined under the Financial Services Act 2013 and BNM's policy document on Fit and Proper Criteria [ref. BNM/RH/GL 018-5]. Moreover, all Directors adhere to the Company's policy on external professional commitments, which limits each Director to serving on the boards of no more than twelve companies.

2.2 Board Diversity

Board appointments are made primarily based on merit, ensuring that the necessary skills, experience, independence and knowledge required for effective Board functioning are met. However, the Company also values the importance of a diverse Board that leverages differences in skills, industry experience, age, cultural background, gender, and other factors. These differences are carefully considered when determining the balance and composition of the Board.

The Board remains committed to ensuring its composition reflects gender diversity without compromising on quality. In making new appointments, the Board considers both gender balance and the necessary skills and experience required to broaden its perspective and capabilities. Currently, women make up 29% of the Board.

During the financial year, the Board undertook an assessment of its composition. To support this process, the Company developed a Board Skills Matrix to evaluate the collective knowledge, skills and experience of the Board. This tool helps assess how effective the Board meets its objectives and identifies opportunities for performance improvement.

Based on the assessment, the Board concluded that its composition, including the mix of individual qualities and the balance between Independent, Non-Independent Non-Executive, and Executive Directors, is appropriate. The Board collectively brings vast expertise across various fields, including legal, accounting, insurance, actuarial, electronic engineering, banking, treasury, fund management, business administration, risk management and support services. This diverse experience ensures the Board is well-equipped to provide effective oversight for the Company.

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

2. BOARD COMPOSITION (CONT'D.)

2.2 Board Diversity (Cont'd.)

The same principle applies to appointments within Senior Management and the broader workforce. The Company acknowledges the value of having a diverse and skilled workforce and is committed to fostering an inclusive, collaborative workplace culture that ensures the Company's long-term sustainability. By embracing diversity in terms of gender, ethnicity, age, experience and perspective, the Company is better positioned to deliver excellent service to a diverse customer base. This commitment to diversity extends across all aspects of the business, including recruitment, skills development, role assignments, employee retention, succession planning, and training and development initiatives.

2.3 Nominating Committee

The Nominating Committee was established by the Board on 30 January 2002 to formalise a transparent and structure process for appointing Directors, the CEO and other Key Responsible Persons (senior officers). Additionally, it is tasked with evaluating the effectiveness of the Chairman of the Board, individual Directors, the Board as a whole, its committees, the CEO and other senior officers.

As of 30 September 2024, the Nominating Committee consisted of seven Directors, with the majority being Independent Directors, in line with corporate governance best practices.

The main duties and functions of the Nominating Committee include:

(i) Assisting the Board in evaluating its overall composition, ensuring an appropriate size, mix of skills, and balance between Executive, Non-Executive and Independent Directors, along with core competencies required for effective governance.

(ii) Assessing and recommending suitable nominees for directorships, appointments to Board Committees, as well as the roles of Chairman of the Board and CEO.

(iii) Establishing a structure process for the annual evaluation of the Board's effectiveness as a whole, individual contributions from Directors and the Chairman of the Board, contributions from the various Board Committees, and the performance of the CEO.

(iv) Reviewing the independence of the Independent Directors each year to ensure compliance with regulatory requirements.

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

2. BOARD COMPOSITION (CONT'D.)

2.3 Nominating Committee (Cont'd.)

The main duties and functions of the Nominating Committee include: (Cont'd.)

(v) Making recommendations to the Board regarding the removal of any Director or CEO who is deemed ineffective, errant or negligent in their duties.

(vi) Identifying and recommending appropriate training programmes to ensure all Directors enhance their knowledge, particularly concerning regulatory developments.

(vii) Overseeing the appointment, succession planning and performance evaluations of other Key Responsible Persons (senior officers), including recommending their removal if they are ineffective or negligent.

The Nominating Committee held six meetings during the financial year. Below are the attendance details for each member at these meetings:

Name of Committee member	Number of meetings attended
Mr. Tan Chong Hin (Chairman)	6/6
Dato' Dr. Zaha Rina binti Zahari	6/6
Mr. Chan Thye Seng	6/6
Mr. Lim Tian Huat	6/6
Dato' Foong Chee Meng	6/6
Mr. Thian Joost Fick	6/6
Datin Grace Yeoh Cheng Geok (Appointed on 2 January 2024)	4/4
Dr. Loh Leong Hua (Resigned on 16 February 2024)	2/2

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

2. BOARD COMPOSITION (CONT'D.)

2.3 Nominating Committee (Cont'd.)

During the financial year, the Nominating Committee had carried out the following activities:

(i) Assessed the performance of the Board as a whole, the Board Committees, the Chairman of the Board, individual Directors, the CEO and the Chief Operating Officer ("COO"); evaluated the fitness and propriety of each Director; and reviewed the independence of the Independent Directors.

(ii) Reviewed and recommended to the Board the reappointment of the Independent Director and the Non-Independent Executive Director, subject to BNM's approval.

(iii) Reviewed and recommended to the Board the acceptance of the resignation of the former CEO of the Company.

(iv) Reviewed and recommended to the Board the appointment of the proposed Independent Director and the new CEO of the Company, subject to BNM's approval.

(v) Acknowledged the candidate recommended by the CEO for the position of Head of Pricing Strategy.

(vi) Reviewed the Board refresh exercise.

(vii) Reviewed the revised list of Key Responsible Persons and recommended it to the Board for approval and adoption, ensuring its incorporation into the existing Fit and Proper Criteria Policy.

2.4 Appointments to the Board

The Nominating Committee is responsible for identifying, assessing and recommending suitable nominees for appointment to the Board and its Committees. Typically, nominees are sourced through recommendations from existing Board members. However, the Nominating Committee is also open to utilizing independent sources, such as recruitment agencies and network of directors (e.g. FIDE FORUM and the Institute of Corporate Directors Malaysia), to identify suitably qualified candidates when suitable nominees cannot be sourced through conventional channels.

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

2. BOARD COMPOSITION (CONT'D.)

2.4 Appointments to the Board (Cont'd.)

In making recommendations for nominees for Directorships, the Nominating Committee is guided by a comprehensive Procedures for Appointment of New Directors, CEO and Other Key Responsible Persons. The Committee considers various factors, including the candidate's character, skills, competence, knowledge, expertise, professionalism, integrity, time commitment, and potential representation of interest groups. Additionally, the Committee assesses the candidate's directorship in other companies, taking into account the size of the Board, to evaluate its impact on its effectiveness and the required mix of skills and diversity for an effective Board.

For candidates nominated as Independent Directors, the Committee evaluates their independence and ability to fulfil the responsibilities expected of Independent Directors.

The final decision on the appointment of a candidate recommended by the Nominating Committee rests with the full Board before the application is submitted to BNM for approval, which is grated for a specified term.

Upon the appointment of new Directors, Management facilitates the induction process by providing relevant information about the Company.

During the financial year, the Company appointed Datin Grace Yeoh Cheng Geok to the Board.

2.5 Assessment of Effectiveness of the Chairman of the Board, Individual Directors, the Board as a Whole and Board Committees

The Nominating Committee has established formal procedures to assess the effectiveness of the Chairman of the Board, individual Directors, the Board as a whole, the Board Committees, the CEO and other Key Responsible Persons (senior officers).

These assessments are conducted through a peer review process, facilitated by structured assessment forms. For the Chairman of the Board, the evaluation focuses on whether he or she has successfully fulfilled his or her role in fostering positive Boardroom dynamics, effectively managing dissent, working toward consensus, overseeing sound decision-making processes, and ensuring that critical alternatives are considered. The Chairman's role also involves ensuring the Board's workload is properly managed, allocating tasks to the appropriate committees with clear terms of reference, maintaining a strong working relationship with the CEO, and safeguarding the integrity and effectiveness of the Board's governance processes.

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

2. BOARD COMPOSITION (CONT'D.)

2.5 Assessment of Effectiveness of the Chairman of the Board, Individual Directors, the Board as a Whole and Board Committees (Cont'd.)

As for individual Directors, they are assessed based on their contributions to Board interactions, the quality of input during meetings, and their understanding of a Director's role, alongside fulfilling his or her specific responsibilities. The evaluation also includes tracking each Director's attendance at Board and Committee meetings to ensure they are dedicating sufficient time to perform their duties effectively.

As for Board assessment, the criteria considered include Board structure, meeting efficiency, roles and responsibilities, and strategic planning and objectives. Additionally, the evaluation process includes a questionnaire related to ESG or sustainability, which is used to assess the Board's performance in this area.

When evaluating the Board Committees, the assessment focuses on whether each Committee has fulfilled its responsibilities according to its terms of reference. This includes reviewing the skills and competencies of committee members, the conduct and administration of meetings, and the effectiveness of communication with the Board.

In the assessment conducted during the financial year, the Board concluded that the Board, Board Committees, the Chairman of the Board and individual Directors had effectively discharged their duties and responsibilities. However, the Board suggested exploring the possibility of appointing a Chief Sustainability Officer to further strengthen its commitment to environmental and social responsibilities. The Board also emphasised the need for ESG training across all levels, extending beyond the C-suite executives.

The Nominating Committee is also responsible for conducting fit and proper assessments of the Directors, CEO and COO both prior to their initial appointment and annually thereafter. For senior officers classified as other Key Responsible Persons, these assessments are conducted by the CEO and COO. In the case of the Appointed Actuary and the Company Secretary, the Nominating Committee performs the initial assessment, while the CEO and COO handle annual reviews. These assessments evaluate individuals on their probity; personal integrity and reputation; competence and capability; and financial integrity. Any person who fails to meet these standards is required to step down from their position.

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

2. BOARD COMPOSITION (CONT'D.)

2.6 Reappointment and Re-election

The reappointment of a Director upon the expiry of his or her term of office, as approved by BNM, is subject to BNM's prior approval. The Nominating Committee is tasked with assessing the performance of Directors whose terms are nearing expiration and submitting recommendations to the Board for a decision. The reappointment is contingent upon a satisfactory evaluation of the Director's performance and contribution to the Board. For Independent Directors, the Nominating Committee also evaluates their independence before recommending their reappointment.

Additionally, in accordance with Article 80 of the Company's Constitution, at least 1/3 of the Directors must retire from office by rotation at each Annual General Meeting but are eligible for re-election. A retiring Director may offer himself or herself for re-election at the Annual General Meeting. Further, Article 84C stipulates that any Director appointed during the year holds office only until the next Annual General Meeting, at which point they are eligible for re-election.

At the 52nd Annual General Meeting of the Company, held on 26 February 2024, shareholders approved the re-election of Mr. Chan Thye Seng and Dato' Foong Chee Meng, who had retired as Directors pursuant to Article 80 of the Company's Constitution. Additionally, Mr. Thian Joost Fick and Datin Grace Yeoh Cheng Geok were re-elected at the meeting pursuant to Article 84C of the Constitution.

The Directors seeking re-election at the forthcoming Annual General Meeting pursuant to Article 80 of the Company's Constitution are Dato' Dr. Zaha Rina binti Zahari and Mr. Tan Chong Hin.

The Board Charter stipulates that the tenure for Independent Directors should generally not exceed nine years, except in exceptional circumstances or as part of transitional arrangements aimed at the full implementation of the Company's succession plans. Currently, the four Independent Directors on the Board have not exceeded this nine-year limit.

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

2. BOARD COMPOSITION (CONT'D.)

2.7 Fostering Commitment

The Directors have been informed of the expected time commitment required for their Board appointments. This includes the number of Board and Board Committee meetings scheduled annually. All Directors are aware of their responsibilities and are expected to devote sufficient time to fulfil their duties. This includes attending meetings of the Board and Board Committees, preparing for meetings, staying updated on relevant business developments and legislation, contributing to strategic development, providing guidance to management, and meeting with professional advisers and auditors as needed.

The Directors' commitment is evident in their attendance at all Board and Board Committee meetings. Based on this, the Board is satisfied with the level of time commitment from each Director in fulfilling their roles.

2.8 Directors' Training

The Company acknowledges the significance of continuous professional development and training for its Directors. The Directors recognise the need for ongoing education to stay updated with new developments and are encouraged to participate in forums and seminars facilitated by external professionals, tailored to their individual responsibilities. The Board assesses the training collectively, while each Director is empowered to identify their own areas for growth, considering their involvement on the boards of other companies.

All new Non-Executive Directors are required to complete an orientation programme designed to familiarise them with the insurance industry and the Company's operations, ensuring they possess the necessary skills to effectively fulfil their duties and responsibilities.

All the Directors of the Company have participated in the high-level Finance Institutions Directors' Education ("FIDE") programme, developed collaboratively by BNM and Perbadanan Insurans Deposit Malaysia ("PIDM"), in conjunction with the International Centre for Leadership in Finance. During the financial year ended 30 September 2024, the Directors also engaged in training covering a broad spectrum of topics, including sustainability, corporate governance, financial reporting, financial management, strategic management, information technology, succession planning, insurance, actuarial science and auditing.

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

2. BOARD COMPOSITION (CONT'D.)

2.8 Directors' Training (Cont'd.)

The following are the details of training attended by each individual Director:

Name of Director	**Training Course**
Dato' Dr. Zaha Rina binti Zahari	• Institute of Corporate Directors Malaysia Seminar / Dialogue Session – The Path to Viability • Offshore Technology Conference ("OITC") Asia 2024 • Affin Bank Market Outlook 2024 – Propelling Malaysia Forward • Palm and Lauric Oil Price Outlook Conference and Exhibition 2024 • Mastering ChatGPT: Unlocking the Potential of Conversational AI • Succession Planning: A Catalyst for Business Growth and Sustainability • Building Sustainable Credibility: Assurance, Greenwashing and the Rise of Green-Hushing • Mizuho Bank – Board Training: Economic Outlook and Market Update/Treasury and Capital Market/Investment Update
Mr. Chan Thye Seng	• Mandatory Accreditation Programme Part II: Leading for Impact
Mr. Lim Tian Huat	• Khazanah Megatrend Forum 2023 • Webinar Series: Personal Liabilities of Directors • Case Study-Based MFRS Webinar: IFRS9/MFRS9 Financial Instruments – A Practical Guide • MIA Webinar Series: ISA 315 (Revised 2019) Identifying and Assessing the Risks of Material Misstatements – Tips on Implementing Risk-Based Audit Procedures, Including an Entity's IT Systems • PIDM's National Resolution Symposium
Dato' Foong Chee Meng	• Khazanah Megatrend Forum • Malaysia Insolvency Conference 2023 • Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers
Mr. Tan Chong Hin	• Star ESG Academy: Solar Advancements Webinar • ICAEW SEA Economic Insight Forum Q4 • FMM Entrepreneurship Conference 2022

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

2. BOARD COMPOSITION (CONT'D.)

2.8 Directors' Training (Cont'd.)

The following are the details of training attended by each individual Director: (Cont'd.)

Name of Director	Training Course
Mr. Thian Joost Fick	• Continuous Professional Development by Actuarial Society of South Africa
Datin Grace Yeoh Cheng Geok	• BNM-FIDE FORUM: Responsibility Mapping Engagement with Directors of Financial Institution • Engagement Session with FIDE FORUM Members on BNM Annual Report 2023, Economic and Monetary Review 2023, and Financial Stability Review 2H 2023 • Empowerment through Awareness: Shining the Light on Human Rights in Malaysia • Board's Role in Value Creation

In addition, the Directors continuously receive briefings and updates on the Company's business and operations, risk management activities, corporate governance, finance, developments in the business environment, and new regulations and statutory requirements. This includes policy documents and circulars from BNM and PIDM, as well as circulars from the Persatuan Insurans Am Malaysia ("PIAM). The Board will continue to evaluate and determine the training needs of its members as a whole to enhance their skills and knowledge.

3. REMUNERATION

3.1 Remuneration Committee

The Remuneration Committee was established by the Board on 3 October 2001 to provide a formal and transparent procedure for developing a remuneration policy for Directors, the CEO and other Key Responsible Persons (senior officers). The Committee ensures that compensation remains competitive and aligns with the Company's culture, objectives and strategy.

As at 30 September 2024, the Remuneration Committee comprises six Directors with a majority of members being Independent Directors.

3. REMUNERATION (CONT'D.)

3.1 Remuneration Committee (Cont'd.)

The principle duties and functions of the Remuneration Committee are as follows:

(i) To determine and recommend for the Board's approval the framework or policy relating to the remuneration of Directors, the CEO and other Key Responsible Persons (senior officers). This framework is aligned with BNM's policy document on Corporate Governance [ref. BNM/RH/PD 029-9].

(ii) To recommend to the Board the remuneration packages of the CEO and key senior officers. The remuneration packages of the CEO and key senior officers (excluding those responsible for key control functions) are structured to link rewards with both corporate and individual performance, encouraging high performance standards.

(iii) To review and recommend to the Board the remuneration of Non-Executive Directors, within limits set by shareholders. Non-Executive Directors must abstain from discussions regarding their own remuneration. Their remuneration should reflect their level of responsibility and contribution to the Board's effectiveness.

The Remuneration Committee held two meetings during the financial year. Attendance of members at these meeting is as follows:

Name of Committee member	**Number of meetings attended**
Mr. Lim Tian Huat (Chairman)	2/2
Dato' Dr. Zaha Rina binti Zahari	2/2
Dato' Foong Chee Meng	2/2
Mr. Tan Chong Hin	2/2
Mr. Thian Joost Fick	2/2
Datin Grace Yeoh Cheng Geok (Appointed on 2 January 2024)	1/1
Dr. Loh Leong Hua (Resigned on 16 February 2024)	1/1

During the financial year, the Remuneration Committee carried out the following activities:

(i) Reviewed and recommended to the Board the remuneration packages for the former CEO, newly appointed CEO, and COO.

(ii) Reviewed and recommended to the Board the fees and benefits for Non-Executive Directors.

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

3. REMUNERATION (CONT'D.)

3.2 Remuneration Policy

The Company has implemented a Remuneration Policy that governs the remuneration of the Executive Director, Non-Executive Directors, CEO and other Key Responsible Persons. This group includes senior officers, and individuals who assume primary responsibility for key control functions, such as the Chief Audit Executive, Head of Risk Management and Head of Compliance.

Remuneration of Directors

The Executive Director of the Company, Mr. Chan Thye Seng, represents the holding company on the Board and does not directly engage in the day-to-day management and operations of the Company. As a result, he does not receive a salary and bonus. Instead, he is compensated with an annual fixed meeting allowance.

The remuneration for Non-Executive Directors is a fixed amount, reflecting their responsibilities and contributions to the effective functioning of the Board and its Committees. The Chairman of the Board receives higher compensation than other members to reflect the broader scope of responsibilities associated with the role. The full Board deliberates on the remuneration packages before recommending them to the shareholders, who approve them by resolution at the general meeting. Directors do not participate in decisions regarding their own remuneration.

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

3. REMUNERATION (CONT'D.)

3.2 Remuneration Policy (Cont'd.)

Remuneration of Directors (Cont'd.)

The total value of remuneration awarded to Directors for the financial year is as follows:

	Unrestricted					
	Fixed remuneration			Variable remuneration		
Name of Director	Cash based RM'000	Shares and share-linked RM'000	Others* RM'000	Cash based RM'000	Shares and share-linked RM'000	Others RM'000
Dato' Dr. Zaha Rina binti Zahari	100	-	2	-	-	-
Mr. Chan Thye Seng	50	-	-	-	-	-
Mr. Lim Tian Huat	80	-	13	-	-	-
Dato' Foong Chee Meng	80	-	(3)	-	-	-
Mr. Tan Chong Hin	80	-	-	-	-	-
Mr. Thian Joost Fick	80	-	-	-	-	-
Datin Grace Yeoh Cheng Geok (Appointed on 2 January 2024)	60	-	3	-	-	-
Dr. Loh Leong Hua (Resigned on 16 February 2024)	30	-	-	-	-	-
Total value of remuneration awards for the financial year	**560**	**-**	**15**	**-**	**-**	**-**

* Comprises insurance benefits.

3. REMUNERATION (CONT'D.)

3.2 Remuneration Policy (Cont'd.)

Remuneration of the CEO and other Key Responsible Persons (Senior Officers)

The Company defines its other Key Responsible Persons (senior officers) to include the COO, Departmental General Manager, Appointed Actuary, Financial Controller, heads of business functions, and those persons with primary responsibility for key control functions, such as the Chief Audit Executive, Head of Risk Management and Head of Compliance.

The remuneration for other Key Responsible Persons, excluding those responsible for key control functions, is tied to the achievement of individual responsibilities, project success, and performance targets, while promoting responsible risk behaviors.

The Company's Senior Management team consists of the CEO, COO and the Department General Manager. There are no other material risk takers in the organisation.

The following tables summarise the remuneration awarded to the CEO and the Senior Management team for the financial year 2024:

Total value of remuneration awards for the financial year - CEO	**Unrestricted RM'000**	**Deferred RM'000**
Fixed remuneration		
• Cash-based	869	-
• Shares and share-linked instruments	-	-
• Others	153	-
Variable remuneration		
• Cash-based	-	-
• Shares and share-linked instruments	-	-
• Others	50	-

Total value of remuneration awards for the financial year - Senior Management team	**Unrestricted RM'000**	**Deferred RM'000**
Fixed remuneration		
• Cash-based	1,596	-
• Shares and share-linked instruments	-	-
• Others	231	-
Variable remuneration		
• Cash-based	-	-
• Shares and share-linked instruments	-	-
• Others	-	-

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

3. REMUNERATION (CONT'D.)

3.2 Remuneration Policy (Cont'd.)

Remuneration of the CEO and other Key Responsible Persons (Senior Officers) (Cont'd.)

None of the Senior Management team members received guaranteed bonuses, sign-on awards or severance payments during the financial year. The variable remuneration was an ex-gratia payment made to the former CEO, who resigned during the financial year.

The individuals assuming primary responsibility for key control functions, their remuneration is primarily based on the overall performance of the Company, as well as the achievement of their control function objectives, without compromising their independence. The remuneration levels are set high enough to attract and retain competent and experienced professionals throughout business cycles.

Remuneration of Employees

The Remuneration Policy is designed to attract, motivate and retain high-calibre employees who possess the experience, qualifications and expertise required to help the Company achieve its long-term goals. The remuneration system is aligned with the Company's business and risk strategies, corporate values and long-term goals. It is also regularly reviewed to ensure competitiveness within the industry, taking into account the business environment and market condition in which the Company operates.

The remuneration approach aims to promote prudent risk-taking behavior while encouraging employees to act in the interests of the Company and its customers.

The Company's remuneration package consists of a blend of fixed cash compensation (including basic salary, fixed allowances and ESOS), variable cash compensation (such as performance bonuses) and other benefits. This balanced package ensures that fixed and variable components align with individual performance, business or corporate function outcomes, group performance, and the individual's level of responsibility.

EFFECTIVE AUDIT AND RISK MANAGEMENT

4. AUDIT COMMITTEE

4.1 Audit Committee

The Audit Committee was established by the Board on 22 May 1995 to enhance the Company's financial reporting process, internal controls, and to safeguard the independence of the External Auditors. The Committee serves as a vital communication link between the Board, Internal Auditors, External Auditors and Management, ensuring accountability and transparency in the Company's operations.

As of 30 September 2024, the Audit Committee consists of six Non-Executive Directors, with a majority of them being Independent Directors, reflecting the importance of objectivity and impartiality in the Committee's oversight role.

The principal duties and functions of the Audit Committee include:

(i) To review and recommend the Internal Audit Charter for the Board's approval, which outlines the independence, purpose, authority, scope and responsibility of the Internal Audit function within the Company.

(ii) To review and report to the Board on the following matters:

   (a) Coordination with the External Auditors, including discussions and reviews related to the External Auditors' audit plan, audit fees, auditors' reports, management letters and liaison with Internal Audit function.

   (b) The suitability for the nomination, appointment and reappointment of the External Auditors. This includes evaluating any relationships between the External Auditors and the Company or other entities that could impair, or appear to impair, their objectivity, performance and independence.

   (c) The internal audit plan and work programme, ensuing the risk management methodology used to determine audit frequency and scope is appropriate and effective.

   (d) The Independence and reporting relationships of the Internal Audit function, along with the adequacy and relevance of its scope, functions, competencies, resources and authority to effectively conduct its work.

   (e) The quarterly and annual results of the Company before presentation to the Board of Directors for approval. The Audit Committee also assesses the disclosures in the Directors' Report regarding compliance with the standards specified in BNM's policy document on Corporate Governance [ref. BNM/RH/PD 029-9] are the extent to which the guidance is adopted.

EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D.)

4. AUDIT COMMITTEE (CONT'D.)

4.1 Audit Committee (Cont'd.)

The principal duties and functions of the Audit Committee are as follows: (Cont'd.)

(ii) To review and report to the Board on the following matters: (Cont'd.)

(f) The propriety of any related party transactions and conflict of interest situations that may arise within the Company. This includes reviewing any transaction, procedure or course of conduct that could raise questions regarding management integrity.

(iii) To prepare the Report of the Audit Committee for submission to BNM by no later than 31 January each year. This report should cover the composition of the Committee, the number of meetings held along with attendance records, and the activities undertaken by both the Audit Committee and the Internal Audit function during the year.

(iv) To perform any other responsibilities required or empowered by statutory legislation or guidelines issued by the relevant government or regulatory authorities.

The Audit Committee held four meetings during the financial year. Attendance of the members at the meetings are as follows:

Name of Committee member	**Number of meetings attended**
Mr. Lim Tian Huat (Chairman)	4/4
Dato' Dr. Zaha Rina binti Zahari	4/4
Dato' Foong Chee Meng	4/4
Mr. Tan Chong Hin	4/4
Mr. Thian Joost Fick	4/4
Datin Grace Yeoh Cheng Geok (Appointed on 2 January 2024)	3/3
Dr. Loh Leong Hua (Resigned on 16 February 2024)	1/1

During the financial year, the Audit Committee reviewed seventeen internal audit and corporate governance reports, as well as the unaudited quarterly and half-yearly financial results. Additionally, the Committee reviewed the results of the annual audit, which included the External Auditor's audit report and management letter.

EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D.)

4. AUDIT COMMITTEE (CONT'D.)

4.2 Relationship with External Auditors

The Audit Committee's terms of reference formalises the relationship with the External Auditors. According to the policy, the Audit Committee meets with the External Auditors at least twice a year: once to present their Audit Plan and again to present the report on the Company's financial statements for the financial year as well as other related information in the Company's annual report, and their Report to the Audit Committee. Additionally, the Audit Committee meets twice with the External Auditors without the presence of Management whenever necessary.

In the financial year ended 30 September 2024, the Audit Committee met with the External Auditors twice without Management. The first meeting addressed matters related to the auditors' remit and issues from their statutory audit, while the second meeting focused on any concerns noted during preparation of the 2024 Audit Plan. However, no significant issues were raised by the External Auditors during these discussions.

Furthermore, the Audit Committee has implemented a Policy and Procedures to Assess the Suitability, Objectivity and Independence of the External Auditors. This policy outlines selection criteria for appointing new auditors, assessment criteria for reappointing or removing existing auditors, the assessment process, procedures for resignations, a review of audit and non-audit service fees, and the importance of ensuring that non-audit services do not compromise the auditors' independence. Additionally, it includes guidelines for the rotation of the external audit engagement partner.

The Audit Committee has conducted a thorough assessment of the suitability and independence of the External Auditors, ultimately recommending their reappointment for the financial year ending 30 September 2025. This assessment involved reviewing the engagement partner and concurring partner's curriculum vitae, alongside a comprehensive evaluation covering several key areas – minimum qualifying criteria to be met by the External Auditors, scope of the audit and the auditors' performance, their independence and objectivity, information presented in the Annual Transparency Report issued by the External Auditors, whether risk areas identified in the Audit Oversight Board's Annual Inspection Report were adequately addressed, the appropriateness of audit fees, the resources (including manpower, tools and collective knowledge of professionals globally) available to the External Auditors for conducting the audit, their insurance audit experience, as well as the nature, scope and fees for any non-audit services to ensure that such services are permissible and 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' professional independence.

EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D.)

4. AUDIT COMMITTEE (CONT'D.)

4.2 Relationship with External Auditors (Cont'd.)

Additionally, the Audit Committee sought feedback from Management on their professional working relationship with the External Auditors. They also received written assurance from the External Auditors, confirming that there were no relationships or matters that could reasonably impact their independence in relation to the audit of the Company's financial statements for the financial year.

The External Auditors maintain their independence from the Company as outlined in 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. The Audit Committee, based on written assurances from the External Auditors and its own evaluations, is satisfied with their suitability and independence. This assessment has also been agreed upon by the Board of Directors.

Shareholders will be asked to approve the reappointment of the External Auditors at the upcoming Annual General Meeting, after which an application for approval will be submitted to BNM.

4.3 Financial Reporting

In presenting the annual financial statements, quarterly reports and unaudited interim financial statements to shareholders, relevant authorities and other stakeholders, the Board is committed to providing a balanced, fair and comprehensive assessment of the Company's position. The financial statements adhere to regulatory reporting requirements. The Audit Committee supports the Board by reviewing all disclosed information to ensure its adequacy, accuracy and integrity. This review emphasises changes in major accounting policies, significant and unusual events, corrected material misstatements related to year-end accounts, and compliance with accounting standards and legal requirements before making recommendations to the Board for approval. The ultimate goal is to secure an unqualified opinion from the External Auditors on the Company's financial statements.

The Directors believe that the Company applies suitable accounting policies consistently, backed by reasonable and prudent judgments and estimates. They affirm that the financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia, and that they provide a true and fair view of the Company's financial position as at 30 September 2024, along with its financial performance and cash flows for the year.

5. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

5.1 Risk Management Committee

The Risk Management Committee was established by the Board on 17 June 2003 to oversee the activities of Senior Management in managing the Company's key risk areas. Its primary function it to ensure that an effective risk management process is in place.

As of 30 September 2024, the Risk Management Committee comprises six Directors, with a majority being Independent Directors.

The principle duties and functions of the Risk Management Committee are as follows:

(i) To review and recommend risk management strategies, policies and risk tolerance limits for the Board's approval.

(ii) To review and assess the adequacy of the risk management policies and framework for identifying, measuring, monitoring and controlling risks, as well as evaluate the effectiveness of its implementation.

(iii) To ensure that adequate infrastructure, resources and systems are in place for effective risk management, ensuring that the staff responsible for risk management perform their duties independently of the Company's risk taking activities.

(iv) To review management's periodic reports on risk exposure, risk portfolio composition and risk management activities.

(v) To provide oversight of all technology risk-related matters.

The Risk Management Committee held six meetings during the financial year. Attendance of the members at the meetings is as follows:

Name of Committee member	**Number of meetings attended**
Dato' Foong Chee Meng (Chairman)	6/6
Dato' Dr. Zaha Rina binti Zahari	6/6
Mr. Lim Tian Huat	6/6
Mr. Tan Chong Hin	6/6
Mr. Thian Joost Fick	6/6
Datin Grace Yeoh Cheng Geok (Appointed on 2 January 2024)	4/4
Dr. Loh Leong Hua (Resigned on 16 February 2024)	2/2

5. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D.)

5.1 Risk Management Committee (Cont'd.)

During the financial year, the Risk Management Committee carried out the following activities:

(a) Operational, legal and regulatory risks

(i) Reviewed risk review reports covering the Company's strategic risks, all known operational risks identified by business units, key outsourcing risks related to the Company's outsourcing arrangements, project risks pertaining to the implementation progress of MFRS 17, and risk dashboards.

(ii) Reviewed and updated the Internal Capital Adequacy Assessment Process document along with the Capital Management and Contingency Funding Plan.

(iii) Reviewed and approved the proposed stress-testing scenarios for the annual stress-testing exercise.

(iv) Reviewed the outsourcing plan and proposed internal and external outsourcing arrangements before recommending them to the Board for approval.

(v) Reviewed and updated the Risk Management Framework, Risk Appetite Statements and Business Continuity Management Framework before recommending them to the Board for approval and adoption.

(vi) Noted the Company's progress in implementing the Anti-Corruption Programme, which is designed to provide assurance that its systems, policies and procedures are 'reasonable and proportionate' to its nature and size, aligning with the 'Guidelines on Adequate Procedures' issued under Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018).

(vii) Noted the Company's progress in the implementation of e-Invoicing.

(viii) Took note of the Company's compliance status with BNM's policy document on climate risk management and scenario analysis along with its regulatory submissions.

(ix) Reviewed the risk review plan developed by the Risk Management Department.

EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D.)

5. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D.)

5.1 Risk Management Committee (Cont'd.)

During the financial year, the Risk Management Committee carried out the following activities: (Cont'd.)

(b) Information technology ("IT") risks

(i) Reviewed the IT and Cyber Security Strategic Plan as well as IT Budget developed by the Manager, Information Security and Data Privacy and the Head of IT Infrastructure.

(ii) Reviewed the CEO's Quarterly Report on IT matters.

(iii) Reviewed the Information Security and Data Privacy Report as well as the Data Governance Annual Report prepared by the Manager, Information Security and Data Privacy.

(iv) Reviewed the Incident Management Procedure Policy before recommending it to the Board for approval and adoption.

(v) Reviewed the revised Vulnerability Assessment and Penetration Testing Policy, Data Centre Management Policy, Data Management Policy, Technology Risk Management Framework and Cyber Resilience Framework before recommending them to the Board for approval and adoption.

(vi) Reviewed the proposed solution for data protection from ransomware and the implementation of Software-Defined Wide Area Network before recommending them to the Board for approval.

(vii) Took note of results from the cyber drill exercise, intelligence-led penetration testing and cybersecurity awareness training.

5. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D.)

5.2 Risk Management Framework

The Board views risk management as an essential component of the Company's business operations. To support this, a formal Risk Management Framework has been established, aiding in the identification, evaluation, management and reporting of significant risks that could impact the achievement of business objectives throughout the financial year under review and up to the date of this report.

The Risk Management Committee convenes regularly to oversee the development of risk management policies and procedures, and to monitor and evaluate the various risks that may arise from the Company's business activities. To assist in its responsibilities, a dedicated Risk Management Department has been established.

The formulated Risk Management Framework encompasses several key areas, including risk management principles and philosophy/policy; accountability, roles and responsibilities for managing risk; the risk management structure and cycle; and the overall risk management process.

The Risk Management Committee receives regular reports from the Risk Management Department, which in turn, gathers ongoing risk information from the respective risk owners.

5.3 Technology Risk Management Framework and Cyber Resilience Framework

With the increasing use of technology and the rising sophistication of cyber threats, the Company has implemented both a Technology Risk Management Framework and a Cyber Resilience Framework to systematically and consistently manage technology and cyber risks. The Technology Risk Management Framework protects the Company's information structure, systems and data, while the Cyber Resilience Framework strengthens the Company's ability to withstand and recover from cyber incidents.

The frameworks are aligned with BNM's policy document on Risk Management in Technology [ref. BNM/RH/PD 028-98] and cover key areas such as scope of coverage; roles and responsibilities; guiding principles and minimum standards; technology and cyber risk process; and risk sources and classification.

The Risk Management Committee meets regularly to oversee the development of these policies and procedures, monitor emerging risks, and assess technology and cyber threats arising from the Company's business activities. The Manager, Information Security and Data Privacy, plays a crucial role in supporting the Risk Management Committee to execute its responsibilities.

5. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D.)

5.4 Internal Control Framework

The Board upholds a robust internal control system that encompasses not only financial controls but also operational and compliance measures. The system is designed to provide reasonable assurance regarding the effectiveness and efficiency of operations and programs, the reliability and integrity of financial and operational information, the safeguarding of assets, and adherence to laws, regulations, policies, procedures and contractual obligations. However, it is important to note that, by its nature, the internal control system can only provide reasonable – not absolute – assurance against material misstatement, losses or fraud.

Management has established an Internal Control Framework, which includes the following main features: control environment, risk assessment, control activities, information and communication, and monitoring activities. Control environment refers to the set of standards, processes, and structures that form the foundation for executing internal control across the organization. Risk assessment involves setting objectives and identifying and evaluating risks that could potentially hinder those objectives. Control activities are the actions established through policies and procedures to ensure that management's directives for mitigating risks are effectively implemented. Information and communication involve the process of obtaining or generating relevant and high-quality information from both internal and external sources to support the internal control system's functionality. Monitoring activities consist of ongoing evaluations, separate assessments, or a combination of both to determine whether internal controls are in place and functioning effectively.

The Company employs a three lines of defence model to review and assess the Internal Control Framework. The first line of defence comprises business units that are responsible for establishing a risk and control environment as part of their day-to-day operations. The second line of defence consists of the Risk Management and Compliance Departments, which provide continuous oversight of business processes and associated risks. The Internal Audit function is the third line of defence, providing independent assurance regarding the effectiveness of governance, risk management, and internal controls. This includes how well the first and second lines of defence meet risk management and control objectives. Such assurance is provided regularly upon completing governance and internal control assignments conducted by the Internal Audit function.

5. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D.)

5.5 Internal Audit Function

The Internal Audit function of the Company has been outsourced to the Group Internal Audit Department of the holding company, POB. This department operates independently of the activities it audits and conducts its work with impartiality, proficiency and due professional care. It undertakes regular reviews of the appropriateness and effectiveness of corporate governance practices, as well as the adequacy and effectiveness of the Company's system of internal controls and risk management process, based on Audit Planning Memorandums approved by the Audit Committee. Additionally, it assists the Audit Committee in its oversight of the Company's financial reporting.

The Group Internal Audit Department reports directly to the Audit Committee. The activities of this department provide the Board with significant assurance regarding the adequacy and integrity of the risk management and internal control systems and corporate governance practices, as well as internal control over financial reporting.

5.6 Compliance

The Company established a Compliance Department on 25 April 2016, staffed with three personnel. The department is primarily responsible for providing ongoing regulatory and compliance advice to the Company and its business units. Its key responsibilities include assisting management in developing policies, procedures and guidelines to ensure compliance with existing laws and regulations. Additionally, the department proactively reviews business activities to identify potential regulatory, compliance and reputational risks, designing strategies to minimize such risks, while promoting a culture of compliance within the Company.

During the financial year, the Compliance Department carried out the following activities, among others:

(i) Prepared the Compliance Quarterly Report for presentation to the Board. This report covered various matters, including compliance assessments, compliance training, instances of non-compliance, regulatory issues and fraud cases identified, as well as other compliance activities conducted by the Compliance Department during the quarter.

(ii) Developed the Compliance Plan for the Board's approval.

EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D.)

5. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D.)

5.6 Compliance (Cont'd.)

During the financial year, the Compliance Department carried out the following activities, among others: (Cont'd.)

(iii) Issued ten Compliance Assessment Reports to management. The reports covered the Company's compliance in various areas, including the Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions, the Personal Data Protection Act 2010, particularly regarding the management of customer information, PIDM's Guidelines on Provision of Information on Takaful and Insurance Benefits Protection, Guidelines on Adequate Procedures pursuant to Subsection (5) of Section 17A under the Malaysian Anti-Corruption Commission Act 2009 and the Company's Anti-Corruption Programme, BNM's Policy Document on Operating Cost Controls for General Insurance and Takaful Business, BNM's policy document on Risk Management in Technology, and the Company's Sponsorships and Donations Policy. Additionally, the reports included updates on ongoing corrective action plans and monitored compliance with internal controls related to operational practices.

(iv) Issued three Compliance Risk Assessment Reports to management. The reports covered compliance risks pertaining to the Company's Anti-Corruption Programme, BNM's Policy Document on Operating Cost Controls for General Insurance and Takaful Business, and BNM's revised Policy Document on Management of Customer Information and Permitted Disclosures.

(v) Obtained quarterly self-assessment declarations from Heads of Department to enhance staff awareness and ensure compliance with anti-money laundering and personal data protection regulations.

(vi) Summarised relevant policy documents and exposure drafts issued by BNM and circulars issued by PIAM for Board's information, conducting gap analysis as needed to evaluate the Company's compliance status and determine necessary actions and timelines to address any gaps.

(vii) Participated in the Group Anti-Corruption Committee to implement the Group's Anti-Corruption Programme and prepared the Chief Integrity Officer's Report for the Board, updating them on compliance status.

(viii) Served on the Whistleblowing Working Committee, which reviews and investigate complaints related to misconduct or violations of the Anti-Corruption Policy, reporting findings to the Whistleblowing Committee for recommendations to the Board through the Audit Committee.

EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D.)

5. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D.)

5.6 Compliance (Cont'd.)

During the financial year, the Compliance Department carried out the following activities, among others: (Cont'd.)

(ix) Developed the Terms of Reference for the Chief Integrity Officer.

(x) Assisted in developing the Code of Ethical Conduct for Agents, Intermediaries and Material Service Providers/Vendors.

(xi) Acted as the Anti-Money Laundering and Counter-Financing of Terrorism Compliance Officer.

(xii) Revised and updated the Anti-Money Laundering, Countering Financing of Terrorism & Targeted Financial Sanctions Policy, Compliance Risk Assessment Guide and the list of Key Responsible Persons.

INTEGRITY IN CORPORATE REPORTING

6. ACCOUNTABILITY AND AUDIT

6.1 Directors' Responsibility Statement

The Directors are mandated by the Companies Act, 2016 to prepare annual financial statements that comply with the MFRS and present a true and fair view of the Company's financial position as at 30 September 2024, including its financial performance and cash flows for the year.

The Directors are responsible for ensuring that the Company maintains accounting records that provide a reasonable and accurate representation of the Company's financial position, financial performance and cash flows, ensuring compliance with MFRS, International Financial Reporting Standards, requirements of the Companies Act, 2016, the Financial Services Act 2013, and policy documents and circulars from BNM.

Additionally, the Directors have the overall responsibility to take reasonable steps to protect the Company's assets, and prevent and detect fraud and other irregularities.

INTEGRITY IN CORPORATE REPORTING

6. ACCOUNTABILITY AND AUDIT

6.2 Management Accountability

The Company maintains a documented and updated organisational structure that features clear reporting lines and job descriptions for management and executive employees. When allocating job duties and responsibilities, the Company considers the appropriate segregation of duties to ensure that potentially conflicting responsibilities are not assigned to the same employee.

Additionally, the Company's Departmental Areas of Accountability document outlines the specific areas of accountability for each department/section of the Company, along with the roles and responsibilities of each department or section head within their respective areas of accountability. Furthermore, comprehensive policies and procedures are documented in the operating manuals for all major functions within the Company, ensuring clarity and consistency in operations.

6.3 Corporate Independence

A quorum for Board meetings of the Company shall consist of at least two Directors, with each shareholder nominating at least one Director. This structure ensures that representatives from the two shareholders, who hold nearly equivalent shareholdings, contribute to maintaining a degree of corporate independence. Furthermore, certain matters are reserved for shareholder approval, including financial strategies, changes in the nature of the business, and any alterations to the Company's authorised or issued share capital.

6.4 Scope and Performance of the Risk Management and Internal Control Systems

To assist the Board in fulfilling its risk management and internal control responsibilities, the Board receives periodic reports from the CEO concerning the scope and performance of the risk management and internal control systems. These reports are based on a comprehensive assessment process, incorporating both direct and indirect evaluations of the risk management and internal control systems implemented. For the current financial year under review, the CEO has indicated that the Company's risk management and internal control systems are adequate and generally effective in addressing the identified risks. Although minor lapses were noted, they did not significantly impact the Company.

Such reporting is designed to assist the Board in fulfilling its responsibilities regarding the risk management and internal control systems of the Company. It provides additional assurance alongside the reports from both Internal and External Auditors, as well as regulatory examinations received regularly.

INTEGRITY IN CORPORATE REPORTING

6. ACCOUNTABILITY AND AUDIT

6.5 Promoting Sustainability and Diversity

The Company has adopted a Group Sustainability Policy aimed at fostering responsible business practices through the integration of Economic, Environmental and Social considerations into its operations. The Board of Directors bears ultimate responsibility for guiding and overseeing the Company's sustainability initiatives.

Committed to sustainability operations, the Company strives to contribute positively to the well-being of its stakeholders. The Board firmly believes that sustainable development entails balancing long-term economic value creation with a comprehensive approach to economic growth, environmental stewardship and social responsibility.

Economic growth is a key pillar of the Company's sustainability. Therefore, it is essential for the Company to remain resilient against potential disruptions to its strategies and operations. The commitment to achieving sustainable economic growth not only enhances shareholder returns but also ensures fair compensation for employees. The Company has actively identified long-term opportunities while continually seeking ways to improve efficiency and profitability.

Lessons learned from the COVID-19 pandemic have underscored the importance of digitalisation for both the Company and its customers. In response, the Company has leveraged its robust digital capabilities to broaden its customer reach. This has led to a significant increase in customers purchasing or renewing their insurance online through POI2u and digital agents, allowing them to do so safely from their homes. In addition, to its direct online customer platform, the Company has launched an online road tax renewal service and introduced cost-effective insurance products, such as PrOmilej insurance for low-mileage drivers and PrOrumah insurance, which combines houseowner and householder policies at a 30% discount.

The Company is committed to minimising its environmental impact by adopting responsible usage practices. Initiatives to raise internal awareness about the "3Rs" of environmental stewardship, i.e. reduce, reuse and recycle, have been implemented to promote effective resource management and waste minimisation. Additionally, the Company is enhancing its environmental sustainability by advocating for cashless payments and e-renewal services, thereby reducing its ecological footprint in interactions with stakeholders.

INTEGRITY IN CORPORATE REPORTING (CONT'D.)

6. ACCOUNTABILITY AND AUDIT (CONT'D.)

6.5 Promoting Sustainability and Diversity (Cont'd.)

In terms of social responsibility, the Company prioritises employees well-being, development, and work-life balance to foster a healthy work environment. The Company continues to sponsor training and development programmes for its employees, ensuring they remain informed about the latest changes in the insurance industry. By investing in education and training, the Company aims to enhance staff retention and cultivate a workforce equipped to navigate the complexities of a rapidly evolving business landscape.

As a service provider, the Company places paramount importance on client satisfaction and confidentiality, recognising their critical role in the Company's ongoing success. It has established multiple feedback channels, including its website, social media platforms, and a dedicated call centre. Additionally, a specialised customer complaints department, as mandated by BNM, ensures that customer interactions are managed effectively. Throughout the year, customer interactions have remained satisfactory, with no reported complaints related to privacy issues.

The Company is also committed to reducing insurance costs for disabled drivers and motorcyclists by waiving loading on motor policies sold to them.

Furthermore, the Company integrates ESG criteria into its investment strategy. To reinforce its commitment to sustainability, a portion of the investment portfolio is allocated to ESG-rated or compliant financial assets.

The commitment to diversity extends to the appointments in Senior Management and across the workforce. The Company values a diverse and skilled workforce, striving to create an inclusive and collaborative workplace culture that fosters long-term sustainability. By embracing diverse backgrounds, encompassing gender, ethnicity, age, experiences and perspectives, the Company enhances its ability to serve a varied customer base effectively. Its commitment to diversity is reflected in all aspects of its operations, including recruitment, skills development, role appointments, employee retention, succession planning, and ongoing training initiatives.

Registration No. 197201000959 (12557-W)

HOLDING AND ULTIMATE HOLDING COMPANY

The Directors regard POB, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, as the holding and ultimate holding company.

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 12 December 2024.

DATO' DR. ZAHA RINA BINTI ZAHARI

CHAN THYE SENG

Kuala Lumpur

Registration No. 197201000959 (12557-W)

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

STATEMENT BY DIRECTORS

We, DATO' DR. ZAHA RINA BINTI ZAHARI and CHAN THYE SENG, being two of the Directors of PACIFIC & ORIENT INSURANCE CO. BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 67 to 204, 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 Company as at 30 September 2024 and of the results and cash flows of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 12 December 2024.

DATO' DR. ZAHA RINA BINTI ZAHARI

CHAN THYE SENG

STATUTORY DECLARATION

I, LOW CHOON HOONG, being the Officer primarily responsible for the financial management of PACIFIC & ORIENT INSURANCE CO. BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 67 to 204 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 LOW CHOON HOONG)
at Kuala Lumpur in Wilayah Persekutuan)
on 12 December 2024)

LOW CHOON HOONG

Before me,

PESURUHJAYA SUMPAH
W839
ONG SIEW KEE
Tempoh Lantikan
01/01/2024 - 30/09/2026
MALAYSIA

Commissioner for Oaths

Lot LG 27B, Ground Floor,
Wilayah Kompleks 2, Jalan
Munshi Abdullah, 50100 Kuala Lumpur

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Building a better working world

Ernst & Young PLT
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Registration No. 197201000959 (12557-W)

Independent auditors' report to the members of Pacific & Orient Insurance Co. Berhad (Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Pacific & Orient Insurance Co. Berhad ("the Company"), which comprise the statement of financial position as at 30 September 2024, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 67 to 204.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 September 2024, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

We are independent of the 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.

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 (including the statement of corporate governance), but does not include the financial statements of the Company and our auditors' report thereon.

Registration No. 197201000959 (12557-W)

Independent auditors' report to the members of
Pacific & Orient Insurance Co. Berhad (Cont'd.)
(Incorporated in Malaysia)

Information other than the financial statements and auditors' report thereon (cont'd.)

Our opinion on the financial statements 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 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 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.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements 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 Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing 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 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 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.

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Registration No. 197201000959 (12557-W)

Independent auditors' report to the members of
Pacific & Orient Insurance Co. Berhad (Cont'd.)
(Incorporated in Malaysia)

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

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 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 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 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 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 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 Company to cease to continue as a going concern.

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

We communicate with 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.

Registration No. 197201000959 (12557-W)

Independent auditors' report to the members of
Pacific & Orient Insurance Co. Berhad (Cont'd.)
(Incorporated in Malaysia)

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

Dato' Megat Iskandar Shah Bin
Mohamad Nor
No. 03083/07/2025 J
Chartered Accountant

Kuala Lumpur, Malaysia
12 December 2024

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

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024

	Note	2024 RM'000	2023 RM'000 Restated	1 Oct 2022 RM'000 Restated
ASSETS				
Property, plant and equipment	5	18,283	18,218	18,186
Investment properties	6	640	640	640
Intangible assets	7	2,366	2,512	855
Right-of-use assets	8	5,354	6,603	4,385
Tax recoverable		3,415	1,872	-
Investments	9	463,257	462,746	491,798
Reinsurance contract assets	10	245,026	207,005	208,555
Other receivables	11	50,765	50,738	47,736
Cash and cash equivalents	12	14,600	20,897	27,904
TOTAL ASSETS		803,706	771,231	800,059
EQUITY AND LIABILITIES				
Insurance contract liabilities	16	554,245	508,542	536,306
Reinsurance contract liabilities	10	1	2,445	17
Deferred tax liabilities	17	7,158	7,658	8,274
Lease liabilities	8	4,499	5,907	3,676
Tax payable		-	-	678
Other payables	18	9,601	8,443	8,300
TOTAL LIABILITIES		575,504	532,995	557,251
Share capital	13	100,000	100,000	100,000
Revaluation reserve		16,492	15,459	14,332
Share options reserve	14	786	918	910
Fair value through other comprehensive income ("FVOCI") reserve		1,796	2,018	3,709
Retained profits	15	109,128	119,841	123,857
TOTAL EQUITY		228,202	238,236	242,808
TOTAL EQUITY AND LIABILITIES		803,706	771,231	800,059

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

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2024

		Non-Distributable				Distributable	
	Note	Share capital	Revaluation reserve	Share reserve	FVOCI reserve	Retained profits	Total
2024		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 October 2023, as previously reported		100,000	15,459	918	2,018	109,089	227,484
Impact on initial application of MFRS 17		-	-	-	-	10,752	10,752
At 1 October 2023, as restated		100,000	15,459	918	2,018	119,841	238,236
Net loss for the year		-	-	-	-	(10,916)	(10,916)
Other comprehensive income/(loss) for the year, net of tax		-	1,033	-	(176)	-	857
Total comprehensive income/(loss) for the year		-	1,033	-	(176)	(10,916)	(10,059)
Transfer of FVOCI reserve to retained profits upon disposal of financial assets at FVOCI		-	-	-	(46)	46	-
Share options vested under ESOS	14	-	-	25	-	-	25
Share options forfeited under ESOS	14	-	-	(157)	-	157	-
At 30 September 2024		100,000	16,492	786	1,796	109,128	228,202

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2024 (CONT'D.)

		Non-Distributable				Distributable	
	Note	Share capital	Revaluation reserve	Share reserve	FVOCI reserve	Retained profits	Total
2023		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 October 2022, as previously reported		100,000	14,332	910	3,709	112,317	231,268
Impact on initial application of MFRS 17		-	-	-	-	11,540	11,540
At 1 October 2022, as restated		100,000	14,332	910	3,709	123,857	242,808
Net loss for the year		-	-	-	-	(7,600)	(7,600)
Other comprehensive income for the year, net of tax		-	1,127	-	1,838	-	2,965
Total comprehensive income/(loss) for the year		-	1,127	-	1,838	(7,600)	(4,635)
Transfer of FVOCI reserve to retained profits upon disposal of financial assets at FVOCI		-	-	-	(3,529)	3,529	-
Share options vested under ESOS	14	-	-	63	-	-	63
Share options forfeited under ESOS	14	-	-	(55)	-	55	-
At 30 September 2023		100,000	15,459	918	2,018	119,841	238,236

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

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

INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2024

	Note	2024 RM'000	2023 RM'000 Restated
Insurance revenue		269,453	266,473
Insurance service expenses		(277,246)	(232,060)
Insurance service result before reinsurance	19	(7,793)	34,413
Allocation of reinsurance premiums		(111,918)	(105,254)
Amounts recoverable from reinsurers for incurred claims		97,026	56,438
Net expense from reinsurance contracts held	19	(14,892)	(48,816)
Insurance service result	19	(22,685)	(14,403)
Investment income	20	17,072	15,488
Fair value (losses)/gains	21	(5,469)	1,908
Realised gains, net	22	12,210	6,070
Total investment income		23,813	23,466
Insurance finance expenses for insurance contracts issued	23	(8,564)	(10,348)
Reinsurance finance income for reinsurance contracts held	24	3,637	3,391
Net insurance financial result		(4,927)	(6,957)
Other expenses	25	(8,334)	(9,090)
Finance costs	27	(294)	(307)
Total other income and expenses		(8,628)	(9,397)
Loss before taxation		(12,427)	(7,291)
Taxation	28	1,511	(309)
Net loss for the year, representing total comprehensive loss for the year		(10,916)	(7,600)
Basic and diluted loss per share (sen)	29	(10.92)	(7.60)

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

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2024

	Note	2024 RM'000	2023 RM'000 Restated
Net loss for the year		(10,916)	(7,600)
Other comprehensive income:			
Items that may be reclassified to income statement in subsequent years:			
Fair value changes in investments through other comprehensive income ("FVOCI")			
- Corporate debt securities			
• (Loss)/Gain on fair value changes		(208)	1,190
• Deferred tax		86	(285)
		(122)	905
Items that will not be reclassified to income statement in subsequent periods:			
Fair value changes in investments through other comprehensive income ("FVOCI")			
- Quoted securities			
• (Loss)/Gain on fair value changes	9(d)	(70)	1,215
• Deferred tax		(21)	468
• Tax expense on disposal of FVOCI financial assets		37	(750)
		(54)	933
Surplus from revaluation of land and buildings			
• Gross surplus from revaluation	5	1,359	1,482
• Deferred tax	17	(326)	(355)
		1,033	1,127
Other comprehensive income for the year, net of tax		857	2,965
Total comprehensive loss for the year		(10,059)	(4,635)

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

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2024

	Note	2024 RM'000	2023 RM'000 Restated
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(12,427)	(7,291)
Adjustments to reconcile loss before tax to net cash flows:			
Depreciation:			
- property, plant and equipment	5	1,328	1,259
- right-of-use assets	8	2,668	2,353
Amortisation of intangible assets	7	425	274
Losses on disposal of property, plant and equipment	22	1	57
Gains on disposal of investments	22	(11,744)	(6,186)
Losses/(gains) on fair value of investments held at fair value through profit or loss	21	5,469	(1,908)
Gain on remeasurement of lease liabilities	25	-	(3)
Loss on derecognition of right-of-use ("ROU") assets	22	-	53
Write off of property, plant and equipment	25	4	6
Allowance for unutilised leave	25	30	264
Dividend income	20	(3,808)	(3,199)
Interest income	20	(11,247)	(8,429)
Profit from Islamic fixed deposits	20	(472)	(464)
Allowance for impairment of corporate debt securities	25	6	7
Interest on lease liabilities	8(a)(2)	291	304
ESOS	14	25	63
Operating loss before working capital changes		(29,451)	(22,840)
Working capital adjustments:			
Purchase of investments		(2,769)	(19,086)
Disposal of investments		250,024	48,956
(Increase)/decrease in deposits and placements with financial institutions		(241,776)	9,675
(Increase)/decrease in reinsurance contract assets		(40,465)	3,978
Decrease/(increase) in other receivables		1,629	(551)
Increase/(decrease) in insurance contract liabilities		45,703	(27,764)
Increase/(decrease) in other payables		1,130	(1,624)
Cash flows used in operations		(15,975)	(9,256)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2024 (CONT'D.)

	Note	2024 RM'000	2023 RM'000 Restated
CASH FLOW FROM OPERATING ACTIVITIES (CONT'D.)			
Taxation paid		(756)	(4,397)
Dividends received		3,866	3,228
Interest received		9,532	7,451
Profit received from Islamic fixed deposits		472	464
Net cash flows used in operating activities		(2,861)	(2,510)
INVESTING ACTIVITIES			
Net proceeds on disposal of property, plant and equipment		-	157
Net proceeds on disposal of ROU assets		-	377
Purchase of property, plant and equipment	5	(39)	(29)
Acquisition of ROU assets	8(a)(1)	(24)	(151)
Purchase of intangible assets	7	(279)	(1,931)
Net cash flows used in investing activities		(342)	(1,577)
FINANCING ACTIVITIES			
Repayment of lease liabilities	8(a)(2)	(3,094)	(2,920)
Net cash flows used in financing activities		(3,094)	(2,920)
Net decrease in cash and cash equivalents		(6,297)	(7,007)
Cash and cash equivalents at beginning of year		20,897	27,904
Cash and cash equivalents at end of year	12	14,600	20,897

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2024 (CONT'D.)

Reconciliation of liabilities arising from financing activities

The following table illustrates the changes in liabilities arising from financing activities, including both changes arising from cash and non-cash changes during the financial year:

	Lease liabilities Note 8(a)(2) RM'000	Total RM'000
2024		
At 1 October	5,907	5,907
Changes in financing cash flows:		
Repayment of lease liabilities	(3,094)	(3,094)
Addition:		
Addition of ROU assets	1,404	1,404
Accretion of interest	291	291
Remeasurements	(9)	(9)
	1,686	1,686
At 30 September	4,499	4,499
2023		
At 1 October	3,676	3,676
Changes in financing cash flows:		
Repayment of lease liabilities	(2,920)	(2,920)
Addition:		
Addition of ROU assets	4,836	4,836
Accretion of interest	304	304
Remeasurements	11	11
	5,151	5,151
At 30 September	5,907	5,907

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

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2024

1. CORPORATE INFORMATION

The Company is principally engaged in the underwriting of all classes of general insurance business.

There have been no significant changes in the nature of this principal activity during the financial year.

The Company is a public company, incorporated and domiciled in Malaysia. The registered office of the Company is located at 11th Floor, Wisma Bumi Raya, No. 10, Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia.

The holding and ultimate holding company is Pacific & Orient Berhad ("POB"), a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The financial statements of the Company were authorised for issue on 12 December 2024 pursuant to a resolution by the Board of Directors.

2. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of Preparation

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs"), the requirements of the Companies Act, 2016 in Malaysia, Financial Services Act 2013 and Guidelines/Circulars issued by BNM.

At the beginning of the current financial year, the Company had fully adopted the MFRS and Amendments to MFRSs as described fully in Note 3.

The financial statements of the Company have been prepared under the historical cost basis, unless disclosed otherwise in the significant accounting policies. The Company has met the minimum capital adequacy requirements as prescribed by the Risk Based Capital Framework as at the date of the statements of financial position.

Financial assets and financial liabilities are offset and the net amount reported in the statement 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 statement unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

(a) Basis of Preparation (Cont'd.)

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

(b) 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 Company uses 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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

(b) Fair Value Measurement (Cont'd.)

The Company analyses the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per the Company's accounting policies. For this analysis, the Company verifies the major inputs in the latest valuation by agreeing the information to the relevant valuation reports and other related documents.

(c) 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 Company 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 statement 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 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 statement, in which case the increase is recognised in income statement to the extent of the decrease previously recognised.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

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

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 statement. 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 principal annual rates of depreciation are:

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

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

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 and the net carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

(d) 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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

(d) Investment Properties (Cont'd.)

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 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 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 income statement 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 Company 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 statement in the year in which they arise.

(e) 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.

The useful lives of computer software and licences are considered to be finite because computer software and licences are susceptible to technological obsolescence.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

(e) Intangible Assets (Cont'd.)

The acquired computer software and 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.

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.

(f) Financial Instruments

A financial instrument is recognised in the financial statements when, and only when, the Company becomes a party to the contractual provisions of the instrument.

Financial instruments are categorised and measured using accounting policies as mentioned below:

(1) Financial assets

Initial recognition and initial measurement

Financial assets of 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 Company's business model for managing them. With the exception of insurance receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures 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 Company has applied the practical expedient are measured at the transaction price determined under MFRS 15 *Revenue from Contracts with Customers.*

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

(f) Financial Instruments (Cont'd.)

Financial instruments are categorised and measured using accounting policies as mentioned below: (Cont'd.)

(1) Financial assets (Cont'd.)

Initial recognition and initial measurement (Cont'd.)

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 Company's business model for managing financial assets refers to how they manages 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

(i) Financial assets at Amortised Cost (debt instruments)

The Company measures 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 statement when the asset is derecognised, modified or impaired.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

(f) Financial Instruments (Cont'd.)

Financial instruments are categorised and measured using accounting policies as mentioned below: (Cont'd.)

(1) Financial assets (Cont'd.)

Subsequent measurement (Cont'd.)

(ii) Financial assets at Fair Value Through Other Comprehensive Income ("FVOCI") (debt instruments)

The Company measures 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 statement 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 statement.

(iii) Financial assets at FVOCI (equity instruments)

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 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 statement including upon derecognition.

Dividends from financial assets at FVOCI are recognised in the income statement when the right of payment has been established, except when 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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

(f) Financial Instruments (Cont'd.)

Financial instruments are categorised and measured using accounting policies as mentioned below: (Cont'd.)

(1) Financial assets (Cont'd.)

Subsequent measurement (Cont'd.)

(iii) Financial assets at FVOCI (equity instruments) (Cont'd.)

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

(iv) 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 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 statement.

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

Reclassification of Financial Assets

Reclassification of financial assets is required when, and only when, the Company changes its business model for managing the assets. In such cases, the Company is 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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

(f) Financial Instruments (Cont'd.)

Financial instruments are categorised and measured using accounting policies as mentioned below: (Cont'd.)

(1) Financial assets (Cont'd.)

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 of the Company are recognised using trade date, the date that the Company commits to purchase or sell the asset except for debt instruments which are recognised using settlement date, the date the Company receives or delivers the asset.

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 statement.

(2) Financial liabilities

Financial liabilities are classified as either (i) financial liabilities at FVTPL or (ii) other financial liabilities.

(i) 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 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 on derivatives recognised in the income statement. Net gains or losses on derivatives include exchange differences.

The Company has not designated any financial liabilities as at FVTPL.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

(f) Financial Instruments (Cont'd.)

Financial instruments are categorised and measured using accounting policies as mentioned below: (Cont'd.)

(2) Financial liabilities (Cont'd.)

(ii) Other financial liabilities

The Company's other financial liabilities comprise insurance payables, other payables, and lease liabilities.

Insurance payables and other payables are recognised initially at their respective fair value 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 statement when the liabilities are derecognised and through the amortisation process.

(iii) 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 statement.

(g) Impairment

(1) Financial assets

The Company recognises allowance for impairment 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. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

(g) Impairment (Cont'd.)

(1) Financial assets (Cont'd.)

Financial assets other than insurance receivables and debt instruments at FVOCI

The Company has adopted a simplified approach when measuring the ECL for its 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 Company applies a simplified approach in calculating ECL. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date.

The Company has 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 Company and all the cash flows that the Company expects 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 are assessed using an approach which classifies the financial assets into 3 stages which reflects the change in credit quality of the financial assets 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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

(g) Impairment (Cont'd.)

(1) Financial assets (Cont'd.)

Insurance Receivables and Debt Instruments at FVOCI (Cont'd.)

- 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.

Significant increase in credit risk

At each reporting date, the Company assesses whether there has been a significant increase in credit risk for exposures of its insurance receivables and debt instruments 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 Company considers both quantitative and qualitative information and assessments based on the Company's historical experience and credit risk assessments, including forward-looking information.

Measurement of ECL - General Approach - Insurance Receivables

The Company 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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

(g) Impairment (Cont'd.)

(1) Financial assets (Cont'd.)

Measurement of ECL - General Approach - Insurance Receivables (Cont'd.)

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 company 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. MATERIAL ACCOUNTING POLICY INFORMATION (CONT’D.)

(g) Impairment (Cont’d.)

(1) Financial assets (Cont’d.)

Write off policy

The Company writes 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 Company’s recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in income statement.

Definition of default and credit-impaired financial assets

At each reporting period, the Company assesses 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 Financial Instruments is that a financial asset is in default when contractual payments are more than 90 days past due. However, in certain cases, 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.

The 90 days presumption has 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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

(g) Impairment (Cont'd.)

(2) Non-financial assets

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

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated 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 statement in the period in which it arises.

An impairment loss for an asset 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 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 is recognised in the income statement.

(h) Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand and at banks, and deposits held at call with financial institutions with original maturities of three months or less. It excludes deposits which are held for investment purpose.

The statement of cash flow is prepared using the indirect method.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

(i) Insurance and reinsurance contracts

(1) Insurance and reinsurance contracts classification

The Company issues insurance contracts in the normal course of business, under which they accept significant insurance risk from its policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. The Company issues general insurance to individuals and businesses.

The Company also issues reinsurance contracts in the normal course of business to compensate other entities for claims arising from one or more insurance contracts issued by those entities.

The Company does not issue any contracts with direct participating features.

(2) Insurance and reinsurance contracts accounting treatment

(i) Separating components from insurance and reinsurance contracts

The Company assesses its general insurance and reinsurance products to determine whether it contains distinct components which must be accounted for under another MFRS instead of under MFRS 17. After separating any distinct components, the Company applies MFRS 17 to all remaining components of the (host) insurance contract.

(ii) Level of aggregation

MFRS 17 requires the Company to determine the level of aggregation for applying its requirements. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

(i) Insurance and reinsurance contracts (Cont'd.)

(2) Insurance and reinsurance contracts accounting treatment (Cont'd.)

(ii) Level of aggregation (Cont'd.)

However, the Company makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). MFRS 17 also requires that no group for level of aggregation purposes may contain contracts issued more than one year apart.

The Company applied a full retrospective approach for transition to MFRS 17. The portfolios are further divided by year of issue and profitability for recognition and measurement purposes. Hence, within each year of issue, portfolios of contracts are divided into three groups, as follows:

- A group of contracts that are onerous at initial recognition (if any);
- A group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently (if any); and
- A group of the remaining contracts in the portfolio (if any).

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. the Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Company considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information;
- Results of similar contracts it has recognised; and
- Environmental factors, e.g., a change in market experience or regulations.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

(i) Insurance and reinsurance contracts (Cont'd.)

(2) Insurance and reinsurance contracts accounting treatment (Cont'd.)

(ii) Level of aggregation (Cont'd.)

The Company divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract.

(iii) Recognition

The Company recognises groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts;

- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date; and

- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous.

The Company recognises a group of reinsurance contracts held it has entered into from the earlier of the following:

- The beginning of the coverage period of the group of reinsurance contracts held. However, the Company delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held; and

- The date the Company recognises an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

The Company adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

(i) Insurance and reinsurance contracts (Cont'd.)

(2) Insurance and reinsurance contracts accounting treatment (Cont'd.)

(iv) Contract boundary

The Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or

- Both of the following criteria are satisfied:

  - The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and

  - The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

(i) Insurance and reinsurance contracts (Cont'd.)

(2) Insurance and reinsurance contracts accounting treatment (Cont'd.)

(v) Measurement - Premium Allocation Approach

Adopted approach by the Company:

- Insurance acquisition cash flows for insurance contracts issued: Insurance acquisition cash flows are allocated to related groups of insurance contracts and amortised over the coverage period of the related group;

- Liability for Remaining Coverage (LRC) not adjusted for financial risk and time value of money: No allowance is made for the accretion of interest on the LRC as the premiums are received within one year of the coverage period;

- Liability for Incurred Claims (LIC) adjusted for time value of money: The LIC is adjusted for the time value of money; and

- Insurance finance income and expense: The changes in LIC as a result of changes in discount rates will be captured within income statement.

Insurance contracts - initial measurement

The Company applies the premium allocation approach (PAA) to all insurance contracts that it issues and reinsurance contracts that it holds, as:

- The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary;

Or

- for contracts longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

(i) Insurance and reinsurance contracts (Cont'd.)

(2) Insurance and reinsurance contracts accounting treatment (Cont'd.)

(v) Measurement - Premium Allocation Approach (Cont'd.)

Insurance contracts - initial measurement (Cont'd.)

The Company does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the period before a claim is incurred. Variability in the fulfilment cash flows increases with, for example:

- The extent of future cash flows related to any derivatives embedded in the contracts; and

- The length of the coverage period of the group of contracts.

As not all cash flows are expected to be paid within one year or less from the date claims are incurred, the Company is required to discount the estimate of future cash flows included in the LIC. The Company has allowed discounting for the motor portfolio only and not for the non-motor portfolio, given the effect of the significant financing component from a net basis for the non-motor portfolio is not material. The Company applies the bottom-up discount rate approach when deriving its discount rates for discounting the LIC. This approach involves using an appropriate (liquid) risk-free yield curve plus a specific illiquidity premium (where applicable) above the risk-free yield curve. Yield curve information is sourced from a third-party service provider.

For LRC, the Company's position is not to apply discounting for cash flows in LRC (under PAA approach), as the Company does not expect the duration between providing each part of the coverage and related premium due date to be more than a year (the effect of significant financing component is immaterial). The Company's accounting policy choice is to not disaggregate Insurance Finance Income or Expense between the income statement and the statement of comprehensive income for the impact of the changes in fulfilment cash flow for LRC and LIC as a result of changes in discount rate or as a result of the change in financial risk.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

(i) Insurance and reinsurance contracts (Cont'd.)

(2) Insurance and reinsurance contracts accounting treatment (Cont'd.)

(v) Measurement - Premium Allocation Approach (Cont'd.)

Insurance contracts - initial measurement (Cont'd.)

For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as:

- The premiums, if any, received at initial recognition;

- Minus any insurance acquisition cash flows at that date, with the exception of contracts which are one year or less where this is expensed;

- Plus or minus any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows; and

- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Company pays or receives before the group of insurance contracts is recognised.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Company performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Company recognises a loss in income statement for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

(i) Insurance and reinsurance contracts (Cont'd.)

(2) Insurance and reinsurance contracts accounting treatment (Cont'd.)

(v) Measurement - Premium Allocation Approach (Cont'd.)

Reinsurance contracts held – initial measurement

The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. The Company uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held.

The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

(i) Insurance and reinsurance contracts (Cont'd.)

(2) Insurance and reinsurance contracts accounting treatment (Cont'd.)

(v) Measurement - Premium Allocation Approach (Cont'd.)

Insurance contracts - subsequent measurement

The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus premiums received in the period;

- Minus insurance acquisition cash flows;

- Plus any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group;

- Plus any adjustment to the financing component, where applicable;

- Minus the amount recognised as insurance revenue for the services provided in the period; and

- Minus any investment component paid or transferred to the liability for incurred claims.

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company, and include an explicit adjustment for non-financial risk (the risk adjustment). The Company does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims for classes other than Motor portfolio as the effect of significant financial component is immaterial.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

(i) Insurance and reinsurance contracts (Cont'd.)

(2) Insurance and reinsurance contracts accounting treatment (Cont'd.)

(v) Measurement - Premium Allocation Approach (Cont'd.)

Insurance contracts - subsequent measurement (Cont'd.)

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Company recognises a loss in income statement for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

Insurance acquisition cash flows are allocated to related groups of insurance contracts and amortised over the coverage period of the related group or straight-line method.

Reinsurance contracts held – subsequent measurement

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

Where the Company has established a loss-recovery component, the Company subsequently reduces the loss recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

(i) Insurance and reinsurance contracts (Cont'd.)

(2) Insurance and reinsurance contracts accounting treatment (Cont'd.)

(v) Measurement - Premium Allocation Approach (Cont'd.)

Insurance acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

(a) Insurance acquisition cash flows that are directly attributable to a group of insurance contracts:

    (i) to that group; and

    (ii) to groups that include insurance contracts that are expected to arise from the renewals of the insurance contracts in that group.

(b) Insurance acquisition cash flows directly attributable to a portfolio of insurance contracts that are not directly attributable to a group of contracts, to groups in the portfolio.

Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognised in the statements of financial position, a separate asset for insurance acquisition cash flows is recognised for each related group.

The asset for insurance acquisition cash flow is derecognised from the statement of financial position when the insurance acquisition cash flows are included in the initial measurement of the related group of insurance contracts. The Company does not have such asset for insurance acquisition cash flow.

At the end of each reporting period, the Company revises amounts of insurance acquisition cash flows allocated to groups of insurance contracts not yet recognised, to reflect changes in assumptions related to the method of allocation used.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

(i) Insurance and reinsurance contracts (Cont'd.)

(2) Insurance and reinsurance contracts accounting treatment (Cont'd.)

(v) Measurement - Premium Allocation Approach (Cont'd.)

Insurance acquisition cash flows (Cont'd.)

After any re-allocation, the Company assesses the recoverability of the asset for insurance acquisition cash flows, if facts and circumstances indicate the asset may be impaired. When assessing the recoverability, the Company applies:

(a) An impairment test at the level of an existing or future group of insurance contracts; and

(b) An additional impairment test specifically covering the insurance acquisition cash flows allocated to expected future contract renewals.

If an impairment loss is recognised, the carrying amount of the asset is adjusted and an impairment loss is recognised in income statement.

The Company recognises in income statement a reversal of some or all of an impairment loss previously recognised and increases the carrying amount of the asset, to the extent that the impairment conditions no longer exist or have improved.

Insurance contracts – modification and derecognition

The Company derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e. discharged, cancelled or expired);

Or

- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract.

When a modification is not treated as a derecognition, the Company recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

(i) Insurance and reinsurance contracts (Cont'd.)

(2) Insurance and reinsurance contracts accounting treatment (Cont'd.)

(vi) Presentation

The Company has presented separately, in the statement of financial position, the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

Any assets for insurance acquisition cash flows recognised before the corresponding insurance contracts are included in the carrying amount of the related groups of insurance contracts and are allocated to the carrying amount of the portfolios of insurance contracts that they relate to.

The Company disaggregates the total amount recognised in the income statement into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses.

The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

For the periods presented, all revenue has been recognised on the basis of the passage of time.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

(i) Insurance and reinsurance contracts (Cont'd.)

(2) Insurance and reinsurance contracts accounting treatment (Cont'd.)

(vi) Presentation (Cont'd.)

Loss components

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, the facts and circumstances mentioned in level of aggregation indicate that a group of insurance contracts is onerous, the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group as determined. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

Loss-recovery components

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses.

A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover money from the group of reinsurance contract held.

Insurance finance income and expense for insurance contracts issued and reinsurance contracts held

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money; and

- The effect of financial risk and changes in financial risk.

The Company has elected to include insurance finance income and expenses in the profit and loss.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

(i) Insurance and reinsurance contracts (Cont'd.)

(2) Insurance and reinsurance contracts accounting treatment (Cont'd.)

(vi) Presentation (Cont'd.)

Net income or expense from reinsurance contracts held

The Company presents separately on the face of the income statement, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statements of comprehensive income.

Non-distinct investment component

The Company identifies the non-distinct investment component of a contract by determining the amount that it would be required to repay to a policyholder in all circumstances, regardless of whether an insured event occurs. The receipt of this deposit component and the subsequent repayment do not relate to insurance services. Non-distinct investment components are therefore excluded from insurance revenue and insurance service expenses and are considered as a settlement of an insurance contract liability.

(j) Share Capital

Ordinary shares are recorded at nominal value and are classified as equity. Dividends on ordinary shares are recognised in equity in the periods in which they are declared.

Costs incurred which are directly attributable to the issuance of shares are accounted for as deduction from equity.

(k) Provisions

Provisions are recognised when the Company has 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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

(l) Other Income Recognition

Other revenue is recognised when control of the goods or services or performance obligations are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The following specific criteria must be met before revenue is recognised:

(1) 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;

(2) Interest income from money market instruments and deposits and placements with financial institutions are recognised using the effective interest method;

(3) Dividend income is recognised when the right to receive payment is established; and

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

(m) Foreign Currencies

(1) Functional and presentation currency

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

(2) Foreign currency transactions

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded in the functional currency 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 date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated using the exchange rates prevailing at the dates of transactions. Exchange differences arising on the settlement of monetary items and on the translation of monetary items are included in the income statement for the period in which they arise.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

(n) Income Tax

Income tax on the income statement 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 rate as enacted at the reporting date.

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 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 statement 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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

(o) Leases

The Company assesses 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 Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(1) Right-of-use ("ROU") assets

The Company recognises ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU 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 Company is reasonably certain to exercise that option. ROU assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold land	70 years
Buildings	2 - 5 years
Computer equipment	3 years
Office equipment	3 - 5 years
Motor vehicles	5 years

If ownership of the leased asset transfers to the 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 ROU assets is in accordance with Note 2(g)(2).

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

(o) Leases (Cont'd.)

The Company as a lessee (Cont'd.)

(2) Lease liabilities

At the commencement date of the lease, the Company recognises 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 Company, and payments of penalties for terminating the lease, if the lease term reflects 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 Company uses 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.

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

The Company applies 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 Company also applies 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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

(o) Leases (Cont'd.)

The Company as a lessor

As a lessor, the Company determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company 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 Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company 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 arising from an operating lease is accounted for on a straight-line basis over the lease terms and is included in investment income in the income statement. 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.

(p) Employee Benefits

(1) 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 Company. 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.

(2) Defined contribution plans

As required by law, the Company makes contributions to the national pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

(p) Employee Benefits (Cont'd.)

(3) Employee Share Option Scheme ("ESOS")

ESOS is an equity-settled, share-based compensation plan for eligible employees of the Company whereby the Company receives services from eligible employees in consideration for equity instruments (options) of the holding company, POB. 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 statement of the Company over the vesting periods of the grant with a corresponding increase to share options reserve within equity.

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

(q) 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 Company.

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

3. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED MFRSs

(a) Changes in Accounting Policies

The accounting policies adopted in preparing these financial statements are consistent with those adopted in the audited financial statements for the year ended 30 September 2023 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 2023.

Effective for financial periods beginning on or after 1 January 2023

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

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

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

  The Company has adopted MFRS 17 *Insurance Contracts* and its amendments, effective from 1 October 2023, replacing MFRS 4 *Insurance Contracts*. This standard has brought significant changes to the accounting for insurance and reinsurance contracts. As a result, the Company has restated certain comparative amounts and presented a third statement of financial position as at 1 October 2022. The Company's accounting policies for insurance contracts and reinsurance contracts are presented in note 2(i).

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

(a) Changes in Accounting Policies (Cont'd.)

Effective for financial periods beginning on or after 1 January 2023 (Cont'd.)

The adoption of the above MFRS and Amendments to MFRSs is not expected to result in significant financial impact to the Company, except as disclosed below: (Cont'd.)

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

  The nature of effects of the key changes in the Company's accounting policies resulting from its adoption of MFRS 17 are summarised below:

  Changes to recognition, classification and measurement

  The adoption of MFRS 17 did not change the classification of the Company's insurance contracts.

  MFRS 17 introduces specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts, thereby establishing a consistent framework for accounting across the insurance and reinsurance industry.

  The key principles of MFRS 17, as applied by the Company are that it:

  - Identifies insurance contracts as those under which the Company accepts significant insurance risk from another party (the contract holders) by agreeing to compensate the policyholder if a specified uncertain future event (the covered event) adversely affects the policyholder;

  - Separates specified embedded derivatives, distinct investment components and distinct non-insurance goods or services from insurance contracts and accounts for them in accordance with other standards;

  - Divides the insurance and reinsurance contracts into groups it will recognise and measure;

  - Recognises and measures groups of insurance contracts at a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all available information about the fulfilment cash flows in a way that is consistent with observable market information, plus an amount representing the unearned profit in the group of contracts (the contractual service margin or "CSM"), if necessary;

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

(a) Changes in Accounting Policies (Cont'd.)

Effective for financial periods beginning on or after 1 January 2023 (Cont'd.)

The adoption of the above MFRS and Amendments to MFRSs is not expected to result in significant financial impact to the Company, except as disclosed below: (Cont'd.)

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

  The nature of effects of the key changes in the Company's accounting policies resulting from its adoption of MFRS 17 are summarised below: (Cont'd.)

  Changes to recognition, classification and measurement (Cont'd.)

  The key principles of MFRS 17, as applied by the Company are that it: (Cont'd.)

  - Recognises profit from a group of insurance contracts over the period the Company provides insurance coverage, as the Company is released from risk. If a group of contracts is expected to be onerous (i.e., loss-making) over the remaining coverage period, the Company recognises the loss immediately; and

  - Recognises an asset for insurance acquisition cash flows in respect of acquisition cash flows paid, or incurred, before the related group of insurance contracts is recognised. Such an asset is derecognised when the insurance acquisition cash flows are included in the measurement of the related group of insurance contracts.

  The Company's classification and measurement of insurance and reinsurance contracts is explained in Note 2(i)(2).

  Changes to presentation and disclosures

  For presentation in the statement of financial position, the Company aggregates insurance and reinsurance contracts issued and reinsurance contracts held, respectively and presents separately:

  - Portfolios of insurance and reinsurance contracts issued or held that are assets; and

  - Portfolios of insurance and reinsurance contracts issued or held that are liabilities.

  The portfolios referred to above are those established at initial recognition in accordance with the MFRS 17 requirements.

  Portfolios of insurance contracts issued include any assets for insurance acquisition cash flows.

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

(a) Changes in Accounting Policies (Cont'd.)

Effective for financial periods beginning on or after 1 January 2023 (Cont'd.)

The adoption of the above MFRS and Amendments to MFRSs is not expected to result in significant financial impact to the Company, except as disclosed below: (Cont'd.)

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

The nature of effects of the key changes in the Company's accounting policies resulting from its adoption of MFRS 17 are summarised below: (Cont'd.)

Changes to presentation and disclosures (Cont'd.)

The line item descriptions in the income statement have been changed significantly compared with previous year. Previously, the Company reported the following items:

- Gross earned premium;
- Premiums ceded to reinsurers;
- Gross claims paid and claims ceded to reinsurers;
- Gross change in insurance contract liabilities and change in insurance contract liabilities ceded to reinsurers; and
- Commission income and expenses.

MFRS 17 requires instead, separate disclosure of the following:

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

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

(a) Changes in Accounting Policies (Cont'd.)

Effective for financial periods beginning on or after 1 January 2023 (Cont'd.)

The adoption of the above MFRS and Amendments to MFRSs is not expected to result in significant financial impact to the Company, except as disclosed below: (Cont'd.)

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

The nature of effects of the key changes in the Company's accounting policies resulting from its adoption of MFRS 17 are summarised below: (Cont'd.)

Transition

On transition to MFRS 17, the Company has applied the full retrospective approach unless impracticable.

On transition date, 1 October 2022, the Company:

- Identified, recognised and measured each group of insurance contracts as if MFRS 17 had always applied;

- Derecognised any existing balances that would not exist had MFRS 17 always applied;

- Recognised any tax arising from temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases, as if MFRS 17 had always applied; and

- Recognised any resulting net difference in equity.

The Company has applied the transition provisions in MFRS 17 and has not disclosed the impact of the adoption of MFRS 17 for the current period or for each prior period presented. This includes the disclosure of the adjustment amount for each affected financial statement line item, as well as for basic and diluted earnings per share.

The effects of adopting MFRS 17 on the financial statements as at 1 October 2022 has been presented in the statement of changes in equity. This resulted in a net increase in total equity of RM11,540,000, net of tax and reduction in insurance contract liabilities by RM13,840,000 mainly due to the impacts of discounting and recognition of deferred acquisition costs.

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

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

The Company has not adopted the following MFRS and Amendments to MFRSs which have been issued but are not yet effective. The Company intends to adopt these new pronouncements, if applicable, when they become effective.

Effective for financial periods beginning on or after 1 January 2024

Amendments to MFRS 16	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 for financial periods beginning on or after 1 January 2026

Amendments that are part of Annual Improvements:

- Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
- Amendments to MFRS 7	Financial Instruments: Disclosures
- Amendments to MFRS 9	Financial Instruments
- Amendments to MFRS 10	Consolidated Financial Statements
- Amendments to MFRS 107	Statement of Cash Flows

Amendments to the Classification and Measurement of Financial Instruments (Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosures)

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

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

Effective for financial periods beginning on or after 1 January 2027

MFRS 18	Presentation and Disclosure in Financial Statements
MFRS 19	Subsidiaries without Public Accountability: Disclosures

Effective date to be announced by Malaysian Accounting Standards Board

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

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Critical Judgement Made in Applying Accounting Policies

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

- Classification between Investment Properties and Property, Plant and Equipment

  The Company has developed certain criteria based on MFRS 140 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 Company would account for the portions separately.

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

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

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

- Fair value measurements

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Board determines the policies and procedures for recurring fair value measurement. External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by the Board and selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

(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.

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(1) 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, and 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.

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

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

(2) 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 it involves a high degree of subjectivity.

(3) Impairment of non-financial assets

Non-financial assets are tested for impairment when indications of potential impairment exist. Indicators of impairment which could trigger an impairment review include evidence of obsolescence or physical damage, significant fall in market values, significant under performance relative to historical or projected future operating results, significant changes in the use of assets or the strategy of the business, significant adverse industry or economic changes.

Recoverable amounts of assets are based on management's estimates and assumptions of the net realisable value, cash flows arising from the future operating performance and revenue generating capacity of the assets and CGUs and future market conditions. Changes in circumstances may lead to revision in estimates and assumptions. This may result in changes to the recoverable amounts of assets and impairment losses.

(4) 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.

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

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

(4) Impairment of Financial Assets (Cont'd.)

Measurement of ECL (Cont'd.)

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

(i) Determining criteria for significant increase in credit risk;

(ii) Choosing appropriate models and assumptions for the measurement of ECL;

(iii) Establishing the number and relative weightings of forward-looking scenarios for each type of financial and insurance assets, and the associated ECL; and

(iv) Establishing groups of similar financial assets for the purposes of measuring ECL.

(5) Uncertainty in accounting estimates in the general insurance business

The Company applies PAA to simplify the measurement of insurance contracts when measuring liabilities for remaining coverage for insurance contracts issued, and reinsurance contracts held. However, when measuring liabilities for incurred claims, the Company discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

Liability for remaining coverage

(i) Onerous groups

For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows. Any loss-recovery component is determined with reference to the loss component recognised on underlying contracts and the recovery expected on such claims from reinsurance contracts held.

(ii) Time value of money

The Company does not adjust the carrying amount of the liability for remaining coverage as the premiums are received within one year of the coverage period.

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

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

(5) Uncertainty in accounting estimates in the general insurance business (Cont'd.)

Liability for incurred claims

For general insurance contracts, estimates have to be made for both the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported at the end of the reporting period.

It can take a significant period of time before the ultimate claims costs can be established with certainty and for some type of policies, IBNR claims form the majority of the liability at the reporting date. The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as the expected loss ratio (ELR), Link Ratios, Bornhuetter-Ferguson (BF) and Frequency Severity methods. The frequency severity method is generally considered for the most recent three accident years for the Motor Act component.

The main assumption underlying these techniques is that the Company's past claims development experience can be used to project future claims development and hence, ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, as well as by significant business lines and claims type.

Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historic claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in the future, (for example, to reflect once-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, level of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures), in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

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

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

(5) Uncertainty in accounting estimates in the general insurance business (Cont'd.)

Discount rates

Liabilities for incurred claims are calculated by discounting expected future cash flows at a risk-free rate. Risk-free rates are determined by reference to the yields of Malaysian Government Securities (MGS).

The Company applies the bottom-up approach when deriving its discount rates for discounting the LFIC and AFIC as disclosed in Note 2(i)(2)(v). For the financial year ended 30 September 2024 and 2023, the Company has assumed zero illiquidity premium in the determination of discount rate.

The table below sets out the MGS zero-coupon bond yield curve that has been applied to discount future expected cashflows of the insurance contracts issued and reinsurance contracts held, with interpolating between periods where required.

	6 months	1 year	2 years	3 years	4 years	5 years	6 years	7 years
MYR 30.09.2024	3.10%	3.19%	3.26%	3.32%	3.41%	3.48%	3.59%	3.65%
MYR 30.09.2023	3.24%	3.40%	3.48%	3.53%	3.64%	3.73%	3.81%	3.86%

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The Company has estimated the risk adjustment for non- financial risk for both LIC and LRC using a confidence level (probability of sufficiency) approach at 75% at the overall Company level. These are based on an actuarial valuation by a qualified actuary, using a mathematical method of estimation based on, among others, actual claims development patterns.

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

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

(6) Deferred tax assets

Deferred tax assets are recognised for all 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.

(7) 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.

(8) Leases

The measurement of leases requires management to make certain judgements and estimations. This includes establishing whether or not it is reasonably certain that an extension option will be exercised or a termination option will not be exercised and calculating the appropriate discount rate to use.

5. PROPERTY, PLANT AND EQUIPMENT

		Valuation			Cost				
		Freehold land	Buildings Freehold	Buildings Leasehold	Computer equipment	Motor vehicles	Office equipment	Furniture, fixtures and fittings	Total
	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Valuation/Cost:									
At 1 October 2023		3,080	840	14,040	5,750	42	1,514	3,672	28,938
Additions		-	-	-	-	-	36	3	39
Disposals		-	-	-	-	(4)	-	(14)	(18)
Write-offs		-	-	-	-	-	(22)	-	(22)
Revaluation surplus		110	36	1,213	-	-	-	-	1,359
Elimination of accumulated depreciation on revaluation		-	(36)	(1,213)	-	-	-	-	(1,249)
At 30 September 2024		3,190	840	14,040	5,750	38	1,528	3,661	29,047
Accumulated depreciation:									
At 1 October 2023		-	-	-	5,714	36	1,397	3,573	10,720
Charge for the year	25	-	36	1,213	8	-	26	45	1,328
Disposals		-	-	-	-	(3)	-	(14)	(17)
Write-offs		-	-	-	-	-	(18)	-	(18)
Elimination of accumulated depreciation on revaluation		-	(36)	(1,213)	-	-	-	-	(1,249)
At 30 September 2024		-	-	-	5,722	33	1,405	3,604	10,764
Net Book Value									
At 30 September 2024		3,190	840	14,040	28	5	123	57	18,283

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

		Valuation			Cost				
		Freehold land	Buildings Freehold	Buildings Leasehold	Computer equipment	Motor vehicles	Office equipment	Furniture, fixtures and fittings	Total
	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Valuation/Cost:									
At 1 October 2022		2,730	850	14,040	5,782	906	1,525	3,747	29,580
Additions		-	-	-	-	-	23	6	29
Disposals		-	-	-	-	(864)	-	-	(864)
Write-offs		-	-	-	(32)	-	(34)	(81)	(147)
Revaluation surplus		350	25	1,107	-	-	-	-	1,482
Elimination of accumulated depreciation on revaluation		-	(35)	(1,107)	-	-	-	-	(1,142)
At 30 September 2023		3,080	840	14,040	5,750	42	1,514	3,672	28,938
Accumulated depreciation:									
At 1 October 2022		-	-	-	5,738	670	1,404	3,582	11,394
Charge for the year	25	-	35	1,107	8	16	26	67	1,259
Disposals		-	-	-	-	(650)	-	-	(650)
Write-offs		-	-	-	(32)	-	(33)	(76)	(141)
Elimination of accumulated depreciation on revaluation		-	(35)	(1,107)	-	-	-	-	(1,142)
At 30 September 2023		-	-	-	5,714	36	1,397	3,573	10,720
Net Book Value									
At 30 September 2023		3,080	840	14,040	36	6	117	99	18,218

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

Revaluation of Land and Buildings

(a) Freehold land and buildings and leasehold buildings were revalued as at 30 September 2024 based on valuation carried out by an independent professional valuer, Messrs. Rahim & Co. on an open market value basis using the comparison method.

A desktop valuation on freehold land and buildings and leasehold buildings of the Company was conducted by Messrs. Rahim & Co. in the current financial year ended 30 September 2024.

The fair value of the freehold land and buildings and leasehold buildings are categorised within Level 3 of the fair value hierarchy. The significant inputs used in the valuation are provided in Note 36(e).

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

(b) The net carrying values of the freehold land and buildings and leasehold buildings of the Company had the cost model been applied, compared to the revaluation model as at 30 September 2024 are as follows:

		Net Carrying Value			
		2024		2023	
	Note	Under Revaluation Model RM'000	Under Cost Model RM'000	Under Revaluation Model RM'000	Under Cost Model RM'000
Freehold land		3,190	380	3,080	380
Freehold buildings		840	172	840	180
Leasehold buildings		14,040	3,502	14,040	3,761
	36(e)	18,070	4,054	17,960	4,321

6. INVESTMENT PROPERTIES

	Note	2024 RM'000	2023 RM'000
At fair value			
At 1 October		640	640
Revaluation deficit		-	-
At 30 September	36(e)	640	640
Analysed as:			
Freehold buildings		640	640

6. INVESTMENT PROPERTIES (CONT'D.)

Investment properties were revalued as at 30 September 2024 by Messrs. Rahim & Co., an independent professional valuer. Fair value is determined by reference to open market values using the comparison method.

A desktop valuation on investment properties of the Company was conducted by Messrs. Rahim & Co. in the current financial year ended 30 September 2024.

The Company 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 are categorised within Level 3 of the fair value hierarchy. The significant inputs used in the valuation are provided in Note 36(e).

7. INTANGIBLE ASSETS

	Note	Computer software and licences RM'000	Software development in progress RM'000	Total RM'000
2024				
Cost				
At 1 October		5,408	1,839	7,247
Additions		279	-	279
Reclassification		1,839	(1,839)	-
At 30 September		7,526	-	7,526
Accumulated amortisation				
At 1 October		4,735	-	4,735
Amortisation	25	425	-	425
At 30 September		5,160	-	5,160
Net Book Value		2,366	-	2,366
2023				
Cost				
At 1 October		5,316	-	5,316
Additions		92	1,839	1,931
At 30 September		5,408	1,839	7,247
Accumulated amortisation				
At 1 October		4,461	-	4,461
Amortisation	25	274	-	274
At 30 September		4,735	-	4,735
Net Book Value		673	1,839	2,512

8. LEASES

(a) The Company as a lessee

The Company has lease contracts for various items of computer, office equipment, motor vehicles and office buildings used in its operations. Leases of these assets generally have lease terms between 2 to 5 years as described in Note 2(q)(1).

The Company also has certain leases of equipment with lease terms of 12 months or less and of low value. The Company applies the “short-term lease” and “lease of low-value assets” recognition exemptions for these leases.

(1) Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Note	Prepaid land lease	Office building	Motor vehicles	Computer equipment	Office equipment	Total
		RM’000	RM’000	RM’000	RM’000	RM’000	RM’000
At 1 October 2023		274	685	1,482	491	3,671	6,603
Additions		-	779	85	27	537	1,428
Depreciation charge for the year	25	(4)	(476)	(192)	(297)	(1,699)	(2,668)
Remeasurements		-	(6)	-	-	(3)	(9)
At 30 September 2024		270	982	1,375	221	2,506	5,354
At 1 October 2022		278	1,171	1,283	824	829	4,385
Additions		-	-	791	28	4,168	4,987
Disposal		-	-	(430)	-	-	(430)
Depreciation charge for the year	25	(4)	(500)	(162)	(361)	(1,326)	(2,353)
Remeasurements		-	14	-	-	-	14
At 30 September 2023		274	685	1,482	491	3,671	6,603

8. LEASES (CONT'D.)

(a) The Company as a lessee (Cont'd.)

(1) Right-of-use assets (Cont'd.)

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

	2024 RM'000	2023 RM'000
Cash	24	151
Lease liabilities	1,404	4,836
	1,428	4,987

(2) Lease liabilities

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

	Note	2024 RM'000	2023 RM'000
At 1 October		5,907	3,676
Additions		1,404	4,836
Accretion of interest on lease liabilities	27	291	304
Payments		(3,094)	(2,920)
Remeasurements		(9)	11
At 30 September		4,499	5,907

Maturity profile of lease liabilities is disclosed in Note 34(b).

Extension options

The Company has several lease contracts of buildings which contain extension options exercisable by the Company. At the commencement of the lease, the Company assesses 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 Company is reasonably certain that the leases will be extended based on past practice and the existing economic incentive.

8. LEASES (CONT'D.)

(a) The Company as a lessee (Cont'd.)

(3) The following are the amounts recognised in the income statement:

	Note	2024 RM'000	2023 RM'000
Depreciation expense of right-of-use assets	25	(2,668)	(2,353)
Interest expense on lease liabilities	27	(291)	(304)
Expenses relating to leases of low-value assets	25	(738)	(416)
Expenses relating to short term leases	25	(1,110)	(1,698)

During the year, the Company has total cash outflow for payment of leases of RM4,942,430 (2023: RM5,034,642) and non-cash additions of right-of-use assets of RM1,403,597 (2023: RM4,836,070).

(b) The Company as a lessor

The Company leases out its buildings under operating leases with the term of the leases ranging from 1 to 2 years. None of the leases includes contingent rentals.

Revenue from buildings under operating lease is as disclosed in Note 20.

The Company does not have any non-cancellable operating leases contracted for as at the reporting date that are not recognised as receivables.

9. INVESTMENTS

	Note	2024 RM'000	2023 RM'000
The Company's investments are summarised by categories as follows:			
(a) Financial assets at fair value through profit or loss ("FVTPL") :			
At fair value:			
Mandatorily measured:			
Quoted shares in Malaysia		2,354	12,696
Unit trusts		21,890	232,160
Warrants		-	80
	36(a)	24,244	244,936

9. INVESTMENTS (CONT'D.)

	Note	2024 RM'000	2023 RM'000
The Company's investments are summarised by categories as follows: (Cont'd.)			
(b) Financial assets at fair value through other comprehensive income ("FVOCI"):			
At fair value:			
Designated upon initial recognition:			
Quoted shares in Malaysia	9(d)	-	210
Mandatorily measured:			
Corporate debt securities		62,345	82,708
	36(a)	62,345	82,918

Disclosure on expected credit losses recognised on corporate debt securities held at FVOCI are disclosed in Note 34(a)(ii).

	Note	2024 RM'000	2023 RM'000
(c) Financial assets at amortised cost:			
Deposits and placements with licensed financial institutions: ^			
Commercial banks		177,602	100,749
Investment banks		199,066	34,143
		376,668	134,892
Total investments		463,257	462,746

Included in deposits and placements of the Company is an amount of RM118,129 (2023: RM114,985) representing placements of deposits received from insureds as collateral for bond guarantees granted to third parties.

^ The carrying value of the deposits and placements with licensed financial institutions approximates fair value due to the relatively short term maturities.

The range of effective interest rates per annum of deposits and placements with financial institutions at the reporting date was as follows:

	2024 %	2023 %
Licensed banks	2.50 - 4.20	1.75 - 4.20

9. INVESTMENTS (CONT'D.)

(d) Financial assets designated at FVOCI include investments in equity shares of listed companies. The Company holds non-controlling interests in these companies. These investments were irrevocably designated at FVOCI as the Company considers these investments to be strategic in nature.

The pertinent information of the investments in quoted shares in Malaysia held at FVOCI categorised by sector are as follows:

	Industrial Products and Services	Financial Services	Total
	RM'000	RM'000	RM'000
Fair value			
2024			
As at 1 October	210	-	210
Disposal during the year	(140)	-	(140)
Fair value loss during the year	(70)	-	(70)
As at 30 September	-	-	-
2023			
As at 1 October	9,224	1,089	10,313
Disposal during the year	(9,942)	(1,376)	(11,318)
Fair value gains during the year	928	287	1,215
As at 30 September	210	-	210

During the year, the Company sold equity investments designated at FVOCI and the accumulated gain recognised in OCI has been transferred to retained profits, net of tax of RM46,496 (2023: RM3,528,327). There were no dividends received by the Company in respect of these shares in the current year (2023: RM31,528).

10. REINSURANCE CONTRACT ASSETS

		30 September 2024			
		Assets for remaining coverage	Amounts recoverable on incurred claims		
	Note	Excluding loss-recovery components RM'000	Estimates of the present value of future cash flows RM'000	Risk adjustments RM'000	Total RM'000
Opening assets as at 1 October 2023		23,116	167,380	16,509	207,005
Opening liabilities as at 1 October 2023		(2,955)	457	53	(2,445)
Net opening balances as at 1 October 2023		**20,161**	**167,837**	**16,562**	**204,560**
Net expense from reinsurance contracts held					
Allocation of reinsurance premiums	19	(111,918)	-	-	(111,918)
Amounts recoverable from reinsurers for incurred claims	19	-	93,157	3,869	97,026
Amounts recoverable for incurred claims and other expenses		-	64,954	4,883	69,837
Changes to amounts recoverable for incurred claims		-	28,203	(1,014)	27,189
Net (expense)/income from reinsurance contracts held		**(111,918)**	**93,157**	**3,869**	**(14,892)**

10. REINSURANCE CONTRACT ASSETS (CONT'D.)

		30 September 2024			
		Assets for remaining coverage	Amounts recoverable on incurred claims		
	Note	Excluding loss-recovery components RM'000	Estimates of the present value of future cash flows RM'000	Risk adjustments RM'000	Total RM'000
Investment component		(2,128)	2,128	-	-
Reinsurance finance income	24	-	3,637	-	3,637
Total changes in the income statement		**(114,046)**	**98,922**	**3,869**	**(11,255)**
Cash flows					
Premiums paid, net of ceding commissions		116,120	-	-	116,120
Recoveries from reinsurance received		-	(64,400)	-	(64,400)
Total cash flows		116,120	(64,400)	-	51,720
Net closing balances as at 30 September 2024		**22,235**	**202,359**	**20,431**	**245,025**
Closing assets as at 30 September 2024		22,237	202,358	20,431	245,026
Closing liabilities as at 30 September 2024		(2)	1	-	(1)
Net closing balances as at 30 September 2024		**22,235**	**202,359**	**20,431**	**245,025**

10. REINSURANCE CONTRACT ASSETS (CONT'D.)

		30 September 2023			
		Assets for remaining coverage	Amounts recoverable on incurred claims		
	Note	Excluding loss-recovery components RM'000	Estimates of the present value of future cash flows RM'000	Risk adjustments RM'000	Total RM'000
Opening assets as at 1 October 2022		27,504	165,057	15,994	208,555
Opening liabilities as at 1 October 2022		(24)	6	1	(17)
Net opening balances as at 1 October		**27,480**	**165,063**	**15,995**	**208,538**
Net expense from reinsurance contracts held					
Allocation of reinsurance premiums	19	(105,254)	-	-	(105,254)
Amounts recoverable from reinsurers for incurred claims	19	-	55,871	567	56,438
Amounts recoverable for incurred claims and other expenses		-	57,563	4,660	62,223
Changes to amounts recoverable for incurred claims		-	(1,692)	(4,093)	(5,785)
Net (expense)/income from reinsurance contracts held		**(105,254)**	**55,871**	**567**	**(48,816)**

10. REINSURANCE CONTRACT ASSETS (CONT'D.)

	Note	Assets for remaining coverage Excluding loss-recovery components RM'000	Amounts recoverable on incurred claims Estimates of the present value of future cash flows RM'000	Amounts recoverable on incurred claims Risk adjustments RM'000	Total RM'000
		30 September 2023			
Investment component		(7,774)	7,774	-	-
Reinsurance finance income	24	-	3,391	-	3,391
Total changes in the income statement		**(113,028)**	**67,036**	**567**	**(45,425)**
Cash flows					
Premiums paid, net of ceding commissions		105,709	-	-	105,709
Recoveries from reinsurance received		-	(64,262)	-	(64,262)
Total cash flows		**105,709**	**(64,262)**	**-**	**41,447**
Net closing balances as at 30 September 2023		**20,161**	**167,837**	**16,562**	**204,560**
Closing assets as at 30 September 2023		23,116	167,380	16,509	207,005
Closing liabilities as at 30 September 2023		(2,955)	457	53	(2,445)
Net closing balances as at 30 September 2023		**20,161**	**167,837**	**16,562**	**204,560**

11. OTHER RECEIVABLES

	Note	2024 RM'000	2023 RM'000 Restated	1 Oct 2022 RM'000 Restated
At amortised cost:				
Due from fellow subsidiary company	(a)	3,446	694	705
Due from stockbrokers		-	2,101	-
Accrued income		4,959	3,303	2,354
Share of net assets held under the Malaysian Motor Insurance Pool ("MMIP")	(b)	39,296	42,167	42,171
Deposits and prepayments		1,843	1,260	1,216
Others		1,221	1,213	1,290
		50,765	50,738	47,736

The carrying amounts (other than share of net assets held under the MMIP and prepayments) above approximate fair value at the reporting date due to the relatively short-term maturity of these balances.

(a) The amount due from fellow subsidiary company is unsecured, interest-free and repayable in accordance with applicable terms.

(b) As a participating member of MMIP, the Company shares a proportion of the Pool's net assets/liabilities. At each reporting date, the Company accounts for its proportionate share of the assets, liabilities and performance of the Pool. The net assets held under MMIP represent the Company's proportionate share of the Pool's net assets, before insurance contract liabilities. The Company's proportionate share of the Pool's insurance contract liabilities arising from its participation in the Pool is disclosed in Note 16.

12. CASH AND CASH EQUIVALENTS

	2024 RM'000	2023 RM'000
Deposits and placements with licensed commercial banks (with original maturity period of three months or less)	9,385	18,390
Cash and bank balances	5,215	2,507
	14,600	20,897

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:

	2024 %	2023 %
Licensed banks	0.00 - 3.20	0.00 - 3.70

13. SHARE CAPITAL

	Number of shares		Amount	
	2024	2023	2024	2023
	'000	'000	RM'000	RM'000
Issued and fully paid up ordinary shares	100,000	100,000	100,000	100,000

14. SHARE OPTIONS RESERVE

The share options reserve arises from the grant of share options to employees under the POB's employees' share option scheme ("ESOS").

Under POB's ESOS, restrictive share options were granted to eligible employees of the Company to subscribe for shares of the holding company at specific prices. These options are exercisable each year over the period of 5 years from the grant date. The total value of the options recognised in relation to employee services received during the year is as follows:

	Note	2024 RM'000	2023 RM'000
At 1 October		918	910
Employees' share options expense	25	25	63
Share options forfeited transferred to retained profits		(157)	(55)
At 30 September		786	918

14. SHARE OPTIONS RESERVE (CONT'D.)

The movements in share options granted to employees of the Company pursuant to the ESOS during the financial years ended 30 September 2024 and 30 September 2023 are as follows:

2024

			Number of Options					
Grant Date	Extended Expiry Date	Exercise Price	Outstanding as at 1 October 2023	Options Granted	Forfeited	Exercised	Outstanding as at 30 September 2024	Exercisable as at 30 September 2024
13 September 2019	16 June 2029	RM0.89	7,769,000	-	(552,000)	(2,550,000)	4,667,000	4,667,000
28 September 2020	16 June 2029	RM0.73	992,000	-	(868,000)	-	124,000	124,000
30 September 2021	16 June 2029	RM0.84	7,000	-	-	-	7,000	7,000
30 September 2022	16 June 2029	RM0.95	546,000	-	(425,000)	-	121,000	121,000
30 September 2023	16 June 2029	RM0.92	368,000	-	(36,000)	-	332,000	163,000
30 September 2024	16 June 2029	RM0.68	-	564,000	-	-	564,000	122,000
			9,682,000	564,000	(1,881,000)	(2,550,000)	5,815,000	5,204,000
Weighted average exercise price (RM)			0.88	0.68	0.83	0.89	0.87	0.88

14. SHARE OPTIONS RESERVE (CONT'D.)

The movements in share options granted to employees of the Company pursuant to the ESOS during the financial years ended 30 September 2024 and 30 September 2023 are as follows: (Cont'd.)

2023

			Number of Options					
Grant Date	Extended Expiry Date	Exercise Price	Outstanding as at 1 October 2022	Options Granted	Forfeited	Exercised	Outstanding as at 30 September 2023	Exercisable as at 30 September 2023
13 September 2019	16 June 2029	RM0.89	8,749,000	-	(559,000)	(421,000)	7,769,000	7,769,000
28 September 2020	16 June 2029	RM0.73	995,000	-	(3,000)	-	992,000	992,000
30 September 2021	16 June 2029	RM0.84	7,000	-	-	-	7,000	7,000
30 September 2022	16 June 2029	RM0.95	564,000	-	(18,000)	-	546,000	546,000
30 September 2023	16 June 2029	RM0.92	-	368,000	-	-	368,000	120,000
			10,315,000	368,000	(580,000)	(421,000)	9,682,000	9,434,000
Weighted average exercise price (RM)			0.88	0.92	0.89	0.89	0.88	0.88

The weighted average share price at the date of exercise for share options exercised during the current financial year was RM0.95 (2023: RM1.04). The options outstanding at 30 September 2024 has a weighted average remaining contractual life of 4.71 years (2023: 5.72 years), arising from the 5 years extension from 16 June 2024 to 16 June 2029.

15. RETAINED PROFITS

The Company is able to distribute dividends to its shareholders under the single tier system.

Pursuant to Section 51(1) of the Financial Services Act 2013, the Company is required to obtain BNM's written approval prior to declaring or paying any dividend.

Pursuant to the Risk-Based Capital Framework ("RBC Framework") for Insurers, the Company shall not pay dividends if its Capital Adequacy Ratio ("CAR") position is less than its internal target capital level or if the payment of dividend would impair its Capital Adequacy Ratio position below its internal target capital level.

As at 30 September 2024 and 2023, the Company has a CAR in excess of the minimum requirement as stipulated in the RBC Framework.

16. INSURANCE CONTRACT LIABILITIES

		30 September 2024			
		Liabilities for remaining coverage	Liabilities for incurred claims		
	Note	Excluding loss components RM'000	Estimates of the present value of future cash flows RM'000	Risk adjustments RM'000	Total RM'000
Opening assets as at 1 October 2023		-	-	-	-
Opening liabilities as at 1 October 2023		97,636	375,575	35,331	508,542
Net opening balances as at 1 October 2023		**97,636**	**375,575**	**35,331**	**508,542**
Insurance revenue	19	(269,453)	-	-	(269,453)
Insurance service expenses	19	50,757	223,224	3,265	277,246
Incurred claims and other insurance service expenses		-	196,147	10,697	206,844
Amortisation of insurance acquisition cash flows		50,757	-	-	50,757
Changes to liabilities for incurred claims		-	27,077	(7,432)	19,645
Insurance service results		**(218,696)**	**223,224**	**3,265**	**7,793**
Insurance finance expenses	23	-	8,564	-	8,564
Total changes in the income statement		**(218,696)**	**231,788**	**3,265**	**16,357**

16. INSURANCE CONTRACT LIABILITIES (CONT'D.)

	30 September 2024			
	Liabilities for remaining coverage	Liabilities for incurred claims		
	Excluding loss components RM'000	Estimates of the present value of future cash flows RM'000	Risk adjustments RM'000	Total RM'000
Cash flows				
Premium received	283,280	-	-	283,280
Claims and other insurance service expenses paid	-	(200,854)	-	(200,854)
Insurance acquisition cash flows	(53,080)	-	-	(53,080)
Total cash flows	230,200	(200,854)	-	29,346
Net closing balances as at 30 September 2024	**109,140**	**406,509**	**38,596**	**554,245**
Closing assets as at 30 September 2024	-	-	-	-
Closing liabilities as at 30 September 2024	109,140	406,509	38,596	554,245
Net closing balances as at 30 September 2024	**109,140**	**406,509**	**38,596**	**554,245**

Included in motor insurance contract liabilities is the Company's proportionate share of LRC and LIC in MMIP of RM0.9 million and RM10.6 million, respectively (2023: LRC of RM0.7 million and LIC of RM11.9 million).

16. INSURANCE CONTRACT LIABILITIES (CONT'D.)

		30 September 2023			
		Liabilities for remaining coverage	Liabilities for incurred claims		
	Note	Excluding loss components RM'000	Estimates of the present value of future cash flows RM'000	Risk adjustments RM'000	Total RM'000
Opening assets as at 1 October 2022		-	-	-	-
Opening liabilities as at 1 October 2022		106,684	392,593	37,029	536,306
Net opening balances as at 1 October 2022		**106,684**	**392,593**	**37,029**	**536,306**
Insurance revenue	19	(266,473)	-	-	(266,473)
Insurance service expenses	19	49,495	184,263	(1,698)	232,060
Incurred claims and other insurance service expenses		-	189,993	10,226	200,219
Amortisation of insurance acquisition cash flows		49,495	-	-	49,495
Changes to liabilities for incurred claims		-	(5,730)	(11,924)	(17,654)
Insurance service results		**(216,978)**	**184,263**	**(1,698)**	**(34,413)**
Insurance finance expenses	23	-	10,348	-	10,348
Total changes in the income statement		**(216,978)**	**194,611**	**(1,698)**	**(24,065)**

16. INSURANCE CONTRACT LIABILITIES (CONT'D.)

	30 September 2023			
	Liabilities for remaining coverage	Liabilities for incurred claims		
	Excluding loss components RM'000	Estimates of the present value of future cash flows RM'000	Risk adjustments RM'000	Total RM'000
Cash flows				
Premium received	255,286	-	-	255,286
Claims and other insurance service expenses paid	-	(211,629)	-	(211,629)
Insurance acquisition cash flows	(47,356)	-	-	(47,356)
Total cash flows	207,930	(211,629)	-	(3,699)
Net closing balances as at 30 September 2023	**97,636**	**375,575**	**35,331**	**508,542**
Closing assets as at 30 September 2023	-	-	-	-
Closing liabilities as at 30 September 2023	97,636	375,575	35,331	508,542
Net closing balances as at 30 September 2023	**97,636**	**375,575**	**35,331**	**508,542**

Included in motor insurance contract liabilities is the Company's proportionate share of LRC and LIC in MMIP of RM0.7 million and RM11.9 million, respectively (2022: LRC of RM0.8 million and LIC of RM16.0 million).

17. DEFERRED TAX LIABILITIES

	Note	2024 RM'000	2023 RM'000 Restated
1 October 2023/2022, as previously stated		(4,262)	(4,628)
Impact on adoption of MFRS 17		(3,396)	(3,646)
1 October 2023/2022, as restated		(7,658)	(8,274)
Transfer from/(to) income statement	28	761	788
- Deferred tax assets		95	912
- Deferred tax liabilities		666	(124)
Transfer from FVOCI reserve		65	183
- Deferred tax assets		65	183
Transfer to revaluation reserve		(326)	(355)
- Deferred tax liabilities		(326)	(355)
At 30 September		(7,158)	(7,658)

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.

	Note	2024 RM'000	2023 RM'000 Restated	1 Oct 2022 RM'000 Restated
Reflected after offsetting in the statement of financial position as follows:				
Deferred tax assets	17.1	1,578	1,483	571
Deferred tax liabilities	17.2	(8,736)	(9,141)	(8,845)
Net deferred tax liabilities		(7,158)	(7,658)	(8,274)

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

17.1 Deferred tax assets

The components and movements of deferred tax assets during the current and previous financial years prior to offsetting are as follows:

	Changes in fair value of FVTPL financial assets	Revaluation deficit	Impairment of insurance receivables	Unutilised business losses and capital allowance	Total
2024	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 October 2023	(125)	30	239	1,339	1,483
Recognised in income statement	801	-	(90)	(616)	95
At 30 September 2024	676	30	149	723	1,578
2023					
At 1 October 2022	333	30	208	-	571
Recognised in income statement	(458)	-	31	1,339	912
At 30 September 2023	(125)	30	239	1,339	1,483

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

17.2 Deferred tax liabilities

The components and movements of deferred tax liabilities during the current and previous financial years prior to offsetting are as follows:

2024	Changes in fair value of FVOCI financial assets RM'000	Revaluation surplus RM'000	Accelerated capital allowances RM'000	Leases RM'000	Provisions and other temporary differences RM'000	Insurance and reinsurance contracts RM'000	Total RM'000
At 1 October 2023, as previously reported	(631)	(4,957)	(289)	(167)	299	-	(5,745)
Impact on adoption of MFRS 17	-	-	-	-	-	(3,396)	(3,396)
At 1 October 2023, restated	(631)	(4,957)	(289)	(167)	299	(3,396)	(9,141)
Recognised in income statement	-	-	(7)	(38)	7	704	666
Recognised in the FVOCI reserve	65	-	-	-	-	-	65
Recognised in revaluation reserve	-	(326)	-	-	-	-	(326)
At 30 September	(566)	(5,283)	(296)	(205)	306	(2,692)	(8,736)

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

17.2 Deferred tax liabilities (Cont'd.)

The components and movements of deferred tax liabilities during the current and previous financial years prior to offsetting are as follows: (Cont'd.)

2023 (Restated)	Changes in fair value of FVOCI financial assets RM'000	Revaluation surplus RM'000	Accelerated capital allowances RM'000	Leases and other temporary differences RM'000	Provisions and other temporary differences RM'000	Insurance and reinsurance contracts RM'000	Total RM'000
At 1 October 2022, as previously reported	(814)	(4,602)	138	(170)	249	-	(5,199)
Impact on adoption of MFRS 17	-	-	-	-	-	(3,646)	(3,646)
At 1 October 2022, as restated	(814)	(4,602)	138	(170)	249	(3,646)	(8,845)
Recognised in income statement	-	-	(427)	3	50	250	(124)
Recognised in the FVOCI reserve	183	-	-	-	-	-	183
Recognised in revaluation reserve	-	(355)	-	-	-	-	(355)
At 30 September	(631)	(4,957)	(289)	(167)	299	(3,396)	(9,141)

18. OTHER PAYABLES

	2024 RM'000	2023 RM'000 Restated	1 Oct 2022 RM'000 Restated
Sales and services tax payable	3,060	2,192	2,030
Sundry creditors	1,282	1,247	1,255
Accruals	1,092	1,074	1,145
Allowance for unutilised leave	984	954	690
Stamp duty payable	412	431	473
Accrual of directors' fees	560	529	382
Collateral deposits	114	111	108
Due to holding company *	36	37	37
Refund premiums	5	10	9
Unclaimed monies	3	6	7
Advance premium	2,053	1,852	2,164
	9,601	8,443	8,300

The carrying amounts disclosed above approximate fair values at the reporting date due to the relatively short-term maturity of these balances.

* Amount due to holding company is unsecured, interest free and repayable in accordance with applicable terms.

19. INSURANCE SERVICE RESULT

	Note	2024 RM'000	2023 RM'000 Restated
Insurance revenue:			
- Contracts measured under the PAA		269,453	266,473
Insurance service expenses:			
- Incurred claims and benefits		(170,708)	(162,941)
- Incurred other maintenance expenses		(36,136)	(37,278)
- Amortisation of insurance acquisition cash flows	25	(50,757)	(49,495)
- Changes to liabilities for incurred claims		(19,645)	17,654
	25	(277,246)	(232,060)
Insurance service result before reinsurance		(7,793)	34,413

19. INSURANCE SERVICE RESULT (CONT'D.)

	Note	2024 RM'000	2023 RM'000 Restated
Allocation of reinsurance premiums under PAA	10	(111,918)	(105,254)
Amounts recoverable from reinsurers for incurred claims:			
- Amounts recoverable for incurred claims and other expenses		69,837	62,223
- Changes in amounts recoverable from liabilities for incurred claims		27,189	(5,785)
	10	97,026	56,438
Net expenses from reinsurance contracts held		(14,892)	(48,816)
Insurance service result		(22,685)	(14,403)

20. INVESTMENT INCOME

	2024 RM'000	2023 RM'000
Financial assets at FVTPL		
Mandatorily measured:		
Dividend income:		
- Shares quoted in Malaysia	123	448
- Unit trusts	3,685	2,719
	3,808	3,167
Financial assets at FVOCI		
Designated upon initial recognition:		
Dividend income:		
- Shares quoted in Malaysia	-	32
Mandatorily measured:		
Interest income	3,819	4,172
	3,819	4,204
Financial assets at amortised cost		
Mandatorily measured:		
Interest income:		
- Deposits and placements with financial institutions	7,428	4,257
Profit from Islamic fixed deposits	472	464
	7,900	4,721

20. INVESTMENT INCOME (CONT'D.)

	Note	2024 RM'000	2023 RM'000
Investment income from:			
- MMIP		1,303	3,144
- Malaysian Reinsurance Berhad ("MRB")		4	9
		1,307	3,153
Rental of properties:			
- Fellow subsidiary company	31(a)	27	27
- Holding company	31(a)	211	216
		238	243
		17,072	15,488

21. FAIR VALUE (LOSSES)/GAINS

	2024 RM'000	2023 RM'000
Fair value (losses)/gains:		
- Financial assets at FVTPL:		
Unit trusts	(6,841)	6,526
Warrants	2	(5,365)
Shares quoted in Malaysia	1,370	747
	(5,469)	1,908

22. REALISED GAINS, NET

	2024 RM'000	2023 RM'000
Realised gains/(losses) on:		
- Foreign exchange	467	(6)
- Financial assets at FVTPL:		
Warrants	-	5,995
Unit trusts	12,090	624
Shares quoted in Malaysia	(346)	(433)
- Derecognition of ROU assets	-	(53)
- Disposal of property, plant and equipment	(1)	(57)
	12,210	6,070

23. INSURANCE FINANCE EXPENSES FOR INSURANCE CONTRACTS ISSUED

	2024 RM'000	2023 RM'000
Interest accreted to insurance contracts using current financial assumption	(7,515)	(8,746)
Effect of changes in interest rates and other financial assumptions	(1,049)	(1,602)
Total insurance finance expenses for insurance contracts issued	(8,564)	(10,348)

24. REINSURANCE FINANCE INCOME FOR REINSURANCE CONTRACTS HELD

	Note	2024 RM'000	2023 RM'000
Interest accreted to insurance contracts using current financial assumption		2,604	2,750
Effect of changes in interest rates and other financial assumptions		453	601
Changes in non-performance risk by reinsurers		580	40
Total reinsurance finance income for reinsurance contracts held	10	3,637	3,391

25. EXPENSES

	Note	2024 RM'000	2023 RM'000 Restated
Incurred claims and benefits		190,353	145,287
Commission expense		30,450	25,885
CEOs' remuneration	26	1,030	904
Directors' remuneration	26	560	529
Staff salaries and bonus		16,118	16,295
Allowance for unutilised leave		30	264
Pension costs - defined contribution plan		1,947	1,975
Other staff benefits		1,701	2,446
Employees' share options expense	14	25	63
Depreciation of property, plant and equipment	5	1,328	1,259
Depreciation of ROU assets	8(a)(1)	2,668	2,353
Amortisation of intangible assets	7	425	274
Professional fees		1,742	1,552

25. EXPENSES (CONT'D.)

	Note	2024 RM'000	2023 RM'000 Restated
Auditors' remuneration:			
- Statutory audit		470	336
- Regulatory related services		44	42
- Other assurance services		250	150
Management fees to:			
- Holding company	31(a)	1,822	1,490
- Third party		60	131
Call centre service charges to:			
- Third parties		-	20
- Fellow subsidiary company	31	809	660
Subscription and software maintenance services:			
- Third parties		3	2
- Fellow subsidiary company	31	-	188
Printing and information system expenses:			
- Third parties		2,363	2,493
- Fellow subsidiary company	31	16,777	18,069
Leases of low-value assets	31	738	416
Short-term leases	31	1,110	1,698
Business development		4,791	2,910
Bank charges		51	45
Credit card charges		1,228	1,094
Office administration and utilities		1,635	1,678
MMIP expenses		314	271
Motor vehicle expenses		397	469
Travelling and transport expenses		74	108
Road Transport Department access fees		319	209
General insurance		145	64
Subscription fees		284	254
Levy		479	418
Motor assist & towing services		1,540	1,290
Legal fees		7	375
Takaful & Insurance Benefits Protection System ("TIPS") premium		264	136
Property, plant and equipment written off		4	6
Allowance for impairment of corporate debt securities	34(a)(ii)	6	7
Gain on remeasurement of lease liabilities		-	(3)
Other expenses		904	1,539
		285,265	235,651
Amounts attributed to insurance acquisition cash flows incurred during the year		(50,442)	(43,996)
Amortisation of insurance acquisition cash flows		50,757	49,495
		285,580	241,150

25. EXPENSES (CONT'D.)

	Note	2024 RM'000	2023 RM'000 Restated
Represented by:			
Insurance service expenses:	19	277,246	232,060
Other expenses		8,334	9,090
		285,580	241,150

26. DIRECTORS' AND CHIEF EXECUTIVE OFFICERS' REMUNERATION

	Note	2024 RM'000	2023 RM'000
(a) Chief Executive Officers			
Salary	31(b)	869	719
Bonus	31(b)	-	87
Ex-Gratia	31(b)	50	-
Pension costs - defined contribution plan	31(b)	111	98
Benefits-in-kind *	31(b)	42	107
Share options in POB	31(b)	-	16
		1,072	1,027
Total Chief Executive Officers' remuneration excluding benefits-in-kind and share options	25	1,030	904
(b) Executive Director			
Allowance	31(b)	50	50
(c) Non-Executive Directors			
Fees		510	479
Benefits-in-kind *		15	34
		525	513
Total Directors' remuneration excluding benefits-in-kind	25	560	529

* Comprises indemnity and insurance for directors

26. DIRECTORS’ AND CHIEF EXECUTIVE OFFICERS' REMUNERATION (CONT’D.)

The total remuneration received by the individual Chief Executive Officers, Executive and Non-Executive Directors during the year was as follows:

	Allowance	Fees	Salary	Bonus	Ex-Gratia	Others	Benefits-in-kind	Total
	RM’000	RM’000	RM’000	RM’000	RM’000	RM’000	RM’000	RM’000
2024								
Chief Executive Officers:								
Low Choon Hoong (from 1 August 2024 onwards)	-	-	175	-	-	21	-	196
Noor Muzir Bin Mohamed Kassim (from 1 October 2023 to 31 July 2024)	-	-	694	-	50	90	42	876
Executive Director:								
Mr. Chan Thye Seng	50	-	-	-	-	-	-	50
Non-Executive Directors:								
Dato’ Dr. Zaha Rina binti Zahari	-	100	-	-	-	-	2	102
Mr. Thian Joost Fick	-	80	-	-	-	-	-	80
Mr. Lim Tian Huat	-	80	-	-	-	-	13	93
Dato’ Foong Chee Meng	-	80	-	-	-	-	(3)	77
Mr. Tan Chong Hin	-	80	-	-	-	-	-	80
Datin Grace Yeoh Cheng Geok (Appointed on 2 January 2024)	-	60	-	-	-	-	3	63
Dr. Loh Leong Hua (Resigned on 16 February 2024)	-	30	-	-	-	-	-	30
	50	510	869	-	50	111	57	1,647

26. DIRECTORS' AND CHIEF EXECUTIVE OFFICERS' REMUNERATION (CONT'D.)

The total remuneration received by the individual Chief Executive Officers, Executive and Non-Executive Directors during the year was as follows: (Cont'd.)

	Allowance	Fees	Salary	Bonus	Share options in POB	Others	Benefits-in-kind	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2023								
Chief Executive Officer:								
Noor Muzir Bin Mohamed Kassim	-	-	719	87	16	98	107	1,027
Executive Director:								
Mr. Chan Thye Seng	50	-	-	-	-	-	-	50
Non-Executive Directors:								
Dato' Dr. Zaha Rina binti Zahari	-	100	-	-	-	-	2	102
Dr. Loh Leong Hua	-	80	-	-	-	-	2	82
Mr. Lim Tian Huat	-	80	-	-	-	-	9	89
Dato' Foong Chee Meng	-	80	-	-	-	-	15	95
Mr. Tan Chong Hin (Appointed on 3 January 2023)	-	59	-	-	-	-	-	59
Mr. Thian Joost Fick (Appointed on 20 September 2023)	-	2	-	-	-	-	-	2
Mr. Prasheem Seebran (Resigned on 20 September 2023)	-	78	-	-	-	-	6	84
	50	479	719	87	16	98	141	1,590

26. DIRECTORS' AND CHIEF EXECUTIVE OFFICERS' REMUNERATION (CONT'D.)

(d) The number of Executive and Non-Executive Directors whose total remuneration received during the year fell within the following bands is analysed below:

	2024	2023
Executive Director:		
RM40,000 - RM50,000	1	1
Non-Executive Directors:		
Below RM50,000	1	1
RM50,001 - RM80,000	4	1
RM80,001 - RM90,000	-	3
RM90,001 - RM100,000	1	1
RM100,001 - RM110,000	1	1

27. FINANCE COSTS

	Note	2024 RM'000	2023 RM'000
Interest expense on:			
- lease liabilities	8(a)(2)	291	304
Others		3	3
		294	307

28. TAXATION

	Note	2024 RM'000	2023 RM'000 Restated
Malaysian income tax:			
- (Over)/Under provision in prior years		(750)	1,097
		(750)	1,097
Deferred tax:			
Relating to timing differences			
- Current		(1,511)	(788)
- Under provision of deferred tax in prior years		750	-
Transferred to deferred taxation *		(761)	(788)
		(1,511)	309
* Amount transferred to deferred taxation			
- Deferred tax assets		95	912
- Deferred tax liabilities		666	(124)
	17	761	788

Malaysian current income tax and deferred tax are calculated at the statutory tax rate of 24% (2023: 24%) of the estimated assessable profit for the financial year.

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

	2024 RM'000	2023 RM'000 Restated
Loss before taxation	(12,427)	(7,291)
Taxation at Malaysian statutory tax rate of 24% (2023: 24%)	(2,982)	(1,750)
(Over)/Under provision of income tax in prior years	(750)	1,097
Under provision of deferred tax in prior years	750	-
Income not subject to tax	(202)	(641)
Expenses not deductible for tax purposes	1,673	1,603
Tax (credit)/expense for the year	(1,511)	309

29. BASIC AND DILUTED (LOSS)/EARNINGS PER SHARE (SEN)

Basic and diluted loss per share of the Company is calculated by dividing the net loss of RM10,916,000 (2023 (Restated): net loss of RM7,600,000) for the financial year by 100,000,000 ordinary shares in issue (2023: 100,000,000 ordinary shares).

There was no potential dilutive ordinary shares in issue at the end of the relevant reporting periods.

30. COMMITMENTS AND CONTINGENCIES

	2024 RM'000	2023 RM'000
(a) Capital commitment		
Intangible assets:		
Contracted but not provided for	-	289

These represent the acquisition or enhancement to the computer software in relation to the implementation of the new accounting standard, MFRS 17.

(b) 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.

30. COMMITMENTS AND CONTINGENCIES (CONT'D.)

(b) On-going Litigation (Cont'd.)

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. On 30 November 2023, the High Court has fixed the date to deliver the decision on 16 January 2024 after both parties made their oral submissions.

On 16 January 2024, the High Court has denied the MyCC leave for a judicial review of the CAT's 2022 decision in favour of PIAM and its 22 members. In brief, the grounds for the decision are as below:

1) MyCC does not have locus standi (i.e., capacity or right to bring an action to court) to challenge the decision by CAT.

2) MyCC is not a person adversely affected by the decision of CAT in the execution of public duty. This had been answered by the Court of Appeal in the cases of AirAsia and Malaysia Airlines Systems Bhd (MAS) against MyCC.

3) In the cases of AirAsia and MAS against MyCC, the Court of Appeal has made a decision that MyCC cannot challenge CAT's decision and the High Court is bound by the Court of Appeal decision under the doctrine of stare decisis.

MyCC has filed an appeal to the Court of Appeal against the High Court's decision in dismissing their application for leave to judicially review CAT's decision. The case management for the appeal was fixed on 15 May 2024.

On 15 May 2024, the Court has fixed the case management for the appeal on 8 May 2025. Subsequently, the Court also ordered both parties to file the written documents by 24 April 2025 and replies to the written submission by 7 May 2025. The Court has fixed the physical hearing on 22 May 2025.

As at the date of this report, the Company has not made any provision, and will continue to disclose the matter as an on-going litigation until further development.

31. SIGNIFICANT RELATED PARTY DISCLOSURES

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has 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 Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

(a) The significant transactions of the Company with its related parties are as follows:

	Note	2024 RM'000	2023 RM'000
Expenses/(income):			
Holding company:			
Management fees	25	1,822	1,490
Income from leasing of office building	20	(211)	(216)
Other income		(17)	(17)
Fellow subsidiaries of POB Group:			
Call centre service charges	25	809	660
Printing and information system expenses	25	16,777	18,069
Repair and maintenance		208	253
Subscription and software maintenance services	25	-	188
Purchase of computer software		6	12
Income from leasing of office building	20	(27)	(27)
Expenses from leasing of office building		192	196
Leases of computer and office equipment		2,192	1,847
Leases of low-value assets	25	738	416
Short-term leases	25	1,110	1,698
Substantial shareholder, Sanlam Emerging Markets (Pty) Ltd:			
Pricing and product services		126	252
Person connected to Key Management Personnel		193	-

Information regarding outstanding balances arising from related party transactions as at the reporting date are disclosed in Notes 11 and 18.

The Directors are of the opinion that the related party transactions above have been entered into in the normal course of business on terms and conditions which are not materially different from that obtainable in transactions with unrelated parties.

31. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

(b) Key Management Personnel Compensation:

The key management personnel is defined as the CEO and the Executive Director.

The remuneration of key management personnel during the year are as follows:

	Note	2024 RM'000	2023 RM'000
Short-term employee benefits:			
Salary	26	869	719
Bonus	26	-	87
Ex-Gratia	26	50	-
Share options in POB	26	-	16
Benefits-in-kind	26	42	107
Allowance	26	50	50
Post-employment benefits:			
Pension cost-defined contribution plan	26	111	98
		1,122	1,077

32. RISK MANAGEMENT FRAMEWORK

(a) Risk Management Framework

The Board of Directors, with the assistance of the Management, had implemented a risk management framework within the Company in June 2004. The primary goal of the framework is to provide a consistent approach to risks and to support the overall business objectives of the Company. The Framework was drawn up in line with the Joint Australian/New Zealand Standard AS/NZS ISO 31000:2018 Risk Management - Principles and Guidelines and was last updated in February 2024.

The Board is supported in its role by a Risk Management Committee ("RMC"), which was set up with clear terms of reference from the Board. The RMC is assisted by a Risk Management Department ("RMD").

32. RISK MANAGEMENT FRAMEWORK (CONT'D.)

(a) Risk Management Framework (Cont'd.)

The responsibilities of the various parties for risk management within the Company are summarised below:

- Board of Directors

  The Board retains the overall risk management responsibility and provides the risk oversight function, which includes:

  (i) Determining the Company's business strategies;

  (ii) Approving the Company's overall risk strategy;

  (iii) Approving the Company's risk philosophy/policy and concurring with the Company's risk appetite, and ensuring that they are consistent with the Company's strategic direction and business objectives;

  (iv) Knowing the extent to which management has established effective Enterprise Risk Management ("ERM") of the organization, including approving and periodic review of the Company's risk management framework as well as ensuring adequate resources and knowledge of management and staff involved in the risk management process;

  (v) Reviewing the Company's portfolio of risk and considering it against the Company's risk appetite; and

  (vi) Being apprised of the most significant risks and whether management is responding appropriately.

- Risk Management Committee ("RMC")

  The primary function of the RMC with regards to risk management is in providing oversight over the design and implementation of the governance, risk management and compliance management frameworks.

  This includes oversight over the philosophy, strategy, framework, policies and plan for governance, compliance and risk management to ensure systematic, disciplined approaches are developed and implemented.

32. RISK MANAGEMENT FRAMEWORK (CONT'D.)

(a) Risk Management Framework (Cont'd.)

The responsibilities of the various parties for risk management within the Company are summarised below: (Cont'd.)

- Risk Management Committee ("RMC") (Cont'd.)

  The RMC is a Board committee, which comprises exclusively of non-executive directors. The Board entrusts the RMC with the overall responsibility for overseeing the risk management activities and to ensure the IT capabilities are sufficiently scrutinised to safeguard the infrastructure of the Company. The RMC has a broad mandate to ensure effective implementation of the objectives outlined in the risk management framework and compliance with them throughout the Company, which includes the following:

  Operational, Legal and Regulatory Risk

  (i) Overseeing effective communication and implementation of the Company's risk appetite;

  (ii) Reviewing and affirming the risk appetite regularly to ensure that it continues to be relevant and reflects changes in the Board's expectations;

  (iii) Safeguarding POI's resilience against the adverse impacts of climate change (including evaluating the risks and opportunities arising from climate change on a periodic basis and consider these risks and opportunities in assessing and approving the POI's strategies and business plan);

  (iv) Providing critical challenge to senior management on the appropriateness of the risk strategy, policies and tolerances;

  (v) Evaluating whether the risk management framework (including identifying, measuring, monitoring and controlling risks) supports effective implementation of the risk strategy;

  (vi) Promoting a culture of risk awareness and risk management within the Company;

  (vii) Ensuring that management has the requisite skills, experience and competencies in risk management that are appropriate to the nature, scale and complexity of the Company's business;

32. RISK MANAGEMENT FRAMEWORK (CONT'D.)

(a) Risk Management Framework (Cont'd.)

The responsibilities of the various parties for risk management within the Company are summarised below: (Cont'd.)

- Risk Management Committee ("RMC") (Cont'd.)

Operational, Legal and Regulatory Risk (Cont'd.)

(viii) Ensuring adequate infrastructure, resources and systems are in place for effective risk management;

(ix) Overseeing the design and development of the Company's risk management framework, in particular, challenging the credibility and robustness of development processes and ensure that there are no material gaps or weaknesses;

(x) Examining whether incentives provided by the remuneration system have taken into consideration risks (i.e. remuneration practices does not encourage imprudent risk taking), capital and liquidity (i.e. the Company can "afford" its remuneration expenses in the long term from a capital and liquidity perspective) and the likelihood and timing of earnings (i.e. quality and volatility of revenues may vary over time horizons), without prejudice to the tasks of the Remuneration Committee; and

(xi) Periodically reporting higher risk exposures to the Board.

IT Risk

(i) To establish and approve the technology risk appetite which is aligned with the Company's risk appetite statement;

(ii) To approve the corresponding risk tolerances for technology-related events and ensure key performance indicators and forward-looking risk indicators are in place to monitor the Company's technology risk against its approved risk tolerance;

(iii) To ensure senior management provides regular updates on the status of the indicators as per paragraph above, together with sufficiently detailed information on key technology risks and critical technology operations to facilitate strategic decision-making;

32. RISK MANAGEMENT FRAMEWORK (CONT'D.)

(a) Risk Management Framework (Cont'd.)

The responsibilities of the various parties for risk management within the Company are summarised below: (Cont'd.)

- Risk Management Committee ("RMC") (Cont'd.)

  IT Risk (Cont'd.)

  (iv) To ensure and oversee the adequacy of the Company's IT and cybersecurity strategic plans covering a period of no less than three years. These plans shall address the Company's requirements on infrastructure, control measures to mitigate IT and cyber risk and financial and non-financial resources, which are commensurate with the complexity of the Company's operations and changes in the risk profile as well as the business environment;

  (v) To periodically review the strategic plans above, at least once every three years;

  (vi) To oversee the effective implementation of the following technology-related frameworks and ensure their soundness and robustness in securing continuity of operations and delivery of services:;

  - Technology risk management framework ("TRMF") - a framework to safeguard the Company's information infrastructure, systems and data.
  - Cyber resilience framework ("CRF") - a framework for ensuring the Company's cyber resilience.

  (vii) The RMC shall make recommendations to the Board for the Board's consideration and final approval on matters relating to IT and compliance to TRMF and CRF;

  (viii) To ensure that the Company's TRMF and CRF remain relevant on an ongoing basis and to periodically review and affirm the TRMF and CRF, at least once every three years to guide the Company's management of technology risks;

32. RISK MANAGEMENT FRAMEWORK (CONT'D.)

(a) Risk Management Framework (Cont'd.)

The responsibilities of the various parties for risk management within the Company are summarised below: (Cont'd.)

- Risk Management Committee ("RMC") (Cont'd.)

  IT Risk (Cont'd.)

  (ix) To ensure that risk assessments undertaken in relation to material technology applications submitted to BNM are robust and comprehensive. The RMC shall assess risk areas, including but not limited to:;

  - data quality and data governance
  - privacy and protection of personal information
  - data security and information technology system control
  - disaster and recovery planning
  - financial, reputational, compliance risks
  - sustainability considerations
  - project and system implementation risks

  (x) To ensure adequate discussion on cyber risks and related issues, including the strategic and reputational risks associated with a cyber-incident. This shall be supported by input from external experts as appropriate;

  (xi) To ensure continuous engagement in cybersecurity preparedness, education and training throughout the Company;

  (xii) To deliberate on the outcome of the following assessments performed by technically competent external service providers appointed by the Company, which must be conducted at least once in three years or whenever there is a material change in the data centre infrastructure or design network, whichever is earlier; and

  - Network resilience and risk assessments ("NRA")
  - Production data centre resilience and risk assessment ("DCRA")

  (xiii) To provide confirmation to BNM on the Company's readiness to provide internet insurance services or implement any material enhancement to internet insurance services, if necessary.

  The full responsibilities and detailed administrative duties of the RMC are set out in the Board approved RMC's Term of Reference.

32. RISK MANAGEMENT FRAMEWORK (CONT'D.)

(a) Risk Management Framework (Cont'd.)

The responsibilities of the various parties for risk management within the Company are summarised below: (Cont'd.)

- Risk Management Department ("RMD")

The role of the RMD function is to facilitate and coordinate risk and compliance activities for the Company as mandated by the Board.

The main role is to objectively and independently monitor that key risks for the Company are identified, understood and appropriately managed within the overall Company strategy and risk appetite, and if not, to follow the agreed upon process for escalation.

The RMC delegates to the RMD, the responsibility for ensuring effective implementation and maintenance of the framework and that all staff adhere to its mandates.

The RMD acts as the central contact and guide for Enterprise Risk Management ("ERM") issues within the Company. The RMD coordinates ERM routinely among the various business units. In support of its function, the RMD seeks the advice of other business units, such as operations, IT, finance, etc., as and when necessary.

The roles and responsibilities of the RMD include:

(i) Implementing risk management policy/philosophy within the Company;

(ii) Establishing a common risk management language that includes common measures around likelihood and impact, and common risk categories;

(iii) Challenging risk owners regarding all aspects of risk arising from the Company's activities;

(iv) Monitoring progress of risk mitigation plans;

(v) Developing and maintaining documentation of the ERM process, which includes the Risk Management Framework, the Risk Registers and risk profiles for the Company;

(vi) Communicating ERM information within the Company to create risk awareness amongst the staff and arranging with the Human Resource Department to promote ERM throughout the entity, where necessary; and

(vii) Preparing quarterly reports to the RMC.

32. RISK MANAGEMENT FRAMEWORK (CONT'D.)

(a) Risk Management Framework (Cont'd.)

The responsibilities of the various parties for risk management within the Company are summarised below: (Cont'd.)

- Risk Management Department ("RMD") (Cont'd.)

  The Head of RMD reports to and has direct and unimpeded access to the Board and/or RMC to safeguard the RMD's independence. Nevertheless, the Head of RMD also has reporting obligations to the CEO to ensure that the CEO is kept informed of and engaged in risk matters.

- Management

  Management is directly responsible for all activities of the Company, including ERM. This includes:

  (i) Establishing clear guidance regarding the business and risk strategy, including risk limits, for individual business units;

  (ii) Contributing towards promoting a sound risk culture through a clear focus on risk in the activities of the Company and timely and proportionate responses to inappropriate risk-taking behaviour;

  (iii) Promoting a culture of risk awareness and risk management within the Company;

  (iv) Establishing a management structure that promotes accountability and the effective oversight of delegated authority and responsibilities for risk-taking decisions; and

  (v) Implementing appropriate systems for managing financial and non-financial risks to which the Company is exposed.

  The line accountability for risk management is fully aligned with the Company's management structure. Accordingly, approvals, responsibilities and accountabilities applicable to the identification, evaluation, monitoring and reporting of the Company's risks are attributed to the RMD.

- Risk Owners

  Risk owners normally comprise heads of business units. They perform the operational risk assessment, management, monitoring and reporting risk exposures in their areas/activities within their control.

32. RISK MANAGEMENT FRAMEWORK (CONT'D.)

(a) Risk Management Framework (Cont'd.)

The responsibilities of the various parties for risk management within the Company are summarised below: (Cont'd.)

- Staff

  Staff should be cognisant of operational risks, undertaking tasks in a careful and conscientious manner that reflects - but not limited to - the Company's policies. They are to report any new or escalating risks identified to the Risk Owners.

- Internal Audit Department ("IAD")

  The IAD provides independent assurance on the adequacy and effectiveness of the risk management process established by the Company and recommending improvements thereto. This includes evaluating the reliability of reporting and the Company's compliance with laws and regulations. The IAD reports directly to the Audit Committee on its findings.

- Compliance Department

  The Compliance Department acts as the second line of defence, providing independent oversight of primary and consequential risks. This includes setting risk limits and protecting against non-compliance with applicable laws and regulations. The Compliance Department, amongst others, ensures controls to manage compliance risk are adequate and operating as intended. It also assess and monitors compliance risk faced by the Company.

- Finance Department

  Finance plays an important role in helping the company with internal controls and risk management. In addition to drafting financial statement or assisting with financial strategy, finance must be prepared to deal with the uncertainties that Company can face. The provision of regular risk based capital reports are one of the most important ways in which finance assist with assessing risk.

The Company's Risk Management Framework requires that all of its businesses and functions establish processes for identifying, evaluating and managing the key risks faced by the Company. The Framework is based on the concept of 'three lines of defence' i.e. day-to-day risk management by the risk owners, risk oversight by the RMD and RMC and independent assurance by the Audit Committee, supported by the Internal Audit function.

32. RISK MANAGEMENT FRAMEWORK (CONT'D.)

(a) Risk Management Framework (Cont'd.)

Regular reports on key risks identified and the management of such risks are presented regularly to the RMC for its review and endorsement. Periodically, the RMC also reviews the adequacy and continued relevance of the Risk Management Framework, particularly in relation to mechanisms for principal risks identification, assessment, treatment, monitoring and review and communication.

Twice a year, the Chief Executive Officer ("CEO") presents reports to the Board of Directors on the scope and performance of the risk management and internal control system, to assist the Board in its risk management and internal control responsibilities. For the current year under review, the CEO has intimated that the Company's risk management and internal control system was adequate and generally effective in addressing the identified risks of the Company. Although minor lapses were noted, these did not have a significant impact on the Company.

(b) Capital Management

The Company is subject to the capital adequacy requirements of the Risk Based Capital ("RBC") Framework as implemented by Bank Negara Malaysia to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise. The RBC capital adequacy requirements involves the Company maintaining an adequate level of capital based on the risk exposures of the Company. This externally imposed capital requirement has been complied with by the Company to date.

` The Company has established the following capital management objectives, policies and approach to manage the risks that affect its capital position:

- To maintain the required level of stability of the Company thereby providing a degree of security to policyholders;

- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders;

- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets;

- To align the profile of assets and liabilities taking account of risks inherent in the business;

- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders; and

- To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value.

32. RISK MANAGEMENT FRAMEWORK (CONT'D.)

(b) Capital Management (Cont'd.)

The Company's capital management policy for its insurance business is to hold sufficient capital to cover the statutory requirements based on the RBC Framework, including any additional amounts required by the regulator.

The Company seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and policyholders.

The Company's approach to manage capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence the capital position of the Company in the light of changes in economic conditions and risk characteristics.

The primary source of capital used by the Company is equity shareholders' funds and borrowings. The Company also utilises, where efficient to do so, sources of capital such as reinsurance and securitisation in addition to more traditional sources of funding.

The capital requirements are routinely forecast on a periodic basis, and assessed against both the forecast available capital and the expected internal rate of return including risk and sensitivity analyses. The process is ultimately subject to approval by the Board.

The Board is provided with regular updates on the Company's capital adequacy position. At the end of the current and previous financial years the Company has complied with the capital requirements under the RBC Framework.

(c) Contingency Funding

Being a general insurance company, the Company requires prudent management of its liquidity in order to manage its daily business operations. The Contingency Funding Plan ("CFP") details the crisis scenarios during which it would be activated, and the roles and responsibilities of the key stakeholders in the activation and execution of the plan. The CFP has been designed considering industry best practice and guidance.

The CFP is designed to help the Company survive liquidity crisis scenarios, which typically includes any scenarios that trigger the capital management plan or other scenarios. Process to be followed to activate the CFP has also been determined.

The CFP outlines the minimum actions that must be taken, with assigned responsibilities for those actions, and the order in which the actions should be taken, should a liquidity crisis occur. The expected time it will take to reach the desired Liquidity Coverage Ratio, from the time corrective action is taken, is also included.

32. RISK MANAGEMENT FRAMEWORK (CONT'D.)

(c) Contingency Funding (Cont'd.)

In terms of liquidity stress, all critical stakeholders need to be actively managed to avoid exacerbating the situation through delayed action, or avoidable panic. Management information of available liquidity sources, and developing liquidity requirements are critical.

(d) Internal Capital Adequacy Assessment Process ("ICAAP")

The ICAAP is a process that is created to identify, assess, monitor, manage and report the short and long terms risks an insurance undertaking faces or may face and determine the own funds necessary to ensure that the undertaking's solvency needs are met at all times.

It includes the Capital Management Plan which is a detailed plan that outlines measures that management will take in the event that the Individual Target Capital Level ("ITCL") is breached. These measures include:

- Management's effort in reducing risk by continually enhancing the internal processes of the company;

- The disposal of equity and high capital charge investments;

- The use of proportional reinsurance that has been pre-arranged by the company;

- The use of the subordinated debt programme which will increase Tier 2 capital; and

- Injection of shareholder funds.

The ICAAP has undergone independent reviews by the Group IAD and an external consultant. The reviews focused on many of the favourable aspects of the company's ICAAP and have outlined (in conjunction with management) a few recommendations that will enhance the process even further.

32. RISK MANAGEMENT FRAMEWORK (CONT'D.)

(e) Governance and Regulatory Framework

Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the Company is satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that the Company maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or national disasters.

The operations of the Company are subject to regulatory requirements within the jurisdictions in which it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g. capital adequacy) to minimise the risk of default and insolvency on the part of insurance companies to meet unforeseen liabilities as these arise.

(f) Asset Liability Management ("ALM") Framework

Financial risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The main risk that the Company faces, due to the nature of its investments and liabilities, is interest rate risk.

The Company manages these positions within an ALM Framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance and investment contracts. The principle technique of the Company's ALM is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct category of liabilities, a separate portfolio of assets is maintained.

The Company's ALM is:

- Integrated with the management of the financial risks associated with the Company's other financial assets and liabilities not directly associated with insurance and investment liabilities; and

- Forms an integral part of the insurance risk management policy, to ensure in each period sufficient cash flow is available to meet liabilities arising from insurance and investment contracts.

33. INSURANCE RISK

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

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

The Company 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 Company 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 Company is Motor insurance. Other insurance business includes Fire, Contractor’s All Risks and Engineering, Workmen Compensation, Professional Indemnity and other miscellaneous classes of insurance.

The principal insurance risks faced by the Company 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 Company’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 Company seeks to write those risks that it understands and that provide a reasonable opportunity to earn an acceptable profit.

The Company 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 claim 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 Company. The Company 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; and

33. INSURANCE RISK (CONT'D.)

The Company has the following policies and processes to manage its insurance risks: (Cont'd.)

- The Company 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 Company's capital efficiency. Reinsurance is ceded on proportional and non-proportional basis. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract.

The table below sets out the concentration of insurance contract liabilities and reinsurance contract assets by types of contracts issued:

	2024			2023		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Motor	394,838	(112,574)	282,264	388,324	(111,377)	276,947
Personal Accident	3,144	(44)	3,100	3,699	(99)	3,600
Fire	2,248	(1,376)	872	3,276	(1,837)	1,439
Miscellaneous	154,015	(131,031)	22,984	113,243	(91,247)	21,996
	554,245	(245,025)	309,220	508,542	(204,560)	303,982

Included in motor insurance contract liabilities is the Company's proportionate share of LRC and LIC in MMIP of RM0.9 million and RM10.6 million, respectively (2023: LRC of RM0.7 million and LIC of RM11.9 million).

Key Assumptions

The principal assumptions underlying the estimation of liabilities is that the Company'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 judgments 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. Judgment 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.

33. INSURANCE RISK (CONT'D.)

Sensitivity

The Appointed Actuary re-runs its valuation models on various bases. An analysis of sensitivity around various scenarios provides an indication of the adequacy of the Company'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 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	Impact on net liabilities	Impact on profit before tax	Impact on equity*
	%	RM'000	RM'000	RM'000	RM'000
		Increase/(Decrease)			
2024					
Average claim cost	+ 10%	22,553	17,477	(17,477)	(13,283)
Average number of claims	+ 10%	7,077	5,505	(5,505)	(4,184)
Discount Rate	+ 1%	(4,416)	(2,569)	2,569	1,953
Average claim cost	- 10%	(22,558)	(17,462)	17,462	13,271
Average number of claims	- 10%	(7,076)	(5,504)	5,504	4,183
Discount Rate	- 1%	4,581	2,652	(2,652)	(2,016)
2023					
Average claim cost	+ 10%	21,267	16,314	(16,314)	(12,398)
Average number of claims	+ 10%	3,647	2,749	(2,749)	(2,089)
Discount Rate	+ 1%	(4,421)	(2,527)	2,527	1,920
Average claim cost	- 10%	(21,269)	(16,324)	16,324	12,406
Average number of claims	- 10%	(3,647)	(2,755)	2,755	2,094
Discount Rate	- 1%	4,575	2,594	(2,594)	(1,972)

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

The assumptions for sensitivity testings were selected as they are the key drivers for the valuation of the insurance contracts.

33. INSURANCE RISK (CONT'D.)

Claims development table

The following tables show the Company's estimated cumulative incurred claims, including both claims notified and IBNR for each successive accident year at the end of each reporting period, 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 Company believes that the estimate of total claims outstanding as of 30 September 2024 and 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.

33. INSURANCE RISK (CONT'D.)

Claims development table (Cont'd.)

Gross undiscounted liabilities for incurred claims for 2024:

Accident year	Before 2018 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	Total RM'000
At end of accident year		188,653	188,323	182,297	124,546	188,257	168,570	176,270	
One year later		146,399	157,127	146,760	113,724	182,528	181,630	-	
Two years later		144,075	161,015	140,957	111,050	179,720	-	-	
Three years later		148,776	158,398	136,103	110,345	-	-	-	
Four years later		144,255	157,821	135,872	-	-	-	-	
Five years later		140,979	158,743	-	-	-	-	-	
Six years later		145,881	-	-	-	-	-	-	
Gross estimates of the undiscounted amount of the claims		145,881	158,743	135,872	110,345	179,720	181,630	176,270	
At end of accident year		(29,587)	(32,319)	(28,295)	(22,437)	(49,355)	(47,949)	(48,575)	
One year later		(73,453)	(64,169)	(54,294)	(47,141)	(98,329)	(84,532)	-	
Two years later		(96,662)	(88,375)	(77,983)	(66,145)	(122,476)	-	-	
Three years later		(111,858)	(107,589)	(99,586)	(77,473)	-	-	-	
Four years later		(120,295)	(120,729)	(113,661)	-	-	-	-	
Five years later		(125,292)	(133,051)	-	-	-	-	-	
Six years later		(139,055)	-	-	-	-	-	-	
Cumulative payments to date		(139,055)	(133,051)	(113,661)	(77,473)	(122,476)	(84,532)	(48,575)	
Gross undiscounted liabilities for incurred claims	44,581	6,826	25,692	22,211	32,872	57,244	97,098	127,695	414,219
Gross general insurance outstanding liability (treaty inward)									259
Best estimate of liabilities for incurred claims									414,478
Claims handling expenses									8,322
Effects of discounting									(15,245)
Risk Adjustment at 75% confidence level									37,550
Total gross liabilities for incurred claim per statement of financial position (Note 16)									**445,105**

	Estimates of the present value of future cash flows RM'000	Risk adjustment RM'000	Total RM'000
Total gross liabilities for incurred claims (Note 16)	**406,509**	**38,596**	**445,105**

33. INSURANCE RISK (CONT'D.)

Claims development table (Cont'd.)

Net undiscounted liabilities for incurred claims for 2024:

Accident year	Before 2018 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	Total RM'000
At end of accident year		101,587	142,820	136,607	85,440	129,681	112,840	118,652	
One year later		96,360	114,633	107,427	79,107	130,649	109,245	-	
Two years later		94,593	117,354	100,954	73,758	125,832	-	-	
Three years later		96,258	110,893	93,858	68,333	-	-	-	
Four years later		93,372	108,433	92,654	-	-	-	-	
Five years later		91,540	106,846	-	-	-	-	-	
Six years later		89,385	-	-	-	-	-	-	
Net estimates of the undiscounted amount of the claims		89,385	106,846	92,654	68,333	125,832	109,245	118,652	
At end of accident year		(21,731)	(24,720)	(22,831)	(17,312)	(38,650)	(36,082)	(36,147)	
One year later		(50,218)	(48,750)	(42,294)	(35,486)	(71,309)	(61,144)	-	
Two years later		(65,635)	(65,631)	(59,164)	(47,509)	(88,570)	-	-	
Three years later		(74,737)	(79,344)	(73,367)	(53,811)	-	-	-	
Four years later		(79,497)	(89,090)	(80,114)	-	-	-	-	
Five years later		(82,474)	(95,332)	-	-	-	-	-	
Six years later		(84,610)	-	-	-	-	-	-	
Cumulative payments to date		(84,610)	(95,332)	(80,114)	(53,811)	(88,570)	(61,144)	(36,147)	
Net undiscounted liabilities for incurred claims	10,034	4,775	11,514	12,540	14,522	37,262	48,101	82,505	221,253
Net general insurance outstanding liability (treaty inward)									259
Best estimate of liabilities for incurred claims									221,512
Claims handling expenses									8,322
Effects of discounting									(24,638)
Risk Adjustment at 75% confidence level									17,119
Total net liabilities for incurred claim									**222,315**

	Estimates of the present value of future cash flows RM'000	Risk adjustment RM'000	Total RM'000
Gross liabilities for incurred claims	406,509	38,596	445,105
Amounts recoverable from reinsurers (Note 10)	(202,359)	(20,431)	(222,790)
Total net liabilities for incurred claims	**204,150**	**18,165**	**222,315**

33. INSURANCE RISK (CONT'D.)

Claims development table (Cont'd.)

Gross undiscounted liabilities for incurred claims for 2023 (Restated):

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	-	-	-	-	-	-	
Gross estimates of the undiscounted amount of the claims		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 undiscounted liabilities for incurred claims	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 liabilities for incurred claims									385,258
Claims handling expenses									7,934
Effects of discounting									(16,294)
Risk Adjustment at 75% confidence level									34,008
Total gross liabilities for incurred claim per statement of financial position (Note 16)									**410,906**

	Estimates of the present value of future cash flows RM'000	Risk adjustment RM'000	Total RM'000
Total gross liabilities for incurred claims (Note 16)	**375,575**	**35,331**	**410,906**

33. INSURANCE RISK (CONT'D.)

Claims development table (Cont'd.)

Net undiscounted liabilities for incurred claims for 2023 (Restated):

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	-	-	-	-	-	-	
Net estimates of the undiscounted amount of the claims		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 undiscounted liabilities for incurred claims	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 liabilities for incurred claims									224,746
Claims handling expenses									7,934
Effects of discounting									(23,619)
Risk Adjustment at 75% confidence level									17,446
Total net liabilities for incurred claim									**226,507**

	Estimates of the present value of future cash flows RM'000	Risk adjustment RM'000	Total RM'000
Gross liabilities for incurred claims	375,575	35,331	410,906
Amounts recoverable from reinsurers (Note 10)	(167,837)	(16,562)	(184,399)
Total net liabilities for incurred claims	**207,738**	**18,769**	**226,507**

34. FINANCIAL RISKS

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

The Company's overall financial risk management objective is to ensure that the Company 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 Company 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 Company as and when they fall due.

The Company'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 Company 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 Company. Ratings assigned by external rating agencies are also used in the evaluation to ensure optimal credit quality of the individual debt instrument concerned. The Company also has an Investment Policy which sets out the limits on which the Company 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 Company by appointed agents, brokers and other intermediaries are monitored on a daily basis to ensure adherence to the Company's Credit Policy. Internal guidelines are also established to evaluate the Company's intermediaries before their appointment as well as setting credit terms/limits to the appointees concerned; and

- Receivables from reinsurance contracts are monitored on a monthly basis to ensure compliance with payment terms. The Company 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 Company considers their relative financial security which is assessed based on public rating information, annual reports and other financial data.

34. FINANCIAL RISKS (CONT'D.)

(a) Credit risk (Cont'd.)

Credit exposure

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

	2024 RM'000	2023 RM'000 Restated
Reinsurance contract assets	245,026	207,005
Insurance receivables (included within insurance contract liabilities)	15,397	12,927
Financial assets at FVOCI	62,345	82,708
Other receivables *	9,825	7,568
Deposits and placements with financial institutions	376,668	134,892
Cash and cash equivalents	14,600	20,897
	723,861	465,997

The above financial and insurance assets are not secured by any collaterals or credit enhancements.

* Excluding the share of net assets held under the MMIP and deposits and prepayments

34. FINANCIAL RISKS (CONT'D.)

(a) Credit risk (Cont'd.)

Credit exposure by credit quality

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

	AAA RM'000	AA RM'000	A RM'000	B RM'000	BB RM'000	BBB RM'000	Not Rated RM'000		Total RM'000
2024									
Reinsurance contract assets	-	2	219,289	7,208	1,563	-	16,964	^	245,026
Insurance receivables (included within insurance contract liabilities)	-	-	5,359	1,022	31	-	8,985	^	15,397
Financial assets at FVOCI	10,143	22,148	-	-	-	-	30,054		62,345
Other receivables *	421	360	3,058	-	-	1,049	4,937		9,825
Deposits and placements with financial institutions	170,588	7,014	199,066	-	-	-	-		376,668
Cash and cash equivalents	14,596	-	-	-	-	-	4		14,600
	195,748	29,524	426,772	8,230	1,594	1,049	60,944		723,861

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

* Excluding the share of net assets held under the MMIP and deposits and prepayments

34. FINANCIAL RISKS (CONT'D.)

(a) Credit risk (Cont'd.)

Credit exposure by credit quality (Cont'd.)

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

	AAA	AA	A	B	BB	BBB	Not Rated		Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000
2023 (Restated)									
Reinsurance contract assets	-	-	189,040	7,173	1,326	-	9,466	^	207,005
Insurance receivables (included within insurance contract liabilities)	-	72	8,472	804	47	-	3,532	^	12,927
Financial assets at FVOCI	20,163	22,408	10,134	-	-	-	30,003		82,708
Other receivables *	2,037	390	2,846	-	-	-	2,295		7,568
Deposits and placements with financial institutions	91,910	8,839	34,143	-	-	-	-		134,892
Cash and cash equivalents	8,313	-	12,580	-	-	-	4		20,897
	122,423	31,709	257,215	7,977	1,373	-	45,300		465,997

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

* Excluding the share of net assets held under the MMIP and deposits and prepayments

34. FINANCIAL RISKS (CONT'D.)

(a) Credit risk (Cont'd.)

Investment assets - Reconciliation of allowance account

(i) Significant increase in credit risk ("SICR")

The Company applies the General Approach or the 'three-bucket' approach which is based on the change in credit quality of financial instruments since initial recognition to assess the impairment for investment assets. In particular, recognition of Expected credit losses ("ECL") is dependent on which of the three stages a particular financial instrument is assigned to. Assets move through the three stages as credit quality changes and the stages dictate how the Company measures impairment losses and applies the effective interest rate ("EIR") method with the forward looking element to compute the ECL.

The Company has considered both quantitative and qualitative parameters in the assessment of credit risk status from the initial recognition of the securities and at the reporting date.

(ii) Expected credit losses ("ECL")

The Company assesses the possible default events within 12 months for the calculation of the 12-month ECL in Stage 1. A newly purchased or originated financial assets will be subject to ECL upon recognition in Stage 1.

To estimate the lifetime ECL for financial instruments classified in Stage 2, the Company is required to estimate the probability of default occurring in the 12 months after the reporting date and in each subsequent year throughout the expected life of the financial instruments.

The financial assets are credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

As at the reporting date, all financial assets at amortised cost held by the Company are classified as Stage 1. There were no ECL arising from these assets as at 30 September 2023 and 30 September 2024. The credit rating of these financial assets at amortised cost are as disclosed above in Note 34(a).

34. FINANCIAL RISKS (CONT'D.)

(a) Credit risk (Cont'd.)

Investment assets - Reconciliation of allowance account (Cont'd.)

(ii) Expected credit losses ("ECL") (Cont'd.)

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

	2024 RM'000	2023 RM'000
Financial assets at FVOCI		
AAA	10,143	20,163
AA	22,148	22,408
A	-	10,134
Not rated	30,054	30,003
Total carrying amount	62,345	82,708
Total ECL	18	12

As at 30 September 2024 and 30 September 2023, all financial assets measured at FVOCI held by the Company is classified as Stage 1.

Movements in allowance for impairment losses for financial assets measured at FVOCI are as follows:

	Note	2024 RM'000	2023 RM'000
As at 1 October		12	5
Net movement of impairment loss allowance	25	6	7
As at 30 September		18	12

34. FINANCIAL RISKS (CONT'D.)

(a) Credit risk (Cont'd.)

Insurance receivables - Reconciliation of allowance account

Expected credit loss

Set out below is the information about the credit risk exposure on the Company's insurance receivables (included within insurance contract liabilities) 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
2024								
ECL rate	0.03%	1.29%	100.00%		0.72%	11.35%	100.00%	
Carrying amount *	2,330	3,781	15	6,126	8,709	777	408	9,894
Allowance for ECL	1	48	15	64	63	88	408	559
2023								
ECL rate	0.04%	1.34%	100.00%		1.31%	24.13%	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

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.

34. FINANCIAL RISKS (CONT'D.)

(a) Credit risk (Cont'd.)

Insurance receivables - Reconciliation of allowance account (Cont'd.)

Expected credit loss (Cont'd.)

Set out below is the information about the credit risk exposure on the Company's insurance receivables (included within insurance contract liabilities) 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
2024							
Carrying amount *	-	14,835	777	408	-	-	16,020
Allowance for ECL	-	127	88	408	-	-	623
2023							
Carrying amount *	-	12,584	680	662	-	-	13,926
Allowance for ECL	-	173	164	662	-	-	999

* 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.

34. FINANCIAL RISKS (CONT'D.)

(a) Credit risk (Cont'd.)

Insurance receivables - Reconciliation of allowance account (Cont'd.)

Expected credit loss (Cont'd.)

The following table shows the movement in gross insurance receivables (included within insurance contract liabilities) and the loss allowance recognised for credit impaired receivables:

	Not credit impaired	Credit impaired	Total
	RM'000	RM'000	RM'000
2024			
Gross carrying amounts			
As at 1 October 2023	13,232	694	13,926
Increase/(decrease)	2,368	(274)	2,094
As at 30 September 2024	15,600	420	16,020
Allowance for ECL			
As at 1 October 2023	305	694	999
Write back	(92)	(284)	(376)
As at 30 September 2024	213	410	623
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	16	115	131
As at 30 September 2023	305	694	999

34. FINANCIAL RISKS (CONT'D.)

(b) Liquidity risk

Liquidity risk is the risk that the 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 Company's policy is to maintain adequate liquidity to meet its liquidity needs under normal and stressed conditions.

The following policies and procedures are in place to mitigate the Company's exposure to liquidity risk:

- A Company-wide liquidity risk management policy setting out the assessment and determination of what constitutes liquidity risk for the Company is established. Compliance with the policy is monitored and exposures and breaches are reported to the Company'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 Company maintains sufficient level of cash and cash equivalents to meet expected and to a lesser extent unexpected outflows;

- Contingency funding plans are established to mitigate funding requirements arising from emergency and other unforeseen cash calls. Such funding plans include the arrangement of credit line with banks and funding from the holding company; and

- The Company has entered into treaty reinsurance contracts that contain a "cash call" clause which permits the Company to make cash call on claims and receive immediate payments for large losses without waiting for usual periodic payment procedures to occur.

34. FINANCIAL RISKS (CONT'D.)

(b) Liquidity risk (Cont'd.)

Maturity analysis

The table below summarises the maturity profile of the financial and insurance liabilities of 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. Liabilities for remaining coverage have been excluded from the analysis as these are not contractual obligations.

	Carrying value RM'000	Up to a year* RM'000	1 - 2 years RM'000	2 - 5 years RM'000	5 - 15 years RM'000	Over 15 years RM'000	Total RM'000
2024							
Insurance contract liabilities - LFIC	445,105	197,227	112,821	128,290	23,448	-	461,786
Lease liabilities	4,499	2,677	1,261	842	-	-	4,780
Other payables (net of provisions and accrued expenses)	1,852	1,852	-	-	-	-	1,852
Total liabilities	451,456	201,756	114,082	129,132	23,448	-	468,418
2023 (Restated)							
Insurance contract liabilities - LFIC	410,906	187,671	107,495	111,753	21,820	-	428,739
Lease liabilities	5,907	2,860	2,287	867	299	-	6,313
Other payables (net of provisions and accrued expenses)	1,842	1,842	-	-	-	-	1,842
Total liabilities	418,655	192,373	109,782	112,620	22,119	-	436,894

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

Due to the change in financial standards from MFRS 4 to MFRS 17, where the liabilities were valued by cohorts (underwriting year), there is a change in payment patterns as we have now derived the payment patterns using the triangulation by underwriting year (instead of accident year for MFRS 4).

34. FINANCIAL RISKS (CONT'D.)

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of exposures: foreign exchange rates ("currency risk"), market interest rates ("interest rate/profit yield risk") and market prices ("price risk").

The key features of the Company's market risk management practices and policies are as follows:

- A Company wide market-risk policy setting out the evaluation and determination of what constitutes market risk for the Company is established; and

- Policies and limits have been established to manage market risk. Market risk is managed through portfolio diversification and changes in asset allocation. The Company's policies on asset allocation, portfolio limit structure and diversification benchmark have been set in line with the Company'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.

As the Company's business is conducted primarily in Malaysia, the Company's functional and presentation currency is Malaysian Ringgit. The Company's main foreign exchange risk arises from its reinsurance activities and overseas claims settlements which are normally settled and realised within 12 months and accordingly the impact arising from sensitivity in changes in foreign exchange rates is not expected to be significant.

(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 risk.

The Company is exposed to interest rate risk primarily through its investments in fixed income securities and deposits placements. Interest rate risk is managed by the Company on an ongoing basis.

The Company has no significant concentration of interest rate risk.

34. FINANCIAL RISKS (CONT'D.)

(c) Market risk (Cont'd.)

(ii) Interest rate risk (Cont'd.)

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on income or loss and impact on equity.

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

	Changes in basis points	2024 Impact on profit before tax RM'000	2024 * Effect on equity RM'000	2023 Impact on profit before tax RM'000	2023 * Effect on equity RM'000
		(Decrease)/Increase			
Interest rates	+25 bps	-	(515)	-	(750)
Interest rates	-25 bps	-	522	-	762

* Impact is net of tax of 24% (2023: 24%)

(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 Company'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 Company manages its price risk by ensuring that its investments in quoted shares, unit trusts and warrants are within the limits set out in the Company's Investment Policy. The company does not have any major concentration of price risk related to such investments.

34. 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.

		2024		2023 (Restated)	
	Changes in variables	Impact on profit before tax RM'000	* Effect on equity RM'000	Impact on profit before tax RM'000	* Effect on equity RM'000
		Increase/(Decrease)			
Market price / NAV	+ 10%	2,424	1,842	24,494	18,631
Market price / NAV	- 10%	(2,424)	(1,842)	(24,494)	(18,631)

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

(d) Operational risk

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

The 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 Company's strategic planning and budgeting process.

35. REGULATORY CAPITAL REQUIREMENTS

The Company'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 and meet regulatory requirements.

The Company is required to comply with the regulatory capital requirement prescribed in the 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 Company has a capital adequacy ratio in excess of the minimum requirement.

The capital structure of the Company as at reporting date, as prescribed under the RBC Framework is provided below:

	2024 RM'000	2023 RM'000
Eligible Tier 1 Capital		
Share capital (paid-up)	100,000	100,000
Retained profits	100,605	109,089
	200,605	209,089
Tier 2 Capital		
Revaluation reserve	16,492	15,459
FVOCI reserve	1,796	2,018
	18,288	17,477
Amounts deducted from Capital	(3,501)	(4,419)
Total Capital Available	215,392	222,147

The total capital available above is measured based on the requirements prescribed under the Framework by BNM and differs from the measurement basis reported in the statutory financial statements prepared in accordance with Malaysian Financial Reporting Standards.

36. FAIR VALUE

(a) The financial instruments measured at fair value on a recurring basis are categorised into the following levels of the fair value hierarchy:

	Date of Valuation	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2024					
Financial assets at FVTPL					
Quoted shares	30 Sep 2024	2,354	-	-	2,354
Unit trusts	30 Sep 2024	21,890	-	-	21,890
		24,244	-	-	24,244
Financial assets at FVOCI					
Corporate debt securities	30 Sep 2024	-	62,345	-	62,345
		-	62,345	-	62,345
2023					
Financial assets at FVTPL					
Quoted shares	30 Sep 2023	12,696	-	-	12,696
Unit trusts	30 Sep 2023	232,160	-	-	232,160
Warrants	30 Sep 2023	80	-	-	80
		244,936	-	-	244,936
Financial assets at FVOCI					
Quoted shares	30 Sep 2023	210	-	-	210
Corporate debt securities	30 Sep 2023	-	82,708	-	82,708
		210	82,708	-	82,918

(b) The carrying amounts of other financial assets approximated their fair values due to their relatively short-term nature and therefore no additional disclosure is provided.

(c) Except for lease liabilities which are determined by the present value of the estimated future lease payments, the carrying amounts of financial liabilities at the reporting date approximated their fair values due to their short-term nature and immaterial impact of discounting.

36. FAIR VALUE (CONT'D.)

(d) Determination of fair value

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Cash and bank balances, deposits and placements with financial institutions, insurance receivables/payables, and other receivables/payables:

- The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments; and

- The carrying value of amount due from/to holding and fellow subsidiary companies approximate their fair values as the amounts are repayable in accordance with applicable terms.

(ii) Financial assets

- Quoted shares and warrants

  The fair values of quoted shares and warrants are determined by reference to the stock exchange quoted market closing prices at the close of the business at the reporting date.

- Unit trusts

  The fair value of quoted units in the unit trust funds are determined by reference to market quotations by the manager of the unit trust funds.

- Corporate debt securities

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

(iii) Lease liabilities

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

36. FAIR VALUE (CONT'D.)

(e) Fair value of non-financial assets

The following table provides an analysis of assets measured and disclosed at fair value on a recurring basis in accordance with the fair value hierarchy:

	Date of Valuation	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2024					
Property, plant and equipment:					
Freehold land	30 Sep 2024	-	-	3,190	3,190
Freehold buildings	30 Sep 2024	-	-	840	840
Leasehold buildings	30 Sep 2024	-	-	14,040	14,040
		-	-	18,070	18,070
Investment properties:					
Freehold buildings	30 Sep 2024	-	-	640	640
		-	-	640	640
2023					
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
		-	-	17,960	17,960
Investment properties:					
Freehold buildings	30 Sep 2023	-	-	640	640
		-	-	640	640

36. FAIR VALUE (CONT'D.)

(e) Fair value of non-financial assets (Cont'd.)

The fair value of the property, plant and equipment and investment properties of the Company are categorised as Level 3. The properties and investment properties have been revalued based on 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.

Description of significant unobservable input:

	Significant unobservable input	**Range**
	The comparison method used by the professional independent valuer included the following input:	
2024		
- Property, plant and equipment - Investment properties	- Adjusted sales price per square foot ("psf") of recently transacted properties within close vicinity	RM380-RM620 psf
2023		
- Property, plant and equipment - Investment properties	- Adjusted sales price per square foot ("psf") of recently transacted properties within close vicinity	RM380-RM600 psf

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

The movement from opening balances to closing balances during the respective financial years are provided in Notes 5 and 6.

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

37. COMPARATIVES

As disclosed in Note 3(a) Changes in Accounting Policies, certain comparative amounts have been reclassified to align with the current period's presentation. These amounts have been prepared and presented following the transition provisions of MFRS 17. The impact arising from the adoption of MFRS 17 has been reflected in the Statement of Changes in Equity.