PACIFIC & ORIENT BERHAD
(308366-H)

ANNUAL REPORT 2013

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CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twentieth Annual General Meeting of the Company will be held at Tun Sri Lanang I & II, Ground Floor, The Royale Chulan Hotel Kuala Lumpur, 5 Jalan Conlay, 50450 Kuala Lumpur on Monday, 17 March 2014 at 2.30 p.m. for the following purposes:

1. To receive the Audited Financial Statements for the year ended 30 September 2013 and the Reports of the Directors and the Auditors thereon. **Resolution 1**

2. To re-elect Mr. Chan Thye Seng who retires as Director of the Company pursuant to Article 82 of the Company's Articles of Association. **Resolution 2**

3. To consider and if thought fit, to pass the following resolutions pursuant to Section 129(6) of the Companies Act 1965:

   (a) "THAT Mr Chan Hua Eng who retires pursuant to Section 129(2) of the Companies Act 1965, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company." **Resolution 3**

   (b) "THAT Mr Michael Yee Kim Shing who retires pursuant to Section 129(2) of the Companies Act 1965, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company." **Resolution 4**

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

   As Special Business

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

5. **Authority to issue shares pursuant to Section 132D of the Companies Act 1965** **Resolution 6**

   "**THAT** subject to Section 132D of the Companies Act 1965 and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this Resolution in any one financial year does not exceed ten per cent (10%) of the issued and paid-up share capital of the Company for the time being **AND THAT** such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

6. **Proposed Renewal of Authority for the Purchase by the Company of its Own Shares** **Resolution 7**

   "**THAT** subject to the Companies Act 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, and the requirements of Bursa Malaysia Securities Berhad ("BMSB") and any other relevant authorities, the Directors of the Company be and are hereby unconditionally and generally authorised to:

   (i) Purchase shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their discretion deem fit, provided that the aggregate number of shares bought pursuant to this Resolution does not exceed ten per cent (10%) of the issued and paid-up share capital of the Company for the time being and the total funds allocated shall not exceed the total retained earnings and share premium of the Company (re: page 2 item 5 of the Share Buy-back Statement dated 28 January 2014) which would otherwise be available for dividends AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of

6. **Proposed Renewal of Authority for the Purchase by the Company of its Own Shares (Cont'd.)**

   the Company (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting or upon the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever occurs first);

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

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

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

7. **Retention of Independent Directors**

   To retain the following Directors who have served for more than nine years as Independent Non-Executive Director of the Company:

   (i) Tunku Dato' Mu'tamir Bin Tunku Tan Sri Mohamed **Resolution 8**
   (ii) Dato' Abu Hanifah Bin Noordin **Resolution 9**
   (iii) Mr Michael Yee Kim Shing **Resolution 10**

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

By Order of the Board

SOO HAN YEE (MAICSA 7008432)
YONG KIM FATT (MIA 27769)
Company Secretaries

Kuala Lumpur
28 January 2014

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

1. Depositors whose names appear in the Record of Depositors as at 11 March 2014 shall be regarded as members of the Company entitled to attend the Annual General Meeting or appoint proxies to attend on their behalf.

2. A member entitled to attend and vote at the meeting is entitled to appoint one (1) proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.

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

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

5. The instrument appointing a proxy must be deposited at the registered office of the Company situated at 11th Floor, Wisma Bumi Raya, No. 10 Jalan Raja Laut, 50350 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for the meeting.

EXPLANATORY NOTES TO SPECIAL BUSINESS

1. **Resolution 6 – Authority to issue shares pursuant to Section 132D of the Companies Act 1965**

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

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

   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Nineteenth Annual General Meeting held on 6 March 2013 and this mandate will lapse at the conclusion of the Twentieth Annual General Meeting.

2. **Resolution 7 – Proposed Renewal of Authority for the Purchase by the Company of its Own Shares**

   This resolution will empower the Directors of the Company to purchase the Company's shares up to ten per cent (10%) of the issued and paid-up share capital of the Company by utilising the funds allocated which shall not exceed the total retained earnings and share premium of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

   For further information, please refer to the Share Buy-back Statement dated 28 January 2014 which is despatched together with the Company's 2013 Annual Report.

3. **Resolutions 8, 9 and 10 – Retention of Independent Directors**

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

(i) Tunku Dato' Mu'tamir Bin Tunku Tan Sri Mohamed
(ii) Dato' Abu Hanifah Bin Noordin
(iii) Mr Michael Yee Kim Shing

Justifications

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

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

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

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

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

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

(g) They have never compromised on their independent judgment.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

Details of the Directors who are standing for re-election at this Annual General Meeting, as required under Appendix 8A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, can be found on pages 7 and 8 – Profile of the Board of Directors in this Annual Report.

CORPORATE INFORMATION

BOARD OF DIRECTORS	Mr Chan Hua Eng Non-Executive Chairman Mr Chan Thye Seng Managing Director and Chief Executive Officer Tunku Dato' Mu'tamir Bin Tunku Tan Sri Mohamed Independent Non-Executive Director Dato' Abu Hanifah Bin Noordin Independent Non-Executive Director Mr Michael Yee Kim Shing Independent Non-Executive Director Dato' Dr Zaha Rina Binti Zahari Independent Non-Executive Director
SECRETARIES	Ms Soo Han Yee (MAICSA 7008432) Mr Yong Kim Fatt (MIA 27769)
REGISTRARS	Mega Corporate Services Sdn Bhd Level 15-2, Sheraton Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur Malaysia Tel No. : 03-26924271 Fax No. : 03-27325388
AUDITORS	Messrs Ernst & Young Chartered Accountants Level 23A, Menara Milenium Jalan Damanlela Pusat Bandar Damansara Damansara Heights 50490 Kuala Lumpur Malaysia
PRINCIPAL BANKERS	Malayan Banking Berhad Hong Leong Bank Berhad RHB Bank Berhad
REGISTERED OFFICE	11th Floor, Wisma Bumi Raya No. 10 Jalan Raja Laut 50350 Kuala Lumpur Malaysia Tel No. : 03-26985033 Fax No. : 03-26944209 Website : www.pacific-orient.com
STOCK EXCHANGE LISTING	Bursa Malaysia Securities Berhad Main Market

PROFILE OF THE BOARD OF DIRECTORS

Mr Chan Hua Eng (85), Malaysian
Non-Executive Chairman

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

He is an independent non-executive director of Lingui Developments Bhd and Glenealy Plantations (Malaya) Bhd.

Mr Chan Thye Seng (57), Malaysian
Managing Director and Chief Executive Officer

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

He is also a non-executive director of Ancom Bhd and Pacific & Orient Insurance Co. Bhd.

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

Mr Michael Yee Kim Shing (75), Malaysian
Independent Non-Executive Director, Chairman of the Audit Committee, member of the Nominating Committee and the Remuneration Committee

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

He is an independent non-executive director and chairman of the audit committees of Pacific & Orient Insurance Co. Bhd, Dataprep Holdings Bhd and Datasonic Group Bhd.

Tunku Dato' Mu'tamir Bin Tunku Tan Sri Mohamed (69), Malaysian
Independent Non-Executive Director, Chairman of the Nominating Committee and the Remuneration Committee, member of the Audit Committee

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

PROFILE OF THE BOARD OF DIRECTORS

Dato' Abu Hanifah Bin Noordin (62), Malaysian
Independent Non-Executive Director, member of the Audit Committee, the Nominating Committee and the Remuneration Committee

Dato' Hanifah has been on the Board since June 1997. He graduated from University Malaya with an honours degree in Economics and subsequently qualified as a Chartered Accountant and a Certified Public Accountant. He was the Chairman and Managing Partner of Ernst & Whinney (now known as Ernst & Young) for 9 years. He was also the President of the Malaysian Institute of Accountants for 13 years and in that capacity served as a Board member of the International Accounting Standards Committee (IASC).

He is also the Managing Director of Datasonic Group Bhd and an independent non-executive director as well as Deputy Chairman of Mega First Corporation Bhd.

Dato' Dr Zaha Rina Binti Zahari (52), Malaysian
Independent Non-Executive Director

Dato' Dr Zaha Rina joined the Board in May 2012. Dato' Dr Zaha Rina received her BA (Hons) Accounting and Finance from Leeds UK, her MBA from Hull UK and holds a Doctorate in Business Administration, focusing on capital markets research and specialising in derivatives, Hull UK, International Centre for Leadership in Finance (ICLIF), Harvard Business School and Columbia Business School in July 2005.

Dato' Dr Zaha Rina was a Consultant to Financial Technologies Middle East based in Bahrain for the set up of Bahrain Financial Exchange (BFX) launched in January 2009. Prior to this Dato' Dr Zaha Rina was with Royal Bank of Scotland Group in Singapore from August 2007 to May 2008. Dato' Dr Zaha Rina has more than 20 years 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 Chief Executive Officer of RHB Securities Sdn Bhd, one of the larger stock broking firms in Malaysia from 2004 to 2006. RHB is the 3rd largest Financial Services Group in Malaysia. She has previous Board appointments at the Commodity and Monetary Exchange of Malaysia ("COMMEX") from 1993 to 1996, then as the Chief Operating Officer ("COO") of Kuala Lumpur Options and Financial Futures Exchange ("KLOFFE") in 2001.

Dato' Dr Zaha Rina was instrumental in the merger of COMMEX and KLOFFE which ultimately led to the creation of Malaysian Derivatives Exchange ("MDEX") and the subsequent appointment as COO of MDEX in June 2001. Dato' Dr Zaha Rina was then appointed Head of Exchanges, managing the operations of KLSE, MESDAQ, MDEX and Labuan International Financial Exchanges (LFX) in September 2003 prior to KLSE's (now known as Bursa Malaysia Securities Bhd) demutualisation. Dato' Dr Zaha Rina is also a regular speaker at many international conferences and forums.

Dato' Dr Zaha Rina is also a director of Hong Leong Industries Bhd. She also holds directorships in several private limited companies. Dato' Dr Zaha Rina is a Vice-President of Persatuan Chopin Malaysia and Divemaster with National Association of Underwater Instructors (NAUI). 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.

The interests of each Director in the shares of the Company are disclosed on page 157 (Shareholdings Statistics).
None of the Directors has been convicted of any offence other than traffic
offences within the last ten years or has any conflict of interests with the Company.

STATEMENT ON CORPORATE GOVERNANCE

Pursuant to paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a public listed company is required to provide a narrative statement of its corporate governance practices with reference to the Malaysian Code on Corporate Governance 2012 (“Code”), in its annual report, setting out:

- how the company has applied the Principles set out in the Code to its particular circumstances, having regard to the Recommendations stated under each Principle; and
- any Recommendation which the company has not followed, together with the reasons for not following it and the alternatives adopted by the company; if any.

The Board of Directors supports the objectives of the Code and also acknowledges its role in ensuring that shareholders’ interests are properly looked after. For this reason, the Board of Directors affirms its policy of adhering to the spirit of the Code.

It should be noted, however, that although the intentions and existing customs of the Board and your Company substantially coincide with the Recommendations contained within the Code, there may be instances where some of the formal structures and mechanisms were not in place during the financial year under review. Where appropriate, those areas where the Recommendations had not been complied with are explained below.

1. BOARD OF DIRECTORS

1.1 Composition and Size of Board

The size of the Board had remained the same in the current financial year, comprising one (1) Non-Independent Non-Executive Director, one (1) Executive Director and four (4) Independent Non-Executive Directors. Independent Non-Executive Directors form more than half of the Board, thus fulfilling the requirement under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad that at least one third of the Board members are independent directors. This ensures that minority shareholders’ interests are adequately represented.

1.2 Board Balance

The Board is of the view that it has the right mix of individual qualities to fulfil its role. Taken as a whole, the Board represents many years’ experience in financial, business management, legal, insurance and corporate affairs and is therefore suited to the oversight of your Company. The profile of each Director is provided on pages 7 to 8 of this Annual Report.

There is a clear division of responsibilities between the Non-Independent Non-Executive Chairman and the Managing Director/Chief Executive Officer to ensure balance of power and authority in the Board. The Chairman is primarily responsible for the orderly conduct and working of the Board whilst the Managing Director/Chief Executive Officer is responsible for the day-to-day running of the business and implementation of the policies and decisions of the Board.

The Independent Non-Executive Directors participate actively on the Board and Board Committees, providing unbiased and independent views, advice and judgment to take into account the interest, not only of the Group but also of shareholders, employees, communities in which the Group conducts business and other stakeholders.

In the opinion of the Board, the appointment of a Senior Independent Non-Executive Director to whom any concerns should be conveyed is not necessary. The Board operates in an open environment in which opinions and information are freely exchanged and in these circumstances any concerns need not be focused on a single director as all members of the Board fulfil this role individually and collectively.

1.3 Board Roles and Responsibilities

The Board assumes responsibility for effective stewardship and control of the Company and has established terms of reference to assist in the discharge of this responsibility. The roles and responsibilities of the Board are clearly set out in a Board Charter, which may be viewed on the Company's website. The Board is principally responsible for, amongst others, overseeing the conduct of the Company's business to evaluate whether the business is properly managed and reviewing the adequacy and integrity of the Company's internal control system and management information system for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board maintains a formal schedule of matters reserved for collective decision, which includes material acquisitions and disposals, monitoring of financial performance and ensuring effectiveness of the system of internal controls. The purpose of this is to ensure that the Board and management are clearly aware of where the limits of responsibility lie and that due consideration is given to issues at the appropriate level.

1.4 Appointments to the Board

The Nominating Committee, comprising entirely of Independent Non-Executive Directors, is responsible for identifying and recommending to the Board, suitable nominees for appointment to the Board and Board Committees.

In selecting a suitable candidate, the Nominating Committee takes into consideration the candidate's qualification, experience and the candidate's directorship in other companies, having regard to the size of the Board, with a view of determining the impact of the number upon its effectiveness, and the required mix of skill, expertise and experience required for an effective Board. The final decision on the appointment of a candidate recommended by the Nominating Committee rests with the whole Board.

On appointment of new Directors, the management would facilitate the Directors' induction by providing the Directors with relevant information about the Group.

1.5 Re-election

In accordance with the Articles of Association of the Company, all Directors shall retire from office once at least every three (3) years, but shall be eligible for re-election at the Annual General Meeting. An election of Directors shall take place each year. A Director over seventy (70) years of age is required to submit himself for re-election annually in accordance with Section 129(6) of the Companies Act, 1965.

The re-election of Directors ensures that shareholders have a regular opportunity to reassess the composition of the Board.

1.6 Assessment of Performance

The process of assessing Directors is an ongoing responsibility of the entire Board. The Board has put in place an annual peer performance evaluation process to assess the effectiveness of the Board as a whole, the Board Committees and the contribution and performance of each individual Director, including the Independent Non-Executive Directors and the Managing Director/Chief Executive Officer. The Company Secretary will collate the responses from all the Directors and submit to the Nominating Committee for evaluation. The observation of the Nominating Committee together with the annual assessment results will be submitted to the Board for deliberation.

In respect of the assessment for the financial year ended 30 September 2013, the Board was satisfied that the Board, Board Committees and individual Directors have discharged their duties and responsibilities effectively and are suitably qualified to hold their positions. The Board was also satisfied that the Board composition in terms of size, the balance between executive, non-executive and independent Directors and mix of skills was adequate, taking into account the scope and nature of the operations of the Group.

1.7 Directors' Independence and Tenure

The Board takes cognisance of Recommendation 3.2 of the Code that the tenure of an independent director should not exceed a cumulative term of nine (9) years. Although a longer tenure of directorship may be perceived to have an effect on a director's independence, the Board is of the view that the ability of long serving independent directors to remain independent and to discharge their duties with integrity and competency should not be measured solely by tenure of service or any pre-determined age.

The Board seeks to strike an appropriate balance between tenure of service, continuity of experience and refreshment of the Board. Such refreshment process of the Board will take some time and cannot happen overnight in order to maintain stability to the Board. Further, the Company benefits from such directors who have, over time, gained valuable insights into the Group, its market and the industry. That said, the Board has taken the first step by appointing a new Independent Non-Executive Director on the Board in the last financial year.

Independent Directors are subject to an independence assessment by the Nominating Committee and the Board during assessment for appointment and on an annual basis. Under the evaluation process, each Independent Director will perform a self-review on his/her independence by completing a declaration form with questions drawn from the requirements imposed by the various authorities. In this respect, the Board had adopted the same criteria used in the definition of "independent directors" prescribed by the Main Market Listing Requirements, including the tenure prescribed by the Code. The declaration form will be submitted to the Nominating Committee for evaluation. The Nominating Committee will evaluate the independence of the Independent Directors based on the criteria approved by the Board and submit its findings to the Board for deliberation.

For the financial year ended 30 September 2013, each of the four (4) Independent Non-Executive Directors had provided an annual declaration of the Director's independence to the Board. The Nominating Committee and the Board had assessed and concluded that the four (4) Independent Non-Executive Directors of the Company continue to demonstrate conduct and behaviour that are essential indicators of independence, and that each of them is independent of the Company's management and free from any business or other relationship which could interfere with the exercise of independent and objective judgment to Board and Board Committee deliberations and decision-making or the ability to act in the best interest of the Company. Each Independent Director has undertaken to notify the Board of any changes to the circumstances or development of any new interest or relationship that would affect their independence as an independent director of the Company.

At the date of this Statement, three (3) out the four (4) Independent Directors of the Company have served a tenure of nine (9) years and above. The Directors are Mr. Michael Yee Kim Shing, Y.M. Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed and Y.Bhg. Dato' Abu Hanifah bin Noordin. The Board has assessed the independence of the said Independent Directors and is satisfied that their long service have not affected their independence as they are independent-minded and have provided the necessary checks and balances in the best interest of the shareholders. The detailed justification for retaining the Directors as Independent Directors are set out in the explanatory notes of the notice of Annual General Meeting.

1.8 Fostering Commitment

The Directors are aware of their responsibilities and will devote sufficient time to carry out such responsibilities. In line with the Main Market Listing Requirements, directors are required to comply with the restrictions on the number of directorships in public-listed companies. Each Director is required to notify the Board prior to accepting any new directorships in public-listed companies incorporated in Malaysia. This ensures that their commitment, resources and time are focused on the affairs of the Company to enable them to discharge their duties effectively.

1.9 Board Meetings

Board meetings for each financial year are scheduled in advance prior to the end of the current financial year and circulated to Directors and Senior Management before the beginning of each financial year. The scheduled Board meetings are held to receive, deliberate and decide on matters reserved for its decision, including the performance of the Group, the business plans and strategies of the Group and the Group's quarterly financial results. Ad-hoc Board meetings are held as and when required.

The Board is satisfied with the level of time commitment by each of the Directors towards fulfilling their roles on the Board and Board Committees. The Board met 5 times during the financial year ended 30 September 2013. The details of attendance by each of the Directors of the meetings are as follows:

Name of Board Member	Designation	Number of Meetings Attended
Mr Chan Hua Eng	Non-Executive Chairman	5 out of 5
Mr Chan Thye Seng	Managing Director/Chief Executive Officer	5 out of 5
Mr Michael Yee Kim Shing	Independent Non-Executive Director	5 out of 5
Y.M. Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed	Independent Non-Executive Director	4 out of 5
Y.Bhg. Dato' Abu Hanifah bin Noordin	Independent Non-Executive Director	5 out of 5
Y.Bhg. Dato' Dr Zaha Rina binti Zahari	Independent Non-Executive Director	5 out of 5

The proceedings of all meetings, including all issues raised, deliberations, decisions and conclusions made at the Board of Directors' and Board Committees' meetings were recorded in the minutes of the Board of Directors' and Board Committees' meetings respectively.

1.10 Supply of Information

The Board has unrestricted access to timely and accurate information. The Board members are provided with the relevant agenda and Board papers containing management and financial information in advance of each Board meeting for their perusal and consideration and to enable them to obtain further clarification and information on the matters to be deliberated, to facilitate informed decision making. A Director who has a direct or deemed interest in the subject matter presented at the Board meeting shall abstain from deliberation and voting on the said subject matter.

The Board is also informed of the decision and significant issues deliberated by the Board Committees via the reporting of the Chairman of the respective Board Committees and the minutes of the Board Committees tabled at the Board meetings. In between Board meetings, the Board is also informed or updated, on important issues and/or major developments of matters discussed in the Board meetings by the management and/or the Company Secretary.

The Board is supported by a qualified, experienced and competent Company Secretary. All Directors have access to the advice and services of the Company Secretary. The Company Secretary advises the Board on any updates relating to new statutory and regulatory requirements pertaining to the duties and responsibilities of Directors. Additionally, the Company Secretary organises and attends all Board meetings and ensures meetings are properly convened and that accurate and proper records of the proceedings and resolutions passed are taken and maintained at the Registered Office of the Company.

All Directors also have access to Senior Management personnel in the Group and may invite any employees to be in attendance at Board meetings to assist in its deliberations. The Directors may seek independent professional advice at the Company's expense in furtherance of their duties, should the need arises.

1.11 Directors' Remuneration

The remuneration of Directors reflects the need to attract, motivate and retain directors with the relevant experience, qualifications and expertise required to assist in managing the Company effectively. The reward levels commensurate with the competitive market and business environment in which the Company operates whilst being reflective of the person's experience, level of responsibilities and linked to the corporate performance and consistent with the Company's culture, objective and strategy, in particular.

1.11 Directors' Remuneration (Cont'd.)

The remuneration of the Executive Director is decided by the full Board on the recommendation of the Remuneration Committee based on a performance evaluation by the Nominating Committee. The remuneration of the Non-Executive Directors reflects the level of responsibilities undertaken by them. The remuneration is deliberated upon by the full Board before recommendation is made to the shareholders who shall decide by resolution in general meeting. Directors do not participate in decisions regarding their own remuneration packages.

The aggregate remuneration of Directors of the Company for the financial year ended 30 September 2013 is as follows:

	Fees (RM)	Salaries & Other Emoluments (RM)	Total (RM)
Executive Director	-	1,193,019	1,193,019
Non-Executive Directors	195,000	-	195,000

The number of Directors of the Company whose remuneration falls into the following bands is as follows:

Range of Remuneration (RM)	Executive	Non-Executive
1-50,000	-	5
1,150,001-1,200,000	1	-

The disclosure on Directors' remuneration is made in accordance with item 11, Part A of Appendix 9C of the Main Market Listing Requirements. The Board is of the opinion that the disclosure of Directors' remuneration through 'band disclosure' is sufficient to meet the objectives of the Code.

1.12 Directors' Training

The Company recognises the importance of continuous professional development and training for its Directors. The Directors are mindful of the need for continuous training to keep abreast of new developments and are encouraged to attend forums and seminars facilitated by external professionals in accordance with their respective needs in discharging their duties as Directors. All the Directors of the Company have attended and successfully completed the Mandatory Accreditation Programme prescribed under the Main Market Listing Requirements. During the financial year ended 30 September 2013, the Directors had attended training covering a broad range of areas such as fraud oversight, taxation, information systems, financial reporting, corporate governance, corporate disclosure as well as training organised by Bursa Malaysia and Bank Negara Malaysia. In addition, Directors continuously receive briefings and updates on the Group's businesses and operations, risk management activities, corporate governance, finance, new developments in the business environment, new regulations and statutory requirements. The Board will continue to evaluate and determine the training needs of its Directors to enhance their skills and knowledge.

2. BOARD COMMITTEES

The Board has established Board Committees to assist the Board in performing its duties and discharging its responsibilities more efficiently and effectively. The Board Committees operate on Terms of Reference approved by the Board and have the authority to examine pertinent issues and report back to the Board with their recommendations. The ultimate responsibility for the final decision on all matters lies with the entire Board. The details of the Board Committees are as follows:

2.1 Audit Committee

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

The full details of the composition, terms of reference and summary of the activities of the Audit Committee during the year are set out in the Report of the Audit Committee of this Annual Report.

2.2 Nominating Committee

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

The Nominating Committee comprises exclusively Independent Non-Executive Directors. The members of the Nominating Committee are Y.M. Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed (Chairman), Mr. Michael Yee Kim Shing and Y.Bhg. Dato' Abu Hanifah bin Noordin.

During the financial year under review the Nominating Committee held one (1) meeting, on 30 November 2012, which was attended by all three (3) members.

2.3 Remuneration Committee

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

Membership of the Remuneration Committee is the same as that of the Nominating Committee.

During the financial year under review the Remuneration Committee held a meeting on 30 November 2012, which was attended by all three (3) members.

3. ACCOUNTABILITY AND AUDIT

3.1 Promoting Sustainability

The Group is committed to operating in a sustainable manner and seek to contribute positively to the well-being of stakeholders. The Board strongly believes that sustainable development means combining long-term economic value creation with a holistic approach to environmental stewardship, social responsibility and corporate governance ("ESG"). Efforts undertaken to reduce paper usage and recycling of waste materials, wherever possible, and the insurance subsidiary's participation in road safety campaigns, are some of the initiatives undertaken by the Group.

3.2 Code of Ethics

The Directors are expected to conduct themselves with the highest ethical standards at all times and thereby protect and promote the reputation and performance of the Company. Towards this end, the Board is in the midst of establishing a Code of Ethics, which sets the minimum standards for the conduct of all Directors.

3.3 Conflict of Interest

The Board is alert to the possibility of potential conflicts of interest involving the Directors and the Company and affirms its commitment to ensuring that such situations of conflict are avoided.

All Directors, including the Managing Director/Chief Executive Officer, are required to declare their interest in other entities on an annual basis. In addition, they are also required to disclose to the Company, any circumstance that may give rise to a conflict of interest situation during the course of carrying out their duties.

3.4 Financial Reporting

In presenting the annual financial statements and quarterly financial results announcements to shareholders, the Board is committed to provide a balanced, fair and comprehensive assessment of the Company's and the Group's position and prospects and ensures that the financial results are released to Bursa Malaysia Securities Berhad within the stipulated time frame and that the financial statements comply with regulatory reporting requirements. The Audit Committee assists the Board in reviewing all the information disclosed to ensure adequacy, accuracy and integrity, focusing particularly on changes in or implementation of major accounting policy changes, significant and unusual events and compliance with accounting standards and other legal requirements, prior to recommendation to the Board for approval.

The Directors are of the opinion that the Group uses appropriate accounting policies that are consistently applied and supported by reasonable as well as prudent judgments and estimates, and that the financial statements have been prepared in accordance with Malaysian Financial Reporting Standards and which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year.

The Directors' Responsibility Statement in respect of the Annual Audited Financial Statements is set out on page 33 of this Annual Report.

3.5 Internal Control

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

3.6 Risk Management

A formal Risk Management Framework has been established at the principal insurance subsidiary to assist in the identification, evaluation and management of risks. A Risk Management Committee has been set up, which meets regularly to oversee the development of risk management policies and procedures, monitor and evaluate the numerous risks that may arise from the business activities. A Risk Management Department has also been established to assist the Risk Management Committee to discharge its duties.

The Statement on Risk Management and Internal Control, which provides an overview of the risk management and state of internal control within the Group, is set out on pages 17 to 19 of this Annual Report.

3.7. Internal Audit

The internal audit function of the Group is performed in-house by the Group Internal Audit Department, which is independent of the activities it audits and is performed with impartiality, proficiency and due professional care. It undertakes regular reviews of the adequacy and effectiveness of the Group's system of internal controls and risk management process, as well as appropriateness and effectiveness of the corporate governance practices based on Audit Planning Memorandums approved by the respective Audit Committees. The Group Internal Audit Department reports directly to the Audit Committee.

3.8 Relationship with External Auditors

The Audit Committee's terms of reference formalises the relationship with the External Auditors. In the course of the audit of the Group's financial statements, the External Auditors have highlighted to the Audit Committee and the Board, matters that require the Board's attention. It is the policy of the Audit Committee to meet with the External Auditors at least twice a year to discuss their audit plan, audit findings and the Company's annual financial statements. The Audit Committee also meets with the External Auditors without the presence of the Executive Director and the management whenever it deems necessary. In addition, the External Auditors are invited to attend the Annual General Meeting of the Company and are available to answer shareholders' questions on the conduct of the audit and the preparation and content of the audit report.

3.8 Relationship with External Auditors (Cont'd.)

The Audit Committee had reviewed the suitability and independence of the External Auditors and recommended their re-appointment for the financial year ending 30 September 2014. The External Auditors had provided a confirmation of their independence to the Audit Committee that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

3.9 Corporate Disclosure Policy

The Board places importance in ensuring disclosure made to shareholders and stakeholders is comprehensive and timely. In this respect, the Company is in the midst of establishing a Corporate Disclosure Policy for compliance with the disclosure requirements set out in the Main Market Listing Requirements and to raise awareness and provide guidance to the Board and management on the Group's disclosure requirements and practices.

4. SHAREHOLDERS AND INVESTORS ENGAGEMENT

4.1 Dialogue between the Company and investors

The Board acknowledges the value of good investor relations and the importance of disseminating information in a fair and equitable manner. The participation of shareholders, both individual and institutional, at general meetings is encouraged whilst request for briefings from the press and investment analysts are usually met as a matter of course and when they are conveyed to the Company. Dissemination of information during the briefings is confined to permissible disclosure within the listing requirements that will further enhance the understanding of the Group's operations and activities.

In addition, the Company maintains a corporate website at www.pacific-orient.com with links to announcements of results and annual reports, through which the investors and shareholders can have an overview of the Group's financial information, products information and corporate information.

4.2 Annual General Meeting

The Company's Annual General Meeting is the principal forum for dialogue with shareholders and provides an opportunity for the shareholders to seek and clarify any issues, and to have a better understanding of the Group's performance and operation. Shareholders are encouraged to raise any issues and communicate with the Board at the Annual General Meeting and to vote on all resolutions.

Senior management and External Auditors are also available to respond to any queries from shareholders at the Annual General Meeting.

The Board notes the recommendation of the Code to serve notices for meetings earlier than the minimum notice period. As in past years, the Board serves the notice for Annual General Meeting at least six (6) weeks prior to the meeting.

The rights of shareholders, including the right to demand for a poll, are found in the Articles of Association of the Company. Voting by way of a poll may be demanded for substantive resolutions. The Company has yet to take the requisite steps to look into adopting electronic voting as the number of shareholders attending the Annual General Meeting is currently manageable and the Chairman encourages shareholder participation during voting on resolutions. The Company will nevertheless consider electronic voting should shareholder attendance increase significantly in future meetings.

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

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

BOARD RESPONSIBILITY

The Board of Directors has overall responsibility for maintaining a sound system of risk management and internal control and is fully committed to ensure the adequacy and effectiveness of the system of risk management and internal control within Pacific & Orient Berhad and its subsidiaries. However, the systems in place are designed to manage rather than eliminate the risk of failure to achieve business objectives, and therefore can only provide reasonable but not absolute assurance against material misstatement of management and financial information or against financial losses and fraud.

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

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

Board Committees

Besides the Audit, Nominating and Remuneration Committees established in the Company and also in the significant insurance subsidiary, the significant insurance subsidiary has also set up a Risk Management Committee to assist the Board to perform its oversight function. Specific responsibilities have been delegated to these Board Committees, all of which have formalised terms of reference. These Committees have the authority to examine all matters within their scope and report to the Board with their recommendations.

Audit Committee

The Audit Committee was established by the Board with its terms of reference to assist in reviewing management's financial reports, internal audit reports and external audit reports. Significant issues are brought to the attention of the Board. The Committee also oversees the independence and resources of the internal audit function besides ensuring that the scope of work is adequate and that the audit has been carried out objectively and effectively by a competent team of auditors.

Risk Management Committee

A Risk Management Committee was established by the significant insurance subsidiary with its terms of reference to oversee the risk management activities of the subsidiary and ensure effective implementation of the objectives outlined in the Risk Management Framework. Significant risks are brought to the attention of the Risk Management Committee/Board. The Committee also oversees the effective communication and implementation of the Company's risk appetite/tolerance.

Management Committees

Where necessary, the Companies within the Group have established management committees to assist the respective Chief Executive Officers in ensuring that daily operations are conducted effectively and in accordance with the company's strategic plan, approved budgets, policies, procedures and relevant laws and regulations. The management committees include IT Steering Committee, Business Continuity Management Committee, Claims Committee, Credit Committee and Investment Working Group.

Organisation Structure

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

Annual Strategic Plan and Performance Review

The management of each Company within the Group ensures that strategies are met and performances are reviewed. In the insurance subsidiary, this involves the submission of the strategic plan to the Board for approval before commencement of a financial year. Actual performances would be reviewed by the management monthly and Board on quarterly basis, to ensure that the business has been managed according to the corporate strategies within relevant laws and regulations. Action plans are formulated to address any areas of concern.

Policies and Procedures

The management has established written policies and procedures, which have been approved by the Group CEO/CEO or the Board and they have been implemented in the respective core business processes throughout the Group. They serve to ensure compliance with internal controls and relevant laws and regulations. Regular reviews and updates are performed in line with changes in business environment, statutory and regulatory requirements to ensure their relevance and effectiveness.

Anti-Money Laundering and Counter Financing of Terrorism Policies and Procedures

Anti-Money Laundering and Counter Financing of Terrorism policies and procedures have been established at the significant insurance subsidiary to prevent and detect money laundering and financing of terrorism activities. These include customer due diligence, screening against sanction list and suspicious transaction reporting. Front line staff and agents are provided with training on Anti-Money Laundering and Counter Financing of Terrorism requirements to create awareness of their responsibilities.

Human Resource Policies and Procedures

Management has established human resource polices and procedures, which encompasses a wide spectrum of human resource management, including recruitment, performance appraisal and promotion, resignation/termination of employment, training and development, benefits and disciplinary action. The policies and procedures are compiled into an Employee Handbook, and made readily available to staff at their convenience.

Risk Management Framework

The Group consists of several companies, each of which has its own management and internal control structures. Operating management of each business unit bears responsibility for the identification and mitigation of major business risks and each maintains controls and procedures appropriate to its own business environment. These include, inter alia, establishment of a formal Risk Management Framework by the significant insurance subsidiary, which outlines the principles, philosophy/policy, roles and responsibilities, structure as well as the process for identifying, evaluating, reporting and managing risks. The Framework, which was prepared based on The Joint Australian/New Zealand Standard AS/NZS ISO 31000:2009 Risk Management Principles and Guidelines, provides the Board and the management of the subsidiary with a tool to anticipate and manage both existing and potential risks. The risk profiles were regularly reviewed and updated to account for changes in business environment and relevant laws and regulations. The insurance subsidiary has also set up a Risk Management Committee, whose authority and responsibility are clearly defined in the terms of reference. The Risk Management Department monitors and evaluates the process on an ongoing basis and reports to the Risk Management Committee at the minimum, on a quarterly basis.

Internal Audit

The Group Internal Audit Department, which reports to the Audit Committees, conducts operational, financial, compliance and management information system control audits on companies within the Group in accordance with Audit Planning Memorandums approved by the Audit Committees. The Internal Audit function adopts a risk-based approach and employs systematic audit methodology to provide an objective and independent audit assessment on the adequacy and effectiveness of the system of risk management and internal control and appropriateness and effectiveness of the corporate governance practices of the Group. In carrying out its duties, the Group Internal Audit Department evaluates the Group’s risk exposures and controls relating to reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets and compliance with laws, regulations and contracts. Internal audit recommendations to mitigate associated risks would be provided for each internal control issue highlighted and follow-up audit would be carried out to ensure that the auditee has implemented the recommendations within agreed timeline. The Group Internal Audit Manager presents internal audit reports to the Audit Committees for review on a quarterly basis.

Business Continuity Management

Business continuity plans have been established to ensure that critical business functions will be able to recover and resume operations within a pre-determined time upon occurrence of a disaster. Disaster recovery testing is performed annually to test all main application systems and the results are reported to the Business Continuity Management Committee and thereafter to the Board of Directors.

REVIEW FOR THE FINANCIAL YEAR

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

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

The Risk Management Department had challenged the business units at each point of the risk management process to ensure its robustness and that the risk profiles truly reflected the risks faced by the business units. Senior management too had performed a strategic risk review in conjunction with the establishment of the annual strategic plan of the subsidiary. All the risks identified were documented in risk review reports which were reviewed by the Risk Management Committee and the Board of the significant insurance subsidiary.

Additionally, the Board of the significant insurance subsidiary had also received periodic reports from the Chief Executive Officer on the scope and performance of the risk management and internal control system. The periodic reports from the Chief Executive Officer were prepared based on an assessment process derived from a system of direct and indirect assessment of the risk management and internal control system implemented in the significant insurance subsidiary. For the current financial year under review, the Chief Executive Officer has intimated that the significant insurance subsidiary's risk management and internal control system was adequate and generally effective in addressing the identified risks of the significant insurance subsidiary. Although minor lapses were noted, these did not have a significant impact on the significant insurance subsidiary. Such reporting provides the basis for the assurance provided by the Managing Director/Chief Executive Officer and the Group General Manager – Finance to the Company's Board.

The Group Internal Audit Department had included in its internal audit programme a review of the adequacy and effectiveness of the risk management process during its regular review of the adequacy and effectiveness of the internal control of the business units. The audit findings as well as audit opinion on adequacy and effectiveness of risk management and internal control system had provided independent assurance to the significant insurance subsidiary's Board with regard to the system of risk management and internal control established by management.

CONCLUSION

The Board is of the view that the state of the Group's risk management and internal control system is generally adequate and effective in mitigating risks to achieve its business objective. Continuous review of its internal control system would be carried out in line with the changes in the business and relevant laws and regulations to ensure its effectiveness in safeguarding shareholders' investment and the Group's assets. The Board has also received assurance from the Managing Director/Chief Executive Officer and the Group General Manager - Finance that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

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

Review of the Statement by External Auditors

The External Auditors have reviewed the Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5, issued by the Malaysian Institute of Accountants, for inclusion in the Annual Report of the Company for the financial year ended 30 September 2013 and have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the system of risk management and internal control of the Group.

ADDITIONAL COMPLIANCE STATEMENT

During the financial year under review:

a. there were no

- warrants or convertible securities exercised
- American Depository Receipt or Global Depository Receipt programmes sponsored by the Company
- sanctions and/or penalties imposed on the Company or its subsidiaries, directors or management by any relevant authority
- profit estimates, forecasts or projections or unaudited results released which differ by 10 per cent or more from the audited results
- profit guarantees given in respect of the Company
- material contracts between the Company and its subsidiaries that involve directors' or major shareholders' interests
- loans between the Company and its subsidiaries that involve directors' or major shareholders' interests

b. the Group has a policy on revaluing its investment properties once every three years.

c. non–audit fees paid to the external auditors during the financial year amounted to RM163,000.

MEMBERS OF THE AUDIT COMMITTEE

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

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

2. Y.M. Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed
   (Independent Non-Executive Director)

3. Y.Bhg. Dato' Abu Hanifah bin Noordin
   (Independent Non-Executive Director)

TERMS OF REFERENCE

The Audit Committee is governed by the Terms of Reference, which is laid down below:

1. Membership

1.1 The Audit Committee shall be appointed by the Board of Directors from amongst the Directors of the Company and shall consist of not less than three (3) members.

1.2 All the Audit Committee members shall be non-executive directors with a majority of the members, including the Chairman of the Committee, being Independent Directors as defined in Chapter 1 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements.

1.3 All members of the Audit Committee shall be financially literate. The Committee shall include at least one person:

(a) who is a member of the Malaysian Institute of Accountants; or

(b) who must have at least 3 years' working experience and:
(i) have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
(ii) is a member of one of the Associations specified in Part II of the 1st Schedule of the Accountants Act, 1967; or

(c) who has either one of the following qualifications and at least 3 years' post qualification experience in accounting or finance:
(i) a degree/masters/doctorate in accounting or finance; or
(ii) a member of any professional accountancy organisation which has been admitted as a full member of the International Federation of Accountants; or

(d) who has at least 7 years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

1.4 No alternate Director shall be appointed as a member of the Audit Committee.

1.5 The members of the Audit Committee shall elect a Chairman from amongst their number.

1.6 If a member of the Audit Committee resigns, dies or for any reason ceases to be a member with the result that the number of members is reduced below three (3), the Board shall, within three (3) months appoint such number of new members as may be required to make up the minimum of three (3) members.

1.7 The terms of office and performance of the Audit Committee and each of its members shall be reviewed by the Board no less than once every three (3) years. However, the appointment terminates when a member ceases to be a Director.

2. **Meetings**

2.1 The quorum for an Audit Committee meeting shall be at least two (2) members; the majority present must be Independent Directors.

2.2 The Audit Committee shall meet at least four (4) times a year and such additional meetings as the Chairman shall decide.

2.3 Notwithstanding paragraph 2.2 above, upon the request of any member of the Audit Committee, non-member Directors, the Internal or External Auditors, the Chairman shall convene a meeting of the Committee to consider the matters brought to its attention.

2.4 The External Auditors have the right to appear and be heard at any meeting of the Audit Committee and shall appear before the Committee when required to do so. However, the Committee should meet with the External Auditors without executive board members present at least twice a year.

2.5 The Audit Committee may invite any non-member Directors or employee of the Company and of the Group who the Committee thinks fit and proper to attend its meetings to assist in its deliberations and resolutions of matters raised.

2.6 The Internal Auditors shall be in attendance at all meetings to present and discuss the audit reports and other related matters and the recommendations relating thereto and to follow up on all relevant decisions made. However, the Audit Committee should meet with the Internal Auditors without other directors and employees present, whenever deemed necessary.

2.7 The Company Secretary shall act as Secretary of the Audit Committee and shall be responsible, with the concurrence of the Chairman, for drawing up and circulating the agenda and the notice of meetings together with the supporting explanatory documentation to members prior to each meeting.

2.8 The Secretary of the Audit Committee shall be entrusted to record all proceedings and minutes of all meetings of the Committee.

2.9 In addition to the availability of detailed minutes of the Audit Committee's meetings to all Board members, the Committee at each Board meeting will report a summary of significant matters and resolutions.

3. **Rights and Authority**

The Audit Committee is authorised to:

3.1 Investigate any matter within its terms of reference.

3.2 Have adequate resources required to perform its duties.

3.3 Have full and unrestricted access to information, records and documents relevant to its activities.

3.4 Have direct communication channels with the External and Internal Auditors.

In this respect, the Chairman of the Audit Committee should engage on a continuous basis with senior management, such as the Chairman, the Chief Executive Officer, the Group General Manager – Finance, the Head of Internal Audit and the External Auditors in order to be kept informed of matters affecting the Company.

3.5 Engage, consult and obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise it considers necessary.

4. Functions and Duties

4.1 To review and recommend for the Board's approval, the Internal Audit Charter which defines the independence, purpose, authority, scope and responsibility of the internal audit function in the Company and the Group.

4.2 To review the following and report to the Board:

(a) With the External Auditors:

(i) The audit plan and audit report and the extent of assistance rendered by employees of the Auditee.
(ii) Their evaluation of the system of internal controls.
(iii) The audit fee and on matter concerning their suitability for nomination, appointment and re-appointment and the underlying reasons for resignation or dismissal as Auditors.
(iv) The management letter and management's response.
(v) Issues and reservations arising from audits.

(b) With the Internal Audit Department:

(i) Fulfillment of Internal Audit Department's role in evaluating and contributing to the improvement of risk management, control and governance systems as spelled out in the International Standards for the Professional Practice of Internal Auditing contained in The International Professional Practices Framework.
(ii) The adequacy and relevance of the scope, functions, competency and resources of internal audit and the necessary authority to carry out its work.
(iii) The audit plan of work program and results of internal audit processes including actions taken on recommendations.
(iv) The extent of cooperation and assistance rendered by employees of the Auditee.
(v) The appraisal of the performance of the internal audit including that of the senior staff and any matter concerning their appointment, resignation and termination.

(c) The quarterly results and year end financial statement of accounts prior to the approval by the Board, focusing particularly on:

(i) Changes and implementation of major accounting policies and practices.
(ii) Significant and unusual issues.
(iii) Going concern assumption.
(iv) Compliance with accounting standards, regulatory and other legal requirements.

(d) The major findings of investigations and management response.

(e) The propriety of any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raise questions of management integrity.

4.3 To report any breaches of the Main Market Listing Requirements which have not been satisfactorily resolved, to Bursa Malaysia Securities Berhad.

4.4 To verify allocation of options pursuant to a share scheme for employees is in compliance with the criteria for the allocation of options.

4.5 To prepare the Report of the Audit Committee for inclusion in the Company's Annual Report covering:

(a) The composition of the Committee including the name, designation and directorship of the members.
(b) The terms of reference of the Committee.
(c) The number of meetings held and details of attendance and relevant training attended by each member.
(d) A summary of the activities of the Committee in the discharge of its functions and duties.
(e) A summary of the activities of the internal audit function.

4. **Functions and Duties (Cont'd.)**

4.6 To review the following for publication in the Company's Annual Report:

(a) The disclosure statement of the Board on:

(i) The Company's application of the principles set out in the Malaysian Code on Corporate Governance.
(ii) The extent of compliance with the recommendation set out in the Malaysian Code on Corporate Governance, specifying reasons for any area of non-compliance and the alternative measures adopted in such areas.

(b) The statement on the Board's responsibility for the preparation of the annual audited financial statements.

(c) The disclosure statement on the state of the system of internal controls of the Company and of the Group.

(d) Other disclosures forming the contents of annual report spelt out in Part A of Appendix 9C of Bursa Malaysia Securities Berhad's Main Market Listing Requirements.

The above functions and duties are in addition to such other functions as may be agreed to from time to time by the Audit Committee and the Board.

5. **Group Internal Audit Department**

5.1 The Head of the Group Internal Audit Department shall have unrestricted access to the Audit Committee members and report to the Committee whose scope of responsibility includes overseeing the development and the establishment of the internal audit function.

5.2 In respect of the routine administrative matters, the Head of the Group Internal Audit Department shall report to the Group Chief Executive.

ATTENDANCE AT MEETINGS

A total of four (4) Audit Committee meetings were held during the financial year ended 30 September 2013. The details of attendance of each of the member at the Committee meetings held during the year are as follows:

Name of Committee Member	Number of meetings attended
1. Mr. Michael Yee Kim Shing	4/4
2. Y.M. Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed	4/4
3. Y.Bhg. Dato' Abu Hanifah bin Noordin	4/4

The Head of the Group Internal Audit Department and Company Secretary were in attendance at all the meetings. The Group General Manager – Finance was present by invitation at all the meetings whilst the Senior Accounts Manager and representatives of the External Auditors, Messrs Ernst & Young, were present during deliberations which require their input and advice. In addition, the Audit Committee had met twice with the External Auditors without the presence of management, to discuss problems and reservations arising from the audit, or any other matters the External Auditors may wish to discuss.

ACTIVITIES OF THE COMMITTEE

The summary of the activities of the Audit Committee in the discharge of its duties and responsibilities for the financial year ended 30 September 2013 included the following:

Financial Reporting

(a) Reviewed the unaudited quarterly financial results with management before submission to the Board of Directors for consideration and approval and release to Bursa Malaysia Securities Berhad.

(b) Reviewed the Company's annual report, issues and reservations arising from the statutory audit with the External Auditors, prior to submission to the Board for their consideration and approval.

(c) Reviewed the extent of the Group's compliance with the principles and recommendations set out under the Malaysian Code on Corporate Governance for the purpose of preparing the Statement on Corporate Governance and the Statement on Risk Management and Internal Control pursuant to the Bursa Malaysia Securities Berhad's Main Market Listing Requirements for inclusion in the Company's Annual Report. Recommended to the Board action plans to address the identified gaps between the Group's existing corporate governance practices and the prescribed corporate governance principles and recommendations under the Code.

(d) Reviewed and approved the Report of the Audit Committee for inclusion in the Company's Annual Report.

Internal Audit

(a) Reviewed the adequacy and relevance of the scope, functions, resources, risk-based internal audit plans and results of the internal audit processes, with the Group Internal Audit Department; and that it has the necessary authority to carry out its work.

(b) Reviewed the audit activities (comprising internal control, risk management process and governance practices) carried out by the Group Internal Audit Department and the audit reports to ensure corrective actions were taken by management to address the governance and risk issues reported.

External Audit

(a) Reviewed with the External Auditors the audit plan of the Company and of the Group for the year (inclusive of audit approach and scope of work) prior to the commencement of the annual audit.

(b) Reviewed the results of the annual audit, the External Auditor's audit report and management letter together with management's response to the findings of the External Auditors.

(c) Met with the External Auditors without the presence of management, to discuss problems and reservations arising from the audit, or any other matters the External Auditors may wish to discuss, including the level of assistance provided by the Company's employees to the External Auditors, and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information.

(d) Evaluated the performance, independence and objectivity of the External Auditors and made recommendations to the Board of Directors on their re-appointment and remuneration.

Related Party Transactions

(a) Reviewed, with the assistance of the Group Internal Audit Department and management, all related party transactions entered into by the Company and the Group to ensure that the transactions entered into were at arm's length basis and on normal commercial terms and the adequacy, appropriateness and compliance of the procedures established to monitor related party transactions.

ACTIVITIES OF THE COMMITTEE (Cont'd.)

Others

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

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

INTERNAL AUDIT ACTIVITIES REPORT

The Audit Committee is supported by an in-house Internal Audit function in the discharge of its duties and responsibilities. The Internal Audit function reports directly to the Committee and is independent of the activities they audit. The primary responsibility of the Group Internal Audit Department is to undertake regular and systematic reviews of the risk management process, internal controls and governance practices of the Company and the Group so as to provide reasonable assurance that the controls are operating satisfactorily and effectively and are in line with the Group's goals and objectives. The total costs incurred for the Internal Audit function of the Group in respect of the financial year ended 30 September 2013 was RM690,987.

The summary of the activities of the Group Internal Audit Department for the financial year ended 30 September 2013 is as follows:

(a) Prepared the annual Audit Plan for the approval of the Audit Committee.

(b) Regularly performed risk-based audits on strategic business units of the Company and of the Group, which covered reviews of the internal control, accounting and management information systems, risk management process and governance practices.

(c) Issued audit reports to the Audit Committee and management, identifying weaknesses and issues as well as highlighting recommendations for improvement.

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

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

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

(g) Reviewed the quarterly financial results with management and the Audit Committee.

(h) Reviewed the Company's annual report, issues and reservations arising from the statutory audit with the Audit Committee and the External Auditors.

(i) Reviewed on the appropriateness of the disclosure statements in regard to compliance with the Malaysian Code on Corporate Governance and the Statement on Risk Management and Internal Control.

(j) Assisted the Audit Committee to prepare the Report of the Audit Committee for inclusion in the Company's Annual Report.

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

On behalf of your Board of Directors, I have the pleasure of presenting the Annual Report and Audited Financial Statements of your Company for the year ended 30 September 2013.

FINANCIAL RESULTS

The Group recorded a turnover of RM563.4 million in 2013 compared to RM561.8 million in 2012. The increase was mainly attributed to additional interest income earned from fixed deposit and placements with financial institutions to the extent of RM948.0 million compared to RM730.7 million a year ago as well as improved sales in the IT division. Consequently, pre-tax profit of the Group increased to RM65.7 million as against RM50.6 million previously.

At Company level, turnover increased to RM67.5 million in 2013 as compared to RM48.6 million in the preceding year owing to an increase in dividend income. The disposal of 49% equity interest in its insurance subsidiary during the financial year caused a quantum leap in earnings for the Company and notwithstanding the occurrence of an impairment loss amounting to RM24.4 million arising from write-down of amount due from subsidiaries, the Company's profit before tax increased significantly to RM262.8 million as against RM31.2 million the previous year.

As a result of the aforesaid gain on disposal, the shareholders' equity of the Company increased more than two-fold to RM363.5 million from RM169.3 million the year before.

CORPORATE DEVELOPMENT

As mentioned in our report last year, your Company disposed of 49% of its equity interest in its insurance subsidiary (POI) to Sanlam Emerging Markets Proprietary Limited (Sanlam) and the transaction was officially completed in May 2013. The sales proceeds amounting to RM270 million was received upon fulfilment of all the conditions precedent related to the disposal.

Even though POI is no longer a wholly-owned subsidiary of your Company, it is still the majority shareholder and thus retain management control.

Other than the above there were no major corporate proposals concluded during the financial year under review.

ECONOMIC OUTLOOK

As reported by Bernama, the national news agency, our Prime Minister had said that the Malaysian economy is set to continue to expand in 2013 and 2014 albeit with a slight moderation in growth. According to him domestic demand will continue to anchor growth amid the continued moderation in external demand, with the growth to be mainly driven by the private sector and supported by the public sector. He said that there are risks to growth, especially from the external environment as the major advanced economies will still be affected by the ongoing structural adjustments and policy uncertainty.

The Prime Minister's views were echoed by Bank Negara Malaysia governor Tan Sri Dr Zeti Akhtar Aziz who said that the Malaysian economy was on track for 4.5 to 5 percent expansion in 2013 as exports increase and the country was poised for higher growth in 2014.

PROSPECTS OF THE COMPANY

The sale of 49% equity interest in POI means that your Company has effectively realised a portion of the latent net worth locked in POI and the cash proceeds can be used to reward shareholders in the form of dividend payments and for opportunistic investments to generate more value to shareholders.

PROSPECTS OF THE COMPANY (Cont'd.)

On a macro perspective, your Board remains cautious of the company's performance in the year ahead as the recovery of the US and Eurozone economies remains erratic and sluggish. Furthermore, growth in China may be slowing down and until there are clearer positive signals on the horizon, management has taken a more conservative approach in seeking potential investments to protect the Company's cash-holding and thus safeguard shareholders' interest.

BUSINESS ACTIVITIES

Financial Services

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

Insurance

As in the past, POI will remain focused on improving its profit margin in the underwriting of motor vehicles especially motorcycles in which it already has a niche. The current emphasis is to manage the claims ratio via a more prudent underwriting process to achieve continued profitability.

Following the recent partnership with Sanlam, a representative from this corporate shareholder joined the Board of POI towards the end of FY2013 and the participation of a member from a foreign entity with operations in insurance and other financial services should add value to POI's operations.

The new regulations under the Financial Services Act 2013 (FSA) which came into effect on 30 June 2013 has affected insurance players, particularly those in the composite sector which are required to split their operations into two separate entities i.e. life and general. Though POI is solely in general insurance, it will continue to scrutinise other areas of the new ruling to ensure compliance as the FSA allows Bank Negara Malaysia to exercise its power to enforce civil or administrative sanctions should any non-compliance be detected.

Another recent regulation which POI will pay close attention to is the Competition Act 2010 (CA) which came into effect on 1 January 2012. POI will continue to take into consideration the implications of the CA and ensure it will not contravene this law when executing operational and marketing strategies to achieve higher targets given POI's present dominant position in the underwriting of motorcycles.

Although the Goods & Services Tax (GST) which will come into force in April 2015 may not have adverse impact on the current business model of POI, management will study the effect of this new tax regime to ensure that the company's existing systems and processes will continue with minimal interruption.

For the year under review, POI's total revenue was RM553.4 million or almost the same amount as last year (RM556.6 million). However, pre-tax profit for the year was higher at RM70.4 million when compared to the previous year's amount of RM61.3 million which was affected by POI having to make a one-off impairment charge arising from the commutation of a reinsurance contract with a reinsurer in that year.

Money Lending

The money lending subsidiary placed its priority in maintaining a portfolio with minimal default and continued to adopt stringent criteria in its credit vetting process with approval of loans restricted to internal customers or staff within the group.

Turnover for the year decreased slightly to RM0.21 million as compared to RM0.34 million the previous year. Nevertheless, pre-tax profit increased more than three-fold to RM 0.48 million as compared to RM0.15 million the year before.

Information Technology

As the current business environment gets more virtual-service oriented, the IT division plays an important role in providing technological support to the group in data management as well as networking and other related electronic connectivity developments.

In 2013 this division had mixed results. The Malaysian outfit performed to expectations with an improved bottom line. However, the operation in the United States was still subdued as the trend of the local business environment there continued to be uneven. Nearer home, the Thai economy slowed down in 2013 and this somewhat softened the steadily improving performance of our unit based in Bangkok.

For the year under review, all the three major units in the IT division made progress and added on their respective turnover figures compared to last year. In 2013, the total turnover of the division increased to RM21.4 million versus RM16.1 million in the previous year as a result of higher consultation revenue and increased sale of application software. Mainly because of the better results of the Malaysian operations in 2013, the performance of the IT division improved with a small profit of RM0.07 million as compared to a loss of RM2.37 million last year.

DIVIDEND

In respect of the financial year ended 30 September 2013, your company paid out dividends on six occasions as follows:

Special dividend of 18.99 sen per share on 25 June 2013
First interim dividend of 2.50 sen per share on 31 December 2012
Second interim dividend of 1.20 sen per share on 8 March 2013
Third interim dividend of 1.20 sen per share on 10 May 2013
Fourth interim dividend of 0.80 sen per share on 21 August 2013
Fifth interim dividend of 1.50 sen per share on 13 November 2013

Except for 3.82 sen of the special dividend which was tax exempt and the fourth and fifth interim dividends which were single tier, all dividends paid out were net of tax.

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

CORPORATE SOCIAL RESPONSIBILITY

The Group continues to undertake activities consistent with good corporate citizenry and social responsibility. For example, various member companies of the Group:

- Encourage employees to minimise the wastage of energy and products with significant environmental costs.
- Provide financial and other support to organisations concerned with safety, charitable, welfare and sports activities
- Train, develop and provide health education to employees

APPRECIATION

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

CHAN HUA ENG
Chairman
Kuala Lumpur
December 2013

PENYATA PENGERUSI

Bagi pihak Lembaga Pengarah tuan, saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan Teraudit Syarikat bagi tahun berakhir 30 September 2013.

KEPUTUSAN KEWANGAN

Kumpulan telah mencatat jumlah dagangan sebanyak RM563.4 juta pada tahun 2013 berbanding dengan RM561.8 juta pada tahun 2012. Peningkatan ini adalah berpunca terutamanya daripada pendapatan faedah tambahan yang diperoleh daripada deposit tetap dan penempatan dengan institusi kewangan sehingga RM948.0 juta berbanding dengan RM730.7 juta setahun yang lepas serta peningkatan jualan dalam bahagian IT Akibatnya, keuntungan pra-cukai Kumpulan telah meningkat kepada RM65.7 juta berbanding dengan RM50.6 juta pada tahun sebelumnya.

Di peringkat Syarikat, jumlah dagangan telah meningkat kepada RM67.5 juta pada tahun 2013 berbanding dengan RM48.6 juta pada tahun sebelumnya disebabkan oleh peningkatan dalam pendapatan dividen. Pelupusan 49% kepentingan ekuiti dalam anak syarikat insuransnya dalam tahun kewangan telah menyebabkan lonjakan besar dalam perolehan Syarikat dan walaupun berlaku kerugian kerosotan berjumlah RM24.4 juta timbul daripada penurunan nilai jumlah terhutang daripada anak-anak syarikat, keuntungan Syarikat sebelum cukai telah meningkat dengan ketara kepada RM262.8 juta berbanding dengan RM31.2 juta pada tahun sebelumnya.

Akibat daripada keuntungan ke atas pelupusan tersebut, ekuiti pemegang saham Syarikat telah meningkat lebih daripada dua kali ganda kepada RM363.5 juta daripada RM169.3 juta pada tahun sebelumnya.

PERKEMBANGAN KORPORAT

Sebagaimana dimaklumkan dalam laporan kita tahun lepas, Syarikat tuan telah melupuskan 49% kepentingan ekuitinya dalam anak syarikat insuransnya (POI) kepada Sanlam Emerging Markets Proprietary Limited (Sanlam) dan urus niaga tersebut telah selesai disempurnakan dengan rasminya pada Mei 2013. Perolehan jualan berjumlah RM270 juta telah diterima selepas pemenuhan semua syarat duluan berkaitan dengan pelupusan tersebut.

Walaupun POI bukan lagi anak syarikat milik penuh Syarikat tuan, ia masih merupakan pemegang saham majoriti dan oleh itu masih memegang kawalan pengurusan.

Selain daripada di atas tidak ada cadangan korporat yang utama telah diputuskan dalam tahun kewangan di bawah kajian.

TINJAUAN EKONOMI

Sebagaimana yang dilaporkan oleh Bernama, agensi berita nasional, Perdana Menteri kita telah menyatakan bahawa ekonomi Malaysia bersedia untuk berkembang selanjutnya pada tahun 2013 dan 2014 meskipun dengan kadar pertumbuhan yang agak sederhana. Menurut beliau permintaan domestik akan terus menjadi teras pertumbuhan di sebalik penyederhanaan dalam permintaan luar yang berterusan, dengan pertumbuhan dipacu terutamanya oleh sektor swasta dan disokong oleh sektor awam. Beliau menyatakan bahawa terdapat risiko kepada pertumbuhan, terutamanya daripada persekitaran luar memandangkan ekonomi-ekonomi maju utama masih dipengaruhi oleh pelarasan struktur yang berterusan dan ketidaktentuan politik.

Pandangan Perdana Menteri itu telah disuarakan oleh gabenor Bank Negara Malaysia, Tan Sri Dr Zeti Akhtar Aziz yang menyatakan bahawa ekonomi Malaysia berada pada landasan pengembangan 4.5 hingga 5 peratus pada tahun 2013 apabila eksport meningkat dan negara kini diambang pertumbuhan yang lebih tinggi pada tahun 2014.

PROSPEK SYARIKAT

Penjualan 49% kepentingan ekuiti dalam POI bermakna bahawa Syarikat tuan secara efektif telah mencapai bahagian nilai bersih terpendam dikunci dalam POI dan perolehan tunai boleh digunakan untuk memberi ganjaran kepada pemegang-pemegang saham dalam bentuk bayaran dividen dan bagi pelaburan oportunis untuk menjana lebih banyak nilai kepada pemegang-pemegang saham.

PROSPEK SYARIKAT (Samb.)

Dari perspektif makro, pihak Lembaga tuan masih berwaspada tentang prestasi syarikat dalam tahun-tahun mendatang memandangkan pemulihan ekonomi US dan zon Euro masih lagi tidak menentu dan lembap. Tambahan pula, pertumbuhan di China mungkin akan lebih perlahan dan sehingga terdapat tanda-tanda positif yang lebih jelas secara keseluruhan, pihak pengurusan telah mengambil pendekatan yang lebih konservatif dalam mencari pelaburan-pelaburan berpotensi bagi melindungi pegangan tunai Syarikat dan sekali gus melindungi kepentingan pemegang-pemegang saham.

KEGIATAN PERNIAGAAN

Perkhidmatan Kewangan

Bahagian ini terdiri daripada Pacific & Orient Insurance Co. Berhad (POI) dan P&O Capital Sdn. Bhd. (POC), sebuah syarikat pemberian pinjaman wang.

Insurans

Seperti tahun-tahun lepas, POI akan terus memberi tumpuan pada peningkatan margin keuntungannya dalam pengunderaitan kenderaan bermotor terutamanya motosikal di mana ia telah pun mempunyai kelebihan. Penekanan semasa adalah untuk menguruskan nisbah tuntutan melalui proses pengunderaitan yang lebih berhemat bagi mencapai keuntungan yang berterusan.

Berikutan perkongsian baru-baru ini dengan Sanlam, seorang wakil daripada pemegang saham korporat ini telah menyertai Lembaga POI menjelang akhir tahun kewangan 2013 dan penyertaan seorang ahli lembaga daripada entiti asing yang beroperasi dalam insurans dan perkhidmatan kewangan lain seharusnya menambah nilai kepada operasi POI.

Peraturan-peraturan baru di bawah Akta Perkhidmatan Kewangan 2013 (FSA) yang mula berkuat kuasa pada 30 June 2013 telah mempengaruhi syarikat-syarikat insurans, terutamanya yang terlibat dalam sektor komposit yang perlu memecahkan operasi mereka kepada dua entiti berasingan iaitu insurans nyawa dan insurans am. Walaupun POI tertumpu pada insurans am semata-mata, ia akan terus meneliti bidang-bidang lain peraturan baru itu bagi memastikan pematuhan kepada FSA yang membolehkan Bank Negara Malaysia menggunakan kuasanya untuk menguatkuasakan sekatan awam atau pentadbiran sekiranya berlaku sebarang ketidakpatuhan.

Satu lagi peraturan baru yang POI akan beri perhatian sepenuhnya adalah Akta Persaingan 2010 (CA) yang mula berkuat kuasa pada 1 Januari 2012. POI akan terus memberi pertimbangan kepada implikasi CA dan memastikan ia tidak akan melanggar undang-undang ini apabila melaksanakan strategi operasi dan pemasaran untuk mencapai sasaran yang lebih tinggi mengambil kira kedudukan dominan semasa POI dalam pengunderaitan motosikal.

Walaupun Cukai Barangan & Perkhidmatan (GST) yang akan mula berkuat kuasa pada April 2015 mungkin tidak memberi kesan teruk ke atas model perniagaan semasa POI, pengurusan akan mengkaji kesan rejim cukai baru ini untuk memastikan agar sistem dan proses sedia ada syarikat akan berterusan dengan gangguan yang minimum.

Bagi tahun di bawah kajian, hasil keseluruhan POI adalah RM553.4 juta atau hampir menyamai jumlah tahun lepas (RM556.6 juta). Walau bagaimanapun, keuntungan pra-cukai bagi tahun ini adalah lebih tinggi sebanyak RM70.4 juta berbanding dengan jumlah tahun lepas sebanyak RM61.3 juta yang terjejas oleh langkah POI yang terpaksa membuat caj kerosotan nilai sekali akibat daripada komutasi kontrak reinsurans dengan syarikat reinsurer pada tahun yang lepas.

Pemberian Pinjaman Wang

Anak syarikat pemberian pinjaman wang meletakkan keutamaannya pada pengekalan portfolio dengan pemungkiran yang minimum dan terus mengenakan kriteria yang ketat dalam proses penapisan kreditnya dengan kelulusan pinjaman yang ketat kepada pelanggan-pelanggan dalaman atau kakitangan dalam kumpulan.

Jumlah dagangan bagi tahun ini merosot sedikit kepada RM0.21 juta berbanding dengan RM0.34 juta pada tahun sebelumnya. Namun demikian, keuntungan pra-cukai meningkat lebih daripada tiga kali ganda kepada RM 0.48 juta berbanding dengan RM0.15 juta pada tahun sebelumnya.

PENYATA PENGERUSI

Teknologi Maklumat

Apabila persekitaran perniagaan semasa semakin berorientasikan perkhidmatan yang lebih maya, bahagian IT memainkan peranan penting dalam menyediakan sokongan teknologi kepada kumpulan dalam pengurusan data serta pembangunan rangkaian dan lain-lain penyambungan rangkaian elektronik berkaitan.

Pada tahun 2013 bahagian ini mempunyai keputusan yang bercampur-campur. Bahagian dari Malaysia telah berjaya memenuhi jangkaan dengan keuntungan yang lebih baik. Walau bagaimanapun, operasi di Amerika Syarikat masih lemah memandangkan trend persekitaran perniagaan tempatan di sana masih tidak sekata. Di negara jiran, ekonomi Thai bergerak perlahan pada tahun 2013 dan ini agak merencatkan prestasi cemerlang bagi unit kami yang berpangkalan di Bangkok.

Bagi tahun di bawah kajian, kesemua tiga unit utama dalam bahagian IT telah mencapai kemajuan dan peningkatan dari segi angka jumlah dagangan mereka masing-masing berbanding tahun lepas. Pada tahun 2013, jumlah dagangan keseluruhan bahagian ini telah meningkat kepada RM21.4 juta berbanding RM16.1 juta pada tahun sebelumnya akibat daripada hasil khidmat perundingan yang lebih tinggi dan jualan perisian aplikasi yang semakin meningkat. Prestasi bahagian IT bertambah baik dengan keuntungan kecil sebanyak RM0.07 juta berbanding dengan kerugian sebanyak RM2.37 juta tahun lepas, terutamanya disumbangkan oleh keputusan operasi di Malaysia yang lebih baik pada tahun 2013.

DIVIDEN

Berhubung dengan tahun kewangan berakhir 30 September 2013, syarikat tuan telah membayar dividen enam kali seperti berikut:

Dividen khas sebanyak 18.99 sen setiap saham pada 25 Jun 2013
Dividen interim pertama sebanyak 2.50 sen setiap saham pada 31 Disember 2012
Dividen interim kedua sebanyak 1.20 sen setiap saham pada 8 Mac 2013
Dividen interim ketiga sebanyak 1.20 sen setiap saham pada 10 Mei 2013
Dividen interim keempat sebanyak 0.80 sen setiap saham pada 21 Ogos 2013
Dividen interim kelima sebanyak 1.50 sen setiap saham pada 13 November 2013

Kecuali bagi dividen khas sebanyak 3.82 sen yang telah dikecualikan cukai serta dividen interim keempat dan kelima yang merupakan tier tunggal, kesemua dividen yang dibayar adalah selepas ditolak cukai.

Para Pengarah tuan tidak bercadang untuk mengisytiharkan sebarang dividen akhir bagi tahun kewangan di bawah kajian.

TANGGUNGJAWAB SOSIAL KORPORAT

Kumpulan terus menjalankan kegiatan yang konsisten dengan tanggungjawab warga korporat dan sosial yang baik. Sebagai contoh, beberapa syarikat ahli Kumpulan:

- Menggalakkan kakitangan untuk meminimumkan pembaziran tenaga dan produk yang boleh memberi kesan ketara kepada alam sekitar.
- Menyediakan bantuan kewangan dan lain-lain sokongan kepada organisasi-organisasi berkaitan dengan keselamatan, kegiatan amal, kebajikan dan kegiatan sukan
- Melatih, membangun dan menyediakan pendidikan kesihatan kepada kakitangan

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin merakamkan penghargaan atas usaha-usaha yang dibuat oleh pengurusan dan kakitangan selama ini dan ingin mengucapkan terima kasih kepada sekutu-sekutu perniagaan kami atas kerjasama dan sokongan yang berterusan.

CHAN HUA ENG
Pengerusi
Kuala Lumpur
Disember 2013

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

The Directors are responsible for the preparation of Group's and the Company's financial statements each financial year in accordance with the requirements of the applicable approved Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board, the requirements of the Companies Act, 1965, Bank Negara Malaysia's guidelines and the Bursa Malaysia Securities Berhad Listing Requirements.

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

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

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

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

FINANCIAL STATEMENTS

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 September 2013.

PRINCIPAL ACTIVITIES

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

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

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

RESULTS	**Group RM'000**	**Company RM'000**
Net profit for the year	50,119	248,942
Attributable to:		
Equity holders of the Company	36,909	248,942
Non-controlling interest	13,210	-
	50,119	248,942

DIVIDENDS

The amount of dividends paid or declared by the Company since 30 September 2012 were as follows:

	RM'000
In respect of the financial year ended 30 September 2012 :	
6th interim dividend of 1.00 sen per share less tax at 25% paid on 28 November 2012	1,833
In respect of the financial year ended 30 September 2013 :	
1st interim dividend of 2.50 sen per share less tax at 25% paid on 31 December 2012	4,581
2nd interim dividend of 1.20 sen per share less tax at 25% paid on 8 March 2013	2,192
3rd interim dividend of 1.20 sen per share less tax at 25% paid on 10 May 2013	2,192
Special dividend of (a) 15.17 sen per share less tax at 25% and (b) tax exempt dividend of 3.82 sen per share paid on 25 June 2013	37,013
4th interim single tier dividend of 0.80 sen per share paid on 21 August 2013	1,946
	49,757

DIVIDENDS (Cont'd.)

In respect of the financial year ended 30 September 2013, the Directors had on 9 October 2013 declared a 5th interim single tier dividend of 1.50 sen per share amounting to RM3,634,000, based on the issued and paid-up share capital (net of treasury shares) as at 28 October 2013. The dividend was paid on 13 November 2013 to depositors whose names appeared in the Record of Depositors on 28 October 2013. This dividend has not been reflected in the financial statements for the current financial year but it will be accounted for in equity as an appropriation of retained profits for the financial year ending 30 September 2014. The Directors do not recommend the payment of any final dividend for the financial year ended 30 September 2013.

RESERVES AND PROVISIONS

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

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

ISSUE OF SHARES

There were no changes in the authorised, issued and paid-up share capital of the Company during the financial year.

TREASURY SHARES

During the financial year, the Company purchased 1,745,700 of its issued ordinary shares of RM0.50 each fully paid from the open market at an average price of RM1.35 per share for a consideration of RM2,350,013. The purchase was financed by internally generated funds. These shares are held as treasury shares in accordance with Section 67A of the Companies Act, 1965. Further relevant details are disclosed in Note 27(a) to the financial statements.

BAD AND DOUBTFUL DEBTS

Before the income statements, statements of comprehensive income and statements of financial position of the Group and of the Company were made 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 allowance had been made for doubtful debts.

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than the gain recognised on divestment of a 49% equity interest in the insurance subsidiary company as disclosed in Note 58 to the financial statements.

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

DIRECTORS

The Directors in office since the date of the last report are:

Mr. Chan Hua Eng
Mr. Chan Thye Seng
Mr. Michael Yee Kim Shing
Y.M. Tunku Dato' Mu'tamir Bin Tunku Tan Sri Mohamed
Y.Bhg. Dato' Abu Hanifah Bin Noordin
Y.Bhg. Dato' Dr. Zaha Rina Binti Zahari

In accordance with Section 129(6) of the Companies Act, 1965, Mr. Chan Hua Eng and Mr. Michael Yee Kim Shing retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment.

In accordance with Article 82 of the Company's Articles of Association, Mr. Chan Thye Seng retires from the Board by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary as a full-time employee of the Company as shown in Note 37 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares of RM0.50 each			
	At 1 October 2012	**Acquired**	**(Disposed)**	**At 30 September 2013**
The Company				
Mr. Chan Hua Eng				
- Direct interest	284,198	-	-	284,198
- Indirect interest	5,349,522	-	-	5,349,522
Mr. Chan Thye Seng				
- Direct interest	27,898,736	-	-	27,898,736
- Indirect interest	108,771,818	-	-	108,771,818
Mr. Michael Yee Kim Shing				
- Indirect interest	1,442,802	-	-	1,442,802
Y.Bhg. Dato' Abu Hanifah Bin Noordin				
- Indirect interest	659,332	-	-	659,332
Y.M. Tunku Dato' Mu'tamir Bin Tunku Tan Sri Mohamed				
- Indirect interest	4,570,252	-	-	4,570,252
Y.Bhg. Dato' Dr. Zaha Rina Binti Zahari				
- Direct interest	-	500,000	-	500,000

DIRECTORS' INTERESTS (Cont'd.)

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

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

SIGNIFICANT EVENT

Details of a significant event during the financial year are disclosed in Note 58 to the financial statements.

AUDITORS

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

Signed on behalf of the Board
in accordance with a resolution
of the Directors dated 28 November 2013.

CHAN THYE SENG **MICHAEL YEE KIM SHING**

Kuala Lumpur

STATEMENT BY DIRECTORS

We, CHAN THYE SENG and MICHAEL YEE KIM SHING, being two of the Directors of PACIFIC & ORIENT BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 44 to 152 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2013 and of the results and cash flows of the Group and of the Company for the year then ended.

The information set out in Note 59 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 28 November 2013.

CHAN THYE SENG **MICHAEL YEE KIM SHING**

Kuala Lumpur

STATUTORY DECLARATION

I, ENG LIAN GEOK, being the Officer primarily responsible for the financial management of PACIFIC & ORIENT BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 44 to 152 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, I960.

Subscribed and solemnly declared by)
the abovenamed ENG LIAN GEOK) **ENG LIAN GEOK**
at Kuala Lumpur in Wilayah)
Persekutuan on 28 November 2013)

Before me,

KAPT (B) AFFANDI BIN AHMAD
Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PACIFIC & ORIENT BERHAD (INCORPORATED IN MALAYSIA)

Report on the financial statements

We have audited the financial statements of Pacific & Orient Berhad, which comprise statements of financial position as at 30 September 2013 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 44 to 152.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 September 2013 and of their financial performance and 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, 1965 in Malaysia.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of the subsidiaries of which we have not acted as auditors, which are indicated in Note 12 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other reporting responsibilities

The supplementary information set out in Note 59 on page 153 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Brandon Bruce Sta Maria
No. 2937/09/15 (J)
Chartered Accountant

Kuala Lumpur, Malaysia
28 November 2013

STATEMENTS OF FINANCIAL POSITION as at 30 September 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Group 1.10.2011 RM'000	Company 2013 RM'000	Company 2012 RM'000	Company 1.10.2011 RM'000
ASSETS							
Property, plant and equipment	5	**23,220**	24,461	20,047	**1,081**	1,045	940
Investment properties	6	**695**	750	605	**-**	-	-
Prepaid land lease payments	7	**314**	318	322	**-**	-	-
Goodwill on consolidation	8	**-**	1,935	1,935	**-**	-	-
Intangible assets	9	**1,788**	1,236	734	**95**	9	4
Deferred tax	10	**2,386**	4,011	6,048	**511**	529	524
Investments	11	**43,333**	66,259	74,138	**44,497**	46,597	5,895
Investment in subsidiary companies	12	**-**	-	-	**120,507**	152,290	151,997
Inventories - goods for resale	13	**427**	627	791	**-**	-	-
Loans	14	**117**	132	245	**-**	-	-
Reinsurance assets	15	**229,483**	230,978	182,404	**-**	-	-
Insurance receivables	16	**23,679**	19,944	109,385	**-**	-	-
Trade receivables	17	**1,883**	1,497	1,128	**-**	-	-
Other receivables	17	**57,326**	36,017	21,594	**3,121**	3,150	1,967
Due from subsidiary companies	18	**-**	-	-	**7,983**	24,915	92,843
Deposits and placements with financial institutions	19	**868,029**	718,570	550,410	**111,183**	-	1,561
Cash and bank balances	20	**89,371**	18,649	59,106	**76,199**	2	1,907
TOTAL ASSETS		**1,342,051**	1,125,384	1,028,892	**365,177**	228,537	257,638
LIABILITIES							
Insurance contract liabilities	21	**786,537**	761,452	674,485	**-**	-	-
Insurance payables	22	**8,744**	16,229	23,432	**-**	-	-
Trade payables	23	**991**	1,160	992	**-**	-	-
Other payables	23	**8,502**	10,864	8,014	**1,194**	3,341	846
Due to a subsidiary company	24	**-**	-	-	**-**	3,146	3,041
Hire purchase creditors	25	**1,555**	1,839	1,596	**451**	489	464
Borrowings	26	**33,766**	86,238	96,648	**-**	52,280	96,148
Tax payable		**-**	4	10,647	**-**	-	-
TOTAL LIABILITIES		**840,095**	877,786	815,814	**1,645**	59,256	100,499
EQUITY							
Share capital	27	**122,977**	122,977	122,977	**122,977**	122,977	122,977
Treasury shares	27	**(3,813)**	(1,463)	(134)	**(3,813)**	(1,463)	(134)
Share premium	29	**24,302**	24,302	24,302	**24,302**	24,302	24,302
Merger reserve	28	**20,792**	40,769	40,769	**-**	-	-
Translation reserve	28	**(1,028)**	1,273	-	**-**	-	-
Revaluation reserve	28	**8,799**	8,799	5,222	**-**	-	-
Available-for-sale reserve	28	**(2,198)**	2,411	(5,313)	**(925)**	1,659	(3,708)
Retained profits	30	**209,227**	48,530	25,255	**220,991**	21,806	13,702
Equity attributable to equity holders of the Company		**379,058**	247,598	213,078	**363,532**	169,281	157,139
Non-controlling interest		**122,898**	-	-	**-**	-	-
TOTAL EQUITY		**501,956**	247,598	213,078	**363,532**	169,281	157,139
TOTAL EQUITY AND LIABILITIES		**1,342,051**	1,125,384	1,028,892	**365,177**	228,537	257,638

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

STATEMENTS OF CHANGES IN EQUITY
for the year ended 30 September 2013

Group

	◄--- Attributable to equity holders of the Company								---►		
			◄--- *Non-Distributable*				---►	*Distributable*			
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Merger Reserve RM'000	Translation Reserve RM'000	Revaluation Reserve RM'000	Available-For-Sale Reserve RM'000	Retained Profits RM'000	Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
At 1 October 2012	**122,977**	**(1,463)**	**24,302**	**40,769**	**1,273**	**8,799**	**2,411**	**48,530**	**247,598**	**-**	**247,598**
Divestment of a subsidiary company (Note 58)	**-**	**-**	**-**	**(19,977)**	**-**	**-**	**-**	**173,545**	**153,568**	**109,760**	**263,328**
Purchase of treasury shares (Note 27 (a))	**-**	**(2,350)**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,350)**	**-**	**(2,350)**
Net profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**36,909**	**36,909**	**13,210**	**50,119**
Other comprehensive loss for the year	**-**	**-**	**-**	**-**	**(2,301)**	**-**	**(4,609)**	**-**	**(6,910)**	**(72)**	**(6,982)**
Total comprehensive (loss)/income for the year	**-**	**-**	**-**	**-**	**(2,301)**	**-**	**(4,609)**	**36,909**	**29,999**	**13,138**	**43,137**
Dividends (Note 31)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(49,757)**	**(49,757)**	**-**	**(49,757)**
At 30 September 2013	**122,977**	**(3,813)**	**24,302**	**20,792**	**(1,028)**	**8,799**	**(2,198)**	**209,227**	**379,058**	**122,898**	**501,956**
At 1 October 2011	122,977	(134)	24,302	40,769	-	5,222	(5,313)	25,255	213,078	-	213,078
Purchase of treasury shares (Note 27 (a))	-	(1,329)	-	-	-	-	-	-	(1,329)	-	(1,329)
Net profit for the year	-	-	-	-	-	-	-	36,865	36,865	-	36,865
Other comprehensive income for the year	-	-	-	-	1,273	3,577	7,724	-	12,574	-	12,574
Total comprehensive income for the year	-	-	-	-	1,273	3,577	7,724	36,865	49,439	-	49,439
Dividends (Note 31)	-	-	-	-	-	-	-	(13,590)	(13,590)	-	(13,590)
At 30 September 2012	122,977	(1,463)	24,302	40,769	1,273	8,799	2,411	48,530	247,598	-	247,598

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

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 September 2013 (Cont'd.)

Company	Attributable to equity holders of the Company					
		Non-Distributable			Distributable	
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Available-For-Sale Reserve RM'000	Retained Profits RM'000	Total RM'000
At 1 October 2012	**122,977**	**(1,463)**	**24,302**	**1,659**	**21,806**	**169,281**
Purchase of treasury shares (Note 27 (a))	**-**	**(2,350)**	**-**	**-**	**-**	**(2,350)**
Net profit for the year	**-**	**-**	**-**	**-**	**248,942**	**248,942**
Other comprehensive loss for the year	**-**	**-**	**-**	**(2,584)**	**-**	**(2,584)**
Total comprehensive (loss)/income for the year	**-**	**-**	**-**	**(2,584)**	**248,942**	**246,358**
Dividends (Note 31)	**-**	**-**	**-**	**-**	**(49,757)**	**(49,757)**
At 30 September 2013	**122,977**	**(3,813)**	**24,302**	**(925)**	**220,991**	**363,532**
At 1 October 2011	122,977	(134)	24,302	(3,708)	13,702	157,139
Purchase of treasury shares (Note 27 (a))	-	(1,329)	-	-	-	(1,329)
Net profit for the year	-	-	-	-	21,694	21,694
Other comprehensive income for the year	-	-	-	5,367	-	5,367
Total comprehensive income for the year	-	-	-	5,367	21,694	27,061
Dividends (Note 31)	-	-	-	-	(13,590)	(13,590)
At 30 September 2012	122,977	(1,463)	24,302	1,659	21,806	169,281

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

INCOME STATEMENTS
for the year ended 30 September 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Revenue	32	**563,417**	561,794	**67,525**	48,610
Other operating income	33	**39,116**	49,402	**235,771**	1,449
		602,533	611,196	**303,296**	50,059
Changes in inventories		**(1,963)**	(671)	**-**	-
Gross premium ceded to reinsurers		**(160,593)**	(184,915)	**-**	-
Change in premium liabilities ceded to reinsurers	42	**(12,136)**	910	**-**	-
Premiums ceded to reinsurers		**(172,729)**	(184,005)	**-**	-
Gross claims paid		**(285,216)**	(237,445)	**-**	-
Claims ceded to reinsurers		**78,496**	59,588	**-**	-
Gross change in insurance contract liabilities		**(34,642)**	(99,994)	**-**	-
Change in insurance contract liabilities ceded to reinsurers		**10,641**	46,596	**-**	-
Net claims incurred	34	**(230,721)**	(231,255)	**-**	-
Commission expenses		**(56,038)**	(56,685)	**-**	-
Staff costs	36	**(34,888)**	(32,388)	**(5,532)**	(4,773)
Depreciation		**(1,668)**	(1,481)	**(132)**	(116)
Amortisation	38	**(237)**	(161)	**(8)**	(2)
Other operating expenses	39	**(32,639)**	(48,054)	**(31,615)**	(8,619)
Operating profit		**71,650**	56,496	**266,009**	36,549
Finance costs	40	**(5,915)**	(5,886)	**(3,238)**	(5,328)
Profit before taxation	41	**65,735**	50,610	**262,771**	31,221
Income tax expense	48	**(15,616)**	(13,745)	**(13,829)**	(9,527)
Net profit for the year		**50,119**	36,865	**248,942**	21,694
Attributable to:					
Equity holders of the Company		**36,909**	36,865	**248,942**	21,694
Non-controlling interest		**13,210**	-	**-**	-
		50,119	36,865	**248,942**	21,694
Earnings per share attributable to equity holders of the Company (sen)					
Basic	49	**15.15**	15.04		

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

STATEMENTS OF COMPREHENSIVE INCOME
for the year ended 30 September 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Net profit for the year		**50,119**	36,865	**248,942**	21,694
Other comprehensive (loss)/income:					
Items that may not be reclassified to income statements in subsequent periods:					
- Surplus from revaluation of land and buildings					
- Gross surplus from revaluation		**-**	4,770	**-**	-
- Deferred tax		**-**	(1,193)	**-**	-
Net gain		**-**	3,577	**-**	-
Items that may be reclassified to income statements in subsequent periods:					
- Currency translation differences in respect of foreign operations		**(2,301)**	1,273	**-**	-
- Fair value changes on Available-for-sale ("AFS") financial assets		**(5,359)**	8,490	**(2,584)**	5,367
- Deferred tax		**678**	(766)	**-**	-
Net (loss)/gain		**(4,681)**	7,724	**(2,584)**	5,367
Other comprehensive (loss)/income for the year, net of tax	50	**(6,982)**	12,574	**(2,584)**	5,367
Total comprehensive income for the year		**43,137**	49,439	**246,358**	27,061
Attributable to :					
Equity holders of the Company		**29,999**	49,439	**246,358**	27,061
Non-controlling interest		**13,138**	-	**-**	-
		43,137	49,439	**246,358**	27,061

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

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 30 September 2013

	2013 RM'000	2012 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	**65,735**	50,610
Adjustments for:		
Depreciation of property, plant and equipment	**1,668**	1,481
Amortisation of premiums, net of accretion of discounts	**94**	75
Amortisation of prepaid land lease payments	**4**	4
Amortisation of computer software and other licences	**233**	157
Loss on disposal of property, plant and equipment	**40**	45
Property, plant and equipment written off	**63**	106
Reversal of revaluation deficit in property, plant and equipment	**-**	(110)
Impairment of property, plant and equipment	**613**	-
Impairment of intangible assets	**149**	-
Intangible assets written off	**2**	-
Gain on fair value of investment properties	**-**	(110)
Gain on acquisition of a subsidiary company	**-**	(60)
Inventories of goods for resale written off	**121**	66
Allowance for inventories obsolescence	**41**	-
Impairment of goodwill on consolidation	**1,935**	-
Impairment of AFS financial assets	**929**	3,172
Gain on disposal of investments	**(3,447)**	(773)
Loan repayment rebate	**(300)**	-
Gain on disposal of investment property	**(5)**	-
Dividend income	**(998)**	(1,386)
Interest income	**(28,315)**	(24,032)
Interest expense	**5,667**	5,752
Allowance for impairment :		
- insurance receivables	**760**	456
- trade and other receivables	**28**	3
Write back in allowance for impairment :		
- insurance receivables	**(131)**	(5,605)
- reinsurance assets	**-**	(1,068)
- trade and other receivables	**(5)**	(3)
Bad debts written off :		
- insurance receivables	**-**	20,746
- trade receivables	**-**	92
	44,881	49,618

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

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 30 September 2013 (Cont'd.)

	Note	2013 RM'000	2012 RM'000
CASH FLOW FROM OPERATING ACTIVITIES (Cont'd.)			
Adjustments for: (Cont'd.)			
Short term accumulating compensated absences		**109**	(16)
Pension cost – defined benefit plan		**18**	132
Unrealised (gain)/loss on foreign exchange		**(2,619)**	1,377
Transfer to property, plant and equipment and intangible assets from inventories		**(102)**	(126)
Operating profit before working capital changes		**42,287**	50,985
Changes in working capital:			
Disposal of investments		**20,550**	26,719
Purchase of investments		**(185)**	(10,293)
Decrease in bankers acceptances		**-**	1,564
Increase in deposits and placements with financial institutions		**(149,458)**	(168,160)
Decrease in loans		**15**	111
Decrease/(increase) in reinsurance assets		**1,495**	(47,505)
(Increase)/decrease in insurance receivables		**(4,364)**	73,841
Increase in trade and other receivables		**(24,530)**	(8,525)
Decrease in inventories - goods for resale		**38**	97
Increase in insurance contract liabilities		**25,085**	86,967
Decrease in insurance payables		**(7,484)**	(7,203)
Increase/(decrease) in payables		**17**	(617)
Cash used in operations		**(96,534)**	(2,019)
Tax paid, net of tax refunded		**(10,642)**	(28,757)
Dividends received		**1,258**	1,038
Interest received		**27,896**	22,110
Interest paid		**(5,606)**	(4,145)
Net cash used in operating activities		**(83,628)**	(11,773)
CASH FLOW FROM INVESTING ACTIVITIES			
Divestment of a subsidiary company, net of divestment costs	58	**263,328**	-
Acquisition of a subsidiary company, net of cash acquired		**-**	(293)
Purchase of property, plant and equipment	5(c)	**(737)**	(490)
Purchase of intangible assets	9	**(517)**	(594)
Purchase of investments		**(502)**	(3,388)
Disposal of property, plant and equipment		**89**	276
Disposal of investment property		**60**	-
Net cash generated from/(used in) investing activities		**261,721**	(4,489)

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

	Note	2013 RM'000	2012 RM'000
CASH FLOW FROM FINANCING ACTIVITIES			
Purchase of treasury shares		**(2,109)**	(1,329)
Dividends paid		**(51,590)**	(11,757)
Decrease in hire purchase creditors		**(658)**	(634)
Repayment of borrowings		**(50,534)**	(12,576)
Net cash used in financing activities		**(104,891)**	(26,296)
Effects of exchange rate changes on cash and cash equivalents		**254**	(650)
Net increase/(decrease) in cash and cash equivalents		**73,456**	(43,208)
Cash and cash equivalents at beginning of year		**15,915**	59,091
Cash and cash equivalents at end of year		**89,371**	15,883

Cash and cash equivalents comprise the following:

	Note	2013 RM'000	2012 RM'000
Cash and bank balances	20	**89,371**	18,649
Bank overdraft	26 (c)	**-**	(2,766)
Cash and cash equivalents as previously reported		**89,371**	15,883
Effect of exchange rate changes		**-**	32
Cash and cash equivalents		**89,371**	15,915

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

STATEMENT OF CASH FLOWS
for the year ended 30 September 2013

	Note	2013 RM'000	2012 RM'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		**262,771**	31,221
Adjustments for:			
Depreciation of property, plant and equipment		**132**	116
Gain on divestment of a subsidiary company	58	**(234,305)**	-
Allowance for impairment of amounts due from subsidiary companies		**24,382**	-
Allowance for impairment of investment in subsidiary companies		**2,760**	-
Amortisation of computer software and other licences		**8**	2
Impairment of AFS financial assets		**-**	2,758
Loss on disposal of property, plant and equipment		**18**	9
Property, plant and equipment written off		**6**	-
Unrealised (gain)/loss on foreign exchange		**(1,450)**	719
Short term accumulating compensated absences		**36**	16
Dividend income		**(58,080)**	(39,980)
Interest income		**(6,206)**	(5,661)
Interest expense		**2,994**	5,199
Operating loss before working capital changes		**(6,934)**	(5,601)
Changes in working capital:			
(Increase)/decrease in deposits and placements with financial institutions		**(111,184)**	1,561
Increase in receivables		**(99)**	(22)
Increase in due from subsidiary companies		**(5,053)**	(2,639)
Increase in payables		**216**	160
Cash used in operations		**(123,054)**	(6,541)
Tax refunded, net of tax paid		**1,136**	-
Dividends received		**43,560**	29,985
Interest received		**4,935**	4,272
Interest paid		**(3,151)**	(4,676)
Net cash (used in)/generated from operating activities		**(76,574)**	23,040

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

STATEMENT OF CASH FLOWS
for the year ended 30 September 2013 (Cont'd.)

	Note	2013 RM'000	2012 RM'000
CASH FLOW FROM INVESTING ACTIVITIES			
Divestment of a subsidiary company, net of divestment costs	58	**263,328**	-
Acquisition of a subsidiary company, net of cash acquired		**-**	(293)
Purchase of property, plant and equipment	5(c)	**(131)**	(66)
Purchase of intangible assets		**(94)**	(7)
Purchase of investments		**(501)**	(3,388)
Subscription of Subordinated Notes of a subsidiary company		**-**	(34,668)
Disposal of property, plant and equipment		**79**	42
Net cash generated from/(used in) investing activities		**262,681**	(38,380)
CASH FLOW FROM FINANCING ACTIVITIES			
Purchase of treasury shares		**(2,109)**	(1,329)
Dividends paid		**(51,590)**	(11,757)
Decrease in hire purchase creditors		**(178)**	(180)
Repayment from a subsidiary company		**-**	70,000
Repayment to a subsidiary company		**(3,033)**	(30)
Repayment of bank borrowings		**(50,234)**	(46,035)
Net cash (used in)/generated from financing activities		**(107,144)**	10,669
Net increase/(decrease) in cash and cash equivalents		**78,963**	(4,671)
Cash and cash equivalents at beginning of year		**(2,764)**	1,907
Cash and cash equivalents at end of year		**76,199**	(2,764)
Cash and cash equivalents comprise:			
Cash and bank balances	20	**76,199**	2
Bank overdraft	26 (c)	**-**	(2,766)
		76,199	(2,764)

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

1. CORPORATE INFORMATION

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

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

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

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

The financial statements of the Group and of the Company were authorised for issue on 28 November 2013 pursuant to a resolution by the Board of Directors.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 1965 in Malaysia. As these are the Group's and the Company's first financial statements prepared in accordance with MFRSs, MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

In previous financial years, the financial statements of the Group and the Company were prepared in accordance with Financial Reporting Standards ("FRSs") in Malaysia. The financial impacts of the transition from FRSs to MFRSs are disclosed in Note 3.

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

The financial statements of the insurance subsidiary company also comply with the Financial Services Act, 2013 and the Guidelines/Circulars issued by Bank Negara Malaysia ("BNM").

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

(b) Subsidiaries and Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

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

(ii) Basis of Consolidation

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

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

(b) Subsidiaries and Basis of Consolidation (Cont'd.)

(ii) Basis of Consolidation (Cont'd.)

(a) Merger Method of Accounting

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

(b) Acquisition Method of Accounting

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

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

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

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

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

(c) Non-controlling interest

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

(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 Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income 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. Fair values are determined from market-based evidence by appraisals that are undertaken by professionally qualified valuers. 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. A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same property and the balance is thereafter recognised in income statements. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the property and the net amount is restated to the revalued amount of the property. Upon disposal or retirement of a property, any revaluation reserve relating to the particular property is transferred directly to retained earnings.

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

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

The principal annual rates of depreciation are :

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

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

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

(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. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is determined by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

(d) Investment Properties (Cont'd.)

Gains or losses arising from changes in the fair values of investment properties are recognised in the 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 Group holds it to earn rental or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

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

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

(e) Intangible Assets

(i) Goodwill

Goodwill arising on business combination represents the excess of acquisition cost over the fair value of the net assets of the subsidiary companies at the date of acquisition. Following the initial recognition, goodwill on business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Other Intangible Assets

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

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

Software Distribution Licence
Software distribution licence is amortised over a period of 20 years.

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

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

(e) Intangible Assets (Cont'd.)

(ii) Other Intangible Assets (Cont'd.)

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

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

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

(f) Financial Instruments

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

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

(i) Financial Assets

Financial assets are categorised and measured as follows:

(a) Financial Assets at Fair Value Through Profit or Loss ("FVTPL")

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in the income statements. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in the income statement as part of other losses or other income.

(b) Held-to-Maturity ("HTM") Investments

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group and the Company have positive intention and ability to hold until maturity.

HTM investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investments. After initial recognition, HTM investments are measured at amortised cost, using the effective interest method less impairment loss. Gains and losses are recognised in the income statements when the investments are derecognised or impaired, as well as through the amortisation process.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

(f) Financial Instruments (Cont'd.)

(i) Financial Assets (Cont'd.)

(c) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables are initially measured at cost plus transaction costs and subsequently measured at amortised cost using the effective interest method. Gains or losses are recognised in the income statements when the receivables are derecognised or impaired, as well as through the amortisation process.

(d) Available-for-Sale ("AFS") Financial Assets

AFS financial assets are non-derivative financial assets not classified in any of the above categories.

AFS financial assets are initially measured at fair value plus transaction costs and are subsequently measured at their fair values.

Fair value gains or losses of AFS financial assets are recognised in AFS reserve in the statement of changes in equity, except for impairment losses and foreign exchange gains and losses arising from monetary items which are recognised in the income statements accordingly. The cumulative gain or loss previously recognised in equity is reclassified into the income statements when the AFS financial asset is derecognised.

Investments in equity instruments that are classified as AFS financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are stated at cost less impairment loss.

All financial assets, except those measured at fair value through profit or loss, are subject to review for impairment as described in Note 2g(i).

(ii) Financial Liabilities

Financial liabilities are classified as either (a) financial liabilities at fair value through profit or loss or (b) other financial liabilities.

(a) Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

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

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

(b) Other Financial Liabilities

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

(f) Financial Instruments (Cont'd.)

(iii) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs using the expected loss method. Subsequent to initial recognition, financial guarantee contracts are recognised as income in the income statement over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group and the Company, as issuers are required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(iv) Regular Way Purchase or Sale of Financial Assets

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

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

(v) Derecognition

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

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

(g) Impairment

(i) Financial Assets

The Group and the Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Objective evidence that a financial asset is impaired includes observable data about loss events such as significant financial difficulty of the issuer or obligor; significant adverse changes in the business environment in which the issuer or obligor operates; and the disappearance of an active market for that financial asset because of financial difficulties, which indicate that there is a measurable decrease in the estimated future cash flows.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

(g) Impairment (Cont'd.)

(i) Financial Assets (Cont'd.)

(a) Financial Assets Carried at Amortised Cost

If there is objective evidence that an impairment loss on a financial asset carried at amortised cost has been incurred, the amount of the impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate/yield. The carrying amount of the financial asset is reduced and the loss is recorded in the income statement.

The Group and the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment.

Assets that are individually assessed for impairment and for which the impairment loss is or continues to be recognised are not included in the collective assessment of impairment. The impairment assessment is performed at each reporting date.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(b) AFS Financial Assets

If an AFS financial asset is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, is transferred to the income statement.

Impairment loss in respect of an equity instrument classified as AFS financial asset is not reversed through the income statement in subsequent periods. Impairment loss on debt instruments classified as AFS financial asset is reversed through the income statement if the increase in the fair value of the debt instrument can be objectively related to an event occurring after the impairment losses were recognised in the income statement.

(ii) Non-Financial Assets

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

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

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

(g) Impairment (Cont'd.)

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

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

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

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

(h) Inventories

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

(i) Reinsurance

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

(j) Insurance Receivables

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

Insurance receivables are assessed at each reporting date for objective evidence of impairment. If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the insurance receivable's original effective interest rate. The impairment loss is recognised in the income statement. The basis for recognition of such impairment loss is as described in Note 2(g)(i)(a).

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

(k) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These cash and cash equivalents also include bank overdrafts that form an integral part of the Group's cash management. The statement of cash flow is prepared using the indirect method.

(l) Insurance Payables

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

(m) Borrowings

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

(n) Equity Instruments

Ordinary shares are recorded at nominal value and proceeds received in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

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

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

2. **SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)**

(o) Provisions

Provisions are recognised when the Group or 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.

(p) Income Recognition

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

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

(iii) Interest income from money market instruments and deposits and placements with financial institutions are recognised on an accrual basis.

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

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

(vi) Revenue from computer projects is recognised on progress billings based on the percentage of completion method determined on the basis of services performed to date as a percentage of total services.

(vii) Revenue relating to sales of hardware and consumer goods are recognised when delivery has taken place and transfer of risks and rewards have been completed.

(viii) Maintenance contracts, commission income and other services are recognised upon completion of services rendered.

(q) Commission Expenses

Gross commission expenses, which are cost directly incurred in securing premium on insurance policies, are charged to the income statements in the period in which they are incurred.

(r) Product Classification

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

(s) General Insurance Underwriting Results

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

(i) Premium Income

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

(ii) Insurance Contract Liabilities

Insurance contract liabilities comprise premium liabilities and claims liabilities.

Premium Liabilities

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

- UPR

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

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

- URR

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

Claims Liabilities

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

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

(t) Liability Adequacy Test

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

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

(u) Employee Benefits

(i) Short Term Benefits

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

(ii) Defined Contribution Plans

As required by law, the Company and its subsidiary companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

(iii) Defined Benefit Plan

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

(v) Foreign Currencies

(i) Functional and Presentation Currency

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

(ii) Foreign Currency Transactions

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

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in the income statements for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in a foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

(v) Foreign Currencies (Cont'd.)

(ii) Foreign Currency Transactions (Cont'd.)

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

(iii) Foreign Operations

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

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

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

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

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rate prevailing at the date of acquisition.

(w) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income tax payable in respect of the taxable profit for the year and is measured using the tax rates as enacted at the reporting date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses, unabsorbed capital allowances and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses, unabsorbed capital allowances and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognised in the income 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, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

(x) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards incidental to ownership are classified as operating leases, with the following exceptions:

- A property held under an operating lease that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and

- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(ii) Finance Leases – the Group as Lessee

Assets acquired by way of hire purchase agreements are stated at an amount equal to the lower of their fair values and the present value of the minimum payments at the inception of the agreements, less accumulated depreciation and impairment losses. The corresponding liability is included in the statements of financial position as hire purchase creditors. In calculating the present value of the minimum payments, the discount factor used is the interest rate implicit in the agreements, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are charged to the income statements.

Hire purchase payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total hire purchase commitments and the fair value of the assets acquired, are recognised in the income statements over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2(c).

(iii) Operating Leases – the Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(iv) Operating Leases – the Group as Lessor

Assets leased out under operating leases are presented in the statements of financial position according to the nature of the assets. Rental income from operating leases is recognised on an accrual basis (Note 2(p)(ii)). Initial direct costs incurred in negotiating and arranging an operating lease are charged to the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

(y) Contingent Liabilities and Contingent Assets

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

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

3. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED MFRSs AND ISSUES COMMITTEE INTERPRETATIONS ("IC INTERPRETATIONS")

(a) Effects of Transition from FRSs to MFRSs

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

(i) Application of MFRS 1

- Foreign Currency Translation Reserve

Under FRSs, the Group recognised translation differences on foreign operations as a separate component of equity. Upon the adoption of MFRS 1, cumulative foreign currency translation differences for all foreign operations are deemed to be zero as at the date of transition to MFRSs.

Accordingly, at the date of transition to MFRSs, the cumulative foreign currency translation differences of RM1,043,000 (30 September 2012: RM1,043,000) were transferred to retained profits.

The reconciliation of equity reported in accordance with FRSs with that reported in accordance with MFRSs at 1 October 2011 and 30 September 2012 are provided below:

Reconciliation of equity as at 1 October 2011

Group	FRSs as at 1 October 2011 RM'000	Effect of adopting MFRS 1 RM'000	MFRSs as at 1 October 2011 RM'000
Translation reserve	1,043	(1,043)	-
Retained profits	24,212	1,043	25,255

Reconciliation of equity as at 30 September 2012

Group	FRSs as at 30 September 2012 RM'000	Effect of adopting MFRS 1 RM'000	MFRSs as at 30 September 2012 RM'000
Translation reserve	2,316	(1,043)	1,273
Retained profits	47,487	1,043	48,530

3. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED MFRSs AND ISSUES COMMITTEE INTERPRETATIONS ("IC INTERPRETATIONS") (Cont'd.)

(a) Effects of Transition from FRSs to MFRSs (Cont'd.)

(ii) Adoption of the following revised MFRSs and Amendments to MFRSs:

Effective for financial periods beginning on or after 1 January 2012

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

Effective for financial periods beginning on or after 1 July 2012

Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income

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

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

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

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

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

Effective for financial periods beginning on or after 1 January 2013

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 101	Presentation of Financial Statements (Annual Improvements 2009 - 2011 Cycle)
MFRS 116	Property, Plant and Equipment (Annual Improvements 2009 - 2011 Cycle)
MFRS 119	Employee Benefits (revised)
MFRS 127	Consolidated and Separate Financial Statements (revised)
MFRS 128	Investments in Associates and Joint Ventures (revised)

3. **CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED MFRSs AND ISSUES COMMITTEE INTERPRETATIONS ("IC INTERPRETATIONS") (Cont'd.)**

(b) The Group and the Company have not adopted the following MFRSs, Amendments to MFRSs and IC Interpretations which have been issued but are not yet effective: (Cont'd.)

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

MFRS 132	Financial Instruments: Presentation (Annual Improvements 2009 - 2011 Cycle)
MFRS 134	Interim Financial Reporting (Annual Improvements 2009 - 2011 Cycle)
Amendments to MFRS 1	First-time Adoption to MFRS 1 – Government Loans
Amendments to MFRS 1	First-time Adoption to MFRS 1 (Annual Improvements 2009 - 2011 Cycle)
Amendments to MFRS 7	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10	Consolidated Financial Statements: Transition Guidance
Amendments to MFRS 11	Joint Arrangements: Transition Guidance
Amendments to MFRS 12	Disclosure of Interest in Other Entities: Transition Guidance
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009 - 2011 Cycle)
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine

Effective for financial periods beginning on or after 1 January 2014

Amendments to MFRS 10	Consolidated Financial Statements: Investment Entities
Amendments to MFRS 12	Disclosure of Interest in Other Entities: Investment Entities
Amendments to MFRS 127	Consolidated and Separate Financial Statements: Investment Entities
Amendments to MFRS 132	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

Effective for financial periods beginning on or after 1 January 2015

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

3. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED MFRSs AND ISSUES COMMITTEE INTERPRETATIONS ("IC INTERPRETATIONS") (Cont'd.)

(b) The Group and the Company have not adopted the following MFRSs, Amendments to MFRSs and IC Interpretations which have been issued but are not yet effective: (Cont'd.)

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

(i) MFRS 9: Financial Instruments

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

(ii) MFRS 10: Consolidated Financial Statements

MFRS 10 replaces the requirements of MFRS 127 Consolidated and Separate Financial Statements and IC Interpretation 112 Consolidation - Special Purpose Entities and introduces a new single control model to determine which investee should be consolidated. MFRS 10 sets out the following three elements of control:

(i) Power by investor over an investee;

(ii) Exposure, or rights, to variable returns from investor's involvement with the investee; and

(iii) The ability to use power over the investee to affect the amount of the investor's returns.

MFRS 10 includes detailed guidance to explain when an investor has control over the investee. MFRS 10 requires the investor to take into account all relevant facts and circumstances.

(iii) MFRS 12: Disclosure of Interests in Other Entities

MFRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosure only.

(iv) MFRS 13: Fair Value Measurement

MFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how to measure fair value when fair value is required or permitted by other standards.

Other than MFRS 12 which affects disclosure only, the Group and the Company are currently assessing the financial impact of adopting MFRSs 9, 10 and 13.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Critical Judgement Made in Applying Accounting Policies

The following is the judgement made by management in the process of applying the Group's accounting policies that has the most significant effect on the amount recognised in the financial statements.

- **Classification between Investment Properties and Property, Plant and Equipment**

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

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

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

(b) Key Sources of Estimation Uncertainty

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

(i) Depreciation and Amortisation

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

(ii) Impairment of Goodwill

The Group tests whether goodwill has suffered any impairment at least on an annual basis. This requires the estimation of value in use of the assets or CGU to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The preparation of the estimated future cash flows involves significant judgement and estimations. Further details are disclosed in Note 8.

(iii) 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 underperformance relative to historical or projected future operating results, significant changes in the use of assets or the strategy of the business, significant adverse industry or economic changes.

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

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd.)

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

(iv) Impairment of AFS Financial Assets

The Group reviews its financial assets classified as AFS financial assets at each reporting date to assess whether they are impaired. The Group also records impairment charges on AFS financial assets when there has been a significant or prolonged decline in the fair value below their cost.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which fair value of the financial assets is less than its carrying amount. During the financial year, the Group impaired quoted and unquoted financial assets with "significant" decline in fair value greater than 30% based on the historical or expected volatility of fair values of its respective investments, or "prolonged" period of decline in fair value greater than 12 months.

(v) Impairment of Loan and Receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers among other factors, the probability of insolvency or significant financial difficulties of the debtors.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

(vi) Uncertainty in Accounting Estimates in the General Insurance Business

The principal uncertainty in the general insurance business arises from technical provisions for premium and claims liabilities.

Premium liabilities comprise the higher of UPR or URR while claims liabilities comprise outstanding claims case estimates and Incurred But Not Reported ("IBNR") claims.

UPR is determined based on estimates of the portion of premium income not yet earned at reporting date whilst URR is determined based on estimates of expected future payments arising from future events insured under policies in force at reporting date, including expected future premium refunds.

Generally, claims liabilities are determined based upon previous claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Particularly relevant is past experience with similar cases, historical claims development trends, legislative changes, judicial decisions and economic conditions.

There may be significant reporting lags between the occurrence of an insured event and the time it is actually reported. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude of the claim. There are many factors that will determine the level of uncertainty such as inflation, inconsistent judicial interpretation, legislative changes, and claims handling procedures.

The establishment of technical provisions is an inherently uncertain process and, as a consequence of this uncertainty, the eventual settlement of premium and claims liabilities may vary from the initial estimates.

The estimates of premium and claims liabilities are therefore sensitive to various factors and uncertainties.

(vii) Deferred Tax Assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other taxable temporary differences to the extent that it is probable that taxable profit will be available against which the benefits can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Details of deferred tax assets are disclosed in Note 10 to the financial statements.

5. PROPERTY, PLANT AND EQUIPMENT

Group 2013	Valuation Freehold land RM'000	Valuation Freehold buildings RM'000	Valuation Leasehold buildings RM'000	Cost Computer equipment RM'000	Cost Motor vehicles RM'000	Cost Office equipment RM'000	Cost Furniture, fixtures and fittings RM'000	Total RM'000
Valuation/Cost								
At 1 October 2012	1,860	681	16,559	9,415	5,067	7,051	4,911	45,544
Additions	-	-	-	186	672	130	125	1,113
Disposals	-	-	-	(892)	(307)	(9)	-	(1,208)
Write-offs	-	-	-	(1,935)	-	(3,019)	(79)	(5,033)
Transfer from inventories	-	-	-	2	-	88	-	90
Translation differences	-	-	-	10	33	20	11	74
At 30 September 2013	1,860	681	16,559	6,786	5,465	4,261	4,968	40,580
Accumulated Depreciation and Impairment								
At 1 October 2012	-	-	-	8,954	1,430	6,197	4,502	21,083
Charge for the year	-	20	713	69	481	306	79	1,668
Impairment (Note 39)	-	-	-	27	538	38	10	613
Disposals	-	-	-	(885)	(184)	(10)	-	(1,079)
Write-offs	-	-	-	(1,897)	-	(2,994)	(79)	(4,970)
Translation differences	-	-	-	8	7	18	12	45
At 30 September 2013	-	20	713	6,276	2,272	3,555	4,524	17,360
Net Book Value								
At 30 September 2013	1,860	661	15,846	510	3,193	706	444	23,220

5. PROPERTY, PLANT AND EQUIPMENT (Cont'd.)

Group 2012	Valuation: Freehold land RM'000	Valuation: Freehold buildings RM'000	Valuation: Leasehold buildings RM'000	Cost: Computer equipment RM'000	Cost: Motor vehicles RM'000	Cost: Office equipment RM'000	Cost: Furniture, fixtures and fittings RM'000	Total RM'000
Valuation/Cost								
At 1 October 2011	520	580	15,380	9,402	4,559	7,144	4,871	42,456
Additions	-	-	-	22	1,189	117	46	1,374
Arising from acquisition of a subsidiary company	-	-	-	-	-	2	-	2
Disposals	-	-	-	-	(669)	(52)	-	(721)
Write-offs	-	-	-	(5)	-	(259)	-	(264)
Revaluation surplus	1,340	193	3,237	-	-	-	-	4,770
Reversal of revaluation deficit	-	-	110	-	-	-	-	110
Transfer *	-	(53)	(2,168)	-	-	-	-	(2,221)
Transfer to investment properties	-	(39)	-	-	-	-	-	(39)
Transfer from inventories	-	-	-	-	-	114	-	114
Reclassification	-	-	-	2	-	(2)	-	-
Translation differences	-	-	-	(6)	(12)	(13)	(6)	(37)
At 30 September 2012	1,860	681	16,559	9,415	5,067	7,051	4,911	45,544
Accumulated Depreciation								
At 1 October 2011	-	43	1,603	8,907	1,367	6,069	4,420	22,409
Charge for the year	-	14	565	55	429	331	87	1,481
Arising from acquisition of a subsidiary company	-	-	-	-	-	2	-	2
Disposals	-	-	-	-	(361)	(40)	-	(401)
Write-offs	-	-	-	(3)	-	(155)	-	(158)
Transfer *	-	(53)	(2,168)	-	-	-	-	(2,221)
Transfer to investment properties	-	(4)	-	-	-	-	-	(4)
Reclassification	-	-	-	1	-	(1)	-	-
Translation differences	-	-	-	(6)	(5)	(9)	(5)	(25)
At 30 September 2012	-	-	-	8,954	1,430	6,197	4,502	21,083
Net Book Value								
At 30 September 2012	1,860	681	16,559	461	3,637	854	409	24,461

* This transfer relates to the accumulated depreciation as at the revaluation date that was eliminated against the gross carrying amount of the revalued asset.

5. PROPERTY, PLANT AND EQUIPMENT (Cont'd.)

Company	Cost				
	Computer equipment RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture, fixtures and fittings RM'000	Total RM'000
2013					
Cost					
At 1 October 2012	**296**	**1,477**	**125**	**401**	**2,299**
Additions	**-**	**181**	**13**	**77**	**271**
Disposal	**-**	**(246)**	**(2)**	**-**	**(248)**
Write-offs	**-**	**-**	**(32)**	**(43)**	**(75)**
At 30 September 2013	**296**	**1,412**	**104**	**435**	**2,247**
Accumulated Depreciation					
At 1 October 2012	**291**	**474**	**94**	**395**	**1,254**
Charge for the year	**1**	**119**	**8**	**4**	**132**
Disposal	**-**	**(149)**	**(2)**	**-**	**(151)**
Write-offs	**-**	**-**	**(26)**	**(43)**	**(69)**
At 30 September 2013	**292**	**444**	**74**	**356**	**1,166**
Net Book Value					
At 30 September 2013	**4**	**968**	**30**	**79**	**1,081**
2012					
Cost					
At 1 October 2011	295	1,293	120	400	2,108
Additions	1	265	5	1	272
Disposal	-	(81)	-	-	(81)
At 30 September 2012	296	1,477	125	401	2,299
Accumulated Depreciation					
At 1 October 2011	289	400	86	393	1,168
Charge for the year	2	104	8	2	116
Disposal	-	(30)	-	-	(30)
At 30 September 2012	291	474	94	395	1,254
Net Book Value					
At 30 September 2012	5	1,003	31	6	1,045

5. PROPERTY, PLANT AND EQUIPMENT (Cont'd.)

(a) Freehold land and buildings and leasehold buildings of the Group were revalued as at 30 September 2012 by Messrs. Rahim & Co., an independent professional valuer. Fair value is determined by reference to open market values using the comparison method.

The net book values of the freehold land and buildings and leasehold buildings of the Group had the cost model been applied, compared to the revaluation model as at 30 September 2013 are as follows:

Group

	Net Book Value					
	2013		2012		1.10.2011	
	Under Revaluation Model RM'000	Under Cost Model RM'000	Under Revaluation Model RM'000	Under Cost Model RM'000	Under Revaluation Model RM'000	Under Cost Model RM'000
Freehold land	**1,860**	**380**	1,860	380	520	380
Freehold buildings	**661**	**280**	681	289	537	429
Leasehold buildings	**15,846**	**7,586**	16,559	7,905	13,777	8,225
	18,367	**8,246**	19,100	8,574	14,834	9,034

(b) The net book value of motor vehicles held under hire purchase agreements are as follows:

	Group			Company		
	2013 RM'000	2012 RM'000	1.10.2011 RM'000	2013 RM'000	2012 RM'000	1.10.2011 RM'000
Motor vehicles	**2,847**	3,353	2,655	**776**	999	837

(c) During the year, the Group and the Company acquired property, plant and equipment by:

	Group			Company		
	2013 RM'000	2012 RM'000	1.10.2011 RM'000	2013 RM'000	2012 RM'000	1.10.2011 RM'000
Cash	**737**	490	509	**131**	66	101
Hire purchase	**374**	878	520	**140**	205	270
Credit	**2**	6	-	**-**	-	-
	1,113	1,374	1,029	**271**	271	371

6. INVESTMENT PROPERTIES

	Group	
	2013	**2012**
	RM'000	**RM'000**
At fair value		
At 1 October 2012/2011	**750**	605
Disposal	**(55)**	-
Transfer from property, plant and equipment	**-**	35
Gain on fair value adjustments (Note 33)	**-**	110
At 30 September	**695**	750
Analysed as:		
Freehold buildings	**400**	455
Leasehold buildings	**295**	295
	695	750

Investment properties were revalued as at 30 September 2012 by Messrs. Rahim & Co., an independent professional valuer. Fair value is determined by reference to open market values using the comparison method. There were no significant changes in fair values of the investment properties during the current financial year.

7. PREPAID LAND LEASE PAYMENTS

	Group	
	2013	**2012**
	RM'000	**RM'000**
Long term leasehold land:		
At 1 October 2012/2011	**318**	322
Amortisation (Note 38)	**(4)**	(4)
At 30 September	**314**	318

8. GOODWILL ON CONSOLIDATION

	Group	
	2013	**2012**
	RM'000	**RM'000**
At 1 October 2012/2011	**1,935**	1,935
Impairment (Note 39)	**(1,935)**	-
At 30 September	**-**	1,935

8. GOODWILL ON CONSOLIDATION (Cont'd.)

Goodwill is assessed for impairment annually and whenever there is an indication that the asset may be impaired. The impairment assessment involves comparing the recoverable amount of the cash generating unit ("CGU") to which the said goodwill is allocated, with the carrying value of the CGU.

The recoverable amount is determined based on value in use which is calculated using cash flow projections for five years based on data from the CGU's latest internal forecasts. The projections reflect management expectation of revenue growth, operating cost and margins. The cash flows are discounted to present value using pre-tax discount rate of 7% and reflect specific risks relating to the CGU.

The key assumptions for the value in use calculations are those regarding the discount rate used as described above and the expectation of revenue growth, operating cost and margins which are based on recent experience.

Goodwill of RM1,935,000 was impaired as a result of the impairment assessment made during the financial year as the carrying amount of the CGU exceeded its estimated recoverable amount.

9. INTANGIBLE ASSETS

Group 2013	Club Membership RM'000	Software Distribution Licence RM'000	Computer Software and Other Licences RM'000	Total RM'000
Cost				
At 1 October 2012	54	2,346	3,843	6,243
Additions	61	-	456	517
Write-offs	-	-	(1,070)	(1,070)
Transfer from :				
- inventories	-	-	12	12
- others	405	-	-	405
Translation differences	-	-	7	7
At 30 September 2013	520	2,346	3,248	6,114
Accumulated Amortisation and Impairment				
At 1 October 2012	-	2,346	2,661	5,007
Amortisation (Note 38)	11	-	222	233
Write-offs	-	-	(1,068)	(1,068)
Impairment (Note 39)	113	-	36	149
Translation differences	-	-	5	5
At 30 September 2013	124	2,346	1,856	4,326
Net Book Value				
At 30 September 2013	396	-	1,392	1,788

9. INTANGIBLE ASSETS (Cont'd.)

Group

2012	Club Membership RM'000	Software Distribution Licence RM'000	Computer Software and Other Licences RM'000	Total RM'000
Cost				
At 1 October 2011	-	2,346	3,238	5,584
Additions	-	-	594	594
Transfer from inventories	-	-	12	12
Transfer from prepayment	54	-	-	54
Translation differences	-	-	(1)	(1)
At 30 September 2012	54	2,346	3,843	6,243
Accumulated Amortisation				
At 1 October 2011	-	2,346	2,504	4,850
Amortisation (Note 38)	-	-	157	157
At 30 September 2012	-	2,346	2,661	5,007
Net Book Value				
At 30 September 2012	54	-	1,182	1,236

Company

2013	Computer Software and Other Licences RM'000
Cost	
At 1 October 2012	**103**
Additions	**94**
At 30 September 2013	**197**
Accumulated Amortisation	
At 1 October 2012	**94**
Amortisation (Note 38)	**8**
At 30 September 2013	**102**
Net Book Value	
At 30 September 2013	**95**

9. INTANGIBLE ASSETS (Cont'd.)

Company 2012	Computer Software and Other Licences RM'000
Cost	
At 1 October 2011	96
Additions	7
At 30 September 2012	103
Accumulated Amortisation	
At 1 October 2011	92
Amortisation (Note 38)	2
At 30 September 2012	94
Net Book Value	
At 30 September 2012	9

10. DEFERRED TAX

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
At 1 October 2012/2011	**4,011**	6,048	**529**	524
Transferred (from)/to income statement (Note 48)	**(2,303)**	(78)	**(18)**	5
Transferred from revaluation reserve (Note 50)	**-**	(1,193)	**-**	-
Transferred to/(from) AFS reserve (Note 50)	**678**	(766)	**-**	-
At 30 September	**2,386**	4,011	**511**	529

Presented after appropriate offsetting as follows:

	Group			Company		
	2013 RM'000	**2012 RM'000**	**1.10.2011 RM'000**	**2013 RM'000**	**2012 RM'000**	**1.10.2011 RM'000**
Deferred tax assets	**5,595**	7,211	8,077	**577**	583	583
Deferred tax liabilities	**(3,209)**	(3,200)	(2,029)	**(66)**	(54)	(59)
At 30 September	**2,386**	4,011	6,048	**511**	529	524

10. DEFERRED TAX (Cont'd.)

The components and movements of deferred tax assets during the year prior to offsetting are as follows:

Deferred Tax Assets of the Group:

2013	Revaluation Deficit RM'000	Premium Liabilities RM'000	Changes in Fair Value of AFS Financial Assets RM'000	Accumulated Impairment Loss RM'000	Unused Tax Losses and Unabsorbed Capital Allowances RM'000	Others RM'000	Total RM'000
At 1 October 2012	**60**	**7**	**(229)**	**5,780**	**1,517**	**76**	**7,211**
Recognised in the income statement	**-**	**(3)**	**-**	**(3,065)**	**(940)**	**1,714**	**(2,294)**
Arising during the year	-	(3)	-	(3,065)	(68)	1,732	(1,404)
Overprovision of deferred tax assets in prior years	-	-	-	-	(872)	(18)	(890)
Recognised in other comprehensive income (Note 50)	**-**	**-**	**678**	**-**	**-**	**-**	**678**
At 30 September 2013	**60**	**4**	**449**	**2,715**	**577**	**1,790**	**5,595**

2012	Revaluation Deficit RM'000	Premium Liabilities RM'000	Changes in Fair Value of AFS Financial Assets RM'000	Accumulated Impairment Loss RM'000	Unused Tax Losses and Unabsorbed Capital Allowances RM'000	Others RM'000	Total RM'000
At 1 October 2011	115	6	537	5,788	1,573	58	8,077
Recognised in the income statement	(55)	1	-	(8)	(56)	18	(100)
Recognised in other comprehensive income (Note 50)	-	-	(766)	-	-	-	(766)
At 30 September 2012	60	7	(229)	5,780	1,517	76	7,211

10. DEFERRED TAX (Cont'd.)

Deferred Tax Liabilities of the Group:

2013	Revaluation Surplus RM'000	Accelerated Capital Allowances RM'000	Total RM'000
At 1 October 2012	**(2,933)**	**(267)**	**(3,200)**
Recognised in the income statement	**-**	**(9)**	**(9)**
At 30 September 2013	**(2,933)**	**(276)**	**(3,209)**
2012			
At 1 October 2011	(1,740)	(289)	(2,029)
Recognised in the income statement	(1,193)	22	(1,171)
At 30 September 2012	(2,933)	(267)	(3,200)

Deferred Tax Assets of the Company:

	Unused Tax Losses and Unabsorbed Capital Allowances RM'000	Total RM'000
2013		
At 1 October 2012	583	583
Recognised in the income statement	(6)	(6)
At 30 September 2013	577	577
2012		
At 1 October 2011/30 September 2012	583	583

10. DEFERRED TAX (Cont'd.)

Deferred Tax Liabilities of the Company:

2013	Accelerated Capital Allowances RM'000	Total RM'000
At 1 October 2012	**(54)**	**(54)**
Recognised in the income statement	**(12)**	**(12)**
At 30 September 2013	**(66)**	**(66)**
2012		
At 1 October 2011	(59)	(59)
Recognised in the income statement	5	5
At 30 September 2012	(54)	(54)

As at 30 September 2013, net deferred tax assets have not been recognised in respect of the following temporary differences:

		Group	
	2013 RM'000	2012 RM'000	1.10.2011 RM'000
Depreciation and capital allowances on property, plant and equipment	**(1,637)**	(1,648)	(1,147)
Unabsorbed capital allowances and unused tax losses	**101,765**	96,693	93,856
Other deductible temporary differences	**2,099**	2,966	2,747
	102,227	98,011	95,456

The unabsorbed capital allowances and unused tax losses of the Group are available for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority. The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

11. INVESTMENTS

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

	Group			Company		
	2013 RM'000	2012 RM'000	1.10.2011 RM'000	2013 RM'000	2012 RM'000	1.10.2011 RM'000
(a) Available-for-sale ("AFS") financial assets:						
At fair value						
Quoted shares	**26,399**	36,032	18,082	**9,800**	11,925	5,895
Unit trusts	**11,887**	13,817	13,403	**-**	-	-
Warrants	**4**	-	-	**-**	-	-
Unquoted shares	**-**	803	816	**-**	-	-
Club membership	**-**	470	60	**-**	-	-
Total AFS financial assets	**38,290**	51,122	32,361	**9,800**	11,925	5,895
(b) Held-to-maturity ("HTM") investments:						
At amortised cost: *						
Subordinated Notes #	**-**	-	-	**34,697**	34,672	-
Malaysian Government Securities	**5,378**	15,557	40,364	**-**	-	-
Amortisation of premium, net of accretion of discount	**(335)**	(420)	(151)	**-**	-	-
Total HTM investments	**5,043**	15,137	40,213	**-**	-	-
(c) Loans and receivables ("L&R"):						
At amortised cost:						
Bankers acceptance	**-**	-	1,564	**-**	-	-
Total investments	**43,333**	66,259	74,138	**44,497**	46,597	5,895
*** At fair value:**						
Subordinated Notes	**-**	-	-	**34,697**	34,672	-
Malaysian Government Securities	**5,060**	15,186	40,423	**-**	-	-

\# The Company's investments in Subordinated Notes ("Sub Notes") of RM34,697,000 (2012: RM34,672,000; 1.10.11: RMNil) are in respect of Sub Notes issued by its insurance subsidiary company. The Sub Notes were issued for a period of 10 years on a 10 non-callable 5 basis, with a coupon rate of 7.60% per annum.

11. INVESTMENTS (Cont'd.)

The carrying values of investments as at 30 September 2013 are as follows:

	Note	AFS financial assets RM'000	HTM investments RM'000	Total RM'000
Group				
At 1 October 2012		51,122	15,137	66,259
Additions		964	-	964
Disposals		(7,103)	-	(7,103)
Maturities		-	(10,000)	(10,000)
Adjustments		(405)	-	(405)
Fair value loss recorded in other comprehensive income	50	(5,359)	-	(5,359)
Movement in impairment loss	50	(929)	-	(929)
Amortisation of premium, net of accretion of discount	43	-	(94)	(94)
At 30 September 2013		38,290	5,043	43,333
Company				
At 1 October 2012		11,925	34,672	46,597
Additions		459	-	459
Fair value loss recorded in other comprehensive income	50	(2,584)	-	(2,584)
Accretion of discount		-	25	25
At 30 September 2013		9,800	34,697	44,497

11. INVESTMENTS (Cont'd.)

The carrying values of investments as at 30 September 2012 are as follows:

	Note	AFS financial assets RM'000	HTM investments RM'000	L&R RM'000	Total RM'000
Group					
At 1 October 2011		32,361	40,213	1,564	74,138
Additions		14,402	-	-	14,402
Disposals		(959)	-	-	(959)
Redemptions		-	(5,001)	-	(5,001)
Maturities		-	(20,000)	(1,564)	(21,564)
Fair value gain recorded in other comprehensive income	50	8,490	-	-	8,490
Movement in impairment loss	50	(3,172)	-	-	(3,172)
Amortisation of premium, net of accretion of discount	43	-	(75)	-	(75)
At 30 September 2012		51,122	15,137	-	66,259
Company					
At 1 October 2011		5,895	-	-	5,895
Additions		3,421	34,668	-	38,089
Fair value gain recorded in other comprehensive income	50	5,367	-	-	5,367
Movement in impairment loss	50	(2,758)	-	-	(2,758)
Accretion of discount		-	4	-	4
At 30 September 2012		11,925	34,672	-	46,597

12. INVESTMENT IN SUBSIDIARY COMPANIES

	Company		
	2013	**2012**	**1.10.2011**
	RM'000	**RM'000**	**RM'000**
Unquoted shares - at cost	**158,659**	158,366	138,366
Subscription of shares in a subsidiary company	**-**	-	20,000
Acquisition of a subsidiary company	**-**	293	-
Divestment of a subsidiary company (Note 58)	**(29,023)**	-	-
	129,636	158,659	158,366
Impairment losses	**(9,129)**	(6,369)	(6,369)
	120,507	152,290	151,997

The subsidiary companies are:

Incorporated in Malaysia	Effective Interests			
	2013 %	**2012 %**	**1.10.2011 %**	**Principal Activities**
Pacific & Orient Insurance Co. Berhad [(1)]	**51**	100	100	General insurance business
P & O Technologies Sdn. Bhd.	**100**	100	100	Provision of information technology services and sale of information technology equipment
Pacific & Orient Distribution Sdn. Bhd.	**100**	100	100	Distribution of consumer goods and provision of sales and administrative services
P & O Capital Sdn. Bhd.	**100**	100	100	Money lending
P & O Global Technologies Sdn. Bhd.	**100**	100	100	Dealing in computer hardware, software and systems
P & O Resources Sdn. Bhd.	**100**	100	100	Dealing in computer hardware, software and systems
Dynamic Network Distributions Sdn. Bhd.	**100**	100	100	Provision of management and privilege card programme services and sale of consumer goods

12. INVESTMENT IN SUBSIDIARY COMPANIES (Cont'd.)

The subsidiary companies are: (Cont'd.)

Incorporated in Malaysia	Effective Interests 2013 %	2012 %	1.10.2011 %	Principal Activities
P & O Nominees Services (Tempatan) Sdn. Bhd.	**100**	100	100	Dormant
P & O Properties Sdn. Bhd. (formerly known as Pacific Global Technologies Sdn. Bhd.)	**100**	100	100	Dormant
Focus Internet Sdn. Bhd.	**100**	100	-	Supplying computers and related peripherals
Incorporated in England				
Pacific & Orient Properties Ltd.* (2)	**100**	-	-	Investment, development and dealings in properties
Incorporated in the United States of America				
P & O Global Technologies, Inc. **	**100**	100	100	Information technology services, research and development and trading activities
Subsidiary company of P & O Global Technologies Sdn. Bhd. - Incorporated in Thailand				
P & O Global Technologies (Thailand) Co., Ltd.**	**100**	100	100	Dealing in computer software and systems

* Subsidiary company audited by a member firm of Ernst & Young Global.
** Subsidiary companies not audited by Ernst & Young.

(1) **Divestment of a subsidiary company**

On 17 May 2013, the Company completed the divestment of 49% equity interest in Pacific & Orient Insurance Co. Berhad to Sanlam Emerging Markets Proprietary Limited. Details of the divestment are disclosed in Note 58.

(2) **Incorporation of a subsidiary company**

On 7 May 2013, the Company incorporated a wholly-owned subsidiary company, Pacific & Orient Properties Limited ("POPL") in England, with a paid-up share capital of GBP 5 comprising 5 ordinary shares of GBP 1 each. The intended principal activities of POPL are investment, development and dealings in properties.

13. INVENTORIES – GOODS FOR RESALE

	Group		
	2013	**2012**	**1.10.2011**
	RM'000	**RM'000**	**RM'000**
Inventories - at cost	**477**	862	1,043
Allowance for inventory obsolescence	**(50)**	(235)	(252)
	427	627	791

14. LOANS

	Group		
	2013	**2012**	**1.10.2011**
	RM'000	**RM'000**	**RM'000**
Loans:			
- secured loans	**93**	130	168
- unsecured loans	**24**	2	77
	117	132	245
Due within one year	**45**	38	52
Due after one year	**72**	94	193
	117	132	245

The interest rates on loans were between 6.80% and 9.50% (2012 : 6.80% and 10.50%; 1.10.2011 : 6.80% and 10.50%) per annum.

15. REINSURANCE ASSETS

	Group		
	2013	**2012**	**1.10.2011**
	RM'000	**RM'000**	**RM'000**
Reinsurance of insurance contracts			
Claims liabilities (Note 21.1)	**165,419**	154,778	108,182
Premium liabilities (Note 21.2)	**64,064**	76,200	75,290
	229,483	230,978	183,472
Allowance for impairment	**-**	-	(1,068)
	229,483	230,978	182,404

16. INSURANCE RECEIVABLES

	Group		
	2013 RM'000	2012 RM'000	1.10.2011 RM'000
Outstanding premiums including agents', brokers' and co-insurers' balances	**9,663**	9,700	10,779
Due from reinsurers and ceding companies	**15,647**	11,311	108,084
	25,310	21,011	118,863
Allowance for impairment	**(1,631)**	(1,067)	(9,478)
	23,679	19,944	109,385

17. RECEIVABLES

	Group			Company		
	2013 RM'000	2012 RM'000	1.10.2011 RM'000	2013 RM'000	2012 RM'000	1.10.2011 RM'000
Trade receivables:						
Trade receivables	**3,018**	2,565	2,224	**-**	-	-
Allowance for impairment	**(1,135)**	(1,068)	(1,096)	**-**	-	-
	1,883	1,497	1,128	**-**	-	-
Other receivables:						
Accrued income	**5,519**	5,781	3,170	**998**	700	2
Share of assets held by Malaysian Motor Insurance Pool ("MMIP")	**44,029 ***	20,247	12,057	**-**	-	-
Deposits and prepayments	**2,219**	2,173	2,869	**121**	42	37
Tax recoverable	**4,096**	6,637	2,146	**1,812**	2,238	1,776
Others	**1,463**	1,179	1,386	**190**	170	152
	57,326	36,017	21,628	**3,121**	3,150	1,967
Allowance for impairment	**-**	-	(34)	**-**	-	-
	57,326	36,017	21,594	**3,121**	3,150	1,967

* This includes the insurance subsidiary company's contribution of RM10,827,000 to MMIP following a cash call made by the Pool during the current financial year. The contribution was made in respect of the insurance subsidiary company's share of MMIP's accumulated losses up to 31 December 2011.

The Group's normal trade credit term is up to 60 days. Other credit terms are assessed and approved on a case by case basis.

18. DUE FROM SUBSIDIARY COMPANIES

The amounts due from subsidiary companies consist of the following:

	Company		
	2013	**2012**	**1.10.2011**
	RM'000	**RM'000**	**RM'000**
Term loan (a)	**-**	-	70,105
Others (b)	**50,312**	42,862	40,685
	50,312	42,862	110,790
Allowance for impairment	**(42,329)**	(17,947)	(17,947)
	7,983	24,915	92,843

(a) During the financial year ended 30 September 2011, the insurance subsidiary company obtained a 10-year unsecured term loan of RM70,000,000 less transaction costs from the Company at an interest rate of 8.00 % per annum. The term loan was fully settled on 27 June 2012.

(b) The amounts due from subsidiary companies are payable on demand, unsecured and interest-free, except for the amount of RM12,837,000 (2012 : RM7,821,000; 1.10.2011 : RM7,204,000) which bears interest between 4.75% and 10.25% (2012 : 10.00% and 10.25%; 1.10.2011 : 10.00% and 10.25%) per annum.

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

	Company		
	2013	**2012**	**1.10.2011**
	RM'000	**RM'000**	**RM'000**
Ringgit Malaysia	**22,898**	22,559	91,911
United States Dollars	**26,057**	19,721	18,879
Thai Baht	**1,332**	582	-
Pound Sterling	**25**	-	-
	50,312	42,862	110,790
Allowance for impairment	**(42,329)**	(17,947)	(17,947)
	7,983	24,915	92,843

19. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	Group			Company		
	2013 RM'000	2012 RM'000	1.10.2011 RM'000	2013 RM'000	2012 RM'000	1.10.2011 RM'000
Licensed banks	**868,029**	718,570	550,410	**111,183**	-	1,561

Deposits and placements with financial institutions of the Group with maturities of more than three months are disclosed as deposit and placements with financial institutions. Deposits and placements with maturities of less than three months are disclosed as cash and bank balances under Note 20.

Included in deposits and placements of the Group is an amount of RM90,000 (2012 : RM192,000; 1.10.2011 : RM250,000) representing placements of deposits received from insureds as collateral for bond guarantees granted by the insurance subsidiary company to third parties.

Deposits and placements of RM103,000 (2012 : RM96,000; 1.10.2011 : RM97,000) of the Group have been pledged as performance guarantees for the Group.

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

	Group			Company		
	2013 %	2012 %	1.10.2011 %	2013 %	2012 %	1.10.2011 %
Licensed banks	**2.00 – 3.50**	2.90 – 3.55	1.75 – 3.72	**3.00 – 3.35**	-	0.39

20. CASH AND BANK BALANCES

	Group			Company		
	2013 RM'000	2012 RM'000	1.10.2011 RM'000	2013 RM'000	2012 RM'000	1.10.2011 RM'000
Cash and bank balances	**8,657**	6,500	5,776	**222**	2	107
Short-term deposits and placements with financial institutions	**80,714**	12,149	53,330	**75,977**	-	1,800
	89,371	18,649	59,106	**76,199**	2	1,907

Deposits of RM599,000 (2012 : RM581,000; 1.10.2011 : RM564,000) for the Group have been pledged as securities for credit facilities granted to the Group.

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

	Group			Company		
	2013 %	2012 %	1.10.2011 %	2013 %	2012 %	1.10.2011 %
Licensed banks	**1.60 – 3.35**	0.04 – 3.20	0.05 – 3.40	**3.00 – 3.35**	-	3.04 – 3.40

21. INSURANCE CONTRACT LIABILITIES

	2013			2012			1.10.2011		
	Gross RM'000	Reinsurance RM'000 (Note 15)	Net RM'000	Gross RM'000	Reinsurance RM'000 (Note 15)	Net RM'000	Gross RM'000	Reinsurance RM'000 (Note 15)	Net RM'000
Group									
General insurance	**786,537**	**(229,483)**	**557,054**	761,452	(230,978)	530,474	674,485	(183,472)	491,013

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

		2013			2012			1.10.2011		
	Note	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Group										
Provision for claims reported by policyholders		**411,759**	**(124,400)**	**287,359**	384,593	(108,123)	276,470	309,698	(74,913)	234,785
Provision for Incurred But Not Reported ("IBNR") claims		**93,386**	**(25,097)**	**68,289**	84,147	(28,850)	55,297	69,817	(20,208)	49,609
Provision of Risk Margin for Adverse Deviation ("PRAD")		**45,977**	**(15,922)**	**30,055**	47,740	(17,805)	29,935	36,971	(13,061)	23,910
Claims liabilities	21.1	**551,122**	**(165,419)**	**385,703**	516,480	(154,778)	361,702	416,486	(108,182)	308,304
Premium liabilities	21.2	**235,415**	**(64,064)**	**171,351**	244,972	(76,200)	168,772	257,999	(75,290)	182,709
		786,537	**(229,483)**	**557,054**	761,452	(230,978)	530,474	674,485	(183,472)	491,013

21. INSURANCE CONTRACT LIABILITIES (Cont'd.)

21.1 CLAIMS LIABILITIES

	2013			2012		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Group						
At 1 October 2012/2011	**516,480**	**(154,778)**	**361,702**	416,486	(108,182)	308,304
Claims incurred for the current accident year (direct and facultative)	**181,542**	**(60,995)**	**120,547**	176,474	(63,592)	112,882
Adjustment to claims incurred in prior accident years (direct and facultative)	**121,540**	**(30,104)**	**91,436**	133,743	(36,923)	96,820
Claims incurred during the year (treaty inwards claims)	**17,825**	**-**	**17,825**	14,964	-	14,964
Movement in PRAD of claims liabilities at 75% confidence level	**(1,763)**	**1,883**	**120**	10,769	(4,744)	6,025
Movement in claims handling expenses	**714**	**79**	**793**	1,489	(925)	564
Claims paid during the year	**(285,216)**	**78,496**	**(206,720)**	(237,445)	59,588	(177,857)
At 30 September	**551,122**	**(165,419)**	**385,703**	516,480	(154,778)	361,702

21.2 PREMIUM LIABILITIES

	2013			2012		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Group						
At 1 October 2012/2011	**244,972**	**(76,200)**	**168,772**	257,999	(75,290)	182,709
(Decrease)/increase in premium liabilities:						
- Premium written during the year	**515,878**	**(160,593)**	**355,285**	517,317	(184,915)	332,402
- Premium earned during the year	**(525,435)**	**172,729**	**(352,706)**	(530,344)	184,005	(346,339)
	(9,557)	**12,136**	**2,579**	(13,027)	(910)	(13,937)
At 30 September	**235,415**	**(64,064)**	**171,351**	244,972	(76,200)	168,772

22. INSURANCE PAYABLES

	Group		
	2013 RM'000	2012 RM'000	1.10.2011 RM'000
Due to reinsurers and ceding companies	**6,092**	14,104	21,363
Due to agents, brokers, co-insurers and insureds	**2,652**	2,125	2,069
	8,744	16,229	23,432

23. PAYABLES

	Group			Company		
	2013 RM'000	2012 RM'000	1.10.2011 RM'000	2013 RM'000	2012 RM'000	1.10.2011 RM'000
Trade payables:						
Refund premiums	**244**	204	192	**-**	-	-
Share of non-insurance contract liabilities held by MMIP	**143**	418	308	**-**	-	-
Payables - Extended Warranty Programme	**489**	489	475	**-**	-	-
Others	**115**	49	17	**-**	-	-
	991	1,160	992	**-**	-	-
Other payables :						
Dividend payable	**-**	1,833	-	**-**	1,833	-
Accruals	**2,871**	3,413	1,880	**536**	1,102	499
Short term accumulating compensated absences	**861**	748	768	**222**	186	171
Collateral deposits	**94**	188	246	**-**	-	-
Stamp duty payable	**1,693**	1,704	1,843	**-**	-	-
Unearned income	**363**	308	415	**-**	-	-
Accrual of directors' fees	**532**	451	458	**195**	176	165
Service tax payable	**288**	146	341	**-**	-	-
Unclaimed monies	**270**	251	224	**-**	-	-
Others	**1,530**	1,822	1,839	**241**	44	11
	8,502	10,864	8,014	**1,194**	3,341	846

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

24. DUE TO A SUBSIDIARY COMPANY

In the previous financial year, the amount due to a subsidiary company of RM3,146,000 (1.10.2011 : RM3,041,000) bore interest at 9.05% (1.10.2011 : 9.05%) per annum, was unsecured and payable on demand.

25. HIRE PURCHASE CREDITORS

	Group			Company		
	2013	**2012**	**1.10.2011**	**2013**	**2012**	**1.10.2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Future minimum payments are as follows:						
Not later than 1 year	**667**	702	608	**178**	187	176
Later than 1 year and not later than 2 years	**831**	1,031	839	**243**	266	223
Later than 2 years and not later than 5 years	**186**	277	306	**65**	76	107
Total future minimum lease payments	**1,684**	2,010	1,753	**486**	529	506
Less : Future finance charges	**(129)**	(171)	(157)	**(35)**	(40)	(42)
Present value of hire purchase creditors	**1,555**	1,839	1,596	**451**	489	464

Analysis of present value of hire purchase creditors:

	Group			Company		
	2013	**2012**	**1.10.2011**	**2013**	**2012**	**1.10.2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Not later than 1 year	**607**	623	533	**160**	167	157
Later than 1 year and not later than 2 years	**777**	954	739	**228**	248	204
Later than 2 years and not later than 5 years	**171**	262	324	**63**	74	103
	1,555	1,839	1,596	**451**	489	464
Amount due within 1 year	**(607)**	(623)	(533)	**(160)**	(167)	(157)
Amount due after 1 year	**948**	1,216	1,063	**291**	322	307

The hire purchase agreements at the reporting date bear interest at between 0.28% and 5.10% (2012 : 0.18% and 6.19%; 1.10.2011 : 1.84% and 6.25%) per annum.

26. BORROWINGS

	Group			Company		
	2013	2012	1.10.2011	2013	2012	1.10.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Secured:						
Term loan (a)	**-**	-	73,648	**-**	-	73,648
Bridging loan (b)	**-**	27,014	-	**-**	27,014	-
Revolving credits (c)	**200**	500	500	**-**	-	-
	200	27,514	74,148	**-**	27,014	73,648
Unsecured:						
Sub Notes (d)	**33,566**	33,458	-	**-**	-	-
Bank overdraft (c)	**-**	2,766	-	**-**	2,766	-
Revolving credits (c)	**-**	22,500	22,500	**-**	22,500	22,500
	33,566	58,724	22,500	**-**	25,266	22,500
	33,766	86,238	96,648	**-**	52,280	96,148

Analysis of repayment period of total borrowings are as follows:

	Group			Company		
	2013	2012	1.10.2011	2013	2012	1.10.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Amount due within 1 year	**200**	52,780	96,648	**-**	52,280	96,148
Amount due within 2 to 5 years	**-**	-	-	**-**	-	-
Amount due more than 5 years	**33,566**	33,458	-	**-**	-	-
	33,766	86,238	96,648	**-**	52,280	96,148

(a) Term loan

During the financial year ended 30 September 2011, the Company obtained a term loan of USD23,000,000 secured by a charge over the shares of the insurance subsidiary company at an interest rate based on LIBOR + 3.75% per annum. The term loan was for a period of 18 months. The said loan was used to subscribe for Tier 2 capital in the insurance subsidiary company which further enhanced the insurance subsidiary company's capital to a level in excess of BNM's requirement. The term loan was fully settled on 27 June 2012.

(b) Bridging loan

During the financial year ended 30 September 2012, the Company obtained a bridging loan of RM28,000,000 to part finance its investment of the insurance subsidiary company's Sub Notes of RM35,000,000.

The bridging loan bore interest rate at 6.55% per annum and was for a tenure of 9 months with an option to extend for another 3 months subject to approval of the lender.

The bridging loan was secured by the Company's investment in the insurance subsidiary company's Sub Notes of RM35,000,000.

The bridging loan was fully settled on 17 May 2013.

26. BORROWINGS (Cont'd.)

(c) Revolving credit and bank overdraft facilities

During the financial year ended 30 September 2013, the Company had fully settled its revolving credit and bank overdraft facilities. In the previous financial year, the revolving credit and bank overdraft facilities of the Company were unsecured and bore interest at between 5.07% and 5.30% (1.10.2011 : 5.15% and 5.18%) per annum and 8.35% (1.10.2011 : 8.35%) per annum respectively. The revolving credit facilities of a subsidiary company is secured by a deposit of the subsidiary company of RM599,000 (2012 : RM581,000; 1.10.2011 : RM564,000). The revolving credit facilities of the Group bore interest at 5.74% (2012 : 5.07% and 5.30%; 1.10.2011 : 5.15% and 5.18%) per annum. The Group had fully settled its bank overdraft facilities during the financial year ended 30 September 2013. In the previous financial year, the bank overdraft facilities of the Group were unsecured and bore interest at 8.35% (1.10.2011: 8.35%) per annum.

The revolving credit facilities of the Group and of the Company are due to mature within 1 year.

(d) Sub Notes

During the financial year ended 30 September 2012, the insurance subsidiary company established a Sub Notes Programme with an aggregate nominal value of RM150,000,000 issuable in tranches.

The first tranche of Sub Notes was issued on 27 June 2012 with a nominal value of RM70,000,000 at a discounted subscription price of RM99.05. The Sub Notes were issued for a period of 10 years on a 10 non-callable 5 basis, with a coupon rate of 7.60% per annum.

Of the RM70,000,000 Sub Notes, RM35,000,000 were subscribed by the Company as disclosed in Note 11 whilst the remaining RM35,000,000 were subscribed by a third party.

The proceeds from the issuance of the Sub Notes were used by the insurance subsidiary company to repay its unsecured term loan previously granted by the Company. The balance of the Sub Notes of RM33,556,000 at 30 September 2013 represents the portion of the Sub Note subscribed by a third party.

27. SHARE CAPITAL

	Group/Company			
	Number of shares		Amount	
	2013 '000	2012 '000	2013 RM'000	2012 RM'000
Authorised ordinary shares of RM0.50 each:				
At 1 October 2012/2011 / 30 September	**400,000**	400,000	**200,000**	200,000
Issued and fully paid ordinary shares:				
Ordinary shares of RM0.50 each:				
At 1 October 2012/2011 / 30 September	**245,954**	245,954	**122,977**	122,977

27. SHARE CAPITAL (Cont'd.)

(a) Treasury Shares

	Group/Company			
	Number of shares		Amount	
	2013	2012	2013 *	2012 *
	'000	'000	RM'000	RM'000
At 1 October 2012/2011	**1,604**	184	**1,463**	134
Purchased	**1,746**	1,420	**2,350**	1,329
At 30 September	**3,350**	1,604	**3,813**	1,463

* This amount includes acquisition costs of treasury shares.

The shareholders of the Company, by a special resolution passed at a general meeting held on 6 March 2013, approved the renewal of the Company's plan to purchase its own ordinary shares.

During the financial year, the Company purchased 1,745,700 of its issued ordinary shares of RM0.50 each fully paid from the open market at an average price of RM1.35 per share for a consideration of RM2,350,013. The purchase was financed by internally generated funds. These shares are held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

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

Shares purchased

Month	Price per share (RM)			Number of shares purchased	Total consideration *
	Lowest	Highest	Average	('000)	RM'000
December 2012	1.23	1.31	1.28	54	69
January 2013	1.23	1.28	1.26	333	420
February 2013	1.23	1.30	1.26	416	528
June 2013	1.44	1.56	1.48	260	384
August 2013	1.27	1.44	1.39	359	498
September 2013	1.38	1.39	1.39	324	451
		Total shares purchased		1,746	2,350

* This amount includes acquisition costs of treasury shares.

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

28. RESERVES (NON-DISTRIBUTABLE)

(a) Merger Reserve

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

(b) Translation Reserve

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

(c) Revaluation Reserve

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

(d) AFS Reserve

AFS reserve is in respect of unrealised gains or losses arising from changes in fair values of financial instruments classified as available-for-sale, net of tax.

29. SHARE PREMIUM

	Group/Company	
	2013	**2012**
	RM'000	**RM'000**
At 1 October 2012/2011 / 30 September	**24,302**	24,302

30. RETAINED PROFITS

Company

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act, 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividends paid, credited or distributed to their shareholders, and such dividends are not taxable in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances.

Companies also have an irrevocable option to disregard their accumulated tax credit under Section 108 of the Income Tax Act, 1967 ("Section 108 balance") and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act, 2007.

The Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credits in the Section 108 balance as at 31 December 2007 to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act, 2007. As at 30 September 2013, the Company had fully utilised its tax credits in the Section 108 balance to pay franked dividends out of its entire retained earnings.

31. DIVIDENDS

The amount of dividends paid or declared by the Company on ordinary shares of RM0.50 each are as follows:

	Group/Company		
	Sen per share (net of tax) RM'000	Total amount RM'000	Date of payment
2013			
6th interim dividend of 1.00 sen per share less tax at 25%, declared on 29 October 2012	**0.75**	**1,833**	28 November 2012
1st interim dividend of 2.50 sen per share less tax at 25%, declared on 3 December 2012	**1.88**	**4,581**	31 December 2012
2nd interim dividend of 1.20 sen per share less tax at 25%, declared on 5 February 2013	**0.90**	**2,192**	8 March 2013
3rd interim dividend of 1.20 sen per share less tax at 25%, declared on 10 April 2013	**0.90**	**2,192**	10 May 2013
Special dividend of (a) 15.17 sen per share less tax at 25% and (b) tax exempt dividend of 3.82 sen per share, declared on 22 May 2013	**15.20**	**37,013**	25 June 2013
4th interim single tier dividend of 0.80 sen per share, declared on 19 July 2013	**0.60**	**1,946**	21 August 2013
	20.23	**49,757**	

31. DIVIDENDS (Cont'd.)

The amount of dividends paid or declared by the Company on ordinary shares of RM0.50 each are as follows: (Cont'd.)

	Group/Company		
	Sen per share (net of tax) RM'000	Total amount RM'000	Date of payment
2012			
1st interim dividend of 0.80 sen per share less tax at 25%, declared on 18 January 2012	0.60	1,474	23 February 2012
2nd interim dividend of 2.30 sen per share less tax at 25%, declared on 8 March 2012	1.73	4,234	5 April 2012
3rd interim dividend of 1.30 sen per share less tax at 25%, declared on 9 May 2012	0.97	2,384	12 June 2012
4th interim dividend of 2.00 sen per share less tax at 25%, declared on 18 July 2012	1.50	3,665	23 August 2012
5th interim dividend of 1.00 sen per share less tax at 25%, declared on 29 August 2012	0.75	1,833	3 October 2012
	5.55	13,590	

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

In respect of the financial year ended 30 September 2013, the Directors had on 9 October 2013 declared a 5th interim single tier dividend of 1.50 sen per share amounting to RM3,634,000, based on the issued and paid-up share capital (net of treasury shares) as at 28 October 2013. The dividend was paid on 13 November 2013 to depositors whose names appeared in the Record of Depositors on 28 October 2013. This dividend has not been reflected in the financial statements for the current financial year but it will be accounted for in equity as an appropriation of retained profits for the financial year ending 30 September 2014.

32. REVENUE

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

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Gross earned premium (Note 35)	**525,435**	530,344	**-**	-
Gross dividends:				
- shares quoted in Malaysia	**678**	1,062	**-**	-
- unit trusts	**320**	324	**-**	-
- subsidiary company	**-**	-	**58,080**	39,980
Interest income:				
- subsidiary companies	**-**	-	**3,632**	5,595
- Malaysian Government Securities	**473**	1,192	**-**	-
- deposits and placements with financial institutions	**27,777**	22,810	**2,574**	66
- loans to third parties	**8**	11	**-**	-
Rental income from investment properties	**42**	14	**-**	-
Malaysian Motor Insurance Pool ("MMIP") investment income	**1,089**	672	**-**	-
Malaysian Reinsurance Berhad ("MRB") investment income	**14**	96	**-**	-
Amortisation of premiums, net of accretion of discounts	**(94)**	(75)	**-**	-
Sale of goods and services	**7,675**	5,344	**-**	-
Management service fees	**-**	-	**3,239**	2,969
	563,417	561,794	**67,525**	48,610

33. OTHER OPERATING INCOME

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Commission income	**31,835**	45,591	**-**	-
Interest income	**57**	19	**-**	-
Gain on divestment of a subsidiary company (Note 58)	**-**	-	**234,305**	-
Gain on fair value adjustments on investment properties (Note 6)	**-**	110	**-**	-
Gain on acquisition of a subsidiary company	**-**	60	**-**	-
Realised gains :				
- Investment property	**5**	-	**-**	-
- AFS financial assets:				
- Quoted shares	**3,248**	775	**-**	-
- Unquoted shares	**199**	-	**-**	-
Gain on forward exchange contract	**-**	1,445	**-**	1,445
Gain on foreign exchange:				
- unrealised	**2,619**	-	**1,450**	-
- realised	**4**	-	**12**	-
Reversal of revaluation deficit of property, plant and equipment	**-**	110	**-**	-
Insurance policy transfer fees	**504**	603	**-**	-
Others	**645**	689	**4**	4
	39,116	49,402	**235,771**	1,449

34. NET CLAIMS INCURRED

	Group	
	2013 RM'000	2012 RM'000
Gross claims paid	**285,216**	237,445
Claims ceded to reinsurers	**(78,496)**	(59,588)
Net claims paid	**206,720**	177,857
Gross change in insurance contract liabilities:		
At end of year (Note 21.1)	**551,122**	516,480
At beginning of year	**516,480**	416,486
	34,642	99,994
Change in insurance contract liabilities ceded to reinsurers:		
At end of year (Note 21.1)	**(165,419)**	(154,778)
At beginning of year	**(154,778)**	(108,182)
	(10,641)	(46,596)
Net claims incurred	**230,721**	231,255

35. GROSS EARNED PREMIUM

	Group	
	2013	2012
	RM'000	RM'000
Gross premium	**515,878**	517,317
Change in premium liabilities (Note 42)	**9,557**	13,027
Gross earned premium	**525,435**	530,344

36. STAFF COSTS

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Salaries, wages and bonus	**28,560**	26,571	**4,568**	3,957
Short term accumulating compensated absences	**109**	(16)	**36**	16
Pension cost :				
- defined contribution plan	**3,313**	3,151	**569**	488
- defined benefit plan	**18**	39	**-**	-
Staff general insurance	**331**	340	**41**	36
Staff training	**625**	575	**48**	-
Staff welfare	**967**	880	**64**	82
Other staff related expenses	**965**	848	**206**	194
	34,888	32,388	**5,532**	4,773

Included in staff costs of the Group and of the Company are executive directors' remuneration (excluding benefits-in-kind) amounting to RM2,643,000 (2012 : RM2,204,000) and RM1,381,000 (2012 : RM1,067,000) respectively as further disclosed in Note 37.

37. DIRECTORS' REMUNERATION

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Executive:				
Salaries and other remuneration	**757**	670	**717**	630
Bonus	**395**	203	**395**	203
Pension cost – defined contribution plan	**149**	114	**149**	114
Benefits-in-kind	**21**	25	**21**	25
Allowance	**120**	120	**120**	120
	1,442	1,132	**1,402**	1,092
Non-Executive:				
Fees	**275**	255	**195**	176
Directors of Subsidiary Companies				
Executive:				
Salaries and other remuneration	**903**	755	**-**	-
Bonus	**185**	134	**-**	-
Short term accumulating compensated absences	**(9)**	-	**-**	-
Pension cost:				
- Defined contribution plan	**86**	72	**-**	-
- Defined benefit plan	**12**	93	**-**	-
Other short-term benefits	**9**	7	**-**	-
Benefits-in-kind	**44**	47	**-**	-
Allowances	**36**	36	**-**	-
	1,266	1,144	**-**	-
Non-Executive:				
Fees	**172**	155	**-**	-
Total	**3,155**	2,686	**1,597**	1,268
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration (Note 36)	**2,643**	2,204	**1,381**	1,067
Total non-executive directors' remuneration (Note 39)	**447**	410	**195**	176
Total directors' remuneration excluding benefits-in-kind	**3,090**	2,614	**1,576**	1,243

38. AMORTISATION

		Group		Company	
		2013	2012	2013	2012
	Note	RM'000	RM'000	RM'000	RM'000
Amortisation of:					
- intangible assets	9	**233**	157	**8**	2
- prepaid land lease payments	7	**4**	4	**-**	-
		237	161	**8**	2

39. OTHER OPERATING EXPENSES

		Group		Company	
		2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
Other operating expenses include:					
Auditors' remuneration:					
- statutory audit		**315**	252	**78**	47
- other regulatory related services		**33**	28	**5**	3
- other services		**130**	4	**5**	4
Non-executive directors' remuneration	37	**447**	410	**195**	176
Property, plant and equipment written off		**63**	106	**6**	-
Allowance for inventory obsolescence		**41**	-	**-**	-
Inventories - goods for resale written off		**121**	66	**-**	-
Impairment of property, plant and equipment	5	**613**	-	**-**	-
Impairment of:					
- goodwill on consolidation	8	**1,935**	-	**-**	-
- intangible assets	9	**149**	-	**-**	-
Impairment of AFS financial assets	11	**929**	3,172	**-**	2,758
Rental of office equipment		**2,457**	2,092	**252**	231
Office rental:					
- subsidiary company		**-**	-	**256**	256
- others		**1,631**	1,590	**-**	-
Loss on foreign exchange:					
- unrealised		**-**	1,377	**-**	719
- realised		**-**	835	**-**	787
Loss on disposal of property, plant and equipment		**40**	45	**18**	9
Allowance for impairment:					
- insurance receivables	55 (a)	**760**	456	**-**	-
- trade and other receivables	55 (a)	**28**	3	**-**	-
- investment in subsidiary companies		**-**	-	**2,760 #**	-
- amounts due from subsidiary companies	55 (a)	**-**	-	**24,382 #**	-

39. OTHER OPERATING EXPENSES (Cont'd.)

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Write back in allowance for impairment:					
- insurance receivables	55 (a)	**(131)**	(5,605)	**-**	-
- reinsurance assets	15	**-**	(1,068)	**-**	-
- trade and other receivables	55 (a)	**(5)**	(3)	**-**	-
Bad debts written off:					
- insurance receivables		**-**	20,746 *	**-**	-
- trade and other receivables		**-**	92	**-**	-

The impairment losses of RM2,760,000 and RM24,382,000 were provided against the carrying amounts of the Company's investment in and amount due from subsidiary companies respectively during the financial year as the carrying amounts of these assets have exceeded their recoverable amounts.

* The one-off bad debt written off of RM20,746,000 in financial year ended 30 September 2012 was in respect of the commutation of a reinsurance contract with a reinsurer in the insurance subsidiary company.

40. FINANCE COSTS

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Interest expense:				
- subsidiary company	**-**	-	**184**	277
- others	**5,667**	5,752	**2,810**	4,922
Others	**248**	134	**244**	129
	5,915	5,886	**3,238**	5,328

41. PROFIT BEFORE TAXATION

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Determined as follows:					
Insurance subsidiary company	42	**70,368**	61,256	**-**	-
Others		**263,225**	28,964	**262,771**	31,221
Before consolidation		**333,593**	90,220	**262,771**	31,221
Consolidation adjustments *		**(267,858)**	(39,610)	**-**	-
After consolidation		**65,735**	50,610	**262,771**	31,221

* The consolidation adjustments for the financial year ended 30 September 2013 include the gain on divestment of the insurance subsidiary company of RM173,545,000 as disclosed in Note 58.

42. PROFIT BEFORE TAXATION - INSURANCE SUBSIDIARY COMPANY

	Note	Group 2013 RM'000	Group 2012 RM'000
Revenue		**553,416**	556,628
Gross premiums		**515,878**	517,317
Change in premium liabilities	35	**9,557**	13,027
Gross earned premiums		**525,435**	530,344
Gross premiums ceded to reinsurers		**(160,593)**	(184,915)
Change in premium liabilities		**(12,136)**	910
Premiums ceded to reinsurers		**(172,729)**	(184,005)
Net earned premiums		**352,706**	346,339
Investment income	43	**27,981**	26,284
Realised gains and losses	44	**3,422**	643
Commission income		**31,835**	45,591
Other operating (expenses)/income	47	**(109)**	668
Other income		**63,129**	73,186
Gross claims paid		**(285,216)**	(237,445)
Claims ceded to reinsurers		**78,496**	59,588
Gross change in insurance contract liabilities		**(34,642)**	(99,994)
Change in insurance contract liabilities ceded to reinsurers		**10,641**	46,596
Net claims incurred		**(230,721)**	(231,255)
Commission expense		**(56,038)**	(56,685)
Management expenses	45	**(53,208)**	(64,671)
Finance costs		**(5,500)**	(5,658)
Other expenses		**(114,746)**	(127,014)
Profit before taxation	41	**70,368**	61,256

43. INVESTMENT INCOME - INSURANCE SUBSIDIARY COMPANY

	Group	
	2013	**2012**
	RM'000	**RM'000**
Dividend income:		
- shares quoted in Malaysia	**678**	1,062
- unit trusts	**320**	324
Interest income:		
- Malaysian Government Securities	**473**	1,192
- deposits and placements with financial institutions	**25,203**	22,743
Rental income from investment properties	**298**	270
Investment income from:		
- MMIP	**1,089**	672
- MRB	**14**	96
Amortisation of premiums, net of accretion of discounts	**(94)**	(75)
	27,981	26,284

44. REALISED GAINS AND LOSSES - INSURANCE SUBSIDIARY COMPANY

	Group	
	2013	**2012**
	RM'000	**RM'000**
Realised gains/(loss) for:		
- AFS financial assets:		
- Quoted shares	**2,957**	775
- Unquoted shares	**199**	-
- Unit trusts	**291**	-
- HTM investments:		
- Malaysian Government Securities	**-**	(2)
- Property, plant and equipment	**(17)**	(116)
- Investment properties	**5**	-
- Foreign exchange	**(13)**	(14)
	3,422	643

45. MANAGEMENT EXPENSES - INSURANCE SUBSIDIARY COMPANY

	Group	
	2013	2012
	RM'000	RM'000
Executive directors' remuneration (Note 46)	**789**	676
Staff salaries and bonus	**16,981**	16,313
Staff short term accumulating compensated absences	**42**	(42)
Staff pension cost – defined contribution plan	**2,155**	2,028
Other staff benefits	**1,853**	1,928
Depreciation of property, plant and equipment	**1,070**	936
Auditors' remuneration:		
- statutory audit	**140**	135
- other regulatory related services	**28**	25
- other services	**125**	-
Amortisation:		
- prepaid land lease payments	**4**	4
- intangible assets	**47**	33
Non-executive directors' remuneration (Note 46)	**262**	245
Directors' training	**83**	-
Bad debt written off - insurance receivables (Note 39)	**-**	20,746
Allowance for impairment of insurance receivables	**760**	456
Write back in allowance for impairment:		
- reinsurance assets	**-**	(1,068)
- insurance receivables	**(131)**	(5,605)
Rental of properties	**642**	619
Perbadanan Insurans Deposit Malaysia ("PIDM") levy	**333**	811
Call centre service charges	**522**	542
Rental of equipment	**3,279**	2,629
Printing and EDP expenses	**10,556**	8,930
Business development	**1,291**	1,753
Credit card charges	**5,058**	5,039
Office administration and utilities	**1,672**	1,584
Share of MMIP expenses	**814**	1,151
Professional fees	**1,015**	546
Motor vehicle expenses	**674**	655
Road Transport Department access fees	**818**	890
Other expenses	**2,326**	2,712
	53,208	64,671

46. DIRECTORS' REMUNERATION - INSURANCE SUBSIDIARY COMPANY

	Group	
	2013	**2012**
	RM'000	**RM'000**
Executive directors:		
- salaries	**493**	433
- bonus	**185**	135
- defined contribution plan	**86**	72
- benefits-in-kind	**33**	32
- short term accumulating compensated absences	**(11)**	-
- allowances	**36**	36
	822	708
Non-executive directors:		
- fee (Note 45)	**262**	245
- benefits-in-kind	**11**	15
Total directors' remuneration	**1,095**	968
Total executive directors' remuneration excluding benefits-in-kind (Note 45)	**789**	676

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

	Group	
	2013	**2012**
	RM'000	**RM'000**
Impairment of AFS financial assets	**(929)**	(415)
Sundry income	**820**	1,206
Gain on fair value adjustments on investment properties	**-**	105
Reversal of revaluation deficit of property, plant and equipment	**-**	110
Property, plant and equipment written off	**-**	(2)
Others	**-**	(336)
	(109)	668

48. INCOME TAX EXPENSE

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Income tax:				
Current year's provision				
- Malaysian tax	**12,859**	13,418	**13,793**	8,893
- foreign tax	**26**	19	**-**	-
Under provision in prior years	**428**	230	**18**	639
	13,313	13,667	**13,811**	9,532
Deferred tax (Note 10):				
Relating to timing differences	**1,507**	67	**11**	(7)
Over provision in prior years	**796**	11	**7**	2
Transferred to/(from) deferred taxation	**2,303**	78	**18**	(5)
	15,616	13,745	**13,829**	9,527

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2012 : 25%) of the estimated assessable profit for the year.

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

	Group	
	2013 RM'000	2012 RM'000
Profit before taxation	**65,735**	50,610
Taxation at Malaysian statutory tax rate of 25% (2012 : 25%)	**16,434**	12,653
Effects of different tax rates in other countries	**(33)**	(19)
Double tax deduction in respect of cash contribution to MMIP	**(4,497)**	-
Income not subject to tax	**(735)**	(2,926)
Expenses not deductible for tax purposes	**2,615**	3,583
Foreign tax	**26**	19
Deferred tax asset not recognised during the year	**817**	700
Under provision of tax expense in prior years	**428**	230
Over provision of deferred tax in prior years	**796**	11
Consolidation adjustments	**417**	(85)
Utilisation of previous years' unused tax losses and unabsorbed capital allowances	**(652)**	(421)
Tax expense for the year	**15,616**	13,745

48. INCOME TAX EXPENSE (Cont'd.)

	Company	
	2013	2012
	RM'000	RM'000
Profit before taxation	**262,771**	31,221
Taxation at Malaysian statutory tax rate of 25% (2012 : 25%)	**65,693**	7,805
Income not subject to tax	**(59,175)**	(187)
Expenses not deductible for tax purposes	**7,286**	1,268
Under provision of tax expense in prior years	**18**	639
Over provision of deferred tax in prior years	**7**	2
Tax expense for the year	**13,829**	9,527

As at 30 September 2013, the Company has:

- unabsorbed capital allowances of approximately RM2,308,000 (2012 : RM2,333,000) respectively, subject to agreement with the Inland Revenue Board, which can be used to offset future taxable profits arising from business income.
- a tax exempt account balance of approximately RM1,560,000 (2012 : RM10,864,000), subject to agreement with the Inland Revenue Board, which is available for distribution.

49. EARNINGS PER SHARE (sen)

Basic

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

		Group	
		2013	2012
Net profit for the year attributable to equity holders of the Company	(RM'000)	**36,909**	36,865
Weighted average number of ordinary shares in issue	('000)	**243,604**	245,062
Basic earnings per share	(sen)	**15.15**	15.04

Diluted earnings per share are not presented as there were no dilutive potential ordinary shares at the reporting date.

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
- Surplus from revaluation of land and buildings				
- Gross surplus from revaluation	**-**	4,770	**-**	-
- Deferred tax (Note10)	**-**	(1,193)	**-**	-
Net gain	**-**	3,577	**-**	-
- Currency translation differences in respect of foreign operations	**(2,301)**	1,273	**-**	-
- Fair value changes on Available-for-sale ("AFS") financial assets:				
- (Loss)/gain in fair value changes	**(3,040)**	6,093	**(2,584)**	2,609
- Transfer to income statement upon disposal	**(3,248)**	(775)	**-**	-
- Impairment loss reclassified to income statement	**929**	3,172	**-**	2,758
	(5,359)	8,490	**(2,584)**	5,367
- Deferred tax (Note 10)	**678**	(766)	**-**	-
Net (loss)/gain	**(4,681)**	7,724	**(2,584)**	5,367
Other comprehensive (loss)/income for the year, net of tax	**(6,982)**	12,574	**(2,584)**	5,367

51. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) The significant transactions of the Group and the Company with its related parties are as follows:

	Company	
	2013	2012
	RM'000	RM'000
Subsidiary companies - Income:		
Interest income on loans	**947**	4,891
Interest income on Subordinated Notes	**2,685**	704
Management fee income	**3,239**	2,969
Subsidiary companies - Expenditure:		
Office rental	**256**	256
Interest expense on loans	**184**	277
Rental of office equipment	**239**	218
Information technology advisory services	**1,100**	1,100
Subsidiary company - Capital Transaction:		
Subscription of Subordinated Notes of a subsidiary company	**-**	34,672

Information regarding outstanding balances arising from related party transactions and subsidiary companies as at 30 September 2013 are as disclosed in Notes 18, 24 and 26.

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.

(b) Key Management Personnel Compensation

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

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits:				
- Salary and other remuneration	**1,660**	1,425	**717**	630
- Bonus	**580**	337	**395**	203
- Short term accumulating compensated absences	**(9)**	-	**-**	-
- Benefits-in-kind	**65**	72	**21**	25
- Allowances	**156**	156	**120**	120
Post-employment benefits:				
- Pension cost:				
- defined contribution plan	**235**	186	**149**	114
- defined benefit plan	**12**	93	**-**	-
Other short-term benefits	**9**	7	**-**	-
	2,708	2,276	**1,402**	1,092

52. COMMITMENTS AND CONTINGENCIES

(a) Contingent liabilities

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Performance guarantees – secured	**308**	242	**-**	-
Guarantees given to financial institutions for facilities extended to subsidiary companies – secured	**-**	-	**5,730**	3,928
	308	242	**5,730**	3,928

(b) Non-cancellable operating lease commitments

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Future minimum lease payments are as follows:				
Not later than 1 year	**4,380**	3,654	**104**	78
Later than 1 year and not later than 5 years	**3,363**	4,001	**114**	41
	7,743	7,655	**218**	119

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

53. FAIR VALUE OF FINANCIAL INSTRUMENTS

(i) Fair value of financial instruments

(a) The carrying amounts of financial assets and financial liabilities of the Group and of the Company at reporting date approximated their fair values except as set out below:

	Group		Company	
	Carrying amount RM'000	Fair Value RM'000	Carrying amount RM'000	Fair Value RM'000
2013				
Financial assets				
HTM investments	**5,043**	**5,060**	**-**	**-**
Financial liabilities				
Hire purchase creditors	**1,555**	**1,563**	**451**	**454**
2012				
Financial assets				
HTM investments	15,137	15,186	-	-
Financial liabilities				
Hire purchase creditors	1,839	1,857	489	491
1.10.2011				
Financial assets				
HTM investments	40,213	40,423	-	-
Financial liabilities				
Hire purchase creditors	1,596	1,651	464	466

53. FAIR VALUE OF FINANCIAL INSTRUMENTS (Cont'd.)

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

(b) The following methods and assumptions are used to estimate the fair values of financial instruments that are carried at fair value:

(i) Cash and bank balances, deposits and placements with financial institutions, bankers acceptances, insurance receivables/payables, trade and other receivables/payables, loans receivable, short term borrowings.

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

(ii) Malaysian Government Securities and Islamic corporate bonds

The fair values of Malaysian Government Securities and Islamic corporate bonds are indicative values obtained from the secondary markets.

(iii) Quoted Shares

The fair value of quoted shares are determined by reference to the stock exchange quoted market bid prices at the close of the business on the reporting date.

(iv) 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.

(v) Sub Notes

The fair value of the Sub Notes is determined by the present value of the estimated future cash flows at the end of the tenure of the Sub Notes.

(vi) Hire Purchase Creditors

The fair value of hire purchase creditors is estimated by discounting the expected future cash flows using the current interest rates for liabilities with similar risk profiles.

53. FAIR VALUE OF FINANCIAL INSTRUMENTS (Cont'd.)

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

(c) FRS 7 Financial Instruments: Disclosures requires the classification of financial instruments held at fair value according to a hierarchy that reflects the significance of inputs used in making the measurements, in particular, whether the inputs used are observable or unobservable. The following levels of hierarchy are used for determining and disclosing the fair value of the Group and of the Company's financial instruments:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs for the asset or liability that are not based on observable market data.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2013				
Group				
AFS financial assets				
Quoted shares	**26,399**	**-**	**-**	**26,399**
Unit trusts	**11,887**	**-**	**-**	**11,887**
Warrants	**4**	**-**	**-**	**4**
	38,290	**-**	**-**	**38,290**
Company				
AFS financial assets				
Quoted shares	**9,800**	**-**	**-**	**9,800**
	9,800	**-**	**-**	**9,800**

53. FAIR VALUE OF FINANCIAL INSTRUMENTS (Cont'd.)

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2012				
Group				
AFS financial assets				
Quoted shares	36,032	-	-	36,032
Unit trusts	13,817	-	-	13,817
Unquoted shares	-	803	-	803
Club membership	-	470	-	470
	49,849	1,273	-	51,122
Company				
AFS financial assets				
Quoted shares	11,925	-	-	11,925
	11,925	-	-	11,925
1.10.2011				
Group				
AFS financial assets				
Quoted shares	18,082	-	-	18,082
Unit trusts	13,403	-	-	13,403
Unquoted shares	-	816	-	816
Club membership	-	60	-	60
	31,485	876	-	32,361
Company				
AFS financial assets				
Quoted shares	5,895	-	-	5,895
	5,895	-	-	5,895

54. INSURANCE RISK

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

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

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

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

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

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

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

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

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

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

54. INSURANCE RISK (Cont'd.)

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

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

The table below sets out the concentration of the Group's general insurance business by type of insurance products.

General insurance business

	2013			2012		
	Gross earned premium RM'000	Reinsurance RM'000	Net RM'000	Gross earned premium RM'000	Reinsurance RM'000	Net RM'000
Group						
Motor	**447,699**	**(136,536)**	**311,163**	446,579	(150,495)	296,084
Personal Accident	**28,922**	**(653)**	**28,269**	33,210	(1,889)	31,321
Fire	**1,778**	**(717)**	**1,061**	1,944	(854)	1,090
Miscellaneous	**47,036**	**(34,823)**	**12,213**	48,611	(30,767)	17,844
	525,435	**(172,729)**	**352,706**	530,344	(184,005)	346,339

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

Premium liabilities

	2013			2012			1.10.2011		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Group									
Motor	**203,979**	**(47,326)**	**156,653**	207,342	(62,607)	144,735	211,686	(63,829)	147,857
Personal Accident	**9,965**	**(487)**	**9,478**	9,636	(52)	9,584	10,217	(612)	9,605
Fire	**785**	**(248)**	**537**	784	(238)	546	868	(406)	462
Miscellaneous	**20,686**	**(16,003)**	**4,683**	27,210	(13,303)	13,907	35,228	(10,443)	24,785
	235,415	**(64,064)**	**171,351**	244,972	(76,200)	168,772	257,999	(75,290)	182,709

54. INSURANCE RISK (Cont'd.)

The table below sets out the concentration of the Group's insurance contract liabilities by type of insurance products. (Cont'd.)

Claims liabilities

	2013			2012			1.10.2011		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Group									
Motor	**510,263**	**(133,989)**	**376,274**	474,533	(123,477)	351,056	378,876	(84,055)	294,821
Personal Accident	**2,943**	**(148)**	**2,795**	3,235	(195)	3,040	3,057	(384)	2,673
Fire	**321**	**(127)**	**194**	716	(183)	533	954	(133)	821
Miscellaneous	**37,595**	**(31,155)**	**6,440**	37,996	(30,923)	7,073	33,599	(23,610)	9,989
	551,122	**(165,419)**	**385,703**	516,480	(154,778)	361,702	416,486	(108,182)	308,304

Key assumptions

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

Additional qualitative 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.

Sensitivities

The independent actuarial firm engaged by the Group re-runs its valuation models on various bases. An analysis of sensitivity around various scenarios provides an indication of the adequacy of the Group's estimation process in respect of its insurance contracts.

The analysis below is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on Gross and Net liabilities, Profit before Tax and Equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis.

54. INSURANCE RISK (Cont'd.)

Sensitivities (Cont'd.)

	Change in assumptions	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit before tax RM'000	Impact on equity* RM'000
2013		Increase/(decrease)			
Average claim cost	+1%	**5,511**	**3,857**	**(3,857)**	**(2,893)**
Average number of claim	+1%	**5,511**	**3,857**	**(3,857)**	**(2,893)**
Average claims settlement period	decreased by 6 months	**8,021**	**5,629**	**(5,629)**	**(4,222)**
2012					
Average claim cost	+1%	5,165	3,617	(3,617)	(2,713)
Average number of claim	+1%	5,165	3,617	(3,617)	(2,713)
Average claims settlement period	decreased by 6 months	7,503	5,422	(5,422)	(4,067)
1.10.2011					
Average claim cost	+1%	4,165	3,083	(3,083)	(2,312)
Average number of claim	+1%	4,165	3,083	(3,083)	(2,312)
Average claims settlement period	decreased by 6 months	7,078	5,604	(5,604)	(4,203)

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

Claims development table

The following tables show the estimate of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at the end of each reporting date, together with cumulative payments to-date.

While the information in the tables provides a historical perspective on the adequacy of the unpaid claims estimate established in previous years, users of these financial statements are cautioned against extrapolating redundancies or deficiencies of the past on current unpaid loss balances.

The management of the Group believes that the estimate of total claims outstanding as of 30 September 2013 are adequate. However, the possibility of inadequacy of such balances 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.

54. INSURANCE RISK (Cont'd.)

Gross general insurance contract liabilities for 2013:

Accident year	Before 2007 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	Total RM'000
At end of accident year		151,087	162,214	196,979	244,459	248,638	258,790	253,244	
One year later		147,069	167,906	219,140	224,613	258,486	262,480	-	
Two years later		150,671	175,999	229,690	248,128	281,919	-	-	
Three years later		155,691	184,415	240,169	256,861	-	-	-	
Four years later		156,174	189,681	243,320	-	-	-	-	
Five years later		159,278	193,043	-	-	-	-	-	
Six years later		160,660	-	-	-	-	-	-	
Current estimate of cumulative claims incurred		160,660	193,043	243,320	256,861	281,919	262,480	253,244	
At end of accident year		(44,902)	(49,370)	(50,154)	(53,559)	(56,892)	(59,518)	(52,326)	
One year later		(88,759)	(97,337)	(115,161)	(128,273)	(139,326)	(142,024)	-	
Two years later		(99,359)	(131,466)	(167,843)	(176,648)	(205,996)	-	-	
Three years later		(141,543)	(161,286)	(198,971)	(217,237)	-	-	-	
Four years later		(150,637)	(173,133)	(216,653)	-	-	-	-	
Five years later		(150,864)	(179,568)	-	-	-	-	-	
Six years later		(154,347)	-	-	-	-	-	-	
Cumulative payments to-date		(154,347)	(179,568)	(216,653)	(217,237)	(205,996)	(142,024)	(52,326)	
Gross general insurance outstanding liability (direct and facultative)	12,895	6,313	13,475	26,667	39,624	75,923	120,456	200,918	496,271
Gross general insurance outstanding liability (treaty inward)									43,769
Best estimate of claims liabilities									540,040
Claims handling expenses									10,801
PRAD at 75% confidence level									45,977
Effects of discounting									(45,696)
Gross general insurance contract liabilities per statement of financial position									551,122

54. INSURANCE RISK (Cont'd.)

Net general insurance contract liabilities for 2013:

Accident year	Before 2007 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	Total RM'000
At end of accident year		136,809	149,493	181,995	200,596	173,248	168,193	168,742	
One year later		138,655	154,419	191,742	191,470	177,930	178,771	-	
Two years later		138,977	159,251	206,975	209,032	189,370	-	-	
Three years later		143,414	167,316	215,442	217,861	-	-	-	
Four years later		143,648	172,480	218,001	-	-	-	-	
Five years later		147,232	174,665	-	-	-	-	-	
Six years later		148,066	-	-	-	-	-	-	
Current estimate of cumulative claims incurred		148,066	174,665	218,001	217,861	189,370	178,771	168,742	
At end of accident year		(42,701)	(45,880)	(47,147)	(47,979)	(41,748)	(42,761)	(36,504)	
One year later		(84,274)	(90,963)	(107,204)	(111,233)	(99,202)	(99,449)	-	
Two years later		(93,739)	(122,373)	(155,194)	(153,500)	(143,286)	-	-	
Three years later		(132,197)	(150,088)	(183,493)	(186,845)	-	-	-	
Four years later		(139,280)	(159,150)	(197,967)	-	-	-	-	
Five years later		(139,031)	(164,829)	-	-	-	-	-	
Six years later		(142,202)	-	-	-	-	-	-	
Cumulative payments to-date		(142,202)	(164,829)	(197,967)	(186,845)	(143,286)	(99,449)	(36,504)	
Net general insurance outstanding liability (direct and facultative)	9,918	5,864	9,836	20,034	31,016	46,084	79,322	132,238	334,312
Net general insurance outstanding liability (treaty inward)									43,768
Best estimate of claims liabilities									378,080
Claims handling expenses									9,638
PRAD at 75% confidence level									30,055
Effects of discounting									(32,070)
Net general insurance contract liabilities per statement of financial position									385,703

54. INSURANCE RISK (Cont'd.)

Gross general insurance contract liabilities for 2012:

Accident year	Before 2006 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	Total RM'000
At end of accident year		148,941	151,087	162,214	196,979	244,459	248,638	258,790	
One year later		154,577	147,069	167,906	219,140	224,613	258,486	-	
Two years later		152,267	150,671	175,999	229,690	248,128	-	-	
Three years later		156,386	155,691	184,415	240,169	-	-	-	
Four years later		161,649	156,174	189,681	-	-	-	-	
Five years later		168,863	159,278	-	-	-	-	-	
Six years later		169,998	-	-	-	-	-	-	
Current estimate of cumulative claims incurred		169,998	159,278	189,681	240,169	248,128	258,486	258,790	
At end of accident year		(41,663)	(44,902)	(49,370)	(50,154)	(53,559)	(56,892)	(59,518)	
One year later		(91,570)	(88,759)	(97,337)	(115,161)	(128,273)	(139,326)	-	
Two years later		(102,259)	(99,359)	(131,466)	(167,843)	(176,648)	-	-	
Three years later		(117,503)	(141,543)	(161,286)	(198,971)	-	-	-	
Four years later		(151,465)	(150,637)	(173,133)	-	-	-	-	
Five years later		(161,885)	(150,864)	-	-	-	-	-	
Six years later		(161,352)	-	-	-	-	-	-	
Cumulative payments to-date		(161,352)	(150,864)	(173,133)	(198,971)	(176,648)	(139,326)	(59,518)	
Gross general insurance outstanding liability (direct and facultative)	13,387	8,646	8,414	16,548	41,198	71,480	119,160	199,272	478,105
Gross general insurance outstanding liability (treaty inward)									25,971
Best estimate of claims liabilities									504,076
Claims handling expenses									10,082
PRAD at 75% confidence level									47,740
Effects of discounting									(45,418)
Gross general insurance contract liabilities per statement of financial position									516,480

54. INSURANCE RISK (Cont'd.)

Net general insurance contract liabilities for 2012:

Accident year	Before 2006 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	Total RM'000
At end of accident year		135,820	136,809	149,493	181,995	200,596	173,248	168,193	
One year later		146,840	138,655	154,419	191,742	191,470	177,930	-	
Two years later		144,957	138,977	159,251	206,975	209,032	-	-	
Three years later		148,670	143,414	167,316	215,442	-	-	-	
Four years later		150,836	143,648	172,480	-	-	-	-	
Five years later		153,671	147,232	-	-	-	-	-	
Six years later		154,962	-	-	-	-	-	-	
Current estimate of cumulative claims incurred		154,962	147,232	172,480	215,442	209,032	177,930	168,193	
At end of accident year		(39,761)	(42,701)	(45,880)	(47,147)	(47,979)	(41,748)	(42,761)	
One year later		(87,471)	(84,274)	(90,963)	(107,204)	(111,233)	(99,202)	-	
Two years later		(97,702)	(93,739)	(122,373)	(155,194)	(153,500)	-	-	
Three years later		(112,157)	(132,197)	(150,088)	(183,493)	-	-	-	
Four years later		(14,465)	(139,280)	(159,150)	-	-	-	-	
Five years later		(150,819)	(139,031)	-	-	-	-	-	
Six years later		(150,120)	-	-	-	-	-	-	
Cumulative payments to-date		(150,120)	(139,031)	(159,150)	(183,493)	(153,500)	(99,202)	(42,761)	
Net general insurance outstanding liability (direct and facultative)	11,776	4,842	8,201	13,330	31,949	55,532	78,728	125,432	329,790
Net general insurance outstanding liability (treaty inward)									25,971
Best estimate of claims liabilities									355,761
Claims handling expenses									8,830
PRAD at 75% confidence level									29,935
Effects of discounting									(32,824)
Net general insurance contract liabilities per statement of financial position									361,702

54. INSURANCE RISK (Cont'd.)

Gross general insurance contract liabilities for 2011:

Accident year	Before 2005 RM'000	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	Total RM'000
At end of accident year		146,428	148,941	151,087	162,214	196,979	244,459	248,638	
One year later		134,687	154,577	147,069	167,906	219,140	224,613	-	
Two years later		135,812	152,267	150,671	175,999	229,690	-	-	
Three years later		135,019	156,386	155,691	184,415	-	-	-	
Four years later		139,167	161,649	156,174	-	-	-	-	
Five years later		145,353	168,863	-	-	-	-	-	
Six years later		153,139	-	-	-	-	-	-	
Current estimate of cumulative claims incurred		153,139	168,863	156,174	184,415	229,690	224,613	248,638	
At end of accident year		(42,917)	(41,663)	(44,902)	(49,370)	(50,154)	(53,559)	(56,892)	
One year later		(83,533)	(91,570)	(88,759)	(97,337)	(115,161)	(128,273)	-	
Two years later		(94,470)	(102,259)	(99,359)	(131,466)	(167,843)	-	-	
Three years later		(104,235)	(117,503)	(141,543)	(161,286)	-	-	-	
Four years later		(116,522)	(151,465)	(150,637)	-	-	-	-	
Five years later		(140,875)	(161,885)	-	-	-	-	-	
Six years later		(150,700)	-	-	-	-	-	-	
Cumulative payments to-date		(150,700)	(161,885)	(150,637)	(161,286)	(167,843)	(128,273)	(56,892)	
Gross general insurance outstanding liability (direct and facultative)	13,793	2,439	6,978	5,537	23,129	61,847	96,340	191,746	401,809
Gross general insurance outstanding liability (treaty inward)									11,009
Best estimate of claims liabilities									412,818
Claims handling expenses									8,523
PRAD at 75% confidence level									36,971
Effects of discounting									(41,826)
Gross general insurance contract liabilities per statement of financial position									416,486

54. INSURANCE RISK (Cont'd.)

Net general insurance contract liabilities for 2011:

Accident year	Before 2005 RM'000	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	Total RM'000
At end of accident year		129,951	135,820	136,809	149,493	181,995	200,596	173,248	
One year later		125,883	146,840	138,655	154,419	191,742	191,470	-	
Two years later		127,566	144,957	138,977	159,251	206,975	-	-	
Three years later		127,511	148,670	143,414	167,316	-	-	-	
Four years later		131,064	150,836	143,648	-	-	-	-	
Five years later		136,168	153,671	-	-	-	-	-	
Six years later		138,520	-	-	-	-	-	-	
Current estimate of cumulative claims incurred		138,520	153,671	143,648	167,316	206,975	191,470	173,248	
At end of accident year		(40,394)	(39,761)	(42,701)	(45,880)	(47,147)	(47,979)	(41,748)	
One year later		(79,033)	(87,471)	(84,274)	(90,963)	(107,204)	(111,233)	-	
Two years later		(89,370)	(97,702)	(93,739)	(122,373)	(155,194)	-	-	
Three years later		(98,633)	(112,157)	(132,197)	(150,088)	-	-	-	
Four years later		(110,174)	(144,465)	(139,280)	-	-	-	-	
Five years later		(132,741)	(150,819)	-	-	-	-	-	
Six years later		(136,808)	-	-	-	-	-	-	
Cumulative payments to-date		(136,808)	(150,819)	(139,280)	(150,088)	(155,194)	(111,233)	(41,748)	
Net general insurance outstanding liability (direct and facultative)	8,521	1,712	2,852	4,368	17,228	51,781	80,237	131,500	298,199
Net general insurance outstanding liability (treaty inward)									11,009
Best estimate of claims liabilities									309,208
Claims handling expenses									8,304
PRAD at 75% confidence level									23,910
Effects of discounting									(33,118)
Net general insurance contract liabilities per statement of financial position									308,304

55. FINANCIAL RISKS

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

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

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

(a) Credit risk

Credit risk is the risk of financial loss that may arise from the failure of counterparties in meeting their contractual obligations.

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

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

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

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

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

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

55. FINANCIAL RISKS (Cont'd.)

(a) Credit risk (Cont'd.)

The table below shows the maximum exposure to credit risk for the components on the statement of financial position:

	Group			Company		
	2013 RM'000	**2012 RM'000**	**1.10.2011 RM'000**	**2013 RM'000**	**2012 RM'000**	**1.10.2011 RM'000**
Held-to-maturity investments	**5,043**	15,137	40,213	**34,697**	34,672	-
Loans	**117**	132	245	**-**	-	-
Reinsurance assets	**229,483**	230,978	182,404	**-**	-	-
Insurance receivables	**23,679**	19,944	109,385	**-**	-	-
Trade receivables	**1,883**	1,497	1,128	**-**	-	-
Other receivables	**57,326**	36,017	21,594	**3,121**	3,150	1,967
Due from subsidiary companies	**-**	-	-	**7,983**	24,915	92,843
Deposits and placements with financial institutions	**868,029**	718,570	550,410	**111,183**	-	1,561
Cash and bank balances	**89,371**	18,649	59,106	**76,199**	2	1,907
	1,274,931	1,040,924	964,485	**233,183**	62,739	98,278

The above financial assets are not secured by any collateral or credit enhancements.

(i) Credit exposure by credit quality

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

Group	**AAA RM'000**	**AA RM'000**	**A RM'000**	**BBB RM'000**	**Not rated RM'000**	**Total RM'000**
2013						
Held-to-maturity investments	**-**	**-**	**-**	**-**	**5,043**	**5,043**
Loans	**-**	**-**	**-**	**-**	**117**	**117**
Reinsurance assets	**-**	**93,778**	**84,543**	**40**	**51,122**	**229,483**
Insurance receivables	**12,813**	**180**	**1,656**	**226**	**8,804**	**23,679**
Trade receivables	**-**	**-**	**-**	**-**	**1,883**	**1,883**
Other receivables	**-**	**-**	**-**	**-**	**57,326**	**57,326**
Deposits and placements with financial institutions	**389,423**	**362,644**	**115,856**	**-**	**106**	**868,029**
Cash and bank balances	**79,772**	**5,871**	**-**	**-**	**3,728**	**89,371**
	482,008	**462,473**	**202,055**	**266**	**128,129**	**1,274,931**

55. FINANCIAL RISKS (Cont'd.)

(a) Credit risk (Cont'd.)

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

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

Group	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	Not rated RM'000	Total RM'000
2012						
Held-to-maturity investments	-	-	-	-	15,137	15,137
Loans	-	-	-	-	132	132
Reinsurance assets	-	82,447	83,456	441	64,634	230,978
Insurance receivables	3,483	986	5,988	138	9,349	19,944
Trade receivables	-	-	-	-	1,497	1,497
Other receivables	-	-	-	-	36,017	36,017
Deposits and placements with financial institutions	288,595	305,436	23,543	-	100,996	718,570
Cash and bank balances	16,808	1,408	-	-	433	18,649
	308,886	390,277	112,987	579	228,195	1,040,924
1.10.2011						
Held-to-maturity investments	-	-	-	-	40,213	40,213
Loans	-	-	-	-	245	245
Reinsurance assets	366	64,855	83,354	897	32,932	182,404
Insurance receivables	92,613	2,034	2,913	3	11,822	109,385
Trade receivables	-	-	-	-	1,128	1,128
Other receivables	-	-	-	-	21,594	21,594
Deposits and placements with financial institutions	178,060	183,590	105,362	-	83,398	550,410
Cash and bank balances	51,168	921	6,718	-	299	59,106
	322,207	251,400	198,347	900	191,631	964,485

55. FINANCIAL RISKS (Cont'd.)

(a) Credit risk (Cont'd.)

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

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

Company	AAA RM'000	AA RM'000	A RM'000	Not rated RM'000	Total RM'000
2013					
Held-to-maturity investments	**-**	**-**	**34,697**	**-**	**34,697**
Other receivables	**-**	**-**	**-**	**3,121**	**3,121**
Deposits and placements with financial institutions	**111,183**	**-**	**-**	**-**	**111,183**
Due from subsidiary companies	**-**	**-**	**-**	**7,983**	**7,983**
Cash and bank balances	**74,360**	**1,838**	**-**	**1**	**76,199**
	185,543	**1,838**	**34,697**	**11,105**	**233,183**
2012					
Held-to-maturity investments	-	-	34,672	-	34,672
Other receivables	-	-	-	3,150	3,150
Due from subsidiary companies	-	-	-	24,915	24,915
Cash and bank balances	-	1	-	1	2
	-	1	34,672	28,066	62,739
1.10.2011					
Other receivables	-	-	-	1,967	1,967
Deposits and placements with financial institutions	-	-	1,561	-	1,561
Due from subsidiary companies	-	-	-	92,843	92,843
Cash and bank balances	1,646	60	200	1	1,907
	1,646	60	1,761	94,811	98,278

55. FINANCIAL RISKS (Cont'd.)

(a) Credit risk (Cont'd.)

Age analysis of financial assets that are past due but not impaired

Group		< 30 days RM'000	31 to 60 days RM'000	61 to 90 days RM'000	91 to 180 days RM'000	> than 180 days RM'000	Total RM'000
2013							
Insurance receivables	(i)	**7,868**	**89**	**27**	**1,239**	**1,405**	**10,628**
Trade receivables		**803**	**120**	**60**	**91**	**3**	**1,077**
		8,671	**209**	**87**	**1,330**	**1,408**	**11,705**
2012							
Insurance receivables	(i)	8,005	88	162	1,736	6,900	16,891
Trade receivables		158	49	55	78	91	431
		8,163	137	217	1,814	6,991	17,322
1.10.2011							
Insurance receivables	(i)	9,296	34	358	27,040	30,298	67,026
Trade receivables		247	138	508	172	63	1,128
		9,543	172	866	27,212	30,361	68,154

(i) The Group's insurance receivables that are past due but not impaired are creditworthy debtors.

Financial assets that are neither past due nor impaired

		Group			Company		
		2013 RM'000	2012 RM'000	1.10.2011 RM'000	2013 RM'000	2012 RM'000	1.10.2011 RM'000
Insurance receivables	(i)	**13,051**	3,053	42,359	**-**	-	-
Trade receivables	(i)	**806**	1,066	-	**-**	-	-
Due from subsidiary companies	(ii)	**-**	-	-	**7,983**	24,915	92,843
		13,857	4,119	42,359	**7,983**	24,915	92,843

(i) The Group's receivables that are neither past due nor impaired are creditworthy debtors.

(ii) Due from subsidiary companies are unsecured.

The Group's receivables are not secured by any collaterals or credit enhancement.

55. FINANCIAL RISKS (Cont'd.)

(a) Credit risk (Cont'd.)

Financial assets that are impaired

The Group's and the Company's financial assets that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

Group	Individually impaired 2013 RM'000	Individually impaired 2012 RM'000	Collectively impaired 2013 RM'000	Collectively impaired 2012 RM'000	Total 2013 RM'000	Total 2012 RM'000
Movement in allowance accounts:						
Insurance receivables						
At 1 October 2012/2011	**1,067**	9,478	**-**	-	**1,067**	9,478
Impairment loss (Note 39)	**760**	456	**-**	-	**760**	456
Write back of allowance for impairment loss (Note 39)	**(131)**	(5,605)	**-**	-	**(131)**	(5,605)
Write-offs	**(65)**	(3,262)	**-**	-	**(65)**	(3,262)
At 30 September	**1,631**	1,067	**-**	-	**1,631**	1,067
Trade receivables						
At 1 October 2012/2011	**1,065**	1,096	**3**	-	**1,068**	1,096
Impairment loss (Note 39)	**4**	-	**24**	3	**28**	3
Write back of allowance for impairment loss (Note 39)	**(3)**	(3)	**(2)**	-	**(5)**	(3)
Translation differences	**44**	(28)	**-**	-	**44**	(28)
At 30 September	**1,110**	1,065	**25**	3	**1,135**	1,068
Total	**2,741**	2,132	**25**	3	**2,766**	2,135

The Group's receivables that are individually impaired at the reporting date relate to debtors that are in significant financial difficulties or have defaulted in payments.

55. FINANCIAL RISKS (Cont'd.)

(a) Credit risk (Cont'd.)

Company	Individually impaired 2013 RM'000	Individually impaired 2012 RM'000	Collectively impaired 2013 RM'000	Collectively impaired 2012 RM'000	Total 2013 RM'000	Total 2012 RM'000
Movement in allowance accounts:						
Due from subsidiary companies						
At 1 October 2012/2011	**17,947**	17,947	**-**	-	**17,947**	17,947
Impairment loss (Note 39)	**24,382**	-	**-**	-	**24,382**	-
At 30 September	**42,329**	17,947	**-**	-	**42,329**	17,947

(b) Liquidity risk

Liquidity risk is the risk that the Group may not have sufficient liquid financial resources to meet its obligations when they fall due, or would have to incur excessive costs to do so. In respect of catastrophic events, there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries. The Group's policy is to maintain adequate liquidity to meet their liquidity needs under normal and stressed conditions.

The following policies and procedures are in place to mitigate the Group's exposure to liquidity risk:

- The Group-wide liquidity risk management policy setting out the assessment and determination of what constitutes liquidity risk for the Group is established. Compliance with the policy is monitored and exposures and breaches are reported to the Group's Risk Management Committee.

- Guidelines on asset allocations, portfolio limit structures and maturity profiles of assets are implemented in order to ensure sufficient funding is available to meet insurance, investment contract and other payment obligations. As part of its liquidity management, the Group maintains sufficient level of cash and cash equivalents to meet expected and to a lesser extent unexpected outflows.

- Contingency funding plans were established to mitigate funding requirement arising from emergency and other unforeseen cash calls. Such funding plans include the arrangement of credit with banks and funding from the Company.

- The Group has established treaty reinsurance contract that contain a "cash call" clause which permits the Group to make cash calls on claims and receive immediate payments for large losses without waiting for usual periodic payment procedures to occur.

(i) Maturity analysis

The table below summarises the maturity profile of the financial liabilities of the Group and the Company based on remaining undiscounted contractual obligations, including interest/profit payable.

For insurance contract liabilities, maturity profiles are determined based on estimated timing of net cash outflows from recognised insurance liabilities. Premium liabilities and the reinsurers' share of premium liabilities have been excluded from the analysis as these are not contractual obligations.

55. FINANCIAL RISKS (Cont'd.)

(b) Liquidity risk (Cont'd.)

(i) Maturity analysis (Cont'd.)

Group	Carrying value RM'000	Up to a year * RM'000	1-2 years RM'000	2-5 years RM'000	Over 5 years RM'000	Total RM'000
2013						
Insurance contract liabilities	**551,122**	**194,242**	**94,776**	**171,987**	**90,117**	**551,122**
Insurance payables	**8,744**	**8,744**	**-**	**-**	**-**	**8,744**
Trade payables	**991**	**991**	**-**	**-**	**-**	**991**
Other payables	**8,502**	**8,502**	**-**	**-**	**-**	**8,502**
Hire purchase creditors	**1,555**	**607**	**777**	**171**	**-**	**1,555**
Borrowings	**33,766**	**200**	**-**	**-**	**33,566**	**33,766**
Total liabilities	**604,680**	**213,286**	**95,553**	**172,158**	**123,683**	**604,680**
2012						
Insurance contract liabilities	516,480	191,050	91,806	138,159	95,465	516,480
Insurance payables	16,229	16,229	-	-	-	16,229
Trade payables	49	49	-	-	-	49
Other payables	11,975	11,975	-	-	-	11,975
Hire purchase creditors	1,839	623	954	262	-	1,839
Borrowings	86,238	52,780	-	-	33,458	86,238
Total liabilities	632,810	272,706	92,760	138,421	128,923	632,810
1.10.2011						
Insurance contract liabilities	416,486	139,151	63,189	142,697	71,449	416,486
Insurance payables	23,432	23,432	-	-	-	23,432
Trade payables	17	17	-	-	-	17
Other payables	8,989	8,989	-	-	-	8,989
Hire purchase creditors	1,596	533	739	324	-	1,596
Borrowings	96,648	96,648	-	-	-	96,648
Total liabilities	547,168	268,770	63,928	143,021	71,449	547,168

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

55. FINANCIAL RISKS (Cont'd.)

(b) Liquidity risk (Cont'd.)

(i) Maturity analysis (Cont'd.)

Company	Carrying value RM'000	Up to a year * RM'000	1-2 years RM'000	2-5 years RM'000	No maturity date RM'000	Total RM'000
2013						
Other payables	**1,194**	**1,194**	**-**	**-**	**-**	**1,194**
Hire purchase creditors	**451**	**160**	**228**	**63**	**-**	**451**
Total liabilities	**1,645**	**1,354**	**228**	**63**	**-**	**1,645**
2012						
Due to a subsidiary company	3,146	-	-	-	3,146	3,146
Other payables	3,341	3,341	-	-	-	3,341
Hire purchase creditors	489	167	248	74	-	489
Borrowings	52,280	52,280	-	-	-	52,280
Total liabilities	59,256	55,788	248	74	3,146	59,256
1.10.2011						
Due to a subsidiary company	3,041	-	-	-	3,041	3,041
Other payables	846	846	-	-	-	846
Hire purchase creditors	464	157	204	103	-	464
Borrowings	96,148	96,148	-	-	-	96,148
Total liabilities	100,499	97,151	204	103	3,041	100,499

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

55. FINANCIAL RISKS (Cont'd.)

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of exposures: foreign exchange rates (currency risk), market interest rates (interest rate/profit yield risk) and market prices (price risk).

The key features of the Group's and the Company's market risk management practices and policies are as follows:

- A Group and Company-wide market-risk policy setting out the evaluation and determination of what constitutes market risk for the Group and the Company is established.

- Policies and limits have been established to manage market risk. Market risk is managed through portfolio diversification and changes in asset allocation. The Group's and the Company's policies on asset allocation, portfolio limit structure and diversification benchmark have been set in line with the Group's risk management policy after taking cognisance of the regulatory requirements in respect of maintenance of assets and solvency.

(i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign exchange risk as a result of its net investments in overseas subsidiary companies and normal trading activities, both external and intra-group, where the currency denomination differs from the functional currency, Ringgit Malaysia ("RM"). The currencies giving rise to foreign exchange risk are primarily United States Dollar ("USD") and Thailand Baht ("Baht").

Exposure to foreign currency risk

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

	2013 Exposure in		**2012 Exposure in**		**1.10.2011 Exposure in**	
	USD RM'000	**Baht RM'000**	**USD RM'000**	**Baht RM'000**	**USD RM'000**	**Baht RM'000**
Trade and other receivables	**106**	**2,458**	59	1,772	86	1,255
Deposits and placements with financial institutions	**-**	**107**	-	99	68	100
Cash and bank balances	**3,488**	**395**	204	365	101	253
Trade and other payables	**173**	**1,098**	112	649	49	529
	3,767	**4,058**	375	2,885	304	2,137

55. FINANCIAL RISKS (Cont'd.)

(c) Market risk (Cont'd.)

(i) Currency risk (Cont'd.)

Currency risk sensitivity analysis

The following table demonstrates the sensitivity of the Group's and the Company's profit net of tax to a reasonable possible change in the USD and Baht exchange rates, with all other variables held constant :

		Group		Company	
		2013 Profit net of tax RM'000	**2012 Profit net of tax RM'000**	**2013 Profit net of tax RM'000**	**2012 Profit net of tax RM'000**
		Increase/(decrease)			
USD/RM	- strengthened 3%	**1,315**	1,207	**638**	569
	- weakened 3%	**(1,315)**	(1,207)	**(638)**	(569)
USD/Baht	- strengthened 3%	**(411)**	(413)	**-**	-
	- weakened 3%	**411**	413	**-**	-
RM/Baht	- strengthened 3%	**(54)**	(42)	**-**	-
	- weakened 3%	**54**	42	**-**	-

55. FINANCIAL RISKS (Cont'd.)

(c) Market risk (Cont'd.)

(ii) Interest rate/profit yield risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate/profit yield.

The Group and the Company are exposed to interest rate risk primarily through their investments in fixed income securities, deposits placements and borrowings from financial institutions. Interest rate risk is managed by the Group and the Company on an ongoing basis.

The impact on profit before tax and equity (inclusive of the impact on statements on comprehensive income) arising from a +/- 25 basis points change in the interest rate, with all other variables held constant, is shown below:

	2013 Impact on		2012 Impact on	
Group	**Profit before tax RM'000**	**Equity * RM'000**	**Profit before tax RM'000**	**Equity * RM'000**
	Increase/(decrease)			
+ 25 basis points	**2,371**	**1,778**	1,695	1,271
- 25 basis points	**(2,371)**	**(1,778)**	(1,695)	(1,271)
Company				
+ 25 basis points	**468**	**350**	(131)	(98)
- 25 basis points	**(468)**	**(350)**	131	98

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

55. FINANCIAL RISKS (Cont'd.)

(c) Market risk (Cont'd.)

(iii) Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate/profit yield risk or currency risk), regardless whether those changes are caused by factors specific to the individual financial instrument, its issuer or factors affecting similar financial instruments traded in the market.

The Group's exposure to price risk arises mainly from its investments in quoted shares and unit trusts whose values will fluctuate as a result of changes in market prices.

The Group manages its price risk by ensuring that its investments in quoted shares and unit trusts are within the limits set out in the Group's Investment Policy. The Group does not have any major concentration of price risk related to such investments.

The impact on profit before tax and equity (inclusive of the impact on statements on comprehensive income) arising from +/- 10% change in market price of AFS financial assets, with all other variables held constant, is shown below:

Group	Change in variables	2013 Impact on Profit before tax RM'000	2013 Impact on Equity * RM'000	2012 Impact on Profit before tax RM'000	2012 Impact on Equity * RM'000
		Increase/(decrease)			
Market price	+10%	**-**	**2,741**	-	4,097
Market price	-10%	**-**	**(2,741)**	-	(4,097)
Company					
Market price	+10%	**-**	**979**	-	1,193
Market price	-10%	**-**	**(979)**	-	(1,193)

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

55. FINANCIAL RISKS (Cont'd.)

(d) Operational risk

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

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

56. CAPITAL MANAGEMENT

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

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

The insurance subsidiary company is required to comply with the regulatory capital requirement prescribed in the Risk-Based Capital ("RBC") Framework which is imposed by the Minister of Finance as a licensing condition for insurers. Under the RBC Framework guidelines issued by BNM, insurance companies are required to satisfy a minimum capital adequacy ratio of 130%. The insurance subsidiary company has a capital adequacy ratio in excess of the minimum requirement.

The capital structure of the insurance subsidiary company as at 30 September 2013, as prescribed under the RBC Framework is provided below:

	2013	**2012**	**1.10.2011**
	RM'000	**RM'000**	**RM'000**
Eligible Tier 1 Capital			
Share capital (paid-up)	**100,000**	100,000	100,000
Retained earnings	**146,347**	134,805	117,660
	246,347	234,805	217,660
Tier 2 Capital			
Capital instruments which qualify as Tier 2 Capital	**68,263**	68,130	69,606
Revaluation reserve	**8,799**	8,799	5,222
AFS reserve	**(1,345)**	687	(1,611)
	75,717	77,616	73,217
Amounts deducted from Capital	**(1,875)**	(2,471)	(4,450)
Total Capital Available	**320,189**	309,950	286,427

57. SEGMENT REPORTING

(a) Business Segments:

The Group is organised into the following 4 major business segments:

(i) Insurance
(ii) Information technology
(iii) Investment holding
(iv) Money lending

Other business segments include distribution of consumer goods, provision of sales and administrative services, provision of management and privilege card programme services, none of which is of a sufficient size to be reported separately.

The Directors are of the opinion that the inter-segment transactions have been entered into in the normal course of business on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

						◄---- Adjustments ----►		
	Insurance RM'000	Information technology RM'000	Investment holding RM'000	Money lending RM'000	Others RM'000	Consolidation RM'000	Other RM'000	Group RM'000
2013								
REVENUE								
External sales	553,160	7,675	2,574	8	-	-	-	563,417
Inter-segment sales	256	13,677	64,953	206	8	(79,100)	-	-
Total segment revenue	553,416	21,352	67,527	214	8	(79,100)	-	563,417
RESULTS								
Segment profit before tax after accounting for:	70,368	70	262,771	480	(96)	(94,313)	(173,545)	65,735
Interest income	-	21	-	36	-	-	-	57
Finance cost	(5,500)	(1,015)	(3,241)	-	-	3,841	-	(5,915)
Depreciation	(1,070)	(495)	(132)	-	-	29	-	(1,668)
Amortisation	(52)	(193)	(8)	-	-	16	-	(237)
Other non-cash items	(1,752)	(901)	25,752	(361)	-	(24,445)	-	(1,707)

57. SEGMENT REPORTING (Cont'd.)

	Insurance RM'000	Information technology RM'000	Investment holding RM'000	Money lending RM'000	Others RM'000	Adjustments Consolidation RM'000	Adjustments Other RM'000	Group RM'000
2013								
ASSETS								
Segment assets	1,119,702	14,306	197,986	3,568	6	-	-	1,335,568
Unallocated corporate assets								6,483
Consolidated total assets								1,342,051
LIABILITIES								
Segment liabilities	800,488	2,306	1,195	19	61	-	-	804,069
Unallocated corporate liabilities								36,026
Consolidated total liabilities								840,095
OTHER INFORMATION								
Capital expenditure	274	1,031	325	-	-	-	-	1,630

57. SEGMENT REPORTING (Cont'd.)

2012	Insurance RM'000	Information technology RM'000	Investment holding RM'000	Money lending RM'000	Others RM'000	Consolidation adjustments RM'000	Group RM'000
REVENUE							
External sales	556,372	5,345	66	11	-	-	561,794
Inter-segment sales	256	10,732	48,544	331	5	(59,868)	-
Total segment revenue	556,628	16,077	48,610	342	5	(59,868)	561,794
RESULTS							
Segment profit before tax after accounting for:	61,256	(2,375)	31,221	146	(28)	(39,610)	50,610
Interest income	-	19	-	-	-	-	19
Finance cost	(5,658)	(848)	(5,329)	-	-	5,949	(5,886)
Depreciation	(936)	(489)	(116)	-	-	60	(1,481)
Amortisation	(37)	(130)	(2)	-	-	8	(161)
Other non-cash items	14,101	843	3,502	64	-	(111)	18,399
ASSETS							
Segment assets	1,090,242	12,097	7,143	3,314	6	-	1,112,802
Unallocated corporate assets							12,582
Consolidated total assets							1,125,384
LIABILITIES							
Segment liabilities	783,080	1,632	2,578	929	18	-	788,237
Unallocated corporate liabilities							89,549
Consolidated total liabilities							877,786
OTHER INFORMATION							
Capital expenditure	471	847	650	-	-	-	1,968

57. SEGMENT REPORTING (Cont'd.)

Other non-cash items include the following items:

	Group	
	2013	2012
	RM'000	RM'000
Impairment of AFS financial assets	**929**	3,172
Impairment of goodwill on consolidation	**1,935**	-
Impairment of property, plant and equipment	**613**	-
Impairment of intangible assets	**149**	-
Loan repayment rebate	**(300)**	-
Unrealised (gain)/loss on foreign exchange	**(2,619)**	1,377
Gain on disposal of investments	**(3,447)**	(773)
Reversal of revaluation deficit in property, plant and equipment	**-**	(110)
Gain on fair value of investment properties	**-**	(110)
Gain on acquisition of a subsidiary company	**-**	(60)
Allowance for impairment of :		
- insurance receivables	**760**	456
- trade receivables	**28**	3
Write back in allowance for impairment :		
- insurance receivables	**(131)**	(5,605)
- reinsurance assets	**-**	(1,068)
- trade receivables	**(5)**	(3)
Bad debts written off :		
- insurance receivables (Note 39)	**-**	20,746
- trade receivables	**-**	92
Amortisation of premiums, net of accretion of discounts	**94**	75
Inventories of goods for resale written off	**121**	66
Allowance for inventories obsolescence	**41**	-
Loss on disposal of property, plant and equipment	**40**	45
Short term accumulating absences	**109**	(16)
Property, plant and equipment written off	**63**	106
	(1,620)	18,393

57. SEGMENT REPORTING (Cont'd.)

(b) Geographical Segments

In Malaysia, the Group's areas of operation are principally insurance, information technology, investment holding and money lending. Other operations in Malaysia include distribution of consumer goods, provision of sales and administrative services, provision of management and privilege card programme services.

The Group also operates in the United States of America (information technology) and Thailand (information technology).

	Total Revenue from External Customers		Segment Assets		Capital Expenditure	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Malaysia	**558,240**	557,928	**1,328,260**	1,109,285	**1,148**	1,498
Thailand	**4,431**	3,392	**3,289**	2,932	**285**	385
United States of America	**746**	474	**4,019**	585	**197**	85
	563,417	561,794	**1,335,568**	1,112,802	**1,630**	1,968

(c) Major Customers

There is no revenue from a single external customer which amounted to 10% or more of the Group's revenue during the financial year (2012 : Nil).

58. SIGNIFICANT EVENT

During the financial year, the Company had divested 49% of equity interest in Pacific & Orient Insurance Co. Berhad ("POI") to Sanlam Emerging Markets Proprietary Limited ("SEM"). The divestment was completed on 17 May 2013 ("Completion Date"). This resulted in a gain to the Group and to the Company of RM173,545,000 and RM234,305,000 respectively, derived as follows:

	Group RM'000	Company RM'000
Sale proceeds	**270,000**	**270,000**
Less: divestment costs	**(6,672)**	**(6,672)**
Net cash inflow	**263,328**	**263,328**
Adjustments:		
- 49% interest in net assets of POI at Completion Date	**(109,760)**	**-**
- 49% equity interest in POI	**-**	**(29,023)**
- Realisation of merger reserve	**19,977**	**-**
Gain on divestment	**173,545**	**234,305**

At the Group, the divestment is treated as a divestment of equity interest in POI with no loss of control hence the gain on divestment is recorded in the Group retained profits. At the Company however, the said divestment is treated as a divestment of an investment hence the gain is recorded in the Company income statement in accordance with the applicable MFRSs.

59. SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED RETAINED PROFITS/ (ACCUMULATED LOSSES)

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total retained profits/(accumulated losses)				
- Realised	**246,252**	36,445	**221,022**	23,187
- Unrealised	**2,918**	2,236	**(31)**	(1,381)
	249,170	38,681	**220,991**	21,806
Less: Consolidation adjustments	**(39,943)**	9,849	-	-
Total retained profits as per statement of financial position	**209,227**	48,530	**220,991**	21,806

The determination of realised and unrealised profits/losses is based on Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

LIST OF GROUP'S PROPERTIES As at 30 September 2013

No.	Location	Gross build-up area (Land area) sq. ft.	Tenure	Description/ existing use	Net book value @ 30.9.2013 RM'000	Approximate age of building Years	Date of acquisition/ Date of last valuation
	MALAYSIA						
1.	P.N. 6422, P.N. 7382, and P.N. 7383, Lot Nos. 1700, 1703 and 1704, Section 46, Town and District of Kuala Lumpur, State of Wilayah Persekutuan	10,589	Leasehold expiring 8.4.2074 (P.N 6422 expiring 9.10.2083)	Office	4,939	28	Unit 10-A 1.7.1993/ 30.09.2012
	10th Floor Wisma Bumi Raya No. 10, Jalan Raja Laut 50350 Kuala Lumpur Wilayah Persekutuan						Unit 10-B 1.4.1995/ 30.09.2012
2.	P.N. 6422, P.N. 7382, and P.N. 7383 , Lot Nos. 1700, 1703 and 1704, Section 46, Town and District of Kuala Lumpur, State of Wilayah Persekutuan 11th and 12th Floor Wisma Bumi Raya No. 10, Jalan Raja Laut 50350 Kuala Lumpur Wilayah Persekutuan	11th Floor 10,589 12th Floor 10,589	Leasehold expiring 8.4.2074 (P.N 6422 expiring 9.10.2083)	Office	9,694	28	21.12.1982/ 30.09.2012
3.	Geran 5815/M1/16/132 Lot No. 262 Mukim of Ampang District and State of Wilayah Persekutuan Unit 332B-15A, 15th Floor, GCB Court Off Jalan Ampang 50450 Kuala Lumpur Wilayah Persekutuan	1,615	Freehold	Condominium/ Residential	355	28	14.4.1986/ 17.08.2011

No.	Location	Gross build-up area (Land area) sq. ft.	Tenure	Description/ existing use	Net book value @ 30.9.2013 RM'000	Approximate age of building Years	Date of acquisition / Date of last valuation
4.	Grant No.17880 for Lot No.2163, Town and District of Seremban, Negeri Sembilan Darul Khusus	312.5	Freehold	Shop-lot	45	34	1.12.1986/ 18.08.2011
	Unit No. G.07, Ground Floor Wisma Punca Emas Jalan Dato' Sheikh Ahmad/Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus						
5.	Parcel 281-1-18, 281-2-18, Lot 281, Section 48 Kuching Town Land District	1,701	Leasehold expiring 11.8.2771	2 storey shop/ apartment	602	29	8.12.1984/ 30.09.2012
	Parcel 281-3-18 and 281-4-18 of Lot 281, Section 48 Kuching Town Land District	1,625	Leasehold expiring 11.8.2771	2 storey shop/ apartment	295	29	8.12.1984/ 19.08.2011
	Taman Sri Sarawak Mall Jalan Padungan 93100 Kuching, Sarawak						
6.	Lot No. 13772 & 13771S Geran 10602/M1/4/11 & 10601/M1/4/2 Town of Ipoh District of Kinta Ipoh, Perak Darul Ridzuan	1,528	Freehold	Office-lots	193	30	13.2.1991/ 30.09.2012
	Lot 3.1 & 3.2, 3rd Floor Wisma Kota Emas Jalan Dato' Tahwil Azhar 30300 Ipoh Perak Darul Ridzuan						
7.	Lot No. 1217, Title No. PN 26201, Kawasan Bandar XLII Daerah Melaka Tengah Negeri Melaka	9,428 (2,357)	Leasehold expiring 18.7. 2101	4 storey shop-office	926	15	18.9.1998/ 30.09.2012
	No.2, Jalan PM7 Plaza Mahkota Bandar Hilir 75000 Melaka						

No.	Location	Gross build-up area (Land area) sq. ft.	Tenure	Description/ existing use	Net book value @ 30.9.2013 RM'000	Approximate age of building Years	Date of acquisition / Date of last valuation
8.	Geran 72942 Lot No. 59758 Mukim and District of Petaling State of Selangor Darul Ehsan No. 40, Jalan BP 5/8 Bandar Bukit Puchong 47100 Puchong Selangor Darul Ehsan	4,879 (3,477)	Freehold	1½ storey factory corner unit/ office	1,422	14	3.12.1999/ 30.09.2012
9.	Geran 72944 Lot No. 59759 Mukim and District of Petaling State of Selangor Darul Ehsan No. 38, Jalan BP 5/8 Bandar Bukit Puchong 47100 Puchong Selangor Darul Ehsan	2,875 (2,002)	Freehold	1½ storey factory intermediate unit/office	905	14	3.12.1999/ 30.09.2012

SHAREHOLDINGS STATISTICS as at 31 December 2013

Authorised capital	:	RM200,000,000.00
Issued and fully paid-up capital	:	RM122,977,000.00
Class of shares	:	Ordinary shares of RM0.50 each
Voting rights	:	One vote per RM0.50 share

BREAKDOWN OF SHAREHOLDINGS

Holdings	No. of Holders	Total Holdings	%
Less than 100 shares	451	18,166	0.01
100 to 1,000 shares	511	270,550	0.11
1,001 to 10,000 shares	3,898	18,444,514	7.63
10,001 to 100,000 shares	1,326	38,631,564	15.98
100,001 to less than 5% of issued shares	139	109,595,634	45.34
5% and above of issued shares	3	74,773,272	30.93
Total	**6,328**	**241,733,700***	**100**

*The number of 241,733,700 ordinary shares is exclusive of treasury shares retained by the Company.

SUBSTANTIAL SHAREHOLDERS

According to the Register of Substantial Shareholders, the substantial shareholders of the Company as at 31 December 2013 were as follows:

	No. of RM0.50 Shares			
Name	Direct Interest	%	Indirect Interest	%
Chan Thye Seng	27,898,736	11.54	108,771,818(2)	45.00
Mah Wing Holdings Sdn Bhd	54,289,202	22.46	–	–
Mah Wing Investments Limited	49,262,660	20.38	–	–

DIRECTORS' SHAREHOLDINGS

According to the Register of Directors' Shareholdings, the Directors' shareholdings as at 31 December 2013 were as follows:

	No. of RM0.50 Shares			
Name	Direct Interest	%	Indirect Interest	%
Chan Hua Eng	284,198	0.12	5,349,522(1)	2.21
Chan Thye Seng	27,898,736	11.54	108,771,818(2)	45.00
Michael Yee Kim Shing	–	–	1,442,802(3)	0.60
Tunku Dato' Mu'tamir Bin Tunku Tan Sri Mohamed	–	–	4,570,252(4)	1.89
Dato' Abu Hanifah Bin Noordin	–	–	659,332(5)	0.27
Dato' Dr Zaha Rina Binti Zahari	500,000	0.21	–	–

Notes:
(1) Held by virtue of Chan Hua Eng's interests in Chan Kok Tien Realty Sdn Bhd ("CKT"), Tysim Holdings Sdn Bhd ("Tysim") and deemed to have interest in shares held by his spouse and daughter.
(2) Held by virtue of Chan Thye Seng's interests in Mah Wing Investments Limited, Mah Wing Holdings Sdn Bhd, CKT, Tysim and deemed to have interest in shares held by his spouse.
(3) Held by virtue of Michael Yee Kim Shing's interests in shares which are registered under the name of "HDM Nominees (Tempatan) Sdn Bhd HDM Capital Sdn Bhd for Michael Yee Kim Shing", his spouse and children.
(4) Held by virtue of Tunku Dato' Mu'tamir Bin Tunku Tan Sri Mohamed's interests in shares which are registered under the name of "HDM Nominees (Tempatan) Sdn Bhd HDM Capital Sdn Bhd for Tunku Dato' Mu'tamir Bin Tunku Tan Sri Mohamed".
(5) Held by virtue of Dato' Abu Hanifah Bin Noordin's interests in shares which are registered under the name of "HDM Nominees (Tempatan) Sdn Bhd HDM Capital Sdn Bhd for Dato' Abu Hanifah Bin Noordin".

SHAREHOLDINGS STATISTICS as at 31 December 2013

THIRTY LARGEST SECURITIES ACCOUNTS HOLDERS

	Name	No. of RM0.50 Shares	% of Issued Capital
1.	HDM Nominees (Asing) Sdn Bhd Mah Wing Investments Limited	49,262,660	20.38
2.	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account For Mah Wing Holdings Sdn Bhd	13,104,898	5.42
3.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mah Wing Holdings Sdn Bhd	12,405,714	5.13
4.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mah Wing Holdings Sdn Bhd	10,800,000	4.47
5.	Mah Wing Holdings Sdn Bhd	7,761,486	3.21
6.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chan Thye Seng	6,584,032	2.72
7.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mah Wing Holdings Sdn Bhd	5,417,104	2.24
8.	Chan Thye Seng	5,350,000	2.21
9.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chan Thye Seng	5,000,000	2.07
10.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Chan Kok Tien Realty Sdn Bhd	4,810,688	1.99
11.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mah Wing Holdings Sdn Bhd	4,800,000	1.99
12.	HDM Nominees (Tempatan) Sdn Bhd HDM Capital Sdn Bhd For Tunku Dato' Mu'tamir Bin Tunku Tan Sri Mohamed	4,570,252	1.89
13.	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chan Thye Seng	4,099,682	1.70
14.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chan Thye Seng	3,645,100	1.51
15.	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account For Chan Thye Seng	3,052,220	1.26
16.	Neoh Choo Ee & Company Sdn. Berhad	2,640,000	1.09
17.	Electroscon Coletra Sdn Bhd	2,000,000	0.83
18.	Tan Teong Han	1,787,242	0.74
19.	Yeoh Kean Hua	1,708,802	0.71
20.	Lee Sik Pin	1,503,804	0.62
21.	Maybank Nominees (Tempatan) Sdn Bhd DBS Bank For Deva Dassan Solomon	1,469,000	0.61
22.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Fong Siling	1,300,000	0.54
23.	HDM Nominees (Tempatan) Sdn Bhd HDM Capital Sdn Bhd For Michael Yee Kim Shing	1,068,612	0.44
24.	Yayasan Kedah Berhad	1,011,264	0.42
25.	Kumpulan Wang Simpanan Guru-Guru	881,034	0.36
26.	HSBC Nominees (Asing) Sdn Bhd Exempt An For The Bank of New York Mellon	751,800	0.31
27.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Koay Ean Chim	675,500	0.28
28.	UOBM Nominees (Asing) Sdn Bhd Exempt An For Societe Generale Bank & Trust, Singapore Branch	660,000	0.27
29.	HDM Nominees (Tempatan) Sdn Bhd HDM Capital Sdn Bhd For Dato' Abu Hanifah Bin Noordin	659,332	0.27
30.	Lim Khuan Eng	630,000	0.26
	Total	159,410,226	65.94

PACIFIC & ORIENT BERHAD
(308366-H) (Incorporated in Malaysia)

FORM OF PROXY

No. of Shares Held	

*I/We, ____

of ____

being a member/members of PACIFIC & ORIENT BERHAD, hereby appoint ____________________

____________________ of ____________________________

or failing whom ____________________ of ____________________

____ or failing whom

the **Chairman of the meeting** as *my/our proxy to vote for *me/us on *my/our behalf at the Twentieth Annual General Meeting of the Company to be held at Tun Sri Lanang I & II, Ground Floor, The Royale Chulan Hotel Kuala Lumpur, 5 Jalan Conlay, 50450 Kuala Lumpur on Monday, 17 March 2014 at 2.30 p.m. and at any adjournment thereof.

No.	Resolutions	For	Against
1.	To receive the Audited Financial Statements and Reports		
2.	To re-elect Mr. Chan Thye Seng as Director		
3.	To re-appoint Mr Chan Hua Eng as Director		
4.	To re-appoint Mr Michael Yee Kim Shing as Director		
5.	To re-appoint Messrs Ernst & Young as Auditors and to authorise the Directors to fix their remuneration		
6.	Authority under Section 132D of the Companies Act 1965, to issue shares		
7.	Proposed Renewal of Authority for the Purchase by the Company of its Own Shares		
8.	To retain Tunku Dato' Mu'tamir Bin Tunku Tan Sri Mohamed as Independent Non-Executive Director		
9.	To retain Dato' Abu Hanifah Bin Noordin as Independent Non-Executive Director		
10.	To retain Mr Michael Yee Kim Shing as Independent Non-Executive Director		

(Please indicate with an "X" in the space provided above how you wish your vote to be cast on the resolutions specified in the notice of meeting. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.)

*Delete if not applicable.

As witness my hand this _______ day of __________ 2014

____
Signature/Common Seal of Member(s)

Notes:

1. Depositors whose names appear in the Record of Depositors as at 11 March 2014 shall be regarded as members of the Company entitled to attend the Annual General Meeting or appoint proxies to attend on their behalf.
2. A member entitled to attend and vote at the meeting is entitled to appoint one (1) proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
3. Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
4. In the case of a corporate member, the instrument appointing a proxy must be executed under its common seal or under the hand of its attorney.
5. The instrument appointing a proxy must be deposited at the registered office of the Company situated at 11th Floor, Wisma Bumi Raya, No. 10 Jalan Raja Laut, 50350 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for the meeting.

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STAMP

Company Secretary
PACIFIC & ORIENT BERHAD (308366-H)
11th Floor, Wisma Bumi Raya
No. 10 Jalan Raja Laut
50350 Kuala Lumpur
Malaysia

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PACIFIC & ORIENT BERHAD
11th Floor, Wisma Bumi Raya, No. 10,
Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia
Tel: 03 2698 5033 Fax: 03 2694 4209

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