PACIFIC & ORIENT BERHAD
(308366-H)

Annual Report | 2014

contents

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-First Annual General Meeting of the Company will be held at Concorde I, Lobby Level, Concorde Hotel Kuala Lumpur, 2 Jalan Sultan Ismail, 50250 Kuala Lumpur on Tuesday, 24 March 2015 at 12.00 noon for the following purposes:

AGENDA

A. Ordinary Business

1. To receive the Audited Financial Statements for the year ended 30 September 2014 and the Reports of the Directors and the Auditors thereon. — **Please refer to Note B**

2. To approve the payment of Directors' fee of RM300,000 per annum. — **Resolution 1**

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 2**

   (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 3**

   (c) "THAT Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed 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**

B. 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 percent (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."

Notice of Annual General Meeting (Cont'd)

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 percent (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 2015) which would otherwise be available for dividends **AND THAT** such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in 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) Mr Michael Yee Kim Shing **Resolution 9**

8. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965 and the Company's Articles of Association.

By Order of the Board

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

Kuala Lumpur
28 January 2015

Notice of Annual General Meeting (Cont'd)

NOTES:

A. Appointment of Proxy and Entitlement of Attendance

1. Depositors whose names appear in the Record of Depositors as at 18 March 2015 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.

B. Audited Financial Statements

The agenda is meant for discussion only under the provisions of Section 169(1) of the Companies Act, 1965. As such, the Audited Financial Statements do not require formal approval of the shareholders, hence the matter will not be put for voting.

C. Retirement of Director

Dato' Abu Hanifah bin Noordin retires pursuant to Article 82 of the Articles of Association and does not wish to seek re-election.

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 percent (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 Twentieth Annual General Meeting held on 17 March 2014 and which will lapse at the conclusion of the Twenty-First Annual General Meeting.

Notice of Annual General Meeting (Cont'd)

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 percent (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 2015 which is despatched together with the Company's 2014 Annual Report.

3. Resolutions 8 and 9 – Retention of Independent Directors

The Board of Directors has vide the Nominating Committee conducted an assessment of independence of the following directors who have 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) 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 activities;

(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 with reasonable skill and competence, bringing independent judgements into the Board's decisions;

(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 judgement.

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
SECRETARY	Ms Soo Han Yee (MAICSA 7008432) Mr Yong Kim Fatt (MIA 27769)
REGISTRARS	Mega Corporate Services Sdn Bhd Level 15-2, Bangunan Faber Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur Malaysia Tel : 03-26924271 Fax : 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 : 03-26985033 Fax : 03-26944209 Website : www.pacific-orient.com
STOCK EXCHANGE LISTING	Bursa Malaysia Securities Berhad Main Board

Profile of the Board of Directors

Mr Chan Hua Eng (86), 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 Glenealy Plantations (Malaya) Berhad.

Mr Chan Thye Seng (58), 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 Berhad and Pacific & Orient Insurance Co. Berhad.

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

Mr Michael Yee Kim Shing (76), 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. Berhad, Dataprep Holdings Berhad and Datasonic Group Berhad.

Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed (70), 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 (Cont'd)

Dato' Abu Hanifah bin Noordin (63), 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 Berhad and an independent non-executive director as well as Deputy Chairman of Mega First Corporation Berhad.

Dato' Dr Zaha Rina binti Zahari (53), Malaysian
Independent Non-Executive Director, member of the Audit Committee

Dato' Dr Zaha Rina Zahari joined the Board in May 2012. She received her BA (Hons) Accounting and Finance from Leeds UK, and Doctorate in Business Administration from Hull UK focusing on capital markets research and specialising in derivatives.

She was a Consultant to Financial Technologies Middle East based in Bahrain for the set up of Bahrain Financial Exchange (BFX) launched in January 2009. Prior to this, she was with Royal Bank of Scotland Group in Singapore from August 2007 to May 2008. She has more than 20 years of experience in the financial, commodities and securities industry and the development of the Malaysian Capital Market, which includes managing a futures broking company, and was the Chief Executive Officer of RHB Securities Sdn Bhd from 2004 to 2006. She has previous Board appointments at the Commodity and Monetary Exchange of Malaysia ("COMMEX") from 1993 to 1996, then as the Chief Operating Officer ("COO") of Kuala Lumpur Options and Financial Futures Exchange ("KLOFFE") in 2001, which merged to become MDEX in June 2001.

She was then appointed Head of Exchanges, managing the operations of KLSE, MESDAQ, MDEX and Labuan International Financial Exchanges (LFX) in September 2003 prior to KLSE's (now known as Bursa Malaysia Securities Bhd) demutualisation. She is also a regular speaker at many international conferences and forums.

She was a director of Zurich Insurance Malaysia Bhd prior to being appointed Chairman of Manulife Holdings Bhd in December 2013. She sits on the Board of Hong Leong Industries Bhd and Tanah Makmur Bhd besides holding directorships in several private limited companies.

She is a Vice-President of Persatuan Chopin Malaysia and Divemaster with National Association of Underwater Instructors (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 153 (Shareholdings Statistics).
None of the Directors has been convicted of any offence other than traffic offences within the last ten years.

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 the 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

All Board appointments are made on merit, first and foremost, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective. Nevertheless, the Company recognises the benefits of having a diverse Board, which will make good use of differences in the skills, industry experience, background, race, gender, ethnicity and other distinctions between Directors. These differences will be considered in determining Board balance and composition.

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

1. BOARD OF DIRECTORS (CONT'D)

1.2 Board Balance (Cont'd)

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. BOARD OF DIRECTORS (CONT'D)

1.6 Assessment of Performance

The process of assessing Directors is an ongoing responsibility of the entire Board. During the financial year, the Board had assessed the performance of the Managing Director/Chief Executive Officer and was satisfied that the Managing Director/Chief Executive Officer had discharged his duties and responsibilities effectively and is suitably qualified to hold the position.

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 May 2012.

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 of 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.

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 of the four (4) Independent Non-Executive Directors of the Company have served a tenure of nine (9) years and above. The Directors are Mr. Michael Yee Kim Shing, Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed and Dato' Abu Hanifah bin Noordin. Each of the 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 three (3) Independent Non-Executive Directors of the Company had continued 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. The Board was 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.

Statement on Corporate Governance (Cont'd)

1. BOARD OF DIRECTORS (CONT'D)

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 4 times during the financial year ended 30 September 2014. 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	4 out of 4
Mr Chan Thye Seng	Managing Director/Chief Executive Officer	4 out of 4
Mr Michael Yee Kim Shing	Independent Non-Executive Director	4 out of 4
Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed	Independent Non-Executive Director	4 out of 4
Dato' Abu Hanifah bin Noordin	Independent Non-Executive Director	4 out of 4
Dato' Dr Zaha Rina binti Zahari	Independent Non-Executive Director	4 out of 4

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 declare his interest and step out of the room when the subject matter is being deliberated.

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.

1. BOARD OF DIRECTORS (CONT'D)

1.10 Supply of Information (Cont'd)

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 arise.

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.

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 2014 is as follows:

	Fees (RM)	Salaries and other emoluments (RM)	Total (RM)
Executive Director	-	1,466,264	1,466,264
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
1,450,000-1,500,000	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. BOARD OF DIRECTORS (CONT'D)

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 2014, the Directors had attended training covering a broad range of areas such as corporate governance, leadership, strategic and risk management, 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 on pages 23 to 29 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. The Nominating Committee 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 Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed (Chairman), Mr. Michael Yee Kim Shing and Dato' Abu Hanifah bin Noordin.

During the financial year under review the Nominating Committee held one (1) meeting, on 28 November 2013, which was attended by all (3) three 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.

2. BOARD COMMITTEES (CONT'D)

2.3 Remuneration Committee (Cont'd)

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

During the financial year under review the Remuneration Committee held one (1) meeting, on 28 November 2013, which was attended by all three (3) members.

3. ACCOUNTABILITY AND AUDIT

3.1 Promoting Sustainability and Diversity

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.

The Group recognises the value of a diversed and skilled workforce and is committed to creating and maintaining an inclusive and collaborative workplace culture that will provide sustainability for the Group into the future. The Group is committed to leveraging the diverse backgrounds in terms of gender, ethnicity and age, experiences and perspectives of our workforce, to provide good customer service to an equally diverse customer base. The Group's commitment to recognising the importance of diversity extends to all areas of our business including recruitment, skills enhancement, appointment to roles, retention of employees, succession planning and training and development.

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.

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.

Statement on Corporate Governance (Cont'd)

3. ACCOUNTABILITY AND AUDIT (CONT'D)

3.4 Financial Reporting (Cont'd)

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, International Financial Reporting Standards and the requirements of the Companies Act, 1965, 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 36 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 18 to 21 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 Committees.

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. ACCOUNTABILITY AND AUDIT (CONT'D)

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 2015. 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.

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

Risk Management

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 and procedures outlined in the Risk Management Framework. Significant risks are brought to the attention of the Risk Management Committee/Board. The Committee also oversees the effective communication and implementation of the Company's risk appetite/tolerance and other related issues.

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 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.

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

Internal Control

Policies and Procedures

The management has established written policies and procedures, which have been approved by the Audit Committee/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.

Human Resource Policies and Procedures

Management has established human resource policies 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.

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.

Audit Committee

The Audit Committee was established to assist the Board and Directors to discharge their duties regarding reported financial information, internal controls and corporate codes of conduct. Significant issues are brought to the 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.

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 the agreed timeline. The Group Internal Audit Manager presents internal audit reports to the Audit Committees for review on a quarterly basis.

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

Other Control and Governance Processes

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.

Other Board Committees

Besides the Audit Committee and Risk Management Committee, Nominating and Remuneration Committees are also established in the Company and also in the significant insurance subsidiary 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.

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.

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 process 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.

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

REVIEW FOR THE FINANCIAL YEAR (CONT'D)

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 (Revised), issued by the Malaysian Institute of Accountants, for inclusion in the Annual Report of the Company for the financial year ended 30 September 2014 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 for its subsidiaries amounted to RM184,400.00.

Report of the Audit Committee

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

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

4. Dato' Dr Zaha Rina binti Zahari
   (Independent Non-Executive Director)
   (appointed on 15th August 2014)

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.

Report of the Audit Committee (Cont'd)

TERMS OF REFERENCE (CONT'D)

1. Membership (Cont'd)

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.

TERMS OF REFERENCE (CONT'D)

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 matters 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.

Report of the Audit Committee (Cont'd)

TERMS OF REFERENCE (CONT'D)

4. Functions and Duties (Cont'd)

4.2 To review the following and report to the Board: (Cont'd)

(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.

4.6 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.

Report of the Audit Committee (Cont'd)

TERMS OF REFERENCE (CONT'D)

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 2014. 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. Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed	4/4
3. Dato' Abu Hanifah bin Noordin	4/4
4. Dato' Dr Zaha Rina binti Zahari	1/1

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 2014 included the following:

Financial Reporting

(a) Reviewed the unaudited quarterly reports on consolidated results for announcement to Bursa Malaysia Securities Berhad with management before recommendation to the Board of Directors for consideration and approval and release to Bursa Malaysia Securities Berhad.

(b) Reviewed the management report and accounts of the Company and of the Group before recommending to the Board for their consideration and approval.

(c) Reviewed the audited statutory accounts of the Company and of the Group, issues and reservations arising from the statutory audit with the External Auditors, prior to recommendation to the Board for their consideration and approval.

Report of the Audit Committee (Cont'd)

ACTIVITIES OF THE COMMITTEE (CONT'D)

Financial Reporting (Cont'd)

(d) Reviewed the extent of the Group's compliance with the principles and 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 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.

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

(f) Reviewed other disclosures forming the contents of the Company's Annual Report spelt out in Part A of Appendix 9C of Bursa Malaysia Securities Berhad's Main Market Listing Requirements.

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, 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.

Others

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

(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 risk management process, internal controls and governance practices 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 2014 was RM755,823.

The summary of the activities of the Group Internal Audit Department for the financial year ended 30 September 2014 is as follows:

(a) Prepared the annual Audit Plan for the approval of the Audit Committee. The annual Audit Plan was developed based on assessment of the significance of potential risk exposures of the auditable areas.

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

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

(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.

Chairman's Statement

On behalf of your Board of Directors, I have the pleasure of presenting the Annual Report and Audited Financial Statements of your Company for the year ended 30 September 2014.

FINANCIAL RESULTS

The Group recorded a lower turnover of RM541.1 million in 2014 compared to RM563.4 million in 2013 mainly because of lower premium income at the insurance subsidiary company. However, pre-tax profit of the Group increased to RM69.3 million from RM65.7 million previously. The improvement came on the back of better performance in the IT Division and the money lending subsidiary company.

At Company level, turnover was RM42.7 million, a reduction from the RM67.5 million achieved in 2013 due to lower dividend income from the insurance subsidiary company. Profit before tax dropped significantly to RM30.9 million from RM262.8 million in the previous year. The earlier year pre-tax profit included a non-recurring gain of RM234.3 million from the divestment of a 49 percent equity interest in the insurance subsidiary company.

ECONOMIC OUTLOOK

The Malaysian Institute of Economic Research (MIER) in its outlook for the Malaysian economy observed that "macroeconomic policies remain generally supportive of domestic economic activities, though with less accommodative monetary policy to contain near-term financial excesses, and much stronger fiscal consolidation process to ensure that the goal of sustainable growth and balanced development can be achieved in the medium and long-term."

The same paper also went on to note that the potential for a domestic crisis is largely contained but that the central bank needs to be alert to external geo-political and economic risks. It also highlighted the need for policymakers to address the fiscal deficit, wage suppression, rising inequality and over-reliance on foreign labour.

The above notwithstanding, MIER expected growth in 2014 to be an improvement on last year based on strong growth performance in the first half of 2014 and forecasted GDP growth of 5.7% for the full year and 5.5% - 6.0% for 2015 "in line with the 2015 Budget strategies, measures and programmes".

PROSPECTS OF THE COMPANY

Following the divestment of a 49 percent equity interest in the insurance subsidiary company in 2013, your Company has sought to make new investments and some options are currently being evaluated.

Your Board takes a cautious view of the current year in light of the slow recovery of the global economy but barring any major disruptive events, performance should be satisfactory.

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

Over the next two years, the insurance industry will see the introduction of GST (from 1 April 2015) and the de-tariffing of premiums (in 2016).

GST is not generally thought likely to have a substantial adverse effect on premium growth. However, in the short run it can reasonably be expected to raise costs and may also affect the profitability of a small number of exempt insurance products which would not be entitled to tax input credit claims. Nevertheless, the impact on POI's profitability would be negligible.

De-tariffing on the other hand will have a profound effect on the industry in two ways. First, the removal of the tariff would free insurers to price products competitively. Although this could result in intense, potentially damaging price wars, the risk-based capital framework adopted in 2009 should go a long way towards discouraging reckless underwriting. Second, insurers would no longer be required to sell homogeneous products and each is likely to seek to differentiate its products by varying, for example, coverage or service standards. In order to operate profitably in this environment, an insurer would need to have systems in place that allow it to quickly develop and price products accurately.

Over the years, POI has invested considerable resources in three broad areas: developing and maintaining underwriting discipline; improving claims management; and creating a powerful and versatile information system. These past investments should enable POI to continue to operate profitably in this new environment.

For the year under review, POI's total revenue was RM525.8 million, a slight decrease compared to the RM553.4 million recorded in the preceding year. This was due to lower motor premium income. Consonant with this, pre-tax profit was RM68.4 million, marginally lower than the RM70.4 million of the year before.

Money Lending

In marked contrast to recent years, the money lending subsidiary experienced a noteworthy increase in business activity mainly due to a sizeable term loan granted during the financial year under review. As a result, turnover for the year rose to RM2.73 million, a more than 13-fold increase on the RM0.21 million of the previous year. In line with this, the subsidiary recorded a pre-tax profit of RM0.75 million, up from the RM0.48 million of the year before.

Information Technology

All the three major units in the IT division saw higher levels of business activity compared to last year. The Malaysian and Thai operations continue to perform to expectation but the US remains a difficult market for the division.

A total turnover of RM22.9 million was achieved during the year, an improvement on the RM21.4 million in 2013. However, the division recorded a pre-tax loss of RM3.0 million compared to a profit of RM0.07 million last year due to an increase in finance costs and a lower foreign exchange gain in the year under review.

Chairman's Statement (Cont'd)

DIVIDEND

In respect of the financial year ended 30 September 2014, your Company paid out dividends on five occasions as follows:

First interim dividend of 1.00 sen per share on 29 January 2014
Second interim dividend of 2.20 sen per share on 3 April 2014
Third interim dividend of 1.30 sen per share on 13 June 2014
Fourth interim dividend of 1.50 sen per share on 13 August 2014
Fifth interim dividend of 1.60 sen per share on 10 October 2014

All dividends paid out were single tier dividends.

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 2014

Penyata Pengerusi

Bagi pihak Lembaga Pengarah anda, saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan Teraudit Syarikat anda bagi tahun berakhir 30 September 2014.

KEPUTUSAN KEWANGAN

Kumpulan mencatat jumlah dagangan yang lebih rendah sebanyak RM541.1 juta pada 2014 berbanding dengan RM563.4 juta pada 2013 terutamanya disebabkan pendapatan premium lebih rendah daripada anak syarikat insurans. Walau bagaimanapun keuntungan pracukai Kumpulan meningkat kepada RM69.3 juta daripada RM65.7 juta yang diperoleh sebelum ini. Peningkatan adalah akibat daripada prestasi lebih baik anak syarikat Bahagian IT dan anak syarikat pemberian pinjaman wang.

Di peringkat Syarikat, jumlah dagangan adalah RM42.7 juta, pengurangan daripada RM67.5 juta yang dicapai pada 2013 akibat daripada pendapatan dividen yang lebih rendah daripada anak syarikat insurans. Keuntungan sebelum cukai jatuh secara ketara kepada RM30.9 juta daripada RM262.8 juta dalam tahun sebelum ini. Keuntungan sebelum cukai tahun sebelum ini termasuk keuntungan bukan berulang sebanyak RM234.3 juta daripada penjualan pelaburan 49 peratus kepentingan ekuiti dalam anak syarikat insurans.

TINJAUAN EKONOMI

The Malaysian Institute of Economic Research (MIER) dalam tinjauannya bagi ekonomi Malaysia mencatat bahawa "polisi makroekonomi pada amnya kekal menyokong kegiatan ekonomi domestik, walaupun terdapat polisi monetari yang kurang akomodatif untuk membendung lebihan kewangan tempoh berdekatan, dan proses pengukuhan fiskal yang jauh lebih kukuh untuk memastikan bahawa matlamat pertumbuhan boleh kekal dan pembangunan seimbang boleh dicapai dalam tempoh sederhana dan jangka panjang."

Tinjauan yang sama juga perhatikan bahawa potensi bagi krisis domestik kebanyakannya dibendung tetapi bahawa bank pusat perlu berwaspada dengan risiko-risiko geopolitik dan ekonomi luar. Ia juga menonjolkan keperluan bagi pembuat polisi untuk menangani defisit fisikal, penekanan upah, ketidaksamaan yang semakin meningkat dan terlebih bergantung kepada buruh asing.

Di sebalik yang di atas, MIER menjangka pertumbuhan pada 2014 akan menjadi lebih baik daripada pertumbuhan tahun lepas berdasarkan prestasi pertumbuhan yang kukuh dalam separuh pertama 2014 dan meramalkan pertumbuhan KDNK sebanyak 5.7% bagi tahun sepenuhnya dan 5.5% - 6.0% bagi 2015 "sejajar dengan strategi, langkah-langkah dan program Bajet 2015".

PROSPEK SYARIKAT

Susulan penjualan pelaburan 49 peratus kepentingan ekuiti dalam anak syarikat insurans pada 2013, Syarikat anda sedang mencari peluang untuk membuat pelaburan baru dan beberapa opsyen kini sedang dipertimbangkan.

Lembaga anda juga mengambil pandangan berjaga-jaga mengenai tahun semasa akibat daripada pemulihan ekonomi global yang perlahan, namun tanpa sebarang peristiwa gangguan besar, prestasi seharusnya memuaskan.

Penyata Pengerusi (Samb)

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

Sepanjang dua tahun akan datang, industri insurans akan menyaksikan pengenalan GST (mulai 1 April 2015) dan penyahtarifan premium (pada 2016).

Pada amnya tidak difikirkan bahawa GST berkemungkinan akan mempunyai kesan kurang baik yang besar ke atas pertumbuhan premium. Walau bagaimanapun, dalam jangka pendek ia boleh secara munasabah dijangka akan menaikkan kos dan mungkin juga mempengaruhi keberuntungan sebilangan kecil produk insurans dikecualikan yang tidak akan berhak kepada tuntutan kredit input cukai. Namun demikian, kesan ke atas keberuntungan POI adalah amat kecil.

Penyahtarifan di sebaliknya akan mempunyai kesan ketara ke atas industri dalam dua cara. Pertamanya, pemberhentian tarif akan memberi kebebasan kepada syarikat insurans untuk meletakkan harga produk secara berdaya saing. Walau pun ini boleh mengakibatkan peperangan harga yang sengit yang berpotensi memudaratkan, rangka kerja modal berdasarkan risiko yang diterima pakai pada 2009 seharusnya berjaya mengurangkan pengunderaitan semborono. Kedua, syarikat-syarikat insurans tidak lagi akan diperlukan untuk menjual produk homogen dan masing-masing berkemungkinan akan cuba membezakan produknya dengan memberi kelainan, sebagai contoh, perlindungan atau perkhidmatan standard. Untuk beroperasi secara menguntungkan dalam persekitaran ini, syarikat insurans akan perlu mempunyai sistem-sistem yang membolehkannya untuk secara cepat membangun dan meletak harga bagi produk secara tepat.

Sejak sekian lama, POI telah melabur sumber yang agak banyak dalam tiga bidang kasar: membangun dan mengekalkan disiplin pengunderaitan, menambah baik pengurusan tuntutan; dan mencipta sistem maklumat yang kuat dan versatil. Pelaburan masa lepas ini seharusnya memboleh POI untuk terus beroperasi secara menguntungkan dalam persekitaran baru.

Bagi tahun di bawah kajian, jumlah hasil POI adalah RM525.8 juta, pengurangan kecil berbanding dengan RM553.4 juta direkodkan dalam tahun sebelumnya. Ini adalah akibat daripada pendapatan premium motor yang lebih rendah. Sejajar dengan ini, keuntungan pracukai adalah RM68.4 juta, lebih rendah sedikit daripada RM70.4 juta yang diperoleh dalam tahun sebelumnya.

Pemberian Pinjaman Wang

Berbeza secara ketara dengan tahun-tahun kebelakangan, anak syarikat pemberian pinjaman wang mengalami peningkatan yang agak ketara dalam kegiatan perniagaan terutamanya akibat daripada pinjaman berkala yang agak besar diberi dalam tahun kewangan di bawah kajian. Akibat daripadanya, jumlah dagangan bagi tahun meningkat kepada RM2.73 juta, lebih daripada peningkatan 13-kali ganda berbanding dengan RM0.21 juta pada tahun sebelumnya. Sejajar dengan ini, anak syarikat mencatat keuntungan pracukai sebanyak RM0.75 juta, meningkat daripada RM0.48 juta tahun sebelumnya.

Teknologi Maklumat

Kesemua tiga unit utama dalam bahagian IT menyaksikan tahap kegiatan perniagaan yang lebih tinggi berbanding dengan tahun lepas. Operasi Malaysia dan Thai terus mempamer prestasi yang dijangkakan tetapi US kekal pasaran rumit bagi bahagian ini.

Jumlah dagangan sebanyak RM22.9 juta telah dicapai dalam tahun, satu peningkatan ke atas RM21.4 juta pada 2013. Walau bagaimanapun, bahagian mencatat kerugian pracukai sebanyak RM3.0 juta berbanding dengan keuntungan sebanyak RM0.07 juta tahun lepas disebabkan peningkatan dalam kos kewangan dan keuntungan pertukaran asing yang lebih rendah dalam tahun di bawah kajian.

Penyata Pengerusi (Samb)

DIVIDEN

Berhubung dengan tahun kewangan berakhir 30 September 2014, Syarikat anda telah membayar dividen sebanyak lima kali seperti berikut:

Dividen interim pertama sebanyak 1.00 sen setiap saham pada 29 Januari 2014
Dividen interim kedua sebanyak 2.20 sen setiap saham pada 3 April 2014
Dividen interim ketiga sebanyak 1.30 sen setiap saham pada 13 Jun 2014
Dividen interim keempat sebanyak 1.50 sen setiap saham pada 13 Ogos 2014
Dividen interim kelima sebanyak 1.60 sen setiap saham pada 10 Oktober 2014

Semua dividen yang dibayar adalah dividen satu tier.

Para Pengarah anda tidak bercadang untuk mengisytiharkan apa-apa dividen akhir bagi tahun kewangan di bawah kajian.

TANGGUNGJAWAB SOSIAL KORPORAT

Kumpulan terus melaksanakan kegiatan yang seimbang dengan warga korporat yang baik dan tanggungjawab sosial. Sebagai contoh, beberapa syarikat ahli kumpulan:

- Menggalakkan kakitangan untuk meminimumkan pembaziran tenaga dan produk dengan kos alam sekitar yang besar.
- Menyediakan sokongan kewangan dan lain-lain sokongan kepada pertubuhan-pertubuhan yang terlibat dalam kegiatan keselamatan, kerja-kerja amal, kebajikan dan sukan
- Melatih, membangun dan memberi pendidikan kesihatan kepada kakitangan

PENGIKTIRAFAN

Bagi pihak Lembaga Pengarah, saya ingin memberi pengiktirafan kepada usaha-usaha yang diberi oleh pengurusan dan kakitangan semasa tahun di bawah kajian dan ingin mengucap terima kasih kepada sekutu-sekutu perniagaan bagi kerjasama dan sokongan yang berterusan.

CHAN HUA ENG
Pengerusi
Kuala Lumpur
Disember 2014

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, Financial Services Act 2013, Bank Negara Malaysia's guidelines and the Bursa Malaysia Securities Berhad Main Market 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 judgments and estimates that are reasonable and prudent; and

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

Financial Statements

Directors' Report

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 September 2014.

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	48,676	29,760
Attributable to:		
Equity holders of the Company	24,708	29,760
Non-controlling interest	23,968	–
	48,676	29,760

DIVIDENDS

The amount of dividends paid or declared by the Company since 30 September 2013 were as follows:

	RM'000
In respect of the financial year ended 30 September 2013:	
5th interim single tier dividend of 1.50 sen per share declared on 9 October 2013 and paid on 13 November 2013	3,635
In respect of the financial year ended 30 September 2014:	
1st interim single tier dividend of 1.00 sen per share declared on 20 December 2013 and paid on 29 January 2014	2,416
2nd interim single tier dividend of 2.20 sen per share declared on 6 March 2014 and paid on 3 April 2014	5,290
3rd interim single tier dividend of 1.30 sen per share declared on 8 May 2014 and paid on 13 June 2014	3,123
4th interim single tier dividend of 1.50 sen per share declared on 3 July 2014 and paid on 13 August 2014	3,603
5th interim single tier dividend of 1.60 sen per share declared on 4 September 2014 and payable on 10 October 2014	3,843
	21,910

The Directors do not recommend the payment of any final dividend for the financial year ended 30 September 2014.

Directors' Report

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 2,389,800 of its issued ordinary shares of RM0.50 each fully paid from the open market at an average price of RM1.42 per share for a consideration of RM3,401,070. 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 26(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.

Directors' Report

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature 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
Tunku Dato' Mu'tamir Bin Tunku Tan Sri Mohamed
Dato' Abu Hanifah Bin Noordin
Dato' Dr. Zaha Rina Binti Zahari

In accordance with Section 129(6) of the Companies Act, 1965, Mr. Chan Hua Eng, Mr. Michael Yee Kim Shing and Tunku Dato' Mu'tamir Bin Tunku Tan Sri Mohamed 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, Dato' Abu Hanifah Bin Noordin retires from the Board by rotation at the forthcoming Annual General Meeting and does not seek 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 35 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 financial 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 2013	**Acquired**	**(Disposed)**	**At 30 September 2014**
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	–	(831,784)	611,018
Dato' Abu Hanifah Bin Noordin				
- Indirect interest	659,332	–	–	659,332
Tunku Dato' Mu'tamir Bin Tunku Tan Sri Mohamed				
- Indirect interest	4,570,252	–	–	4,570,252
Dato' Dr. Zaha Rina Binti Zahari				
- Direct interest	500,000	100,000	–	600,000

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

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

Directors' Report

SUBSEQUENT EVENT

Details of the subsequent event are disclosed in Note 57 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 27 November 2014.

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 46 to 149 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 2014 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 58 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 27 November 2014.

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 46 to 149 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 27 November 2014	)	

Before me,

KAPT. JASNI BIN YUSOFF
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 2014 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 46 to 149.

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 2014 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Independent Auditors' Report

to the members of Pacific & Orient Berhad
(Incorporated 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 58 on page 150 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

Megat Iskandar Shah Bin Mohamad Nor
No. 3083/07/15(J)
Chartered Accountant

Kuala Lumpur, Malaysia
27 November 2014

Statements of Financial Position

as at 30 September 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
ASSETS					
Property, plant and equipment	5	**23,147**	23,220	**1,121**	1,081
Investment properties	6	**840**	695	**-**	-
Prepaid land lease payments	7	**310**	314	**-**	-
Goodwill on consolidation	8	**-**	-	**-**	-
Intangible assets	9	**1,723**	1,788	**84**	95
Deferred tax assets	10	**514**	2,386	**514**	511
Investments	11	**54,109**	43,333	**53,760**	44,497
Investment in subsidiary companies	12	**-**	-	**120,507**	120,507
Inventories - goods for resale	13	**473**	427	**-**	-
Loans	14	**31,233**	117	**-**	-
Reinsurance assets	15	**215,849**	229,483	**-**	-
Insurance receivables	16	**24,246**	23,679	**-**	-
Trade receivables	17	**2,049**	1,883	**-**	-
Other receivables	17	**69,216**	57,326	**1,749**	3,121
Due from subsidiary companies	18	**-**	-	**79,019**	7,983
Deposits and placements with financial institutions	19	**856,417**	868,029	**100,433**	111,183
Cash and bank balances	20	**74,647**	89,371	**24,165**	76,199
TOTAL ASSETS		**1,354,773**	1,342,051	**381,352**	365,177
LIABILITIES					
Insurance contract liabilities	21	**772,657**	786,537	**-**	-
Insurance payables	22	**11,488**	8,744	**-**	-
Deferred tax liabilities	10	**884**	-	**-**	-
Trade payables	23	**900**	991	**-**	-
Other payables	23	**8,682**	8,502	**905**	1,194
Hire purchase creditors	24	**1,991**	1,555	**492**	451
Borrowings	25	**33,871**	33,766	**-**	-
Dividend payable		**3,843**	-	**3,843**	-
Tax payable		**4,080**	-	**490**	-
TOTAL LIABILITIES		**838,396**	840,095	**5,730**	1,645
EQUITY					
Share capital	26	**122,977**	122,977	**122,977**	122,977
Treasury shares	26	**(7,214)**	(3,813)	**(7,214)**	(3,813)
Share premium	28	**24,302**	24,302	**24,302**	24,302
Merger reserve	27	**20,792**	20,792	**-**	-
Translation reserve	27	**(774)**	(1,028)	**-**	-
Revaluation reserve	27	**8,799**	8,799	**-**	-
Available-for-sale reserve	27	**8,800**	(2,198)	**6,716**	(925)
Retained profits		**212,025**	209,227	**228,841**	220,991
Equity attributable to equity holders of the Company		**389,707**	379,058	**375,622**	363,532
Non-controlling interest		**126,670**	122,898	**-**	-
TOTAL EQUITY		**516,377**	501,956	**375,622**	363,532
TOTAL EQUITY AND LIABILITIES		**1,354,773**	1,342,051	**381,352**	365,177

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

Statements of Changes in Equity

for the year ended 30 September 2014

Group	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
	← Attributable to equity holders of the Company →										
			← Non-Distributable →					Distributable			
At 1 October 2013	**122,977**	**(3,813)**	**24,302**	**20,792**	**(1,028)**	**8,799**	**(2,198)**	**209,227**	**379,058**	**122,898**	**501,956**
Purchase of treasury shares (Note 26 (a))	**-**	**(3,401)**	**-**	**-**	**-**	**-**	**-**	**-**	**(3,401)**	**-**	**(3,401)**
Net profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**24,708**	**24,708**	**23,968**	**48,676**
Other comprehensive income for the year	**-**	**-**	**-**	**-**	**254**	**-**	**10,998**	**-**	**11,252**	**3,226**	**14,478**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**254**	**-**	**10,998**	**24,708**	**35,960**	**27,194**	**63,154**
Dividends (Note 29)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(21,910)**	**(21,910)**	**-**	**(21,910)**
Dividends to a non-controlling interest by a subsidiary company	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(23,422)**	**(23,422)**
At 30 September 2014	**122,977**	**(7,214)**	**24,302**	**20,792**	**(774)**	**8,799**	**8,800**	**212,025**	**389,707**	**126,670**	**516,377**
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	-	-	-	(19,977)	-	-	-	173,545	153,568	109,760	263,328
Purchase of treasury shares (Note 26 (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 income for the year	-	-	-	-	(2,301)	-	(4,609)	36,909	29,999	13,138	43,137
Dividends (Note 29)	-	-	-	-	-	-	-	(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

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

Statements of Changes in Equity

for the year ended 30 September 2014 (Cont'd)

Company	**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**
	← Attributable to equity holders of the Company →					
			← Non-Distributable →		Distributable	
At 1 October 2013	**122,977**	**(3,813)**	**24,302**	**(925)**	**220,991**	**363,532**
Purchase of treasury shares (Note 26 (a))	**-**	**(3,401)**	**-**	**-**	**-**	**(3,401)**
Net profit for the year	**-**	**-**	**-**	**-**	**29,760**	**29,760**
Other comprehensive income for the year	**-**	**-**	**-**	**7,641**	**-**	**7,641**
Total comprehensive income for the year	**-**	**-**	**-**	**7,641**	**29,760**	**37,401**
Dividends (Note 29)	**-**	**-**	**-**	**-**	**(21,910)**	**(21,910)**
At 30 September 2014	**122,977**	**(7,214)**	**24,302**	**6,716**	**228,841**	**375,622**
At 1 October 2012	122,977	(1,463)	24,302	1,659	21,806	169,281
Purchase of treasury shares (Note 26 (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 income for the year	-	-	-	(2,584)	248,942	246,358
Dividends (Note 29)	-	-	-	-	(49,757)	(49,757)
At 30 September 2013	122,977	(3,813)	24,302	(925)	220,991	363,532

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

Income Statements

for the year ended 30 September 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Revenue	30	**541,129**	563,417	**42,723**	67,525
Other operating income	31	**26,482**	39,116	**4**	235,771
		567,611	602,533	**42,727**	303,296
Changes in inventories		**(2,689)**	(1,963)	**-**	-
Gross premium ceded to reinsurers		**(135,910)**	(160,593)	**-**	-
Change in premium liabilities ceded to reinsurers	40	**(10,678)**	(12,136)	**-**	-
Premiums ceded to reinsurers		**(146,588)**	(172,729)	**-**	-
Gross claims paid		**(291,988)**	(285,216)	**-**	-
Claims ceded to reinsurers		**85,129**	78,496	**-**	-
Gross change in insurance contract liabilities		**(12,875)**	(34,642)	**-**	-
Change in insurance contract liabilities ceded to reinsurers		**(2,956)**	10,641	**-**	-
Net claims incurred	32	**(222,690)**	(230,721)	**-**	-
Commission expenses	40	**(50,569)**	(56,038)	**-**	-
Staff costs	34	**(37,747)**	(34,888)	**(6,104)**	(5,532)
Depreciation		**(1,677)**	(1,668)	**(105)**	(132)
Amortisation	36	**(628)**	(237)	**(11)**	(8)
Other operating expenses	37	**(32,472)**	(32,639)	**(5,204)**	(31,615)
Operating profit		**72,551**	71,650	**31,303**	266,009
Finance costs	38	**(3,246)**	(5,915)	**(406)**	(3,238)
Profit before taxation	39	**69,305**	65,735	**30,897**	262,771
Income tax expense	46	**(20,629)**	(15,616)	**(1,137)**	(13,829)
Net profit for the year		**48,676**	50,119	**29,760**	248,942
Attributable to:					
Equity holders of the Company		**24,708**	36,909	**29,760**	248,942
Non-controlling interest		**23,968**	13,210	**-**	-
		48,676	50,119	**29,760**	248,942
Earnings per share attributable to equity holders of the Company (sen)					
Basic	47	**10.26**	15.15		

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

Statements of Comprehensive Income

for the year ended 30 September 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Net profit for the year		**48,676**	50,119	**29,760**	248,942
Other comprehensive income/(loss):					
Items that may be reclassified to income statements in subsequent periods:					
- Currency translation differences in respect of foreign operations		**254**	(2,301)	**-**	–
- Fair value changes on Available-for-sale ("AFS") financial assets		**16,419**	(5,359)	**7,641**	(2,584)
- Deferred tax		**(2,195)**	678	**-**	–
Net gain/(loss)		**14,224**	(4,681)	**7,641**	(2,584)
Other comprehensive income/(loss) for the year, net of tax	48	**14,478**	(6,982)	**7,641**	(2,584)
Total comprehensive income for the year		**63,154**	43,137	**37,401**	246,358
Attributable to:					
Equity holders of the Company		**35,960**	29,999	**37,401**	246,358
Non-controlling interest		**27,194**	13,138	**-**	–
		63,154	43,137	**37,401**	246,358

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

Consolidated Statement of Cash Flows

for the year ended 30 September 2014

	2014 RM'000	2013 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	**69,305**	65,735
Adjustments for:		
Depreciation of property, plant and equipment	**1,677**	1,668
Amortisation of:		
- premiums, net of accretion of discounts	**43**	94
- prepaid land lease payments	**4**	4
- intangible assets	**624**	233
Loss on disposal of property, plant and equipment	**145**	40
Property, plant and equipment written off	**150**	63
Intangible assets written off	**-**	2
Gain on fair value of investment properties	**(145)**	–
Gain on disposal of:		
- investments	**(446)**	(3,447)
- investment property	**-**	(5)
Inventories of goods for resale written off	**-**	121
Allowance for inventories obsolescence	**6**	41
Impairment of:		
- goodwill on consolidation	**-**	1,935
- AFS financial assets	**1,855**	929
Loan repayment rebate	**-**	(300)
Dividend income	**(973)**	(998)
Interest income	**(34,209)**	(28,315)
Income from Sukuk	**(10)**	–
Interest expense	**2,898**	5,667
Allowance for impairment:		
- property, plant and equipment	**395**	613
- intangible assets	**-**	149
- insurance receivables	**867**	760
- trade receivables	**-**	28
Write back in allowance for impairment:		
- intangible assets	**(6)**	–
- insurance receivables	**(139)**	(131)
- trade receivables	**(1,029)**	(5)
Interest income from judgment debtor	**(1,267)**	–
Bad debts written off of trade receivables	**34**	–
Short term accumulating compensated absences	**(47)**	109
Pension cost – defined benefit plan	**148**	18
Unrealised loss/(gain) on foreign exchange	**448**	(2,619)
Transfer to property, plant and equipment and intangible assets from inventories	**(47)**	(102)
Operating profit before working capital changes	**40,281**	42,287

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

Consolidated Statement of Cash Flows

for the year ended 30 September 2014 (Cont'd)

	Note	2014 RM'000	2013 RM'000
CASH FLOW FROM OPERATING ACTIVITIES (Cont'd)			
Changes in working capital:			
Disposal of investments		**6,145**	20,550
Purchase of investments		**-**	(185)
Capital repayment in respect of AFS financial assets		**36**	-
Decrease/(increase) in deposits and placements with financial institutions		**11,612**	(149,458)
(Increase)/decrease in loans		**(31,116)**	15
Decrease in reinsurance assets		**13,634**	1,495
Increase in insurance receivables		**(1,295)**	(4,364)
Increase in trade and other receivables		**(10,174)**	(24,530)
(Increase)/decrease in inventories - goods for resale		**(51)**	38
(Decrease)/increase in insurance contract liabilities		**(13,880)**	25,085
Increase/(decrease) in insurance payables		**2,744**	(7,484)
Increase in payables		**126**	17
Cash generated from/(used in) operations		**18,062**	(96,534)
Tax paid, net of tax refunded		**(14,885)**	(10,642)
Dividends received		**530**	1,258
Interest received		**32,309**	27,896
Income received from Sukuk		**6**	-
Interest income received from judgment debtor		**1,267**	-
Interest paid		**(2,793)**	(5,606)
Net cash generated from/(used in) operating activities		**34,496**	(83,628)
CASH FLOW FROM INVESTING ACTIVITIES			
Divestment of a subsidiary company, net of divestment costs		**-**	263,328
Purchase of property, plant and equipment	5(c)	**(1,362)**	(737)
Purchase of intangible assets	9	**(556)**	(517)
Purchase of investments		**(1,594)**	(502)
Disposal of property, plant and equipment		**288**	89
Disposal of investment property		**-**	60
Net cash (used in)/generated from investing activities		**(3,224)**	261,721

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

Consolidated Statement of Cash Flows

for the year ended 30 September 2014 (Cont'd)

	Note	2014 RM'000	2013 RM'000
CASH FLOW FROM FINANCING ACTIVITIES			
Purchase of treasury shares		**(3,642)**	(2,109)
Dividends paid		**(18,067)**	(51,590)
Dividends paid to a non-controlling interest		**(23,422)**	–
Decrease in hire purchase creditors		**(689)**	(658)
Repayment of borrowings		**–**	(50,534)
Net cash used in financing activities		**(45,820)**	(104,891)
Effects of exchange rate changes on cash and cash equivalents		**(175)**	254
Net (decrease)/increase in cash and cash equivalents		**(14,723)**	73,456
Cash and cash equivalents at beginning of year		**89,370**	15,915
Cash and cash equivalents at end of year		**74,647**	89,371
Cash and cash equivalents comprise the following:			
Cash and cash equivalents as previously reported	20	**74,647**	89,371
Effect of exchange rate changes		**–**	(1)
Cash and cash equivalents		**74,647**	89,370

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

Statement of Cash Flows

for the year ended 30 September 2014

	2014 RM'000	2013 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	**30,897**	262,771
Adjustments for:		
Depreciation of property, plant and equipment	**105**	132
Gain on divestment of a subsidiary company	**–**	(234,305)
Allowance for impairment of:		
- amounts due from subsidiary companies	**–**	24,382
- investment in subsidiary companies	**–**	2,760
Amortisation of computer software and other licences	**11**	8
Loss on disposal of property, plant and equipment	**–**	18
Property, plant and equipment written off	**125**	6
Unrealised loss/(gain) on foreign exchange	**86**	(1,450)
Short term accumulating compensated absences	**(85)**	36
Dividend income	**(27,366)**	(58,080)
Interest income	**(11,698)**	(6,206)
Income from Sukuk	**(10)**	–
Interest expense	**64**	2,994
Operating loss before working capital changes	**(7,871)**	(6,934)
Changes in working capital:		
Decrease/(increase) in deposits and placements with financial institutions	**10,751**	(111,184)
Increase in receivables	**(58)**	(99)
Increase in due from subsidiary companies	**(68,163)**	(5,053)
Increase in payables	**37**	216
Cash used in operations	**(65,304)**	(123,054)
Tax refunded, net of tax paid	**1,161**	1,136
Dividends received	**27,366**	43,560
Interest received	**8,334**	4,935
Income received from Sukuk	**6**	–
Interest paid	**(64)**	(3,151)
Net cash used in operating activities	**(28,501)**	(76,574)

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

Statement of Cash Flows

for the year ended 30 September 2014 (Cont'd)

	Note	2014 RM'000	2013 RM'000
CASH FLOW FROM INVESTING ACTIVITIES			
Divestment of a subsidiary company, net of divestment costs		**-**	263,328
Purchase of property, plant and equipment	5(c)	**(65)**	(131)
Purchase of intangible assets		**-**	(94)
Purchase of investments		**(1,594)**	(501)
Disposal of property, plant and equipment		**-**	79
Net cash (used in)/generated from investing activities		**(1,659)**	262,681
CASH FLOW FROM FINANCING ACTIVITIES			
Purchase of treasury shares		**(3,642)**	(2,109)
Dividends paid		**(18,067)**	(51,590)
Decrease in hire purchase creditors		**(165)**	(178)
Repayment to a subsidiary company		**-**	(3,033)
Repayment of bank borrowings		**-**	(50,234)
Net cash used in financing activities		**(21,874)**	(107,144)
Net (decrease)/increase in cash and cash equivalents		**(52,034)**	78,963
Cash and cash equivalents at beginning of year		**76,199**	(2,764)
Cash and cash equivalents at end of year (Note 20)		**24,165**	76,199

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

Notes to the Financial Statements

- 30 September 2014

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 27 November 2014 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.

At the beginning of the current financial year, the Group and the Company had adopted new and revised MFRSs, amendments to MFRSs and Issues Committee ("IC") Interpretations as described fully 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 (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(ii) Basis of Consolidation

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

(a) Merger Method of Accounting

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

(b) Acquisition Method of Accounting

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

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

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

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

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

(c) Non-Controlling Interest

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held directly or indirectly by the Group. Non-controlling interests are 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(ii) Basis of Consolidation (Cont'd)

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

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

(c) Fair Value Measurement

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

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

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

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, Plant and Equipment and Depreciation

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

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

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

The principal annual rates of depreciation are:

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

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

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

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- 30 September 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. 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. Revaluations are performed once in every three years or earlier if the carrying values of the revalued properties are materially different from their market values.

Gains or losses arising from changes in the fair values of investment properties are recognised in the income 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 (d) up to the date of change in use.

(f) Intangible Assets

(i) Goodwill

Goodwill arising on business combination represents the excess of acquisition cost over the fair value of the net assets of the subsidiary companies at the date of acquisition. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Intangible Assets (Cont'd)

(ii) Other Intangible Assets (Cont'd)

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.

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.

(g) 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.

Notes to the Financial Statements
- 30 September 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial Instruments (Cont'd)

(i) Financial Assets (Cont'd)

(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.

(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 2(h)(i).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial Instruments (Cont'd)

(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 ("FVTPL")

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition 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 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 directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

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

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial Instruments (Cont'd)

(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.

(h) 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.

(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 assess 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Impairment (Cont'd)

(i) Financial Assets (Cont'd)

(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.

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.

Notes to the Financial Statements
- 30 September 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Impairment (Cont'd)

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

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.

(i) 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.

(j) 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)

(k) 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(h)(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.

(l) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at banks and in 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.

(m) 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.

(n) Borrowings

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

(o) 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.

Notes to the Financial Statements
- 30 September 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) 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.

(q) 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 using the effective interest method.

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

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

(vi) 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.

(r) 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.

(s) 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)

(t) 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

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

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

- URR

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

Claims Liabilities

Claims liabilities are recognised as the obligation to make future payments in relation to all claims that have been incurred as at the end of the financial year. They are recognised in respect of both direct insurance and inward reinsurance. The value of claims liabilities is based on the best estimate which 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.

Notes to the Financial Statements
- 30 September 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) 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.

(v) 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

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

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

(iii) Defined Benefit Plan

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

(w) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(w) Foreign Currencies (Cont'd)

(ii) Foreign Currency Transactions

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

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

(iii) Foreign Operations

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

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

Notes to the Financial Statements
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(x) 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.

(y) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(y) Leases (Cont'd)

(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(d).

(iii) Operating Leases – the Group as Lessee

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

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

(iv) Operating Leases – the Group as Lessor

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

(z) 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.

Notes to the Financial Statements

- 30 September 2014

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

(a) 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 2013 except for the adoption of the following MFRSs, Amendments to MFRSs and IC Interpretations issued by Malaysian Accounting Standards Board ("MASB"):

MFRS 3	Business Combinations
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	Separate Financial Statements (revised)
MFRS 127	Consolidated and Separate Financial Statements (revised)
MFRS 128	Investments in Associates and Joint Ventures (revised)
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 – 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 Interests 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

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

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

(b) MFRSs, Amendments to MFRSs and IC Interpretations yet to be effective

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 2014

Amendments to MFRS 10	Consolidated Financial Statements: Investment Entities
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Investment Entities
Amendments to MFRS 127	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 July 2014

Amendments to MFRS 119	Defined Benefit Plans: Employee Contributions
MFRS 2	Share-Based Payment (Annual Improvements to MFRSs 2010 – 2012 Cycle)
MFRS 3	Business Combinations (Annual Improvements to MFRSs 2010 – 2012 Cycle)
MFRS 8	Operating Segments (Annual Improvements to MFRSs 2010 – 2012 Cycle)
MFRS 13	Fair Value Measurement (Annual Improvements to MFRSs 2010 – 2012 Cycle)
MFRS 116	Property, Plant and Equipment (Annual Improvements to MFRSs 2010 – 2012 Cycle)
MFRS 138	Intangible Assets (Annual Improvements to MFRSs 2010 – 2012 Cycle)
MFRS 124	Related Party Disclosures (Annual Improvements to MFRSs 2010 – 2012 Cycle)
MFRS 1	First-time Adoption of MFRS (Annual Improvements to MFRSs 2011 – 2013 Cycle)
MFRS 3	Business Combinations (Annual Improvements to MFRSs 2011 – 2013 Cycle)
MFRS 13	Fair Value Measurement (Annual Improvements to MFRSs 2011 – 2013 Cycle)
MFRS 140	Investment Property (Annual Improvements to MFRSs 2011 – 2013 Cycle)

Notes to the Financial Statements

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

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

Effective for financial periods beginning on or after 1 January 2016

MFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements to MFRSs 2012 – 2014 Cycle)
MFRS 7	Financial Instruments: Disclosures (Annual Improvements to MFRSs 2012 – 2014 Cycle)
MFRS 14	Regulatory Deferral Accounts
MFRS 119	Employee Benefits (Annual Improvements to MFRSs 2012 – 2014 Cycle)
MFRS 134	Interim Financial Reporting (Annual Improvements to MFRSs 2012 – 2014 Cycle)
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 127	Equity Method in Separate Financial Statements

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to MFRS 116 and MFRS 138)

Agriculture: Bearer Plants (Amendments to MFRS 116 and MFRS 141)

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

Effective for financial periods beginning on or after 1 January 2017

MFRS 15	Revenue from Contracts with Customers

Effective for financial periods beginning on or after 1 January 2018

MFRS 9	Financial Instruments (IFRS 9 Financial Instruments as issued by International Accounting Standards Board ("IASB") in July 2014)

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

- **MFRS 9: Financial Instruments (IFRS 9 issued by IASB in July 2014)**

  MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of MFRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. MFRS 9 when effective will replace MFRS 139.

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

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

- **MFRS 9: Financial Instruments (IFRS 9 issued by IASB in July 2014) (Cont'd)**

Classification and Measurement of Financial Assets

MFRS 9 introduces an approach for classification and measurement of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. In essence, financial assets that are held in a business model whose objective is to hold the assets in order to collect contractual cash flows are measured at amortised cost. Financial assets that are held in a business model whose objective is to achieve both collecting contractual cash flows and selling the financial assets are classified and measured at fair value through other comprehensive income (FVTOCI). Financial assets that are held for trading, those that are managed on a fair value basis, and any financial assets not held in one of the two business models mentioned above are measured at fair value through profit or loss. Financial assets are also required to be reclassified when and only when the business model for managing the said financial assets changes.

Classification and Measurement of Financial Liabilities

MFRS 9 does not change the basic accounting model for financial liabilities under MFRS 139. Two measurement categories continue to exist: fair value through profit or loss (FVTPL) and amortised cost.

MFRS 9 however requires gains and losses on financial liabilities designated at FVTPL to be split into the amount of change in fair value attributable to changes in credit risk of the liability, presented in other comprehensive income, and the remaining amount presented in profit or loss. Amounts presented in other comprehensive income are not subsequently reclassified to profit or loss. All other MFRS 139 requirements in respect of financial liabilities have been carried forward to MFRS 9.

Impairment

MFRS 9 also introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, MFRS 9 requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model is forward-looking and it eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

Hedge Accounting

MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

The initial application of MFRS 9 in the future may have an impact on the financial statements of the Group and of the Company. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

(a) Critical Judgment Made in Applying Accounting Policies

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

(ii) 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 judgment and estimations.

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

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

(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.

(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 judgment. In making this judgment, 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. The Group impairs 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.

Notes to the Financial Statements
- 30 September 2014

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

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

(vi) Uncertainty in Accounting Estimates in the General Insurance Business (Cont'd)

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

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

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

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

(vii) Deferred Tax Assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other taxable temporary differences to the extent that it is probable that taxable profit will be available against which the benefits can be utilised. Significant management judgment 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.

(viii) Fair Value Measurement of Financial Instruments

When the fair values of financial assets recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using relevant reports and related documents. A degree of judgment is required in establishing their fair values which include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

5. PROPERTY, PLANT AND EQUIPMENT

Group	Valuation			Cost				
	Freehold land RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Computer equipment RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture, fixtures and fittings RM'000	Total RM'000
2014								
Valuation/Cost								
At 1 October 2013	1,860	681	16,559	6,786	5,465	4,261	4,968	40,580
Additions	-	-	-	45	1,562	196	750	2,553
Disposals	-	-	-	-	(862)	(10)	(13)	(885)
Write-offs	-	-	-	(128)	(177)	(81)	(199)	(585)
Transfer from inventories	-	-	-	-	-	47	-	47
Translation differences	-	-	-	(3)	(20)	(7)	(10)	(40)
At 30 September 2014	1,860	681	16,559	6,700	5,968	4,406	5,496	41,670
Accumulated Depreciation and Impairment								
At 1 October 2013	-	20	713	6,276	2,272	3,555	4,524	17,360
Charge for the year	-	20	713	59	458	280	147	1,677
Impairment (Note 37)	-	-	-	6	261	-	128	395
Disposals	-	-	-	-	(432)	(10)	(10)	(452)
Write-offs	-	-	-	(128)	(55)	(55)	(197)	(435)
Translation differences	-	-	-	(3)	(2)	(8)	(9)	(22)
At 30 September 2014	-	40	1,426	6,210	2,502	3,762	4,583	18,523
Net Book Value								
At 30 September 2014	1,860	641	15,133	490	3,466	644	913	23,147

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- 30 September 2014

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

Group	Valuation			Cost				
	Freehold land RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Computer equipment RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture, fixtures and fittings RM'000	Total RM'000
2013								
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 37)	–	–	–	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

Notes to the Financial Statements
- 30 September 2014

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

Company

	Computer equipment RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture, fixtures and fittings RM'000	Total RM'000
	← Cost			→	
2014					
Cost					
At 1 October 2013	**296**	**1,412**	**104**	**435**	**2,247**
Additions	**4**	**252**	**13**	**1**	**270**
Write-offs	**–**	**(177)**	**(3)**	**–**	**(180)**
At 30 September 2014	**300**	**1,487**	**114**	**436**	**2,337**
Accumulated Depreciation					
At 1 October 2013	**292**	**444**	**74**	**356**	**1,166**
Charge for the year	**2**	**89**	**6**	**8**	**105**
Write-offs	**–**	**(55)**	**–**	**–**	**(55)**
At 30 September 2014	**294**	**478**	**80**	**364**	**1,216**
Net Book Value					
At 30 September 2014	**6**	**1,009**	**34**	**72**	**1,121**
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

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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 fair value of the freehold land and buildings and leasehold buildings are categorised within Level 2 of the fair value hierarchy.

There is no change to the valuation technique and fair value hierarchy level during the current financial year.

The net book values of the freehold land and buildings and leasehold buildings of the Group had the cost model been applied, compared to the revaluation model as at 30 September 2014 are as follows:

	Net Book Value			
	2014		2013	
	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
Freehold buildings	**641**	**272**	661	280
Leasehold buildings	**15,133**	**7,267**	15,846	7,586
	17,634	**7,919**	18,367	8,246

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Motor vehicles	**3,577**	2,847	**835**	776

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash	**1,362**	737	**65**	131
Hire purchase	**1,125**	374	**205**	140
Credit	**66**	2	**-**	-
	2,553	1,113	**270**	271

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6. INVESTMENT PROPERTIES

	Group 2014 RM'000	Group 2013 RM'000
At fair value		
At 1 October 2013/2012	**695**	750
Disposal	**-**	(55)
Gain on fair value adjustments (Note 31)	**145**	-
At 30 September	**840**	695
Analysed as:		
Freehold buildings	**515**	400
Leasehold buildings	**325**	295
	840	695

Investment properties were revalued as at 30 September 2014 by Messrs. Rahim & Co., an independent professional valuer. Fair value is determined by reference to open market values using the comparison method.

The fair value of the investment properties are categorised within Level 2 of the fair value hierarchy.

There is no change to the valuation technique and fair value hierarchy level during the current financial year.

7. PREPAID LAND LEASE PAYMENTS

	Group 2014 RM'000	Group 2013 RM'000
Long term leasehold land:		
At 1 October 2013/2012	**314**	318
Amortisation (Note 36)	**(4)**	(4)
At 30 September	**310**	314

8. GOODWILL ON CONSOLIDATION

	Group 2014 RM'000	Group 2013 RM'000
At 1 October 2013/2012	**-**	1,935
Impairment (Note 37)	**-**	(1,935)
At 30 September	**-**	-

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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.

During the last financial year, goodwill of RM1,935,000 was impaired as the carrying amount of the CGU exceeded its estimated recoverable amount.

9. INTANGIBLE ASSETS

Group	Club Membership RM'000	Software Distribution Licence RM'000	Computer Software and Other Licences RM'000	Total RM'000
2014				
Cost				
At 1 October 2013	520	2,346	3,248	6,114
Additions	-	-	556	556
Translation differences	(3)	-	(2)	(5)
At 30 September 2014	517	2,346	3,802	6,665
Accumulated Amortisation and Impairment				
At 1 October 2013	124	2,346	1,856	4,326
Amortisation (Note 36)	10	-	614	624
Write back of impairment (Note 37)	(6)	-	-	(6)
Translation differences	(1)	-	(1)	(2)
At 30 September 2014	127	2,346	2,469	4,942
Net Book Value				
At 30 September 2014	390	-	1,333	1,723

9. INTANGIBLE ASSETS (CONT'D)

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 36)	11	–	222	233
Write-offs	–	–	(1,068)	(1,068)
Impairment (Note 37)	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

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9. INTANGIBLE ASSETS (CONT'D)

Company

	Computer Software and Other Licences RM'000
2014	
Cost	
At 1 October 2013 / 30 September	**197**
Accumulated Amortisation	
At 1 October 2013	**102**
Amortisation (Note 36)	**11**
At 30 September 2014	**113**
Net Book Value	
At 30 September 2014	**84**
2013	
Cost	
At 1 October 2012	103
Additions	94
At 30 September 2013	197
Accumulated Amortisation	
At 1 October 2012	94
Amortisation (Note 36)	8
At 30 September 2013	102
Net Book Value	
At 30 September 2013	95

10. DEFERRED TAX ASSETS/(LIABILITIES)

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
At 1 October 2013/2012	**2,386**	4,011	**511**	529
Transferred (from)/to income statement (Note 46)	**(561)**	(2,303)	**3**	(18)
- deferred tax assets	**(489)**	(2,294)	**11**	(6)
- deferred tax liabilities	**(72)**	(9)	**(8)**	(12)
Transferred (from)/to AFS reserve (Note 48)	**(2,195)**	678	**-**	-
At 30 September	**(370)**	2,386	**514**	511

Reflected in the statements of financial position as follows:

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Deferred tax assets	**514**	2,386	**514**	511
Deferred tax liabilities	**(884)**	-	**-**	-
Net deferred tax (liabilities)/assets	**(370)**	2,386	**514**	511

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

Deferred Tax Assets of the Group:

2014	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 2013	60	4	449	2,715	577	1,790	5,595
Recognised in the income statement	-	1	-	(501)	11	-	(489)
Recognised in other comprehensive income (Note 48)	-	-	(2,195)	-	-	-	(2,195)
At 30 September 2014	60	5	(1,746)	2,214	588	1,790	2,911

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

The components and movements of deferred tax assets in the previous 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 48)	-	-	678	-	-	-	678
At 30 September 2013	60	4	449	2,715	577	1,790	5,595

Deferred Tax Liabilities of the Group:

	Revaluation Surplus RM'000	Accelerated Capital Allowances RM'000	Total RM'000
2014			
At 1 October 2013	**(2,933)**	**(276)**	**(3,209)**
Recognised in the income statement	**-**	**(72)**	**(72)**
At 30 September 2014	**(2,933)**	**(348)**	**(3,281)**
2013			
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)

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

Net Deferred Tax (Liabilities)/Assets of the Group:

	2014 RM'000	2013 RM'000
Deferred Tax Assets	**2,911**	5,595
Deferred Tax Liabilities	**(3,281)**	(3,209)
	(370)	2,386

Deferred Tax Assets of the Company:

	Unused Tax Losses and Unabsorbed Capital Allowances RM'000	Total RM'000
2014		
At 1 October 2013	**577**	**577**
Recognised in the income statement	**11**	**11**
At 30 September 2014	**588**	**588**
2013		
At 1 October 2012	583	583
Recognised in the income statement	(6)	(6)
At 30 September 2013	577	577

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

Deferred Tax Liabilities of the Company:

	Accelerated Capital Allowances RM'000	Total RM'000
2014		
At 1 October 2013	**(66)**	**(66)**
Recognised in the income statement	**(8)**	**(8)**
At 30 September 2014	**(74)**	**(74)**
2013		
At 1 October 2012	(54)	(54)
Recognised in the income statement	(12)	(12)
At 30 September 2013	(66)	(66)

Net Deferred Tax Assets of the Company:

	2014 RM'000	2013 RM'000
Deferred Tax Assets	**588**	577
Deferred Tax Liabilities	**(74)**	(66)
	514	511

As at 30 September 2014, net deferred tax assets have not been recognised in respect of the following temporary differences:

	Group	
	2014 RM'000	2013 RM'000
Depreciation and capital allowances on property, plant and equipment	**(1,466)**	(1,637)
Unabsorbed capital allowances and unused tax losses	**95,003**	101,765
Other deductible temporary differences	**1,010**	2,099
	94,547	102,227

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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
(a) Available-for-sale ("AFS") financial assets:				
At fair value				
Quoted shares	**39,508**	26,399	**18,808**	9,800
Unit trusts	**12,249**	11,887	**-**	–
Others	**-**	4	**-**	–
	51,757	38,290	**18,808**	9,800
Islamic corporate bonds	**2,125**	–	**-**	–
Total AFS financial assets (Note 51)	**53,882**	38,290	**18,808**	9,800
(b) Held-to-maturity ("HTM") investments:				
At amortised cost: *				
Subordinated Notes #	**-**	–	**34,725**	34,697
Sukuk	**227**	–	**227**	–
Malaysian Government Securities	**-**	5,378	**-**	–
Amortisation of premium, net of accretion of discount	**-**	(335)	**-**	–
	-	5,043	**-**	–
Total HTM investments	**227**	5,043	**34,952**	34,697
Total investments	**54,109**	43,333	**53,760**	44,497

* **At fair value:**				
Subordinated Notes	**-**	–	**34,725**	34,697
Sukuk	**227**	–	**227**	–
Malaysian Government Securities	**-**	5,060	**-**	–

The Company's investments in Subordinated Notes ("Sub Notes") of RM34,725,000 (2013: RM34,697,000) are in respect of Sub Notes issued by its insurance subsidiary company. The Sub Notes were issued for a period of 10 years on a 10 non-callable 5 basis, with a coupon rate of 7.60% per annum.

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11. INVESTMENTS (CONT'D)

The carrying values of investments as at 30 September 2014 are as follows:

	Note	AFS financial assets RM'000	HTM investments RM'000	Total RM'000
Group				
At 1 October 2013		**38,290**	**5,043**	**43,333**
Additions		**1,763**	**227**	**1,990**
Disposals		**(735)**	**–**	**(735)**
Maturities		**–**	**(5,000)**	**(5,000)**
Fair value gain recorded in other comprehensive income	48	**16,419**	**–**	**16,419**
Impairment of AFS financial assets	48	**(1,855)**	**–**	**(1,855)**
Amortisation of premium, net of accretion of discount	41	**–**	**(43)**	**(43)**
At 30 September 2014		**53,882**	**227**	**54,109**
Company				
At 1 October 2013		**9,800**	**34,697**	**44,497**
Additions		**1,367**	**227**	**1,594**
Fair value gain recorded in other comprehensive income	48	**7,641**	**–**	**7,641**
Accretion of discount		**–**	**28**	**28**
At 30 September 2014		**18,808**	**34,952**	**53,760**

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	48	(5,359)	–	(5,359)
Impairment of AFS financial assets	48	(929)	–	(929)
Amortisation of premium, net of accretion of discount	41	–	(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	48	(2,584)	–	(2,584)
Accretion of discount		–	25	25
At 30 September 2013		9,800	34,697	44,497

12. INVESTMENT IN SUBSIDIARY COMPANIES

	Company 2014 RM'000	Company 2013 RM'000
Unquoted shares - at cost	**129,636**	158,659
Divestment of a subsidiary company	**-**	(29,023)
	129,636	129,636
Impairment losses	**(9,129)**	(9,129)
	120,507	120,507

The subsidiary companies are:

Incorporated in Malaysia	Effective Interests 2014 %	Effective Interests 2013 %	Principal Activities
Pacific & Orient Insurance Co. Berhad	**51**	51	General insurance business
P & O Technologies Sdn. Bhd.	**100**	100	Provision of information technology services and sale of information technology equipment
Pacific & Orient Distribution Sdn. Bhd.	**100**	100	Distribution of consumer goods and provision of sales and administrative services
P & O Capital Sdn. Bhd.	**100**	100	Money lending
P & O Global Technologies Sdn. Bhd.	**100**	100	Dealing in computer hardware, software and systems
P & O Resources Sdn. Bhd.	**100**	100	Dealing in computer hardware, software and systems
Dynamic Network Distributions Sdn. Bhd.	**100**	100	Provision of management and privilege card programme services and sale of consumer goods
P & O Nominees Services (Tempatan) Sdn. Bhd.	**100**	100	Dormant
P & O Properties Sdn. Bhd. (formerly known as Pacific Global Technologies Sdn. Bhd.)	**100**	100	Dormant
Focus Internet Sdn. Bhd.	**100**	100	Supplying computers and related peripherals
P & O Equities Sdn. Bhd. [(1)]	**100**	–	Investment holding

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12. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The subsidiary companies are: (Cont'd)

Incorporated in England	Effective Interests 2014 %	2013 %	Principal Activities
Pacific & Orient Properties Ltd.*	**100**	100	Trading, property development, dealings in properties and provision of property related services
Incorporated in the United States of America			
P & O Global Technologies, Inc. **	**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	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) **Incorporation of a subsidiary company**

On 20 June 2014, the Company incorporated a wholly-owned subsidiary company, P & O Equities Sdn. Bhd. ("POE"), with a paid-up share capital of RM100 divided into 100 ordinary shares of RM1.00 each. The principal activity of POE is investment holding.

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

	2014	2013
Portion of equity interest held by a non-controlling interest:		
Non-controlling interest percentage of ownership interest and voting interest in Pacific & Orient Insurance Co. Berhad	**49%**	49%
Carrying amount of non-controlling interest (RM'000)	**126,670**	122,898

12. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Financial information of a subsidiary company that has material non-controlling interest is provided below: (Cont'd)

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

(a) Summarised statement of financial position

	2014 RM'000	2013 RM'000
Total assets	**1,122,932**	1,124,648
Total liabilities	**(864,422)**	(870,847)
Total equity	**258,510**	253,801

(b) Summarised income statement

	2014 RM'000	2013 RM'000
Revenue	**525,750**	553,416
Net profit for the year attributable to:		
Equity holders of the Company	**24,946**	41,892
Non-controlling interest	**23,968**	13,210
	48,914	55,102

(c) Summarised statement of comprehensive income

	2014 RM'000	2013 RM'000
Net profit for the year	**48,914**	55,102
Other comprehensive income	**6,583**	(2,032)
Total comprehensive income for the year	**55,497**	53,070
Attributable to:		
Equity holders of the Company	**28,303**	39,932
Non-controlling interest	**27,194**	13,138
	55,497	53,070
Dividends paid to non-controlling interest	**23,422**	–

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12. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Financial information of a subsidiary company that has material non-controlling interest is provided below: (Cont'd)

(d) Summarised statement of cash flows

	2014 RM'000	2013 RM'000
Net cash generated from/(used in):		
Operating activities	**51,623**	31,396
Investing activities	**(999)**	(210)
Financing activities	**(51,113)**	(43,870)
Net decrease in cash and cash equivalents	**(489)**	(12,684)
Cash and cash equivalents at beginning of year	**4,482**	17,166
Cash and cash equivalents at end of year	**3,993**	4,482

13. INVENTORIES – GOODS FOR RESALE

	Group 2014 RM'000	2013 RM'000
Inventories - at cost	**520**	477
Allowance for inventory obsolescence	**(47)**	(50)
	473	427

14. LOANS

	Group 2014 RM'000		2013 RM'000
Loans:			
- secured loans	**30,960**	*	93
- unsecured loans	**273**		24
	31,233		117
Due within one year	**950**		45
Due after one year	**30,283**		72
	31,233		117

The interest rates on loans were between 6.80% and 12.00% (2013 : 6.80% and 9.50%) per annum.

* The loans are secured by way of charge over bank accounts, debentures, shares and corporate guarantees.

15. REINSURANCE ASSETS

	Group 2014 RM'000	Group 2013 RM'000
Reinsurance of insurance contracts		
Claims liabilities (Note 21.1)	**162,463**	165,419
Premium liabilities (Note 21.2)	**53,386**	64,064
	215,849	229,483

16. INSURANCE RECEIVABLES

	Group 2014 RM'000	Group 2013 RM'000
Outstanding premiums including agents', brokers' and co-insurers' balances	**7,705**	9,663
Due from reinsurers and ceding companies	**18,725**	15,647
	26,430	25,310
Allowance for impairment	**(2,184)**	(1,631)
	24,246	23,679

17. RECEIVABLES

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Trade receivables:				
Trade receivables	**2,118**	3,018	**-**	–
Allowance for impairment	**(69)**	(1,135)	**-**	–
	2,049	1,883	**-**	–
Other receivables:				
Accrued income	**6,509**	5,519	**1,381**	998
Share of assets held by Malaysian Motor Insurance Pool ("MMIP") [(1)]	**54,935**	44,029	**-**	–
Deposits and prepayments	**2,689**	2,219	**146**	121
Tax recoverable [(2)]	**3,078**	4,096	**-**	1,812
Claims recoverable from co-insurers	**681**	–	**-**	–
Others	**1,324**	1,463	**222**	190
	69,216	57,326	**1,749**	3,121

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17. RECEIVABLES (CONT'D)

(1) This includes the insurance subsidiary company's contribution of RM7,162,000 and RM10,827,000 to MMIP following cash calls made by the Pool during the current and previous financial year respectively. The contributions were made in respect of the insurance subsidiary company's share of MMIP's accumulated losses up to 31 December 2012.

MMIP has made a third cash call of RM9,359,000 in respect of the insurance subsidiary company's share of the Pool's losses which were recorded in the insurance subsidiary company's income statements for the current and previous financial years. This contribution will be made and reflected in the insurance subsidiary company's financial statements in the financial year ending 30 September 2015.

(2) This include the double tax deduction of the contribution made in repect of MMIP's first cash call of RM10,827,000.

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

The amounts due from subsidiary companies are payable on demand, unsecured and interest-free, except for the amount of RM46,966,000 (2013 : RM12,837,000) which bear interest between 4.75% and 10.25% (2013 : 4.75% and 10.25%) per annum.

	Company	
	2014	**2013**
	RM'000	**RM'000**
Ringgit Malaysia	**50,555**	22,898
United States Dollars	**62,314**	26,057
Thai Baht	**2,098**	1,332
Great Britain Pound	**6,381**	25
	121,348	50,312
Allowance for impairment	**(42,329)**	(42,329)
	79,019 *	7,983

* This represent amounts granted to subsidiary companies for loans to third parties and investment purposes.

19. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Licensed banks	**856,417**	868,029	**100,433**	111,183

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 RM93,000 (2013 : RM90,000) 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 (2013 : RM103,000) of the Group have been pledged as performance guarantee 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	
	2014 %	2013 %	2014 %	2013 %
Licensed banks	**3.15 – 3.75**	2.00 – 3.50	**3.52 – 3.75**	3.00 – 3.35

20. CASH AND BANK BALANCES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash and bank balances	**44,344**	8,657	**258**	222
Short-term deposits and placements with financial institutions	**30,303**	80,714	**23,907**	75,977
	74,647	89,371	**24,165**	76,199

Deposits of RM618,000 (2013 : RM599,000) 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	
	2014 %	2013 %	2014 %	2013 %
Licensed banks	**0.65 – 3.65**	1.60 – 3.35	**3.25 – 3.65**	3.00 – 3.35

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21. INSURANCE CONTRACT LIABILITIES

	2014			2013		
	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	**772,657**	**(215,849)**	**556,808**	786,537	(229,483)	557,054

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

		2014			2013		
Group	Note	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Provision for claims reported by policyholders		**417,402**	**(127,324)**	**290,078**	411,759	(124,400)	287,359
Provision for Incurred But Not Reported ("IBNR") claims		**101,021**	**(21,950)**	**79,071**	93,386	(25,097)	68,289
Provision of Risk Margin for Adverse Deviation ("PRAD")		**45,574**	**(13,189)**	**32,385**	45,977	(15,922)	30,055
Claims liabilities	21.1	**563,997**	**(162,463)**	**401,534**	551,122	(165,419)	385,703
Premium liabilities	21.2	**208,660**	**(53,386)**	**155,274**	235,415	(64,064)	171,351
		772,657	**(215,849)**	**556,808**	786,537	(229,483)	557,054

21. INSURANCE CONTRACT LIABILITIES (CONT'D)

21.1 CLAIMS LIABILITIES

	2014			2013		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Group						
At 1 October 2013/2012	**551,122**	**(165,419)**	**385,703**	516,480	(154,778)	361,702
Claims incurred for the current accident year (direct and facultative)	**227,990**	**(63,691)**	**164,299**	181,542	(60,995)	120,547
Adjustment to claims incurred in prior accident years (direct and facultative)	**65,776**	**(21,076)**	**44,700**	121,540	(30,104)	91,436
Claims incurred during the year (treaty inwards claims)	**11,240**	**-**	**11,240**	17,825	-	17,825
Movement in PRAD of claims liabilities at 75% confidence level	**(403)**	**2,733**	**2,330**	(1,763)	1,883	120
Movement in claims handling expenses	**260**	**(139)**	**121**	714	79	793
Claims paid during the year	**(291,988)**	**85,129**	**(206,859)**	(285,216)	78,496	(206,720)
At 30 September	**563,997**	**(162,463)**	**401,534**	551,122	(165,419)	385,703

21.2 PREMIUM LIABILITIES

	2014			2013		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Group						
At 1 October 2013/2012	**235,415**	**(64,064)**	**171,351**	244,972	(76,200)	168,772
(Decrease)/increase in premium liabilities:						
- Premium written during the year	**469,566**	**(135,910)**	**333,656**	515,878	(160,593)	355,285
- Premium earned during the year	**(496,321)**	**146,588**	**(349,733)**	(525,435)	172,729	(352,706)
	(26,755)	**10,678**	**(16,077)**	(9,557)	12,136	2,579
At 30 September	**208,660**	**(53,386)**	**155,274**	235,415	(64,064)	171,351

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22. INSURANCE PAYABLES

	Group 2014 RM'000	Group 2013 RM'000
Due to reinsurers and ceding companies	**8,660**	6,092
Due to agents, brokers, co-insurers and insureds	**2,828**	2,652
	11,488	8,744

23. PAYABLES

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Trade payables:				
Refund premiums	**207**	244	**-**	-
Share of non-insurance contract liabilities held by MMIP	**178**	143	**-**	-
Payables - Extended Warranty Programme	**489**	489	**-**	-
Others	**26**	115	**-**	-
	900	991	**-**	-
Other payables:				
Accruals	**3,273**	2,871	**573**	536
Short term accumulating compensated absences	**820**	861	**137**	222
Collateral deposits	**97**	94	**-**	-
Stamp duty payable	**1,414**	1,693	**-**	-
Unearned income	**474**	363	**-**	-
Accrual of directors' fees	**466**	532	**195**	195
Service tax payable	**411**	288	**-**	-
Unclaimed monies	**277**	270	**-**	-
Others	**1,450**	1,530	**-**	241
	8,682	8,502	**905**	1,194

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

24. HIRE PURCHASE CREDITORS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Future minimum payments are as follows:				
Not later than 1 year	**837**	667	**206**	178
Later than 1 year and not later than 2 years	**971**	831	**248**	243
Later than 2 years and not later than 5 years	**370**	186	**77**	65
Total future minimum lease payments	**2,178**	1,684	**531**	486
Less : Future finance charges	**(187)**	(129)	**(39)**	(35)
Present value of hire purchase creditors	**1,991**	1,555	**492**	451

Analysis of present value of hire purchase creditors:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Not later than 1 year	**756**	607	**187**	160
Later than 1 year and not later than 2 years	**884**	777	**231**	228
Later than 2 years and not later than 5 years	**351**	171	**74**	63
	1,991	1,555	**492**	451
Amount due within 1 year	**(756)**	(607)	**(187)**	(160)
Amount due after 1 year	**1,235**	948	**305**	291

The hire purchase agreements at the reporting date bear interest at between 2.45% and 5.30% (2013 : 2.04% and 5.10%) per annum.

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25. BORROWINGS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Secured:				
Revolving credits (a)	**200**	200	**-**	–
Unsecured:				
Sub Notes (b)	**33,671**	33,566	**-**	–
	33,871	33,766	**-**	–

Analysis of repayment period of total borrowings are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Amount due within 1 year	**200**	200	**-**	–
Amount due within 2 to 5 years	**-**	–	**-**	–
Amount due more than 5 years	**33,671**	33,566	**-**	–
	33,871	33,766	**-**	–

(a) Revolving credit facilities

The revolving credit facilities of a subsidiary company is secured by a deposit of the subsidiary company of RM618,000 (2013 : RM599,000). The revolving credit facilities of the subsidiary company bore interest at 6.18% (2013 : 5.74%) per annum.

The revolving credit facilities of the subsidiary company are due to mature within 1 year.

(b) 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.

26. SHARE CAPITAL

	Group/Company			
	Number of shares		Amount	
	2014 '000	2013 '000	2014 RM'000	2013 RM'000
Authorised ordinary shares of RM0.50 each:				
At 1 October 2013/2012 /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 2013/2012 /30 September	**245,954**	245,954	**122,977**	122,977

(a) Treasury Shares

	Group/Company			
	Number of shares		Amount*	
	2014 '000	2013 '000	2014 RM'000	2013 RM'000
At 1 October 2013/2012	**3,350**	1,604	**3,813**	1,463
Purchased	**2,390**	1,746	**3,401**	2,350
At 30 September	**5,740**	3,350	**7,214**	3,813

* This amount includes acquisition costs of treasury shares.

The shareholders of the Company, by a special resolution passed at a general meeting held on 17 March 2014, approved the renewal of the Company's plan to purchase its own ordinary shares.

During the financial year, the Company purchased 2,389,800 of its issued ordinary shares of RM0.50 each fully paid from the open market at an average price of RM1.42 per share for a consideration of RM3,401,070.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.

26. SHARE CAPITAL (CONT'D)

(a) Treasury Shares (Cont'd)

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

Shares purchased

Month	Price per share (RM) Lowest	Highest	Average	Number of shares purchased ('000)	Total consideration* RM'000
October 2013	1.38	1.41	1.41	307	432
November 2013	1.44	1.50	1.48	112	165
December 2013	1.45	1.47	1.47	532	779
January 2014	1.35	1.46	1.41	778	1,097
February 2014	1.38	1.42	1.40	292	410
March 2014	1.38	1.40	1.40	340	478
June 2014	1.38	1.39	1.39	29	40
Total shares purchased				2,390	3,401

* This amount includes acquisition costs of treasury shares.

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

27. 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) Available-For-Sale ("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.

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28. SHARE PREMIUM

	Group/Company 2014 RM'000	2013 RM'000
At 1 October 2013/2012 /30 September	**24,302**	24,302

29. 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	Total amount RM'000	Date of payment
2014			
In respect of the financial year ended 30 September 2013:			
5th interim single tier dividend of 1.50 sen per share, declared on 9 October 2013	**1.50**	**3,635**	13 November 2013
In respect of the financial year ended 30 September 2014:			
1st interim single tier dividend of 1.00 sen per share, declared on 20 December 2013	**1.00**	**2,416**	29 January 2014
2nd interim single tier dividend of 2.20 sen per share, declared on 6 March 2014	**2.20**	**5,290**	3 April 2014
3rd interim single tier dividend of 1.30 sen per share, declared on 8 May 2014	**1.30**	**3,123**	13 June 2014
4th interim single tier dividend of 1.50 sen per share, declared on 3 July 2014	**1.50**	**3,603**	13 August 2014
5th interim single tier dividend of 1.60 sen per share, declared on 4 September 2014	**1.60**	**3,843**	10 October 2014
	9.10	**21,910**	

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29. 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)	Group/Company Total amount RM'000	Date of payment
2013			
In respect of the financial year ended 30 September 2012:			
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
In respect of the financial year ended 30 September 2013:			
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	

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

30. 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	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Gross earned premium (Note 33)	**496,321**	525,435	**-**	–
Gross dividends:				
- shares quoted in Malaysia	**577**	678	**-**	–
- unit trusts	**396**	320	**-**	–
- subsidiary company	**-**	–	**27,366**	58,080
Interest income:				
- subsidiary companies	**-**	–	**6,938**	3,632
- Malaysian Government Securities	**148**	473	**-**	–
- deposits and placements with financial institutions	**31,180**	27,777	**4,760**	2,574
- loans to third parties	**2,731**	8	**-**	–
Income from Sukuk	**10**	–	**10**	–
Rental income from investment properties	**43**	42	**-**	–
Malaysian Motor Insurance Pool ("MMIP") investment income	**1,574**	1,089	**-**	–
Malaysian Reinsurance Berhad ("MRB") investment income	**58**	14	**-**	–
Amortisation of premiums, net of accretion of discounts	**(43)**	(94)	**-**	–
Sale of goods and services	**8,134**	7,675	**-**	–
Management service fees	**-**	–	**3,649**	3,239
	541,129	563,417	**42,723**	67,525

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31. OTHER OPERATING INCOME

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Commission income	**23,595**	31,835	**-**	–
Interest income	**150**	57	**-**	–
Gain on divestment of a subsidiary company	**-**	–	**-**	234,305
Gain on fair value adjustments on investment properties (Note 6)	**145**	–	**-**	–
Realised gains:				
- Investment property	**-**	5	**-**	–
- AFS financial assets:				
- Quoted shares	**442**	3,248	**-**	–
- Unquoted shares	**-**	199	**-**	–
- Others	**4**	–	**-**	–
Gain on foreign exchange:				
- unrealised	**-**	2,619	**-**	1,450
- realised	**-**	4	**-**	12
Insurance policy transfer fees	**293**	504	**-**	–
Interest income received from judgment debtor	**1,267**	–	**-**	–
Others	**586**	645	**4**	4
	26,482	39,116	**4**	235,771

32. NET CLAIMS INCURRED

	Group	
	2014	**2013**
	RM'000	**RM'000**
Gross claims paid	**291,988**	285,216
Claims ceded to reinsurers	**(85,129)**	(78,496)
Net claims paid	**206,859**	206,720
Gross change in insurance contract liabilities:		
At end of year (Note 21.1)	**563,997**	551,122
At beginning of year	**551,122**	516,480
	12,875	34,642
Change in insurance contract liabilities ceded to reinsurers:		
At end of year (Note 21.1)	**(162,463)**	(165,419)
At beginning of year	**(165,419)**	(154,778)
	2,956	(10,641)
Net claims incurred	**222,690**	230,721

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33. GROSS EARNED PREMIUM

	Group 2014 RM'000	Group 2013 RM'000
Gross premium	**469,566**	515,878
Change in premium liabilities (Note 40)	**26,755**	9,557
Gross earned premium (Note 30)	**496,321**	525,435

34. STAFF COSTS

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Salaries, wages and bonus	**30,970**	28,560	**5,182**	4,568
Short term accumulating compensated absences	**(47)**	109	**(85)**	36
Pension cost:				
- defined contribution plan	**3,508**	3,313	**641**	569
- defined benefit plan	**148**	18	**–**	–
Staff general insurance	**409**	331	**41**	41
Staff training	**1,168**	625	**55**	48
Staff welfare	**628**	967	**76**	64
Other staff related expenses	**963**	965	**194**	206
	37,747	34,888	**6,104**	5,532

Included in staff costs of the Group and of the Company are executive directors' remuneration (excluding benefits-in-kind) amounting to RM2,953,000 (2013 : RM2,643,000) and RM1,447,000 (2013 : RM1,381,000) respectively as further disclosed in Note 35.

35. DIRECTORS' REMUNERATION

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Directors of the Company				
Executive:				
Salaries and other remuneration	**872**	757	**832**	717
Bonus	**340**	395	**340**	395
Pension cost – defined contribution plan	**155**	149	**155**	149
Benefits-in-kind	**19**	21	**19**	21
Allowance	**120**	120	**120**	120
	1,506	1,442	**1,466**	1,402

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35. DIRECTORS' REMUNERATION (CONT'D)

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Non-Executive:				
Fees	**288**	275	**195**	195
Directors of Subsidiary Companies				
Executive:				
Salaries and other remuneration	**1,064**	903	**-**	–
Bonus	**170**	185	**-**	–
Short term accumulating compensated absences	**(19)**	(9)	**-**	–
Pension cost:				
- Defined contribution plan	**93**	86	**-**	–
- Defined benefit plan	**104**	12	**-**	–
Other short-term benefits	**18**	9	**-**	–
Benefits-in-kind	**45**	44	**-**	–
Allowances	**36**	36	**-**	–
	1,511	1,266	**-**	–
Non-Executive:				
Fees	**138**	172	**-**	–
Total	**3,443**	3,155	**1,661**	1,597
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration (Note 34)	**2,953**	2,643	**1,447**	1,381
Total non-executive directors' remuneration (Note 37)	**426**	447	**195**	195
Total directors' remuneration excluding benefits-in-kind	**3,379**	3,090	**1,642**	1,576

36. AMORTISATION

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Amortisation of:					
- intangible assets	9	**624**	233	**11**	8
- prepaid land lease payments	7	**4**	4	**-**	–
		628	237	**11**	8

37. OTHER OPERATING EXPENSES

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Other operating expenses include:					
Auditors' remuneration:					
- statutory audit		**375**	315	**80**	78
- other regulatory related services		**34**	33	**5**	5
- other services		**163**	130	**8**	5
Non-executive directors' remuneration	35	**426**	447	**195**	195
Property, plant and equipment written off		**150**	63	**125**	6
Allowance for inventory obsolescence		**6**	41	**-**	-
Inventories - goods for resale written off		**-**	121	**-**	-
Impairment of:					
- goodwill on consolidation	8	**-**	1,935	**-**	-
- AFS financial assets	11	**1,855**	929	**-**	-
Rental of office equipment		**2,669**	2,457	**311**	252
Office rental:					
- subsidiary company		**-**	-	**256**	256
- others		**1,868**	1,631	**-**	-
Loss on foreign exchange:					
- unrealised		**448**	-	**86**	-
- realised		**22**	-	**2**	-
Loss on disposal of property, plant and equipment		**145**	40	**-**	18
Allowance for impairment:					
- property, plant and equipment	5	**395**	613	**-**	-
- intangible assets	9	**-**	149	**-**	-
- insurance receivables	53 (a)	**867**	760	**-**	-
- trade receivables	53 (a)	**-**	28	**-**	-
- investment in subsidiary companies		**-**	-	**-**	2,760 #
- amounts due from subsidiary companies	53 (a)	**-**	-	**-**	24,382 #
Write back in allowance for impairment:					
- intangible assets	9	**(6)**	-	**-**	-
- insurance receivables	53 (a)	**(139)**	(131)	**-**	-
- trade receivables	53 (a)	**(1,029)**	(5)	**-**	-
Bad debts written off - trade receivables		**34**	-	**-**	-
Bad debts recovered:					
- insurance receivables		**(46)**	-	**-**	-
- trade receivables		**(203)**	-	**-**	-

In the previous financial year, 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 as the carrying amounts of these assets have exceeded their recoverable amounts.

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38. FINANCE COSTS

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Interest expense:				
- subsidiary company	**–**	–	**–**	184
- others	**2,898**	5,667	**64**	2,810
Others	**348**	248	**342**	244
	3,246	5,915	**406**	3,238

39. PROFIT BEFORE TAXATION

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Determined as follows:					
Insurance subsidiary company	40	**68,357**	70,368	**–**	–
Others		**28,651**	263,225	**30,897**	262,771
Before consolidation		**97,008**	333,593	**30,897**	262,771
Consolidation adjustments		**(27,703)**	(267,858) *	**–**	–
After consolidation		**69,305**	65,735	**30,897**	262,771

* In the previous financial year, the consolidation adjustments include the gain on divestment of the insurance subsidiary company of RM173,545,000.

40. PROFIT BEFORE TAXATION - INSURANCE SUBSIDIARY COMPANY

	Note	Group 2014 RM'000	Group 2013 RM'000
Revenue		**525,750**	553,416
Gross premiums		**469,566**	515,878
Change in premium liabilities	33	**26,755**	9,557
Gross earned premiums		**496,321**	525,435
Gross premiums ceded to reinsurers		**(135,910)**	(160,593)
Change in premium liabilities ceded to reinsurers		**(10,678)**	(12,136)
Premiums ceded to reinsurers		**(146,588)**	(172,729)
Net earned premiums		**349,733**	352,706
Investment income	41	**29,429**	27,981
Realised gains	42	**370**	3,422
Commission income		**23,595**	31,835
Other operating expenses	45	**(1,190)**	(109)
Other income		**52,204**	63,129
Gross claims paid		**(291,988)**	(285,216)
Claims ceded to reinsurers		**85,129**	78,496
Gross change in insurance contract liabilities		**(12,875)**	(34,642)
Change in insurance contract liabilities ceded to reinsurers		**(2,956)**	10,641
Net claims incurred		**(222,690)**	(230,721)
Commission expense		**(50,569)**	(56,038)
Management expenses	43	**(54,829)**	(53,208)
Finance costs		**(5,492)**	(5,500)
Other expenses		**(110,890)**	(114,746)
Profit before taxation	39	**68,357**	70,368

41. INVESTMENT INCOME - INSURANCE SUBSIDIARY COMPANY

	Note	Group 2014 RM'000	Group 2013 RM'000
Dividend income:			
- shares quoted in Malaysia		**577**	678
- unit trusts		**396**	320
Interest income:			
- Malaysian Government Securities		**148**	473
- deposits and placements with financial institutions		**26,420**	25,203
Rental income from investment properties		**299**	298
Investment income from:			
- MMIP		**1,574**	1,089
- MRB		**58**	14
Amortisation of premiums, net of accretion of discounts	11	**(43)**	(94)
		29,429	27,981

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42. REALISED GAINS - INSURANCE SUBSIDIARY COMPANY

	Group 2014 RM'000	Group 2013 RM'000
Realised gains for:		
- AFS financial assets:		
- Quoted shares	**442**	2,957
- Unquoted shares	**-**	199
- Unit trusts	**-**	291
- Others	**4**	–
- Property, plant and equipment	**(76)**	(17)
- Investment properties	**-**	5
- Foreign exchange	**-**	(13)
	370	3,422

43. MANAGEMENT EXPENSES - INSURANCE SUBSIDIARY COMPANY

	Group 2014 RM'000	Group 2013 RM'000
Executive directors' remuneration (Note 44)	**825**	789
Staff salaries and bonus	**17,540**	16,981
Staff short term accumulating compensated absences	**80**	42
Staff pension cost – defined contribution plan	**2,222**	2,155
Other staff benefits	**1,544**	1,853
Depreciation of property, plant and equipment	**1,080**	1,070
Auditors' remuneration:		
- statutory audit	**147**	140
- other regulatory related services	**29**	28
- other services	**155**	125
Amortisation:		
- prepaid land lease payments	**4**	4
- intangible assets	**426**	47
Non-executive directors' remuneration (Note 44)	**241**	262
Directors' training	**50**	83
Allowance for impairment of insurance receivables	**867**	760
Write back in allowance for impairment of insurance receivables	**(139)**	(131)
Bad debts recovered	**(46)**	–
Rental of properties	**670**	642
Call centre service charges	**492**	522
Rental of equipment	**4,365**	3,279
Printing and EDP expenses	**10,116**	10,556
Business development	**1,461**	1,291
Credit card charges	**4,672**	5,058
Office administration and utilities	**2,404**	1,672
Share of MMIP expenses	**898**	814
Professional fees	**891**	1,015
Motor vehicle expenses	**676**	674
Road Transport Department access fees	**699**	818
Other expenses	**2,460**	2,659
	54,829	53,208

44. DIRECTORS' REMUNERATION - INSURANCE SUBSIDIARY COMPANY

	Group	
	2014 RM'000	2013 RM'000
Executive directors:		
- salaries	**548**	493
- bonus	**170**	185
- defined contribution plan	**91**	86
- benefits-in-kind	**35**	33
- short term accumulating compensated absences	**(20)**	(11)
- allowances	**36**	36
	860	822
Non-executive directors:		
- fee (Note 43)	**241**	262
- benefits-in-kind	**10**	11
Total directors' remuneration	**1,111**	1,095
Total executive directors' remuneration excluding benefits-in-kind (Note 43)	**825**	789

45. OTHER OPERATING EXPENSES - INSURANCE SUBSIDIARY COMPANY

	Group	
	2014 RM'000	2013 RM'000
Impairment of AFS financial assets	**(1,855)**	(929)
Sundry income	**521**	820
Gain on fair value adjustments on investment properties	**145**	–
Property, plant and equipment written off	**(1)**	–
	(1,190)	(109)

46. INCOME TAX EXPENSE

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Income tax:				
Current year's provision				
- Malaysian tax	**19,988**	12,859	**1,164**	13,793
- foreign tax	**40**	26	**-**	–
Under/(over) provision in prior years	**40**	428	**(24)**	18
	20,068	13,313	**1,140**	13,811
Deferred tax (Note 10):				
Relating to timing differences	**559**	1,507	**(5)**	11
Over provision in prior years	**2**	796	**2**	7
Transferred to/(from) deferred taxation	**561**	2,303	**(3)**	18
	20,629	15,616	**1,137**	13,829

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46. INCOME TAX EXPENSE (CONT'D)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2013 : 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	
	2014 RM'000	2013 RM'000
Profit before taxation	**69,305**	65,735
Taxation at Malaysian statutory tax rate of 25% (2013 : 25%)	**17,326**	16,434
Effects of different tax rates in other countries	**55**	(33)
Double tax deduction in respect of cash contribution to MMIP	**-**	(4,497)
Income not subject to tax	**(783)**	(735)
Expenses not deductible for tax purposes	**3,926**	2,615
Foreign tax	**40**	26
Deferred tax asset not recognised during the year	**655**	817
Under provision of tax expense in prior years	**40**	428
Over provision of deferred tax in prior years	**2**	796
Consolidation adjustments	**84**	417
Utilisation of previous years' unused tax losses and unabsorbed capital allowances	**(716)**	(652)
Tax expense for the year	**20,629**	15,616

	Company	
	2014 RM'000	2013 RM'000
Profit before taxation	**30,897**	262,771
Taxation at Malaysian statutory tax rate of 25% (2013 : 25%)	**7,724**	65,693
Income not subject to tax	**(7,427)**	(59,175)
Expenses not deductible for tax purposes	**862**	7,286
(Over)/under provision of tax expense in prior years	**(24)**	18
Over provision of deferred tax in prior years	**2**	7
Tax expense for the year	**1,137**	13,829

As at 30 September 2014, the Company has unabsorbed capital allowances of approximately RM2,354,000 (2013 : RM2,308,000) respectively, subject to agreement with the Inland Revenue Board, which can be used to offset future taxable profits arising from business income.

47. 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 2014	Group 2013
Net profit for the year attributable to equity holders of the Company	(RM'000)	**24,708**	36,909
Weighted average number of ordinary shares in issue	('000)	**240,765**	243,604
Basic earnings per share	(sen)	**10.26**	15.15

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

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

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
- Currency translation differences in respect of foreign operations	**254**	(2,301)	**-**	-
- Fair value changes on Available-for-sale ("AFS") financial assets:				
- Gain/(loss) in fair value changes	**15,010**	(3,040)	**7,641**	(2,584)
- Transfer to income statement upon disposal	**(446)**	(3,248)	**-**	-
- Impairment reclassified to income statement	**1,855**	929	**-**	-
	16,419	(5,359)	**7,641**	(2,584)
- Deferred tax (Note 10)	**(2,195)**	678	**-**	-
Net gain/(loss)	**14,224**	(4,681)	**7,641**	(2,584)
Other comprehensive income/(loss) for the year, net of tax	**14,478**	(6,982)	**7,641**	(2,584)

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49. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Company	
	2014 RM'000	2013 RM'000
Subsidiary companies - Income:		
Interest income on loans	**4,250**	947
Interest income on Subordinated Notes	**2,660**	2,660
Management fee income	**3,649**	3,239
Subsidiary companies - Expenditure:		
Office rental	**256**	256
Interest expense on loans	**-**	184
Rental of office equipment	**299**	239
Information technology advisory services	**1,100**	1,100

Information regarding outstanding balances arising from related party transactions and subsidiary companies as at 30 September 2014 are as disclosed in Notes 18 and 25.

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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Short-term employee benefits:				
- Salaries and other remuneration	**1,936**	1,660	**832**	717
- Bonus	**510**	580	**340**	395
- Short term accumulating compensated absences	**(19)**	(9)	**-**	-
- Benefits-in-kind	**64**	65	**19**	21
- Allowances	**156**	156	**120**	120
Post-employment benefits:				
- Pension cost:				
- defined contribution plan	**248**	235	**155**	149
- defined benefit plan	**104**	12	**-**	-
Other short-term benefits	**18**	9	**-**	-
	3,017	2,708	**1,466**	1,402

50. COMMITMENTS AND CONTINGENCIES

(a) Contingent liabilities

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Performance guarantees – secured	**326**	308	**-**	–
Guarantees given to financial institutions for facilities extended to subsidiary companies – secured	**-**	–	**4,918**	5,730
	326	308	**4,918**	5,730

(b) Non-cancellable operating lease commitments

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Future minimum lease payments are as follows:				
Not later than 1 year	**3,895**	4,380	**158**	104
Later than 1 year and not later than 5 years	**2,749**	3,363	**169**	114
	6,644	7,743	**327**	218

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

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51. 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
2014				
Financial liabilities				
Hire purchase creditors	**1,991**	**2,039**	**492**	**497**
2013				
Financial assets				
HTM investments	5,043	5,060	–	–
Financial liabilities				
Hire purchase creditors	1,555	1,563	451	454

(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 Sukuk

The fair values of Malaysian Government Securities and Sukuk 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.

The carrying amount of Sub Notes approximate its fair value.

(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.

The carrying amounts of hire purchase creditors approximate their fair values.

51. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

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

(c) The financial instruments are categorised into the following levels of fair value hierarchy:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2014				
Group				
AFS financial assets				
Quoted shares	39,508	-	-	39,508
Unit trusts	12,249	-	-	12,249
Islamic corporate bonds (a)	-	-	2,125	2,125
	51,757	-	2,125	53,882

(a) Reconciliation of movement in Level 3 of the fair value hierarchy is as follows:

	RM'000
At 1 October 2013	-
Transfer from AFS reserve	3,980
Impairment loss reclassified to income statement	(1,855)
At 30 September 2014*	2,125

* This represents the best estimate of fair value of an Islamic corporate bond that is currently undergoing a negotiated settlement process. If the proposed settlement does not materialize and if there are no other settlement arrangements, the estimated recoverable amount would be impaired.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2014				
Company				
AFS financial assets				
Quoted shares	18,808	-	-	18,808
	18,808	-	-	18,808

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51. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

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

(c) The financial instruments are categorised into the following levels of fair value hierarchy: (Cont'd)

	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
Others	4	–	–	4
	38,290	–	–	38,290
Company				
AFS financial assets				
Quoted shares	9,800	–	–	9,800
	9,800	–	–	9,800

52. 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.

52. INSURANCE RISK (CONT'D)

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

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

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

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

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

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

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

General insurance business

	2014			2013		
	Gross earned premium RM'000	Reinsurance RM'000	Net RM'000	Gross earned premium RM'000	Reinsurance RM'000	Net RM'000
Group						
Motor	**422,796**	**(105,944)**	**316,852**	447,699	(136,536)	311,163
Personal Accident	**27,474**	**(1,024)**	**26,450**	28,922	(653)	28,269
Fire	**1,866**	**(800)**	**1,066**	1,778	(717)	1,061
Miscellaneous	**44,185**	**(38,820)**	**5,365**	47,036	(34,823)	12,213
	496,321	**(146,588)**	**349,733**	525,435	(172,729)	352,706

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52. INSURANCE RISK (CONT'D)

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

Premium liabilities

	2014			2013		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Group						
Motor	**184,151**	**(38,676)**	**145,475**	203,979	(47,326)	156,653
Personal Accident	**7,551**	**(371)**	**7,180**	9,965	(487)	9,478
Fire	**756**	**(277)**	**479**	785	(248)	537
Miscellaneous	**16,202**	**(14,062)**	**2,140**	20,686	(16,003)	4,683
	208,660	**(53,386)**	**155,274**	235,415	(64,064)	171,351

Claims liabilities

	2014			2013		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Group						
Motor	**517,908**	**(125,969)**	**391,939**	510,263	(133,989)	376,274
Personal Accident	**3,784**	**(188)**	**3,596**	2,943	(148)	2,795
Fire	**162**	**(53)**	**109**	321	(127)	194
Miscellaneous	**42,143**	**(36,253)**	**5,890**	37,595	(31,155)	6,440
	563,997	**(162,463)**	**401,534**	551,122	(165,419)	385,703

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.

52. INSURANCE RISK (CONT'D)

Sensitivities (Cont'd)

2014	Change in assumptions	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit before tax RM'000	Impact on equity* RM'000
		← Increase / (decrease) →			
Average claim cost	+1%	**5,640**	**4,015**	**(4,015)**	**(3,012)**
Average number of claim	+1%	**5,640**	**4,015**	**(4,015)**	**(3,012)**
Average claims settlement period	decreased by 6 months	**8,076**	**5,669**	**(5,669)**	**(4,252)**
2013					
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)

* 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 2014 is adequate. However, the possibility of inadequacy of such balance should not be ruled out as the actual experience is likely to differ from the projected results to different degrees, depending on the level of uncertainty.This is primarily due to the nature of the reserving process and the elements of uncertainty inherent in the exercise.

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52. INSURANCE RISK (CONT'D)

Gross general insurance contract liabilities for 2014:

Accident year	Before 2008 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	Total RM'000
At end of accident year		162,214	196,979	244,459	248,638	258,790	253,244	241,788	
One year later		167,906	219,140	224,613	258,486	262,480	256,276	-	
Two years later		175,999	229,690	248,128	281,919	282,396	-	-	
Three years later		184,415	240,169	256,861	293,549	-	-	-	
Four years later		189,681	243,320	262,994	-	-	-	-	
Five years later		193,043	242,235	-	-	-	-	-	
Six years later		192,268	-	-	-	-	-	-	
Current estimate of cumulative claims incurred		**192,268**	**242,235**	**262,994**	**293,549**	**282,396**	**256,276**	**241,788**	
At end of accident year		(49,370)	(50,154)	(53,559)	(56,892)	(59,518)	(52,326)	(47,235)	
One year later		(97,337)	(115,161)	(128,273)	(139,326)	(142,024)	(136,129)	-	
Two years later		(131,466)	(167,843)	(176,648)	(205,996)	(209,829)	-	-	
Three years later		(161,286)	(198,971)	(217,237)	(249,908)	-	-	-	
Four years later		(173,133)	(216,653)	(238,251)	-	-	-	-	
Five years later		(179,568)	(224,775)	-	-	-	-	-	
Six years later		(183,775)	-	-	-	-	-	-	
Cumulative payments to-date		**(183,775)**	**(224,775)**	**(238,251)**	**(249,908)**	**(209,829)**	**(136,129)**	**(47,235)**	
Gross general insurance outstanding liability (direct and facultative)	17,104	8,493	17,460	24,743	43,641	72,567	120,147	194,553	498,708
Gross general insurance outstanding liability (treaty inward)									54,626
Best estimate of claims liabilities									553,334
Claims handling expenses									11,066
PRAD at 75% confidence level									45,574
Effects of discounting									(45,977)
Gross general insurance contract liabilities per statement of financial position									563,997

52. INSURANCE RISK (CONT'D)

Net general insurance contract liabilities for 2014:

Accident year	Before 2008 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	Total RM'000
At end of accident year		149,493	181,995	200,596	173,248	168,193	168,742	174,718	
One year later		154,419	191,742	191,470	177,930	178,771	174,030	-	
Two years later		159,251	206,975	209,032	189,370	186,994	-	-	
Three years later		167,316	215,442	217,861	196,436	-	-	-	
Four years later		172,480	218,001	222,440	-	-	-	-	
Five years later		174,665	216,255	-	-	-	-	-	
Six years later		173,374	-	-	-	-	-	-	
Current estimate of cumulative claims incurred		**173,374**	**216,255**	**222,440**	**196,436**	**186,994**	**174,030**	**174,718**	
At end of accident year		(45,880)	(47,147)	(47,979)	(41,748)	(42,761)	(36,504)	(36,192)	
One year later		(90,963)	(107,204)	(111,233)	(99,202)	(99,449)	(94,298)	-	
Two years later		(122,373)	(155,194)	(153,500)	(143,286)	(143,610)	-	-	
Three years later		(150,088)	(183,493)	(186,845)	(170,062)	-	-	-	
Four years later		(159,150)	(197,967)	(203,916)	-	-	-	-	
Five years later		(164,829)	(204,713)	-	-	-	-	-	
Six years later		(167,981)	-	-	-	-	-	-	
Cumulative payments to-date		**(167,981)**	**(204,713)**	**(203,916)**	**(170,062)**	**(143,610)**	**(94,298)**	**(36,192)**	
Net general insurance outstanding liabilities (direct and facultative)	13,562	5,393	11,542	18,524	26,374	43,384	79,732	138,526	337,037
Net general insurance outstanding liability (treaty inward)									54,626
Best estimate of claims liabilities									391,663
Claims handling expenses									9,757
PRAD at 75% confidence level									32,385
Effects of discounting									(32,271)
Net general insurance contract liabilities per statement of financial position									401,534

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52. 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

52. 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 liabilities (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

53. FINANCIAL RISKS

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

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

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

(a) Credit risk

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

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

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

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

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

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

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

53. 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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Held-to-maturity investments	**227**	5,043	**34,952**	34,697
Loans	**31,233**	117	**-**	-
Reinsurance assets	**215,849**	229,483	**-**	-
Insurance receivables	**24,246**	23,679	**-**	-
Trade receivables	**2,049**	1,883	**-**	-
Other receivables	**69,216**	57,326	**1,749**	3,121
Due from subsidiary companies	**-**	-	**79,019**	7,983
Deposits and placements with financial institutions	**856,417**	868,029	**100,433**	111,183
Cash and bank balances	**74,647**	89,371	**24,165**	76,199
	1,273,884	1,274,931	**240,318**	233,183

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
2014						
Held-to-maturity investments	**-**	**-**	**-**	**-**	**227**	**227**
Loans	**-**	**-**	**-**	**-**	**31,233**	**31,233**
Reinsurance assets	**-**	**2,169**	**168,479**	**-**	**45,201**	**215,849**
Insurance receivables	**-**	**-**	**17,745**	**-**	**6,501**	**24,246**
Trade receivables	**-**	**-**	**-**	**-**	**2,049**	**2,049**
Other receivables	**2,150**	**3,157**	**1,192**	**-**	**62,717**	**69,216**
Deposits and placements with financial institutions	**385,536**	**374,047**	**96,729**	**2**	**103**	**856,417**
Cash and bank balances	**24,170**	**45,239**	**1,882**	**504**	**2,852**	**74,647**
	411,856	**424,612**	**286,027**	**506**	**150,883**	**1,273,884**

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53. 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
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	2,575	2,382	550	–	51,819	57,326
Deposits and placements with financial institutions	389,423	362,644	115,856	4	102	868,029
Cash and bank balances	79,772	5,871	–	–	3,728	89,371
	484,583	464,855	202,605	270	122,618	1,274,931

Company	AAA RM'000	AA RM'000	A RM'000	Not rated RM'000	Total RM'000
2014					
Held-to-maturity investments	**-**	**-**	**34,725**	**227**	**34,952**
Other receivables	**392**	**285**	**700**	**372**	**1,749**
Deposits and placements with financial institutions	**68,633**	**31,800**	**-**	**-**	**100,433**
Due from subsidiary companies	**-**	**-**	**-**	**79,019**	**79,019**
Cash and bank balances	**18,111**	**6,053**	**-**	**1**	**24,165**
	87,136	**38,138**	**35,425**	**79,619**	**240,318**

53. 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	298	–	700	2,123	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
	185,841	1,838	35,397	10,107	233,183

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
2014							
Insurance receivables	(i)	**6,119**	**44**	**-**	**3,124**	**21**	**9,308**
Trade receivables		**390**	**289**	**31**	**285**	**102**	**1,097**
		6,509	**333**	**31**	**3,409**	**123**	**10,405**
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

(i) The Group's insurance receivables that are past due but not impaired are creditworthy debtors.

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53. FINANCIAL RISKS (CONT'D)

(a) Credit risk (Cont'd)

Financial assets that are neither past due nor impaired

		Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Insurance receivables	(i)	**14,938**	13,051	**-**	–
Trade receivables	(i)	**952**	806	**-**	–
Due from subsidiary companies	(ii)	**-**	–	**79,019**	7,983
		15,890	13,857	**79,019**	7,983

(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.

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 2014 RM'000	Individually impaired 2013 RM'000	Collectively impaired 2014 RM'000	Collectively impaired 2013 RM'000	Total 2014 RM'000	Total 2013 RM'000
Movement in allowance accounts:						
Insurance receivables						
At 1 October 2013/2012	**1,631**	1,067	**-**	–	**1,631**	1,067
Impairment loss (Note 37)	**688**	760	**179**	–	**867**	760
Write back of allowance for impairment loss (Note 37)	**(139)**	(131)	**-**	–	**(139)**	(131)
Write-offs	**(175)**	(65)	**-**	–	**(175)**	(65)
At 30 September	**2,005**	1,631	**179**	–	**2,184**	1,631

53. FINANCIAL RISKS (CONT'D)

(a) Credit risk (Cont'd)

Financial assets that are impaired (Cont'd)

Group	Individually impaired 2014 RM'000	Individually impaired 2013 RM'000	Collectively impaired 2014 RM'000	Collectively impaired 2013 RM'000	Total 2014 RM'000	Total 2013 RM'000
Movement in allowance accounts:						
Trade receivables						
At 1 October 2013/2012	**1,110**	1,065	**25**	3	**1,135**	1,068
Impairment loss (Note 37)	**–**	4	**–**	24	**–**	28
Write back of allowance for impairment loss (Note 37)	**(1,020)**	(3)	**(9)**	(2)	**(1,029)**	(5)
Translation differences	**(37)**	44	**–**	–	**(37)**	44
At 30 September	**53**	1,110	**16**	25	**69**	1,135
Total	**2,058**	2,741	**195**	25	**2,253**	2,766

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.

Company	Individually impaired 2014 RM'000	Individually impaired 2013 RM'000	Collectively impaired 2014 RM'000	Collectively impaired 2013 RM'000	Total 2014 RM'000	Total 2013 RM'000
Movement in allowance accounts:						
Due from subsidiary companies						
At 1 October 2013/2012	**42,329**	17,947	**–**	–	**42,329**	17,947
Impairment loss (Note 37)	**–**	24,382	**–**	–	**–**	24,382
At 30 September	**42,329**	42,329	**–**	–	**42,329**	42,329

53. FINANCIAL RISKS (CONT'D)

(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.

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
2014						
Insurance contract liabilities	**563,997**	**218,863**	**126,833**	**176,146**	**92,145**	**613,987**
Insurance payables	**11,488**	**11,488**	**-**	**-**	**-**	**11,488**
Trade payables	**900**	**900**	**-**	**-**	**-**	**900**
Other payables	**8,682**	**8,682**	**-**	**-**	**-**	**8,682**
Hire purchase creditors	**1,991**	**837**	**971**	**370**	**-**	**2,178**
Borrowings	**33,871**	**2,860**	**5,327**	**7,994**	**39,621**	**55,802**
Dividend payable	**3,843**	**3,843**	**-**	**-**	**-**	**3,843**
Total	**624,772**	**247,473**	**133,131**	**184,510**	**131,766**	**696,880**

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

53. 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	205,414	104,062	191,078	100,420	600,974
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	667	831	186	–	1,684
Borrowings	33,766	2,860	5,327	7,994	42,295	58,476
Total	604,680	227,178	110,220	199,258	142,715	679,371

Company	Carrying value RM'000	Up to a year* RM'000	1-2 years RM'000	2-5 years RM'000	Total RM'000
2014					
Other payables	**905**	**905**	**–**	**–**	**905**
Hire purchase creditors	**492**	**206**	**248**	**77**	**531**
Dividend payable	**3,843**	**3,843**	**–**	**–**	**3,843**
Total	**5,240**	**4,954**	**248**	**77**	**5,279**
2013					
Other payables	1,194	1,194	–	–	1,194
Hire purchase creditors	451	178	243	65	486
Total	1,645	1,372	243	65	1,680

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

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53. 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"), Thailand Baht ("Baht") and Great Britain Pound ("GBP").

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:

	2014 Exposure in			2013 Exposure in	
	USD RM'000	**Baht RM'000**	**GBP RM'000**	**USD RM'000**	**Baht RM'000**
Trade and other receivables	**195**	**2,532**	**27**	148	2,517
Deposits and placements with financial institutions	**-**	**107**	–	–	107
Cash and bank balances	**36,062**	**2,950**	**5,477**	3,488	395
Trade and other payables	**46**	**1,474**	**120**	173	1,098
	36,303	**7,063**	**5,624**	3,809	4,117

53. 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, Baht and GBP exchange rates, with all other variables held constant:

		Group		Company	
		2014 Profit net of tax RM'000	2013 Profit net of tax RM'000	2014 Profit net of tax RM'000	2013 Profit net of tax RM'000
		Increase / (decrease)			
USD/RM	- strengthened 3%	**993**	1,273	**1,803**	596
	- weakened 3%	**(993)**	(1,273)	**(1,803)**	(596)
GBP/RM	- strengthened 3%	**1,709**	1	**187**	1
	- weakened 3%	**(1,709)**	(1)	**(187)**	(1)
USD/Baht	- strengthened 3%	**(424)**	(411)	**-**	-
	- weakened 3%	**424**	411	**-**	-
Baht/RM	- strengthened 3%	**142**	94	**65**	41
	- weakened 3%	**(142)**	(94)	**(65)**	(41)

(ii) Interest rate/profit yield risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate/profit yield.

The Group and the Company are exposed to interest rate risk primarily through their investments in fixed income securities, deposits placements and borrowings from financial institutions. Interest rate risk is managed by the Group and the Company on an ongoing basis.

The Group and the Company have no significant concentration of interest rate/profit yield risk.

The impact on profit before tax at +/- 25 basis points change in the interest rate, with all other variables held constant, is insignificant to the Group and the Company given that it has minimal floating rate financial instruments.

(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.

53. FINANCIAL RISKS (CONT'D)

(c) Market risk (Cont'd)

(iii) Price risk (Cont'd)

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:

		2014 Impact on		2013 Impact on	
Group	**Change in variables**	**Profit before tax RM'000**	**Equity * RM'000**	**Profit before tax RM'000**	**Equity * RM'000**
		← Increase/(decrease) →			
Market price	+10%	**-**	**4,352**	–	3,117
Market price	-10%	**-**	**(4,352)**	–	(3,117)
Company					
Market price	+10%	**-**	**1,881**	–	980
Market price	-10%	**-**	**(1,881)**	–	(980)

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

(d) Operational risk

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

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

54. 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.

54. CAPITAL MANAGEMENT (CONT'D)

The insurance subsidiary company is required to comply with the regulatory capital requirement prescribed in the Risk-Based Capital ("RBC") Framework which is imposed by the Minister of Finance as a licensing condition for insurers. Under the RBC Framework guidelines issued by BNM, insurance companies are required to satisfy a minimum capital adequacy ratio of 130%.The insurance subsidiary company has a capital adequacy ratio in excess of the minimum requirement.

The capital structure of the insurance subsidiary company as at 30 September 2014, as prescribed under the RBC Framework is provided below:

	2014 RM'000	2013 RM'000
Eligible Tier 1 Capital		
Share capital (paid-up)	**100,000**	100,000
Retained earnings	**144,473**	146,347
	244,473	246,347
Tier 2 Capital		
Capital instruments which qualify as Tier 2 Capital	**68,396**	68,263
Revaluation reserve	**8,799**	8,799
AFS reserve	**5,238**	(1,345)
	82,433	75,717
Amounts deducted from Capital	**-**	(1,875)
Total Capital Available	**326,906**	320,189

55. 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, privilege card programme services and property development and dealings in properties, none of which is of a sufficient size to be reported separately.

The Directors are of the opinion that the inter-segment transactions have been entered into in the normal course of business on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

Notes to the Financial Statements
- 30 September 2014

55. SEGMENT REPORTING (CONT'D)

(a) Business Segments: (Cont'd)

2014	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	525,494	8,131	4,771	2,731	2	-	541,129
Inter-segment sales	256	14,818	37,952	-	6	(53,032)	-
Total segment revenue	525,750	22,949	42,723	2,731	8	(53,032)	541,129
RESULTS							
Segment profit before tax after accounting for:	68,357	(2,980)	30,897	746	(12)	(27,703)	69,305
Interest income	-	1,365	-	45	7	-	1,417
Finance cost	(5,492)	(2,232)	(406)	(1,906)	(148)	6,938	(3,246)
Depreciation	(1,080)	(504)	(105)	-	(1)	13	(1,677)
Amortisation	(430)	(204)	(11)	-	-	17	(628)
Other non-cash items	2,173	478	126	(3)	(931)	389	2,232
ASSETS							
Segment assets	1,119,000	50,434	144,880	31,357	5,510	-	1,351,181
Unallocated corporate assets							3,592
Consolidated total assets							1,354,773
LIABILITIES							
Segment liabilities	792,986	2,556	5,238	23	145	-	800,948
Unallocated corporate liabilities							37,448
Consolidated total liabilities							838,396
OTHER INFORMATION							
Capital expenditure	1,565	1,263	270	-	11	-	3,109

Notes to the Financial Statements
- 30 September 2014

55. SEGMENT REPORTING (CONT'D)

(a) Business Segments: (Cont'd)

2013	Insurance RM'000	Information technology RM'000	Investment holding RM'000	Money lending RM'000	Others RM'000	← Adjustments → Consolidation RM'000	Other RM'000	Group RM'000
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)
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

Notes to the Financial Statements
- 30 September 2014

55. SEGMENT REPORTING (CONT'D)

(a) Business Segments: (Cont'd)

Other non-cash items include the following items:

	Group 2014 RM'000	Group 2013 RM'000
Impairment of:		
- AFS financial assets	**1,855**	929
- goodwill on consolidation	**-**	1,935
Impairment of intangible assets	**-**	149
Write back in impairment of intangible assets	**(6)**	–
Loan repayment rebate	**-**	(300)
Unrealised loss/(gain) on foreign exchange	**448**	(2,619)
Gain on disposal of investments	**(446)**	(3,447)
Gain on fair value of investment properties	**(145)**	–
Allowance for impairment of:		
- property, plant and equipment	**395**	613
- insurance receivables	**867**	760
- trade receivables	**-**	28
Write back in allowance for impairment:		
- insurance receivables	**(139)**	(131)
- trade receivables	**(1,029)**	(5)
Bad debts written off of trade receivables	**34**	–
Amortisation of premiums, net of accretion of discounts	**43**	94
Inventories of goods for resale written off	**-**	121
Allowance for inventories obsolescence	**6**	41
Loss on disposal of property, plant and equipment	**145**	40
Short term accumulating absences	**(47)**	109
Property, plant and equipment written off	**150**	63
	2,131	(1,620)

(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), Thailand (information technology) and England (property development and dealings in properties).

	Total Revenue from External Customers		Segment Assets		Capital Expenditure	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Malaysia	**535,749**	558,240	**1,303,298**	1,328,260	**2,659**	1,148
Thailand	**4,594**	4,431	**5,738**	3,289	**329**	285
United States of America	**784**	746	**36,641**	4,019	**110**	197
England	**2**	–	**5,504**	–	**11**	–
	541,129	563,417	**1,351,181**	1,335,568	**3,109**	1,630

55. SEGMENT REPORTING (CONT'D)

(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 (2013 : Nil).

56. SIGNIFICANT EVENT

During the previous financial year, the Company had divested 49% of equity interest in Pacific & Orient Insurance Co. Berhad ("POI") to Sanlam Emerging Markets Proprietary Limited. The divestment was completed on 17 May 2013 and had resulted in a gain to the Group and to the Company of RM173,545,000 and RM234,305,000 respectively in the previous financial year.

At the Group, the divestment was treated as a divestment of equity interest in POI with no loss of control hence the gain on divestment was recorded in the Group retained profits of the previous financial year. At the Company however, the said divestment was treated as a divestment of an investment hence the gain was recorded in the Company income statement of the previous financial year in accordance with the applicable MFRSs.

57. SUBSEQUENT EVENT

On 26 November 2014, the Company made an announcement that P & O Global Technologies Inc ("POGT US"), a wholly owned subsidiary of the Company had on 25 November 2014 entered into an Agreement of Purchase and Sale with 7914 BUILDING, LLC, a Florida limited liability company with an office at 11098 Biscayne Blvd., Suite 203, Miami, Florida 33161, to acquire a piece of freehold land situated in Miami-Dade County, Florida, having an address of 7914 West Drive, 7916 West Drive and 7918 West Drive, North Bay Village, Florida 33141, for a total consideration of USD8,300,000 and a signing bonus of USD75,000 upon the terms and conditions as stipulated in the said Agreement. The acquisition is subject to satisfactory results from inspections, tests and analyses on the land as determined by POGT US.

Notes to the Financial Statements

- 30 September 2014

58. SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED RETAINED PROFITS/(ACCUMULATED LOSSES)

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Total retained profits/ (accumulated losses)				
- Realised	**251,664**	246,252	**228,653**	221,022
- Unrealised	**(187)**	2,918	**188**	(31)
	251,477	249,170	**228,841**	220,991
Less: Consolidation adjustments	**(39,452)**	(39,943)	**-**	-
Total retained profits as per statement of financial position	**212,025**	209,227	**228,841**	220,991

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 2014

No.	Location	Gross build-ups areas (Land areas) sq. ft.	Tenure	Description/ existing use	Net book value @ 30.09.2014 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 10th Floor Wisma Bumi Raya No. 10, Jalan Raja Laut 50350 Kuala Lumpur Wilayah Persekutuan	10,589	Leasehold expiring 08.04.2074 (P.N. 6422 expiring 09.10.2083)	Office	4,778	29	Unit 10-A 01.07.1993/ 30.09.2012 Unit 10-B 01.04.1995/ 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 08.04.2074 (P.N. 6422 expiring 09.10.2083)	Office	9,188	29	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	470	29	14.04.1986/ 30.09.2014
4.	Grant No.17880 for Lot No. 2163 Town and District of Seremban Negeri Sembilan Darul Khusus Unit No. G.07, Ground Floor Wisma Punca Emas Jalan Dato' Sheikh Ahmad/ Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus	312.5	Freehold	Shop-lot	45	35	01.12.1986/ 30.09.2014

List of Group's Properties

as at 30 September 2014

No.	Location	Gross build-ups areas (Land areas) sq. ft.	Tenure	Description/ existing use	Net book value @ 30.09.2014 RM'000	Approximate age of building Years	Date of acquisition/ Date of last valuation
5.	Parcel 281-1-18, 281-2-18 Lot 281, Section 48 Kuching Town Land District	1,701	Leasehold expiring 11.08.2771	2 storey shop/ apartment	573	30	08.12.1984/ 30.09.2012
	Parcel 281-3-18, 281-4-18 Lot 281, Section 48 Kuching Town Land District Taman Sri Sarawak Mall Jalan Padungan 93100 Kuching, Sarawak	1,625	Leasehold expiring 11.08.2771	2 storey shop/ apartment	325	30	08.12.1984/ 30.09.2014
6.	Lot No. 13772 & 13771S Geran 10602/M1/4/11 & 10601/M1/4/2 Town of Ipoh District of Kinta Ipoh, Perak Darul Ridzuan Lot 3.1 & 3.2, 3rd Floor Wisma Kota Emas Jalan Dato' Tahwil Azhar 30300 Ipoh Perak Darul Ridzuan	1,528	Freehold	Office-lots	186	31	13.02.1991/ 30.09.2012
7.	Lot No. 1217, Title No. PN 26201 Kawasan Bandar XLII Daerah Melaka Tengah Negeri Melaka No. 2, Jalan PM7 Plaza Mahkota Bandar Hilir 75000 Melaka	9,428 (2,357)	Leasehold expiring 18.07.2101	4 storey shop-office	905	16	18.09.1998/ 30.09.2012
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	1 ½ storey factory corner unit/ office	1,414	15	03.12.1999/ 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	1 ½ storey factory intermediate unit/office	900	15	03.12.1999/ 30.09.2012

Shareholdings Statistics

as at 31 December 2014

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	456	18,085	0.01
100 to 1,000 shares	522	289,095	0.12
1,001 to 10,000 shares	3,564	16,825,249	7.01
10,001 to 100,000 shares	1,214	35,248,889	14.69
100,001 to less than 5% of issued shares	115	112,867,310	47.02
5% and above of issued shares	3	74,773,272	31.15
Total	5,874	240,021,900*	100.00

* The number of 240,021,900 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 2014 were as follows:

	No. of RM0.50 Shares			
Name	Direct Interest	%	Indirect Interest	%
Chan Thye Seng	28,713,736	11.96	108,771,818[(2)]	45.32
Mah Wing Holdings Sdn Bhd	54,289,202	22.62	–	–
Mah Wing Investments Limited	49,262,660	20.52	–	–

DIRECTORS' SHAREHOLDINGS

According to the Register of Directors' Shareholdings, the Directors' shareholdings as at 31 December 2014 were as follows:

	No. of RM0.50 Shares			
Name	Direct Interest	%	Indirect Interest	%
Chan Hua Eng	284,198	0.12	5,349,522[(1)]	2.23
Chan Thye Seng	28,713,736	11.96	108,771,818[(2)]	45.32
Michael Yee Kim Shing	236,828	0.10	374,190[(3)]	0.16
Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed	–	–	4,570,252[(4)]	1.90
Dato' Abu Hanifah bin Noordin	–	–	659,332[(5)]	0.27
Dato' Dr Zaha Rina binti Zahari	600,000	0.25	–	–

Notes:

(1) Held by virtue of Chan Hua Eng's interests in Chan Kok Tien Realty Sdn Bhd ("CKT"), Tysim Holdings Sdn Bhd ("Tysim") and deemed to have interest in shares held by his spouse and daughter.

(2) Held by virtue of Chan Thye Seng's interests in Mah Wing Investments Limited, Mah Wing Holdings Sdn Bhd, CKT, Tysim and deemed to have interest in shares held by his spouse.

(3) Deemed to have interest in shares held by his spouse and children.

(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 2014

THIRTY LARGEST SECURITIES ACCOUNTS HOLDERS

	Name	No. of RM0.50 Shares	% of Issued Capital
1.	Affin Hwang Nominees (Asing) Sdn Bhd Mah Wing Investments Limited	49,262,660	20.52
2.	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Mah Wing Holdings Sdn Bhd	13,104,898	5.46
3.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mah Wing Holdings Sdn Bhd	12,405,714	5.17
4.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mah Wing Holdings Sdn Bhd	10,800,000	4.50
5.	Citigroup Nominees (Asing) Sdn Bhd Pershing LLC for Camac Fund II, LP	8,846,900	3.69
6.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mah Wing Holdings Sdn Bhd	7,500,000	3.12
7.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Thye Seng	6,584,032	2.74
8.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mah Wing Holdings Sdn Bhd	5,417,104	2.26
9.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Thye Seng	5,000,000	2.08
10.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Thye Seng	4,815,000	2.01
11.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Chan Kok Tien Realty Sdn Bhd	4,810,688	2.00
12.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mah Wing Holdings Sdn Bhd	4,800,000	2.00
13.	Affin Hwang Nominees (Tempatan) Sdn Bhd HDM Capital Sdn Bhd for Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed	4,570,252	1.90
14.	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Thye Seng	4,099,682	1.71
15.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Thye Seng	3,645,100	1.52
16.	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Chan Thye Seng	3,052,220	1.27
17.	Neoh Choo Ee & Company, Sdn. Berhad	2,640,000	1.10
18.	Citigroup Nominees (Asing) Sdn Bhd Pershing LLC for Camac Fund, LP	2,635,200	1.10
19.	Tan Teong Han	1,787,242	0.74
20.	Yeoh Phek Leng	1,751,432	0.73
21.	Electroscon Coletra Sdn Bhd	1,600,000	0.67
22.	Lee Sik Pin	1,533,804	0.64
23.	Chan Thye Seng	1,350,000	0.56
24.	Yayasan Kedah Berhad	1,011,264	0.42
25.	Maybank Nominees (Tempatan) Sdn Bhd DBS Bank for Deva Dassan Solomon	1,000,000	0.42
26.	Kumpulan Wang Simpanan Guru-Guru	881,034	0.37
27.	DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt An for Bank of Singapore Limited	677,000	0.28
28.	Public Nominees (Tempatan) Sdn Bhd Pledge Securities Account for Koay Ean Chim	675,500	0.28
29.	Affin Hwang Nominees (Tempatan) Sdn Bhd HDM Capital Sdn Bhd for Dato' Abu Hanifah bin Noordin	659,332	0.27
30.	Kumpulan Wang Simpanan Guru-Guru	620,000	0.26
	Total	167,536,058	69.80

PACIFIC & ORIENT BERHAD

(308366-H)
(Incorporated in Malaysia)

FORM OF PROXY

*I/We, ...

of ....

being a member/members of PACIFIC & ORIENT BERHAD, hereby appoint

....

of ....

or failing whom, ...

of ....

or failing whom the **Chairman of the meeting** as *my/our proxy to vote for *me/us on *my/our behalf at the Twenty-First Annual General Meeting of the Company to be held at the Concorde I, Lobby Level, Concorde Hotel Kuala Lumpur, 2 Jalan Sultan Ismail, 50250 Kuala Lumpur on Tuesday, 24 March 2015 at 12.00 noon and at any adjournment thereof.

Item	Agenda	Resolution	For	Against
1.	To receive the Audited Financial Statements and Reports			
		Resolution	**For**	**Against**
2.	To approve the payment of Directors' fee of RM300,000 per annum	1		
3.	To re-appoint Mr Chan Hua Eng as Director	2		
4.	To re-appoint Mr Michael Yee Kim Shing as Director	3		
5.	To re-appoint Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed as Director	4		
6.	To re-appoint Messrs Ernst & Young as Auditors and to authorise the Directors to fix their remuneration	5		
7.	Authority under Section 132D of the Companies Act, 1965, to issue shares	6		
8.	Proposed Renewal of Authority for the Purchase by the Company of its Own Shares	7		
9.	To retain Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed as Independent Non-Executive Director	8		
10.	To retain Mr Michael Yee Kim Shing as Independent Non-Executive Director	9		

(Please indicate with an "X" in the space provided above how you wish your vote to be cast on the resolutions specified in the notice of meeting. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.)

* Delete if not applicable.

As witness my hand this.............. day of 2015

No. of Shares Held	
CDS Account No.	

....
Signature/Common Seal of Member(s)

Notes:

1. Depositors whose names appear in the Record of Depositors as at 18 March 2015 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.

Fold this flap for sealing

Then fold here

AFFIX
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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