

PACIFIC & ORIENT INSURANCE CO. BERHAD

Registration No. 197201000959 (12557-W)

(Incorporated in Malaysia)

Unaudited Condensed Interim Financial Statements

For The Six Months Ended 31 March 2023

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

CONTENTS

	<u>PAGE</u>
Condensed Statement of Financial Position	1
Condensed Statement of Changes in Equity	2 - 3
Condensed Income Statement	4
Condensed Statement of Comprehensive Income	5
Condensed Statement of Cash Flows	6
Notes to the Unaudited Condensed Interim Financial Statements	7 - 31

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

CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

		As at 31 March 2023	As at 30 September 2022
	Note	RM'000	RM'000
ASSETS			
Property, plant and equipment	3	17,469	18,186
Investment properties	4	640	640
Intangible assets		1,202	855
Right-of-use assets		4,850	4,385
Tax recoverable		1,731	-
Investments	5	473,194	491,798
Reinsurance assets	6	229,853	208,218
Insurance receivables	7	16,043	13,834
Other receivables	8	45,595	47,049
Cash and cash equivalents	9	35,422	27,904
TOTAL ASSETS		825,999	812,869
EQUITY AND LIABILITIES			
Insurance contract liabilities	10	552,324	550,146
Deferred tax liabilities		3,861	4,628
Lease liabilities		4,285	3,676
Insurance payables	11	31,659	16,336
Tax payables		-	678
Other payables		5,063	6,137
TOTAL LIABILITIES		597,192	581,601
Share capital		100,000	100,000
Revaluation reserve		14,332	14,332
Share options reserve		930	910
Fair value through other comprehensive income ("FVOCI") reserve		3,311	3,709
Retained profits		110,234	112,317
TOTAL EQUITY		228,807	231,268
TOTAL EQUITY AND LIABILITIES		825,999	812,869

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Company for the financial year ended 30 September 2022 and the accompanying explanatory notes on pages 7 to 31 attached to the unaudited condensed financial statements.

The unaudited financial statements were approved for issue by the Board of Directors on 25 May 2023.

PACIFIC & ORIENT INSURANCE CO. BERHAD

(Incorporated in Malaysia)

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 MARCH 2023

	Non-Distributable				Distributable	
	Share capital	Revaluation reserve	Share options reserve	FVOCI reserve	Retained profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 October 2022	100,000	14,332	910	3,709	112,317	231,268
Net loss for the period	-	-	-	-	(4,164)	(4,164)
Other comprehensive income for the period	-	-	-	1,683	-	1,683
Total comprehensive loss for the period	-	-	-	1,683	(4,164)	(2,481)
Transfer of FVOCI reserve to retained profits upon disposal of financial assets at FVOCI	-	-	-	(2,081)	2,081	-
Share options vested under Employee Share Option Scheme ("ESOS")	-	-	20	-	-	20
At 31 March 2023	100,000	14,332	930	3,311	110,234	228,807

CONDENSED STATEMENT OF CHANGES IN EQUITY (CONT'D.)
FOR THE SIX MONTHS ENDED 31 MARCH 2022

	←----- Non-Distributable -----→				Distributable	
	Share capital	Revaluation reserve	Share options reserve	FVOCI reserve	Retained profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 October 2021	100,000	13,972	867	21,148	93,714	229,701
Net profit for the period	-	-	-	-	1,227	1,227
Other comprehensive income for the period	-	-	-	4,427	-	4,427
Total comprehensive income for the period	-	-	-	4,427	1,227	5,654
Transfer of FVOCI reserve to retained profits upon disposal of financial assets at FVOCI	-	-	-	(19,228)	19,228	-
Dividend (Note 28)	-	-	-	-	(2,000)	(2,000)
Share options vested under ESOS	-	-	29	-	-	29
At 31 March 2022	<u>100,000</u>	<u>13,972</u>	<u>896</u>	<u>6,347</u>	<u>112,169</u>	<u>233,384</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Company for the financial year ended 30 September 2022 and the accompanying explanatory notes on pages 7 to 31 attached to the unaudited condensed financial statements.

The unaudited financial statements were approved for issue by the Board of Directors on 25 May 2023.

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

CONDENSED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 31 MARCH 2023

		6 months ended 31 March <u>2023</u> RM'000	6 months ended 31 March <u>2022</u> RM'000
	Note		
Operating revenue		<u>139,861</u>	<u>152,110</u>
Gross earned premiums		132,939	140,501
Premiums ceded to reinsurers		<u>(68,010)</u>	<u>(63,243)</u>
Net earned premiums	12	<u>64,929</u>	<u>77,258</u>
Investment income	13	6,922	11,609
Realised (losses)/gains, net	14	(185)	198
Other operating (expenses)/income, net	15	(322)	172
Commission income		<u>13,583</u>	<u>14,462</u>
Other revenue		<u>19,998</u>	<u>26,441</u>
Gross claims paid		(89,186)	(59,338)
Claims ceded to reinsurers		27,654	19,393
Gross change in insurance contract liabilities		6,665	(2,665)
Change in insurance contract liabilities ceded to reinsurers		<u>6,233</u>	<u>1,883</u>
Net claims incurred	16	<u>(48,634)</u>	<u>(40,727)</u>
Commission expenses		(15,333)	(18,644)
Fair value gains/(losses)	17	6,343	(12)
Management expenses	18	(32,234)	(39,056)
Finance costs	20	<u>(114)</u>	<u>(2,913)</u>
Other expenses		<u>(41,338)</u>	<u>(60,625)</u>
(Loss)/Profit before taxation		(5,045)	2,347
Taxation		<u>881</u>	<u>(1,120)</u>
Net (loss)/profit for the period		<u>(4,164)</u>	<u>1,227</u>
Basic (loss)/earnings per share (sen)		<u>(4.16)</u>	<u>1.23</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Company for the financial year ended 30 September 2022 and the accompanying explanatory notes on pages 7 to 31 attached to the unaudited condensed financial statements.

The unaudited financial statements were approved for issue by the Board of Directors on 25 May 2023.

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

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 MARCH 2023

	6 months ended 31 March 2023 RM'000	6 months ended 31 March 2022 RM'000
Net (loss)/profit for the period	(4,164)	1,227
Other comprehensive (loss)/income:		
<u>Items that may be reclassified to income statement in subsequent periods:</u>		
Fair value changes in investments through other comprehensive income ("FVOCI")		
- Corporate debt securities		
• Gain/(Loss) on fair value changes	992	(247)
• Deferred tax	(238)	59
	<u>754</u>	<u>(188)</u>
<u>Items that will not be reclassified to income statement in subsequent periods:</u>		
Fair value changes in investments through other comprehensive income ("FVOCI")		
- Quoted securities		
• Gain on fair value changes	1,215	5,741
• Deferred tax	125	3,187
• Tax expense on disposal of FVOCI financial assets	(411)	(4,313)
	<u>929</u>	<u>4,615</u>
Other comprehensive income for the period, net of tax	1,683	4,427
Total comprehensive (loss)/income for the period	<u>(2,481)</u>	<u>5,654</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Company for the financial year ended 30 September 2022 and the accompanying explanatory notes on pages 7 to 31 attached to the unaudited condensed financial statements.

The unaudited financial statements were approved for issue by the Board of Directors on 25 May 2023.

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

CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 MARCH 2023

		6 months ended 31 March <u>2023</u> RM'000	6 months ended 31 March <u>2022</u> RM'000
	Note		
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations		5,879	20,906
Net tax paid		(2,819)	(1,608)
Dividends received		1,272	2,679
Interest received		4,522	3,390
Profit received from Islamic fixed deposits		223	177
Interest paid		-	(2,653)
Net cash generated from operating activities		<u>9,077</u>	<u>22,891</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net proceeds on disposal of property, plant and equipment		94	22
Net proceeds on disposal of ROU asset		326	-
Purchase of property, plant and equipment		(14)	(8)
Purchase of intangible assets		(623)	(2)
Net cash (used in)/generated from investing activities		<u>(217)</u>	<u>12</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid	28	-	(2,000)
Repayment of lease liabilities		(1,342)	(1,641)
Net cash used in financing activities		<u>(1,342)</u>	<u>(3,641)</u>
Net increase in cash and cash equivalents		7,518	19,262
Cash and cash equivalents at beginning of period		<u>27,904</u>	<u>21,265</u>
Cash and cash equivalents at end of period	9	<u><u>35,422</u></u>	<u><u>40,527</u></u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Company for the financial year ended 30 September 2022 and the accompanying explanatory notes on pages 7 to 31 attached to the unaudited condensed financial statements.

The unaudited financial statements were approved for issue by the Board of Directors on 25 May 2023.

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 MARCH 2023

1. CORPORATE INFORMATION

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

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

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

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

2. BASIS OF PREPARATION

- (i) The unaudited condensed interim financial statements for the six months ended 31 March 2023 have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS 134”): Interim Financial Reporting. The unaudited condensed interim financial statements also comply with the International Accounting Standard 34 (“IAS 34”): Interim Financial Reporting issued by the International Accounting Standards Board (“IASB”).

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Company for the financial year ended 30 September 2022.

2. BASIS OF PREPARATION (CONT'D.)

(ii) Significant Accounting Policies

- (a) The significant accounting policies adopted by the Company in these condensed interim financial statements are consistent with those adopted in the audited financial statements for the year ended 30 September 2022 except for the adoption of the following Amendments to MFRSs and Interpretations issued by the Malaysian Accounting Standards Board (“MASB”) which are mandatory for annual periods beginning on or after 1 January 2022.

Effective for financial periods beginning on or after 1 January 2022

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

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

2. BASIS OF PREPARATION (CONT'D.)

(ii) Significant Accounting Policies (Cont'd.)

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

Effective for financial periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts - Initial Application of MFRS 17 and MFRS 19 - Comparative Information
Amendments to MFRS 101	Presentation of Financial Statements - Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Presentation of Financial Statements - Disclosure of Accounting Policies
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
Amendments to MFRS 112	Income Taxes - Deffered related to Assets and Liabilities arising from a Single Transaction

Effective for financial periods beginning on or after 1 January 2024

Amendments to MFRS 16	Lease liability in a Sale and Leaseback
Amendments to MFRS 101	Presentation of Financial Statement - Non-current Liabilities with Covenants

2. BASIS OF PREPARATION (CONT'D.)

(ii) Significant Accounting Policies (Cont'd.)

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

Effective date to be announced by Malaysian Accounting Standard Board

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

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

- MFRS 17: Insurance Contracts and Amendments to MFRS 17

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

- A simplified approach (the premium allocation approach) mainly for short-duration contracts
- A specific adaptation for contracts with direct participation features (the variable fee approach)

MFRS 17 and Amendments to MFRS 17 are effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies MFRS 9 and MFRS 15 on or before the date it first applies MFRS 17.

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

3. PROPERTY, PLANT AND EQUIPMENT

	Valuation			Cost				
	Freehold	Buildings		Computer	Motor	Office	Furniture,	Total
	land	Freehold	Leasehold	equipment	vehicles	equipment	fixtures and	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	fittings	RM'000
<u>Valuation/Cost:</u>								
At 1 October 2022	2,730	850	14,040	5,782	906	1,525	3,747	29,580
Additions	-	-	-	-	-	10	4	14
Disposals	-	-	-	-	(320)	-	-	(320)
Write-offs	-	-	-	-	-	(15)	(51)	(66)
At 31 March 2023	2,730	850	14,040	5,782	586	1,520	3,700	29,208
<u>Accumulated depreciation:</u>								
At 1 October 2022	-	-	-	5,738	670	1,404	3,582	11,394
Charge for the period	-	17	554	4	16	13	33	637
Disposals	-	-	-	-	(226)	-	-	(226)
Write-offs	-	-	-	-	-	(15)	(51)	(66)
At 31 March 2023	-	17	554	5,742	460	1,402	3,564	11,739
<u>Net carrying value:</u>								
At 31 March 2023	2,730	833	13,486	40	126	118	136	17,469

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

	Valuation			Cost				
	Freehold land	Buildings Freehold	Leasehold	Computer equipment	Motor vehicles	Office equipment	Furniture, fixtures and fittings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Valuation/Cost:</u>								
At 1 October 2021	2,670	851	14,730	5,788	1,106	1,673	3,785	30,603
Additions	-	-	-	-	-	48	9	57
Disposals	-	-	-	-	(200)	(140)	(31)	(371)
Write-offs	-	-	-	(6)	-	(56)	(16)	(78)
Revaluation surplus	60	33	380	-	-	-	-	473
Elimination of accumulated depreciation on revaluation	-	(34)	(1,070)	-	-	-	-	(1,104)
At 30 September 2022	2,730	850	14,040	5,782	906	1,525	3,747	29,580
<u>Accumulated depreciation:</u>								
At 1 October 2021	-	-	-	5,735	776	1,558	3,554	11,623
Charge for the year	-	34	1,070	9	45	31	75	1,264
Disposals	-	-	-	-	(151)	(129)	(31)	(311)
Write-offs	-	-	-	(6)	-	(56)	(16)	(78)
Elimination of accumulated depreciation on revaluation	-	(34)	(1,070)	-	-	-	-	(1,104)
At 30 September 2022	-	-	-	5,738	670	1,404	3,582	11,394
<u>Net carrying value:</u>								
At 30 September 2022	2,730	850	14,040	44	236	121	165	18,186

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

- (a) Freehold land and buildings and leasehold buildings were revalued as at 30 September 2022 based on valuation carried out by an independent professional valuer, Messrs. Rahim & Co. on an open market value basis using the comparison method.

The fair value of the freehold land and buildings and leasehold buildings are categorised within Level 3 of the fair value hierarchy.

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

- (b) The net carrying values of the freehold land and buildings and leasehold buildings of the Company had the cost model been applied, compared to the revaluation model as at 31 March 2023 are as follows:

	Net Carrying Value			
	31 March 2023		30 September 2022	
	Under Revaluation Model RM'000	Under Cost Model RM'000	Under Revaluation Model RM'000	Under Cost Model RM'000
Freehold land	2,730	380	2,730	380
Freehold buildings	850	184	850	187
Leasehold buildings	14,040	3,890	14,040	4,020
	<u>17,620</u>	<u>4,454</u>	<u>17,620</u>	<u>4,587</u>

4. INVESTMENT PROPERTIES

	31 March <u>2023</u> RM'000	30 September <u>2022</u> RM'000
<u>At fair value</u>		
At 1 October	640	650
Revaluation deficit	-	(10)
At 31 March 2023/30 September 2022	<u>640</u>	<u>640</u>
 Analysed as:		
Freehold buildings	<u>640</u>	<u>640</u>

4. INVESTMENT PROPERTIES (CONT'D.)

Investment properties were revalued as at 30 September 2022 by Messrs. Rahim & Co., an independent professional valuer. Fair value is determined by reference to open market values using the comparison method.

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

The fair value of the investment properties are categorised within Level 3 of the fair value hierarchy.

5. INVESTMENTS

	31 March 2023 RM'000	30 September 2022 RM'000
--	----------------------------	--------------------------------

The Company's investment are summarised by categories as follows:

- (a) Financial assets at fair value through profit or loss ("FVTPL"):

At fair value:

Mandatorily measured:

Quoted shared in Malaysia	15,855	14,501
Unit trusts	245,715	245,447
Warrants	6,010	5,445
	<u>267,580</u>	<u>265,393</u>

- (b) Financial assets at fair value through other comprehensive income ("FVOCI"):

At fair value:

Designated upon initial recognition:

Quoted shares in Malaysia	4,047	10,313
---------------------------	-------	--------

Mandatorily measured:

Corporate debt securities	82,517	71,525
	<u>86,564</u>	<u>81,838</u>

5. INVESTMENTS (CONT'D.)

31 March	30 September
<u>2023</u>	<u>2022</u>
RM'000	RM'000

The Company's investment are summarised by categories as follows: (Cont'd.)

(c) Financial assets at amortised cost:

Deposits and placements with licensed financial institutions: ^

Commercial banks

86,804

127,255

Investment banks

32,246

17,312

119,050

144,567

Total investments

473,194

491,798

Included in deposits and placements of the Company is an amount of RM113,590 (2022: RM112,450) representing placements of deposits received from insureds as collateral for bond guarantees granted to third parties.

^ The carrying value of the fixed and call deposits with licensed banks approximates fair value due to the relatively short term maturities.

6. REINSURANCE ASSETS

	31 March	30 September
	<u>2023</u>	<u>2022</u>
Note	RM'000	RM'000

Reinsurance of insurance contracts:

- Claims liabilities

10.1

174,364

168,131

- Premium liabilities

10.2

55,489

40,087

229,853

208,218

7. INSURANCE RECEIVABLES

	31 March <u>2023</u> RM'000	30 September <u>2022</u> RM'000
Outstanding premiums including agents, brokers' and co-insurers' balances	7,053	4,273
Due from reinsurers and ceding companies	9,788	10,429
	<u>16,841</u>	<u>14,702</u>
Allowance for impairment	(798)	(868)
	<u>16,043</u>	<u>13,834</u>

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

8. OTHER RECEIVABLES

	31 March <u>2023</u> RM'000	30 September <u>2022</u> RM'000
<u>At amortised cost:</u>		
Due from fellow subsidiary company	530	705
Accrued income	1,789	2,354
Share of net assets held under the Malaysian Motor Insurance Pool ("MMIP")	40,772	42,171
Deposits and prepayments	1,666	1,216
Others	838	603
	<u>45,595</u>	<u>47,049</u>

9. CASH AND CASH EQUIVALENTS

	31 March <u>2023</u> RM'000	30 September <u>2022</u> RM'000
Deposits and placements with licensed commercial bank (with original maturity period of three months or less)	29,217	25,567
Cash and bank balances	6,205	2,337
	<u>35,422</u>	<u>27,904</u>

10. INSURANCE CONTRACT LIABILITIES

	31 March 2023			30 September 2022		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
		(Note 6)			(Note 6)	
General insurance	552,324	(229,853)	322,471	550,146	(208,218)	341,928

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

		31 March 2023			30 September 2022		
	Note	Gross	Reinsurance	Net	Gross	Reinsurance	Net
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Provisions for claims reported		293,058	(127,020)	166,038	297,262	(120,778)	176,484
Provision for Incurred But Not Reported ("IBNR")		101,622	(31,303)	70,319	105,479	(31,928)	73,551
Provision of Risk Margin for Adverse Deviation ("PRAD")		37,547	(16,041)	21,506	36,151	(15,425)	20,726
Claims Liabilities	10.1	432,227	(174,364)	257,863	438,892	(168,131)	270,761
Premium Liabilities	10.2	120,097	(55,489)	64,608	111,254	(40,087)	71,167
		552,324	(229,853)	322,471	550,146	(208,218)	341,928

10. INSURANCE CONTRACT LIABILITIES (CONT'D.)

10.1 Claims Liabilities

		31 March 2023			30 September 2022		
		Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 October 2022/2021		438,892	(168,131)	270,761	432,182	(158,677)	273,505
Claims incurred in the current accident period/year (direct and facultative)		84,985	(28,979)	56,006	182,837	(57,450)	125,387
Adjustment to claims incurred in prior accident years (direct and facultative)		(2,169)	(4,291)	(6,460)	(32,648)	5,245	(27,403)
Claims incurred during the period/year (treaty inwards claims)		(35)	-	(35)	(442)	-	(442)
Movement in Provision of Risk Margin for Adverse Deviation (“PRAD”) claims liabilities at 75% confidence level		(207)	(617)	(824)	612	(782)	(170)
Movement in claims handling expenses		(53)	-	(53)	743	-	743
Claims paid during the period/year	16	(89,186)	27,654	(61,532)	(144,392)	43,533	(100,859)
At 31 March 2023/30 September 2022		432,227	(174,364)	257,863	438,892	(168,131)	270,761

10. INSURANCE CONTRACT LIABILITIES (CONT'D.)

10.2 Premium Liabilities

Note	← 31 March 2023 →			← 30 September 2022 →		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
At 1 October 2022/2021	111,254	(40,087)	71,167	111,504	(35,269)	76,235
Premiums written during the period/year	12 141,782	(83,412)	58,370	283,976	(128,646)	155,330
Premiums earned during the period/year	12 (132,939)	68,010	(64,929)	(284,226)	123,828	(160,398)
At 31 March 2023/30 September 2022	<u>120,097</u>	<u>(55,489)</u>	<u>64,608</u>	<u>111,254</u>	<u>(40,087)</u>	<u>71,167</u>

11. INSURANCE PAYABLES

	31 March <u>2023</u> RM'000	30 September <u>2022</u> RM'000
Due to reinsurers and ceding companies	28,914	10,323
Due to agents, brokers, co-insurers and insureds	<u>2,745</u>	<u>6,013</u>
	<u>31,659</u>	<u>16,336</u>

12. NET EARNED PREMIUMS

		6 months ended 31 March <u>2023</u> RM'000	6 months ended 31 March <u>2022</u> RM'000
	Note		
(a) Gross premiums	10.2	141,782	171,997
Change in premium liabilities		<u>(8,843)</u>	<u>(31,496)</u>
Gross earned premiums		<u>132,939</u>	<u>140,501</u>
(b) Gross premiums ceded to reinsurers	10.2	(83,412)	(83,710)
Change in premium liabilities		<u>15,402</u>	<u>20,467</u>
Premiums ceded to reinsurers		<u>(68,010)</u>	<u>(63,243)</u>
Net earned premiums		<u>64,929</u>	<u>77,258</u>

13. INVESTMENT INCOME

	6 months ended 31 March 2023 RM'000	6 months ended 31 March 2022 RM'000
Dividend income:		
- Shares quoted in Malaysia	229	490
- Unit trust	991	2,172
Interest income:		
- Deposits and placements with financial institutions	1,936	3,583
- Corporate debt/securities	2,073	-
Distribution income		
- Shares quoted in Malaysia	-	4,711
Profit from Islamic fixed deposits	222	176
Rental of properties:		
- Fellow subsidiary company	14	14
- Holding company	108	121
Investment income from:		
- Malaysian Motor Insurance Pool ("MMIP")	1,340	342
- Malaysian Reinsurance Berhad ("MRB")	9	-
	<u>6,922</u>	<u>11,609</u>

14. REALISED (LOSSES)/GAINS, NET

	6 months ended 31 March 2023 RM'000	6 months ended 31 March 2022 RM'000
Realised (losses)/gains:		
- Property, plant and equipment	-	(27)
- Derecognition of right-of-use assets	(46)	-
- Financial assets at FVTPL:		
Shares quoted in Malaysia	(225)	(798)
Unit trusts	90	407
Warrants	-	620
- Foreign exchange	(4)	(4)
	<u>(185)</u>	<u>198</u>

15. OTHER OPERATING (EXPENSES)/INCOME, NET

	6 months ended 31 March <u>2023</u> RM'000	6 months ended 31 March <u>2022</u> RM'000
Other operating (expenses)/income:		
Sundry income	28	664
Other expenses	(350)	(492)
	<u>(322)</u>	<u>172</u>

16. NET CLAIMS INCURRED

		6 months ended 31 March <u>2023</u> RM'000	6 months ended 31 March <u>2022</u> RM'000
	Note		
Gross claims paid	10.1	(89,186)	(59,338)
Claims ceded to reinsurers	10.1	27,654	19,393
Gross increase in insurance contract liabilities		6,665	(2,665)
Change in insurance contract liabilities ceded to reinsurers		6,233	1,883
		<u>(48,634)</u>	<u>(40,727)</u>

17. FAIR VALUE GAINS/(LOSSES)

	6 months ended 31 March <u>2023</u> RM'000	6 months ended 31 March <u>2022</u> RM'000
Fair value gains/(losses):		
Gain/(Loss) on fair value of investments held as fair value through profit or loss	6,343	(12)

18. MANAGEMENT EXPENSES

		6 months ended 31 March 2023 RM'000	6 months ended 31 March 2022 RM'000
	Note		
Chief executive officer's remuneration	19	495	502
Staff salaries and bonus		8,708	9,299
Allowance for unutilised leave		(222)	(640)
Pension costs - defined contribution plan		1,056	1,119
Other staff benefits		1,685	1,152
Depreciation of property, plant and equipment		637	631
Depreciation of right-of-use assets		1,002	1,487
Amortisation:			
- Intangible assets		276	222
Auditors' remuneration:			
- Statutory audit		139	133
- Other regulatory related services		19	22
- Other services		11	86
Executive Director's remuneration	19	25	25
Non-Executive Directors' remuneration	19	215	210
Allowance for impairment of insurance receivables		-	1,369
Write back in allowance for impairment of :			
- Insurance receivables		(70)	-
Rental of properties:			
- Fellow subsidiary company		56	-
Management fees:			
- Holding company		745	745
- Third parties		66	72
Call centre service charges to:			
- Third parties		20	19
- Fellow subsidiary company		619	330
Rental of equipment:			
- Third parties		1	7
- Fellow subsidiary company		1,315	867
Printing and information system expenses:			
- Third parties		266	2,204
- Fellow subsidiary company		9,813	9,697
Business development		1,488	3,563
Levy		118	308
Credit card charges		488	657
Office administration and utilities		822	1,378
MMIP expenses		140	119
Professional fees		1,269	2,077

18. MANAGEMENT EXPENSES (CONT'D.)

	6 months ended 31 March 2023 RM'000	6 months ended 31 March 2022 RM'000
Motor vehicle expenses	241	221
Travelling and transport expenses	41	53
Road Transport Department access fees	103	81
Motor Assist & Towing Services	165	708
Other expenses	482	333
	<u>32,234</u>	<u>39,056</u>

19. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S REMUNERATION

		6 months ended 31 March 2023 RM'000	6 months ended 31 March 2022 RM'000
	Note		
<u>Chief Executive Officer:</u>			
- Salary		355	338
- Bonus		87	110
- Pension costs - defined contribution plan		53	54
- Benefits-in-kind		61	24
		<u>556</u>	<u>526</u>
Total Chief Executive Officer's remuneration excluding benefits-in-kind	18	<u>495</u>	<u>502</u>
<u>Executive Director:</u>			
- Fees	18	<u>25</u>	<u>25</u>
		<u>25</u>	<u>25</u>
<u>Non-Executive Directors:</u>			
- Fees	18	215	210
- Benefits-in-kind		18	17
		<u>233</u>	<u>227</u>
Total Executive and Non-Executive Directors' remuneration		<u>258</u>	<u>252</u>

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

The total remuneration received by the Executive and Non-Executive Directors during the period was as follows:

	<u>Allowance</u>	<u>Fees</u>	<u>Benefits-in-Kind</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000
As at 31 March 2023				
<u>Executive Director:</u>				
Mr. Chan Thye Seng	25	-	-	25
<u>Non-Executive Directors:</u>				
Dato' Dr. Zaha Rina binti Zahari	-	50	2	52
Mr. Prasheem Seebran	-	40	5	45
Dr. Loh Leong Hua	-	40	2	42
Mr. Lim Tian Huat	-	40	9	49
Dato' Foong Chee Meng	-	25	-	25
Mr. Tan Chong Hin	-	20	-	20
	<u>25</u>	<u>215</u>	<u>18</u>	<u>258</u>

As at 31 March 2022

<u>Executive Director:</u>				
Mr. Chan Thye Seng	25	-	-	25
<u>Non-Executive Directors:</u>				
Pn. Norazian binti Ahmad Tajuddin	-	45	-	45
Dato' Dr. Zaha Rina binti Zahari	-	45	2	47
Mr. Prasheem Seebran	-	40	5	45
Dr. Loh Leong Hua	-	40	2	42
Mr. Lim Tian Huat	-	40	8	48
	<u>25</u>	<u>210</u>	<u>17</u>	<u>252</u>

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

The number of Executive and Non-Executive Directors whose total remuneration received during the year fell within the following bands is analysed below:

	6 months ended 31 March <u>2023</u>	6 months ended 31 March <u>2022</u>
<u>Executive Director:</u>		
RM20,001 - RM25,000	1	1
<u>Non-Executive Directors:</u>		
Below RM20,000	-	-
RM20,001 - RM25,000	2	-
RM25,001 - RM30,000	-	-
RM30,001 - RM35,000	-	-
RM35,001 - RM40,000	-	3
RM40,001 - RM45,000	2	2
RM45,001 - RM50,000	1	-
RM50,001 - RM55,000	1	-
	<u>1</u>	<u>-</u>

20. FINANCE COSTS

	6 months ended 31 March <u>2023</u> RM'000	6 months ended 31 March <u>2022</u> RM'000
Interest expense on borrowings	-	2,797
Interest on lease liabilities	112	115
Others	2	1
	<u>114</u>	<u>2,913</u>

21. REGULATORY CAPITAL REQUIREMENTS

The capital structure of the Company, as prescribed under the Risk-Based Capital Framework was provided below:

	31 March <u>2023</u> RM'000	30 September <u>2022</u> RM'000
<u>Eligible Tier 1 Capital</u>		
Share capital (paid-up)	100,000	100,000
Retained earnings	110,234	112,317
	<u>210,234</u>	<u>212,317</u>
<u>Tier 2 Capital</u>		
Revaluation reserve	14,332	14,332
FVOCI reserve	3,311	3,709
	<u>17,643</u>	<u>18,041</u>
Amounts deducted from Capital	<u>(4,214)</u>	<u>(1,342)</u>
Total Capital Available	<u><u>223,663</u></u>	<u><u>229,016</u></u>

22. COMMITMENTS AND CONTINGENCIES

(i) Capital commitment

	31 March <u>2023</u> RM'000	30 September <u>2022</u> RM'000
<u>Intangible assets:</u>		
Contracted but not provided for	<u><u>1,076</u></u>	<u><u>-</u></u>

22. COMMITMENTS AND CONTINGENCIES (CONT'D.)

(ii) On-going Litigation

On 10 August 2016, the Malaysia Competition Commission (“MyCC”) through its powers granted under the Competition Act 2010 [Act 712] (“Competition Act”) commenced investigations into an alleged infringement by the Persatuan Insurans Am Malaysia (“PIAM”) and its 22 members including the Company under Section 4 of the Competition Act.

The alleged infringement was in relation to an agreement reached pursuant to a requirement of Bank Negara Malaysia between PIAM and the Federation of Automobile Workshop Owners’ Association of Malaysia (“FAWOAM”) on trade discount rates for parts of certain vehicle makes and labour hour rates for workshops under the PIAM Approved Repairers Scheme.

On 22 February 2017, MyCC issued its Proposed Decision on the alleged infringement which includes proposed financial penalties amounting to a total of RM213,454,814 on all the 22 members of PIAM. The proposed financial penalty on the Company was RM2,108,452. The Proposed Decision was subject to both written and oral representations from various parties including PIAM and the respective insurers.

The Company had via its legal counsel submitted its written representation on 25 April 2017, and delivered several oral representations to MyCC between 2017 and 2019. BNM and FAWOAM were invited at a hearing of the oral representations in 2019. The oral representations from all relevant insurers, as represented by legal counsels, was concluded on 18 June 2019.

On 14 September 2020, MyCC had issued its final decision against PIAM and its 22 members for violating Section 4 of the Competition Act, in relation to the above infringement. As a result, MyCC had imposed financial penalties of RM173,655,300 on all 22 insurance companies, and granted a 25% reduction on the final penalties after taking into consideration the economic impact arising from the Covid-19 pandemic.

MyCC had also served an official notice, dated 25 September 2020, to the Company, informing of its findings on the infringement of the Competition Act and the financial penalty imposed on the Company was RM1,581,339, net of the 25% discount granted arising from the Covid-19 pandemic.

On 30 September 2020, BNM had released a press statement, which said it regrets the MyCC’s decision on the matter, as the arrangement was put in place through the facilitation and direction of BNM with the general insurers to address disputes between workshops and general insurance companies that had adversely impacted consumers in terms of delayed claims settlements.

22. COMMITMENTS AND CONTINGENCIES (CONT'D.)

(ii) On-going Litigation (Cont'd.)

PIAM, in a statement on 30 September 2020, had also expressed its disappointment with the MyCC's decision on the infringement, as PIAM and its members have always placed the motoring public and policyholders at the forefront.

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

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

However, MyCC has filed an application for leave to commence judicial review proceedings in the High Court to review the decision of CAT dated 2 September 2022. The High Court has fixed the hearing date for this matter on 8 May 2023.

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

As at the date of this report, the Company has not made any provision, and will continue to disclose the matter as an on-going litigation until further development.

23. AUDIT QUALIFICATION OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

There was no qualification in the audit report of the preceding annual audited financial statements of the Company.

24. SEASONALITY OR CYCLICALITY OF OPERATIONS

The business of the Company is not subject to any significant seasonal or cyclical fluctuations.

25. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASHFLOWS

There were no unusual items that affect the assets, liabilities, equity, net income or cash flows of the Company for the financial period ended 31 March 2023.

26. CHANGES IN ESTIMATES

There were no changes in estimates of amounts reported in prior periods that have a material effect for the financial period ended 31 March 2023.

27. ISSUANCES, CANCELLATIONS, REPURCHASES, RESALE AND REPAYMENTS OF DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period ended 31 March 2023.

28. DIVIDENDS PAID

6 months ended 31 March <u>2023</u> RM'000	6 months ended 31 March <u>2022</u> RM'000
--	--

In respect of the financial year ended 30 September 2021:

Final single tier dividend of 2.00 sen per share,
declared on 23 February 2022 and paid on 3 March 2022

-	2,000
<u>-</u>	<u>2,000</u>

29. MATERIAL EVENTS SUBSEQUENT TO END OF REPORTING PERIOD

There were no material events subsequent to the end of the financial period reported that require disclosure or adjustments to the unaudited condensed interim financial statements.

30. EFFECT OF CHANGES IN COMPOSITION OF THE COMPANY

There were no changes in the composition of the Company for the financial period ended 31 March 2023.