A. Notes To The Condensed Consolidated Interim Financial Statements For The Nine Months Ended 30 June 2024

A1. Basis of Preparation

The condensed consolidated interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The condensed consolidated interim financial statements also comply with International Accounting Standard 34: Interim Financial Reporting issued by the International Accounting Standards Board ("IASB").

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 September 2023.

The significant accounting policies adopted by the Group in these condensed consolidated interim financial statements are consistent with those adopted in the audited financial statements for the year ended 30 September 2023 except for the adoption of the following MFRS and amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") which are mandatory for annual periods beginning on or after 1 January 2023.

<u>Effective for financial periods beginning on or after 1 January 2023</u>

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

A1. Basis of Preparation (Cont'd)

The adoption of the above MFRS and Amendments to MFRSs did not have any significant financial impact to the Group, except as disclosed below:

- MFRS 17: Insurance Contracts and Amendments to MFRS 17

The Group adopted MFRS 17 Insurance Contracts and its amendments, effective from 1 October 2023, replacing MFRS 4 Insurance Contracts. This standard has brought significant changes to the accounting for insurance and reinsurance contracts. As a result, the Group has restated certain comparative amounts and presented a third statement of financial position as at 1 October 2022.

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

Level of aggregation

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

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

The Group recognises profits from the group of insurance contracts that, at initial recognition, have no significant possibility of becoming onerous, and from the group of remaining contracts in the portfolio over each period the Group provides insurance coverage, as the Group is released from risk.

If a group of contracts is expected to be onerous (i.e., loss-making) at initial recognition, the Group recognises the loss immediately in the income statement.

In the statement of financial position, a loss component is established by the Group for the liability for the remaining coverage for such an onerous group, depicting the losses recognised. A loss recovery component is recognised if appropriate reinsurance coverage is in place.

Contract boundary

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

A1. Basis of Preparation (Cont'd)

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

Changes to recognition, classification and measurement

MFRS 17 introduces two new measurement models for calculating insurance and reinsurance contract liabilities, reflecting different extents of the overall Group's performance.

(1) The General Measurement Model ("GMM")

The GMM is the default approach under MFRS 17, often referred to as the building block approach. It comprises two main components:

(i) Fulfilment Cash Flow: This represents the risk-adjusted present value of expected cash flows between the entity and policyholders. It incorporates estimates of expected cash flows, applies discounting, and includes a risk adjustment for non-financial risk.

(ii) Contractual Service Margin ("CSM"): This represents the unearned profit from the in-force contracts that the entity will recognise over the coverage period.

(2) The Premium Allocation Approach ("PAA")

The PAA is a simplified approach for measuring the liability of remaining coverage ("LRC") that an entity may choose to use when the PAA provides a measurement that does not materially differ from that under the GMM, or if the coverage period of each contract in the group of insurance contracts is one year or less.

The Group determined that its insurance contracts issued and reinsurance contracts held are eligible to be measured using the PAA, as the simplified approach produces a measurement of the liability for remaining coverage for the Group that would not differ materially from the liability that was generated under the GMM.

The measurement principles of the PAA differ from the 'earned premium approach' used by the Group under MFRS 4 in the following key areas:

- The LRC reflects premiums received less deferred insurance acquisition cash flows and less amounts recognised in revenue for insurance services provided.

- Measurement of the LRC includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart.

- Measurement of the LRC involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision).

A1. Basis of Preparation (Cont'd)

- <u>MFRS 17: Insurance Contracts and Amendments to MFRS 17</u> (Cont'd)

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

- Measurement of the Liability for Incurred Claims ("LIC") (previously claims outstanding and incurred-but-not-reported ("IBNR") claims) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. The liability includes the Group's obligation to pay other incurred insurance expenses.

- Measurement of the assets for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss recovery component to reflect the expected recovery of onerous losses where such contracts reinsure onerous direct contracts.

MFRS 17 requires expected losses of the contracts be reflected at the initial recognition in the income statement as a loss component. Any offsetting of onerous groups of contracts with the profitable groups of insurance contracts is not allowed.

Insurance acquisition cash flows

Insurance acquisition cash flows arise from marketing expenses, underwriting expenses and expenses incurred in initiating a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts. Such cash flows do not include expenses that cannot be directly attributable to individual contracts or groups of insurance contracts within the portfolio.

For contracts with a coverage period of one year or less, the Group has the option to recognise insurance acquisition cash flows as incurred and expense them immediately, or to amortise them over time using a rational method to allocate costs to each MFRS 17 group. The Group has opted to amortise acquisition costs over the contracts' coverage period. This approach is similar to Unearned Premium Reserve ("UPR") calculation under MFRS 4, where commission/acquisition costs are implicitly deferred in the UPR computation.

A1. Basis of Preparation (Cont'd)

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

Estimates of future cash flows and discount rate

As not all cash flows are expected to be paid or received within one year or less from the date claims are incurred, the Group is required to discount the estimate of future cash flows included in the LIC. However, the Group's position is not to apply discounting for cash flows in LRC (under the PAA), as the Group does not expect the duration between providing each part of the coverage and related premium due date to be more than a year (the effect of significant financing component is immaterial). The Group applies the bottom-up discount rates approach when deriving its discount rates for discounting the LIC. This approach involves using an appropriate (liquid) risk-free yield curve plus a specific illiquidity premium (if any) above the risk-free yield curve. The Group has allowed discounting for the motor portfolio only and not for the non-motor portfolio, given the effect of the significant financing component from a net basis for the non-motor is not material. The Group's accounting policy choice is to not disaggregate Insurance Finance Income or Expense between the income statement and the statement of comprehensive income for the impact of the change in fulfilment cash flow for LRC and LIC as a result of the change in discount rate or as a result of the change in financial risk. Yield curve information is sourced from a third-party service provider.

Transition

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

On transition date, 1 October 2022, the Group:

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

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

- Recognised any resulting net difference in equity.

A1. Basis of Preparation (Cont'd)

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

Transition (Cont'd)

The effect of adopting MFRS 17 has resulted in an increase to the total equity of RM13,186,000, net of tax.

While the Group has applied the transition provisions in MFRS 17, exempting the need to disclose the effects of adopting MFRS 17 on each financial statement line item, the Group has disclosed the adjustments to the opening statements of financial position.

The opening statement of financial position as at 1 October 2022 are presented below:

Group	**As at 30 September 2022 RM'000**	**Restatements upon adoption of RM'000**	**As at 1 October 2022 RM'000 As Restated**
ASSETS			
Property, plant and equipment	20,916	-	20,916
Investment properties	640	-	640
Intangible assets	1,061	-	1,061
Right-of-use assets	11,830	-	11,830
Deferred tax assets	1,475	-	1,475
Investments	388,217	-	388,217
Investment in associated companies	6,890	-	6,890
Inventories - goods for resale	186	-	186
Property development costs	94,462	-	94,462
Loans	2,112	-	2,112
Reinsurance assets	208,218	(208,218)	-
Insurance receivables	13,834	(13,834)	-
Reinsurance contract assets	-	208,538	208,538
Trade receivables	4,493	-	4,493
Other receivables	54,522	688	55,210
Lease receivables	549	-	549
Due from associated companies	8,758	-	8,758
Deposits and placements with financial institutions	166,168	-	166,168
Cash and bank balances	103,740	-	103,740
TOTAL ASSETS	1,088,071	(12,826)	1,075,245

A1. Basis of Preparation (Cont'd)

- <u>MFRS 17: Insurance Contracts and Amendments to MFRS 17</u> (Cont'd)

Transition (Cont'd)

Group	**As at 30 September 2022 RM'000**	**Restatements upon adoption of MFRS 17 RM'000**	**As at 1 October 2022 RM'000 As Restated**
LIABILITIES			
Insurance contract liabilities	550,146	(13,840)	536,306
Insurance payables	16,336	(16,336)	-
Deferred tax liabilities	4,628	4,164	8,792
Lease liabilities	10,585	-	10,585
Trade payables	622	-	622
Other payables	31,561	-	31,561
Borrowings	1,765	-	1,765
Tax payable	359	-	359
TOTAL LIABILITIES	616,002	(26,012)	589,990
EQUITY			
Share capital	148,293	-	148,293
Treasury shares	(20,192)	-	(20,192)
Merger reserve	20,792	-	20,792
Translation reserve	(18,353)	-	(18,353)
Revaluation reserve	11,473	-	11,473
Fair Value through Other Comprehensive Income reserve	20,460	-	20,460
Share options reserve	1,865	-	1,865
Retained profits	185,401	6,725	192,126
Equity attributable to equity holders of the Company	349,739	6,725	356,464
Non-controlling interest	122,330	6,461	128,791
TOTAL EQUITY	472,069	13,186	485,255
TOTAL EQUITY AND LIABILITIES	1,088,071	(12,826)	1,075,245

A2. Amendments to MFRSs yet to be effective

Effective for financial periods beginning on or after 1 January 2024

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

Effective for financial periods beginning on or after 1 January 2025

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

Effective for financial periods beginning on or after 1 January 2026

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

Effective for financial periods beginning on or after 1 January 2027

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

Effective date to be announced by Malaysian Accounting Standards Board

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 Amendments to MFRSs is not expected to result in significant financial impact to the Group.

A3. Audit Qualification of the Preceding Annual Financial Statements

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

A4. Seasonality or Cyclicality of Operations

The businesses of the Group are not subject to seasonal or cyclical fluctuations.

A5. Unusual Items affecting assets, liabilities, equity, net income or cash flows.

There were no unusual items that affected the assets, liabilities, equity, net income or cash flows of the Group for the period under review.

A6. Change in Estimates

There were no changes in estimates of amounts reported in prior periods that have a material effect in the period under review other than those arising from the adoption of MFRS 17 as described in Note A1.

A7. Issuances, Repurchases, Resale and Repayments of Debts and Equity Securities

(i) Issuance of shares

During the nine months period ended 30 June 2024, 7,545,000 ordinary shares were issued under to the Employees' Share Option Scheme ("ESOS"). These transactions comprised:

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

(b) On 10 November 2023, Ms Chan Cheng Sim, an employee within the Group and sister to Mr Chan Thye Seng, exercised 1,275,000 ESOS options for a total consideration of RM1,134,750, and

(c) The balance of 2,270,000 ESOS options was exercised by other staff members within the Group for a total consideration of RM2,044,000.

A7. Issuances, Repurchases, Resale and Repayments of Debts and Equity Securities (Cont'd)

Details of the issued and paid-up capital of the Company as at 30 June 2024 are as follows:

	No. of shares	RM'000
As at 1 October 2023	288,593,333	148,874
Ordinary shares issued pursuant to the ESOS	7,545,000	6,942 [1]
As at 30 June 2024	296,138,333	155,816

[1] Includes capitalisation of share option reserve of RM627,253

(ii) Share buy-back

During the nine months period ended 30 June 2024, the Company resold 4,807,700 of the total 19,303,493 treasury shares held by the Company for a total consideration of RM4,703,685 (after deducting transaction costs) in the open market at an average price of RM0.97 per share. This transaction resulted in a deficit of RM325,174, which has been debited to the retained profits for the current financial year ending 30 September 2024. The balance of treasury shares held by the Company subsequent to the above resale is now 14,495,793 shares.

The number of outstanding ordinary shares in issue and fully paid, subsequent to the exercise of ESOS options, resale of treasury shares and after deducting the remaining balance of treasury shares is therefore 281,642,540 ordinary shares.

(iii) There were no issuance or repayment of debt securities during the period under review.

A8. Material Events Subsequent to End of Reporting Period

There were no material event subsequent to the end of the period reported up to the date of this report.

A9. Effect of Changes in Composition of the Group

There were no changes in the composition of the Group for the period ended 30 June 2024.

A10. Segment Information

	Insurance	Information Technology	Investment Holding	Investment in Start-ups	Property develop-ment	Others	Consolidation adjustments	Group
	RM’000	RM’000	RM’000	RM’000	RM’000	RM’000	RM’000	RM’000
Year to date ended								
30 June 2024								
REVENUE								
External sales	215,952	9,218	116	-	-	-	-	225,286
Inter-segment sales	179	18,960	16,383	-	-	160	(35,682)	-
Total segment revenue	216,131 *	28,178	16,499	-	-	160	(35,682)	225,286
RESULTS								
Segment (loss)/profit	(3,001)	(949)	(20,634)	(31,656)	(4,285)	127	42,854	(17,544)
Share of losses of associated companies	-	-	-	(2,225)	-	-	-	(2,225)
Segment (loss)/profit before tax after accounting for :	(3,001)	(949)	(20,634)	(33,881)	(4,285)	127	42,854	(19,769)
Interest income	-	469	-	150	-	-	(239)	380
Finance cost	(228)	(3,908)	(1,753)	(4,389)	(1,366)	-	10,409	(1,235)
Depreciation	(3,000)	(2,095)	(331)	(381)	(722)	-	1,405	(5,124)
Amortisation	(319)	(508)	(3)	(2)	-	-	53	(779)
Unrealised foreign exchange gains	-	231	3,972	22	-	-	-	4,225
Gain/(loss) on fair value of investments held at fair value through profit or loss	743	-	137	(29)	-	-	-	851
Allowance for impairment:								
- investment in an associated company	-	-	-	(22,955)		-	14,268	(8,687)
- amount due from an associated company	-	-	-	(3,190)		-	-	(3,190)

* - Revenue comprises insurance revenue and investment income.

A10. Segment Information (Cont'd)

	Insurance RM'000 Restated	Information Technology RM'000	Investment Holding RM'000	Investment in Start-ups RM'000	Property develop-ment RM'000	Others RM'000	Consolidation adjustments RM'000	Group RM'000 Restated
Year to date ended								
30 June 2023								
REVENUE								
External sales	210,782	8,640	512	-	-	33	-	219,967
Inter-segment sales	183	17,728	31,006	-	-	152	(49,069)	-
Total segment revenue	210,965 *	26,368	31,518	-	-	185	(49,069)	219,967
RESULTS								
Segment profit/(loss)	2,154	(869)	38,722	(5,458)	(3,029)	68	(29,847)	1,741
Share of losses of associated companies	-	-	-	(1,233)	-	-	-	(1,233)
Segment profit/(loss) before tax after accounting for :	2,154	(869)	38,722	(6,691)	(3,029)	68	(29,847)	508
Interest income	-	284	-	598	-	-	(90)	792
Finance cost	(221)	(3,565)	(489)	(3,726)	452	-	6,872	(677)
Depreciation	(2,656)	(2,035)	(381)	(395)	(582)	-	1,150	(4,899)
Amortisation	(250)	(341)	(6)	(2)	-	-	55	(544)
Unrealised foreign exchange gains/(losses)	-	2,731	21,024	136	1	(3)	(10,584)	13,305
Gain/(loss) on fair value of investments held at fair value through profit or loss	5,904	-	160	(143)	-	-	-	5,921
Write back allowance for impairment:								
- amount due from an associated company	-	-	-	242	-	-	-	242

A11. Changes in Contingent Assets and Contingent Liabilities

The Group does not have any contingent assets since financial year ended 30 June 2024.

Details of the Group's contingent liabilities are as follow:

		As at 30 June 2024 RM'000	As at 30 June 2023 RM'000
(i)	Performance guarantees - secured	364	275

(ii) Material litigations

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

After considering written and oral representations from various parties, MyCC issued a final decision against PIAM and its members on 14 September 2020 and imposed financial penalties of RM173,655,300 on all 22 insurance companies, including the insurance subsidiary company, with a 25% reduction due to the COVID-19 pandemic. The insurance subsidiary's share of the financial penalty was RM1,581,339, net of the 25% discount.

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

Subsequently, MyCC filed an application for judicial review in the High Court. After several adjournments for affidavit filings, the High Court delivered its decision on 16 January 2024, denying MyCC leave for review.

A11. Changes in Contingent Assets and Contingent Liabilities (Cont'd)

In brief, the grounds for the decision are as below: -

1) MyCC does not have locus standi (i.e., capacity or right to bring an action to court) to challenge the decision by CAT.

2) MyCC is not a person adversely affected by the decision of CAT in the execution of public duty. This had been answered by the Court of Appeal in the cases of AirAsia Berhad ("AirAsia") and Malaysia Airlines Systems Berhad ("MAS") against MyCC.

3) In the cases of AirAsia and MAS against MyCC, the Court of Appeal has made a decision that MyCC cannot challenge CAT's decision and the High Court is bound by the Court of Appeal decision under the doctrine of stare decisis.

Following the High Court decision, MyCC appealed to the Court of Appeal on 15 February 2024. A case management was conducted on 15 May 2024, with the hearing of the appeal scheduled for 22 May 2025.

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

(b) On 4 April 2024, the Company announced that its wholly-owned subsidiary, Pacific & Orient Properties LLC ("POPLLC"), a Delaware limited liability company, received a summons dated 28 March 2024 from JA&M DEVELOPING LLC ("JA&M"). The summons alleges that POPLLC failed to pay for services and materials provided by JA&M for the construction project at 7918 West Drive, North Bay Village, Miami, Florida.

JA&M is seeking several forms of relief, including recognition of a lien claim for USD5,909,236 (approximately MYR27,878,594*), foreclosure of the lien, sale of the property to satisfy the lien, and a deficiency judgment against POPLLC if the sale proceeds are inadequate.

The conflict primarily stems from unresolved disputes between POPLLC and its main contractor, Thornton Residential LLC, concerning cost overruns and construction quality issues. These disputes have led POPLLC to withhold payments, thereby affecting its financial obligations to JA&M.

A11. Changes in Contingent Assets and Contingent Liabilities (Cont'd)

The case is now pending in Miami-Dade Circuit Court. On 8 July 2024, POPLLC's counsel corresponded with opposing counsel, requesting an extension on the discovery responses and proposing to defer the discovery responses while seeking a possible resolution. There have been no additional filings with the Court.

The total claim of USD5,909,236 by JA&M has been fully recorded in the financial statements of POPLLC as of 30 June 2024. The summons is not expected to have any business or operational impacts on the POB Group. The Company will continue to provide updates as material developments occur.

* - based on the exchange rate of USD1 = MYR4.7178

(c) On 12 June 2024, the Company announced that its wholly-owned subsidiary, Pacific & Orient Properties LLC, a Delaware limited liability company ("POPLLC"), had received a summons dated 5 June 2024 from Messrs. Friedman Sklar PLLC, the lawyer representing the former main contractor, Thornton Residential LLC, a Florida limited liability company, ("Thornton") of POPLLC in respect of the suit filed by Thornton against POPLLC ("Summon").

POPLLC contracted with Thornton for the construction and development of a property owned by POPLLC at 7918 West Drive, North Bay Village, Miami, Florida ("Project"). It was alleged in the Summon that POPLLC has failed to pay Thornton for works done in respect of the Project, and the Summon is to seek the following reliefs:

(i) the Court to recognise Thornton's claim for the sum of USD11,990,630 (approximately MYR56,569,394*), including all applicable interest, costs, and attorneys' fees ("Claim of Lien");

(ii) the Court to order the foreclosure of the Claim of Lien;

(iii) the Court to order for the Project to be sold to pay Thornton's claim under the Claim of Lien; and

(iv) to the extent that the proceeds of the sale of the Project are insufficient to satisfy Thornton's claim under the Claim of Lien in full, the Court to render a deficiency judgement against POPLLC.

It is noted that Thornton's claim of USD11,990,630 includes the legal claim brought by one of the sub-contractors, JA&M DEVELOPING LLC ("JA&M"), against POPLLC of USD5,909,236, the details and status of which are described in A11(ii)(b) above.

A11. Changes in Contingent Assets and Contingent Liabilities (Cont'd)

The primary reason for POPLLC's non-payment to Thornton, which has consequently led to the non-payment of the fees to JA&M, revolves around the disputes between POPLLC and Thornton regarding the following property development issues in respect of the Project:

1. unexpected and substantial cost escalations that have significantly exceeded initial cost estimates by POPLLC, raising concerns about the justification and transparency of these additional charges imposed by the relevant contractors (including, without limitation, advance billings for uncompleted work by the contractors); and

2. disagreements between POPLLC and Thornton with regards to the methodologies and timelines employed in the construction process of the Project, where POPLLC has identified issues concerning the efficiency and quality of the work performed (including, without limitation, delamination problems).

POPLLC is engaging in negotiations with Thornton in an effort to amicably resolve these disputes. In addition to the negotiations, POPLLC is seeking advice from its legal counsel to determine the most appropriate course of action in response to the Summon. Currently, the case is pending arbitration, and the lawsuit initiated by Thornton has been stayed pending the outcome of the arbitration process. The Company is confident that addressing the outstanding issues with Thornton will also resolve issues with sub-contractors, including JA&M, and ultimately resolve the current suit filed by Thornton.

All amounts claimed by Thornton have been fully recorded in the financial statements of the POB Group as of 30 June 2024. The Summon is not expected to have any business or operational impacts on the POB Group. The Company will continue to provide updates as material developments occur.

* - based on the exchange rate of USD1 = MYR4.7178

A12. Contractual and Capital Commitments

The amount for contractual and capital commitments not provided for as at 30 June 2024 are as follows:

	As at 30 June 2024 RM'000	As at 30 June 2023 RM'000
(i) Contractual commitments:		
Contracted but not provided for:		
Property development costs	194,404	289,100
(ii) Capital commitments:		
Contracted but not provided for:		
Intangible assets	289	502

A13. Significant Related Party Transactions

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

	Year To Date	
	30 June 2024 RM'000	30 June 2023 RM'000
(a) Substantial shareholders of the Insurance subsidiary company - Expenditure:		
Product and pricing services	126	189
(b) Associated companies - Advances:		
Advances to associated companies by a foreign subsidiary company	1,607	2,018

A14. Risk-Based Capital ("RBC") Framework of the Insurance Subsidiary

As at 30 June 2024, the insurance subsidiary has a capital adequacy ratio in excess of the minimum requirement as stipulated in the RBC Framework.

A15. Employees' Share Option Scheme

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

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

The fair values of share options were estimated by the Group using the Black-Scholes-Merton option pricing model, taking into account the terms and conditions upon which the options were granted.

The fair values of share options granted are between RM0.075 and RM0.117 per share.

A15. Employees' Share Option Scheme (Cont'd)

The movements in share options pursuant to the ESOS during the financial year ended 30 June 2024 and 30 June 2023 are as follows:

2024

Grant Date	Extended Expiry Date	Exercise Price	Outstanding as at 1 Oct 2023	Granted	Forfeited	Exercised	Outstanding as at 30 June 2024	Vested and exercisable as at 30 June 2024
			<---- Number of Options					---->
13 Sept 2019	16 June 2029	RM0.89	15,618,000	-	-	(4,500,000)	11,118,000	11,118,000
28 Sept 2020	16 June 2029	RM0.73	3,814,000	-	-	(2,650,000)	1,164,000	1,164,000
30 Sept 2021	16 June 2029	RM0.84	7,000	-	-	-	7,000	7,000
30 Sept 2022	16 June 2029	RM0.95	1,579,000	-	-	(395,000)	1,184,000	1,184,000
30 Sept 2023	16 June 2029	RM0.92	629,000	-	-	-	629,000	251,000
			21,647,000	-	-	(7,545,000)	14,102,000	13,724,000
Weighted average share price (RM)			RM0.87	-	-	RM0.84	RM0.88	RM0.88

2023

Grant Date	Expiry Date	Exercise Price	Outstanding as at 1 Oct 2022	Granted	Forfeited	Exercised	Outstanding as at 30 June 2023	Vested and exercisable as at 30 June 2023
			<---- Number of Options					---->
13 Sept 2019	16 June 2024	RM0.89	17,242,000	-	-	(415,000)	16,827,000	14,557,000
28 Sept 2020	16 June 2024	RM0.73	3,934,000	-	-	(50,000)	3,884,000	2,957,500
30 Sept 2021	16 June 2024	RM0.84	75,000	-	-	(28,000)	47,000	21,000
30 Sept 2022	16 June 2024	RM0.95	1,616,000	-	-	(6,000)	1,610,000	841,000
			22,867,000	-	-	(499,000)	22,368,000	18,376,500
Weighted average share price (RM)			RM0.87	-	-	RM0.87	RM0.87	RM0.87

The movements of share options reserve during the period are presented as follows:

	Year To Date 30 June 2024 RM'000	30 June 2023 RM'000
Share options reserve at 1 October 2023/2022	1,851	1,865
Option charge recognised from share options granted	13	83
Option exercised during the period	(627)	(43)
Share options reserve at 30 June 2024/2023	1,237	1,905

B. Additional Notes Pursuant To The Main Market Listing Requirements of Bursa Malaysia For The Nine Months Ended 30 June 2024

B1. Review of Results

Financial review for current quarter and year to date

	Individual Period				Cumulative Period			
	Current Year Quarter Ended 30 June 2024 RM'000	Preceding Year Corresponding Quarter Ended 30 June 2023 RM'000 Restated	Changes (Amount) RM'000	Changes (%)	Current Year To-Date Ended 30 June 2024 RM'000	Preceding Year Corresponding Period Ended 30 June 2023 RM'000 Restated	Changes (Amount) RM'000	Changes (%)
Revenue	74,610	72,876	1,734	2%	225,286	219,967	5,319	2%
Operating (loss)/profit	(16,695)	12,142	(28,837)	(237%)	(16,309)	2,418	(18,727)	(774%)
(Loss)/profit before tax	(17,188)	11,284	(28,472)	(252%)	(19,769)	508	(20,277)	(3992%)
(Loss)/profit after tax	(16,216)	11,260	(27,476)	(244%)	(19,115)	(579)	(18,536)	3201%
(Loss)/profit attributable to equity holders of the Company	(15,050)	10,706	(25,756)	(241%)	(18,206)	(1,381)	(16,825)	1218%

<u>Financial Review for Current Quarter compared with Preceding Year Corresponding Quarter</u>

Group revenue was RM74,610,000 compared to RM72,876,000 in the corresponding quarter of the previous year. A loss before tax of RM17,188,000 was recorded, compared to a pre-tax profit of RM11,284,000 in the preceding year corresponding quarter. The pre-tax loss for the current quarter includes an unrealised loss on foreign exchange of RM852,000, which arose mainly from loans for investments in foreign start-ups and property development within the Group. In comparison, the preceding year's corresponding quarter recorded an unrealised gain on foreign exchange of RM15,230,000.

Insurance segment – Revenue increased by RM688,000 to RM70,780,000 for the current quarter compared to the preceding year corresponding quarter. This increase was primarily driven by higher insurance revenue, particularly from higher motor premiums, as well as higher realised gains from the disposal of investments. However, a loss before tax of RM3,692,000 was reported for the current period, compared to a pre-tax profit of RM1,054,000 in the preceding year corresponding quarter, mainly due to higher insurance service expenses.

Information technology (IT) segment – Revenue increased by RM647,000 to RM9,790,000 for the current quarter compared to the preceding year corresponding quarter, primarily due to higher revenue from the provision of IT services. Despite the revenue increase, a loss before tax of RM657,000 was reported during the current quarter, compared to a pre-tax profit of RM1,594,000 in the preceding year corresponding quarter, mainly due to an increase in unrealised foreign exchange loss.

Investment in start-ups segment – A loss before tax of RM28,001,000 was reported for the current quarter, compared to a pre-tax loss of RM2,269,000 in the preceding year corresponding quarter. The increase in pre-tax loss was primarily due to the impairments of investments in associated companies.

B1. Review of Results (Cont'd)

Financial Review for Current Quarter compared with Preceding Year Corresponding Quarter (Cont'd)

Property development segment – A profit before tax of RM526,000 was reported for the current quarter, compared to RM1,00,000 in the corresponding quarter of the previous year. The decrease in profit was primarily due to additional operating expenditures for the property development project in the United States.

Current Period compared with Preceding Year Corresponding Period

Group revenue was RM225,286,000, compared to RM219,967,000 in the corresponding period of the preceding year. A loss before tax of RM19,769,000 was reported, compared to a pre-tax profit of RM508,000 in the corresponding period of the preceding year. The pre-tax loss for the current period was offset by an unrealised gain on foreign exchange of RM4,225,000, primarily arising from loans for investments in foreign start-ups and property development within the Group. In comparison, the corresponding period of the preceding year recorded an unrealised gain on foreign exchange of RM13,305,000.

Insurance segment – Revenue increased by RM5,166,000 to RM216,131,000 for the current period compared to the preceding year corresponding period. The increase was primarily due to increase in insurance revenue. However, a loss before tax of RM3,001,000 was reported in the current period as compared to pre-tax profit of RM2,154,000 in the preceding year corresponding period, mainly due to higher insurance service expenses incurred.

Information technology segment – Revenue increased by RM1,810,000 to RM28,178,000 for the current period compared to the preceding year corresponding period, principally due to higher income from software customisation services. However, a higher loss before tax of RM949,000 was reported in the current period as compared to a pre-tax loss of RM869,000 in the preceding year corresponding period mainly due to unrealised foreign exchange loss incurred during the current period.

Investment in start-ups segment – A loss before tax of RM33,881,000 was reported for the current period, compared to a pre-tax loss of RM6,691,000 in the preceding year's corresponding period. This was principally due to the higher share of losses from associated companies and an increase in the impairments of investments in associated companies.

Property development segment – A loss before tax of RM4,285,000 was reported for the current quarter, as compared to a pre-tax loss of RM3,029,000 in the preceding year corresponding period. The increase was primarily due to additional operating expenditure incurred for the property development project in the United States.

B1. Review of Results (Cont'd)

Consolidated Statement of Comprehensive Income

The Group's total other comprehensive loss for the current period ended 30 June 2024 amounted to RM2,233,000, compared to a total other comprehensive loss of RM4,829,000 in the preceding year's corresponding period. The decrease in the total other comprehensive loss was primarily due to a smaller adverse change in the translation reserve.

Consolidated Statement of Financial Position

The Group's total assets as at 30 June 2024 were RM1,141,221,000, an increase from RM1,050,417,000 as of 30 September 2023. This increase was mainly due to higher quoted investments and deposits with financial institutions.

The Group's total liabilities as at 30 June 2024 was RM701,562,000, an increase from RM600,428,000 as of 30 September 2023. This was mainly due to the increase in the insurance contract liabilities

The Group's equity attributable to equity holders of the Company was RM322,908,000 as at 30 June 2024, compared to RM332,384,000 as of 30 September 2023. The increase was mainly due to the issuance of new shares following the exercise of ESOS as described in Note A7, and offset by a decrease in retained profits.

Consolidated Statement of Cash Flows

The Group's cash and cash equivalents as at 30 June 2024 was RM41,436,000.

The net cash used in operating activities of RM19,793,000 was mainly due to the increase in deposits and placements with financial institutions. The net cash generated from investing activities of RM10,448,000 was mainly from disposal of quoted investments. The net cash generated from financing activities of RM12,702,000 was principally due to the increase in issuance of share capital and resale treasury shares.

B2. Current Quarter compared with Immediate Preceding Quarter's Results

	Current Quarter 30 June 2024 RM'000	Immediate Preceding Quarter 31 Mar 2024 RM'000 Restated	Changes (Amount) RM'000	Changes (%)
Revenue	74,610	72,971	1,639	2%
Operating (loss)/profit	(16,695)	3,965	(20,660)	(521%)
(Loss)/profit before tax	(17,188)	2,440	(19,628)	(804%)
(Loss)/profit after tax	(16,216)	2,654	(18,870)	(711%)
(Loss)/profit attributable to equity holders of the Company	(15,050)	3,021	(18,071)	(598%)

Group revenue was RM74,610,000 compared to RM72,971,000 reported in the immediate preceding quarter. A loss before tax of RM17,188,000 was recorded compared to a pre-tax profit of RM2,440,000 in the immediate preceding quarter.

Insurance segment – Revenue decreased by RM35,000 to RM70,780,000 for the current quarter compared to the immediate preceding quarter, primarily due to the decrease in insurance revenue. Consequently, a loss before tax of RM3,692,000 was reported for the current quarter, compared to a pre-tax loss of RM984,000 in the immediate preceding quarter. This increase in loss was mainly due to weaker insurance service results and losses from the disposal of investments.

IT segment – Revenue increased by RM723,000 to RM9,790,000 for the current quarter mainly due to higher income from provision of IT services. A loss before tax of RM656,000 was reported for the current quarter as compared to a pre-tax profit of RM89,000 in the immediate preceding quarter. This was mainly due to unrealised losses on foreign exchange during the current quarter.

Investment in start-ups segment – A loss before tax of RM28,001,000 was reported for the current quarter, compared to a pre-tax loss of RM3,239,000 in the immediate preceding quarter. The increase in pre-tax loss was mainly due to the increased impairments of investments in associated companies.

B2. Current Quarter compared with Immediate Preceding Quarter's Results (Cont'd)

Property development segment – A profit before tax of RM526,000 was reported for the current quarter, compared to a pre-tax loss of RM3,200,000 in the immediate preceding quarter. This was mainly due to an insurance claim received and the capitalisation of loan interest which resulted in lower financing costs during the current quarter.

B3. Current Year Prospects

The Group continues to navigate an increasingly challenging business landscape, marked by persistent geopolitical tensions and ongoing international trade conflicts. These global uncertainties, coupled with rising operating costs, continue to exert significant pressure on the financial environment in which the Group operates. The Group remains vigilant in adapting its strategies to mitigate these challenges while maintaining its focus on long-term growth and stability.

In Malaysia, as the liberalisation of the insurance market intensifies competition, the need for continuous innovation becomes even more critical. The Group is focused on developing new products and enhancing its commitment to customer-centric services to maintain a competitive edge. This includes leveraging the Group's internally developed online platforms, which enable direct and convenient insurance purchases for customers. Staying ahead of digital transformation trends, developing new products, and tailoring them to meet the evolving needs of customers are central to the Group's strategy in this competitive market.

The IT division continues to face intense competition, driving the Group to prioritise improving customer interactions and elevating service quality and responsiveness. The division remains dedicated to meeting the changing needs of its customers and maintaining a high standard of service in a challenging market.

The US property development project is facing challenges due to rising material costs, which are significantly impacting its financials. In response, the Group has temporarily put the construction of the development project on hold and is actively managing expenses while exploring alternative courses of action, such as joint ventures or strategic partnerships with established investors.

Amid the constantly evolving and complex global environment, including factors affecting Malaysia, the Board remains committed to navigating challenges and closely monitoring performance throughout the financial year.

B4. Profit Forecast and Profit Guarantee

No forecast has been issued by the Group for the period ended 30 June 2024.

B5. Taxation

The taxation figures include the following:

	Quarter Ended		Year To Date	
	30 June 2024 RM'000	30 June 2023 RM'000 Restated	30 June 2024 RM'000	30 June 2023 RM'000 Restated
Income tax:				
Current year's provision				
- Malaysian tax	354	9	375	25
- (Over)/under provision in prior years	(1)	(540)	(1)	648
	353	(531)	374	673
Deferred tax:				
- Relating to timing differences	(1,344)	542	(1,047)	401
- Under provision in prior years	19	13	19	13
	(1,325)	555	(1,028)	414
	(972)	24	(654)	1,087

The effective rates of taxation of the Group are lower than the statutory rate of taxation principally due to unrecognised deferred taxation for unutilised business losses.

B6. Status of Corporate Proposal

There were no other corporate proposal announced but not completed as of the date of this report.

B7. Material Litigation

As at 30 June 2024 there was no material litigation against the Group other than those disclosed in Note A11(ii).

B8. Group Borrowings

	Secured/ Unsecured	Currency	As at 30 June 2024 Foreign Currency '000	As at 30 June 2024 RM equivalent RM'000	As at 30 September 2023 Foreign Currency '000	As at 30 September 2023 RM equivalent RM'000
Long term						
a. Lease liabilities	Secured	GBP	4	21	54	311
	Secured	Baht	5,881	751	7,091	908
	Secured	USD	5	23	6	29
	Secured	RM	-	5,212	-	4,108
				6,007		5,356
b. Bounce back loan [1]	Unsecured	GBP	12	69	19	110
Total Long Term Borrowings				6,076		5,466
Short term						
a. Lease liabilities	Secured	GBP	70	415	75	433
	Secured	Baht	3,180	406	3,136	401
	Secured	USD	2	11	165	771
	Secured	RM	-	3,455	-	3,366
				4,287		4,971
b. Revolving credit facilities	Secured	RM	-	10	-	10
	Unsecured	RM	-	30,000	-	27,000
				30,010		27,010
c. Term loan	Secured	USD	-	-	163	765
d. Bounce back loan [1]	Unsecured	GBP	10	60	10	57
e. Overdraft facilities	Secured	RM	-	4,342	-	-
Total Short Term Borrowings				38,699		32,803
Total				44,775		38,269

(1) The bounce back loan (“BBL”) was assumed by the Group through acquisition of Acumentive Limited on 27 December 2022 The BBL scheme is 100% guaranteed by the UK government as a means to support businesses during the COVID-19 pandemic and has a fixed interest rate of 2.5%. The BBL of the Group is repayable over 72 months until 17 August 2026.

B9. Dividends

No dividend has been declared or recommended for payment by the Company for the current financial quarter.

B10. (Loss)/earnings Per Share

		Quarter Ended		Year To Date	
		30 June 2024	30 June 2023 Restated	30 June 2024	30 June 2023 Restated
Net (loss)/profit for the period (A)	(RM'000)	(15,050)	10,706	(18,206)	(1,381)
Weighted average number of ordinary shares in issue (B)	('000)	281,374	269,137	279,714	268,924
Weighted average number of ordinary shares for diluted loss per share (C) (See note below)	('000)	*(1)	272,585	*(1)	*(1)
(Loss)/earnings per share:					
Basic (A ÷ B)	(sen)	(5.35)	3.98	(6.51)	(0.51)
Diluted (A ÷ C)	(sen)	*(1)	3.93	*(1)	*(1)

Note:

Weighted average number of ordinary shares in issue	('000)	281,374	269,137	279,714	268,924
Effects of dilution of ESOS	('000)	*(1)	3,448	*(1)	*(1)
Weighted average number of ordinary shares for diluted loss per share (C)	('000)	*(1)	272,585	*(1)	*(1)

*(1) Not disclosed as it is anti-dilutive.

B11. (Loss)/profit For The Period

	Quarter Ended		Year To Date	
	30 June 2024 RM'000	30 June 2023 RM'000	30 June 2024 RM'000	30 June 2023 RM'000
(Loss)/profit for the period is arrived at after charging/(crediting):				
Interest expense	414	210	1,221	532
Depreciation of:				
- property, plant and equipment	460	480	1,423	1,481
- right-of-use assets	1,243	1,199	3,701	3,418
Amortisation of intangible assets	263	120	779	544
Allowance for impairment/ (write back of allowance for):				
- investment in an associated company	8,686	-	8,686	-
- amount due from an associated company	3,177	120	3,190	(242)
- trade receivables	-	(36)	-	(833)
- corporate debt securities	(2)	-	(2)	-
Property, plant and equipment written off	-	6	2	21
Loss/(gain) on fair value of investments held at fair value through profit or loss (net)	2,916	418	(851)	(5,921)
Loss on remeasurement of previously held interests	-	-	-	1,396
(Gain)/loss on disposal of:				
- property, plant and equipment	(4)	95	(87)	68
- investments (net)	(4,405)	(339)	(5,059)	(206)
Loss/(gain) on derecognition of right-of-use assets	34	(334)	(335)	(334)
Net (gain)/loss on remeasurement of leases	(7)	(14)	245	(14)
Unrealised foreign exchange loss/(gain) (net)	852	(15,230)	(4,225)	(13,305)
Realised foreign exchange loss/(gain) (net)	5	665	(522)	1,001
Interest income	(145)	(257)	(380)	(792)

There were no (i) gain or loss on derivatives and (ii) exceptional items for the current quarter and period ended 30 June 2024.

BY ORDER OF THE BOARD
YONG KIM FATT
Company Secretary
Kuala Lumpur

29 August 2024