

Registration No.

197601000420 (26364-U)

**SIME DARBY LOCKTON INSURANCE BROKERS SDN. BHD.**  
(Incorporated in Malaysia)

**STATUTORY FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025**

Registration No.

197601000420 (26364-U)

**SIME DARBY LOCKTON INSURANCE BROKERS SDN. BHD.**  
(Incorporated in Malaysia)

**BOARD OF DIRECTORS**

**Dato' Mustamir bin Mohamad**  
**Tony Peter Hardy**  
**Mohammad Fariz bin Mohammad Hashim**  
**Megat Shahrul Azmir bin Nordin**  
**Mohamed Yahya bin Mohamed Ibrahim**

**SECRETARIES**

**Chian Yin Ling**  
(MAICSA 7039993)  
SSM PC NO: 202008001594

**Huen Sook May**  
(MAICSA 7042045)  
SSM PC NO: 202008001597

**AUDITORS**

**PricewaterhouseCoopers PLT**  
LLP0014401-LCA & AF 1146  
Chartered Accountants

**REGISTERED OFFICE**

**Level 9, Menara Sime**  
**Oasis Corporate Park**  
**Jalan PJU 1A/2**  
**Ara Damansara**  
**47301 Petaling Jaya**  
**Selangor**  
**Malaysia**

**PRINCIPAL PLACE OF BUSINESS**

**19th Floor, Menara JKG**  
**No. 282 Jalan Raja Laut**  
**50350 Kuala Lumpur**  
**Malaysia**

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**SIME DARBY LOCKTON INSURANCE BROKERS SDN. BHD.**  
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## DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Company for the financial year ended 30 June 2025.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of providing insurance and reinsurance broking, insurance advisory and consultancy services. There have been no significant changes in the principal activities of the Company during the financial year.

## FINANCIAL RESULTS

	RM'000
Profit after taxation and total comprehensive income for the financial year	<u>8,511</u>

## DIVIDENDS

The dividends on ordinary shares paid or declared by the Company since 30 June 2024 were as follows:

	RM'000
In respect of the financial year ended 30 June 2025:	
- Interim dividend of RM3.50 per share on 1,000,000 ordinary shares, paid on 23 May 2025	<u>3,500</u>

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 30 June 2025.

## RESERVES AND PROVISIONS

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

## SHARE CAPITAL

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

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SIME DARBY LOCKTON INSURANCE BROKERS SDN. BHD.  
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## DIRECTORS' REPORT (CONTINUED)

### DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Dato' Mustamir bin Mohamad  
Mohamed Yahya bin Mohamed Ibrahim  
Mohammad Fariz bin Mohammad Hashim  
Megat Shahrul Azmir bin Nordin (appointed on 5 December 2024)  
Tony Peter Hardy (appointed on 14 May 2025)  
Mohammad Noor bin Abd Aziz @ Hashim (appointed on 16 July 2024 and resigned on 18 September 2024)  
Warren Lindsay Merritt (resigned on 14 May 2025)

### DIRECTORS' BENEFITS

Total Directors' remuneration incurred by the Company for the financial year ended 30 June 2025 is RM1.1 million (2024: RM0.7 million). Further details are disclosed in Note 20 to the financial statements.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects 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 other than, as disclosed in the Directors' interests in shares.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than benefits shown under Directors' Remuneration and Benefits as set out in Note 20 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 he is a member, or with a company in which he has a substantial interest.

The Directors and Officers of the Company are covered by Directors' and Officers' liability insurance of Sime Darby Berhad ("SDB") Group for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance is maintained on a group basis by SDB and the total premium paid by SDB during the financial year amounted to RM0.9 million, which covers the annual renewal up to May 2026 (2024: RM0.7 million, which includes the annual renewal up to February 2025).

### DIRECTORS' INTERESTS IN SHARES

According to the register of Directors' shareholdings required to be kept under Section 59 of the Companies Act 2016, the interest of Directors in office at the end of the financial year in shares of the Company's ultimate holding company, Sime Darby Berhad are as follows:

	At 1 July 2024	Disposal	Addition	At 30 June 2025
Dato' Mustamir bin Mohamad	433,400	-	-	433,400

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

**SIME DARBY LOCKTON INSURANCE BROKERS SDN. BHD.**  
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**DIRECTORS' REPORT (CONTINUED)**

**STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS**

Before the financial statements of the Company were prepared, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of impairment for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate impairment had been made for doubtful debts; and
- (b) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including the values of current assets as shown in the accounting records of the Company had been written down to an amount which the current assets might be expected to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render the amounts written off for bad debts or the amount of the impairment for doubtful debts in the financial statements of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

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

- (a) any charges on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liabilities of the Company which has arisen since the end of the financial year.

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

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

In the opinion of the Directors:

- (a) the results of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) 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 to substantially affect the results of the operations of the Company for the financial year in which this report is made, except for the subsequent event disclosed below.

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## DIRECTORS' REPORT (CONTINUED)

### SUBSEQUENT EVENT

On 15 July 2025, Lockton Overseas Limited, a company incorporated in England and Wales and an existing corporate shareholder of Sime Darby Lockton Insurance Brokers Sdn Bhd, entered into a sale and purchase agreement to acquire an additional 30% stake in the Company from Sime Darby Allied Products Berhad for an initial purchase consideration of RM14,801,000.

The acquisition is currently in the process of fulfilling the conditions precedent. Upon completion, Lockton Overseas Limited will obtain control of the Company and become its immediate holding company.

### IMMEDIATE, INTERMEDIATE AND ULTIMATE HOLDING COMPANY

The Directors regard Sime Darby Allied Products Berhad as its immediate holding company, Sime Darby Holdings Berhad as the intermediate holding company and Sime Darby Berhad as the ultimate holding company. All companies are incorporated in Malaysia.

### AUDITORS' REMUNERATION

Auditors' remuneration for the financial year ended 30 June 2025 is amounted to RM92,610 (2024: RM92,610).

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

### AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors on 29 August 2025. Signed on behalf of the Board of Directors:



**DATO' MUSTAMIR BIN MOHAMAD**  
DIRECTOR



**MOHAMED YAHYA BIN MOHAMED IBRAHIM**  
DIRECTOR

Petaling Jaya  
Selangor  
29 August 2025

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SIME DARBY LOCKTON INSURANCE BROKERS SDN. BHD.  
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STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

	<u>Note</u>	<u>2025</u>	<u>2024</u>
		RM'000	RM'000
Revenue	5	29,561	27,833
Other operating income	6	708	641
		<u>30,269</u>	<u>28,474</u>
Operating expenses	7	(18,848)	(17,997)
Finance costs		<u>(102)</u>	<u>(16)</u>
Profit before taxation		11,319	10,461
Taxation	8	<u>(2,808)</u>	<u>(2,573)</u>
Profit after taxation and total comprehensive income for the financial year		<u>8,511</u>	<u>7,888</u>
Profit after taxation and total comprehensive income for the financial year attributable to:			
Ordinary equity holders of the Company		<u>8,511</u>	<u>7,888</u>

The accompanying notes are an integral part of these financial statements.

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SIME DARBY LOCKTON INSURANCE BROKERS SDN. BHD.  
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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

	<u>Note</u>	<u>2025</u> RM'000	<u>2024</u> RM'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	608	660
Right-of-use asset	11	1,367	2,074
Intangible asset	12	123	52
Deferred tax assets	9	710	634
		<u>2,808</u>	<u>3,420</u>
<b>CURRENT ASSETS</b>			
Trade receivables	13	64,190	39,856
Other receivables, deposits and prepayments		869	916
Amount due from related companies	20	3,424	3,281
Amount due from intermediate holding company	20	34	17
Amount due from ultimate holding company	20	940	159
Cash and cash equivalents	14	29,168	23,479
		<u>98,625</u>	<u>67,708</u>
<b>TOTAL ASSETS</b>		<u>101,433</u>	<u>71,128</u>
<b>EQUITY</b>			
Share capital	15	5,404	5,404
Retained earnings		25,392	20,381
<b>TOTAL EQUITY</b>		<u>30,796</u>	<u>25,785</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred revenue	5	32	-
Lease liability	16	730	1,430
		<u>762</u>	<u>1,430</u>
<b>CURRENT LIABILITIES</b>			
Deferred revenue	5	281	156
Trade payables	17	65,142	39,434
Lease liability	16	700	644
Other payables and accruals	18	2,731	2,684
Current tax liabilities		248	412
Amount due to related companies	20	758	422
Amount due to immediate holding company	20	14	107
Amount due to intermediate holding company	20	1	54
		<u>69,875</u>	<u>43,913</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>101,433</u>	<u>71,128</u>

The accompanying notes are an integral part of these financial statements.

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SIME DARBY LOCKTON INSURANCE BROKERS SDN. BHD.  
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STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

	<u>Note</u>	<u>Share capital</u> RM'000	<u>Distributable Retained earnings</u> RM'000	<u>Total</u> RM'000
At 1 July 2024		5,404	20,381	25,785
Total comprehensive income for the financial year		-	8,511	8,511
Dividend for the financial year ended 30 June 2025	19	-	(3,500)	(3,500)
At 30 June 2025		<u>5,404</u>	<u>25,392</u>	<u>30,796</u>
At 1 July 2023		5,404	14,993	20,397
Total comprehensive income for the financial year		-	7,888	7,888
Dividend for the financial year ended 30 June 2024	19	-	(2,500)	(2,500)
At 30 June 2024		<u>5,404</u>	<u>20,381</u>	<u>25,785</u>

The accompanying notes are an integral part of these financial statements.

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SIME DARBY LOCKTON INSURANCE BROKERS SDN. BHD.  
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STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

	<u>Note</u>	<u>2025</u> RM'000	<u>2024</u> RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		11,319	10,461
Adjustments for:			
Depreciation of property, plant and equipment		248	202
Depreciation of right-of-use asset		707	613
Amortisation of intangible asset		55	9
Gain on disposal of property, plant and equipment		(6)	-
Allowance for impairment		353	182
Write-off/(Write-back) of trade receivables		1	(30)
Interest expense on lease liability		102	16
Interest income		(702)	(641)
		<u>12,077</u>	<u>10,812</u>
Changes in working capital:			
(Increase)/decrease in trade and other receivables		(24,641)	22,141
Increase/(decrease) in trade and other payables		25,912	(26,793)
(Increase)/decrease in inter-company balances		(751)	1,853
Cash generated from operations		<u>12,597</u>	<u>8,013</u>
Interest income received		702	641
Interest paid on lease liability		(102)	(16)
Taxation paid		(3,048)	(2,751)
Taxation refunded		-	36
Net cash generated from operating activities		<u>10,149</u>	<u>5,923</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(196)	(232)
Purchase of intangible asset		(126)	(61)
Proceeds from disposal of property, plant and equipment		6	-
Net cash used in investing activities		<u>(316)</u>	<u>(293)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid		(3,500)	(2,500)
Payment of lease liability		(644)	(670)
Net cash used in financing activities		<u>(4,144)</u>	<u>(3,170)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>5,689</b>	<b>2,460</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		<b>23,479</b>	<b>21,019</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	<b>14</b>	<b>29,168</b>	<b>23,479</b>

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STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONTINUED)

	<u>2025</u> RM'000	<u>2024</u> RM'000
Cash and cash equivalents comprised:		
Cash and bank balances	<u>29,168</u>	<u>23,479</u>
	<u>29,168</u>	<u>23,479</u>

Reconciliation of liabilities arising from financing and operating activities:

	Balances at the beginning of the financial year RM'000	Net cash flows from financing activities RM'000	Net cash flows from operating activities RM'000	Finance cost of leases RM'000	Remeasure- ment RM'000	Balances at the end of the financial year RM'000
<u>2025</u>						
Lease liability	2,074	(644)	(102)	102	-	1,430
<u>2024</u>						
Lease liability	670	(670)	(16)	16	2,074	2,074

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**SIME DARBY LOCKTON INSURANCE BROKERS SDN. BHD.**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025**

**1 GENERAL INFORMATION**

The Company is principally engaged in the business of providing insurance and reinsurance broking, insurance advisory and consultancy services. There have been no significant changes in the principal activities of the Company during the financial year.

The Company is a limited liability company, incorporated and domiciled in Malaysia.

**2 SUMMARY OF MATERIAL ACCOUNTING POLICIES**

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

**(a) Basis of preparation**

The financial statements of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared under the historical cost convention except as disclosed in this summary of material accounting policies.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. It also requires the Directors to exercise their judgement in the process of applying the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Company's financial statements are disclosed in Note 3.

**(i) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company**

The Company has adopted the following amendments for the first time for the financial year beginning on 1 July 2024:

- Amendments to MFRS 101 'Classification of Liabilities as Current or Non-Current' and 'Non-Current Liabilities with Covenants'
- Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback'
- Amendments to MFRS 107 and MFRS 7 'Supplier Finance Arrangements'

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONTINUED)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

- (ii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective

Effective from financial year beginning on or after 1 July 2025

- Amendments to MFRS 9 and MFRS 7 'Amendments to the Classification and Measurement of Financial Instruments'
  - require financial assets to be derecognised on the date the contractual rights to the cash flows expire and financial liabilities to be derecognised when obligation under the contract is discharged (i.e. the settlement date). In addition, there is an optional exception to derecognise financial liabilities before the settlement date for settlement using electronic payment systems (if specified criteria are met);
  - clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest ("SPPI") criterion;
  - add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
  - update the disclosures for equity instruments designated at fair value through other comprehensive income ("FVOCI").
- Annual Improvements to MFRS Accounting Standards for enhanced consistency
  - Amendments to MFRS 7 on gain or loss on derecognition – obsolete cross-referencing is removed.

Additionally, the implementation guidance is revised to address the inconsistency within MFRS 7 on disclosure of deferred difference between fair value and transaction price. The amendments also clarify that the credit risk guidance does not cover all MFRS 7 requirements.

- Amendments to MFRS 9 clarify that the derecognition principle of MFRS 9 should be applied by lessees to account for extinguished lease liabilities.

In addition, the term "transaction price" as defined in MFRS 15 has also been removed from MFRS 9

- Amendments to MFRS 107 replace the term 'cost method' which is not a defined term in MFRS.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONTINUED)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

- (ii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective (continued)

Effective from financial year beginning on or after 1 July 2026

- MFRS 18 'Presentation and Disclosure in Financial Statements' replaces MFRS 101 'Presentation of Financial Statements'

- The new MFRS introduces a new structure of profit or loss statement.

Income and expenses are classified into 3 new main categories:

- i. Operating category which typically includes results from the main business activities;
- ii. Investing category that presents the results of investments in associates and joint ventures and other assets that generate a return largely independently of other resources; and
- iii. Financing category that presents income and expenses from financing liabilities.

Entities are required to present two new specified subtotals: 'Operating profit or loss' and 'Profit or loss before financing and income taxes'.

- Management-defined performance measures are disclosed in a single note and reconciled to the most similar specified subtotal in MFRS Accounting Standards.
- Changes to the guidance on aggregation and disaggregation which focus on grouping items based on their shared characteristics.
- The Company is in the midst of assessing the impact.

Other than MFRS 18 'Presentation and Disclosure in Financial Statements' of which the Company is still assessing the impact, the above standards, amendments to published standards and interpretations to existing standards are not anticipated to have any significant impact on the financial statements of the Company in the year of initial application..

All other new amendments to published standards and interpretations to existing standards issued by MASB effective for financial periods subsequent to 1 July 2025 are not relevant to the Company.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONTINUED)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Property, plant and equipment are depreciated on a straight line basis to write down the cost of each asset to their residual values over their estimated useful lives.

The principal annual depreciation rates used are as follows:

Furniture and fittings	10.00%
Office equipment	25.00% to 33.33%

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at each date of the statement of financial position.

At each date of the statement of financial position, the Company assesses whether there is any indication of impairment. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See Note 2(g) to the financial statements on impairment of non-financial assets.

On disposal of property, plant and equipment, the difference between net proceeds and the carrying amount is recognised in profit or loss.

(c) Leases

Leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Company (i.e. the commencement date).

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on the relative stand-alone prices. However, for leases of properties for which the Company is a lessee, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONTINUED)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Leases (continued)

(i) Lease term

In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Company reassesses the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Company and affects whether the Company is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in the lease term results in a re-measurement of lease liabilities. See accounting policy in note 2(c)(iv) on reassessment of lease liabilities.

(ii) ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets are that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

(iii) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Company under residual value guarantees;
- The exercise price of the extension options if the Company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

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NOTES TO THE FINANCIAL STATEMENTS  
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2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Leases (continued)

(iii) Lease liabilities (continued)

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with a similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognized in profit or loss in the period in which the condition that triggers those payments occurs.

The Company presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in the statement of comprehensive income.

(iv) Reassessment of lease liabilities

The Company is also exposed to potential future increase in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liabilities are re-measured and adjusted against the ROU assets.

(v) Short term leases and leases of low value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

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2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Intangible asset

Computer software

Acquired computer software are capitalised on the basis of the costs incurred to acquire and bring in use the specific software. These costs are amortised over their estimated useful lives.

Costs associated with maintaining computer software programmes are recognised as an expense when incurred. Costs that are directly associated with the production of identifiable and unique software systems controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and appropriate portion of relevant overheads to prepare the asset for its intended use.

Computer software development costs recognised as assets are amortised from the point at which the asset is ready for use over their estimated useful lives, which does not exceed 3 years.

(e) Financial instruments

Classification

The Company classified its financial assets at amortised cost.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Company commits to purchase or sell the asset. A financial asset or a financial liability is recognised in the statement of financial position when, and only when the Company becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when they are extinguished; i.e. when the obligation is discharged, cancelled, or expires.

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2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (continued)

Impairment

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired.

MFRS 9 applies an expected credit loss (“ECL”) model. Under MFRS 9, an entity is required to make ongoing assessments of estimated ECLs to reflect the general pattern of deterioration or improvement in the credit quality of financial assets since initial recognition.

The Company applies the MFRS 9 simplified approach to measure ECLs on trade receivables. Under this approach, the credit losses expected over the life of trade receivables are recognised on the statement of financial position at each reporting date.

Contract assets within the scope of MFRS 9’s impairment requirements represent unbilled consideration for which goods or services have been delivered, but the right to consideration is dependent on other additional conditions unrelated to the passage of time. They are therefore considered to possess the same risk characteristics as trade receivables, and have been assessed together with trade receivables as a single group of financial assets.

The average loss rate of trade receivables is considered a reasonable approximation of the ECLs on contract assets when they are eventually invoiced.

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 profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(f) Foreign currencies

Functional and presentation currency

The financial statements of the Company are presented in Ringgit Malaysia, which is the Company’s functional and presentation currency.

Transactions and balances

Transactions in a currency other than the functional currency (i.e. foreign currency) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

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2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows. Non-financial assets that suffered an impairment are reviewed for possible reversal of impairment at each reporting date.

Impairment loss is charged to profit or loss in the financial year in which it arises. Any subsequent increase in the recoverable amount of the asset is recognised in profit or loss.

(h) Dividends

Dividends on ordinary shares are recognised as a liability in the period in which it is declared.

(i) Fair value of financial instruments

The Company's carrying values of financial assets and liabilities which are short term in nature approximate their fair values at the date of the statement of financial position.

(j) Trade receivables and payables

Insurance brokers normally act as agents in placing the risks of companies with insurers, and, as such, generally are not liable as principals for amounts arising from such transactions. Notwithstanding such legal relationships, assets and liabilities arising from insurance broking transactions are included with non-insurance broking assets and liabilities in recognition of the fact that the insurance broker is entitled to retain investment income on any cash flows arising from insurance broking transactions. Similarly, fiduciary cash arising from insurance broking transactions is included within cash and deposits. Cash flows arising from insurance broking transactions are reflected in the statement of cash flows.

In the ordinary course of insurance brokers business, settlement is required to be made with insurance intermediaries on the basis of the net balance due to or from the intermediary in question rather than the amounts due to or from the individual third parties which it represents. This basis of settlement is reflected in the amounts included in insurance broking receivables and payables.

Receivables in respect of brokerage fee income are carried at invoiced amount less allowance for impairment of doubtful debts. Impairment assessment is made in accordance with the accounting policies described in Note 2(e) to the financial statements.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Revenue recognition

Revenue from brokerage service is recognised in the accounting period in which the service are rendered.

Revenue from advisory and consultancy service is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual service period fulfilled relative to the total expected service period.

In the case of advisory and consultancy services, the customer pays a fixed amount based on a payment schedule. If the services rendered by the Company exceed the payment, a contract asset (i.e. trade receivable) is recognised. If the performance obligation has yet to be satisfied, a contract liability (i.e. deferred revenue) is recognised.

The Company does not expect to have any contracts where the period between the transfer of the promised services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Interest income is recognised on a time proportion basis that takes into account the effective yield of the asset.

(m) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

(n) Employee benefits

Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the financial year in which the associated services are rendered by employees of the Company.

Defined contribution plans

The Company's contribution to defined contribution plans is charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Company has no further payment obligations.

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2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(o) Taxation

Income tax on the profit or loss for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the date of the statement of financial position.

Deferred taxation is provided for using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised.

Deferred taxation is measured using the tax rates (and tax laws) that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the date of the statement of financial position.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

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

Impairment losses on trade receivables

The Company assesses at each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Company considers the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. Where evidence exists that a receivable is impaired, the Company will recognise the impairment losses in the statement of comprehensive income.

There were no significant estimates applied at the reporting date which may have a material impact on the financial statements of the Company.

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4 CAPITAL RISK MANAGEMENT AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Capital risk management

The Company's objectives when managing capital are to safeguard the ability to continue, as a going concern, to provide returns for shareholders and benefits for other stakeholders, and to maintain an efficient capital structure that ensures an optimal cost of capital.

In order to achieve these objectives, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

The Company classifies the net debt and equity as capital and manages its statement of financial position through regular management reviews, controls and financial reporting.

The Company has adequate cash flows to ensure that it is well positioned to meet capital expenditures and to support the strategic growth of its business.

Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks, including market risk (which include foreign currency risk and interest rate risk), credit risk and liquidity risk. The Company's financial risk management objective is to ensure that the Company creates value for its shareholders.

Financial risk management is carried out through risk reviews, internal control systems, insurance programs and adherence to the Company's financial risk management policies. The Board regularly reviews these risks and approves the policies covering the management of these risks.

(a) Interest rate risk

Interest rate risk is measured by the extent to which changes in market interest rate impact the Company's investments. The Company's investments in financial assets are mainly short term in nature and have been mostly placed in fixed deposits. The Company has no borrowings or lendings. Hence, the Company has minimum exposure to interest rate risk.

(b) Credit risk

Credit risk is the risk of financial loss occurring as a result of default by a borrower or counterparty on their obligation under the terms of the credit related contract. Credit risk is minimised and monitored by limiting the Company's association to business partners with high creditworthiness.

Various measures have been established to monitor and control the Company's credit risk exposure. These include formulation of overall credit policies and guidelines that define, evaluate and quantify credit risk, and establishment of portfolio concentration limits as well as discretionary credit approving limits.

The Company does not bear the credit risks associated with premiums due from insureds except for the portion of brokerage income of approximately RM8,537,000 (30 June 2024: RM7,570,000) included in trade receivable and intercompany trade receivable balances. Out of these balances, RM870,000 (30 June 2024: RM517,000) for which the Company has made an allowance for impairment as disclosed in Note 13 to the financial statements.

Other financial assets of the Company are neither past due nor impaired as at the end of the date of the statement of financial position.

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4 CAPITAL RISK MANAGEMENT AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES  
(CONTINUED)

Financial risk management objectives and policies (continued)

(b) Credit risk (continued)

The following table analyses the expected credit losses recognised on trade receivables as at 30 June 2025, by age category:

	Trade receivables	Expected credit loss rate	Provision for impairment
	RM'000	%	RM'000
Not overdue	7,646	3.79	32
Past due not more than three months	48,045	3.79 – 34.49	313
Past due more than three months and not more than six months	2,917	36.8 – 100	180
Past due more than six months and not more than one year	3,891	100	183
Past due more than one year	2,561	100	162
Balances at 30 June 2025	65,060		870

The following table analyses the expected credit losses recognised on trade receivables as at 30 June 2024, by age category:

	Trade receivables	Expected credit loss rate	Provision for impairment
	RM'000	%	RM'000
Not overdue	6,738	2.2	15
Past due not more than three months	27,752	2.7 – 15	104
Past due more than three months and not more than six months	1,464	33.5 – 100	58
Past due more than six months and not more than one year	1,320	77 – 100	50
Past due more than one year	3,099	100	290
Balances at 30 June 2024	40,373		517

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4 CAPITAL RISK MANAGEMENT AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES  
(CONTINUED)

Financial risk management objectives and policies (continued)

(c) Foreign currency risk

The Company has minimal exposure to foreign currency risk as majority of its transactions for trade purposes are transacted in Ringgit Malaysia.

(d) Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its financial obligations when they fall due. The Company manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that liquidity is adequate at all times to meet its financial needs.

As part of its overall liquidity management, the Company maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Company strives to maintain available banking facilities at a reasonable level to its overall debt position.

The undiscounted contractual cash flows of the Company's financial assets and financial liabilities as at the date of the statement of financial position are as follows:

	Up to 1 year RM'000	1-3 years RM'000	Total RM'000
<u>As at 30 June 2025</u>			
Trade receivables	64,190	-	64,190
Other receivables*	530	-	530
Amount due from related companies	3,424	-	3,424
Amount due from intermediate holding company	34	-	34
Amount due from ultimate holding company	940	-	940
Cash and cash equivalents	29,168	-	29,168
Total financial assets	<u>98,286</u>	<u>-</u>	<u>98,286</u>
Trade payables	65,142	-	65,142
Lease liability	746	746	1,492
Other payables and accruals	2,731	-	2,731
Amount due to related companies	758	-	758
Amount due to immediate holding company	14	-	14
Amount due to intermediate holding company	1	-	1
Total financial liabilities	<u>69,392</u>	<u>746</u>	<u>70,138</u>

\* Excluding prepayments of RM339,000.

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4 CAPITAL RISK MANAGEMENT AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES  
(CONTINUED)

Financial risk management objectives and policies (continued)

(d) Liquidity risk (continued)

	Up to 1 year RM'000	1 – 3 years RM'000	Total RM'000
<b><u>As at 30 June 2024</u></b>			
Trade receivables	39,856	-	39,856
Other receivables*	605	-	605
Amount due from related companies	3,281	-	3,281
Amount due from intermediate holding company	17	-	17
Amount due from ultimate holding company	159	-	159
Cash and cash equivalents	23,479	-	23,479
Total financial assets	<u>67,397</u>	<u>-</u>	<u>67,397</u>
Trade payables	39,434	-	39,434
Lease liability	746	1,492	2,238
Other payables and accruals	2,684	-	2,684
Amount due to related companies	422	-	422
Amount due to immediate holding company	107	-	107
Amount due to intermediate holding company	54	-	54
Total financial liabilities	<u>43,447</u>	<u>1,492</u>	<u>44,939</u>

\* Excluding prepayments of RM311,000.

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5 REVENUE

The Company has recognised the following amounts relating to revenue in the statement of comprehensive income:

	2025	2024
	RM'000	RM'000
Revenue from contracts with customers:		
- Brokerage service	28,069	25,882
- Advisory and consultancy service	1,492	1,951
<b>Total revenue</b>	<b>29,561</b>	<b>27,833</b>

(a) Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of services over time and at a point in time in the following major service lines:

	Aviation, Contractors' Marine Cargo & Hull		Contractors' All Risks & Engineering		Fire		Liabilities		Medical & Health		Motor		Life		Others		Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>2025</b>																			
Brokerage service:																			
- Direct business	2,912	1,834	4,638	5,484	4,077	782	1,160	2,514	23,401										
- Reinsurance business	1,610	64	1,853	712	-	-	-	429	4,668										
Advisory and consultancy service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>4,522</b>	<b>1,898</b>	<b>6,491</b>	<b>6,196</b>	<b>4,077</b>	<b>782</b>	<b>1,160</b>	<b>4,435</b>	<b>29,561</b>										
Timing of revenue recognition:																			
At a point in time	4,522	1,898	6,491	6,196	4,077	782	1,160	3,778	28,904										
Over time	-	-	-	-	-	-	-	657	657										
	<b>4,522</b>	<b>1,898</b>	<b>6,491</b>	<b>6,196</b>	<b>4,077</b>	<b>782</b>	<b>1,160</b>	<b>4,435</b>	<b>29,561</b>										

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5 REVENUE (CONTINUED)

(a) Disaggregation of revenue from contracts with customers (continued)

	Aviation, Marine Cargo & Hull RM'000	Contractors' All Risks & Engineering RM'000	Fire RM'000	Liabilities RM'000	Medical & Health RM'000	Motor RM'000	Life RM'000	Others RM'000	Total RM'000
2024									
Brokerage service:									
- Direct business	3,037	977	5,023	4,282	3,756	924	942	2,464	21,405
- Reinsurance business	1,485	63	1,672	991	-	-	-	266	4,477
Advisory and consultancy service	-	-	-	-	-	-	-	1,951	1,951
	4,522	1,040	6,695	5,273	3,756	924	942	4,681	27,833
Timing of revenue recognition:									
At a point in time	4,522	1,040	6,695	5,273	3,756	924	942	3,630	26,782
Over time	-	-	-	-	-	-	-	1,051	1,051
	4,522	1,040	6,695	5,273	3,756	924	942	4,681	27,833

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5 REVENUE (CONTINUED)

(b) Contract asset and liability

The Company has recognised the following revenue-related contract asset and liability.

There is no contract asset outstanding as at 30 June 2025 (30 June 2024: Nil)

	<u>2025</u> RM'000	<u>2024</u> RM'000
<u>Deferred revenue</u>		
Non-current:		
Later than one year	32	-
Current:		
Not later than one year	281	156
Total contract liability	<u>313</u>	<u>156</u>

The Company recognised deferred revenue for advisory and consultancy service fees where the performance obligations has yet to be satisfied.

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liability.

	<u>2025</u> RM'000	<u>2024</u> RM'000
Revenue recognised that was included in the contract liability balance as at the beginning of the financial year	<u>156</u>	<u>574</u>

The following table shows unsatisfied performance obligations resulting from advisory and consultancy services.

	<u>2025</u> RM'000	<u>2024</u> RM'000
Total aggregate amount of the transaction price allocated to the contracts that are partially or fully unsatisfied as at 30 June	<u>46</u>	<u>625</u>

Management expects that 90% (30 June 2024: 100%) of the transaction price allocated to the unsatisfied contracts as of 30 June 2025 will be recognised as revenue during the next reporting period is RM281,000 (30 June 2024: RM156,000). The amount disclosed above does not include variable consideration which is constrained.

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6 OTHER OPERATING INCOME

	<u>2025</u> RM'000	<u>2024</u> RM'000
Gain on disposal of property, plant and equipment	6	-
Interest income	702	641
	<u>708</u>	<u>641</u>

7 OPERATING EXPENSES

	<u>2025</u> RM'000	<u>2024</u> RM'000
Staff costs		
- Salaries and bonuses	9,912	10,042
- Defined contribution plan	1,870	1,530
- Others	1,199	1,371
Management fees	457	537
Introducers' fees	2,147	1,566
Depreciation of property, plant and equipment (Note 10)	248	202
Depreciation of right-of-use asset (Note 11)	707	613
Amortisation of intangible asset (Note 12)	55	9
Office rental	257	86
Allowance for impairment	353	182
Auditors' remuneration*	93	93
Write-off/(write-back) of trade receivables	1	(30)
Net realised exchange gain	(37)	(5)
Net unrealised exchange loss	78	-
Others	1,508	1,801
	<u>18,848</u>	<u>17,997</u>

Included in the above expenses is Directors' remuneration as disclosed in Note 20 to the financial statements.

- \* There was no indemnity given to or insurance effected for the auditors of the Company during the current financial year and its comparative financial year.

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8 TAXATION

	<u>2025</u> RM'000	<u>2024</u> RM'000
Current tax		
- Current financial year	2,873	2,629
- Under provision in prior financial year	11	33
Deferred tax (Note 9)	(76)	(89)
	<u>2,808</u>	<u>2,573</u>

A reconciliation of profit before taxation and tax expense is as follows:

	<u>2025</u> RM'000	<u>2024</u> RM'000
Profit before taxation	<u>11,319</u>	<u>10,461</u>
Tax calculated at tax rate 24% (30 June 2024: 24%)	2,717	2,511
Tax effects of:		
- Expenses not deductible for tax purposes	80	29
- Under provision in prior financial year	11	33
Tax expense	<u>2,808</u>	<u>2,573</u>

9 DEFERRED TAX ASSETS

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	<u>2025</u> RM'000	<u>2024</u> RM'000
Deferred tax assets	<u>710</u>	<u>634</u>

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9 DEFERRED TAX (CONTINUED)

The movements in deferred tax assets during the financial year comprise the following:

	<u>2025</u> RM'000	<u>2024</u> RM'000
At 1 July	634	544
Credited/(charged) to profit or loss (Note 8):		
- Property, plant and equipment	21	(6)
- Intangible asset	(18)	(12)
- Right-of-use asset	170	(351)
- Trade receivables	85	44
- Provisions	(65)	178
- Lease liability	(155)	337
- Deferred revenue	38	(100)
Total	<u>76</u>	<u>89</u>
At 30 June	<u>710</u>	<u>634</u>
Deferred tax assets (before offsetting):		
- Trade receivables	209	124
- Provisions	437	502
- Lease liability	343	498
- Deferred revenue	75	37
	<u>1,064</u>	<u>1,161</u>
Offsetting	<u>(354)</u>	<u>(527)</u>
Deferred tax assets (after offsetting)	<u>710</u>	<u>634</u>
Deferred tax liabilities (before offsetting):		
- Property, plant and equipment	4	(17)
- Right-of-use asset	(328)	(498)
- Intangible asset	(30)	(12)
	<u>(354)</u>	<u>(527)</u>
Offsetting	<u>354</u>	<u>527</u>
Deferred tax liabilities (after offsetting)	<u>-</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONTINUED)

10 PROPERTY, PLANT AND EQUIPMENT

	<u>Furniture and Fittings</u> RM'000	<u>Office Equipment</u> RM'000	<u>Total</u> RM'000
<u>2025</u>			
<u>At cost</u>			
At 1 July 2024	1,054	897	1,951
Additions	-	196	196
Disposals	-	(209)	(209)
Write-off	-	(2)	(2)
At 30 June 2025	<u>1,054</u>	<u>882</u>	<u>1,936</u>
<u>Accumulated depreciation</u>			
At 1 July 2024	622	669	1,291
Charge for the financial year (Note 7)	106	142	248
Disposals	-	(209)	(209)
Write-off	-	(2)	(2)
At 30 June 2025	<u>728</u>	<u>600</u>	<u>1,328</u>
<u>Carrying amount</u>			
At 30 June 2025	<u>326</u>	<u>282</u>	<u>608</u>
<u>2024</u>			
<u>At cost</u>			
At 1 July 2023	1,054	665	1,719
Additions	-	232	232
At 30 June 2024	<u>1,054</u>	<u>897</u>	<u>1,951</u>
<u>Accumulated depreciation</u>			
At 1 July 2023	517	572	1,089
Charge for the financial year (Note 7)	105	97	202
At 30 June 2024	<u>622</u>	<u>669</u>	<u>1,291</u>
<u>Carrying amount</u>			
At 30 June 2024	<u>432</u>	<u>228</u>	<u>660</u>

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11 RIGHT-OF-USE ASSET

	<u>2025</u> RM'000	<u>2024</u> RM'000
<u>At cost</u>		
At 1 July	5,141	3,067
Remeasurement	-	2,074
At 30 June	<u>5,141</u>	<u>5,141</u>
<u>Accumulated depreciation</u>		
At 1 July	3,067	2,454
Charge for the financial year (Note 7)	707	613
At 30 June	<u>3,774</u>	<u>3,067</u>
<u>Carrying amount</u>		
At 30 June	<u>1,367</u>	<u>2,074</u>

12 INTANGIBLE ASSET

	<u>2025</u> RM'000	<u>2024</u> RM'000
<u>At cost</u>		
At 1 July	188	127
Additions	126	61
At 30 June	<u>314</u>	<u>188</u>
<u>Accumulated amortisation</u>		
At 1 July	136	127
Charge for the financial year (Note 7)	55	9
At 30 June	<u>191</u>	<u>136</u>
<u>Carrying amount</u>		
At 30 June	<u>123</u>	<u>52</u>

13 TRADE RECEIVABLES

	<u>2025</u> RM'000	<u>2024</u> RM'000
Trade receivables	65,060	40,373
Less: Allowance for impairment	<u>(870)</u>	<u>(517)</u>
	<u>64,190</u>	<u>39,856</u>

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13 TRADE RECEIVABLES (CONTINUED)

Financial assets

There is no netting off of gross amount of recognised financial assets against the gross amount of financial liabilities in the statement of financial position.

There are no financial assets that are subject to enforceable master netting arrangement or similar arrangement to financial instruments received as collateral or any cash collateral pledged or received as at 30 June 2025 (30 June 2024: nil).

Movement in allowance accounts

The approach for impairment model for trade receivables are more simplified as compared to the impairment model for financial assets. MFRS 9 includes the requirement or policy choice to apply the simplified approach that does not require entities to track changes in credit risk and the practical expedient to calculate ECLs on trade receivables using a provision matrix with the usage of forward looking information in determining of ECL, including the use of macroeconomic information.

As at 30 June 2025, the Company has provided an allowance for credit losses on a collective basis of RM870,000 (30 June 2024: RM517,000). No collateral is held as security for impaired assets. The Company records impairment allowance for trade receivables in a separate "allowance for impairment" account. A reconciliation of the allowance for impairment loss for trade receivables is as follows:

	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
At 1 July	517	335
Charge for the financial year	353	182
At 30 June	<u>870</u>	<u>517</u>

Balances held in a fiduciary duty

As at 30 June 2025, the Company's trade receivables (including intercompany trade receivables as disclosed in Note 20) include uncollected net insurance premiums due from clients and cedants amounting to RM60,887,000 (30 June 2024: RM36,246,000).

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14 CASH AND CASH EQUIVALENTS

	<u>2025</u> RM'000	<u>2024</u> RM'000
Cash and bank balances	<u>29,168</u>	<u>23,479</u>

15 SHARE CAPITAL

	<u>2025</u>		<u>2024</u>	
	Number of ordinary shares (‘000)	RM'000	Number of ordinary shares (‘000)	RM'000
Issued and fully paid ordinary shares with no par value:				
At 1 July/30 June	<u>1,000</u>	<u>5,404</u>	<u>1,000</u>	<u>5,404</u>

16 LEASE LIABILITY

	<u>2025</u> RM'000	<u>2024</u> RM'000
At 1 July	2,074	670
Accrued interest	102	16
Payment for lease liability	(746)	(686)
Remeasurement	-	2,074
At 30 June	<u>1,430</u>	<u>2,074</u>
Repayable within 12 months	700	644
Repayable after 12 months	<u>730</u>	<u>1,430</u>
	<u>1,430</u>	<u>2,074</u>

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17 TRADE PAYABLES

	<u>2025</u> RM'000	<u>2024</u> RM'000
Trade payables	<u>65,142</u>	<u>39,434</u>

Financial liabilities

There is no netting off of gross amount of recognised financial assets against the gross amount of financial liabilities in the statement of financial position.

Balances held in a fiduciary duty

As at 30 June 2025, the Company's trade payables include collected insurance premiums and funds held on behalf of clients and cedants in a fiduciary duty amounting to RM2,721,000 (30 June 2024: RM1,797,000) and uncollected insurance premiums due to insurers and reinsurers amounting RM60,887,000 (30 June 2024: RM36,246,000).

18 OTHER PAYABLES AND ACCRUALS

	<u>2025</u> RM'000	<u>2024</u> RM'000
Employee benefits	2,075	2,038
Other payables and accruals	<u>656</u>	<u>646</u>
	<u>2,731</u>	<u>2,684</u>

Included in other payables and accruals are amounts payable for the insurance risk management program reserve fund of RM230,000 (30 June 2024: RM172,000)

19 DIVIDENDS

	<u>2025</u>		<u>2024</u>	
	<u>Dividend per share</u> RM	<u>Amount of dividend</u> RM'000	<u>Dividend per share</u> RM	<u>Amount of dividend</u> RM'000
Interim dividend	<u>3.5</u>	<u>3,500</u>	<u>2.5</u>	<u>2,500</u>

During the financial year ended 30 June 2025, the Company declared and paid an interim dividend of RM3.50 per share on 1,000,000 ordinary shares, amounting to RM3,500,000 on 23 May 2025.

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 30 June 2025.

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20 RELATED PARTY DISCLOSURES

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel include all Directors of the Company, and certain members of senior management of the Company.

The related parties of, and their relationship with the Company, are as follows:

<u>Related parties</u>	<u>Relationship</u>
Sime Darby Berhad	Ultimate holding company
Sime Darby Holdings Berhad	Intermediate holding company
Sime Darby Allied Products Berhad	Immediate holding company
Hyundai-Sime Darby Motors Sdn. Bhd.	Subsidiary of ultimate holding company
Inokom Corporation Sdn. Bhd.	Subsidiary of ultimate holding company
Jaguar Land Rover (Malaysia) Sdn Bhd.	Subsidiary of ultimate holding company
Sime Darby Auto Bavaria Sdn. Bhd.	Subsidiary of ultimate holding company
Sime Darby Auto ConneXion Sdn. Bhd.	Subsidiary of ultimate holding company
Sime Darby Auto Engineering Sdn. Bhd.	Subsidiary of ultimate holding company
Sime Darby Auto Imports Sdn. Bhd.	Subsidiary of ultimate holding company
Sime Darby Auto Selection Sdn Bhd	Subsidiary of ultimate holding company
Sime Darby Auto Stuttgart Sdn Bhd.	Subsidiary of ultimate holding company
Sime Darby Beyond Auto Sdn Bhd	Subsidiary of ultimate holding company
Sime Darby Energy Solutions Sdn. Bhd.	Subsidiary of ultimate holding company
Sime Darby Industrial Sdn. Bhd.	Subsidiary of ultimate holding company
Sime Darby Insurance Pte. Ltd.	Subsidiary of ultimate holding company
Sime Darby Insurance Brokes (Singapore) Pte Ltd	Subsidiary of ultimate holding company
Sime Darby Rent-A-Car Sdn Bhd.	Subsidiary of ultimate holding company
Sime Darby Material Handling Sdn. Bhd.	Subsidiary of ultimate holding company
Tractors Petroleum Services Sdn. Bhd.	Subsidiary of ultimate holding company

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20 RELATED PARTY TRANSACTIONS (CONTINUED)

The related parties of, and their relationship with the Company, are as follows: (continued)

<u>Related parties</u>	<u>Relationship</u>
Lockton Overseas Limited	Corporate shareholder
Lockton Companies (Hong Kong) Limited	Subsidiary of corporate shareholder
Lockton Companies (Korea), Inc	Subsidiary of corporate shareholder
Lockton Companies (Singapore) Private Limited	Subsidiary of corporate shareholder
Lockton Insurance Brokers Denmark ApS	Subsidiary of corporate shareholder
Lockton Insurance Brokers Denmark ApS	Subsidiary of corporate shareholder
Lockton MyBar Claims Sdn Bhd	
Lockton Re (L) Ltd.	Subsidiary of corporate shareholder
Founders Series of Lockton Companies, LLC	Related company of corporate shareholder
Lockton Brasil Consultoria e Corretora de Seguros Ltda	Related company of corporate shareholder
Lockton Companies LLP	Related company of corporate shareholder
Lockton Companies LLC	Related company of corporate shareholder

The transactions with its immediate holding company, intermediate holding company, ultimate holding company and related companies described below, were carried out in the normal course of business on terms and conditions negotiated between the related parties.

The significant related party transactions arising during the financial year are as follows:

	<u>2025</u> RM'000	<u>2024</u> RM'000
Brokerage income from ultimate holding company:		
- Sime Darby Berhad	252	268
Brokerage income from intermediate holding company:		
- Sime Darby Holdings Berhad	40	36
Brokerage income from related companies:		
- Hyundai Sime Darby Motors Sdn. Bhd.	79	66
- Inokom Corporation Sdn. Bhd.	378	104
- Jaguar Land Rover (Malaysia) Sdn. Bhd.	32	28
- Sime Darby Auto Bavaria Sdn. Bhd.	334	305
- Sime Darby Auto ConneXion Sdn. Bhd.	67	54
- Sime Darby Auto Engineering Sdn. Bhd.	82	69
- Sime Darby Auto Imports Sdn. Bhd.	189	333
- Sime Darby Auto Selection Sdn. Bhd.	42	36
- Sime Darby Auto Stuttgart Sdn. Bhd.	25	31
- Sime Darby Beyond Auto Sdn. Bhd.	43	17
- Sime Darby Energy Solutions Sdn. Bhd.	49	34

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONTINUED)

20 RELATED PARTY DISCLOSURES (CONTINUED)

The significant related party transactions arising during the financial year are as follows: (continued)

	<u>2025</u> RM'000	<u>2024</u> RM'000
Brokerage income from related companies: (continued)		
- Sime Darby Industrial Sdn. Bhd.	471	398
- Sime Darby Insurance Pte. Ltd.	569	488
- Sime Darby Rent-A-Car Sdn. Bhd.	328	617
- Sime Darby Material Handling Sdn. Bhd.	39	72
- Tractors Petroleum Services Sdn. Bhd.	307	230
- Lockton Insurance Brokers Denmark ApS	14	35
- Lockton Companies LLP	123	126
- Lockton Companies LLC	462	435
- Other related companies*	332	363
Advisory and consultancy income from related company:		
- Sime Darby Insurance Pte. Ltd.	5	-
Management fees paid/payable to immediate holding company:		
- Sime Darby Allied Products Berhad	457	537
Group Corporate Assurance Department ("GCAD") costs paid/payable to intermediate holding company:		
- Sime Darby Holdings Berhad	-	54
Introducers' fees paid/payable to related companies:		
- Lockton Brasil Consultoria e Corretora de Seguros Ltda	77	-
- Lockton Companies (Hong Kong) Limited	77	107
- Lockton Companies (Singapore) Private Limited	82	-
- Lockton Re (L) Ltd.	30	28
- Founders Series of Lockton Companies, LLC	542	115
- Lockton Companies (Korea), Inc	202	-
Payment of expenses on behalf of related company:		
- Lockton Re (L) Ltd.	-	10
Payment of expenses on behalf of the Company by immediate holding company:		
- Sime Darby Allied Products Berhad	59	-

\* Brokerage income from other related companies, being subsidiaries and associates of the ultimate holding company, is aggregated because these transactions are similar in nature and no single transaction is significant enough to warrant a separate disclosure.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONTINUED)

20 RELATED PARTY DISCLOSURES (CONTINUED)

The significant related party transactions arising during the financial year are as follows: (continued)

Total compensation paid to key management personnel of the Company during the financial year are as follows:

	<u>2025</u> RM'000	<u>2024</u> RM'000
<u>Executive Directors' Remuneration:</u>		
Salary	467	447
Bonus	101	88
Allowance	52	52
Defined contribution plan	424	22
Benefits-in-kind	45	79
	<u>1,089</u>	<u>688</u>

The Directors and Officers of the Company are covered by Directors' and Officers' liability insurance of Sime Darby Berhad ("SDB") Group for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance is maintained on a group basis by SDB and the total premium paid by SDB during the financial year amounted to RM0.9 million, which covers the annual renewal up to May 2026 (2024: RM0.7 million, which includes the annual renewal up to February 2025).

The outstanding balances with related parties as at the end of the reporting period are as follows:

	<u>2025</u> RM'000	<u>2024</u> RM'000
<u>Trade balances</u>		
Amount due from related companies	3,389	3,267
Amount due from intermediate holding company	34	17
Amount due from ultimate holding company	940	159
Amount due to related companies	(758)	(422)
<u>Non-trade balances</u>		
Amount due from related companies	35	14
Amount due to immediate holding company	(14)	(107)
Amount due to intermediate holding company	(1)	(54)

The amounts due from/(to) related companies, immediate, intermediate and ultimate holding companies are unsecured, interest free and have no fixed terms of repayment.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONTINUED)**

**21 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES**

The carrying amounts of the financial assets and liabilities of the Company at the date of the statement of financial position approximated their fair values.

**22 SUBSEQUENT EVENT**

On 15 July 2025, Lockton Overseas Limited, a company incorporated in England and Wales and an existing corporate shareholder of Sime Darby Lockton Insurance Brokers Sdn Bhd, entered into a sale and purchase agreement to acquire an additional 30% stake in the Company from Sime Darby Allied Products Berhad for an initial purchase consideration of RM14,801,000.

The acquisition is currently in the process of fulfilling the conditions precedent. Upon completion, Lockton Overseas Limited will obtain control of the Company and become its immediate holding company.

**23 APPROVAL OF FINANCIAL STATEMENTS**

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 29 August 2025.

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**SIME DARBY LOCKTON INSURANCE BROKERS SDN. BHD.**  
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**STATEMENT BY DIRECTORS PURSUANT TO  
SECTION 251(2) OF THE COMPANIES ACT 2016**

We, Dato' Mustamir bin Mohamad and Mohamed Yahya bin Mohamed Ibrahim, being two of the Directors of Sime Darby Lockton Insurance Brokers Sdn. Bhd., do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 5 to 40 are drawn up so as to give a true and fair view of the financial position of the Company as at 30 June 2025 and financial performance and cash flows of the Company for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 29 August 2025.



**DATO' MUSTAMIR BIN MOHAMAD**  
DIRECTOR



**MOHAMED YAHYA BIN MOHAMED IBRAHIM**  
DIRECTOR

Petaling Jaya  
Selangor  
29 August 2025

**STATUTORY DECLARATION PURSUANT TO  
SECTION 251(1) OF THE COMPANIES ACT 2016**

I, Mohd Zaidi bin Abd Rahim, the Officer primarily responsible for the financial management of Sime Darby Lockton Insurance Brokers Sdn. Bhd., do solemnly and sincerely declare that, the financial statements set out on pages 5 to 40 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.



**MOHD ZAIDI BIN ABD RAHIM**

Subscribed and solemnly declared by the abovenamed at Petaling Jaya, Selangor, Malaysia on 29 August 2025.

Before me:



**COMMISSIONER FOR OATHS**  
NO. 5-2, JALAN PIS 11/28,  
BANDAR SUNWAY,  
46150 PETALING JAYA,  
SELANGOR



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF SIME DARBY LOCKTON INSURANCE BROKERS SDN.  
BHD.**

(Incorporated in Malaysia)  
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**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Our opinion

In our opinion, the financial statements of Sime Darby Lockton Insurance Brokers Sdn. Bhd. ("the Company") give a true and fair view of the financial position of the Company as at 30 June 2025, and of its financial performance and its 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 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Company, which comprise the statement of financial position as at 30 June 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 5 to 40.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

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

*Independence and other ethical responsibilities*

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

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PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, Menara TH 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia  
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**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF SIME DARBY LOCKTON INSURANCE BROKERS SDN.  
BHD. (CONTINUED)**  
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Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF SIME DARBY LOCKTON INSURANCE BROKERS SDN.  
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- (a) Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF SIME DARBY LOCKTON INSURANCE BROKERS SDN.  
BHD. (CONTINUED)**  
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**OTHER MATTERS**

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

*PricewaterhouseCoopers PCT*  
PRICEWATERHOUSECOOPERS PLT  
LLP0014401-LCA & AF 1146  
Chartered Accountants

*Suet Lye Chan*  
CHAN SUET LYE  
03603/10/2025 J  
Chartered Accountant

Kuala Lumpur  
29 August 2025