

**PACIFIC & ORIENT BERHAD**

(Company No: 308366-H)

**CONDENSED CONSOLIDATED FINANCIAL POSITION**

|  | <b>As At<br/>30/6/2018<br/>RM'000</b> | <b>As At<br/>30/09/2017<br/>RM'000</b> |
|--|---------------------------------------|--|
| <b>ASSETS</b>  |                                       |  |
| Property, plant and equipment                            | 24,807                                | 26,042                                 |
| Investment properties                                    | 1,220                                 | 1,220                                  |
| Prepaid land lease payments                              | 294                                   | 298                                    |
| Intangible assets  | 2,045                                 | 2,087                                  |
| Deferred tax assets                                      | 513                                   | 776                                    |
| Investments  | 165,875                               | 179,299                                |
| Investment in associated companies                       | 20,624                                | 23,166                                 |
| Due from an associated company                           | 2,461                                 | -                                      |
| Inventories - goods for resale                           | 525                                   | 480                                    |
| Land held for development                                | 41,832                                | 39,201                                 |
| Loans  | 9,501                                 | 8,093                                  |
| Reinsurance assets                                       | 188,487                               | 200,416                                |
| Insurance receivables                                    | 18,170                                | 20,909                                 |
| Trade receivables  | 2,576                                 | 1,095                                  |
| Other receivables  | 72,507                                | 78,665                                 |
| Deposits and placements with financial institutions      | 481,413                               | 559,089                                |
| Cash and bank balances                                   | 45,703                                | 30,168                                 |
| Total assets   | <u>1,078,553</u>                      | <u>1,171,004</u>                       |
| <b>LIABILITIES</b>                                       |                                       |  |
| Insurance contract liabilities                           | 564,195                               | 611,117                                |
| Insurance payables                                       | 9,818                                 | 10,505                                 |
| Deferred tax liabilities                                 | 3,235                                 | 4,704                                  |
| Trade payables   | 446                                   | 1,074                                  |
| Other payables   | 10,176                                | 15,665                                 |
| Hire purchase creditors                                  | 1,679                                 | 2,353                                  |
| Borrowings   | 49,949                                | 34,512                                 |
| Dividend payable   | -                                     | 3,540                                  |
| Tax payable  | 1,317                                 | 2,393                                  |
| Total liabilities  | <u>640,815</u>                        | <u>685,863</u>                         |
| <b>EQUITY</b>  |                                       |  |
| Share capital  | 147,279                               | 147,279                                |
| Treasury shares  | (13,094)                              | (12,759)                               |
| Merger reserve   | 20,792                                | 20,792                                 |
| Translation reserve                                      | (11,523)                              | (15,561)                               |
| Revaluation reserve                                      | 10,624                                | 10,624                                 |
| Available-for-sale reserve                               | 4,424                                 | 13,045                                 |
| Retained profits   | 162,897                               | 192,606                                |
| Equity attributable to equity holders of the Company     | <u>321,399</u>                        | <u>356,026</u>                         |
| Non-controlling interest                                 | <u>116,339</u>                        | <u>129,115</u>                         |
| Total equity   | <u>437,738</u>                        | <u>485,141</u>                         |
| Total liabilities and equity                             | <u>1,078,553</u>                      | <u>1,171,004</u>                       |
| <b>Net assets per share (Sen)</b>                        | <u>117</u>                            | <u>151</u>                             |
| Based on number of shares (net of treasury shares)('000) | 275,031                               | 236,011                                |

The condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 September 2017.

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
For The Nine Months Ended 30 June 2018

|   | Attributable to Equity Holders of the Company |                              |                            |                             |                                  |                                  |  |                               | Total<br>RM'000 | Non-<br>Controlling<br>Interest<br>RM'000 | Total<br>Equity<br>RM'000 |
|---|---|------------------------------|----------------------------|-----------------------------|----------------------------------|----------------------------------|--|-------------------------------|-----------------|---|---------------------------|
|   | Non Distributable                             |                              |                            |                             |                                  |                                  |  | Distributable                 |                 |   |                           |
|   | Share<br>Capital *<br>RM'000                  | Treasury<br>Shares<br>RM'000 | Share<br>Premium<br>RM'000 | Merger<br>Reserve<br>RM'000 | Translation<br>Reserve<br>RM'000 | Revaluation<br>Reserve<br>RM'000 | Available-For-<br>Sale Reserve<br>RM'000 | Retained<br>Profits<br>RM'000 |                 |   |                           |
| <b>At 1 October 2017</b>  | 147,279                                       | (12,759)                     | -                          | 20,792                      | (15,561)                         | 10,624                           | 13,045                                   | 192,606                       | 356,026         | 129,115                                   | 485,141                   |
| Purchase of treasury shares                                       | -   | (335)                        | -                          | -                           | -                                | -                                | -  | -                             | (335)           | -   | (335)                     |
| Net loss for the period   | -   | -                            | -                          | -                           | -                                | -                                | -  | (20,370)                      | (20,370)        | 7,374                                     | (12,996)                  |
| Other comprehensive loss for the period                           | -   | -                            | -                          | -                           | 4,038                            | -                                | (8,621)                                  | -                             | (4,583)         | (2,265)                                   | (6,848)                   |
| Total comprehensive loss for the period                           | -   | -                            | -                          | -                           | 4,038                            | -                                | (8,621)                                  | (20,370)                      | (24,953)        | 5,109                                     | (19,844)                  |
| Dividends to equity holders of the Company<br>(Note B10)          | -   | -                            | -                          | -                           | -                                | -                                | -  | (9,339)                       | (9,339)         | -   | (9,339)                   |
| Dividend to a non-controlling interest<br>by a subsidiary company | -   | -                            | -                          | -                           | -                                | -                                | -  | -                             | -               | (17,885)                                  | (17,885)                  |
| <b>At 30 June 2018</b>  | 147,279                                       | (13,094)                     | -                          | 20,792                      | (11,523)                         | 10,624                           | 4,424                                    | 162,897                       | 321,399         | 116,339                                   | 437,738                   |

\* The Companies Act 2016 ("New Act") which came into effect on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the credit standing in the share premium account of RM24,302,000 had been transferred to the share capital account. As allowed under Section 618(3) of the New Act, the Company had utilised RM20,496,000 of its share premium account to issue 40,992,333 new bonus shares on 29 March 2018 (refer to Note A7(i)).

|   | Attributable to Equity Holders of the Company |                              |                            |                             |                                  |                                  |  |                               | Total<br>RM'000 | Non-<br>Controlling<br>Interest<br>RM'000 | Total<br>Equity<br>RM'000 |
|---|---|------------------------------|----------------------------|-----------------------------|----------------------------------|----------------------------------|--|-------------------------------|-----------------|---|---------------------------|
|   | Non Distributable                             |                              |                            |                             |                                  |                                  |  | Distributable                 |                 |   |                           |
|   | Share<br>Capital<br>RM'000                    | Treasury<br>Shares<br>RM'000 | Share<br>Premium<br>RM'000 | Merger<br>Reserve<br>RM'000 | Translation<br>Reserve<br>RM'000 | Revaluation<br>Reserve<br>RM'000 | Available-For-<br>Sale Reserve<br>RM'000 | Retained<br>Profits<br>RM'000 |                 |   |                           |
| <b>At 1 October 2016</b>  | 122,977                                       | (11,720)                     | 24,302                     | 20,792                      | (12,144)                         | 8,858                            | 362                                      | 205,494                       | 358,921         | 124,700                                   | 483,621                   |
| Purchase of treasury shares                                       | -   | (933)                        | -                          | -                           | -                                | -                                | -  | -                             | (933)           | -   | (933)                     |
| Net profit for the period   | -   | -                            | -                          | -                           | -                                | -                                | -  | 9,585                         | 9,585           | 12,102                                    | 21,687                    |
| Other comprehensive income for the period                         | -   | -                            | -                          | -                           | (4,193)                          | 32                               | 25,208                                   | -                             | 21,047          | 4,445                                     | 25,492                    |
| Total comprehensive income for the period                         | -   | -                            | -                          | -                           | (4,193)                          | 32                               | 25,208                                   | 9,585                         | 30,632          | 16,547                                    | 47,179                    |
| Transfer pursuant to the Companies<br>Act 2016                    | 24,302  | -                            | (24,302)                   | -                           | -                                | -                                | -  | -                             | -               | -   | -                         |
| Dividends to equity holders of the Company                        | -   | -                            | -                          | -                           | -                                | -                                | -  | (13,474)                      | (13,474)        | -   | (13,474)                  |
| Dividend to a non-controlling interest<br>by a subsidiary company | -   | -                            | -                          | -                           | -                                | -                                | -  | -                             | -               | (17,346)                                  | (17,346)                  |
| <b>At 30 June 2017</b>  | 147,279                                       | (12,653)                     | -                          | 20,792                      | (16,337)                         | 8,890                            | 25,570                                   | 201,605                       | 375,146         | 123,901                                   | 499,047                   |

**PACIFIC & ORIENT BERHAD**

(Company No: 308366-H)

**CONDENSED CONSOLIDATED INCOME STATEMENT**

For The Nine Months Ended 30 June 2018

|   | Quarter ended<br>30-Jun-18<br>RM'000 | Quarter ended<br>30-Jun-17<br>RM'000 | Year to date<br>30-Jun-18<br>RM'000 | Year to date<br>30-Jun-17<br>RM'000 |
|---|--------------------------------------|--------------------------------------|-------------------------------------|-------------------------------------|
| Revenue   | 76,884                               | 78,037                               | 237,351                             | 248,961                             |
| Other operating income  | 3,735                                | 1,303                                | 16,591                              | 24,005                              |
|   | 80,619                               | 79,340                               | 253,942                             | 272,966                             |
| Operating expenses  | (71,501)                             | (69,860)                             | (251,225)                           | (239,755)                           |
| Profit from operations  | 9,118                                | 9,480                                | 2,717                               | 33,211                              |
| Finance costs   | (833)                                | (837)                                | (2,493)                             | (2,507)                             |
|   | 8,285                                | 8,643                                | 224                                 | 30,704                              |
| Share of losses of associated companies                                   | (830)                                | (1,449)                              | (2,640)                             | (2,625)                             |
| Profit/(loss) before tax  | 7,455                                | 7,194                                | (2,416)                             | 28,079                              |
| Income tax expense  | (7,302)                              | (1,793)                              | (10,580)                            | (6,392)                             |
| Profit/(loss) for the period  | 153                                  | 5,401                                | (12,996)                            | 21,687                              |
| Attributable to :   |                                      |                                      |                                     |                                     |
| Equity holders of the Company   | (2,692)                              | (276)                                | (20,370)                            | 9,585                               |
| Non-controlling interest  | 2,845                                | 5,677                                | 7,374                               | 12,102                              |
| (Loss)/earnings per share attributable to equity holders of the Company : |                                      |                                      |                                     |                                     |
| - Basic (loss)/earnings per share (sen)                                   | (0.98)                               | (0.12)                               | (8.04)                              | 4.06                                |
| [Based on weighted average number of shares (net of treasury shares)]     |                                      |                                      |                                     |                                     |

The condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 September 2017.

**PACIFIC & ORIENT BERHAD**

(Company No: 308366-H)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For The Nine Months Ended 30 June 2018

|  | Quarter ended<br>30-Jun-18<br>RM'000 | Quarter ended<br>30-Jun-17<br>RM'000 | Year to date<br>30-Jun-18<br>RM'000 | Year to date<br>30-Jun-17<br>RM'000 |
|--|--------------------------------------|--------------------------------------|-------------------------------------|-------------------------------------|
| <b>Profit/(loss) for the period</b>  | 153                                  | 5,401                                | (12,996)                            | 21,687                              |
| <b>Other comprehensive (loss)/income:</b>  |                                      |                                      |                                     |                                     |
| <b>Items that may not be reclassified to income statement in subsequent periods:</b> |                                      |                                      |                                     |                                     |
| Surplus from revaluation of land and buildings:<br>- Gross surplus from revaluation  | -                                    | -                                    | -                                   | 62                                  |
| <b>Items that may be reclassified to income statement in subsequent periods:</b>     |                                      |                                      |                                     |                                     |
| Currency translation differences in respect<br>of foreign operations                 | (807)                                | 1,852                                | 4,038                               | (4,193)                             |
| Fair value changes on available-for-sale ("AFS")<br>financial assets                 |                                      |                                      |                                     |                                     |
| - (Loss)/gain on fair value changes  | (3,213)                              | 26,957                               | (12,082)                            | 32,467                              |
| - Transfer to income statement upon disposal   | (212)                                | -                                    | (265)                               | -                                   |
| - Deferred tax   | 475                                  | (2,196)                              | 1,461                               | (2,844)                             |
| <b>Other comprehensive (loss)/income for the period, net of tax</b>                  | <b>(3,757)</b>                       | <b>26,613</b>                        | <b>(6,848)</b>                      | <b>25,492</b>                       |
| <b>Total comprehensive (loss)/income for the period</b>                              | <b>(3,604)</b>                       | <b>32,014</b>                        | <b>(19,844)</b>                     | <b>47,179</b>                       |
| <b>Attributable to :</b>   |                                      |                                      |                                     |                                     |
| <b>Equity holders of the Company</b>   | <b>(5,714)</b>                       | <b>22,929</b>                        | <b>(24,953)</b>                     | <b>30,632</b>                       |
| <b>Non-controlling interest</b>  | <b>2,110</b>                         | <b>9,085</b>                         | <b>5,109</b>                        | <b>16,547</b>                       |

The condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 September 2017.

**PACIFIC & ORIENT BERHAD**

(Company No: 308366-H)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For The Nine Months Ended 30 June 2018

|  | <b>30 June<br/>2018<br/>RM'000</b> | <b>30 June<br/>2017<br/>RM'000</b> |
|--|------------------------------------|------------------------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>   |                                    |                                    |
| (Loss)/profit before taxation  | (2,416)                            | 28,079                             |
| Adjustments for :  |                                    |                                    |
| Depreciation of property, plant and equipment                                      | 1,597                              | 1,431                              |
| Loss on disposal of property, plant and equipment                                  | 98                                 | 116                                |
| Property, plant and equipment written off  | 45                                 | 6                                  |
| Loss/(gain) on fair value of financial assets at fair value through profit or loss | 1,052                              | (1,319)                            |
| Gain on disposal of investments  | (265)                              | -                                  |
| Dividend income  | (4,076)                            | (4,536)                            |
| Interest income  | (11,573)                           | (15,213)                           |
| Income from Sukuk  | (4)                                | (10)                               |
| Income from Islamic fixed deposits   | (4,867)                            | (4,100)                            |
| Interest expense   | 2,226                              | 2,238                              |
| Allowance for impairment:  |                                    |                                    |
| - an associated company  | 2,293                              | -                                  |
| - insurance receivables  | 812                                | 208                                |
| Write back in allowance for impairment:  |                                    |                                    |
| - trade receivables  | (1,200)                            | -                                  |
| - other receivables  | (438)                              | -                                  |
| Share of losses of associated companies  | 2,640                              | 2,625                              |
| Unrealised loss/(gain) on foreign exchange   | 8,706                              | (7,594)                            |
| Others   | 563                                | 521                                |
| Operating (loss)/profit before working capital changes                             | <u>(4,807)</u>                     | <u>2,452</u>                       |
| Changes in working capital:  |                                    |                                    |
| Disposal of investments  | 145,523                            | 153,000                            |
| Purchase of investments  | (162,938)                          | (91,928)                           |
| Decrease in deposits and placements with financial institutions                    | 77,677                             | 37,949                             |
| (Increase)/decrease in loans   | (1,408)                            | 23,785                             |
| Decrease in reinsurance assets   | 11,928                             | 28,333                             |
| Decrease in insurance receivables  | 1,926                              | 8,646                              |
| Decrease/(increase) in trade and other receivables                                 | 1,566                              | (35,484)                           |
| Increase in due from an associated company   | (2,461)                            | -                                  |
| Increase in inventories - goods for resale   | (45)                               | (79)                               |
| Additional in direct expenditure of land held for development                      | (4,156)                            | (1,831)                            |
| Decrease in insurance contract liabilities   | (46,922)                           | (73,902)                           |
| Decrease in insurance payables   | (686)                              | (7,587)                            |
| Decrease in payables   | (5,419)                            | (1,593)                            |
| Cash generated from operations   | <u>9,778</u>                       | <u>41,761</u>                      |
| Tax paid, net of tax refunded  | (10,131)                           | (12,094)                           |
| Dividends received   | 3,814                              | 4,266                              |
| Interest received  | 15,054                             | 12,901                             |
| Income received from Sukuk   | 6                                  | 8                                  |
| Income received from Islamic fixed deposits  | 4,867                              | 4,112                              |
| Interest paid  | (2,762)                            | (2,801)                            |
| Net cash generated from operating activities                                       | <u>20,626</u>                      | <u>48,153</u>                      |

**PACIFIC & ORIENT BERHAD**

(Company No: 308366-H)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For The Nine Months Ended 30 June 2018 (Cont'd)

|   | <b>30 June<br/>2018<br/>RM'000</b> | <b>30 June<br/>2017<br/>RM'000</b> |
|---|------------------------------------|------------------------------------|
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                    |                                    |                                    |
| Additional investment in associated companies                 | (3,775)                            | (7,742)                            |
| Purchase of property, plant and equipment                     | (634)                              | (268)                              |
| Purchase of intangible assets                                 | (316)                              | (239)                              |
| Purchase of investments                                       | (15,599)                           | (54,916)                           |
| Disposal of investments                                       | 33,136                             | 28,800                             |
| Maturities of Sukuk   | 37                                 | 36                                 |
| Disposal of property, plant and equipment                     | 79                                 | 175                                |
| Net cash generated from/(used in) investing activities        | <u>12,928</u>                      | <u>(34,154)</u>                    |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                    |                                    |                                    |
| Purchase of treasury shares                                   | (328)                              | (933)                              |
| Dividends paid to equity holders of the Company               | (12,879)                           | (13,474)                           |
| Dividend paid to a non-controlling interest                   | (17,885)                           | (17,346)                           |
| Decrease in hire purchase creditors                           | (719)                              | (821)                              |
| Drawdown of borrowing   | 15,314                             | 215                                |
| Net cash used in financing activities                         | <u>(16,497)</u>                    | <u>(32,359)</u>                    |
| Effects of exchange rate changes on cash and cash equivalents | <u>(770)</u>                       | <u>1,127</u>                       |
| Net increase/(decrease) in cash and cash equivalents          | 16,287                             | (17,233)                           |
| Cash and cash equivalents at beginning of year                | 30,168                             | 56,511                             |
| Effect of exchange rate changes                               | (752)                              | 537                                |
| Cash and cash equivalents at end of year                      | <u>45,703</u>                      | <u>39,815</u>                      |
| Cash and cash equivalents comprise the following:             |                                    |                                    |
| Cash and bank balances*                                       | <u>45,703</u> #                    | <u>39,815</u>                      |

\* The cash and cash equivalents include deposits of RM696,000 (2017:RM1,531,000) which have been pledged as securities by the subsidiary companies for credit facilities granted.

# Cash and bank balances consist of cash in hand, cash at bank, and short-term deposits placed with financial institutions with maturity periods of less than three months. The higher cash and bank balances as at 30 June 2018 was mainly due to higher placement of fund in deposits with maturity periods of less than three months.

The condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 September 2017.