

Company No.
91603-K

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2017

Company No.
91603-K

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

CONTENTS	PAGE
Unaudited Condensed Statement of Financial Position	1
Unaudited Condensed Statement of Income	2
Unaudited Condensed Statement of Comprehensive Income	3
Unaudited Condensed Statements of Changes in Equity	4 - 5
Unaudited Condensed Statement of Cash Flows	6 - 7
Notes to the Unaudited Condensed Interim Financial Statements	8 - 18

Company No.
91603-K

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	As at 30.6.2017		As at 31.12.2016	
		Group RM	Company RM	Group RM	Company RM
ASSETS					
Property and equipment		62,648,710	62,648,710	63,171,269	63,171,269
Investment properties	10	76,417	76,417	78,167	78,167
Intangible assets		579,775	579,775	652,796	652,796
Goodwill	11	31,325,682	31,325,682	31,325,682	31,325,682
Investments	12				
Available-for-sale financial assets		333,328,293	341,931,155	236,784,207	287,893,457
Fair value through profit or loss financial assets		55,965,574	55,965,574	33,158,405	33,158,405
Loans and receivables		37,719,075	26,399,415	26,677,467	26,677,467
Reinsurance assets	13	436,927,411	436,927,411	458,854,430	458,854,430
Insurance and other receivables		148,077,768	148,077,768	159,563,793	159,563,793
Loans		1,443,490	1,443,490	1,852,169	1,852,169
Deferred tax assets		-	-	3,363,034	3,363,034
Tax recoverable		14,528,530	14,528,530	14,360,852	14,360,852
Cash and cash equivalents		220,009,356	219,614,679	302,467,059	250,877,612
Total assets		1,342,630,080	1,339,518,606	1,332,309,330	1,331,829,133
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital		219,875,038	219,875,038	219,875,038	219,875,038
Available-for-sale reserves		3,643,992	5,306,219	2,484,641	2,643,704
Retained profits		125,750,030	124,085,903	113,618,418	113,362,140
		349,269,060	349,267,160	335,978,097	335,880,882
Non-controlling interest		317,472	-	308,547	-
Total equity		349,586,532	349,267,160	336,286,644	335,880,882
Liabilities					
Insurance contract liabilities	14	808,049,498	808,049,498	811,511,456	811,511,456
Deferred tax liabilities		492,955	492,955	-	-
Insurance and other payables		156,280,269	153,488,167	157,135,212	157,060,777
Subordinated loan from holding company		28,220,826	28,220,826	27,376,018	27,376,018
Total liabilities		993,043,548	990,251,446	996,022,686	995,948,251
Total equity and liabilities		1,342,630,080	1,339,518,606	1,332,309,330	1,331,829,133

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

Company No.
91603-K

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF INCOME
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2017

	Group 6 months period ended 30.6.2017 RM	Company 6 months period ended 30.6.2017 RM	Group 6 months period ended 30.6.2016 RM	Company 6 months period ended 30.6.2016 RM
Gross earned premiums	241,256,388	241,256,388	236,031,545	236,031,545
Earned premiums ceded to reinsurers	(134,351,250)	(134,351,250)	(184,925,022)	(184,925,022)
Net earned premiums	106,905,138	106,905,138	51,106,523	51,106,523
Investment income	9,553,738	7,700,853	11,660,767	9,757,472
Realised (losses)/gains	(116,421)	(13,423)	370,229	216,166
Fair value gains/(losses)	8,986,066	8,986,066	(454,832)	(339,452)
Fee and commission income	33,792,505	33,792,505	28,339,928	28,339,928
Other operating losses	(1,615,711)	(1,615,861)	(2,183,999)	(495,753)
Other revenue	50,600,177	48,850,139	37,732,093	37,478,361
Total revenue	157,505,315	155,755,277	88,838,616	88,584,884
Gross benefits and claims paid	(123,325,301)	(123,325,301)	(109,419,150)	(109,419,150)
Claims ceded to reinsurers	61,703,714	61,703,714	56,553,402	56,553,402
Gross change in claims liabilities	(17,196,334)	(17,196,334)	(38,709,923)	(38,709,923)
Change in claims liabilities ceded to reinsurers	5,343,881	5,343,881	94,914,091	94,914,091
Net benefits and claims	(73,474,040)	(73,474,040)	3,338,420	3,338,420
Fee and commission expense	(27,687,130)	(27,687,130)	(30,232,845)	(30,232,845)
Management expenses	(39,749,659)	(39,427,179)	(36,155,609)	(35,905,391)
Other expenses	(67,436,789)	(67,114,309)	(66,388,454)	(66,138,236)
Finance cost	(844,811)	(844,811)	(849,478)	(849,478)
Profit before taxation	15,749,675	14,322,117	24,939,104	24,935,590
Taxation	(3,610,713)	(3,598,353)	(5,177,603)	(5,177,603)
Net profit for the period	12,138,962	10,723,764	19,761,501	19,757,987
Net profit for the period attributable to:				
Owners of the Company	12,131,612	10,723,764	19,757,987	19,757,987
Non-controlling interest	7,350	-	3,516	-
	12,138,962	10,723,764	19,761,503	19,757,987
Earnings per share attributable to owner of the Company (sen)				
Basic	0.1	0.0	0.1	0.1

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

Company No.
91603-K

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2017

	Group 6 months period ended 30.6.2017	Company 6 months period ended 30.6.2017	Group 6 months period ended 30.6.2016	Company 6 months period ended 30.6.2016
	RM	RM	RM	RM
Net profit for the period	12,138,962	10,723,764	19,761,501	19,757,987
Other comprehensive income: Items that may be subsequently reclassified to the income statement:				
Available-for-sale fair value reserves				
Fair value gain arising during the period	1,898,721	3,503,308	1,851,980	2,431,152
Fair value loss transferred to the Statement of Income	102,998	-	113,540	113,540
	<u>2,001,719</u>	<u>3,503,308</u>	<u>1,965,520</u>	<u>2,544,692</u>
Tax effect thereon	(840,794)	(840,794)	(599,048)	(599,048)
	<u>1,160,925</u>	<u>2,662,514</u>	<u>1,366,472</u>	<u>1,945,644</u>
Total comprehensive income for the period	<u><u>13,299,887</u></u>	<u><u>13,386,279</u></u>	<u><u>21,127,973</u></u>	<u><u>21,703,631</u></u>
Total comprehensive income attributable to:				
Owner of the Company	13,290,962	13,386,279	21,121,210	21,703,631
Non-controlling interest	8,925	-	6,763	-
	<u>13,299,887</u>	<u>13,386,279</u>	<u>21,127,973</u>	<u>21,703,631</u>

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

Company No.
91603-K

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2017

<u>Group</u>	<u>Attributable to owners of the Company</u>					<u>Total equity</u>
	<u>Share capital</u>	<u>Available-for-sale reserves</u>	<u>Retained earnings</u>	<u>Total attributable to owners of the Company</u>	<u>Non-controlling interest</u>	
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>	
At 1 January 2016	219,875,038	(87,515)	92,054,335	311,841,858	288,744	312,130,602
Net profit for the period	-	-	19,757,988	19,757,988	3,516	19,761,504
Other comprehensive income for the period	-	1,366,472	-	1,366,472	3,247	1,369,719
At 30 June 2016	219,875,038	1,278,957	111,812,323	332,966,318	295,507	333,261,825
At 1 January 2017	219,875,038	2,484,641	113,618,418	335,978,098	308,547	336,286,645
Net profit for the period	-	-	12,131,612	12,131,612	7,350	12,138,962
Other comprehensive income for the period	-	1,159,351	-	1,159,351	1,575	1,160,926
At 30 June 2017	219,875,038	3,643,992	125,750,030	349,269,060	317,472	349,586,532

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

Company No.
91603-K

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY - CONTINUED
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2017

<u>Company</u>	<u>Share capital</u>	<u>Non-distributable Available-for-sale reserves</u>	<u>Distributable Retained earnings</u>	<u>Total</u>
	RM	RM	RM	RM
At 1 January 2016	219,875,038	1,107,183	92,054,335	313,036,556
Other comprehensive income for the period	-	1,945,644	19,757,988	21,703,632
At 30 June 2016	219,875,038	3,052,827	111,812,323	334,740,188
At 1 January 2017	219,875,038	2,643,704	113,362,139	335,880,881
Other comprehensive income for the period	-	2,662,514	10,723,764	13,386,279
At 30 June 2017	219,875,038	5,306,219	124,085,903	349,267,160

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

Company No.
91603-K

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2017

	Group 6 months period ended 30.6.2017 RM	Company 6 months period ended 30.6.2017 RM	Group 6 months period ended 30.6.2016 RM	Company 6 months period ended 30.6.2016 RM
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before taxation	15,749,675	14,322,117	24,939,104	24,935,590
Adjustment for:				
Depreciation of property and equipment	1,319,437	1,319,437	1,236,686	1,236,686
Loss/(gain) on disposal of property and equipment	2,239	2,239	(31,684)	(31,684)
Property and equipment written-off	15,401	15,401	32,602	32,602
Finance cost	844,811	844,811	849,478	849,478
Change in fair value of FVTPL financial assets	(9,731,064)	(9,731,064)	339,452	225,912
Foreign currency translation differences	291,895	291,895	744,120	744,120
Depreciation of investment properties	1,750	1,750	1,750	1,750
Amortisation of intangible assets	98,075	98,075	53,023	53,023
Net accretion of discounts of premium of investments	5,344	-	126,063	139,796
Net loss/(gain) on disposal of:				
FVTPL financial assets	11,184	11,184	70,942	70,942
AFS financial assets	(91,816)	-	154,063	113,540
Investment income	(8,712,825)	(4,177,691)	(11,767,030)	(9,877,468)
Other interest loss/(income)	1,596,061	1,596,061	(19,800)	(19,800)
Bad debt recovery	(203,823)	(203,823)	(1,440,231)	(1,440,231)
(Write back of)/provision for allowance for impairment losses:				
Insurance receivables	(555,065)	(555,065)	(192,549)	(192,549)
Reinsurance assets	(86,933)	(86,933)	2,488,743	2,488,743
AFS investments	-	-	(1,000,000)	-
Profit from operations before changes in operating assets and liabilities	554,346	3,748,394	16,584,731	19,330,450
Purchase of investments	(154,615,874)	(75,048,501)	(142,412,306)	(118,136,695)
Proceeds from disposal/maturity of investments	36,689,951	11,520,827	104,701,603	94,169,497
Decrease/(increase) in loans and receivables	408,678	408,678	(93,267)	(93,267)
Decrease/(increase) in reinsurance assets	22,013,952	22,013,952	(95,104,734)	(95,104,734)
Decrease/(increase) in insurance and other receivables	12,245,112	12,245,112	(24,420,429)	(25,420,429)
(Decrease)/increase in insurance contract liabilities	(3,461,958)	(3,461,958)	41,558,100	41,558,100
(Decrease)/increase in insurance and other payables	(1,437,444)	(4,155,109)	24,045,183	24,050,615
Cash (used by)/generated from operations	(87,603,237)	(32,728,605)	(75,141,118)	(59,646,463)
Investment income received	7,768,278	4,089,991	11,428,464	10,087,347
Other interest (paid)/received	(1,033,650)	(1,033,650)	16,500	16,500
Income tax paid	(750,837)	(750,837)	(1,833,337)	(1,833,337)
Net cash used in operating activities	(81,619,446)	(30,423,101)	(65,529,491)	(51,375,953)

Company No.
91603-K

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS - CONTINUED
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2017

	Group 6 months period ended 30.6.2017	Company 6 months period ended 30.6.2017	Group 6 months period ended 30.6.2016	Company 6 months period ended 30.6.2016
	RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipments	(818,759)	(818,759)	(1,016,194)	(1,016,194)
Purchase of intangible assets	(25,315)	(25,315)	(6,965)	(6,965)
Proceeds from disposal of property and equipment	4,242	4,242	110	110
Distribution to non-controlling interest	1,575	-	3,247	-
Net cash used in investing activities	<u>(838,257)</u>	<u>(839,832)</u>	<u>(1,019,802)</u>	<u>(1,023,049)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTs	(82,457,703)	(31,262,933)	(66,549,293)	(52,399,002)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>302,467,059</u>	<u>250,877,612</u>	<u>333,252,774</u>	<u>317,201,930</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>220,009,356</u>	<u>219,614,679</u>	<u>266,703,480</u>	<u>264,802,928</u>
Cash and cash equivalents comprise of:				
Fixed and call deposits with licensed financial institutions	195,850,571	195,850,571	256,732,306	253,078,054
Cash and cash equivalents	24,158,785	23,764,108	9,971,174	11,724,874
	<u>220,009,356</u>	<u>219,614,679</u>	<u>266,703,480</u>	<u>264,802,928</u>

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

Company No.
91603-K

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

1 Basis of preparation

The unaudited condensed interim financial statements of the Group and Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134, "Interim Financial Reporting". They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Group and Company's audited financial statements for the financial year ended 31 December 2016, which were prepared in accordance with Malaysian Financial Reporting Standards ("MFRS").

The accounting policies and presentations adopted by the Group and Company for the condensed interim financial statements are consistent with those adopted in the Group and Company's audited financial statements for the financial year ended 31 December 2016 and in accordance with the MFRS and except for the adoption of the following standards:

MFRS, Interpretations and Amendments

Effective Date

- Amendments to MFRS 107, Statement of Cash Flows - Disclosure Initiative	1 January 2017
- Amendments to MFRS 112, Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
- Amendments to MFRS 12, Disclosure of Interests in Other Entities (Annual Improvements 2014-2016 Cycle)	1 January 2017

The initial application of the above mentioned standards, amendments and interpretations do not have any material impact to the current and prior periods financial statements upon their initial adoption.

The explanatory notes attached to the condensed interim financial statements provide an explanation of events and transactions that are significant to gain an understanding of the changes in the financial position and performance of the Group and Company since the financial year ended 31 December 2016.

2 SEASONAL OR CYCLICAL FACTORS

The principal business operations of the Group and Company were not significantly affected by seasonal or cyclical factors.

3 UNUSUAL ITEMS

There were no unusual items affecting the assets, liabilities, equity, net income, or cash flows of the Group and Company for the current financial period ended 30 June 2017.

4 CHANGES IN ESTIMATES

There were no changes in the basis used for accounting estimates for the current financial period ended 30 June 2017.

Company No.
91603-K

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

5 ISSUANCE, CANCELLATIONS, REPURCHASES, RESALE, AND REPAYMENTS OF DEBT AND EQUITY SECURITIES.

There were no issuance, cancellation, repurchase, resale, or repayment of debt and equity securities by the Group and Company during the current financial period ended 30 June 2017.

6 DIVIDENDS PAID

No interim dividend was paid during the current financial period ended 30 June 2017.

7 MATERIAL SUBSEQUENT EVENTS

There were no material events subsequent to the end of the current financial period that have not been reported in the interim financial statements for the current financial period ended 30 June 2017.

8 EFFECT OF CHANGES IN THE COMPOSITION OF THE GROUP AND COMPANY

There were no changes in the composition of the Group and Company during the current financial period ended 30 June 2017.

9 CONTINGENT LIABILITIES

There were no contingent liabilities as of the date of this report since the last financial year ended 31 December 2016.

10 INVESTMENT PROPERTIES

	30.6.2017	31.12.2016
	RM	RM
<u>Group/Company</u>		
<u>Cost</u>		
At 30 June/31 December	<u>175,000</u>	<u>175,000</u>
<u>Accumulated depreciation</u>		
At 1 January	96,833	93,333
Charge for the period	1,750	3,500
At 30 June/31 December	<u>98,583</u>	<u>96,833</u>
Net book value	<u>76,417</u>	<u>78,167</u>
Fair value	<u>550,000</u>	<u>550,000</u>

The fair value of investment property is based on the market value of the property as assessed by an independent professional valuer.

Company No.
91603-K

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

10 INVESTMENT PROPERTIES (CONTINUED)

As at 30 June 2017, the only commercial investment property held by the Company is leased to a third party.

The following are recognised in the income statement in respect of investment properties:

<u>Group/Company</u>	30.6.2017 RM	30.6.2016 RM
Rental income	19,800	19,800
Direct operating expenses	6,430	7,334

11 GOODWILL

<u>Group/Company</u>	30.6.2017 RM	31.12.2016 RM
<u>Cost/Net book value</u>		
As at 1 January	31,325,682	31,325,682
Arising from acquisition of business	-	-
As at 30 June/31 December	<u>31,325,682</u>	<u>31,325,682</u>

Total goodwill arising from the acquisition of general insurance business of MCIS Insurance Berhad.

12 INVESTMENTS

	<u>As at 30.6.2017</u>		<u>As at 31.12.2016</u>	
	Group RM	Company RM	Group RM	Company RM
Malaysian government securities	54,966,007	-	20,387,861	-
Government investment issues	45,474,563	-	-	-
Corporate bonds	104,024,380	7,217,103	109,007,176	-
Unit trust investments	128,863,343	334,714,052	107,389,170	287,893,457
Equity securities	52,570,574	52,570,574	29,705,205	29,705,205
Real Estate Investment Trusts ("REIT")	3,395,000	3,395,000	3,453,200	3,453,200
Deposits with licensed financial institutions	37,719,075	26,399,415	26,677,467	26,677,467
	<u>427,012,942</u>	<u>424,296,144</u>	<u>296,620,079</u>	<u>347,729,329</u>
AFS financial assets	333,328,293	341,931,155	236,784,207	287,893,457
FVTPL financial assets	55,965,574	55,965,574	33,158,405	33,158,405
Loans and receivables ("LAR")	37,719,075	26,399,415	26,677,467	26,677,467
	<u>427,012,942</u>	<u>424,296,144</u>	<u>296,620,079</u>	<u>347,729,329</u>

The following investments will mature after 12 months:

AFS financial assets	<u>199,953,162</u>	<u>7,217,103</u>	<u>124,907,609</u>	<u>-</u>
----------------------	--------------------	------------------	--------------------	----------

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

12 INVESTMENTS (CONTINUED)

	As at 30.6.2017		As at 31.12.2016	
	Group RM	Company RM	Group RM	Company RM
(a) AFS financial assets				
<u>Fair value</u>				
Malaysian Government Securities	54,966,007	-	20,387,861	-
Government investment issues	45,474,563	-	-	-
Quoted in Malaysia:				
Unit trust investments	128,863,343	128,967,601	107,389,170	107,389,170
Unquoted in Malaysia:				
Unit trust investments (Wholesale Fund)	-	205,746,451	-	180,504,287
Corporate bonds	104,024,380	7,217,103	109,007,176	-
	<u>333,328,293</u>	<u>341,931,155</u>	<u>236,784,207</u>	<u>287,893,457</u>
(b) FVTPL financial assets				
<u>Fair value</u>				
Equity securities	52,570,574	52,570,574	29,705,205	29,705,205
REIT's	3,395,000	3,395,000	3,453,200	3,453,200
	<u>55,965,574</u>	<u>55,965,574</u>	<u>33,158,405</u>	<u>33,158,405</u>
(c) LAR				
<u>Amortised cost</u>				
Deposits with commercial banks	<u>37,719,075</u>	<u>26,399,415</u>	<u>26,677,467</u>	<u>26,677,467</u>
(d) Carrying values of financial instruments				
	AFS RM	FVTPL RM	LAR RM	Total RM
<u>GROUP</u>				
<u>30.6.2017</u>				
At 1 January 2017	236,784,207	33,158,405	26,677,467	296,620,079
Purchases	118,664,329	13,368,000	22,583,545	154,615,874
Maturities	-	-	(11,520,827)	(11,520,827)
Disposals	(25,169,124)	-	-	(25,169,124)
Fair value gains recorded in:				
Income statement	-	9,731,064	-	9,731,064
Other comprehensive income	2,310,200	-	-	2,310,200
Currency translations differences	-	(291,895)	-	(291,895)
Fair value gains transferred to				
Income statement	(102,999)	-	-	(102,999)
Movement in accrued interest	847,024	-	(21,110)	825,914
Amortisation of premiums	(5,344)	-	-	(5,344)
At 30 June 2017	<u>333,328,293</u>	<u>55,965,574</u>	<u>37,719,075</u>	<u>427,012,942</u>

Company No.
91603-K

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

12 INVESTMENTS (CONTINUED)

(d) Carrying values of financial instruments (continued)

	AFS RM	FVTPL RM	LAR RM	Total RM
<u>GROUP</u>				
<u>31.12.2016</u>				
At 1 January 2016	245,307,117	31,747,806	24,822,130	301,877,053
Purchases	226,050,884	1,477,419	26,222,300	253,750,603
Maturities	(200,070,000)	-	(24,378,174)	(224,448,174)
Disposals	(35,585,810)	(55,109)	-	(35,640,919)
Fair value (losses)/gains recorded in:				
Income statement	-	(973,000)	-	(973,000)
Other comprehensive income	1,345,159	-	-	1,345,159
Currency translations differences	-	961,289	-	961,289
Fair value losses transferred to				
Income statement	260,541	-	-	260,541
Movement in accrued interest	(296,863)	-	11,211	(285,652)
Amortisation of premiums	(226,821)	-	-	(226,821)
At 31 December 2016	<u>236,784,207</u>	<u>33,158,405</u>	<u>26,677,467</u>	<u>296,620,079</u>
<u>Company</u>				
<u>30.6.2017</u>				
At 1 January 2017	287,893,457	33,158,405	26,677,467	347,729,328
Purchases	50,416,616	13,368,000	11,263,885	75,048,501
Maturities	-	-	(11,520,827)	(11,520,827)
Disposals	-	-	-	-
Fair value gains recorded in:				
Income statement	-	9,731,064	-	9,731,064
Other comprehensive income	3,503,309	-	-	3,503,309
Currency translations differences	-	(291,895)	-	(291,895)
Fair value losses transferred to				
Income statement	-	-	-	-
Movement in accrued interest	117,773	-	(21,110)	96,663
Amortisation of premiums	-	-	-	-
At 30 June 2017	<u>341,931,155</u>	<u>55,965,574</u>	<u>26,399,415</u>	<u>424,296,143</u>

Company No.
91603-K

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

12 INVESTMENTS (CONTINUED)

(d) Carrying values of financial instruments (continued)

	AFS RM	FVTPL RM	LAR RM	Total RM
<u>31.12.2016</u>				
At 1 January 2016	263,201,461	31,747,807	24,822,130	319,771,397
Purchases	229,133,159	1,477,418	26,222,300	256,832,877
Maturities	(198,000,000)	-	(24,378,174)	(222,378,174)
Disposals	(7,886,459)	(55,109)	-	(7,941,568)
Fair value (losses)/gains recorded in:				
Income statement	-	(973,000)	-	(973,000)
Other comprehensive income	1,908,198	-	-	1,908,198
Currency translations differences	-	961,289	-	961,289
Fair value losses transferred to				
Income statement	113,540	-	-	113,540
Movement in accrued interest	(379,844)	-	11,211	(368,634)
Amortisation of premiums	(196,598)	-	-	(196,598)
At 31 December 2016	<u>287,893,457</u>	<u>33,158,405</u>	<u>26,677,467</u>	<u>347,729,328</u>

(e) Fair values of financial investments

The following tables show financial investments recorded at fair value analysed by the different basis of fair values and valuation methods as follows:

<u>Group</u>	Level 1 RM	Level 2 RM
<u>30.6.2017</u>		
AFS		
- Malaysian government securities	-	54,966,007
- Government investment issues	-	45,474,563
- Corporate bonds	-	104,024,380
- Unit trust investments	128,863,343	-
	<u>128,863,343</u>	<u>204,464,950</u>
FVTPL		
- Equity securities	52,570,574	-
- Real Estate Investment Trust ("REIT")	3,395,000	-
	<u>184,828,917</u>	<u>204,464,950</u>

Company No.
91603-K

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

12 INVESTMENTS (CONTINUED)

31.12.2016

AFS

- Malaysian government securities	-	20,387,861
- Corporate bonds	-	109,007,176
- Unit trust investments	107,389,170	-

FVTPL

- Equity securities	29,705,205	-
- Real Estate Investment Trust ("REIT")	3,453,200	-
	<u>140,547,575</u>	<u>129,395,037</u>

(e) Fair values of financial investments (continued)

<u>Company</u>	Level 1 RM	Level 2 RM
<u>30.6.2017</u>		
AFS		
- Corporate bonds	-	7,217,103
- Unit trust investments	128,967,601	205,746,451
	<u>128,967,601</u>	<u>212,963,554</u>
FVTPL		
- Equity securities	52,570,574	-
- Real Estate Investment Trust ("REIT")	3,395,000	-
	<u>184,933,175</u>	<u>212,963,554</u>
<u>31.12.2016</u>		
AFS		
- Unit trust investments	107,389,170	180,504,287
FVTPL		
- Equity securities	29,705,205	-
- Real Estate Investment Trust ("REITs")	3,453,200	-
	<u>140,547,575</u>	<u>180,504,287</u>

Included in the quoted market price category are financial instruments that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, secondary market via dealer and broker, pricing service or regulatory agency, and those prices represent actual and regular occurring market transactions on an arm's length basis (Level 1).

Financial instruments measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are instruments for which pricing is obtained via pricing services but where prices have not been determined in an active market and instruments with fair values based on broker quotes (Level 2).

Financial instruments that are valued not based on observable market data are categorised as Level 3. There are no financial instruments categorised as Level 3.

Company No.
91603-K

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

13 REINSURANCE ASSETS

	30.6.2017	31.12.2016
	RM	RM
<u>Group and Company</u>		
Reinsurance contracts (Note 14)	<u>436,927,411</u>	<u>458,854,430</u>

14 INSURANCE CONTRACT LIABILITIES

	30.6.2017			31.12.2016		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	RM	RM	RM	RM	RM	RM
<u>Group/Company</u>						
Provision for claims reported by policyholders	409,040,879	(244,777,868)	164,263,011	406,348,625	(259,497,903)	146,850,722
Provision for incurred but not reported ("IBNR")	206,113,941	(103,042,491)	103,071,450	191,609,861	(82,978,575)	108,631,286
	<u>615,154,820</u>	<u>(347,820,359)</u>	<u>267,334,461</u>	<u>597,958,486</u>	<u>(342,476,478)</u>	<u>255,482,008</u>
Less: impairment loss on reinsurance assets	-	2,039,009	2,039,009	-	2,125,942	2,125,942
Claim liabilities (i)	<u>615,154,820</u>	<u>(345,781,350)</u>	<u>269,373,470</u>	<u>597,958,486</u>	<u>(340,350,536)</u>	<u>257,607,950</u>
Premium liabilities (ii)	192,894,678	(91,146,061)	101,748,617	213,552,970	(118,503,894)	95,049,076
	<u>808,049,498</u>	<u>(436,927,411)</u>	<u>371,122,087</u>	<u>811,511,456</u>	<u>(458,854,430)</u>	<u>352,657,026</u>

Company No.
91603-K

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

14 INSURANCE CONTRACT LIABILITIES (CONTINUED)

	30.6.2017			31.12.2016		
	Gross RM	Reinsurance RM	Net RM	Gross RM	Reinsurance RM	Net RM
<u>Group/Company</u>						
(i) Claim liabilities						
At 1 January	597,958,486	(342,476,478)	255,482,008	539,577,000	(239,341,000)	300,236,000
Claims incurred in the current accident year	180,156,503	(87,857,295)	92,299,208	331,702,124	(166,574,949)	165,127,175
Claims incurred in prior accident year	(40,979,659)	21,612,900	(19,366,759)	(45,104,913)	(46,082,800)	(91,187,713)
Movement in PRAD of claim liabilities at 75% confidence level	1,017,373	(803,201)	214,172	5,755,414	(8,151,425)	(2,396,011)
Movement in claims handling expenses	327,418	-	327,418	2,536,449	-	2,536,449
Claims paid during the period	(123,325,301)	61,703,714	(61,621,587)	(236,507,588)	117,673,696	(118,833,892)
	615,154,820	(347,820,360)	267,334,460	597,958,486	(342,476,478)	255,482,008
Less: Impairment loss on reinsurance assets	-	(86,933)	(86,933)	-	2,125,942	2,125,942
At 30 June/31 December	615,154,820	(347,907,293)	267,247,527	597,958,486	(340,350,536)	257,607,950
(ii) Premiums liabilities						
At 1 January	213,552,970	(118,503,894)	95,049,076	204,321,000	(103,711,000)	100,610,000
Premiums written in the period	220,598,096	(106,993,417)	113,604,679	492,521,196	(338,935,064)	153,586,132
Premiums earned during the period	(241,256,388)	134,351,250	(106,905,138)	(483,289,226)	324,142,170	(159,147,056)
At 30 June/31 December	192,894,678	(91,146,061)	101,748,617	213,552,970	(118,503,894)	95,049,076

Company No.
91603-K

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

15 OPERATING LEASE ARRANGEMENTS

The Group and Company has entered into non-cancellable operating lease agreements for the use of several of its photocopiers and printing system. The lease agreements have fixed rentals for a period of five years.

The future aggregate minimum lease payment under non-cancellable operating leases contracted for as at the end of the reporting period but not recognised as liabilities are as follows:

	30.6.2017	31.12.2016
	RM	RM
Future minimum rental payment:		
Not later than 1 year	185,732	333,239
Later than 1 year and not later than 5 year	<u>31,726</u>	<u>50,972</u>
	<u><u>217,458</u></u>	<u><u>384,211</u></u>

16 CAPITAL COMMITMENTS

	30.6.2017	31.12.2016
	RM	RM
<u>Group/Company</u>		
Approved and contracted for:		
Computers	45,680	15,960
Renovations	147,026	195,100
Office equipment	7,270	-
Furniture and fittings	<u>63,395</u>	<u>20,650</u>
	<u><u>263,371</u></u>	<u><u>231,710</u></u>
Approved and not contracted for:		
Computers	1,293,415	1,563,665
Office equipment, Furniture and fittings, and Renovations	<u>968,713</u>	<u>1,350,000</u>
	<u><u>2,262,128</u></u>	<u><u>2,913,665</u></u>

Company No.
91603-K

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

17 REGULATORY CAPITAL REQUIREMENTS

The capital structure of the Company as at 30 June 2017, as prescribed under the Risk-Based Capital Framework is provided below:

	30.6.2017	31.12.2016
	RM	RM
<u>Eligible Tier 1 Capital</u>		
Share capital (paid-up)	219,875,038	219,875,038
Reserves, including retained earnings	124,085,903	113,362,139
	<u>343,960,941</u>	<u>333,237,177</u>
<u>Tier 2 Capital</u>		
Available-for-sale-reserves	5,306,219	2,643,704
Subordinated term debts	17,239,878	22,508,517
Goodwill & other intangible assets	(31,905,457)	(31,978,478)
Deferred tax assets	-	(3,363,034)
Total Capital Available	<u>334,601,581</u>	<u>323,047,886</u>