

Company No.

91603	K
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THE PACIFIC INSURANCE BERHAD

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2014 TO 30 JUNE 2014

Company No.

91603	K
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THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

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THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014**

	<u>Note</u>	Group <u>As at</u> <u>30.6.14</u> RM	Company <u>As at</u> <u>30.6.14</u> RM	Group <u>As at</u> <u>31.12.13</u> RM	Company <u>As at</u> <u>31.12.13</u> RM
ASSETS					
Property and equipment		991,897	991,897	1,165,519	1,165,519
Investment properties	10	86,917	86,917	88,667	88,667
Intangible assets		182,037	182,037	202,243	202,243
Investments	11				
Available-for-sale financial assets		154,100,069	160,306,905	177,515,532	184,154,235
Held-for-trading financial assets		16,331,408	16,331,408	18,413,447	18,413,447
Loans and receivables		144,360,549	139,836,981	111,816,966	107,378,325
Reinsurance assets	12	116,203,000	116,203,000	112,923,000	112,923,000
Insurance and other receivables		93,386,312	91,402,855	83,694,271	81,572,910
Loans		1,891,376	1,891,376	1,602,745	1,602,745
Deferred tax assets		178,412	178,412	-	-
Tax recoverable		7,250,319	7,250,319	5,513,505	5,513,505
Cash and bank balances		3,674,203	3,658,572	6,915,600	6,518,174
TOTAL ASSETS		<u>538,636,499</u>	<u>538,320,679</u>	<u>519,851,495</u>	<u>519,532,770</u>
EQUITY AND LIABILITIES					
Share capital		100,000,000	100,000,000	100,000,000	100,000,000
Available-for-sale reserves		70,286	70,286	597,228	597,228
Retained earnings		68,730,136	68,730,136	69,315,420	69,315,420
		168,800,422	168,800,422	169,912,648	169,912,648
Non-controlling interest		265,904	-	261,623	-
Total equity		<u>169,066,326</u>	<u>168,800,422</u>	<u>170,174,271</u>	<u>169,912,648</u>
Insurance contract liabilities	13	332,974,000	332,974,000	308,358,000	308,358,000
Deferred tax liabilities		-	-	231,126	231,126
Insurance and other payables		36,596,173	36,546,257	41,088,098	41,030,996
Total liabilities		<u>369,570,173</u>	<u>369,520,257</u>	<u>349,677,224</u>	<u>349,620,122</u>
TOTAL EQUITY AND LIABILITIES		<u>538,636,499</u>	<u>538,320,679</u>	<u>519,851,495</u>	<u>519,532,770</u>

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

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THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2014

<u>Group</u>	<u>Share capital</u> RM	<u>Available for-sale reserves</u> RM	<u>Retained earnings</u> RM	<u>Total equity attributable to owners of the Company</u> RM	<u>Non-controlling interest</u> RM	<u>Total equity</u> RM
At 1 January 2013	100,000,000	1,938,187	47,893,964	149,832,151	195,826	150,027,977
Total comprehensive income for the financial year	-	223,476	5,581,103	5,804,579	35,671	5,840,250
At 30 June 2013	<u>100,000,000</u>	<u>2,161,663</u>	<u>53,475,067</u>	<u>155,636,730</u>	<u>231,497</u>	<u>155,868,227</u>
At 1 January 2014	100,000,000	597,228	69,315,420	169,912,648	261,623	170,174,271
Total comprehensive income for the financial year	-	(526,942)	(585,284)	(1,112,226)	4,281	(1,107,945)
At 30 June 2014	<u>100,000,000</u>	<u>70,286</u>	<u>68,730,136</u>	<u>168,800,422</u>	<u>265,904</u>	<u>169,066,326</u>

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THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2014

<u>Company</u>	<u>Share capital</u> RM	<u>Non-distributable</u>	<u>Distributable</u>	<u>Total</u> RM
		<u>Available- for-sale reserves</u> RM	<u>Retained earnings</u> RM	
At 1 January 2013	100,000,000	1,938,187	47,893,964	149,832,151
Total comprehensive income for the period	-	223,476	5,581,103	5,804,579
At 30 June 2013	<u>100,000,000</u>	<u>2,161,663</u>	<u>53,475,067</u>	<u>155,636,730</u>
At 1 January 2014	100,000,000	597,228	69,315,420	169,912,648
Total comprehensive income for the period	-	(526,942)	(585,284)	(1,112,226)
At 30 June 2014	<u>100,000,000</u>	<u>70,286</u>	<u>68,730,136</u>	<u>168,800,422</u>

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

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THE PACIFIC INSURANCE BERHAD

(Incorporated in Malaysia)

CONDENSED INCOME STATEMENT
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2014

	<u>Group</u> <u>6 months</u> <u>period ended</u> <u>30.6.2014</u> RM	<u>Company</u> <u>6 months</u> <u>period ended</u> <u>30.6.2014</u> RM	<u>Group</u> <u>6 months</u> <u>period ended</u> <u>30.6.2013</u> RM	<u>Company</u> <u>6 months</u> <u>period ended</u> <u>30.6.2013</u> RM
Gross earned premiums	111,287,518	111,287,518	106,397,620	106,397,620
Premiums ceded to reinsurers	(40,642,199)	(40,642,199)	(39,833,797)	(39,833,797)
Net earned premiums	<u>70,645,319</u>	<u>70,645,319</u>	<u>66,563,823</u>	<u>66,563,823</u>
Investment income	7,407,247	5,503,842	5,689,023	5,600,998
Realised gains and losses	2,216,895	2,122,439	809,041	385,279
Fair value gains and losses	(2,546,351)	(2,546,351)	531,246	531,246
Fee and commission income	6,849,960	6,849,960	6,656,424	6,656,424
Other operating income	313,900	706,728	136,800	340,049
Other revenue	<u>14,241,651</u>	<u>12,636,618</u>	<u>13,822,534</u>	<u>13,513,996</u>
Total revenue	<u>84,886,970</u>	<u>83,281,937</u>	<u>80,386,357</u>	<u>80,077,819</u>
Gross benefits and claims paid	(43,506,214)	(43,506,214)	(47,448,722)	(47,448,722)
Claims ceded to reinsurers	7,393,226	7,393,226	6,120,622	6,120,622
Gross change in contract liabilities	(25,401,000)	(25,401,000)	(24,072,000)	(24,072,000)
Change in contract liabilities ceded to reinsurers	9,872,000	9,872,000	20,855,000	20,855,000
Net claims	<u>(51,641,988)</u>	<u>(51,641,988)</u>	<u>(44,545,100)</u>	<u>(44,545,100)</u>
Fee and commission expense	(15,422,376)	(15,422,376)	(14,113,051)	(14,113,051)
Management expenses	(18,494,309)	(16,898,562)	(14,999,771)	(14,702,549)
Other expenses	<u>(33,916,685)</u>	<u>(32,320,938)</u>	<u>(29,112,822)</u>	<u>(28,815,600)</u>
(Loss)/Profit before taxation	(671,703)	(680,989)	6,728,435	6,717,119
Taxation	95,705	95,705	(1,136,016)	(1,136,016)
Net (loss)/profit for the financial year	<u>(575,998)</u>	<u>(585,284)</u>	<u>5,592,419</u>	<u>5,581,103</u>
Net (loss)/profit attributable to:				
Owners of the Company	(585,284)	(585,284)	5,581,103	5,581,103
Non-controlling interest	9,286	-	11,316	-
	<u>(575,998)</u>	<u>(585,284)</u>	<u>5,592,419</u>	<u>5,581,103</u>
Earnings per share attributable to owner of the Company (sen)				
Basic	<u>(0.6)</u>	<u>(0.6)</u>	<u>5.6</u>	<u>5.6</u>

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

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THE PACIFIC INSURANCE BERHAD

(Incorporated in Malaysia)

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2014

	<u>Group</u> <u>6 months</u> <u>period ended</u> <u>30.6.2014</u> RM	<u>Company</u> <u>6 months</u> <u>period ended</u> <u>30.6.2014</u> RM	<u>Group</u> <u>6 months</u> <u>period ended</u> <u>30.6.2013</u> RM	<u>Company</u> <u>6 months</u> <u>period ended</u> <u>30.6.2013</u> RM
Net (loss)/ profit for the financial year	(575,998)	(585,284)	5,592,419	5,581,103
Other comprehensive income: <u>Items that may be subsequently</u> <u>reclassified to the income</u> <u>statement:</u>				
Available-for-sale fair value reserves				
Net (loss)/gain arising during the financial year	(702,589)	(702,589)	297,969	297,969
Net realised gain transferred to Income Statement	-	-	-	-
	<u>(702,589)</u>	<u>(702,589)</u>	<u>297,969</u>	<u>297,969</u>
Tax effect thereon	175,647	175,647	(74,493)	(74,493)
	<u>(526,942)</u>	<u>(526,942)</u>	<u>223,476</u>	<u>223,476</u>
Total comprehensive income for the financial year	<u>(1,102,940)</u>	<u>(1,112,226)</u>	<u>5,815,895</u>	<u>5,804,579</u>
Total comprehensive income attributable to:				
Owner of the Company	(1,107,221)	(1,112,226)	5,780,224	5,804,579
Non-controlling interest	4,281	-	35,671	-
	<u>(1,102,940)</u>	<u>(1,112,226)</u>	<u>5,815,895</u>	<u>5,804,579</u>

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

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THE PACIFIC INSURANCE BERHAD

(Incorporated in Malaysia)

CONDENSED STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2014

	<u>Group</u> <u>6 months</u> <u>period ended</u> <u>30.6.2014</u> RM	<u>Company</u> <u>6 months</u> <u>period ended</u> <u>30.6.2014</u> RM	<u>Group</u> <u>6 months</u> <u>period ended</u> <u>30.6.2013</u> RM	<u>Company</u> <u>6 months</u> <u>period ended</u> <u>30.6.2013</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	(671,703)	(680,989)	6,728,435	6,717,119
Adjustment for:				
Depreciation of property and equipment	230,640	230,640	208,306	208,306
Gain on disposal of property and equipment	(1,200)	(1,200)	(6,000)	(6,000)
Intangibles written-off	315	315	-	-
Property and equipment written-off	23,493	23,493	5,095	5,095
Change in fair value of FVTPL investments	2,546,351	2,546,351	(531,246)	(531,246)
Depreciation of investment properties	1,750	1,750	1,750	1,750
Amortisation of intangible assets	25,111	25,111	9,344	9,344
Net gain on disposal of:				
FVTPL securities	(2,125,023)	(2,125,023)	(201,497)	(201,497)
AFS investments	(114,480)	(20,024)	(606,640)	(182,878)
Investment income	(7,407,247)	(5,503,842)	(5,689,023)	(5,600,998)
Other interest income	(18,733)	(18,733)	(22,319)	(22,319)
Bad debts written-off	397	397	(11)	(11)
(Write-back) of allowance/provision for impairment losses:				
Insurance receivables	(8,046)	(8,046)	42,345	42,345
AFS investments	1,250,000	-	-	-
(Loss)/profit from operations before changes in operating assets and liabilities	(6,268,375)	(5,529,800)	(61,461)	439,010
Purchase of investments	(10,476,539)	(14,483,313)	(33,712,368)	(35,223,017)
Proceeds from disposal/maturity of investments	38,894,983	38,800,527	33,878,888	33,455,126
(Increase)/decrease in loans and receivables	(288,631)	(288,631)	147,726	147,726
Increase in reinsurance assets	(3,280,000)	(3,280,000)	(15,622,000)	(15,622,000)
Increase in insurance and other receivables	(10,780,733)	(9,530,733)	(587,303)	(581,668)
Increase in insurance contract liabilities	24,616,000	24,616,000	20,533,000	20,533,000
(Decrease)/increase in insurance and other payables	(4,491,925)	(4,484,739)	964,179	978,428
Cash generated from operations	27,924,780	25,819,311	5,540,661	4,126,605

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THE PACIFIC INSURANCE BERHAD

(Incorporated in Malaysia)

CONDENSED STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2014 (CONTINUED)

	<u>Group</u> <u>6 months</u> <u>period ended</u> <u>30.6.2014</u> RM	<u>Company</u> <u>6 months</u> <u>period ended</u> <u>30.6.2014</u> RM	<u>Group</u> <u>6 months</u> <u>period ended</u> <u>30.6.2013</u> RM	<u>Company</u> <u>6 months</u> <u>period ended</u> <u>30.6.2013</u> RM
Investment income received	7,420,233	5,378,924	5,660,860	5,557,642
Other interest income received	18,733	18,733	22,319	22,319
Income tax paid	(1,875,000)	(1,875,000)	(2,625,000)	(2,625,000)
Net cash generated from operating activities	<u>33,488,746</u>	<u>29,341,968</u>	<u>8,598,840</u>	<u>7,081,566</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment	(80,511)	(80,511)	(425,722)	(425,722)
Purchase of intangible assets	(5,220)	(5,220)	(199,788)	(199,788)
Proceeds from disposal of property and equipment	1,200	1,200	6,000	6,000
Distribution to non-controlling interest	(5,005)	-	24,355	-
Net cash used in investing activities	<u>(89,536)</u>	<u>(84,531)</u>	<u>(595,155)</u>	<u>(619,510)</u>
NET INCREASE IN CASH AND CASH EQUIVALENT	33,399,210	29,257,437	8,003,685	6,462,056
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	<u>76,696,349</u>	<u>76,298,923</u>	<u>66,074,175</u>	<u>65,739,984</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	<u><u>110,095,559</u></u>	<u><u>105,556,360</u></u>	<u><u>74,077,860</u></u>	<u><u>72,202,040</u></u>
Cash and cash equivalents comprise:				
Fixed and call deposits with licensed financial institutions	106,421,356	101,897,788	64,471,696	62,829,330
Cash and bank balance	3,674,203	3,658,572	9,606,164	9,372,710
	<u><u>110,095,559</u></u>	<u><u>105,556,360</u></u>	<u><u>74,077,860</u></u>	<u><u>72,202,040</u></u>

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

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THE PACIFIC INSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

The condensed interim financial statements are unaudited and 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 2013, which were prepared in accordance with Malaysian Financial Reporting Standards ("MFRS").

The accounting policies and presentation adopted by the Group and Company for the interim financial statements are consistent with those adopted in the Group and Company's audited financial statements for the financial year ended 31 December 2013 and in accordance with the MFRS.

The explanatory notes attached to the 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 2013.

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 ITEM AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

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 2014.

4 CHANGES IN ESTIMATES

There were no changes in the basis used for accounting estimates for the current financial period ended 30 June 2014.

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

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities by the Group and Company during the current financial period ended 30 June 2014.

6 DIVIDENDS PAID

No interim dividend was paid during the current financial period ended 30 June 2014.

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THE PACIFIC INSURANCE BERHAD

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

7 MATERIAL SUBSEQUENT EVENTS

There was no material event subsequent to the end of the period under review that has not been reported in the interim financial statements for the current financial period ended 30 June 2014.

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 2014.

9 CONTINGENT LIABILITIES

There are no contingent liabilities as at the date of this report since the last financial year ended 31 December 2013.

10 INVESTMENT PROPERTIES

<u>Group/Company</u>	<u>30.06.2014</u> RM	<u>31.12.2013</u> RM
<u>Cost</u>		
At 1 January	175,000	175,000
At 30 June/31 December	<u>175,000</u>	<u>175,000</u>
<u>Accumulated depreciation</u>		
At 1 January	86,333	82,833
Charge for the financial year	1,750	3,500
At 30 June/31 December	<u>88,083</u>	<u>86,333</u>
Net book value	<u>86,917</u>	<u>88,667</u>
Fair value	<u>450,000</u>	<u>450,000</u>

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THE PACIFIC INSURANCE BERHAD

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

10 INVESTMENT PROPERTIES (CONTINUED)

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

As at 30 June 2014, 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>30.06.2014</u>	<u>30.06.2013</u>
	RM	RM
<u>Group/Company</u>		
Rental income	18,000	22,800
Direct operating expenses	10,446	10,776

11 INVESTMENTS

	<u>As at 30.6.2014</u>		<u>As at 31.12.2013</u>	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	RM	RM	RM	RM
Malaysian Government Securities	15,148,500	15,148,500	25,250,000	25,250,000
Corporate bonds	116,024,351	33,863,124	125,222,656	34,127,749
Unit trust investments	22,927,218	111,295,281	25,556,033	124,776,486
Short term commercial papers	-	-	1,486,843	-
Equity securities	13,751,208	13,751,208	15,949,647	15,949,647
Real Estate Investment Trusts ("REITs")	2,580,200	2,580,200	2,463,800	2,463,800
Deposits with licensed financial institutions	144,360,549	139,836,981	111,816,966	107,378,325
	<u>314,792,026</u>	<u>316,475,294</u>	<u>307,745,945</u>	<u>309,946,007</u>

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THE PACIFIC INSURANCE BERHAD

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

11 INVESTMENTS (CONTINUED)

	<u>As at 30.6.2014</u>		<u>As at 31.12.2013</u>	
	<u>Group</u> RM	<u>Company</u> RM	<u>Group</u> RM	<u>Company</u> RM
Available-for-sale financial assets ("AFS")	154,100,069	160,306,905	177,515,532	184,154,235
Held-for-trading financial assets ("HFT")	16,331,408	16,331,408	18,413,447	18,413,447
Loans and receivables ("LAR")	144,360,549	139,836,981	111,816,966	107,378,325
	<u>314,792,026</u>	<u>316,475,294</u>	<u>307,745,945</u>	<u>309,946,007</u>

The following investments mature after 12 months:

AFS	<u>121,129,851</u>	<u>38,968,624</u>	<u>141,651,656</u>	<u>49,306,749</u>
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(a) AFS

Fair value

Malaysian Government Securities	15,148,500	15,148,500	25,250,000	25,250,000
Quoted in Malaysia:				
Unit trust investments	22,927,218	22,927,218	25,556,033	25,556,033
Unquoted in Malaysia:				
Unit trust investments (Wholesale Fund)	-	88,368,063	-	99,220,453
Corporate bonds	116,024,351	33,863,124	125,222,656	34,127,749
Short term commercial papers	-	-	1,486,843	-
	<u>154,100,069</u>	<u>160,306,905</u>	<u>177,515,532</u>	<u>184,154,235</u>

(b) HFT

Fair value

Equity securities	13,751,208	13,751,208	15,949,647	15,949,647
REITs	2,580,200	2,580,200	2,463,800	2,463,800
	<u>16,331,408</u>	<u>16,331,408</u>	<u>18,413,447</u>	<u>18,413,447</u>

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THE PACIFIC INSURANCE BERHAD

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

11 INVESTMENTS (CONTINUED)

	<u>As at 30.6.2014</u>		<u>As at 31.12.2013</u>	
	<u>Group</u> RM	<u>Company</u> RM	<u>Group</u> RM	<u>Company</u> RM
(c) LAR				
<u>Amortised cost</u>				
Deposits with licensed financial institutions:				
Commercial banks	71,250,359	66,726,791	59,206,223	54,767,582
Other financial institutions	73,110,190	73,110,190	52,610,743	52,610,743
	<u>144,360,549</u>	<u>139,836,981</u>	<u>111,816,966</u>	<u>107,378,325</u>
(d) Carrying values of financial instruments				
<u>Group</u>	<u>AFS</u>	<u>HFT</u>	<u>LAR</u>	<u>Total</u>
	RM	RM	RM	RM
<u>30.6.2014</u>				
At 1 January 2014	177,515,532	18,413,447	111,816,966	307,745,945
Purchases	2,623,353	1,522,256	437,461,891	441,607,500
Maturities	(10,000,000)	-	(404,918,308)	(414,918,308)
Disposals	(15,169,582)	(1,057,944)	-	(16,227,526)
Fair value losses recorded in:				
Profit or loss	-	(2,546,351)	-	(2,546,351)
Other comprehensive income	(702,589)	-	-	(702,589)
Amortisation of premiums	(166,645)	-	-	(166,645)
At 30 June 2014	<u>154,100,069</u>	<u>16,331,408</u>	<u>144,360,549</u>	<u>314,792,026</u>
<u>31.12.2013</u>				
At 1 January 2013	177,233,258	8,613,462	102,129,938	287,976,658
Purchases	32,371,929	9,089,819	567,087,788	608,549,536
Maturities	(15,000,000)	-	(557,400,760)	(572,400,760)
Disposals	(14,835,305)	(281,360)	-	(15,116,665)
Fair value losses recorded in:				
Profit or loss	-	991,526	-	991,526
Other comprehensive income	(1,787,946)	-	-	(1,787,946)
Amortisation of premiums	(466,404)	-	-	(466,404)
At 31 December 2013	<u>177,515,532</u>	<u>18,413,447</u>	<u>111,816,966</u>	<u>307,745,945</u>

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THE PACIFIC INSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

11 INVESTMENTS (CONTINUED)

(d) Carrying values of financial instruments (continued)

<u>Company</u>	<u>AFS</u> RM	<u>HFT</u> RM	<u>LAR</u> RM	<u>Total</u> RM
<u>30.6.2014</u>				
At 1 January 2014	184,154,235	18,413,447	107,378,325	309,946,007
Purchases	2,191,486	1,522,256	437,376,964	441,090,706
Maturities	(10,000,000)	-	(404,918,308)	(414,918,308)
Disposals	(15,169,582)	(1,057,944)	-	(16,227,526)
Fair value losses recorded in:				
Profit or loss	-	(2,546,351)	-	(2,546,351)
Other comprehensive income	(702,589)	-	-	(702,589)
Amortisation of premiums	(166,645)	-	-	(166,645)
At 30 June 2014	<u>160,306,905</u>	<u>16,331,408</u>	<u>139,836,981</u>	<u>316,475,294</u>
<u>31.12.2013</u>				
At 1 January 2013	184,314,740	8,613,462	96,025,424	288,953,626
Purchases	31,929,150	9,089,819	568,753,661	609,772,630
Maturities	(15,000,000)	-	(557,400,760)	(572,400,760)
Disposals	(14,835,305)	(281,360)	-	(15,116,665)
Fair value losses recorded in:				
Profit or loss	-	991,526	-	991,526
Other comprehensive income	(1,787,946)	-	-	(1,787,946)
Amortisation of premiums	(466,404)	-	-	(466,404)
At 31 December 2013	<u>184,154,235</u>	<u>18,413,447</u>	<u>107,378,325</u>	<u>309,946,007</u>

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THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

11 INVESTMENTS (CONTINUED)

(e) Fair values of financial investments

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

<u>Group</u>	<u>AFS</u> RM	<u>HFT</u> RM	<u>Total</u> RM
<u>30.6.2014</u>			
Quoted market price (Level 1)	22,927,218	16,331,408	39,258,626
Valuation techniques - market observable inputs (Level 2)	131,172,851	-	131,172,851
	<u>154,100,069</u>	<u>16,331,408</u>	<u>170,431,477</u>

<u>31.12.2013</u>			
Quoted market price (Level 1)	25,556,032	18,413,447	43,969,479
Valuation techniques - market observable inputs (Level 2)	151,959,500	-	151,959,500
	<u>177,515,532</u>	<u>18,413,447</u>	<u>195,928,979</u>

<u>Company</u>	<u>AFS</u> RM	<u>HFT</u> RM	<u>Total</u> RM
<u>30.6.2014</u>			
Quoted market price (Level 1)	22,927,218	16,331,408	39,325,626
Valuation techniques - market observable inputs (Level 2)	137,379,687	-	137,379,687
	<u>160,306,905</u>	<u>16,331,408</u>	<u>176,638,313</u>

<u>31.12.2013</u>			
Quoted market price (Level 1)	25,556,032	18,413,447	43,969,479
Valuation techniques - market observable inputs (Level 2)	158,598,203	-	158,598,203
	<u>184,154,235</u>	<u>18,413,447</u>	<u>202,567,682</u>

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THE PACIFIC INSURANCE BERHAD

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

11 INVESTMENTS (CONTINUED)

(e) Fair values of financial investments (continued)

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 regularly occurring market transactions on an arm's length basis (Level 1).

Financial instruments which are 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 are classified as 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.

12 REINSURANCE ASSETS

<u>Group/Company</u>	<u>30.06.2014</u> RM	<u>31.12.2013</u> RM
Reinsurance of insurance contracts (Note 13)	<u>116,203,000</u>	<u>112,923,000</u>

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THE PACIFIC INSURANCE BERHAD
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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

13 INSURANCE CONTRACT LIABILITIES

<u>Group/Company</u>	<u>30.6. 2014</u>			<u>31.12. 2013</u>		
	<u>Gross</u> RM	<u>Re- insurance</u> RM	<u>Net</u> RM	<u>Gross</u> RM	<u>Re- insurance</u> RM	<u>Net</u> RM
Provision for claims reported by policyholders	308,358,000	(112,923,000)	195,435,000	136,180,905	(57,356,941)	78,823,964
Provision for incurred but not reported claims ("IBNR")	(89,606,000)	33,493,000	(56,113,000)	57,170,095	(12,201,059)	44,969,036
Claim liabilities (i)	218,752,000	(79,430,000)	139,322,000	193,351,000	(69,558,000)	123,793,000
Premium liabilities (ii)	114,222,000	(36,773,000)	77,449,000	115,007,000	(43,365,000)	71,642,000
	<u>332,974,000</u>	<u>(116,203,000)</u>	<u>216,771,000</u>	<u>308,358,000</u>	<u>(112,923,000)</u>	<u>195,435,000</u>

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THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

13 INSURANCE CONTRACT LIABILITIES (CONTINUED)

<u>Group/Company</u>	30.06.2014			31.12.2013		
	<u>Gross</u> RM	<u>Re- insurance</u> RM	<u>Net</u> RM	<u>Gross</u> RM	<u>Re- insurance</u> RM	<u>Net</u> RM
(i) Claim liabilities						
At 1 January	193,351,000	(69,558,000)	123,793,000	188,033,000	(88,457,000)	99,576,000
Claims incurred for the current accident year	60,653,619	(20,812,790)	39,840,829	116,338,555	(39,810,651)	76,527,904
Claims incurred for prior accident years	6,179,740	3,788,875	9,968,615	(5,247,486)	17,282,324	12,034,838
Movement in PRAD of claim liabilities at 75% confidence level	1,487,535	(241,311)	1,246,224	2,124,056	1,062,273	3,186,329
Movement in claims handling expenses	586,320	-	586,320	766,127	-	766,127
Claims paid during the financial year	(43,506,214)	7,393,226	(36,112,988)	(108,663,252)	40,365,054	(68,298,198)
At 30 June/ At 31 December	<u>218,752,000</u>	<u>(79,430,000)</u>	<u>139,322,000</u>	<u>193,351,000</u>	<u>(69,558,000)</u>	<u>123,793,000</u>
(ii) Premium liabilities						
At 1 January	115,007,000	(43,365,000)	71,642,000	115,333,000	(48,607,000)	66,726,000
Premiums written in the financial year	110,502,518	(34,050,199)	76,452,319	228,454,977	(76,590,557)	151,864,420
Premiums earned during the financial year	(111,287,518)	40,642,199	(70,645,319)	(228,780,977)	81,832,557	(146,948,420)
At 30 June/ At 31 December	<u>114,222,000</u>	<u>(36,773,000)</u>	<u>77,449,000</u>	<u>115,007,000</u>	<u>(43,365,000)</u>	<u>71,642,000</u>

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THE PACIFIC INSURANCE BERHAD

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

14 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:

	<u>30.06.2014</u>	<u>31.12.2013</u>
	RM	RM
Future minimum rental payment:		
Not later than 1 year	301,440	301,440
Later than 1 year and not later than 5 years	696,060	846,780
	<u>997,500</u>	<u>1,148,220</u>

15 CAPITAL COMMITMENTS

	<u>30.06.2014</u>	<u>31.12.2013</u>
<u>Group/Company</u>	RM	RM
Approved and contracted for:		
Computers	-	7,260
Intangible assets	-	132,789
Office equipment	-	4,288
	<u>-</u>	<u>144,337</u>

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THE PACIFIC INSURANCE BERHAD
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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

16 REGULATORY CAPITAL REQUIREMENTS

The capital structure of the Company as at 30 June 2014, as prescribed under the Risk-Based Capital Framework is provided below:

	<u>30.06.2014</u> RM	<u>31.12.2013</u> RM
<u>Eligible Tier 1 Capital</u>		
Share capital (paid-up)	100,000,000	100,000,000
Reserves, including retained earnings	68,730,136	69,315,420
	<u>168,730,136</u>	<u>169,315,420</u>
<u>Tier 2 Capital</u>		
Available-for-sale-reserves	70,286	597,228
Amount deducted from capital	(360,449)	(202,243)
Total Capital Available	<u>168,439,973</u>	<u>169,710,405</u>