

Company No.
91603-K

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016

Company No.
91603-K

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

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Company No.
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THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	As at 30.6.2016		As at 31.12.2015	
		Group RM	Company RM	Group RM	Company RM
ASSETS					
Property and equipment		63,886,071	63,886,071	64,107,590	64,107,590
Investment properties	10	79,917	79,917	81,667	81,667
Intangible assets		768,781	768,781	814,839	814,839
Goodwill	11	31,325,682	31,325,682	31,325,682	31,325,682
Investments	12				
Available-for-sale financial assets		284,569,721	287,891,614	245,307,117	263,201,461
Fair value through profit or loss financial assets		31,925,649	31,925,649	31,747,806	31,747,806
Loans and receivables		24,961,837	24,961,837	24,822,130	24,822,130
Reinsurance assets	13	432,831,952	432,831,952	337,727,218	337,727,218
Insurance and other receivables		190,162,573	190,162,573	166,594,807	165,594,807
Loans		1,871,045	1,871,045	1,777,778	1,777,778
Deferred tax assets		9,464,878	9,464,878	10,516,404	10,516,404
Tax recoverable		8,173,962	8,173,962	11,065,752	11,065,752
Cash and cash equivalents		266,703,480	264,802,928	333,252,774	317,201,930
Total assets		1,346,725,548	1,348,146,889	1,259,141,564	1,259,985,064
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		1,278,957	3,052,827	(87,515)	1,107,183
Retained profits		111,812,323	111,812,323	92,054,335	92,054,335
		332,966,318	334,740,188	311,841,858	313,036,556
Non-controlling interest		295,507	-	288,744	-
Total equity		333,261,825	334,740,188	312,130,602	313,036,556
Liabilities					
Insurance contract liabilities	14	785,456,100	785,456,100	743,898,000	743,898,000
Insurance and other payables		201,490,420	201,433,398	177,445,237	177,382,783
Subordinated loan from holding company		26,517,203	26,517,203	25,667,725	25,667,725
Total liabilities		1,013,463,723	1,013,406,701	947,010,962	946,948,508
Total equity and liabilities		1,346,725,548	1,348,146,889	1,259,141,564	1,259,985,064

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

Company No.
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THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2016

	<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>	
	RM	RM	RM	RM	RM	
<u>Group</u>						
At 1 January 2015	100,000,000	829,100	71,997,139	172,826,239	273,801	173,100,040
Issuance of share capital	119,875,000	-	-	119,875,000	-	119,875,000
Net profit for the period	-	-	13,153,236	13,153,236	-	13,153,236
Other comprehensive income for the period	-	2,044,378	-	2,044,378	9,197	2,053,575
At 30 June 2015	<u>219,875,000</u>	<u>2,873,478</u>	<u>85,150,375</u>	<u>307,898,853</u>	<u>282,998</u>	<u>308,181,851</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	<u>219,875,038</u>	<u>1,278,957</u>	<u>111,812,323</u>	<u>332,966,318</u>	<u>295,507</u>	<u>333,261,825</u>

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

Company No.
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THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2016

	<u>Share capital</u>	<u>Non-distributable Available-for-sale reserves</u>	<u>Distributable Retained earnings</u>	<u>Total</u>
	RM	RM	RM	RM
<u>Company</u>				
At 1 January 2015	100,000,000	829,100	71,997,139	172,826,239
Issuance of share capital	119,875,000	-	-	119,875,000
Total comprehensive income for the period	-	2,053,385	13,142,892	15,196,277
At 30 June 2015	<u>219,875,000</u>	<u>2,882,485</u>	<u>85,140,031</u>	<u>307,897,516</u>
At 1 January 2016	219,875,038	1,107,183	92,054,335	313,036,556
Total comprehensive income for the period	-	1,945,644	19,757,988	21,703,632
At 30 June 2016	<u>219,875,038</u>	<u>3,052,827</u>	<u>111,812,323</u>	<u>334,740,188</u>

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

Company No.
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THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENTS OF INCOME
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2016

	Group 6 months period ended 30.6.16 RM	Company 6 months period ended 30.6.16 RM	Group 6 months period ended 30.6.15 RM	Company 6 months period ended 30.6.15 RM
Gross earned premiums	236,031,545	236,031,545	181,145,589	181,145,589
Earned premiums ceded to reinsurers	(184,925,022)	(184,925,022)	(68,240,828)	(68,240,828)
Net earned premiums	51,106,523	51,106,523	112,904,761	112,904,761
Investment income	11,660,767	9,757,472	8,998,010	7,825,435
Realised gains/ (losses)	370,229	216,166	(975,606)	(439,981)
Fair value (losses)/gains	(454,832)	(339,452)	928,061	928,061
Fee and commission income	28,339,928	28,339,928	15,323,998	15,323,998
Other operating (outgo)/income	(2,183,999)	(495,753)	379,683	629,683
Other revenue	37,732,093	37,478,361	24,654,146	24,267,196
Total revenue	88,838,616	88,584,884	137,558,907	137,171,957
Gross benefits and claims paid	(109,419,150)	(109,419,150)	(68,520,734)	(68,520,734)
Claims ceded to reinsurers	56,553,402	56,553,402	10,915,943	10,915,943
Gross change in claims liabilities	(38,709,923)	(38,709,923)	(40,311,847)	(40,311,847)
Change in claims liabilities ceded to reinsurers	94,914,091	94,914,091	25,212,788	25,212,788
Net benefits and claims	3,338,420	3,338,420	(72,703,850)	(72,703,850)
Fee and commission expense	(30,232,845)	(30,232,845)	(22,467,909)	(22,467,909)
Management expenses	(36,155,609)	(35,905,391)	(25,072,255)	(24,695,649)
Other expenses	(66,388,454)	(66,138,236)	(47,540,164)	(47,163,558)
Finance cost	(849,478)	(849,478)	-	-
Profit before taxation	24,939,104	24,935,590	17,314,893	17,304,549
Taxation	(5,177,603)	(5,177,603)	(4,161,657)	(4,161,657)
Net profit for the period	19,761,501	19,757,987	13,153,236	13,142,892
Net profit for the period attributable to:				
Owners of the Company	19,757,987	19,757,987	13,142,892	13,142,892
Non-controlling interest	3,516	-	10,344	-
	19,761,503	19,757,987	13,153,236	13,142,892
Earnings per share attributable to owner of the Company (sen)				
Basic	0.1	0.1	0.1	0.1

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

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UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2016

	Group 6 months period ended 30.6.16	Company 6 months period ended 30.6.16	Group 6 months period ended 30.6.15	Company 6 months period ended 30.6.15
	RM	RM	RM	RM
Net profit/(loss) for the period	19,761,501	19,757,987	13,153,236	13,142,892
Other comprehensive income / (loss): Items that may be subsequently reclassified to the income statement:				
Available-for-sale fair value reserves				
Fair value gain arising during the period	1,851,980	2,431,152	3,231,208	3,235,368
Fair value gain/(loss) transfer to Statement of Income	113,540	113,540	(505,371)	(497,521)
	<u>1,965,520</u>	<u>2,544,692</u>	<u>2,725,837</u>	<u>2,737,847</u>
Tax effect thereon	(599,048)	(599,048)	(681,459)	(684,462)
	<u>1,366,472</u>	<u>1,945,644</u>	<u>2,044,378</u>	<u>2,053,385</u>
Total comprehensive income for the period	<u><u>21,127,973</u></u>	<u><u>21,703,631</u></u>	<u><u>15,197,614</u></u>	<u><u>15,196,277</u></u>
Total comprehensive income attributable to:				
Owner of the Company	21,121,210	21,703,631	15,188,417	15,196,277
Non-controlling interest	6,763	-	9,197	-
	<u>21,127,973</u>	<u>21,703,631</u>	<u>15,197,614</u>	<u>15,196,277</u>

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THE PACIFIC INSURANCE BERHAD
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UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2016

	Group 6 months period ended 30.6.16 RM	Company 6 months period ended 30.6.16 RM	Group 6 months period ended 30.6.15 RM	Company 6 months period ended 30.6.15 RM
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before taxation	24,939,104	24,935,590	17,314,893	17,304,549
Adjustment for:				
Depreciation of property and equipment	1,236,686	1,236,686	1,918,520	1,918,520
Gain on disposal of property and equipment	(31,684)	(31,684)	(199)	(199)
Property and equipment written-off	32,602	32,602	-	-
Finance Cost	849,478	849,478	-	-
Change in fair value of FVTPL financial assets	339,452	225,912	2,728,840	2,737,847
Foreign currency translation differences	744,120	744,120	-	-
Depreciation of investment properties	1,750	1,750	1,750	1,750
Amortisation of intangible assets	53,023	53,023	26,185	26,185
Net accretion/(amortisation) of discounts of premium of investments	126,063	139,796	(138,643)	(138,643)
Net gain on disposal of:				
FVTPL financial assets	70,942	70,942	(3,742,070)	(3,665,908)
AFS financial assets	154,063	113,540	505,371	497,521
Investment income	(11,767,030)	(9,877,468)	(8,611,117)	(7,688,542)
Other interest income	(19,800)	(19,800)	(18,066)	(18,066)
Bad debts (recovery)/written-off	(1,440,231)	(1,440,231)	96,430	96,430
Provision for/(write-back of) allowance for impairment losses:				
Insurance receivables	(192,549)	(192,549)	1,821,206	1,821,206
Reinsurance assets	2,488,743	2,488,743	131,943	131,943
AFS investments	(1,000,000)	-	(250,000)	-
Profit from operations before changes in operating assets and liabilities	16,584,731	19,330,450	11,785,043	13,024,593
Purchase of investments	(142,412,306)	(118,136,695)	(202,768,635)	(189,838,044)
Proceeds from disposal/maturity of investments	104,701,603	94,169,497	104,084,666	93,396,868
Increase in loans and receivables	(93,267)	(93,267)	(241,858)	(241,858)
Increase in reinsurance assets	(95,104,734)	(95,104,734)	(162,704,943)	(162,704,943)
Increase in insurance and other receivables	(24,420,429)	(25,420,429)	(94,616,326)	(94,866,326)
Increase in insurance contract liabilities	41,558,100	41,558,100	360,126,000	360,126,000
Increase in insurance and other payables	24,045,183	24,050,615	44,302,747	44,300,088
Cash generated from operations	(75,141,118)	(59,646,463)	59,966,694	63,196,378
Investment income received	11,428,464	10,087,347	7,949,539	6,951,169
Other interest income received	16,500	16,500	18,066	18,066
Income tax paid	(1,833,337)	(1,833,337)	(2,149,998)	(2,149,998)
Net cash generated from operating activities	(65,529,491)	(51,375,953)	65,784,301	68,015,615

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UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2016

	Group 6 months period ended 30.6.16 RM	Company 6 months period ended 30.6.16 RM	Group 6 months period ended 30.6.15 RM	Company 6 months period ended 30.6.15 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipments	(1,016,194)	(1,016,194)	(14,526,188)	(14,526,188)
Purchase of intangible assets	(6,965)	(6,965)	(20,149)	(20,149)
Purchases of MCIS general insurance business	-	-	(31,325,682)	(31,325,682)
Proceed from disposal of property and equipment	110	110	1,177	1,177
Distribution to non-controlling interest	3,247	-	9,197	-
Net cash used in investing activities	<u>(1,019,802)</u>	<u>(1,023,049)</u>	<u>(45,861,645)</u>	<u>(45,870,842)</u>
CASH FLOWS FROM FINANCE ACTIVITIES				
Proceeds from issuance of subordinated loan	-	-	24,337,500	24,337,500
Proceeds from issuance of ordinary share capital	-	-	119,875,000	119,875,000
	<u>-</u>	<u>-</u>	<u>144,212,500</u>	<u>144,212,500</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENT	(66,549,293)	(52,399,002)	164,135,156	166,357,273
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>333,252,774</u>	<u>317,201,930</u>	<u>125,791,002</u>	<u>120,612,303</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>266,703,480</u>	<u>264,802,928</u>	<u>289,926,158</u>	<u>286,969,576</u>
Cash and cash equivalents comprise:				
Fixed and call deposits with licensed financial institutions	256,732,306	253,078,054	255,545,632	252,604,812
Cash and cash equivalents	9,971,174	11,724,874	34,380,526	34,364,764
	<u>266,703,480</u>	<u>264,802,928</u>	<u>289,926,158</u>	<u>286,969,576</u>

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

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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 2015, 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 2015 and in accordance with the MFRS and except for the adoption of the following standards:

<u>MFRSs, Interpretations and Amendments</u>	<u>Effective Date</u>
- Amendments to MFRS 101 'Presentation of financial statements' - Disclosure initiative	1 January 2016
- Amendments to MFRS 116 & MFRS 138 "Clarification of Acceptable Methods of Depreciation and Amortisation"	1 January 2016
- Amendments to MFRS 10, 12 & 128 "Investment entities - Applying the consolidation exception"	1 January 2016
- Annual Improvements to MFRSs 2012 - 2014 Cycle	1 January 2016

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

The explanatory notes attached to the condensed interim financial statements provide an explanation of events and transaction 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 2015.

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 2016.

4 CHANGES IN ESTIMATES

There were no changes in the basis used for accounting estimates for the current financial period ended 30 June 2016.

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THE PACIFIC INSURANCE BERHAD
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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 and repayment of debt and equity securities by the Group and Company during the current financial period ended 30 June 2016.

6 DIVIDENDS PAID

No interim dividend was paid during the current financial period ended 30 June 2016.

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 2016.

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 2016.

9 CONTINGENT LIABILITIES

There were no contingent liabilities as at the date of this report since the last financial year ended 31 December 2015.

10 INVESTMENT PROPERTIES

	30.6.2016	31.12.2015
	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	93,333	89,833
Charge for the period	1,750	3,500
At 30 June/31 December	<u>95,083</u>	<u>93,333</u>
Net book value	<u>79,917</u>	<u>81,667</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.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

10 INVESTMENT PROPERTIES (CONTINUED)

As at 30 June 2016, 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>	30.6.2016 RM	30.6.2015 RM
Rental income	19,800	18,000
Direct operating expenses	7,334	7,334

11 GOODWILL

<u>Group/Company</u>	30.6.2016 RM	31.12.2015 RM
<u>Cost/Net book value</u>		
At 1 January	31,325,682	-
Arising from acquisition of business	-	31,325,682
At 30 June/31 December	<u>31,325,682</u>	<u>31,325,682</u>

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

12 INVESTMENTS

	<u>As at 30.6.2016</u>		<u>As at 31.12.2015</u>	
	Group RM	Company RM	Group RM	Company RM
Malaysian government securities	20,306,217	20,306,217	20,484,217	20,484,217
Government investment issues	2,960,400	-	13,033,337	10,132,627
Corporate bonds	116,245,500	-	106,502,710	-
Unit trust investments	145,057,604	267,585,397	105,286,853	232,584,617
Equity securities	28,569,449	28,569,449	28,760,206	28,760,206
Real Estate Investment Trusts ("REITs")	3,356,200	3,356,200	2,987,600	2,987,600
Deposits with licensed financial institutions	24,961,837	24,961,837	24,822,130	24,822,130
	<u>341,457,207</u>	<u>344,779,100</u>	<u>301,877,053</u>	<u>319,771,397</u>
AFS financial assets	284,569,721	287,891,614	245,307,117	263,201,461
FVTPL financial assets	31,925,649	31,925,649	31,747,806	31,747,806
LAR	24,961,837	24,961,837	24,822,130	24,822,130
	<u>341,457,207</u>	<u>344,779,100</u>	<u>301,877,053</u>	<u>319,771,397</u>

The following investments will mature after 12 months:

AFS financial assets	<u>117,095,513</u>	<u>-</u>	<u>88,021,329</u>	<u>-</u>
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THE PACIFIC INSURANCE BERHAD
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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

12 INVESTMENTS (CONTINUED)

	As at 30.6.2016		As at 31.12.2015	
	Group RM	Company RM	Group RM	Company RM
(a) AFS financial assets				
<u>Fair value</u>				
Malaysian Government Securities	20,306,217	20,306,217	20,484,217	20,484,217
Government investment issues	2,960,400	-	13,033,337	10,132,627
Quoted in Malaysia:				
Unit trust investments	145,057,604	145,057,604	105,286,853	105,286,853
Unquoted in Malaysia:				
Unit trust investments (Wholesale Fund)	-	122,527,793	-	127,297,764
Corporate bonds	116,245,500	-	106,502,710	-
	<u>284,569,721</u>	<u>287,891,614</u>	<u>245,307,117</u>	<u>263,201,461</u>
(b) FVTPL financial assets				
<u>Fair value</u>				
Equity securities	28,569,449	28,569,449	28,760,206	28,760,206
REITs	3,356,200	3,356,200	2,987,600	2,987,600
	<u>31,925,649</u>	<u>31,925,649</u>	<u>31,747,806</u>	<u>31,747,806</u>
(c) LAR				
<u>Amortisation cost</u>				
Deposits with commercial banks	<u>24,961,837</u>	<u>24,961,837</u>	<u>24,822,130</u>	<u>24,822,130</u>
(d) Carrying values of financial instruments				
	AFS RM	FVTPL RM	LAR RM	Total RM
<u>GROUP</u>				
<u>30.6.2016</u>				
At 1 January 2016	245,307,117	31,747,806	24,822,130	301,877,053
Purchases	129,574,954	1,316,525	11,520,827	142,412,306
Maturities	(75,000,000)	-	(11,412,408)	(86,412,408)
Disposals	(17,459,088)	(55,109)	-	(17,514,197)
Fair value gains/(losses) recorded in:				
Income statement	-	(339,453)	-	(339,453)
Other comprehensive income	2,179,031	-	-	2,179,031
Currency translations differences	-	(744,120)	-	(744,120)
Fair value gains transferred to				
Income statement	154,063	-	-	154,063
Movement in accrued interest	(60,293)	-	31,288	(29,005)
Amortisation of premiums	(126,063)	-	-	(126,063)
At 30 June 2016	<u>284,569,721</u>	<u>31,925,649</u>	<u>24,961,837</u>	<u>341,457,207</u>

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12 INVESTMENTS (CONTINUED)

(d) Carrying values of financial instruments (continued)

<u>GROUP</u>	AFS RM	FVTPL RM	LAR RM	Total RM
<u>31.12.2015</u>				
At 1 January 2015	162,663,574	20,108,789	22,028,618	204,800,981
Acquisition of MCIS general insurance business	146,627,240	-	-	146,627,240
Purchases	141,822,089	11,794,026	24,378,174	177,994,289
Maturities	(21,996,600)	-	(21,649,925)	(43,646,525)
Disposals	(181,845,947)	(38,927)	-	(181,884,874)
Fair value (losses)/gains recorded in:				
Income statement	-	(2,165,877)	-	(2,165,877)
Other comprehensive income	(505,602)	-	-	(505,602)
Currency translations differences	-	2,049,795	-	2,049,795
Fair value losses transferred to				
Income statement	(333,889)	-	-	(333,889)
Movement in accrued interest	(1,176,522)	-	65,263	(1,111,259)
Amortisation of premiums	52,774	-	-	52,774
At 31 December 2015	<u>245,307,117</u>	<u>31,747,806</u>	<u>24,822,130</u>	<u>301,877,053</u>
<u>Company</u>				
<u>30.6.2016</u>				
At 1 January 2016	263,201,461	31,747,806	24,822,130	319,771,397
Purchases	105,299,344	1,316,525	11,520,827	118,136,696
Maturities	(75,000,000)	-	(11,412,408)	(86,412,408)
Disposals	(7,886,460)	(55,109)	-	(7,941,569)
Fair value gains recorded in:				
Income statement	-	(339,453)	-	(339,453)
Other comprehensive income	2,431,151	-	-	2,431,151
Currency translations differences	-	(744,120)	-	(744,120)
Fair value losses transferred to				
Income statement	113,541	-	-	113,541
Movement in accrued interest	(127,627)	-	31,288	(96,339)
Amortisation of premiums	(139,796)	-	-	(139,796)
At 30 June 2016	<u>287,891,614</u>	<u>31,925,649</u>	<u>24,961,837</u>	<u>344,779,100</u>
<u>31.12.2015</u>				
At 1 January 2015	168,766,143	20,108,789	22,028,618	210,903,550
Acquisition of MCIS general insurance business	146,627,240	-	-	146,627,240
Purchases	133,015,100	11,794,026	24,378,174	169,187,300
Maturities	(30,999,909)	-	(21,649,925)	(52,649,834)
Disposals	(153,089,550)	(38,927)	-	(153,128,477)
Fair value (losses)/gains recorded in:				
Income statement	-	(2,165,877)	-	(2,165,877)
Other comprehensive income	689,096	-	-	689,096

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12 INVESTMENTS (CONTINUED)

(d) Carrying values of financial instruments (continued)

	AFS RM	FVTPL RM	LAR RM	Total RM
<u>31.12.2015 (continued)</u>				
Currency translations differences	-	2,049,795	-	2,049,795
Fair value losses transferred to				
Income statement	(333,889)	-	-	(333,889)
Movement in accrued interest	(1,515,887)	-	65,263	(1,450,624)
Amortisation of premiums	43,117	-	-	43,117
At 31 December 2015	<u>263,201,461</u>	<u>31,747,806</u>	<u>24,822,130</u>	<u>319,771,397</u>

(e) Fair values of financial investments

The following table 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>30.6.2016</u>		
AFS		
- Malaysian Government Securities	-	20,306,217
- Government investment issues	-	2,960,400
- Corporate bonds	-	116,245,500
- Unit trust investments	145,057,604	-
	<u>145,057,604</u>	<u>139,512,117</u>
FVTPL		
- Equity securities	28,569,449	-
- Real Estate Investment Trust ("REITs")	3,356,200	-
	<u>176,983,253</u>	<u>139,512,117</u>
<u>31.12.2015</u>		
AFS		
- Malaysian Government Securities	-	20,484,217
- Government Investment Issues	-	13,033,337
- Corporate bonds	-	106,502,710
- Unit trust investments	105,286,853	-
	<u>137,034,659</u>	<u>140,020,264</u>
FVTPL		
- Equity securities	28,760,206	-
- Real Estate Investment Trust ("REITs")	2,987,600	-
	<u>137,034,659</u>	<u>140,020,264</u>

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12 INVESTMENTS (CONTINUED)

(e) Fair values of financial investments (continued)

<u>Company</u>	Level 1 RM	Level 2 RM
<u>30.6.2016</u>		
AFS		
- Malaysian Government Securities	-	20,306,217
- Unit trust investments	145,057,604	122,527,793
FVTPL		
- Equity securities	28,569,449	-
- Real Estate Investment Trust ("REITs")	3,356,200	-
	<u>176,983,253</u>	<u>142,834,010</u>
<u>31.12.2015</u>		
AFS		
- Malaysian Government Securities	-	20,484,217
- Government Investment Issues	-	10,132,627
- Unit trust investments	105,286,853	127,297,764
FVTPL		
- Equity securities	28,760,206	-
- Real Estate Investment Trust ("REITs")	2,987,600	-
	<u>137,034,659</u>	<u>157,914,608</u>

Fair Value Hierarchy

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.

13 REINSURANCE ASSETS

<u>Group and Company</u>	30.6.2016 RM	31.12.2015 RM
Reinsurance of insurance contracts (Note 14)	<u>432,831,952</u>	<u>337,727,218</u>

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14 INSURANCE CONTRACT LIABILITIES

	30.6.2016			31.12.2015		
	Gross RM	Reinsurance RM	Net RM	Gross RM	Reinsurance RM	Net RM
<u>Group/Company</u>						
Provision for claims reported by policyholders	394,264,000	(252,549,063)	141,714,937	365,212,202	(193,565,291)	171,646,911
Provision for incurred but not reported ("IBNR")	184,022,923	(81,706,028)	102,316,895	174,364,798	(45,775,709)	128,589,089
	<u>578,286,923</u>	<u>(334,255,091)</u>	<u>244,031,832</u>	<u>539,577,000</u>	<u>(239,341,000)</u>	<u>300,236,000</u>
Less: impairment loss on reinsurance assets	-	4,510,264	4,510,264	-	5,324,782	5,324,782
Claim liabilities (i)	<u>578,286,923</u>	<u>(329,744,827)</u>	<u>248,542,096</u>	<u>539,577,000</u>	<u>(234,016,218)</u>	<u>305,560,782</u>
Premium liabilities (ii)	<u>207,169,177</u>	<u>(103,087,125)</u>	<u>104,082,052</u>	<u>204,321,000</u>	<u>(103,711,000)</u>	<u>100,610,000</u>
	<u>785,456,100</u>	<u>(432,831,952)</u>	<u>352,624,148</u>	<u>743,898,000</u>	<u>(337,727,218)</u>	<u>406,170,782</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

14 INSURANCE CONTRACT LIABILITIES (CONTINUED)

	30.6.2016			31.12.2015		
	Gross RM	Re-insurance RM	Net RM	Gross RM	Re-insurance RM	Net RM
<u>Group/Company</u>						
(i) Claim liabilities						
At 1 January	539,577,000	(234,016,218)	305,560,782	233,364,000	(84,838,000)	148,526,000
Acquisition of MCIS general insurance business	-	-	-	264,656,153	(120,716,613)	143,939,540
Claims incurred in the current accident year	180,427,456	(92,897,769)	87,529,687	241,937,650	(91,354,443)	150,583,207
Claims incurred in prior accident year	(35,485,384)	(51,817,847)	(87,303,231)	(29,413,256)	(1,233,356)	(30,646,612)
Movement in PRAD of claim liabilities at 75% confidence level	3,419,371	(6,751,877)	(3,332,506)	(3,909,449)	4,882,651	973,202
Movement in claims handling expenses	(232,370)	-	(232,370)	(824,436)	-	(824,436)
Claims paid during the period	(109,419,150)	56,553,402	(52,865,748)	(166,233,662)	53,918,761	(112,314,901)
	578,286,923	(328,930,309)	249,356,614	539,577,000	(239,341,000)	300,236,000
Less: Impairment loss on reinsurance assets	-	(814,518)	(814,518)	-	5,324,782	5,324,782
At 30 June/At 31 December	<u>578,286,923</u>	<u>(329,744,827)</u>	<u>248,542,096</u>	<u>539,577,000</u>	<u>(234,016,218)</u>	<u>305,560,782</u>
(ii) Premiums liabilities						
At 1 January	204,321,000	(103,711,000)	100,610,000	128,547,000	(47,847,000)	80,700,000
Acquisition of MCIS general insurance business	-	-	-	67,097,701	(21,327,224)	45,770,477
Premiums written in the period	238,879,722	(184,301,147)	54,578,575	419,047,308	(246,188,299)	172,859,009
Premiums earned during the period	(236,031,545)	184,925,022	(51,106,523)	(410,371,009)	211,651,523	(198,719,486)
At 30 June/At 31 December	<u>207,169,177</u>	<u>(103,087,125)</u>	<u>104,082,052</u>	<u>204,321,000</u>	<u>(103,711,000)</u>	<u>100,610,000</u>

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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:

	30.6.2016	31.12.2015
	RM	RM
Future minimum rental payment:		
Not later than 1 year	333,506	333,506
Later than 1 year and not later than 5 year	550,482	386,157
	<u>883,988</u>	<u>719,663</u>

16 CAPITAL COMMITMENTS

	30.6.2016	31.12.2015
	RM	RM
<u>Group/Company</u>		
Approved and contracted for		
Office suites	-	5,773,131
Computers	883,849	2,136,875
Renovations	58,295	35,283
Office equipment	14,236	-
Furniture and fittings	236,782	-
	<u>1,193,162</u>	<u>7,945,289</u>
Approved and not contracted for		
Renovations	2,283,213	-
Computers	2,166,545	1,492,075
Office equipment	79,264	85,695
	<u>4,529,022</u>	<u>1,577,770</u>

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17 REGULATORY CAPITAL REQUIREMENTS

The capital structure of the Company as at 30 June 2016, as prescribed under the Risk-Based Capital Framework is provided below:

	30.6.2016	31.12.2015
	RM	RM
<u>Eligible Tier 1 Capital</u>		
Share capital (paid-up)	219,875,038	219,875,038
Reserves, including retained earnings	<u>111,812,323</u>	<u>92,054,335</u>
	<u>331,687,361</u>	<u>311,929,373</u>
<u>Tier 2 Capital</u>		
Available-for-sale-reserves	3,052,827	1,107,183
Subordinated term debts	26,517,203	25,667,725
Goodwill & other intangible assets	(32,094,463)	(32,140,521)
Deferred tax assets	<u>(9,464,878)</u>	<u>(10,516,404)</u>
Total Capital Available	<u>319,698,050</u>	<u>296,047,356</u>