

**Company No.**  
**91603-K**

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2018 TO 30 JUNE 2018**

**Company No.**  
**91603-K**

**THE PACIFIC INSURANCE BERHAD**  
**(Incorporated in Malaysia)**

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Company No.  
91603-K

**THE PACIFIC INSURANCE BERHAD**  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2018**

	Note	As at 30.6.2018		As at 31.12.2017	
		Group RM	Company RM	Group RM	Company RM
<b>ASSETS</b>					
Property and equipment		61,748,131	61,748,131	61,972,338	61,972,338
Investment properties	10	72,917	72,917	74,667	74,667
Intangible assets		664,602	664,602	783,184	783,184
Goodwill	11	40,103,501	40,103,501	40,103,501	40,103,501
Investments					
Available-for-sale financial assets	12	446,596,127	458,943,601	451,257,917	454,274,373
Fair value through profit or loss financial assets	12	40,804,471	40,804,471	52,691,351	52,691,351
Loans and receivables	12	48,338,119	48,338,119	46,446,574	46,446,574
Reinsurance assets	13	493,534,210	493,534,210	491,676,323	491,676,323
Insurance and other receivables		148,797,171	148,796,939	145,691,313	145,912,686
Loans		1,076,554	1,076,554	1,197,238	1,197,238
Deferred tax assets		5,754,142	5,754,142	2,107,181	2,107,181
Tax recoverable		12,551,291	12,551,291	12,551,824	12,551,824
Cash and cash equivalents		146,722,202	123,944,339	111,965,232	108,184,713
<b>Total assets</b>		<b>1,446,763,438</b>	<b>1,436,332,817</b>	<b>1,418,518,643</b>	<b>1,417,975,953</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital		219,875,038	219,875,038	219,875,038	219,875,038
Available-for-sale reserves		822,693	2,005,450	3,080,527	3,890,037
Retained profits		133,978,430	132,786,083	136,973,068	136,162,838
<b>Total equity</b>		<b>354,676,161</b>	<b>354,666,571</b>	<b>359,928,633</b>	<b>359,927,913</b>
<b>Liabilities</b>					
Insurance contract liabilities	14	900,974,275	900,974,275	869,329,969	869,329,969
Insurance and other payables		160,739,787	150,767,519	159,745,062	159,638,431
Subordinated loan from holding company		29,924,452	29,924,452	29,079,640	29,079,640
Other financial liability		448,763		435,339	
<b>Total liabilities</b>		<b>1,092,087,277</b>	<b>1,081,666,246</b>	<b>1,058,590,010</b>	<b>1,058,048,040</b>
<b>Total equity and liabilities</b>		<b>1,446,763,438</b>	<b>1,436,332,817</b>	<b>1,418,518,643</b>	<b>1,417,975,953</b>

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 STATEMENT OF INCOME**  
**FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2018**

		Group 6 months period ended 30.6.2018	Company 6 months period ended 30.6.2018	Group 6 months period ended 30.6.2017	Company 6 months period ended 30.6.2017
Note	RM	RM	RM	RM	
Gross earned premiums		272,950,150	272,950,150	241,256,388	241,256,388
Earned premiums ceded to reinsurers		(144,629,190)	(144,629,190)	(134,351,250)	(134,351,250)
<b>Net earned premiums</b>		<u>128,320,960</u>	<u>128,320,960</u>	<u>106,905,138</u>	<u>106,905,138</u>
Investment income		12,404,613	11,291,869	9,553,738	7,700,853
Fee and commission income		28,713,785	28,713,785	33,792,505	33,792,505
<b>Other revenue</b>		<u>41,118,398</u>	<u>40,005,654</u>	<u>43,346,243</u>	<u>41,493,357</u>
<b>Total revenue</b>		<u>169,439,358</u>	<u>168,326,614</u>	<u>150,251,381</u>	<u>148,398,495</u>
Gross benefits and claims paid	14(i)	(124,650,548)	(124,650,548)	(123,325,301)	(123,325,301)
Claims ceded to reinsurers	14(i)	55,748,302	55,748,302	61,703,714	61,703,714
Gross change in claims liabilities		(49,008,194)	(49,008,194)	(17,196,334)	(17,196,334)
Change in claims liabilities ceded to reinsurers		26,895,781	26,895,781	5,343,881	5,343,881
<b>Net benefits and claims</b>		<u>(91,014,659)</u>	<u>(91,014,659)</u>	<u>(73,474,040)</u>	<u>(73,474,040)</u>
Fee and commission expense		(32,011,595)	(32,011,595)	(27,687,130)	(27,687,130)
Management expenses		(45,142,412)	(44,475,864)	(39,953,742)	(39,631,262)
Realised losses		(5,710,343)	(5,662,204)	(116,421)	(13,423)
Fair value (losses)/gains		(683,613)	(683,613)	9,439,169	9,439,169
Other operating losses		(62,452)	(62,452)	(1,864,731)	(1,864,881)
<b>Other expenses</b>		<u>(83,610,415)</u>	<u>(82,895,728)</u>	<u>(60,182,855)</u>	<u>(59,757,527)</u>
<b>Finance cost</b>		<u>(844,811)</u>	<u>(844,811)</u>	<u>(844,811)</u>	<u>(844,811)</u>
(Loss)/profit before taxation		(6,030,527)	(6,428,584)	15,749,675	14,322,117
Taxation		3,051,829	3,051,829	(3,610,713)	(3,598,353)
<b>Net (loss)/profit for the period</b>		<u>(2,978,698)</u>	<u>(3,376,755)</u>	<u>12,138,962</u>	<u>10,723,764</u>
Net (loss)/profit for the period attributable to:					
Owners of the Company		(2,994,638)	(3,376,755)	12,131,612	10,723,764
Unitholders		15,940	-	7,350	-
		<u>(2,978,698)</u>	<u>(3,376,755)</u>	<u>12,138,962</u>	<u>10,723,764</u>
Earnings per share attributable to owner of the Group and Company (sen)					
Basic		<u>(1.4)</u>	<u>(1.5)</u>	<u>5.5</u>	<u>4.9</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 STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2018**

	<b>Group 6 months period ended 30.6.2018</b>	<b>Company 6 months period ended 30.6.2018</b>	<b>Group 6 months period ended 30.6.2017</b>	<b>Company 6 months period ended 30.6.2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Net (loss)/profit for the period	(2,978,698)	(3,376,755)	12,138,962	10,723,764
Other comprehensive (loss)/income: Items that may be subsequently reclassified to the income statement:				
Available-for-sale fair value reserves				
Fair value (loss)/gain arising during the period	(2,909,268)	(2,485,365)	1,898,721	3,503,308
Fair value loss transferred to the Statement of Income	53,784	5,645	102,998	-
	<u>(2,855,484)</u>	<u>(2,479,720)</u>	<u>2,001,719</u>	<u>3,503,308</u>
Tax effect thereon	595,133	595,133	(840,794)	(840,794)
	<u>(2,260,351)</u>	<u>(1,884,587)</u>	<u>1,160,925</u>	<u>2,662,514</u>
<b>Total comprehensive (loss)/income for the period</b>	<b><u>(5,239,049)</u></b>	<b><u>(5,261,342)</u></b>	<b><u>13,299,887</u></b>	<b><u>13,386,279</u></b>
Total comprehensive (loss)/income attributable to:				
Owner of the Company	(5,252,472)	(5,261,342)	13,290,962	13,386,279
Unitholders	13,423	-	8,925	-
	<u>(5,239,049)</u>	<u>(5,261,342)</u>	<u>13,299,887</u>	<u>13,386,279</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 MONTH PERIOD ENDED 30 JUNE 2018

<u>Group</u>	<u>Attributable to owners of the Company</u>			
	Share capital RM	Available-for-sale reserves RM	Retained earnings RM	Total equity RM
At 1 January 2017	219,875,038	2,484,641	113,618,418	335,978,097
Net profit for the period	-	-	12,131,612	12,131,612
Other comprehensive income for the period	-	1,159,351	-	1,159,351
<b>At 30 June 2017</b>	<u>219,875,038</u>	<u>3,643,992</u>	<u>125,750,030</u>	<u>349,269,060</u>
At 1 January 2018	219,875,038	3,080,527	136,973,068	359,928,633
Net loss for the period	-	-	(2,994,638)	(2,994,638)
Other comprehensive loss for the period	-	(2,257,834)	-	(2,257,834)
<b>At 30 June 2018</b>	<u>219,875,038</u>	<u>822,693</u>	<u>133,978,430</u>	<u>354,676,161</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 - CONTINUED  
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2018

<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 2017	219,875,038	2,643,704	113,362,139	335,880,881
Net profit for the period	-	-	10,723,764	10,723,764
Other comprehensive income for the period	-	2,662,514	-	2,662,514
<b>At 30 June 2017</b>	<b>219,875,038</b>	<b>5,306,218</b>	<b>124,085,903</b>	<b>349,267,159</b>
At 1 January 2018	219,875,038	3,890,037	136,162,838	359,927,913
Net loss for the period	-	-	(3,376,755)	(3,376,755)
Other comprehensive loss for the period	-	(1,884,587)	-	(1,884,587)
<b>At 30 June 2018</b>	<b>219,875,038</b>	<b>2,005,450</b>	<b>132,786,083</b>	<b>354,666,571</b>

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 STATEMENT OF CASH FLOWS**  
**FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2018**

	Group 6 months period ended 30.6.2018	Company 6 months period ended 30.6.2018	Group 6 months period ended 30.6.2017	Company 6 months period ended 30.6.2017
	RM	RM	RM	RM
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit before taxation	(6,030,527)	(6,428,584)	15,749,675	14,322,117
Adjustment for:				
Depreciation of property and equipment	1,324,765	1,324,765	1,319,437	1,319,437
(Gain)/loss on disposal of property and equipment	(1,031)	(1,031)	2,239	2,239
Property and equipment written-off	369	369	15,401	15,401
Finance cost	844,811	844,811	844,811	844,811
Change in fair value of FVTPL financial assets	1,161,678	1,159,161	(9,731,064)	(9,731,064)
Foreign currency translation differences	(475,548)	(475,548)	291,895	291,895
Depreciation of investment properties	1,750	1,750	1,750	1,750
Amortisation of intangible assets	118,582	118,582	98,075	98,075
Net accretion of discounts/ amortisation of premiums	-	-	5,344	-
Net loss/(gain) on disposal of:				
FVTPL financial assets	5,657,590	5,657,590	11,184	11,184
AFS financial assets	53,784	5,645	(91,816)	-
Investment income	(10,669,144)	(10,634,467)	(8,712,825)	(4,177,691)
Other interest loss	-	-	1,596,061	1,596,061
Bad debt recovery	40,074	40,074	(203,823)	(203,823)
Write back of allowance for impairment losses:				
Insurance receivables	(419,646)	(419,646)	(555,065)	(555,065)
Reinsurance assets	(92,414)	(92,414)	(86,933)	(86,933)
Profit from operations before changes in operating assets and liabilities	(8,484,907)	(8,898,943)	554,346	3,748,394
Purchase of investments	(391,034,696)	(119,819,638)	(154,615,874)	(75,048,501)
Proceeds from disposal/maturity of investments	396,966,411	116,809,561	36,689,951	11,520,827
Decrease in loans and receivables	120,684	120,684	408,678	408,678
(Increase)/decrease in reinsurance assets	(1,857,887)	(1,857,887)	22,013,952	22,013,952



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**THE PACIFIC INSURANCE BERHAD**  
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**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS - CONTINUED**  
**FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2018**

	Group 6 months period ended 30.6.2018 RM	Company 6 months period ended 30.6.2018 RM	Group 6 months period ended 30.6.2017 RM	Company 6 months period ended 30.6.2017 RM
(Increase)/decrease in insurance and other receivables	(2,637,371)	(2,415,766)	12,245,112	12,245,112
Increase /(decrease) in insurance contract liabilities	31,644,306	31,644,306	(3,461,958)	(3,461,958)
Increase/(decrease) in insurance and other payables	994,729	(8,870,909)	(1,437,444)	(4,155,109)
Cash generated from/(used by) operations	25,711,269	6,711,408	(87,603,237)	(32,728,605)
Investment income received	10,144,083	10,144,083	7,768,278	4,089,991
Other interest received/(paid)	3,498	3,498	(1,033,650)	(1,033,650)
Income tax recoverable/(paid)	533	533	(750,837)	(750,837)
Net cash flow from operating activities	<u>35,859,383</u>	<u>16,859,522</u>	<u>(81,619,446)</u>	<u>(30,423,101)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property and equipments	(1,100,928)	(1,100,928)	(818,759)	(818,759)
Purchase of intangible assets	-	-	(25,315)	(25,315)
Proceeds from disposal of property and equipment	1,031	1,031	4,242	4,242
Distribution to minority unitholders	(2,516)	-	1,575	-
Net cash used in investing activities	<u>(1,102,413)</u>	<u>(1,099,897)</u>	<u>(838,257)</u>	<u>(839,832)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	34,756,970	15,759,625	(82,457,703)	(31,262,933)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<u>111,965,232</u>	<u>108,184,713</u>	<u>302,467,059</u>	<u>250,877,612</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u>146,722,202</u>	<u>123,944,338</u>	<u>220,009,356</u>	<u>219,614,679</u>
<b>Cash and cash equivalents comprise of:</b>				
Fixed and call deposits with licensed financial institutions	130,762,152	108,012,780	195,850,571	195,850,571
Cash and cash equivalents	15,960,050	15,931,558	24,158,785	23,764,108
	<u>146,722,202</u>	<u>123,944,338</u>	<u>220,009,356</u>	<u>219,614,679</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)**

**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 2017, 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 2017 and in accordance with the MFRS and except for the adoption of the following standards:

<b><u>MFRS, Interpretations and Amendments</u></b>	<b><u>Effective Date</u></b>
- Annual Improvements to MFRS/FRS1, First-time Adoption of Malaysian Financial Reporting Standards	1 January 2018
- Amendments to MFRS/FRS 2, Classification and Measurement of Share-based Payment Transactions	1 January 2018
- Amendments to MFRS/FRS 4, Applying MFRS/FRS 9 "Financial Instruments" with MFRS/FRS 4 "Insurance Contracts"	1 January 2018
- Annual Improvement to MFRS/FRS 128, Investments in Associates and Joint Ventures	1 January 2018
- Amendments to MFRS/FRS 140, Clarification on Change in Use - Assets transferred to, or from, Investment Properties	1 January 2018
- IC interpretation 22, Foreign Currency Transactions and Advance Consideration	1 January 2018
- MFRS 15, Revenue from Contracts with Customers	1 January 2018

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 2017.

**2 SEASONAL OR CYCLICAL FACTORS**

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

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

**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 2018.

**4 CHANGES IN ESTIMATES**

There were no changes in the basis used for accounting estimates for the current financial period ended 30 June 2018.

**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 2018.

**6 DIVIDENDS PAID**

No interim dividend was paid during the current financial period ended 30 June 2018.

**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 2018.

**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 2018.

**9 CONTINGENT LIABILITIES**

There were no contingent liabilities as of the date of this report .

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

**10 INVESTMENT PROPERTIES**

	<b>30.6.2018</b>	<b>31.12.2017</b>
	<b>RM</b>	<b>RM</b>
<u>Group/Company</u>		
<u>Cost</u>		
At 30 June/31 December	175,000	175,000
<u>Accumulated depreciation</u>		
At 1 January	100,333	96,833
Charge for the period	1,750	3,500
At 30 June/31 December	102,083	100,333
Net book value	72,917	74,667
Fair value	550,000	550,000

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 2018, the Group/Company held one commercial investment property, which is not tenanted.

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

	<b>30.6.2018</b>	<b>30.6.2017</b>
	<b>RM</b>	<b>RM</b>
<u>Group/Company</u>		
Rental income	-	19,800
Direct operating expenses	9,906	6,430

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

**11 GOODWILL**

<u>Group/Company</u>	<b>30.6.2018</b> <b>RM</b>	<b>31.12.2017</b> <b>RM</b>
<u>Cost/Net book value</u>		
As at 1 January	40,103,501	31,325,682
Acquisition of general insurance business of Prudential Assurance Malaysia Berhad	-	8,777,819
As at 30 June/31 December	<u>40,103,501</u>	<u>40,103,501</u>

**12 INVESTMENTS**

	<u>As at 30.6.2018</u>		<u>As at 31.12.2017</u>	
	Group RM	Company RM	Group RM	Company RM
Malaysian government securities	71,970,613	-	154,513,930	-
Government investment issues	90,740,312	-	25,099,151	-
Corporate bonds	121,291,207	7,122,463	110,285,097	7,149,756
Unit trust investments	162,593,995	451,821,138	161,359,739	447,124,617
Equity securities	37,719,871	37,719,871	49,567,951	49,567,951
Real Estate Investment Trusts ("REIT")	3,084,600	3,084,600	3,123,400	3,123,400
Deposits with licensed financial institutions	48,338,119	48,338,119	46,446,574	46,446,574
	<u>535,738,717</u>	<u>548,086,191</u>	<u>550,395,842</u>	<u>553,412,298</u>
AFS financial assets	446,596,127	458,943,601	451,257,917	454,274,373
FVTPL financial assets	40,804,471	40,804,471	52,691,351	52,691,351
Loans and receivables ("LAR")	48,338,119	48,338,119	46,446,574	46,446,574
	<u>535,738,717</u>	<u>548,086,191</u>	<u>550,395,842</u>	<u>553,412,298</u>

The following investments will mature after 12 months:

AFS financial assets	<u>280,588,984</u>	<u>7,122,463</u>	<u>282,367,124</u>	<u>7,149,756</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 30.6.2018		As at 31.12.2017	
	Group RM	Company RM	Group RM	Company RM
(a) AFS financial assets				
<u>Fair value</u>				
Malaysian Government Securities	71,970,613	-	154,513,930	-
Government investment issues	90,740,312	-	25,099,151	-
Quoted in Malaysia:				
Unit trust investments	162,593,995	162,593,995	161,359,739	161,359,739
Unquoted in Malaysia:				
Unit trust investments (Wholesale Fund)	-	289,227,143	-	285,764,878
Corporate bonds	121,291,207	7,122,463	110,285,097	7,149,756
	<u>446,596,127</u>	<u>458,943,601</u>	<u>451,257,917</u>	<u>454,274,373</u>
(b) FVTPL financial assets				
<u>Fair value</u>				
Equity securities	37,719,871	37,719,871	49,567,951	49,567,951
REIT	3,084,600	3,084,600	3,123,400	3,123,400
	<u>40,804,471</u>	<u>40,804,471</u>	<u>52,691,351</u>	<u>52,691,351</u>
(c) LAR				
<u>Amortised cost</u>				
Deposits with commercial banks	<u>48,338,119</u>	<u>48,338,119</u>	<u>46,446,574</u>	<u>46,446,574</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)**

**12 INVESTMENTS (CONTINUED)**

(d) Carrying values of financial instruments

	AFS RM	FVTPL RM	LAR RM	Total RM
<u>GROUP</u>				
<u>30.6.2018</u>				
At 1 January 2018	451,257,917	52,691,351	46,446,574	550,395,842
Purchases	378,370,974	-	12,663,722	391,034,696
Maturities	(70,000,000)	-	(11,263,884)	(81,263,884)
Disposals	(310,210,634)	(11,203,267)	-	(321,413,901)
Fair value losses recorded in:				
Income statement	-	(6,816,751)	-	(6,816,751)
Other comprehensive income	(2,909,268)	-	-	(2,909,268)
Currency translations differences	-	475,548	-	475,548
Fair value losses transferred to Income statement	53,784	5,657,590	-	5,711,374
Movement in accrued interest	101,447	-	491,707	593,154
Amortisation of premiums	(68,093)	-	-	(68,093)
At 30 June 2018	<u>446,596,127</u>	<u>40,804,471</u>	<u>48,338,119</u>	<u>535,738,717</u>

GROUP

31.12.2017

At 1 January 2017	236,784,207	33,158,405	26,677,467	296,620,079
Purchases	375,652,098	13,368,000	45,645,480	434,665,578
Maturities	(50,000,000)	-	(26,222,300)	(76,222,300)
Disposals	(114,127,383)	-	-	(114,127,383)
Fair value gains recorded in:				
Income statement	-	8,982,333	-	8,982,333
Other comprehensive income	2,796,400	-	-	2,796,400
Currency translations differences	-	(2,817,387)	-	(2,817,387)
Fair value gain transferred to Income statement	(1,706,943)	-	-	(1,706,943)
Movement in accrued interest	1,908,199	-	345,927	2,254,126
Amortisation of premiums	(48,661)	-	-	(48,661)
At 31 December 2017	<u>451,257,917</u>	<u>52,691,351</u>	<u>46,446,574</u>	<u>550,395,842</u>

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**12 INVESTMENTS (CONTINUED)**

(d) Carrying values of financial instruments (continued)

	AFS RM	FVTPL RM	LAR RM	Total RM
<u>Company</u>				
<u>30.6.2018</u>				
At 1 January 2018	454,274,373	52,691,351	46,446,574	553,412,298
Purchases	107,155,916	-	12,663,722	119,819,638
Maturities	(70,000,000)	-	(11,263,884)	(81,263,884)
Disposals	(30,005,645)	(11,203,267)	-	(41,208,912)
Fair value losses recorded in:				
Income statement	-	(6,816,751)	-	(6,816,751)
Other comprehensive income	(2,485,365)	-	-	(2,485,365)
Currency translations differences	-	475,548	-	475,548
Fair value losses transferred to Income statement	5,645	5,657,590	-	5,663,235
Movement in accrued interest	(1,323)	-	491,707	490,384
Amortisation of premiums	-	-	-	-
At 30 June 2018	<u>458,943,601</u>	<u>40,804,471</u>	<u>48,338,119</u>	<u>548,086,191</u>
<u>Company</u>				
<u>31.12.2017</u>				
At 1 January 2016	287,893,457	33,158,405	26,677,467	347,729,329
Purchases	232,071,437	13,368,000	45,645,480	291,084,917
Maturities	(50,000,000)	-	(26,222,300)	(76,222,300)
Disposals	(17,449,529)	-	-	(17,449,529)
Fair value gains recorded in:				
Income statement	-	8,982,333	-	8,982,333
Other comprehensive income	2,890,522	-	-	2,890,522
Currency translations differences	-	(2,817,387)	-	(2,817,387)
Fair value gain transferred to Income statement	(1,250,610)	-	-	(1,250,610)
Movement in accrued interest	119,096	-	345,927	465,023
Amortisation of premiums	-	-	-	-
At 31 December 2017	<u>454,274,373</u>	<u>52,691,351</u>	<u>46,446,574</u>	<u>553,412,298</u>



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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)**

**12 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 and valuation methods as follows:

<u>Group</u>	<b>Level 1 RM</b>	<b>Level 2 RM</b>
<u>30.6.2018</u>		
AFS		
- Malaysian government securities	-	71,970,613
- Government investment issues	-	90,740,312
- Corporate bonds	-	121,291,207
- Unit trust investments	162,593,995	-
	<u>162,593,995</u>	<u>284,002,132</u>
FVTPL		
- Equity securities	37,719,871	-
- Real Estate Investment Trust ("REIT")	3,084,600	-
	<u>203,398,466</u>	<u>284,002,132</u>
<u>Group</u>		
<u>31.12.2017</u>		
AFS		
- Malaysian government securities	-	154,513,930
- Government Investment Issues	-	25,099,151
- Corporate bonds	-	110,285,097
- Unit trust investments	161,359,739	-
FVTPL		
- Equity securities	49,567,951	-
- Real Estate Investment Trust ("REIT")	3,123,400	-
	<u>214,051,090</u>	<u>289,898,178</u>

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**12 INVESTMENTS (CONTINUED)**

(e) Fair values of financial investments (continued)

<u>Company</u>	<b>Level 1 RM</b>	<b>Level 2 RM</b>
<u>30.6.2018</u>		
AFS		
- Corporate bonds	-	7,122,463
- Unit trust investments	162,593,995	289,227,143
	<u>162,593,995</u>	<u>296,349,606</u>
FVTPL		
- Equity securities	37,719,871	-
- Real Estate Investment Trust ("REIT")	3,084,600	-
	<u>203,398,466</u>	<u>296,349,606</u>
<u>Company</u>		
<u>31.12.2017</u>		
AFS		
- Corporate Bonds	-	7,149,756
- Unit trust investments	161,359,739	285,764,878
FVTPL		
- Equity securities	49,567,951	-
- Real Estate Investment Trust ("REITs")	3,123,400	-
	<u>214,051,090</u>	<u>292,914,634</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 regularly 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.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)**

**13 REINSURANCE ASSETS**

	<b>30.6.2018</b>	<b>31.12.2017</b>
	<b>RM</b>	<b>RM</b>
<u>Group and Company</u>		
Reinsurance contracts (Note 14)	<u>493,534,210</u>	<u>491,676,323</u>

**14 INSURANCE CONTRACT LIABILITIES**

	<b>30.6.2018</b>			<b>31.12.2017</b>		
<u>Group/Company</u>	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Provision for claims reported by policyholders	463,327,356	(287,970,526)	175,356,830	429,437,514	(267,397,026)	162,040,488
Provision for incurred but not reported ("IBNR")	215,284,582	(99,184,518)	116,100,064	200,166,230	(92,862,237)	107,303,993
	<u>678,611,938</u>	<u>(387,155,044)</u>	<u>291,456,894</u>	<u>629,603,744</u>	<u>(360,259,263)</u>	<u>269,344,481</u>
Less: impairment loss on reinsurance assets	-	1,770,109	1,770,109	-	1,862,523	1,862,523
Claim liabilities (i)	<u>678,611,938</u>	<u>(385,384,935)</u>	<u>293,227,003</u>	<u>629,603,744</u>	<u>(358,396,740)</u>	<u>271,207,004</u>
Premium liabilities (ii)	222,362,337	(108,149,275)	114,213,062	239,726,225	(133,279,583)	106,446,642
	<u>900,974,275</u>	<u>(493,534,210)</u>	<u>407,440,065</u>	<u>869,329,969</u>	<u>(491,676,323)</u>	<u>377,653,646</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)**

**14 INSURANCE CONTRACT LIABILITIES (CONTINUED)**

<u>Group/Company</u>	30.6.2018			31.12.2017		
	Gross RM	Reinsurance RM	Net RM	Gross RM	Reinsurance RM	Net RM
(i) Claim liabilities						
At 1 January	629,603,744	(360,259,263)	269,344,481	597,958,486	(342,476,478)	255,482,008
Acquisition of Prudential general insurance business				9,147,448	(3,765,653)	5,381,795
Claims incurred in the current accident year	196,345,587	(92,715,737)	103,629,850	348,931,503	(172,059,090)	176,872,413
Claims incurred in prior accident year	(25,756,892)	10,770,229	(14,986,663)	(69,471,759)	34,815,564	(34,656,195)
Movement in PRAD of claim liabilities at 75% confidence level	2,302,950	(698,575)	1,604,375	(2,675,476)	658,863	(2,016,613)
Movement in claims handling expenses	767,097	-	767,097	(873,557)	-	(873,557)
Claims paid during the period	(124,650,548)	55,748,302	(68,902,246)	(253,412,901)	122,567,531	(130,845,370)
	678,611,938	(387,155,044)	291,456,894	629,603,744	(360,259,263)	269,344,481
Less: Impairment loss on reinsurance assets	-	1,770,109	1,770,109	-	1,862,523	1,862,523
At 31 December	678,611,938	(385,384,935)	293,227,003	629,603,744	(358,396,740)	271,207,004
(ii) Premium liabilities						
At 1 January	239,726,225	(133,279,583)	106,446,642	213,552,970	(118,503,894)	95,049,076
Acquisition of Prudential general insurance business				6,075,487	(983,066)	5,092,421
Premiums written in the period	255,586,262	(119,498,882)	136,087,380	523,113,040	(292,010,272)	231,102,768
Premiums earned during the period	(272,950,150)	144,629,190	(128,320,960)	(503,015,272)	278,217,649	(224,797,623)
At 31 December	222,362,337	(108,149,275)	114,213,062	239,726,225	(133,279,583)	106,446,642

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**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 in respect of rental of office equipment, IT equipment, software licences and premises as well as leasehold expenses. The lease agreements have fixed rentals for a period of three to 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:

	<b>30.6.2018</b>	<b>31.12.2017</b>
	<b>RM</b>	<b>RM</b>
Future minimum rental payment:		
Not later than 1 year	4,051,329	3,098,227
Later than 1 year and not later than 5 year	9,687,095	7,809,483
	<u>13,738,424</u>	<u>10,907,710</u>

**16 CAPITAL COMMITMENTS**

	<b>30.6.2018</b>	<b>31.12.2017</b>
	<b>RM</b>	<b>RM</b>
<u>Group/Company</u>		
Approved and contracted for:		
Intangible asset	7,170,871	7,602,841
Computers	5,310	56,600
Renovations	359,147	76,000
Office equipment	-	63,293
Furniture and fittings	24,296	26,300
	<u>7,559,624</u>	<u>7,825,034</u>
Approved and not contracted for:		
Office equipment and Renovations	11,500	17,816
	<u>11,500</u>	<u>17,816</u>

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**17 REGULATORY CAPITAL REQUIREMENTS**

The capital structure of the Company as at 30 June 2018, as prescribed under the Risk-Based Capital Framework is provided below:

	<b>30.6.2018</b>	<b>31.12.2017</b>
	<b>RM</b>	<b>RM</b>
<u>Eligible Tier 1 Capital</u>		
Share capital (paid-up)	219,875,038	219,875,038
Reserves, including retained earnings	<u>132,786,083</u>	<u>136,162,838</u>
	<u>352,661,121</u>	<u>356,037,876</u>
<u>Tier 2 Capital</u>		
Available-for-sale-reserves	2,005,450	3,890,037
Subordinated term debts	<u>29,924,452</u>	<u>29,079,640</u>
	<u>31,929,902</u>	<u>32,969,677</u>
<u>Amount deducted from capital</u>		
Goodwill & other intangible assets	(40,768,103)	(40,886,685)
Deferred tax assets	<u>(5,754,142)</u>	<u>(2,107,180)</u>
	<u>(46,522,245)</u>	<u>(42,993,865)</u>
Total Capital Available	<u><u>338,068,778</u></u>	<u><u>346,013,688</u></u>