

Company No.
91603-K

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019

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 2019

	Note	As at 30.6.2019		As at 31.12.2018	
		Group RM	Company RM	Group RM	Company RM
ASSETS					
Property and equipment		44,617,124	44,617,124	44,957,879	44,957,879
Investment properties	10	16,288,189	16,288,189	16,494,223	16,494,223
Intangible assets		1,071,758	1,071,758	1,069,130	1,069,130
Goodwill	11	40,103,501	40,103,501	40,103,501	40,103,501
Investments					
Available-for-sale financial assets	12	-	-	442,729,936	453,463,740
Fair value through profit or loss financial assets	12	502,217,174	504,032,778	31,426,016	31,426,016
Loans and receivables	12	56,876,500	56,876,500	52,312,288	52,312,288
Reinsurance assets	13	567,046,795	567,046,795	527,707,036	527,707,036
Insurance and other receivables	14	134,147,024	126,379,150	127,921,184	128,176,088
Right-of-use assets	15	7,329,456	7,329,456	-	-
Loans		903,619	903,619	943,557	943,557
Deferred tax assets		4,577,722	4,577,722	6,997,899	6,997,899
Tax recoverable		9,238,744	9,238,744	11,318,150	11,318,150
Cash and cash equivalents		162,951,786	161,876,380	199,875,565	188,325,242
Total assets		1,547,369,392	1,540,341,716	1,503,856,364	1,503,294,749
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital		219,875,038	219,875,038	219,875,038	219,875,038
Available-for-sale reserves		-	-	3,387,028	3,671,784
Retained profits		158,837,262	158,837,262	138,104,163	137,831,248
Total equity		378,712,300	378,712,300	361,366,229	361,378,070
Liabilities					
Insurance contract liabilities	16	974,324,371	974,324,371	938,893,006	938,893,006
Subordinated loan from holding company		31,628,077	31,628,077	30,783,265	30,783,265
Insurance and other payables		155,276,337	148,248,661	172,813,864	172,240,408
Lease liability	17	7,428,307	7,428,307	-	-
Total liabilities		1,168,657,092	1,161,629,416	1,142,490,135	1,141,916,679
Total equity and liabilities		1,547,369,392	1,540,341,716	1,503,856,364	1,503,294,749

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 2019

Note	Group	Company	Group	Company
	6 months period ended 30.6.2019	6 months period ended 30.6.2019	6 months period ended 30.6.2018	6 months period ended 30.6.2018
	RM	RM	RM	RM
Gross earned premiums	283,035,318	283,035,318	272,950,150	272,950,150
Earned premiums ceded to reinsurers	(150,077,643)	(150,077,643)	(144,629,190)	(144,629,190)
Net earned premiums	132,957,675	132,957,675	128,320,960	128,320,960
Investment income	12,712,456	14,844,319	12,404,613	11,291,869
Fee and commission income	26,327,508	26,327,508	28,713,785	28,713,785
Fair value gains/(losses)	9,027,982	9,502,352	(683,613)	(683,613)
Other operating income/(losses)	709,668	709,668	(62,452)	(62,452)
Other revenue	48,777,614	51,383,847	40,372,333	39,259,589
Total revenue	181,735,289	184,341,522	168,693,293	167,580,549
Gross benefits and claims paid	(154,802,243)	(154,802,243)	(124,650,548)	(124,650,548)
Claims ceded to reinsurers	73,240,556	73,240,556	55,748,302	55,748,302
Gross change in claims liabilities	(64,519,375)	(64,519,375)	(49,008,194)	(49,008,194)
Change in claims liabilities ceded to reinsurers	69,780,199	69,780,199	26,895,781	26,895,781
Net benefits and claims	(76,300,863)	(76,300,863)	(91,014,659)	(91,014,659)
Fee and commission expense	(33,147,688)	(33,147,688)	(32,011,595)	(32,011,595)
Management expenses	(48,384,125)	(47,976,326)	(45,142,412)	(44,475,864)
Realised gains/(losses)	3,028,122	(18,803)	(5,710,343)	(5,662,204)
Other expenses	(78,503,691)	(81,142,817)	(82,864,350)	(82,149,663)
Finance cost	(1,079,866)	(1,079,866)	(844,811)	(844,811)
Profit/(loss) before taxation	25,850,869	25,817,976	(6,030,527)	(6,428,584)
Taxation	(5,141,409)	(5,141,409)	3,051,829	3,051,829
Net profit/(loss) for the period	20,709,460	20,676,567	(2,978,698)	(3,376,755)
Net profit/(loss) for the period attributable to:				
Owners of the Company	20,688,408	20,676,567	(2,994,638)	(3,376,755)
Unitholders	21,052	-	15,940	-
	20,709,460	20,676,567	(2,978,698)	(3,376,755)
Earnings per share attributable to owner of the Company (sen)				
Basic	9.4	9.4	(1.4)	(1.5)

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 COMPREHENSIVE INCOME
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2019

	Group 6 months period ended 30.6.2019	Company 6 months period ended 30.6.2019	Group 6 months period ended 30.6.2018	Company 6 months period ended 30.6.2018
	RM	RM	RM	RM
Net profit/(loss) for the period	20,709,460	20,676,567	(2,978,698)	(3,376,755)
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)
Fair value loss transferred to the Statement of Income	-	-	53,784	5,645
	-	-	(2,855,484)	(2,479,720)
Tax effect thereon	-	-	595,133	595,133
	-	-	(2,260,351)	(1,884,587)
Total comprehensive income/(loss) for the period	20,709,460	20,676,567	(5,239,049)	(5,261,342)
Total comprehensive income/(loss) attributable to:				
Owner of the Company	20,688,408	20,676,567	(5,252,472)	(5,261,342)
Unitholders	21,052	-	13,423	-
	20,709,460	20,676,567	(5,239,049)	(5,261,342)

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

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THE PACIFIC INSURANCE BERHAD
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UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2019

<u>Group</u>	<u>Attributable to owners of the Company</u>			
	Share capital	Available-for-sale reserves	Retained earnings	Total equity
	RM	RM	RM	RM
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)
At 30 June 2018	<u>219,875,038</u>	<u>822,693</u>	<u>133,978,430</u>	<u>354,676,161</u>
At 1 January 2019	219,875,038	3,387,028	138,104,163	361,366,229
Effect on adoption of MFRS 9 (Note 1 in page 10)	-	(3,387,028)	44,691	(3,342,337)
At 1 January 2019 (restated)	219,875,038	-	138,148,854	358,023,892
Net income for the period	-	-	20,688,408	20,688,408
At 30 June 2019	<u>219,875,038</u>	<u>-</u>	<u>158,837,262</u>	<u>378,712,300</u>

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

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THE PACIFIC INSURANCE BERHAD
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UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY - CONTINUED
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2019

<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 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)
At 30 June 2018	<u>219,875,038</u>	<u>2,005,450</u>	<u>132,786,083</u>	<u>354,666,571</u>
At 1 January 2019	219,875,038	3,671,784	137,831,248	361,378,070
Effect on adoption of MFRS 9 (Note 1 in page 11)	-	(3,671,784)	329,447	(3,342,337)
At 1 January 2019 (restated)	219,875,038	-	138,160,695	358,035,733
Net income for the period	-	-	20,676,567	20,676,567
At 30 June 2019	<u>219,875,038</u>	<u>-</u>	<u>158,837,262</u>	<u>378,712,300</u>

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

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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 2019

	Group 6 months period ended 30.6.2019	Company 6 months period ended 30.6.2019	Group 6 months period ended 30.6.2018	Company 6 months period ended 30.6.2018
	RM	RM	RM	RM
CASH FLOW FROM OPERATING ACTIVITIES				
Profit/(loss) before taxation	25,850,869	25,817,976	(6,030,527)	(6,428,584)
Adjustment for:				
Depreciation of property and equipment	1,136,593	1,136,593	1,324,765	1,324,765
Gain on disposal of property and equipment	(9,296)	(9,296)	(1,031)	(1,031)
Property and equipment written-off	25,543	25,543	369	369
Intangible assets written-off	2,556	2,556	-	-
Depreciation of right-of-use assets	1,987,019	1,987,019	-	-
Finance cost on subordinate loan	844,812	844,812	844,811	844,811
Finance cost on lease liabilities	235,055	235,055	-	-
Change in fair value of FVTPL financial assets	(9,038,168)	(9,512,539)	1,161,678	1,159,161
Foreign currency translation differences	10,187	10,187	(475,548)	(475,548)
Depreciation of investment properties	178,062	178,062	1,750	1,750
Amortisation of intangible assets	139,303	139,303	118,582	118,582
Net (gain)/loss on disposal of:				
FVTPL financial assets	(3,046,925)	-	5,657,590	5,657,590
AFS financial assets	-	-	53,784	5,645
Investment income received	(9,392,595)	(11,782,564)	(10,669,144)	(10,634,467)
Bad debt recovery	(45,733)	(45,733)	40,074	40,074
Write back of allowance for impairment losses:				
Insurance receivables	(83,576)	(83,576)	(419,646)	(419,646)
Reinsurance assets	(158,761)	(158,761)	(92,414)	(92,414)
Profit from operations before changes in operating assets and liabilities	8,634,945	8,784,637	(8,484,907)	(8,898,943)
Purchase of investments	(369,396,910)	(56,372,090)	(391,034,696)	(119,819,638)
Proceeds from disposal/maturity of investments	349,878,302	42,663,722	396,966,411	116,809,561
(Increase)/decrease in loans and receivables	39,938	39,938	120,684	120,684
Increase in reinsurance assets	(39,180,998)	(39,180,998)	(1,857,887)	(1,857,887)

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UNAUDITED CONDENSED STATEMENT OF CASH FLOWS - CONTINUED
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2019

	Group 6 months period ended 30.6.2019 RM	Company 6 months period ended 30.6.2019 RM	Group 6 months period ended 30.6.2018 RM	Company 6 months period ended 30.6.2018 RM
Increase in insurance and other receivables	(10,494,343)	(2,471,564)	(2,637,371)	(2,415,766)
Increase in insurance contract liabilities	35,431,365	35,431,365	31,644,306	31,644,306
(Decrease)/increase in insurance and other payables	(17,579,629)	(23,991,747)	994,729	(8,870,909)
Cash (used by)/generated from operations	(42,667,330)	(35,096,737)	25,711,269	6,711,408
Investment income received	8,360,675	11,286,050	10,144,083	10,144,083
Other interest received	-	-	3,498	3,498
Income tax recoverable	413,648	413,648	533	533
Net cash flow (used in)/from operating activities	<u>(33,893,007)</u>	<u>(23,397,039)</u>	<u>35,859,383</u>	<u>16,859,522</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipments	(825,891)	(825,891)	(1,100,928)	(1,100,928)
Purchase of intangible assets	(144,487)	(144,487)	-	-
Proceeds from partial refund on investment property	27,972	27,972	-	-
Payment of lease liabilities	(2,123,223)	(2,123,223)	-	-
Proceeds from disposal of property and equipment	13,806	13,806	1,031	1,031
Distribution to minority unitholders	21,051	-	(2,516)	-
Net cash used in investing activities	<u>(3,030,772)</u>	<u>(3,051,823)</u>	<u>(1,102,413)</u>	<u>(1,099,897)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(36,923,779)	(26,448,862)	34,756,970	15,759,625
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	199,875,565	188,325,242	111,965,232	108,184,713
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>162,951,786</u>	<u>161,876,380</u>	<u>146,722,202</u>	<u>123,944,338</u>
Cash and cash equivalents comprise of:				
Fixed and call deposits with licensed financial institutions	129,825,931	129,825,931	130,762,152	108,012,780
Cash and cash equivalents	33,125,855	32,050,449	15,960,050	15,931,558
	<u>162,951,786</u>	<u>161,876,380</u>	<u>146,722,202</u>	<u>123,944,338</u>

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

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THE PACIFIC INSURANCE BERHAD
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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 2018, which were prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs").

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 2018 and in accordance with the MFRS and except for the adoption of the following standards:

<u>MFRS, Interpretations and Amendments</u>	<u>Effective Date</u>
- MFRS 16 - Leases	1 January 2019
- Uncertainty over Income Tax Treatments	1 January 2019
- Amendments to MFRS 9 - Prepayment features with negative compensation	1 January 2019
- Amendments to MFRS 128 - Long-term Interests in Associates and Joint Ventures	1 January 2019
- Amendments to MFRS 119 - Plan amendment, curtailment or settlement	1 January 2019
- Annual Improvements to MFRSs 2015 - 2017 Cycle	1 January 2019

With effect from 1 January 2019, the Group and the Company has ceased applying the temporary exemption from MFRS 4 - Applying MFRS 9 - Financial Instruments with MFRS 4 and have fully adopted MFRS 9.

The adoption of MFRS 9 Financial Instruments and MFRS 16 Leases resulted in changes in accounting policies. Other than that, the application of those standards, amendments and interpretations do not have any material impact to the current and prior periods financial statements upon their initial adoption.

MFRS 9 Financial Instruments

MFRS 9 replaces the provisions of MFRS 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

Classification

From 1 January 2019, the Group and the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

1 Basis of preparation (continued)

MFRS 9 Financial Instruments (continued)

Classification (continued)

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income ("OCI"). For investments in equity instruments that are not held for trading, this will depend on whether the Group and the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group and the Company reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Group and the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- Amortised cost ("AC"): Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

1 Basis of preparation (continued)

MFRS 9 Financial Instruments (continued)

Equity instruments

The Group and the Company subsequently measures all equity investments at fair value where the Group's and the Company's management has elected to present fair value gains and losses on equity investments through profit or loss.

Changes in the fair value of financial assets at FVTPL are recognised in gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTPL are not reported separately from other changes in fair value.

Impairment

From 1 January 2019, the Group and the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For insurance receivables, the Group and the Company applies the simplified approach permitted by MFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The adoption of MFRS 9 Financial Instruments from 1 January 2019 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

The total impact on the Group's retained earnings as at 1 January 2019 is as follows:

	<u>1.1.2019</u>
	<u>RM</u>
<u>Group</u>	
Closing retained earnings at 31 December 2018 - MFRS 139	138,104,163
Reclassify investments from available-for-sale to FVTPL	3,387,028
Increase in impairment allowance for insurance and other receivables	(4,397,812)
Deferred tax assets resulting from the increase in impairment allowance for insurance and other receivables	1,055,475
Adjustment to retained earnings from adoption of MFRS 9 on 1 January 2019	44,691
Opening retained earnings at 1 January 2019 - MFRS 9	<u>138,148,854</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

1 Basis of preparation (continued)

MFRS 9 Financial Instruments (continued)

The total impact on the Company's retained earnings as at 1 January 2019 is as follows:

	<u>1.1.2019</u>
	<u>RM</u>
<u>Company</u>	
Closing retained earnings at 31 December 2018 - MFRS 139	137,831,248
Reclassify investments from available-for-sale to FVTPL	3,671,784
Increase in impairment allowance for insurance and other receivables	(4,397,812)
Deferred tax assets resulting from the increase in impairment allowance for insurance and other receivables	1,055,475
Adjustment to retained earnings from adoption of MFRS 9 on 1 January 2019	<u>329,447</u>
Opening retained earnings at 1 January 2019 - MFRS 9	<u><u>138,160,695</u></u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

1 Basis of preparation (continued)

Reconciliation of Statement of Financial Position from MFRS 139 to MFRS 9

The following table shows the reconciliations of the carrying amount of the Group's and the Company's Statement of Financial Position from MFRS 139 Financial Instruments: Recognition and Measurement to MFRS 9 Financial Instruments as at 1 January 2019:

Group	Note	Original classification under MFRS 139 RM	New classification under MFRS 9 RM	Original carrying amount under MFRS 139 RM	Impact arising from classification and measurement under MFRS 9 RM	Impact arising from ECL under MFRS 9 RM	New carrying amount under MFRS 9 RM
Assets							
Property and equipment		NA	NA	44,957,879	-	-	44,957,879
Investment properties		NA	NA	16,494,223	-	-	16,494,223
Intangible assets		NA	NA	1,069,130	-	-	1,069,130
Goodwill		NA	NA	40,103,501	-	-	40,103,501
Investments							
Available-for-sale financial assets	12	Available for sale	FVOCI	442,729,936	(442,729,936) *	-	-
Fair value through profit or loss financial assets	12	FVTPL	FVTPL	31,426,016	442,729,936 *	-	474,155,952
Loans and receivables	12	Loans and receivables	Amortised cost	52,312,288	-	-	52,312,288
Reinsurance assets		NA	NA	527,707,036	-	-	527,707,036
Insurance and other receivables		Loans and receivables	Amortised cost	127,921,184	-	(4,397,812)	123,523,372
Loans		Loans and receivables	Amortised cost	943,557	-	-	943,557
Deferred tax assets		NA	NA	6,997,899	-	1,055,475	8,053,374
Tax recoverable		NA	NA	11,318,150	-	-	11,318,150
Cash and cash equivalents		Loans and receivables	Amortised cost	199,875,565	-	-	199,875,565
				<u>1,503,856,364</u>	<u>-</u>	<u>(3,342,337)</u>	<u>1,500,514,027</u>

* The Group and the Company reclassify the available-for-sale investments to fair value through profit or loss as the Group's and the Company's business model is to hold the investments for sale.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

1 Basis of preparation (continued)

Reconciliation of Statement of Financial Position from MFRS 139 to MFRS 9

Group	Note	Original classification under MFRS 139 RM	New classification under MFRS 9 RM	Original carrying amount under MFRS 139 RM	Impact arising from classification and measurement under MFRS 9 RM	Impact arising from ECL under MFRS 9 RM	New carrying amount under MFRS 9 RM
Equity							
Share capital		NA	NA	219,875,038	-	-	219,875,038
Available-for-sale reserves		NA	NA	3,387,028	(3,387,028)	-	-
Retained earnings		NA	NA	138,104,163	3,387,028	(3,342,337)	138,148,854
				<u>361,366,229</u>	<u>-</u>	<u>(3,342,337)</u>	<u>358,023,892</u>
Liabilities							
Insurance contract liabilities		NA	NA	938,893,006	-	-	938,893,006
Subordinated loan from holding company		Amortised cost	Amortised cost	30,783,265	-	-	30,783,265
Insurance and other payables		Amortised cost	Amortised cost	172,813,864	-	-	172,813,864
				<u>1,142,490,135</u>	<u>-</u>	<u>-</u>	<u>1,142,490,135</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

1 Basis of preparation (continued)

Reconciliation of Statement of Financial Position from MFRS 139 to MFRS 9

<u>Company</u>	Note	Original classification under MFRS 139 RM	New classification under MFRS 9 RM	Original carrying amount under MFRS 139 RM	Impact arising from classification and measurement under MFRS 9 RM	Impact arising from ECL under MFRS 9 RM	New carrying amount under MFRS 9 RM
Assets							
Property and equipment		NA	NA	44,957,879	-	-	44,957,879
Investment properties		NA	NA	16,494,223	-	-	16,494,223
Intangible assets		NA	NA	1,069,130	-	-	1,069,130
Goodwill		NA	NA	40,103,501	-	-	40,103,501
Investments							
Available-for-sale financial assets	12	Available for sale	FVOCI	453,463,740	(453,463,740) *	-	-
Fair value through profit or loss financial assets	12	FVTPL	FVTPL	31,426,016	453,463,740 *	-	484,889,756
Loans and receivables	12	Loans and receivables	Amortised cost	52,312,288	-	-	52,312,288
Reinsurance assets		NA	NA	527,707,036	-	-	527,707,036
Insurance and other receivables		Loans and receivables	Amortised cost	128,176,088	-	(4,397,812)	123,778,276
Loans		Loans and receivables	Amortised cost	943,557	-	-	943,557
Deferred tax assets		NA	NA	6,997,899	-	1,055,475	8,053,374
Tax recoverable		NA	NA	11,318,150	-	-	11,318,150
Cash and cash equivalents		Loans and receivables	Amortised cost	188,325,242	-	-	188,325,242
				<u>1,503,294,749</u>	<u>-</u>	<u>(3,342,337)</u>	<u>1,499,952,412</u>

* Reclassification of investments from available-for-sale to fair value through profit or loss as they do not meet the MFRS 9 criteria for classification at amortised cost, because their cash flows do not represent solely payments of principal and interest.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

1 Basis of preparation (continued)

Reconciliation of Statement of Financial Position from MFRS 139 to MFRS 9

<u>Company</u>	Note	Original classification under MFRS 139 RM	New classification under MFRS 9 RM	Original carrying amount under MFRS 139 RM	Impact arising from classification and measurement under MFRS 9 RM	Impact arising from ECL under MFRS 9 RM	New carrying amount under MFRS 9 RM
Equity							
Share capital		NA	NA	219,875,038	-	-	219,875,038
Available-for-sale reserves		NA	NA	3,671,784	(3,671,784)	-	-
Retained earnings		NA	NA	137,831,248	3,671,784	(3,342,337)	138,160,695
				<u>361,378,070</u>	<u>-</u>	<u>(3,342,337)</u>	<u>358,035,733</u>
Liabilities							
Insurance contract liabilities		NA	NA	938,893,006	-	-	938,893,006
Subordinated loan from holding company		Amortised cost	Amortised cost	30,783,265	-	-	30,783,265
Insurance and other payables		Amortised cost	Amortised cost	172,240,408	-	-	172,240,408
				<u>1,141,916,679</u>	<u>-</u>	<u>-</u>	<u>1,141,916,679</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

1 Basis of preparation (continued)

MFRS 16 - Leases

The Group and the Company has adopted MFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of MFRS 16, the Group and the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of MFRS 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.51% per annum.

The right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	<u>30.6.2019</u>	<u>1.1.2019</u>
	RM	RM
Properties	1,386,278	1,862,899
Equipment	5,943,178	7,448,859
Total right-of-use assets	<u>7,329,456</u>	<u>9,311,758</u>

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- Right-of-use assets – increased by RM9,313,758.
- Lease liabilities – increased by RM9,311,758.

There was no impact on retained earnings on 1 January 2019.

In applying MFRS 16 for the first time, the Group and the Company has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

1 Basis of preparation (continued)

MFRS 16 - Leases (continued)

The Group and the Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying MFRS 117 Leases and IC Int. 4 Determining whether an Arrangement contains a Lease.

The Group and the Company leases various offices and equipment. Rental contracts are typically made for fixed periods of 2 to 5 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants.

Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group and the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- amounts expected to be payable by the lessee under residual value guarantees;

The lease payments over the lease term are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

1 Basis of preparation (continued)

MFRS 16 - Leases (continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group and the Company. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and the Company and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. During the current financial year, there was no extension of lease liabilities and right-of-use assets.

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 2018.

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 2019.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

4 CHANGES IN ESTIMATES

There were no changes in the basis used for accounting estimates for the current financial period ended 30 June 2019.

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 2019.

6 DIVIDENDS PAID

No interim dividend was paid during the current financial period ended 30 June 2019.

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 2019.

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 2019.

9 CONTINGENT LIABILITIES

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

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

10 INVESTMENT PROPERTIES

	<u>30.6.2019</u>	<u>31.12.2018</u>
	RM	RM
<u>Group/Company</u>		
<u>Cost</u>		
At 1 January	17,834,200	175,000
Refund	(27,972)	-
Reclassification	-	17,659,200
At 30 June/31 December	<u>17,806,228</u>	<u>17,834,200</u>
<u>Accumulated depreciation</u>		
At 1 January	1,339,977	100,333
Charge for the period	178,062	121,228
Reclassification	-	1,118,416
At 30 June/31 December	<u>1,518,039</u>	<u>1,339,977</u>
Net book value	<u>16,288,189</u>	<u>16,494,223</u>
Fair value	<u>18,850,000</u>	<u>18,850,000</u>

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 2019, the Group and the Company held two commercial investment properties, one of which is tenanted.

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

	<u>30.6.2019</u>	<u>30.6.2018</u>
	RM	RM
<u>Group/Company</u>		
Rental income	600,413	-
Direct operating expenses	110,034	9,906

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

11 GOODWILL

<u>Group/Company</u>	<u>30.6.2019</u> RM	<u>31.12.2018</u> RM
<u>Cost/Net book value</u> As at 30 June/31 December	40,103,501	40,103,501

12 INVESTMENTS

	<u>As at 30.6.2019</u>		<u>As at 31.12.2018</u>	
	Group RM	Company RM	Group RM	Company RM
Malaysian Government Securities	63,054,596	-	68,781,903	-
Government Investment Issues	91,581,186	-	82,809,272	-
Corporate Bonds	147,091,763	7,240,133	126,052,724	7,195,116
Unit Trust Investments	168,864,932	465,167,948	165,086,037	446,268,624
Equity securities	28,074,497	28,074,497	28,199,020	28,199,020
Real Estate Investment Trusts ("REITs")	3,550,200	3,550,200	3,226,996	3,226,996
Deposits with Licensed Financial Institutions	56,876,500	56,876,500	52,312,288	52,312,288
	<u>559,093,674</u>	<u>560,909,278</u>	<u>526,468,240</u>	<u>537,202,044</u>
FVOCI / AFS financial assets	-	-	442,729,936	453,463,740
FVTPL financial assets	502,217,174	504,032,778	31,426,016	31,426,016
AC / Loans and receivables ("LAR")	56,876,500	56,876,500	52,312,288	52,312,288
	<u>559,093,674</u>	<u>560,909,278</u>	<u>526,468,240</u>	<u>537,202,044</u>

The following investments will mature after 12 months:

FVTPL financial assets	293,490,718	7,240,133	-	-
FVOCI / AFS financial assets	-	-	272,518,683	7,195,116

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

12 INVESTMENTS (CONTINUED)

	As at 30.6.2019		As at 31.12.2018	
	Group RM	Company RM	Group RM	Company RM
(a) FVOCI / AFS financial assets				
<u>Fair value</u>				
Malaysian Government Securities	-	-	68,781,903	-
Government Investment Issues	-	-	82,809,272	-
Unit Trust Investments:				
- Quoted in Malaysia	-	-	165,086,037	165,086,037
- Unquoted in Malaysia	-	-	-	281,182,587
Corporate Bonds	-	-	126,052,724	7,195,116
	-	-	442,729,936	453,463,740
(b) FVTPL financial assets				
<u>Fair value</u>				
Malaysian Government Securities	63,054,596	-	-	-
Government Investment Issues	91,581,186	-	-	-
Unit Trust Investments:				
- Quoted in Malaysia	168,864,932	168,864,932	-	-
- Unquoted in Malaysia	-	296,303,016	-	-
Corporate Bonds	147,091,763	7,240,133	-	-
Equity securities	28,074,497	28,074,497	28,199,020	28,199,020
REITs	3,550,200	3,550,200	3,226,996	3,226,996
	502,217,174	504,032,778	31,426,016	31,426,016
(c) AC / LAR				
<u>Amortised cost</u>				
Deposits with Commercial Banks	56,876,500	56,876,500	52,312,288	52,312,288

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

12 INVESTMENTS (CONTINUED)

(c) AC / LAR (continued)

Deposits with commercial banks have interest rates which range from 3.60% to 4.10% (31.12.2018: 3.60% to 4.10%) per annum with an average maturity period ranging from 16 to 364 days (31.12.2018: 24 to 333 days).

(d) Carrying values of financial instruments

	FVOCI / AFS	FVTPL	AC / LAR	Total
	RM	RM	RM	RM
<u>Group</u>				
<u>30.6.2019</u>				
At 1 January 2019	442,729,936	31,426,016	52,312,288	526,468,240
Adoption of MFRS 9	(442,729,936)	442,729,936	-	-
Purchases	-	352,751,009	16,645,901	369,396,910
Maturities	-	(30,000,000)	(12,663,722)	(42,663,722)
Disposals	-	(304,167,655)	-	(304,167,655)
Fair value gains recorded in:				
Income statement	-	9,038,168	-	9,038,168
Currency translations differences	-	(10,187)	-	(10,187)
Movement in accrued interest	-	596,866	582,033	1,178,899
Movement in dividend receivable	-	(84,196)	-	(84,196)
Amortisation of premiums	-	(62,783)	-	(62,783)
At 30 June 2019	-	<u>502,217,174</u>	<u>56,876,500</u>	<u>559,093,674</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

12 INVESTMENTS (CONTINUED)

(d) Carrying values of financial instruments (continued)

<u>Group</u>	FVOCI / AFS RM	FVTPL RM	AC / LAR RM	Total RM
<u>31.12.2018</u>				
At 1 January 2018	451,257,917	52,691,351	46,446,574	550,395,843
Purchases	671,078,758	-	51,394,379	722,473,137
Maturities	(153,446,540)	-	(45,645,480)	(199,092,020)
Disposals	(526,544,268)	(11,203,267)	-	(537,747,535)
Fair value (losses)/gains recorded in:				
Income statement	-	(11,155,899)	-	(11,155,899)
Other comprehensive income	601,280	-	-	601,280
Currency translations differences	-	1,009,635	-	1,009,635
Fair value losses transferred to income statement	(71,573)	-	-	(71,573)
Movement in accrued interest	(61,272)	-	116,815	55,543
Movement in dividend receivable	-	84,196	-	84,196
Amortisation of premiums	(84,366)	-	-	(84,366)
At 31 December 2018	<u>442,729,936</u>	<u>31,426,016</u>	<u>52,312,288</u>	<u>526,468,241</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

12 INVESTMENTS (CONTINUED)

(d) Carrying values of financial instruments (continued)

<u>Company</u>	FVOCI / AFS RM	FVTPL RM	AC / LAR RM	Total RM
<u>30.6.2019</u>				
At 1 January 2019	453,463,740	31,426,016	52,312,288	537,202,044
Adoption of MFRS 9	(453,463,740)	453,463,740	-	-
Purchases	-	39,726,189	16,645,901	56,372,090
Maturities	-	(30,000,000)	(12,663,722)	(42,663,722)
Fair value gains recorded in:				
Income statement	-	9,512,539	-	9,512,539
Currency translations differences	-	(10,187)	-	(10,187)
Movement in accrued interest	-	(1,323)	582,033	580,710
Movement in dividend receivable	-	(84,196)	-	(84,196)
At 30 June 2019	<u>-</u>	<u>504,032,778</u>	<u>56,876,500</u>	<u>560,909,278</u>
<u>Company</u>				
<u>31.12.2018</u>				
At 1 January 2018	454,274,373	52,691,351	46,446,574	553,412,298
Purchases	233,963,438	-	51,394,379	285,357,817
Maturities	(130,000,000)	-	(45,645,480)	(175,645,480)
Disposals	(104,775,862)	(11,203,267)	-	(115,979,129)
Fair value (losses)/gains recorded in:				
Income statement	-	(11,155,899)	-	(11,155,899)
Other comprehensive income	620,586	-	-	620,586
Currency translations differences	-	1,009,635	-	1,009,635
Fair value losses transferred to income statement	(618,795)	-	-	(618,795)
Movement in accrued interest	-	-	116,815	116,815
Movement in dividend receivable	-	84,196	-	84,196
At 31 December 2018	<u>453,463,740</u>	<u>31,426,016</u>	<u>52,312,288</u>	<u>537,202,044</u>

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12 INVESTMENTS (CONTINUED)

(e) Fair values of financial investments

The following tables show financial investments carried at fair value by the various levels within the fair value hierarchy:

<u>Group</u>	Level 1 RM	Level 2 RM
<u>30.6.2019</u>		
FVOCI / AFS		
- Malaysian Government Securities	-	-
- Government Investment Issues	-	-
- Corporate Bonds	-	-
- Unit Trust Investments	-	-
	-	-
FVTPL		
- Malaysian Government Securities	-	63,054,596
- Government Investment Issues	-	91,581,186
- Corporate Bonds	-	147,091,763
- Unit Trust Investments	168,864,932	-
- Equity securities	28,074,497	-
- REITs	3,550,200	-
	200,489,629	301,727,545
<u>Group</u>		
<u>31.12.2018</u>		
AFS		
- Malaysian Government Securities	-	68,781,903
- Government Investment Issues	-	82,809,272
- Corporate Bonds	-	126,052,724
- Unit Trust Investments	165,086,037	-
FVTPL		
- Equity securities	28,199,020	-
- REITs	3,226,996	-
	196,512,053	277,643,899

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

12 INVESTMENTS (CONTINUED)

(e) Fair values of financial investments (continued)

<u>Company</u>	Level 1 RM	Level 2 RM
<u>30.6.2019</u>		
FVOCI / AFS		
- Corporate Bonds	-	-
- Unit Trust Investments	-	-
	<hr/>	<hr/>
	-	-
FVTPL		
- Corporate Bonds	-	7,240,133
- Unit Trust Investments	168,864,932	296,303,016
- Equity securities	28,074,497	-
- REITs	3,550,200	-
	<hr/>	<hr/>
	<u>200,489,629</u>	<u>303,543,149</u>
 <u>Company</u>		
<u>31.12.2018</u>		
AFS		
- Corporate Bonds	-	7,195,116
- Unit Trust Investments	165,086,037	281,182,587
FVTPL		
- Equity securities	28,199,020	-
- REITs	3,226,996	-
	<hr/>	<hr/>
	<u>196,512,053</u>	<u>288,377,703</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).

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

13 REINSURANCE ASSETS

	<u>30.6.2019</u>	<u>31.12.2018</u>
	RM	RM
<u>Group and Company</u>		
Reinsurance of insurance contracts (Note 16)	<u>567,046,795</u>	<u>527,707,036</u>

14 INSURANCE AND OTHER RECEIVABLES

	<u>As at 30.6.2019</u>		<u>As at 31.12.2018</u>	
	Group RM	Company RM	Group RM	Company RM
Due premiums including agents /brokers and co-insurers balances	48,340,175	48,340,175	45,207,819	45,207,819
Allowance for impairment:				
Opening balance - MFRS 139	(742,764)	(742,764)	(1,136,730)	(1,136,730)
Adoption of MFRS 9	(538,727)	(538,727)	-	-
Opening balance - MFRS 9	(1,281,491)	(1,281,491)	(1,136,730)	(1,136,730)
(Additions)/Write back	(869,816)	(869,816)	393,966	393,966
Closing balance	<u>(2,151,307)</u>	<u>(2,151,307)</u>	<u>(742,764)</u>	<u>(742,764)</u>
	<u>46,188,868</u>	<u>46,188,868</u>	<u>44,465,055</u>	<u>44,465,055</u>
Amounts due from reinsurers/ ceding companies	20,321,369	20,321,369	23,662,017	23,662,017
Allowance for impairment:				
Opening balance - MFRS 139	(4,987,342)	(4,987,342)	(5,455,925)	(5,455,925)
Adoption of MFRS 9	(3,859,085)	(3,859,085)	-	-
Opening balance - MFRS 9	(8,846,427)	(8,846,427)	(5,455,925)	(5,455,925)
Write back	953,392	953,392	468,583	468,583
Closing balance	<u>(7,893,035)</u>	<u>(7,893,035)</u>	<u>(4,987,342)</u>	<u>(4,987,342)</u>
	<u>12,428,334</u>	<u>12,428,334</u>	<u>18,674,675</u>	<u>18,674,675</u>
Total insurance receivables and reinsurance recoverables	<u>58,617,202</u>	<u>58,617,202</u>	<u>63,139,730</u>	<u>63,139,730</u>

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14 INSURANCE AND OTHER RECEIVABLES (CONTINUED)

	As at 30.6.2019		As at 31.12.2018	
	Group RM	Company RM	Group RM	Company RM
Other receivables:				
Other receivables, deposits and prepayments	22,195,330	14,427,456	11,299,469	11,299,469
Malaysian Motor Insurance Pool ("MMIP")				
- Cash call made	21,859,477	21,859,477	21,859,477	21,859,477
- Other assets held in MMIP	31,126,029	31,126,029	31,038,529	31,038,529
GST receivable	-	-	483,910	483,910
Income due and accrued	348,986	348,986	100,069	100,069
Total other receivables	<u>75,529,822</u>	<u>67,761,948</u>	<u>64,781,454</u>	<u>64,781,454</u>
Total insurance and other receivables	<u>134,147,024</u>	<u>126,379,150</u>	<u>127,921,184</u>	<u>127,921,184</u>
Receivable within 12 months	<u>134,147,024</u>	<u>126,379,150</u>	<u>127,921,184</u>	<u>127,921,184</u>

Impairment of insurance receivables

The approach for impairment model for insurance receivables are more simplified as compared to the impairment model for financial assets. MFRS 9 includes the requirement or policy choice to apply the simplified approach that does not require entities to track changes in credit risk and the practical expedient to calculate ECLs on insurance receivables using a provision matrix with the usage of forward looking information in determining of ECL, including the use of macroeconomic information.

The carrying amounts approximate fair values due to the relatively short-term maturity of these balances.

MMIP as at 30 June 2019 is a net receivable of RM16,275,344 (31.12.2018: RM12,443,499) after setting-off the amount payable by MMIP against the Company's share of claims and premium liabilities amounting to RM36,710,162 (31.12.2018: RM40,454,507).

Financial assets

There is no netting off of the gross amount of recognised financial assets against the gross amount of financial liabilities in the statement of financial position.

There are no financial assets that are subject to enforceable master netting arrangements or similar arrangements to financial instruments received as collateral or any cash collateral pledged or received (31.12.2018: Nil).

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

15 RIGHT-OF-USE ASSETS

<u>Group/Company</u>	30.6.2019		
	Properties RM	Equipment RM	Total RM
<u>Cost</u>			
At 1 January (adoption of MFRS 16)	1,862,899	7,448,859	9,311,758
Addition	-	4,717	4,717
At 30 June	<u>1,862,899</u>	<u>7,453,576</u>	<u>9,316,475</u>
<u>Accumulated depreciation</u>			
At 1 January (adoption of MFRS 16)	-	-	-
Charge for the period	476,622	1,510,397	1,987,019
At 30 June	<u>476,622</u>	<u>1,510,397</u>	<u>1,987,019</u>
Net book value	<u>1,386,277</u>	<u>5,943,179</u>	<u>7,329,456</u>

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16 INSURANCE CONTRACT LIABILITIES

<u>Group/Company</u>	30.6.2019			31.12.2018		
	Gross RM	Reinsurance RM	Net RM	Gross RM	Reinsurance RM	Net RM
Provision for claims reported by policyholders	513,270,151	(328,263,438)	185,006,713	469,008,884	(286,788,147)	182,220,737
Provision for incurred but not reported ("IBNR") claims	230,623,934	(132,044,786)	98,579,148	210,365,826	(103,739,878)	106,625,948
	<u>743,894,085</u>	<u>(460,308,224)</u>	<u>283,585,861</u>	<u>679,374,710</u>	<u>(390,528,025)</u>	<u>288,846,685</u>
Less: impairment loss on reinsurance assets	-	571,696	571,696	-	730,457	730,457
Claim liabilities (i)	<u>743,894,085</u>	<u>(459,736,528)</u>	<u>284,157,557</u>	<u>679,374,710</u>	<u>(389,797,568)</u>	<u>289,577,142</u>
Premium liabilities (ii)	<u>230,430,286</u>	<u>(107,310,267)</u>	<u>123,120,019</u>	<u>259,518,296</u>	<u>(137,909,468)</u>	<u>121,608,828</u>
	<u>974,324,371</u>	<u>(567,046,795)</u>	<u>407,277,576</u>	<u>938,893,006</u>	<u>(527,707,036)</u>	<u>411,185,970</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

16 INSURANCE CONTRACT LIABILITIES (CONTINUED)

	30.6.2019			31.12.2018		
	Gross RM	Reinsurance RM	Net RM	Gross RM	Reinsurance RM	Net RM
<u>Group/Company</u>						
(i) Claim liabilities						
At 1 January	679,374,710	(390,528,025)	288,846,685	629,603,744	(360,259,263)	269,344,481
Claims incurred in the current accident year	211,792,932	(116,943,114)	94,849,818	420,477,178	(218,484,828)	201,992,350
Claims incurred in prior accident year	2,054,495	(20,026,584)	(17,972,089)	(86,361,471)	56,875,859	(29,485,612)
Movement in PRAD of claim liabilities at 75% confidence level	4,876,069	(6,051,057)	(1,174,988)	1,727,114	(1,230,802)	496,312
Movement in claims handling expenses	598,122	-	598,122	1,438,789	-	1,438,789
Claims paid during the period	(154,802,243)	73,240,556	(81,561,687)	(287,510,644)	132,571,009	(154,939,635)
	<u>743,894,085</u>	<u>(460,308,224)</u>	<u>283,585,861</u>	<u>679,374,710</u>	<u>(390,528,025)</u>	<u>288,846,685</u>
Less: Impairment loss on reinsurance assets	-	571,696	571,696	-	730,457	730,457
At 30 June/31 December	<u>743,894,085</u>	<u>(459,736,528)</u>	<u>284,157,557</u>	<u>679,374,710</u>	<u>(389,797,568)</u>	<u>289,577,142</u>
(ii) Premium liabilities						
At 1 January	259,518,296	(137,909,468)	121,608,828	239,726,225	(133,279,583)	106,446,642
Premiums written in the period	253,947,308	(119,478,442)	134,468,866	580,990,083	(305,547,282)	275,442,801
Premiums earned during the period	(283,035,318)	150,077,643	(132,957,675)	(561,198,012)	300,917,397	(260,280,615)
At 30 June/31 December	<u>230,430,286</u>	<u>(107,310,267)</u>	<u>123,120,019</u>	<u>259,518,296</u>	<u>(137,909,468)</u>	<u>121,608,828</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

17 LEASE LIABILITY

	30.6.2019		
	Properties RM	Equipment RM	Total RM
<u>Group/Company</u>			
Due in 1 year or less	772,757	2,382,138	3,154,895
Due in 2 to 5 years	632,587	3,640,825	4,273,412
Total present value of minimum lease payments	<u>1,405,344</u>	<u>6,022,963</u>	<u>7,428,307</u>
Future minimum lease payments	1,481,127	6,542,539	8,023,666
Less: finance cost	(75,782)	(519,577)	(595,359)
Total present value of minimum lease payments	<u>1,405,345</u>	<u>6,022,962</u>	<u>7,428,307</u>
<i>Payable within one year</i>			
Future minimum lease payments	829,756	2,647,640	3,477,396
Finance cost	(56,998)	(265,502)	(322,500)
Present value of minimum lease payments	<u>772,758</u>	<u>2,382,138</u>	<u>3,154,896</u>
<i>Payable more than 1 year but not more than 5 years</i>			
Future minimum lease payments	651,371	3,894,899	4,546,270
Finance cost	(18,784)	(254,075)	(272,859)
Present value of minimum lease payments	<u>632,587</u>	<u>3,640,824</u>	<u>4,273,411</u>

18 CAPITAL COMMITMENTS

	30.6.2019	31.12.2018
	RM	RM
<u>Group/Company</u>		
Approved and contracted for:		
Intangible asset	7,293,700	7,116,731
Computers	105,541	76,015
Office equipment	13,740	-
Furniture and fittings	11,222	55,024
	<u>7,424,203</u>	<u>7,247,770</u>
Approved and not contracted for:		
Furniture and fittings	2,120	20,306
Renovations	4,500	56,890
	<u>6,620</u>	<u>77,196</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

19 SIGNIFICANT RELATED PARTY DISCLOSURES

- (a) The Company is a subsidiary of Fairfax Asia Limited, a company incorporated under the Barbados Companies Act and licensed under the International Business Companies Act, Cap 77. The ultimate holding company is Fairfax Financial Holdings Limited (“FFHL”), a company incorporated in Canada.
- (b) In addition to related party disclosures detailed elsewhere in the financial statements, the Group and the Company had the following significant transactions and balances with related parties under the FFHL Group:

<u>Significant transactions</u>	6 months period ended 30.6.2019	6 months period ended 30.6.2018
<u>Group/Company</u>	RM	RM
Fellow subsidiary:		
<u>Income</u>		
Claim recovery		
- Wentworth Insurance Company Limited (Labuan)	3,211,392	6,698,505
Commission Income		
- CRC Reinsurance Limited (Barbados)	3,493	2,704
- Wentworth Insurance Company Limited (Labuan)	1,883,317	1,028,171
- Allied World Assurance Company, Ltd (Labuan)	231,403	151,054
<u>Expense</u>		
Reinsurance premium ceded		
- CRC Reinsurance Limited (Barbados)	13,972	3,704
- Wentworth Insurance Company Limited (Labuan)	17,656,708	7,328,050
- Allied World Assurance Company, Ltd (Labuan)	1,482,849	895,924
Interest expense on premium withheld		
- Wentworth Insurance Company Limited (Labuan)	63,728	68,364
Investment management fees		
- Hamblin Watsa Investment Counsel Ltd	1,055,533	926,623
Management fees		
- Fairfax Asia Limited	1,560,000	1,383,456
Finance cost		
- Fairfax Asia Limited	844,811	844,811

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

19 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(b) In addition to related party disclosures detailed elsewhere in the financial statements, the Company had the following significant transactions and balances with related parties under the FFHL Group (continued):

	6 months period ended 30.6.2019	6 months period ended 30.6.2018
	RM	RM
<u>Significant transactions</u>		
Associate company:		
- Singapore Reinsurance Corporation Limited		
<u>Income</u>		
Commission Income	17,576,441	18,385,221
<u>Expense</u>		
Reinsurance premium ceded	75,335,403	80,242,857
	30.6.2019	31.12.2018
	RM	RM
<u>Carrying value</u>		
<u>Payables</u>		
Other balances due to		
- CRC Reinsurance Limited (Barbados)	221,557	21,139
- Wentworth Insurance Company Limited (Labuan)	15,255,076	1,980,693
- Fairfax Asia Limited	35,302,660	32,803,114
- Hamblin Watsa Investment Counsel Ltd	2,082,793	1,027,260
- Allied World Assurance Company, Ltd (Labuan)	1,117,286	498,183
- Singapore Reinsurance Corporation Limited	26,576,894	6,793,828

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20 REGULATORY CAPITAL REQUIREMENTS

The capital structure of the Company as at 30 June 2019, as prescribed under the Risk-Based Capital Framework is provided below:

	<u>30.6.2019</u>	<u>31.12.2018</u>
	RM	RM
<u>Eligible Tier 1 Capital</u>		
Share capital (paid-up)	219,875,038	219,875,038
Reserves, including retained earnings	<u>158,837,262</u>	<u>137,831,248</u>
	<u>378,712,300</u>	<u>357,706,286</u>
<u>Tier 2 Capital</u>		
Available-for-sale-reserves	-	3,671,784
Subordinated term debts	<u>31,628,077</u>	<u>30,783,265</u>
	<u>31,628,077</u>	<u>34,455,049</u>
<u>Amount deducted from capital</u>		
Goodwill & other intangible assets	(41,175,259)	(41,172,631)
Deferred tax assets	<u>(4,577,722)</u>	<u>(6,997,899)</u>
	<u>(45,752,981)</u>	<u>(48,170,530)</u>
Total Capital Available	<u><u>364,587,396</u></u>	<u><u>343,990,805</u></u>