

Company No.
198201011878 (91603-K)

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2022

Company No.
198201011878 (91603-K)

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

Contents	Pages
Unaudited Condensed Statements of Financial Position	1
Unaudited Condensed Statements of Comprehensive Income	2
Unaudited Condensed Statements of Changes in Equity	3 - 4
Unaudited Condensed Statements of Cash Flows	5 - 7
Notes to the Unaudited Condensed Interim Financial Statements	8 - 31

Company No.
198201011878 (91603-K)

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION
AS At 30 JUNE 2022

	Note	As at 30.6.2022		As at 31.12.2021	
		Group	Company	Group	Company
		RM	RM	RM	RM
ASSETS					
Property and equipment		41,122,055	41,122,055	41,916,821	41,916,821
Investment properties	12	15,870,644	15,870,644	16,056,251	16,056,251
Intangible assets	13	47,721,298	47,721,298	48,219,915	48,219,915
Investments:					
Fair value through profit or loss financial assets	14	262,669,923	321,208,648	515,813,396	529,489,481
Amortised cost	14	174,007,702	174,007,702	73,977,473	73,977,473
Reinsurance assets	15	591,589,291	591,589,291	520,676,952	520,676,952
Insurance and other receivables	16	147,545,649	155,491,655	114,210,638	114,406,035
Right-of-use assets		2,301,310	2,301,310	3,367,331	3,367,331
Loans		467,261	467,261	552,798	552,798
Deferred tax asset		9,936,079	9,936,079	10,287,608	10,287,608
Tax recoverable		8,455,319	8,455,319	7,513,954	7,513,954
Cash and cash equivalents		322,417,531	255,454,413	149,038,149	134,660,617
Total assets		1,624,104,062	1,623,625,675	1,501,631,286	1,501,125,236
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital		219,875,038	219,875,038	219,875,038	219,875,038
Retained profits		191,236,039	191,240,919	189,307,562	189,289,847
Total equity		411,111,077	411,115,957	409,182,600	409,164,885
Liabilities					
Insurance contract liabilities	17	1,041,371,744	1,041,371,744	943,665,256	943,665,256
Subordinated loans		36,743,617	36,743,617	35,898,806	35,898,806
Insurance and other payables	18	132,507,405	132,024,138	109,416,842	108,928,507
Lease liabilities		2,370,219	2,370,219	3,467,782	3,467,782
Total liabilities		1,212,992,985	1,212,509,718	1,092,448,686	1,091,960,351
Total equity and liabilities		1,624,104,062	1,623,625,675	1,501,631,286	1,501,125,236

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

Company No.
198201011878 (91603-K)

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2022**

		6 months period ended 30.6.2022		6 months period ended 30.6.2021	
		<u>Group</u> RM	<u>Company</u> RM	<u>Group</u> RM	<u>Company</u> RM
Gross earned premiums	19(a)	292,235,398	292,235,398	265,812,993	265,812,993
Earned premiums ceded to reinsurers	19(b)	(134,773,585)	(134,773,585)	(129,535,077)	(129,535,077)
Net earned premiums	19	<u>157,461,813</u>	<u>157,461,813</u>	<u>136,277,916</u>	<u>136,277,916</u>
Investment income	20	10,299,612	6,408,069	9,845,918	10,919,035
Fee and commission income		19,981,364	19,981,364	22,520,898	22,520,898
Other operating revenue	21	1,345,305	1,345,305	340,450	340,450
Other income		<u>31,626,281</u>	<u>27,734,738</u>	<u>32,707,266</u>	<u>33,780,383</u>
Total revenue		<u>189,088,094</u>	<u>185,196,551</u>	<u>168,985,182</u>	<u>170,058,299</u>
Gross benefits and claims paid		(153,509,680)	(153,509,680)	(125,390,305)	(125,390,305)
Claims ceded to reinsurers		65,165,469	65,165,469	50,298,168	50,298,168
Gross change to claims liabilities		(98,837,212)	(98,837,212)	59,182,051	59,182,051
Change to claims liabilities ceded to reinsurers		94,603,391	94,603,391	(61,194,251)	(61,194,251)
Net benefits and claims		<u>(92,578,032)</u>	<u>(92,578,032)</u>	<u>(77,104,337)</u>	<u>(77,104,337)</u>
Fee and commission expenses		(33,846,942)	(33,846,942)	(35,481,412)	(35,481,412)
Management expenses	22	(48,216,709)	(47,783,654)	(45,247,854)	(44,805,534)
Realised (losses)/gains		(18,660,512)	(7,190,501)	115,897	(20,030)
Fair value (losses)/gains		7,565,028	(420,884)	(13,071,764)	(14,413,864)
Other expenses		<u>(93,159,135)</u>	<u>(89,241,981)</u>	<u>(93,685,133)</u>	<u>(94,720,840)</u>
Finance cost		<u>(893,052)</u>	<u>(893,052)</u>	<u>(931,086)</u>	<u>(931,086)</u>
Profit/(Loss) before taxation		<u>2,457,875</u>	<u>2,483,486</u>	<u>(2,735,374)</u>	<u>(2,697,964)</u>
Taxation		(532,414)	(532,414)	2,600,928	2,600,928
Net profit/loss for the period		<u>1,925,461</u>	<u>1,951,072</u>	<u>(134,446)</u>	<u>(97,036)</u>
Net profit/(loss) and total comprehensive income/(expense) for the period		<u>1,925,461</u>	<u>1,951,072</u>	<u>(134,446)</u>	<u>(97,036)</u>
Net profit/(loss) and total comprehensive income/(expense) for the period attributable to:					
Owner of the Company		1,928,477	1,951,072	(127,574)	(97,036)
Unitholders		(3,016)	-	(6,872)	-
		<u>1,925,461</u>	<u>1,951,072</u>	<u>(134,446)</u>	<u>(97,036)</u>
Earnings per share attributable to owner of the Company (sen) basic		<u>0.9</u>	<u>0.9</u>	<u>(0.1)</u>	<u>(0.0)</u>

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

Company No.
198201011878 (91603-K)

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2022**

	Attributable to owners of the Company		
	<u>Share capital</u> RM	<u>Retained earnings</u> RM	<u>Total equity</u> RM
<u>Group</u>			
At 1 January 2021	219,875,038	216,569,743	436,444,781
Net profit/(loss) for the period	-	(127,574)	(127,574)
At 30 June 2021	<u>219,875,038</u>	<u>216,442,169</u>	<u>436,317,207</u>
At 1 January 2022	219,875,038	189,307,562	409,182,600
Net profit/(loss) for the period	-	1,928,477	1,928,477
At 30 June 2022	<u>219,875,038</u>	<u>191,236,039</u>	<u>411,111,077</u>

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

Company No.
198201011878 (91603-K)

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2022

	<u>Non-distributable</u>	<u>Distributable</u>	
	<u>Share capital</u> RM	<u>Retained earnings</u> RM	<u>Total equity</u> RM
<u>Company</u>			
At 1 January 2021	219,875,038	216,545,795	436,420,833
Net profit/(loss) for the period	-	(97,036)	(97,036)
At 30 June 2021	<u>219,875,038</u>	<u>216,448,759</u>	<u>436,323,797</u>
At 1 January 2022	219,875,038	189,289,847	409,164,885
Net profit/(loss) for the period	-	1,951,072	1,951,072
At 30 June 2022	<u>219,875,038</u>	<u>191,240,919</u>	<u>411,115,957</u>

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

Company No.
198201011878 (91603-K)

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2022

	6 months period ended 30.6.2022		6 months period ended 30.6.2021	
	<u>Group</u> RM	<u>Company</u> RM	<u>Group</u> RM	<u>Company</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before taxation	2,457,875	2,483,486	(2,735,374)	(2,697,964)
Adjustment for:				
Depreciation of property and equipment	1,012,330	1,012,330	1,104,547	1,104,547
Gain on disposal of property and equipment	(65)	(65)	(4,701)	(4,701)
Property and equipment written-off	-	-	11,036	11,036
Intangible assets written-off	-	-	13,695	13,695
Finance cost on subordinated loans	844,811	844,811	844,809	844,809
Finance cost on lease liability	48,241	48,241	86,277	86,277
Change in fair value of FVTPL financial assets	(7,565,028)	420,884	13,071,764	14,413,864
Foreign currency translation differences	(1,481,916)	(1,481,916)	(1,113,929)	(1,113,929)
Depreciation of investment properties	185,607	185,607	185,607	185,607
Amortisation of intangible assets	498,617	498,617	359,285	359,285
Depreciation of right-of-use assets	1,769,831	1,769,831	1,789,840	1,789,840
Net loss/(gain) on disposal of FVTPL financial assets	18,660,577	7,190,566	(135,927)	-
Investment income	(10,299,612)	(6,408,069)	(9,845,918)	(10,919,035)
Bad debts recovery	(175,464)	(175,464)	(171,412)	(171,412)
(Write-back of)/Provision for allowance for impairment losses:				
Insurance receivables and reinsurance recoverables	139,688	139,688	1,720,932	1,720,932
Reinsurance assets	(64,534)	(64,534)	(23,046)	(23,046)
Rent concession	-	-	(4,670)	(4,670)
Profit/(Loss) from operations before changes in operating assets and liabilities	6,030,958	6,464,013	5,152,815	5,595,135
Changes in working capital:				
Purchase of investments	(372,442,339)	(126,977,035)	(247,382,255)	(32,081,687)
Proceeds from disposal/maturity of investments	514,601,973	229,721,863	231,992,663	15,865,062
Increase in loans and receivables	85,537	85,537	33,988	33,988
Decrease/(Increase) in reinsurance assets	(70,847,805)	(70,847,805)	93,181,950	93,181,950
Decrease/(Increase) in insurance and other receivables	(33,101,235)	(40,851,844)	8,276,893	10,543,828

Company No.
198201011878 (91603-K)

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2022

	6 months period ended 30.6.2022		6 months period ended 30.6.2021	
	<u>Group</u> RM	<u>Company</u> RM	<u>Group</u> RM	<u>Company</u> RM
Decrease in insurance contract liabilities	97,706,488	97,706,488	(73,824,873)	(73,824,873)
Decrease in insurance and other payables	23,096,597	23,095,631	(14,257,240)	(19,492,994)
Net increase/(decrease) in working capital	165,130,174	118,396,848	3,173,941	(179,591)
Investment income received	11,441,587	5,586,311	10,510,415	10,308,549
Interest paid on lease liabilities	(48,241)	(48,241)	(86,277)	(86,277)
Income tax paid	(1,122,250)	(1,122,250)	(1,763,125)	(1,763,125)
Net cash generated from/ (used in) operating activities	175,401,270	122,812,668	11,834,954	8,279,556
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment	(217,564)	(217,564)	(57,613)	(57,613)
Purchase of intangible assets	-	-	(89,040)	(89,040)
Proceeds from disposal of property and equipment	65	65	4,701	4,701
Distribution to unitholders	(3,016)	-	(6,872)	-
Net cash used in investing activities	(220,515)	(217,499)	(148,824)	(141,952)
CASH FLOWS FROM FINANCING ACTIVITY				
Repayment of lease liabilities	(1,801,373)	(1,801,373)	(1,813,807)	(1,813,807)
Net cash used in financing activity	(1,801,373)	(1,801,373)	(1,813,807)	(1,813,807)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	173,379,382	120,793,796	9,872,323	6,323,797
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	149,038,149	134,660,617	122,253,649	110,979,159
CASH AND CASH EQUIVALENTS AT END OF PERIOD	322,417,531	255,454,413	132,125,972	117,302,956

Company No.
198201011878 (91603-K)

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2022

	6 months period ended 30.6.2022		6 months period ended 30.6.2021	
	<u>Group</u> RM	<u>Company</u> RM	<u>Group</u> RM	<u>Company</u> RM
Cash and cash equivalents comprise:				
Fixed and call deposits with licensed financial institutions	311,709,141	244,906,014	122,256,647	107,588,096
Cash and cash equivalents	10,708,390	10,548,399	9,869,325	9,714,860
	<u>322,417,531</u>	<u>255,454,413</u>	<u>132,125,972</u>	<u>117,302,956</u>

Reconciliation of liabilities arising from financing activities

	2022		2021	
	<u>Principal</u> RM	<u>Interest payable</u> RM	<u>Principal</u> RM	<u>Interest payable</u> RM
<u>Group and Company</u>				
Subordinated loans				
At 1 January	24,337,504	11,561,302	24,337,504	9,857,677
Interest charge	-	844,811	-	844,809
At 30 June	<u>24,337,504</u>	<u>12,406,113</u>	<u>24,337,504</u>	<u>10,702,486</u>

	2022	2021
	<u>RM</u>	<u>RM</u>
Lease liabilities		
At 1 January	3,467,782	4,834,211
Cash flows	(1,849,614)	(1,900,084)
Interest charge	48,241	86,277
Lease additions	703,810	521,552
Change in consideration	-	(64,216)
Rent concession	-	(4,670)
At 30 June	<u>2,370,219</u>	<u>3,473,070</u>

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

Company No.
198201011878 (91603-K)

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The principal activity of the Company consists of the underwriting of general insurance business. There has been no significant change in the nature of the principal activity of the Company during the financial period.

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The principal place of business of the Company is located at Level 40-1, Q Sentral, 2A Jalan Stesen Sentral 2, Kuala Lumpur, 50470 Kuala Lumpur.

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, a company incorporated in Canada.

2. BASIS OF PREPARATION

The unaudited condensed interim financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 - *Interim Financial Reporting* as issued by Malaysian Accounting Standard Board ("MASB") and International Accounting Standard ("IAS") 34 - *Interim Financial Reporting* as issued by the International Accounting Standard Board ("IASB").

The unaudited condensed interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the Group's and the Company's audited financial statements for the financial year ended 31 December 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation applied in the preparation of the unaudited condensed interim financial statements are consistent with those adopted in the preparation of the Group's and the Company's audited financial statements for the financial year ended 31 December 2021, except for the following standards:

MFRS, Interpretations and Amendments	Effective date
• Amendments to MFRS 16 <i>Leases</i> - Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
• Amendments to MFRS 116 <i>Property, Plant and Equipment</i> - Proceeds before Intended Use	1 January 2022
• Amendments to MFRS 3 <i>Business Combinations</i> - Reference to Conceptual Framework	1 January 2022
• Amendments to MFRS 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i> - Onerous Contracts-Cost of Fulfilling a Contract	1 January 2022

Company No.
198201011878 (91603-K)

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The significant accounting policies and methods of computation applied in the preparation of the unaudited condensed interim financial statements are consistent with those adopted in the preparation of the Group's and the Company's audited financial statements for the financial year ended 31 December 2021, except for the following standards (continued):

MFRS, Interpretations and Amendments	Effective date
• Annual improvement to MFRS 1 <i>First-time Adoption of MFRS</i> - Subsidiary as First-time Adopter	1 January 2022
• Annual improvement to Illustrative Example accompanying MFRS 16 <i>Leases: Lease Incentives</i>	1 January 2022
• Annual improvement to MFRS 141 <i>Agriculture</i> - Taxation in Fair Value Measurements	1 January 2022
• Annual improvement to MFRS 9 <i>Financial Instruments</i> - Fees in the "10 per cent" test for Derecognition of Financial Liabilities	1 January 2022

The management expects that the adoption of the above amended standards issued by MASB do not have any material impact to the unaudited condensed interim financial statements.

4. SEASONAL OR CYCLICAL FACTORS

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

5. UNUSUAL ITEMS

There were no unusual items affecting the assets, liabilities, equity, net income, or cash flows of the Group and the Company for the current financial period ended 30 June 2022.

6. CHANGES IN ESTIMATES

There were no changes in the basis used for accounting estimates for the current financial period ended 30 June 2022.

7. 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 the Company during the current financial period ended 30 June 2022.

8. DIVIDENDS PAID

No interim dividend was paid during the current financial period ended 30 June 2022.

Company No.
198201011878 (91603-K)

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

9. 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 2022.

10. EFFECT OF CHANGES IN THE COMPOSITION OF THE GROUP AND THE COMPANY

There were no changes in the composition of the Group and the Company during the current financial period ended 30 June 2022.

11. CONTINGENT LIABILITIES

In August 2016, Malaysia Competition Commission ("MyCC") had commenced investigation under Section 15(1) of the Competition Act 2010 ("the Act") against the General Insurance Association of Malaysia ("PIAM") and its 22 member companies with regards to an alleged infringement of Section 4(2)(a) of the Act in relation to an agreement to fix parts trade discount and labour rates for 6 vehicle makes. On 22 February 2017, MyCC issued a Proposed Decision to all 22 member companies, proposing to impose collective penalty of RM213.5 million on the general insurance industry. As an 'industry collective action', the Company together with PIAM, submitted written representation and made oral representation to MyCC on 25 April 2017 and 29 January 2018 respectively to defend the allegation.

Due to the changes of Chairman of MyCC and new members being added to MyCC, the new Chairman decided that there would be a re-hearing of the case. The hearing session which was set for 19 - 21 February 2019 concluded and as the dates set were not sufficient for all the insurers to submit their arguments, further hearing dates were set for May and June 2019.

On 25 September 2020, the Company's solicitors received the final decision ("Decision") that parties had infringed the prohibition under Section 4 of the Act and had imposed on each of the 22 general insurers financial penalties for the said infringement.

In view of the impact of COVID-19 pandemic, MyCC granted a reduction of 25% of the financial penalty imposed on the 22 general insurers. The financial penalty imposed on the Company, taking into account the 25% reduction, amounts to RM1,643,583.

The Company had on 14 October 2020 filed a Notice of Appeal with the Competition Appeal Tribunal ("CAT") against the Decision, pursuant to Section 51 of the Act ("Appeal"). On 27 October 2020, the Company had also filed a Stay Application with the CAT pursuant to Section 53 of the Act for the grant of a stay of the Decision in respect of the financial penalty imposed on the Company.

CAT in a letter dated 20 January 2021 informed all parties that the initial case management date for the Appeal and hearing of the Stay Application fixed for 27 January 2021 was rescheduled to 18 February 2021. Due to the extension of the Movement Control Order ("MCO"), the hearing for the Stay Application and case management for the Appeal were further rescheduled for online hearing on 25 of February 2021 and online case management on 26 February 2021, respectively. The CAT started hearing oral submissions for the Stay Application on 25 February 2021. The hearing was then continued on 26 February 2021, 5 March 2021 and 12 March 2021. The CAT has fixed 23 March 2021 for the decision on the Stay Application.

Company No.
198201011878 (91603-K)

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

11. CONTINGENT LIABILITIES (CONTINUED)

On 23 March 2021, CAT unanimously allowed the Stay Application filed and ordered that the cease and desist order as well as the financial penalty imposed be stayed pending the disposal of the appeal, with no order as to costs. Subsequently, in the case management on 30 April 2021, the CAT has fixed the hearing of the appeals by BNM on 2 July 2021 and by PIAM and insurers on 12 November 2021, 15 November 2021, 16 November 2021 and 26 November 2021. Due to the MCO, the hearing of the appeal by BNM on 2 July 2021 was rescheduled and CAT heard the submissions of BNM counsel on 15 October 2021 and 29 October 2021.

In respect of the appeal by PIAM and insurers, CAT has read and heard the opening written and oral submissions by the relevant counsels, including the Company's, on 12 November 2021, 15 November 2021, 16 November 2021, 19 November 2021 and 26 of November 2021. The next scheduled hearing dates have been fixed by CAT on 17 March 2022 and 21 March 2022 for the hearing of reply submissions from counsel for MyCC and the hearing of rebuttal submissions from counsels for PIAM and insurers on 24 March 2022, 6 April 2022, 7 April 2022 and 21 April 2022. The CAT has completed the hearing from counsel for MyCC and counsels for PIAM and insurers. The CAT reserves its decision and will inform the parties of the decision date.

The Management of the Company believes that the criteria to disclose the above as a contingent liability is met. Saved as disclosed above, the Company does not have any other contingent assets and liabilities since the last annual balance sheet date.

Company No.
198201011878 (91603-K)

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

12. INVESTMENT PROPERTIES

<u>Group/Company</u>	<u>As at</u> <u>30.6.2022</u> RM	<u>As at</u> <u>31.12.2021</u> RM
<u>Cost</u>		
At 1 January/30 June/31 December	18,496,596	18,496,596
<u>Accumulated depreciation</u>		
At 1 January	2,440,345	2,069,131
Charge for the period	185,607	371,214
At 30 June/31 December	<u>2,625,952</u>	<u>2,440,345</u>
Net book value	<u>15,870,644</u>	<u>16,056,251</u>
Fair value	<u>18,850,000</u>	<u>18,850,000</u>

The fair value of the properties are estimated at RM18,850,000 based on valuations performed by an independent professionally qualified valuer. The fair value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The fair value of investment properties are categorised at Level 2 of the fair value hierarchy. Fair value of the investment properties are measured in whole by reference to inputs other than the quoted price included within Level 1 that are observable for the investment properties, either directly or indirectly. The investment properties are valued using the Comparison Method.

There were no transfers between Level 1 and 2 fair value measurements during the interim period.

As at 30 June 2022, the two commercial investment properties held by the Company are leased to third parties.

Company No.
198201011878 (91603-K)

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

13. INTANGIBLE ASSETS

	<u>Goodwill</u> RM	<u>Computer Software and Licence</u> RM	<u>Capital work-in progress</u> RM	<u>Total</u> RM
<u>Group/Company</u>				
<u>30.6.2022</u>				
<u>Cost</u>				
At 1 January 2022/30 June 2022	40,103,501	11,302,024	-	51,405,525
<u>Accumulated Amortisation</u>				
At 1 January 2022	-	3,185,610	-	3,185,610
Charge for the period	-	498,617	-	498,617
At 30 June 2022	-	3,684,227	-	3,684,227
Net book value	<u>40,103,501</u>	<u>7,617,797</u>	<u>-</u>	<u>47,721,298</u>
 <u>Group/Company</u>				
<u>31.12.2021</u>				
<u>Cost</u>				
At 1 January 2021	40,103,501	11,106,415	101,623	51,311,539
Additions	-	-	127,200	127,200
Written Off	-	(33,214)	-	(33,214)
Reclassification	-	228,823	(228,823)	-
At 31 December 2021	<u>40,103,501</u>	<u>11,302,024</u>	<u>-</u>	<u>51,405,525</u>
<u>Accumulated Amortisation</u>				
At 1 January 2021	-	2,214,045	-	2,214,045
Charge for the financial year	-	991,084	-	991,084
Written Off	-	(19,519)	-	(19,519)
At 31 December 2021	-	<u>3,185,610</u>	<u>-</u>	<u>3,185,610</u>
Net book value	<u>40,103,501</u>	<u>8,116,414</u>	<u>-</u>	<u>48,219,915</u>

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

14. INVESTMENTS

	As at 30.6.2022		As at 31.12.2021	
	<u>Group</u> RM	<u>Company</u> RM	<u>Group</u> RM	<u>Company</u> RM
Malaysian Government Securities	12,201,233	-	75,533,601	-
Government Investment Issues	75,461,768	-	112,752,567	-
Corporate Bonds	114,705,575	-	110,954,697	-
Unit Trust Investments	-	263,454,211	128,130,830	443,632,790
Equity securities	60,301,347	57,754,437	86,016,701	83,431,691
Real Estate Investment Trusts ("REITs")	-	-	2,425,000	2,425,000
Deposits with Licensed Financial Institutions	174,007,702	174,007,702	73,977,473	73,977,473
	<u>436,677,625</u>	<u>495,216,350</u>	<u>589,790,869</u>	<u>603,466,954</u>

The financial investments are summarised by categories as follows:

Fair value through profit or loss financial assets ("FVTPL")	262,669,923	321,208,648	515,813,396	529,489,481
Amortised cost ("AC")	174,007,702	174,007,702	73,977,473	73,977,473
	<u>436,677,625</u>	<u>495,216,350</u>	<u>589,790,869</u>	<u>603,466,954</u>

The following investments mature
after 12 months:

FVTPL financial assets	<u>128,748,016</u>	<u>-</u>	<u>271,107,086</u>	<u>-</u>
------------------------	--------------------	----------	--------------------	----------

(a) FVTPL financial assets

Fair value

Malaysian Government Securities	12,201,233	-	75,533,601	-
Government Investment Issues	75,461,768	-	112,752,567	-
Unit Trust Investments:				
- Quoted in Malaysia	-	-	128,130,830	128,130,830
- Unquoted in Malaysia	-	263,454,211	-	315,501,960
Corporate bonds	114,705,575	-	110,954,697	-
Equity securities				
- Quoted in Malaysia	28,963,500	28,963,500	49,140,124	49,140,124
- Quoted outside Malaysia	28,790,937	28,790,937	34,291,567	34,291,567
- Unquoted in Malaysia	2,546,910	-	2,585,010	-
REITs	-	-	2,425,000	2,425,000
	<u>262,669,923</u>	<u>321,208,648</u>	<u>515,813,396</u>	<u>529,489,481</u>

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

14. INVESTMENTS (CONTINUED)

	As at 30.6.2022		As at 31.12.2021	
	<u>Group</u> RM	<u>Company</u> RM	<u>Group</u> RM	<u>Company</u> RM
(b) AC				
<u>Amortised cost</u>				
Deposits with Commercial Banks	174,007,702	174,007,702	73,977,473	73,977,473

Deposits with Commercial Banks have interest rates which range from 1.85% to 2.71% (31.12.2021: 1.85% to 2.30%) per annum with an average maturity period of 326 days (31.12.2021: 335 days).

(c) Carrying values of financial investments

	<u>FVTPL</u> RM	<u>AC</u> RM	<u>Total</u> RM
<u>30.6.2022</u>			
<u>Group</u>			
At 1 January 2022	515,813,396	73,977,473	589,790,869
Purchases	249,297,329	123,145,010	372,442,339
Maturities	(37,339,450)	(23,738,539)	(61,077,989)
Disposals	(472,184,561)	-	(472,184,561)
Fair value gains recorded in			
Statements of Comprehensive Income	7,565,026	-	7,565,026
Currency translations differences	1,481,916	-	1,481,916
Movement in accrued interest	(1,149,889)	623,758	(526,131)
Amortisation of premiums	(813,844)	-	(813,844)
At 30 June 2022	<u>262,669,923</u>	<u>174,007,702</u>	<u>436,677,625</u>
<u>31.12.2021</u>			
<u>Group</u>			
At 1 January 2021	527,230,131	43,687,131	570,917,262
Purchases	354,247,737	73,472,389	427,720,126
Maturities	(21,518,100)	(43,205,666)	(64,723,766)
Disposals	(314,531,580)	-	(314,531,580)
Fair value losses recorded in			
Statements of Comprehensive Income	(29,004,608)	-	(29,004,608)
Currency translations differences	1,067,806	-	1,067,806
Movement in accrued interest	(110,899)	23,619	(87,280)
Amortisation of premiums	(1,567,091)	-	(1,567,091)
At 31 December 2021	<u>515,813,396</u>	<u>73,977,473</u>	<u>589,790,869</u>

Company No.
198201011878 (91603-K)

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

14. INVESTMENTS (CONTINUED)

(c) Carrying values of financial investments (continued)

	<u>FVTPL</u> RM	<u>AC</u> RM	<u>Total</u> RM
<u>30.6.2022</u>			
<u>Company</u>			
At 1 January 2022	529,489,481	73,977,473	603,466,954
Purchases	3,832,025	123,145,010	126,977,035
Maturities	-	(23,738,539)	(23,738,539)
Fair value losses recorded in			
Statements of Comprehensive Income	(420,884)	-	(420,884)
Currency translations differences	1,481,916	-	1,481,916
Movement in accrued interest	-	623,758	623,758
At 30 June 2022	<u>321,208,648</u>	<u>174,007,702</u>	<u>495,216,350</u>
<u>2021</u>			
<u>Company</u>			
At 1 January 2021	536,835,270	43,687,131	580,522,401
Purchases	30,463,540	73,472,389	103,935,929
Maturities	-	(43,205,666)	(43,205,666)
Disposals	(9,114,387)	-	(9,114,387)
Fair value losses recorded in			
Statements of Comprehensive Income	(29,762,748)	-	(29,762,748)
Currency translations differences	1,067,806	-	1,067,806
Movement in accrued interest	-	23,619	23,619
At 31 December 2021	<u>529,489,481</u>	<u>73,977,473</u>	<u>603,466,954</u>

Company No.
198201011878 (91603-K)

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

14. INVESTMENTS (CONTINUED)

(d) 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>	<u>Level 1</u> RM	<u>Level 2</u> RM
<u>30.6.2022</u>		
FVTPL		
- Malaysian Government Securities	-	12,201,233
- Government Investment Issues	-	75,461,768
- Corporate Bonds	-	114,705,575
- Equity Securities	60,301,347	-
	<u>60,301,347</u>	<u>202,368,576</u>
<u>31.12.2021</u>		
FVTPL		
- Malaysian Government Securities	-	75,533,601
- Government Investment Issues	-	112,752,567
- Corporate Bonds	-	110,954,697
- Unit Trust Investments	128,130,830	-
- Equity Securities	86,016,701	-
- Real Estate Investment Trusts ("REITs")	2,425,000	-
	<u>216,572,531</u>	<u>299,240,865</u>
<u>Company</u>		
<u>30.6.2022</u>		
<u>Recurring fair value measurements</u>		
FVTPL		
- Unit Trust Investments	-	263,454,211
- Equity Securities	57,754,437	-
	<u>57,754,437</u>	<u>263,454,211</u>

Company No.
198201011878 (91603-K)

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

14. INVESTMENTS (CONTINUED)

(d) Fair values of financial investments (continued)

	<u>Level 1</u> RM	<u>Level 2</u> RM
<u>31.12.2021</u>		
<u>Recurring fair value measurements</u>		
FVTPL		
- Unit Trust Investments	128,130,830	315,501,960
- Equity Securities	83,431,691	-
- Real Estate Investment Trusts ("REITs")	2,425,000	-
	<u>213,987,521</u>	<u>315,501,960</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.

There were no transfers between level 1 and 2 during the interim period.

15. REINSURANCE ASSETS

	<u>As at</u> <u>30.6.2022</u> RM	<u>As at</u> <u>31.12.2021</u> RM
<u>Group/Company</u>		
Reinsurance of insurance contracts (Note 17)	<u>591,589,291</u>	<u>520,676,952</u>

Movements in the allowance for impairment losses on reinsurance assets are as follows:

	<u>As at</u> <u>30.6.2022</u> RM	<u>As at</u> <u>31.12.2021</u> RM
At 1 January	165,966	229,310
Increase/(Decrease)	(64,534)	(63,344)
At 30 June/31 December	<u>101,432</u>	<u>165,966</u>

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

15. REINSURANCE ASSETS (CONTINUED)

The carrying amounts disclosed above in respect of the reinsurance of insurance contracts approximate fair value at the date of the statements of financial position.

16. INSURANCE AND OTHER RECEIVABLES

	As at 30.6.2022		As at 31.12.2021	
	Group RM	Company RM	Group RM	Company RM
Due premiums including agents /brokers and co-insurers balances	83,578,688	83,578,688	44,137,994	44,137,994
Allowance for impairment	(2,228,988)	(2,228,988)	(1,577,772)	(1,577,772)
	<u>81,349,700</u>	<u>81,349,700</u>	<u>42,560,222</u>	<u>42,560,222</u>
Amounts due from reinsurers/ ceding companies	16,614,561	16,614,561	28,521,145	28,521,145
Allowance for impairment	(5,462,963)	(5,462,963)	(5,974,491)	(5,974,491)
	<u>11,151,598</u>	<u>11,151,598</u>	<u>22,546,654</u>	<u>22,546,654</u>
Total insurance receivables and reinsurance recoverables	<u>92,501,298</u>	<u>92,501,298</u>	<u>65,106,876</u>	<u>65,106,876</u>
Other receivables:				
Other receivables, deposits and prepayments	11,302,331	19,248,337	4,136,206	4,136,206
Malaysian Motor Insurance Pool ("MMIP")				
- Cash call made	14,859,477	14,859,477	14,859,477	14,859,477
- Other assets held in MMIP	28,684,543	28,684,543	30,008,011	30,008,011
Income due and accrued	198,000	198,000	100,068	295,465
Total other receivables	<u>55,044,351</u>	<u>62,990,357</u>	<u>49,103,762</u>	<u>49,299,159</u>
Total insurance and other receivables	<u>147,545,649</u>	<u>155,491,655</u>	<u>114,210,638</u>	<u>114,406,035</u>
Receivable within 12 months	<u>147,545,649</u>	<u>155,491,655</u>	<u>114,210,638</u>	<u>114,406,035</u>

Company No.
198201011878 (91603-K)

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

16. INSURANCE AND OTHER RECEIVABLES (CONTINUED)

Movements in the allowance for impairment losses on reinsurance assets are as follows:

	As at <u>30.6.2022</u> RM	As at <u>31.12.2021</u> RM
At 1 January	7,552,263	6,243,558
Increase/(Decrease)	139,688	1,308,705
At 30 June/31 December	<u>7,691,951</u>	<u>7,552,263</u>

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

MMIP as at 30 June 2022 is a net receivable of RM24,512,343 (31.12.2021: RM21,041,755) after setting-off the amount payable from MMIP against the Company's share of claims and premium liabilities amounting to RM19,031,677 (31.12.2021: RM23,825,733) included in Note 17 to the unaudited condensed interim financial statements.

Financial assets

There is no netting off of the gross amount of recognised financial assets against the gross amount of financial liabilities in the statements 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 (31.12.2021: Nil).

Company No.
198201011878 (91603-K)

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

17. INSURANCE CONTRACT LIABILITIES

<u>Group/Company</u>	As at 30.6.2022			As at 31.12.2021		
	<u>Gross</u> RM	<u>Reinsurance</u> RM	<u>Net</u> RM	<u>Gross</u> RM	<u>Reinsurance</u> RM	<u>Net</u> RM
Provision for claims reported by policyholders	534,839,457	(361,997,026)	172,842,431	470,429,519	(307,819,836)	162,609,683
Provision for incurred but not reported ("IBNR")	222,323,307	(119,489,302)	102,834,005	187,896,033	(79,063,101)	108,832,932
	757,162,764	(481,486,328)	275,676,436	658,325,552	(386,882,937)	271,442,615
Less: impairment loss on reinsurance assets	-	101,432	101,432	-	165,966	165,966
Claim liabilities (i)	757,162,764	(481,384,896)	275,777,868	658,325,552	(386,716,971)	271,608,581
Premium liabilities (ii)	284,208,980	(110,204,395)	174,004,585	285,339,704	(133,959,981)	151,379,723
	<u>1,041,371,744</u>	<u>(591,589,291)</u>	<u>449,782,453</u>	<u>943,665,256</u>	<u>(520,676,952)</u>	<u>422,988,304</u>

(i) Claim liabilities

At 1 January	658,325,552	(386,882,937)	271,442,615	651,094,483	(414,068,075)	237,026,408
Claims incurred in the current accident year	186,080,643	(74,096,844)	111,983,799	335,418,782	(148,178,674)	187,240,108
Claims incurred in prior accident years	55,450,890	(77,105,646)	(21,654,756)	(93,631,757)	69,744,476	(23,887,281)
Movement in PRAD of claim liabilities at 75% confidence level	9,094,257	(8,566,370)	527,887	(3,225,297)	9,752,519	6,527,222
Movement in claims handling expenses	1,721,102	-	1,721,102	(506,967)	-	(506,967)
Claims paid during the financial year	(153,509,680)	65,165,469	(88,344,211)	(230,823,692)	95,866,817	(134,956,875)
	757,162,764	(481,486,328)	275,676,436	658,325,552	(386,882,937)	271,442,615
Less: Impairment loss on reinsurance assets	-	101,432	101,432	-	165,966	165,966
At 30 June/31 December	<u>757,162,764</u>	<u>(481,384,896)</u>	<u>275,777,868</u>	<u>658,325,552</u>	<u>(386,716,971)</u>	<u>271,608,581</u>

Company No.
198201011878 (91603-K)

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

17. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(ii) Premium liabilities

	As at 30.6.2022			As at 31.12.2021		
	<u>Gross</u> RM	<u>Reinsurance</u> RM	<u>Net</u> RM	<u>Gross</u> RM	<u>Reinsurance</u> RM	<u>Net</u> RM
At 1 January	285,339,704	(133,959,981)	151,379,723	257,199,207	(120,025,139)	137,174,068
Premiums written during the financial year	291,104,674	(111,017,999)	180,086,675	568,054,569	(271,133,254)	296,921,315
Premiums earned during the financial year	(292,235,398)	134,773,585	(157,461,813)	(539,914,072)	257,198,412	(282,715,660)
At 30 June/31 December	<u>284,208,980</u>	<u>(110,204,395)</u>	<u>174,004,585</u>	<u>285,339,704</u>	<u>(133,959,981)</u>	<u>151,379,723</u>

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

18. INSURANCE AND OTHER PAYABLES

	As at 30.6.2022		As at 31.12.2021	
	Group RM	Company RM	Group RM	Company RM
Trade payables:				
Amount due to reinsurers/ ceding companies	65,664,986	65,664,986	63,873,484	63,873,484
Amount due to brokers, co-insurers and insureds	34,608,959	34,608,959	13,553,745	13,553,745
	<u>100,273,945</u>	<u>100,273,945</u>	<u>77,427,229</u>	<u>77,427,229</u>
Other payables:				
Accrual for agents' profit commission	2,362,533	2,362,533	3,565,441	3,565,441
Accrual for bonus (including EPF for bonus)	3,621,591	3,621,591	7,000,000	7,000,000
Cash collateral held for bond business	663,264	663,264	1,215,546	1,215,546
Premium funds withheld	2,806,929	2,806,929	3,035,253	3,035,253
Other payables and accrued liabilities	22,779,143	22,295,876	17,173,373	16,685,038
	<u>32,233,460</u>	<u>31,750,193</u>	<u>31,989,613</u>	<u>31,501,278</u>
Total insurance and other payables	<u>132,507,405</u>	<u>132,024,138</u>	<u>109,416,842</u>	<u>108,928,507</u>
Payable within 12 months	<u>132,505,901</u>	<u>132,022,634</u>	<u>108,812,537</u>	<u>108,324,202</u>
Payable after 12 months	<u>1,504</u>	<u>1,504</u>	<u>604,305</u>	<u>604,305</u>

The carrying amounts disclosed above approximate fair value at the reporting date.

Financial liabilities

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

There are no financial liabilities that are subject to enforceable master netting arrangements or similar arrangement to financial instruments received as collateral or any cash collateral pledged or received (31.12.2021: Nil).

19. NET EARNED PREMIUMS

Group/Company	6 months period ended 30.6.2022	6 months period ended 30.6.2021
	RM	RM
(a) Gross premiums written	291,104,674	251,170,171
Change in premium liabilities	1,130,724	14,642,822
Gross earned premiums	<u>292,235,398</u>	<u>265,812,993</u>

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

19. NET EARNED PREMIUMS (CONTINUED)

	6 months period ended 30.6.2022	6 months period ended 30.6.2021
	RM	RM
(b) Premium ceded to reinsurers		
Ceded premiums (Note 17(ii))	(111,017,999)	(97,547,378)
Change in premium liabilities	(23,755,586)	(31,987,699)
	<u>(134,773,585)</u>	<u>(129,535,077)</u>
Earned premiums ceded to reinsurers		
	<u>(134,773,585)</u>	<u>(129,535,077)</u>
Net earned premiums	<u>157,461,813</u>	<u>136,277,916</u>

20. INVESTMENT INCOME

	6 months period ended 30.6.2022		6 months period ended 30.6.2021	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	RM	RM	RM	RM
Rental income from operating lease:				
Investment properties	610,313	610,313	609,413	609,413
Financial assets at FVTPL				
Interest income - equity securities	77,979	-	77,979	-
Interest income - debt securities	5,703,248	-	5,856,670	-
Dividend income - REITs	50,052	50,052	48,888	48,888
Dividend income – unit trusts	35,674	1,348,023	1,282,205	7,723,188
Dividend income – equity securities	1,281,491	1,281,491	1,180,796	1,180,796
Interest income from AC	1,030,229	1,030,229	455,039	455,039
Profit and interest income from cash & cash equivalents	2,324,470	2,087,961	1,084,819	901,711
Amortisation of premiums, net of accretion of discounts	(813,844)	-	(749,891)	-
	<u>10,299,612</u>	<u>6,408,069</u>	<u>9,845,918</u>	<u>10,919,035</u>

21. OTHER OPERATING (EXPENSES)/ INCOME

	6 months period ended 30.6.2022	6 months period ended 30.6.2021
	RM	RM
<u>Group/Company</u>		
Gains/(Losses) on foreign exchange		
Realised	539	(43,265)
Unrealised	1,481,916	1,113,929
MMIP Investment (expense)/income	(415,286)	(913,741)
Interest expense on Loss Portfolio Transfer	(82,492)	(74,184)
Tax recovered from treaty overseas	158,882	185,731
Management fee rebate from unit trusts	165,666	32,428
Sundry income/(expenditure)	36,080	39,552
	<u>1,345,305</u>	<u>340,450</u>

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

22. MANAGEMENT EXPENSES

	Note	6 months period ended 30.6.2022		6 months period ended 30.6.2021	
		Group RM	Company RM	Group RM	Company RM
Employee benefits expenses	22(a)	28,469,101	28,469,101	24,909,505	24,909,505
Directors' remuneration	22(b)	233,350	233,350	234,077	234,077
Auditors' remuneration					
- Audit related services		198,650	188,793	197,809	187,700
- Non-audit related services		507	507	110,500	110,500
Depreciation of property and equipment		1,012,330	1,012,330	1,104,547	1,104,547
Depreciation of investment properties	12	185,607	185,607	185,607	185,607
Depreciation of ROU assets		1,769,831	1,769,831	1,789,840	1,789,840
Direct operating expenses of investment properties		104,521	104,521	106,711	106,711
Amortisation of intangible assets	13	498,617	498,617	359,285	359,285
Bad debts (recovery)/written-off		(175,464)	(175,464)	(171,412)	(171,412)
Allowance/ (Write-back) for impairment losse					
- insurance receivables and reinsurance recoverables		139,688	139,688	1,720,932	1,720,932
- reinsurance assets		(64,534)	(64,534)	(23,046)	(23,046)
Safeguard and carpark rental		55,973	55,973	46,043	46,043
Office equipment rental		38,005	38,005	43,720	43,720
Computer maintenance		1,864,954	1,864,954	1,868,010	1,868,010
Entertainment		424,992	424,992	264,895	264,895
Investment advisory fees		1,120,147	1,120,147	1,029,388	1,029,388
Fund managers' fees		-	-	59	59
Professional fees		807,337	807,337	639,489	639,489
Management fees to holding company		1,464,052	1,464,052	1,716,498	1,716,498
Stamp duties		4,051	4,051	2,172	2,172
Credit card and bank charges		1,559,489	1,559,489	1,444,706	1,444,706
Training costs		54,106	54,106	43,030	43,030
Advertising and Marketing		587,217	587,217	1,490,236	1,490,236
Third Party Administrator fees		503,738	503,738	345,928	345,928
Policy printing fees		1,296,345	1,296,345	1,149,781	1,149,781
Transport and travelling		263,561	263,561	197,206	197,206
Printing and stationery		106,520	106,520	111,582	111,582
E-JPJ cover note charges		394,807	394,807	328,765	328,765
Online insurance platform fees		908,965	908,965	-	-
Road assistance programme		1,386,497	1,386,497	1,161,427	1,161,427
Other expenses		3,003,749	2,580,551	2,840,564	2,408,353
		<u>48,216,709</u>	<u>47,783,654</u>	<u>45,247,854</u>	<u>44,805,534</u>

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

22. MANAGEMENT EXPENSES (CONTINUED)

(a) Employee benefits expenses

	6 months period ended 30.6.2022		6 months period ended 30.6.2021	
	<u>Group</u> RM	<u>Company</u> RM	<u>Group</u> RM	<u>Company</u> RM
Wages and salaries	23,117,652	23,117,652	20,353,311	20,353,311
Social security contributions	175,614	175,614	186,667	186,667
Contributions to defined contribution plan, EPF	3,252,556	3,252,556	2,811,729	2,811,729
Employee share ownership plan ("ESOP")	177,732	177,732	218,013	218,013
Staff insurance	953,336	953,336	780,509	780,509
Other staff related expenses	792,211	792,211	559,276	559,276
	<u>28,469,101</u>	<u>28,469,101</u>	<u>24,909,505</u>	<u>24,909,505</u>

(b) Directors' remuneration

The details of remuneration received and receivable by Directors of the Company during the financial period are as follows:

<u>Group/Company</u>	6 months period ended 30.6.2022	6 months period ended 30.6.2021
	RM	RM
<u>Total Directors' remuneration</u>		
Dato' Khalid bin Abdol Rahman	63,700	65,560
Dr. Arumugam a/l Saminathan	45,800	40,200
Ajit Nair	56,900	53,400
Dato' Chan Choy Lin	66,950	69,550
Datuk Abu Hassan bin Kendut	-	5,367
	<u>233,350</u>	<u>234,077</u>

Company No.
198201011878 (91603-K)

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

23. CAPITAL COMMITMENTS

	<u>30.6.2022</u>	<u>31.12.2021</u>
	RM	RM
<u>Group/Company</u>		
Approved and contracted for:		
Computers	-	15,918
Computer hardware	105,000	-
Furniture and fittings	5,695	2,640
	<u>110,695</u>	<u>18,558</u>

24. 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 their related parties:

	6 months period ended <u>30.6.2022</u>	6 months period ended <u>30.6.2021</u>
	RM	RM
<u>Significant transactions</u>		
<u>Group/Company</u>		
Corporate shareholder: - Koperasi MCIS Berhad		
<u>Expense</u>		
Rental of premise	134,553	134,553
Parking	1,080	4,223

Company No.
198201011878 (91603-K)

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

24. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

- (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 their related parties (continued):

<u>Significant transactions (continued)</u>	6 months period ended <u>30.6.2022</u> RM	6 months period ended <u>30.6.2021</u> RM
<u>Group/Company</u>		
Fellow subsidiaries within FFHL Group:		
<u>Income</u>		
Claim recovery		
- Wentworth Insurance Company Limited (Labuan)	1,099,218	964,063
- Allied World Assurance Company, Ltd (Labuan)	363,972	429,000
- CRC Reinsurance Limited (Barbados)	8,423	66,056
- Singapore Reinsurance Corporation Limited (Labuan)	<u>32,660,652</u>	<u>39,937,202</u>
	<u>34,132,265</u>	<u>41,396,321</u>
Commission Income		
- CRC Reinsurance Limited (Barbados)	(954)	608
- Wentworth Insurance Company Limited (Labuan)	1,343,324	1,197,753
- Allied World Assurance Company, Ltd (Labuan)	293,150	249,276
- Newline Malaysia Limited	78,444	171,264
- Singapore Reinsurance Corporation Limited (Labuan)	<u>8,370,124</u>	<u>7,872,747</u>
	<u>10,084,088</u>	<u>9,491,648</u>
<u>Expense</u>		
Reinsurance premium ceded		
- CRC Reinsurance Limited (Barbados)	(3,272)	2,431
- Wentworth Insurance Company Limited (Labuan)	5,873,145	5,774,433
- Allied World Assurance Company, Ltd (Labuan)	2,093,788	1,392,021
- Newline Malaysia Limited	1,026,869	834,692
- Singapore Reinsurance Corporation Limited (Labuan)	<u>38,487,402</u>	<u>35,833,312</u>
	<u>47,477,932</u>	<u>43,836,889</u>
Interest expense on premium withheld		
- Wentworth Insurance Company Limited (Labuan)	23,569	20,497

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

24. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

- (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 their related parties (continued):

<u>Significant transactions (continued)</u>	6 months period ended <u>30.6.2022</u> RM	6 months period ended <u>30.6.2021</u> RM
<u>Group/Company</u>		
Fellow subsidiaries within FFHL Group (continued):		
<u>Expense (continued)</u>		
Investment management fees		
- Hamblin Watsa Investment Counsel Ltd.	1,120,147	1,029,388
Management fees		
- Fairfax Asia Limited	1,464,052	1,716,498
Finance cost		
- Fairfax Asia Limited	844,811	844,809
Information Technology maintenance service		
- FFH Management Services Ltd.	234,750	248,900
Professional service - MFRS 17		
- Fairfax Financial Holdings Limited	482,585	110,519
Subscription fee		
- Falcon Insurance Company (Hong Kong) Limited	9,853	13,478
Associate company within FFHL Group:		
<u>Expense</u>		
Consultancy fee		
- QuessGlobal (Malaysia) Sdn. Bhd.	115,429	159,222
<u>Payables/(Receivables)</u>		
Other balances due to/(due from)		
- CRC Reinsurance Limited (Barbados)	65,559	62,341
- Wentworth Insurance Company Limited (Labuan)	3,095,109	5,143,708
- Fairfax Asia Limited	41,159,338	39,675,347
- Hamblin Watsa Investment Counsel Ltd.	-	3,738
- Allied World Assurance Company, Ltd. (Labuan)	849,250	57,638
- PT Asuransi Multi Artha Guna TBK	-	(23,452)
- Newline Malaysia Limited	310,472	285,096

Company No.
198201011878 (91603-K)

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

24. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

- (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 their related parties (continued):

<u>Significant transactions (continued)</u>	6 months	6 months
	period ended	period ended
	<u>30.6.2022</u>	<u>30.6.2021</u>
	RM	RM
<u>Payables/(Receivables) (continued)</u>		
Other balances due to/(due from)		
- Newline Asia Services Pte. Ltd.	(24,377)	(26,435)
- Fairfax Financial Holdings Limited	117,727	36,595
- Koperasi MCIS Berhad	(93,072)	(93,072)
- Singapore Reinsurance Corporation Limited (Labuan)	1,389,648	(3,963,784)
- QuessGlobal (Malaysia) Sdn. Bhd.	-	25,976
	<u>46,869,654</u>	<u>41,183,696</u>

- (c) Compensation of key management personnel

The remuneration of Directors and other members of key management during the financial period was as follows:

	6 months	6 months
	period ended	period ended
	<u>30.6.2022</u>	<u>30.6.2021</u>
	RM	RM
Short-term employee benefits	2,715,898	2,317,090
Defined contribution plan	185,233	145,966
	<u>2,901,131</u>	<u>2,463,056</u>

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company, directly or indirectly. The key management personnel of the Group and the Company includes the Directors, Chief Executive Officer, Senior Executive Vice President and other personnel with corporate ranking General Manager and above.

Company No.
198201011878 (91603-K)

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

24. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(c) Compensation of key management personnel (continued)

The details of remuneration received and receivable by the CEO during the financial period are as follows :

<u>Group/Company</u>	6 months period ended <u>30.6.2022</u> RM	6 months period ended <u>30.6.2021</u> RM
Salary and other emoluments	339,006	319,818
Bonus	159,909	106,606
Contribution to defined contribution plan	22,675	22,387
Estimated money value of benefits-in-kind	172,903	163,243
	<u>694,493</u>	<u>612,055</u>

25. REGULATORY CAPITAL REQUIREMENTS

The capital structure of the Company as at 30 June 2022, as prescribed under the Risk-Based Capital Framework is provided below:

	<u>30.6.2022</u>	<u>31.12.2021</u>
<u>Eligible Tier 1 Capital</u>		
Share capital (paid-up)	219,875,038	219,875,038
Reserves, including retained earnings	<u>191,240,919</u>	<u>189,289,847</u>
	<u>411,115,957</u>	<u>409,164,885</u>
<u>Tier 2 Capital</u>		
Subordinated term debts	24,337,504	24,337,504
<u>Deductions</u>		
Goodwill & other intangible assets	(47,721,298)	(48,219,915)
Deferred tax assets	<u>(9,936,079)</u>	<u>(10,287,608)</u>
	<u>(57,657,377)</u>	<u>(58,507,523)</u>
Total Capital Available	<u>377,796,084</u>	<u>374,994,866</u>