

Company No.
198201011878 (91603-K)

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2023 TO 30 JUNE 2023

Company No.
198201011878 (91603-K)

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

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Company No.
198201011878 (91603-K)

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2023

		Group		
		<u>30.06.2023</u>	<u>31.12.2022</u>	<u>01.01.2022</u>
		RM	RM	RM
	Note		Restated	Restated
ASSETS				
Property and equipment		44,631,415	40,233,355	41,916,821
Investment properties	13	19,690,000	15,685,036	16,056,251
Intangible assets	14	47,003,111	47,328,463	48,219,915
Investments:				
Fair value through profit or loss financial assets	15	375,426,399	276,307,815	515,813,396
Amortised cost	15	319,836,399	295,833,937	73,977,473
Reinsurance contract assets	16	489,185,193	511,235,877	430,024,877
Right-of-use assets		4,014,114	4,266,408	3,367,331
Loans		370,953	382,989	552,798
Deferred tax asset		-	-	1,513,332
Tax recoverable		10,186,581	8,756,707	7,513,954
Other receivables		37,031,939	37,198,933	34,291,003
Cash and cash equivalents		232,366,789	257,485,455	149,038,149
Total assets		<u><u>1,579,742,893</u></u>	<u><u>1,494,714,975</u></u>	<u><u>1,322,285,300</u></u>
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital		219,875,038	219,875,038	219,875,038
Capital reserve		1,703,625	1,703,625	-
Revaluation reserves		5,183,306	-	-
Retained profits		255,297,171	232,761,133	217,092,768
Total equity		<u>482,059,140</u>	<u>454,339,796</u>	<u>436,967,806</u>
Liabilities				
Insurance contract liabilities	16	980,632,969	961,001,107	817,681,286
Reinsurance contract liabilities	16	21,664,043	-	-
Subordinated loans		36,813,119	35,898,806	35,898,806
Deferred tax liabilities		9,165,515	3,587,633	-
Lease liabilities		4,052,406	4,300,421	3,467,782
Other payables		45,355,701	35,587,212	28,269,620
Total liabilities		<u>1,097,683,753</u>	<u>1,040,375,179</u>	<u>885,317,494</u>
Total equity and liabilities		<u><u>1,579,742,893</u></u>	<u><u>1,494,714,975</u></u>	<u><u>1,322,285,300</u></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 FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2023

		<u>30.06.2023</u>	<u>31.12.2022</u>	<u>Company</u> <u>01.01.2022</u>
		RM	RM	RM
	Note		Restated	Restated
ASSETS				
Property and equipment		44,631,415	40,233,355	41,916,821
Investment properties	13	19,690,000	15,685,036	16,056,251
Intangible assets	14	47,003,111	47,328,463	48,219,915
Investments:				
Fair value through profit or loss financial assets	15	403,941,293	286,237,772	529,489,481
Amortised cost	15	319,836,399	295,833,937	73,977,473
Reinsurance contract assets	16	489,185,193	511,235,877	430,024,877
Right-of-use assets		4,014,114	4,266,408	3,367,331
Loans		370,953	382,989	552,798
Deferred tax asset		-	-	1,513,332
Tax recoverable		10,186,581	8,756,707	7,513,954
Other receivables		37,031,939	37,198,933	34,486,400
Cash and cash equivalents		197,713,604	247,083,761	134,660,619
Total assets		<u>1,573,604,602</u>	<u>1,494,243,238</u>	<u>1,321,779,252</u>
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital		219,875,038	219,875,038	219,875,038
Capital reserve		1,703,625	1,703,625	-
Revaluation reserves		5,183,306	-	-
Retained profits		254,810,738	232,745,812	217,075,053
Total equity		<u>481,572,707</u>	<u>454,324,475</u>	<u>436,950,091</u>
Liabilities				
Insurance contract liabilities	16	980,632,969	961,001,107	817,681,286
Reinsurance contract liabilities	16	21,664,043	-	-
Subordinated loans		36,813,119	35,898,806	35,898,806
Deferred tax liabilities		9,165,515	3,587,633	-
Lease liabilities		4,052,406	4,300,421	3,467,782
Other payables		39,703,843	35,130,796	27,781,287
Total liabilities		<u>1,092,031,895</u>	<u>1,039,918,763</u>	<u>884,829,161</u>
Total equity and liabilities		<u>1,573,604,602</u>	<u>1,494,243,238</u>	<u>1,321,779,252</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 COMPREHENSIVE INCOME
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2023

	Note	6 months period ended 30.6.2023		6 months period ended 30.6.2022	
		<u>Group</u> RM	<u>Company</u> RM	<u>Group</u> RM Restated	<u>Company</u> RM Restated
Insurance revenue	16	419,026,076	419,026,076	292,597,869	292,597,869
Insurance service expenses	16	(299,467,632)	(299,467,632)	(309,085,768)	(309,085,768)
Insurance service result before reinsurance contracts held		<u>119,558,444</u>	<u>119,558,444</u>	<u>(16,487,899)</u>	<u>(16,487,899)</u>
Allocation of reinsurance premiums		(196,794,181)	(196,794,181)	(117,847,849)	(117,847,849)
Amounts recoverable from reinsurers for incurred claims		96,269,372	96,269,372	151,033,340	151,033,340
Net expense from reinsurance contracts held		<u>(100,524,809)</u>	<u>(100,524,809)</u>	<u>33,185,491</u>	<u>33,185,491</u>
Insurance service result		<u>19,033,635</u>	<u>19,033,635</u>	<u>16,697,592</u>	<u>16,697,592</u>
Investment income		29,896,590	29,793,896	17,821,343	5,943,887
Net fair value losses		(8,447,052)	(9,211,914)	(18,660,576)	(7,190,565)
Total investment income		<u>21,449,538</u>	<u>20,581,982</u>	<u>(839,233)</u>	<u>(1,246,678)</u>
Insurance finance expenses for insurance contracts issued		(13,210,916)	(13,210,916)	(806,840)	(806,840)
Reinsurance finance income for reinsurance contracts held		7,465,981	7,465,981	615,027	615,027
Net insurance financial result		<u>(5,744,935)</u>	<u>(5,744,935)</u>	<u>(191,813)</u>	<u>(191,813)</u>
Other operating income		1,972,583	1,972,583	442,020	442,020
Other operating expenses		(7,607,637)	(7,224,085)	(8,860,774)	(8,427,716)
Other finance costs		(976,376)	(976,376)	(893,052)	(893,052)
Total other income and expenses		<u>(6,611,430)</u>	<u>(6,227,878)</u>	<u>(9,311,806)</u>	<u>(8,878,748)</u>
Profit before taxation		<u>28,126,808</u>	<u>27,642,804</u>	<u>6,354,740</u>	<u>6,380,353</u>
Taxation		(5,577,877)	(5,577,877)	(1,467,663)	(1,467,663)
Net profit for the period		<u>22,548,931</u>	<u>22,064,927</u>	<u>4,887,077</u>	<u>4,912,690</u>
Net profit and total comprehensive income for the period		<u>22,548,931</u>	<u>22,064,927</u>	<u>4,887,077</u>	<u>4,912,690</u>
Net profit and total comprehensive income for the period attributable to:					
Owner of the Company		22,536,038	22,064,927	4,890,093	4,912,690
Unitholders		12,893	-	(3,016)	-
		<u>22,548,931</u>	<u>22,064,927</u>	<u>4,887,077</u>	<u>4,912,690</u>
Earnings per share attributable to owner of the Company (sen) basic		<u>10.2</u>	<u>10.0</u>	<u>2.2</u>	<u>2.2</u>

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THE PACIFIC INSURANCE BERHAD
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**UNAUDITED CONDENSED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2023**

	6 months period ended 30.6.2023		6 months period ended 30.6.2022	
	<u>Group</u> RM	<u>Company</u> RM	<u>Group</u> RM Restated	<u>Company</u> RM Restated
Net profit for the financial period	22,548,931	22,064,927	4,887,077	4,912,690
Other comprehensive income:				
<u>Items that will not be reclassified to comprehensive income</u>				
Revaluation reserve				
- Surplus arising during the financial period	5,183,306	5,183,306	-	-
Total other comprehensive income for the financial period	<u>27,732,237</u>	<u>27,248,233</u>	<u>4,887,077</u>	<u>4,912,690</u>
Total other comprehensive income attributable:				
- Owner of the Company	27,719,344	27,248,233	4,890,093	4,912,690
- Unitholders	12,893	-	(3,016)	-
	<u>27,732,237</u>	<u>27,248,233</u>	<u>4,887,077</u>	<u>4,912,690</u>

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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 2023

	<u>Attributable to owners of the Company</u>				<u>Total equity</u> RM
	<u>Share capital</u> RM	<u>Capital reserve</u> RM	<u>Revaluation reserves</u> RM	<u>Retained earnings</u> RM	
Group					
At 1 January 2022, as previously reported	219,875,038	-	-	189,289,847	409,164,885
Impact on initial application of MFRS 17	-	-	-	27,785,206	27,785,206
At 1 January 2022, restated	219,875,038	-	-	217,075,053	436,950,091
Net profit for the financial period	-	-	-	4,912,690	4,912,690
At 30 June 2022	<u>219,875,038</u>	<u>-</u>	<u>-</u>	<u>221,987,743</u>	<u>441,862,781</u>
At 1 January 2023, restated	219,875,038	1,703,625	-	232,745,811	454,324,474
Net profit for the financial period	-	-	-	22,548,931	22,548,931
Other comprehensive income for the financial period	-	-	5,183,306	-	5,183,306
At 30 June 2023	<u>219,875,038</u>	<u>1,703,625</u>	<u>5,183,306</u>	<u>255,294,742</u>	<u>482,056,711</u>

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Company No.
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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 2023

	<u>Non-distributable</u>			<u>Distributable</u>	<u>Total equity</u> RM
	<u>Share capital</u> RM	<u>Capital reserve</u> RM	<u>Revaluation reserves</u> RM	<u>Retained earnings</u> RM	
<u>Company</u>					
At 1 January 2022, as previously reported	219,875,038	-	-	189,289,847	409,164,885
Impact on initial application of MFRS 17	-	-	-	27,785,206	27,785,206
At 1 January 2022, restated	219,875,038	-	-	217,075,053	436,950,091
Net profit for the financial period	-	-	-	4,912,690	4,912,690
At 30 June 2022	<u>219,875,038</u>	<u>-</u>	<u>-</u>	<u>221,987,743</u>	<u>441,862,781</u>
At 1 January 2023, restated	219,875,038	1,703,625	-	232,745,811	454,324,474
Net profit for the financial period	-	-	-	22,064,927	22,064,927
Other comprehensive income for the financial period	-	-	5,183,306	-	5,183,306
At 30 June 2023	<u>219,875,038</u>	<u>1,703,625</u>	<u>5,183,306</u>	<u>254,810,738</u>	<u>481,572,707</u>

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Company No.
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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 2023

	6 months period ended 30.6.2023		6 months period ended 30.6.2022	
	<u>Group</u> RM	<u>Company</u> RM	<u>Group</u> RM Restated	<u>Company</u> RM Restated
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	28,126,808	27,642,804	6,354,740	6,380,353
Adjustments for:				
Depreciation of property and equipment	1,043,681	1,043,681	1,012,330	1,012,330
Gain on disposal of property and equipment	(588)	(588)	(65)	(65)
Property and equipment written-off	613	613	-	-
Intangible assets written-off	-	-	-	-
Finance cost on subordinated loans	914,313	914,313	844,811	844,811
Finance cost on lease liability	62,063	62,063	48,241	48,241
Change in fair value of FVTPL financial assets	(11,371,852)	(12,471,896)	(7,565,026)	420,884
Foreign currency translation differences	(1,973,614)	(1,973,614)	(1,481,916)	(1,481,916)
Depreciation of investment properties	61,869	61,869	185,607	185,607
Change in fair value of investment properties	(4,066,833)	(4,066,833)	-	-
Amortisation of intangible assets	338,317	338,317	498,617	498,617
Depreciation of right-of-use assets	1,110,975	1,110,975	1,769,831	1,769,831
Net loss/(gain) on disposal of FVTPL financial assets	8,447,055	(9,212,502)	18,660,577	7,190,566
Investment income	(12,480,334)	(12,884,478)	(10,299,612)	(6,408,069)
Profit/(Loss) from operations before changes in operating assets and liabilities	10,212,473	(9,435,276)	10,028,135	10,461,190
Changes in working capital:				
Purchase of investments	(408,983,311)	(367,182,772)	(372,442,339)	(126,977,035)
Proceeds from disposal/ maturity of investments	293,042,095	250,658,362	514,601,973	229,721,863
Decrease in loans and receivables	12,036	12,036	85,537	85,537
Net increase in insurance and reinsurance contracts	63,346,589	63,346,589	15,136,926	15,136,926
Increase in other receivables	166,994	166,994	(8,746,503)	(16,497,112)

Company No.
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THE PACIFIC INSURANCE BERHAD
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UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2023

	6 months period ended 30.6.2023		6 months period ended 30.6.2022	
	<u>Group</u> RM	<u>Company</u> RM	<u>Group</u> RM	<u>Company</u> RM
			Restated	Restated
Increase in other payables	9,742,703	4,573,047	6,466,445	6,465,477
Net (decrease)/increase in working capital	(32,460,421)	(57,861,020)	165,130,174	118,396,846
Investment income received	10,198,917	11,360,918	11,441,587	5,586,311
Interest paid on lease liabilities	(62,063)	(62,063)	(48,241)	(48,241)
Income tax paid	(1,429,874)	(1,429,874)	(1,122,250)	(1,122,250)
Net cash generated (used in)/ from operating activities	(23,753,441)	(47,992,039)	175,401,270	122,812,666
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment	(259,047)	(259,047)	(217,562)	(217,562)
Purchase of intangible assets	(12,965)	(12,965)	-	-
Proceeds from disposal of property and equipment	588	588	65	65
Distribution to unitholders	12,893	-	(3,016)	-
Net cash used in investing activities	(258,531)	(271,424)	(220,513)	(217,497)
CASH FLOWS FROM FINANCING ACTIVITY				
Repayment of lease liabilities	(1,106,696)	(1,106,696)	(1,801,373)	(1,801,373)
Net cash used in financing activity	(1,106,696)	(1,106,696)	(1,801,373)	(1,801,373)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(25,118,668)	(49,370,159)	173,379,384	120,793,796
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	257,485,457	247,083,763	149,038,149	134,660,617
CASH AND CASH EQUIVALENTS AT END OF PERIOD	232,366,789	197,713,604	322,417,533	255,454,413

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THE PACIFIC INSURANCE BERHAD
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UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2023

	6 months period ended 30.6.2023		6 months period ended 30.6.2022	
	<u>Group</u> RM	<u>Company</u> RM	<u>Group</u> RM Restated	<u>Company</u> RM Restated
Cash and cash equivalents comprise:				
Fixed and call deposits with licensed financial institutions	193,414,351	158,863,679	311,709,141	244,906,014
Cash and cash equivalents	38,952,438	38,849,925	10,708,392	10,548,399
	<u>232,366,789</u>	<u>197,713,604</u>	<u>322,417,533</u>	<u>255,454,413</u>

Reconciliation of liabilities arising from financing activities

	2023		2022	
	Principal RM	Interest payable RM	Principal RM	Interest payable RM
<u>Group and Company</u>				
Subordinated loans				
At 1 January	24,337,504	11,561,302	24,337,504	11,561,302
Interest conversion to principal	5,662,496	(5,662,496)	-	-
Interest charge	-	914,313	-	844,811
At 30 June	<u>30,000,000</u>	<u>6,813,119</u>	<u>24,337,504</u>	<u>12,406,113</u>

	2023 RM	2022 RM
Lease liabilities		
At 1 January	4,300,423	3,467,782
Cash flows	(1,168,759)	(1,849,614)
Interest charge	62,063	48,241
Lease additions	849,187	703,810
Change in consideration	9,492	-
At 30 June	<u>4,052,406</u>	<u>2,370,219</u>

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

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THE PACIFIC INSURANCE BERHAD
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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 2022.

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 2022, except for the following standards:

MFRS, Interpretations and Amendments	Effective date
• MFRS 17, Insurance Contracts	1 January 2023
• Amendments to MFRS 17, <i>Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information</i>	1 January 2023
• Amendments to MFRS 101, <i>Presentation of Financial Statements – Disclosures of Accounting Policies</i>	1 January 2023
• Amendments to MFRS 108, <i>Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting</i>	1 January 2023

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 2022, except for the following standards (continued):

MFRS, Interpretations and Amendments	Effective date
<ul style="list-style-type: none">Amendments to MFRS 112, <i>Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023

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, except as discussed below:

MFRS 17 Insurance Contracts

MFRS 17, a comprehensive standard for the recognition, measurement, presentation and disclosure of insurance contracts, was adopted by the Group and the Company on 1 January 2023. This standard has brought significant changes to the accounting for insurance and reinsurance contracts. As a result, the Group and the Company have restated certain comparative amounts and presented a third statements of financial position as at 1 January 2022.

The standard requires entities to measure insurance contracts using current estimates of fulfillment cash flows, which include all future cash flows associated with insurance contracts, under one of three measurement models, of which the Group and the Company principally use the Premium Allocation Approach ("PAA") as discussed below.

The nature and effects of the key changes in the Group's and the Company's accounting policies resulting from its adoption of MFRS 17 are summarised below:

3.1 Definition and classification

(i) Insurance contracts

Insurance contracts are those contracts that have significant insurance risk at the inception of the contract. Insurance risk arises when the Group and the Company agree to compensate a policyholder if a specified uncertain future event adversely affects the policyholder, with the possibility of paying, including variability in the timing of payments, significantly more in a scenario where the insured event occurs than when it does not occur. Contracts not meeting the definition of an insurance contract are classified as investment contracts, derivative contracts or service contracts, as appropriate. Insurance contracts include both direct and assumed (reinsurance) insurance contracts issued by the Group and the Company.

(ii) Reinsurance contract assets held

Ceded reinsurance contracts do not relieve the Group and the Company of its liability associated with underlying insurance contracts. Reinsurance contract assets held are presented separately on the Group's and the Company's statements of financial position to indicate the extent of credit risk and the obligations of the Company to its policyholders.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Definition and classification (continued)

(iii) Unit of account and recognition

Insurance contracts and reinsurance contract assets held are required to be aggregated into portfolios of insurance contracts, based on underlying risk and the management of those risks, then further aggregated into groups based on the underlying expected profitability and date of issuance, with groups not containing contracts issued more than one year apart.

Insurance contracts are recognised from the earliest of; the beginning of the insurance contract's coverage period; (i) when payment from the policyholder becomes due or, if there is no contractual due date, when it is received and (ii) when a contract is onerous.

Reinsurance contract assets held that provide proportionate reinsurance coverage are recognised from the later of; (i) the beginning of the reinsurance contract's coverage period and (ii) when underlying insurance contracts are initially recognised.

Other reinsurance contract assets held are recognised at the beginning of the coverage period for the reinsurance contract unless the Group and the Company recognise onerous insurance contracts on an earlier date which are reinsured and the related reinsurance contract was entered into prior to the onerous contract being recognised, in which case the reinsurance contract assets held are recognised at the date the onerous groups of underlying insurance contracts are recognised.

When insurance and reinsurance contract assets held are recognised, they are added to an existing group of contracts where possible. If the insurance contract cannot be added to an existing group based on the criteria set out above, a new group is formed. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

For insurance contracts acquired with incurred claims and remaining coverage, the Group and the Company are considered to have issued a new, separate insurance contract with two coverages: coverage for claims events that have yet to occur and coverage for the development of claims events that have already occurred. For acquired contracts in their settlement period which are fully earned, the Group and the Company are considered to have issued an adverse development cover for the acquired claim liability. These types of insurance contracts are accounted for as if they were entered into at the date of acquisition or transfer.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Definition and classification (continued)

(iv) Contract boundary

The contract boundary determines the cash flows that are included in the measurement of a group of insurance contracts and reinsurance contract assets held. For insurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group and the Company can compel the policyholder to pay premiums or has a substantive obligation to provide services including insurance coverage. For reinsurance contract assets held, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group and the Company are compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

(v) Fulfillment cash flows within the contract boundary

Fulfillment cash flows are current estimates of cash flows within the contract boundary of a group of contracts which include premiums, claims, acquisition costs and other expenses that the company expects, adjusted to reflect the timing and uncertainty of those amounts with an explicit risk adjustment for non-financial risk.

There are two types of directly attributable costs that are included in the contract boundary:

Acquisition costs

Certain costs of acquiring insurance contracts, consisting of intermediaries commissions, premium taxes, underwriting costs and related overhead are deferred and amortized into earnings as the related premiums are earned. Insurance acquisition cash flows are allocated to groups of insurance contracts based on the contracts that generated the expenses. Insurance acquisition cash flows paid before the recognition of the related group of contracts are recognised as an asset and subsequently derecognised and included within the group of insurance contracts when the related contracts are recognised. At each reporting date, the Group and the Company assess for impairment and will recognise impairment losses when the carrying amount of the asset exceeds the expected net cash inflows for the related group of insurance contracts. The company reverses any impairment losses and increases the carrying amount of the asset to the extent that the impairment conditions have reversed.

Other costs that are incurred in fulfilling insurance contracts

These comprise all remaining directly attributable costs that are not categorized as acquisition costs and include losses on claims, together with both allocated and unallocated loss adjustment expenses, and related overhead.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Measurement

- (i) Contracts measured under the Premium Allocation Approach

The Group and the Company use the Premium Allocation Approach ("PAA") for measuring all insurance and reinsurance contract assets held which are eligible for the simplified methodology. Insurance and reinsurance contract assets held are eligible when the coverage period of each contract in the group is one year or less or the company reasonably expects that the resulting measurement of the Liability for Remaining Coverage ("LRC") would not differ materially from that of applying the General Measurement Model ("GMM"). When comparing the different possible measurements, the Group and the Company consider the impact of different release patterns of the LRC to the Group's and the Company's statements of comprehensive income, the impact of discounting and financial risks, and whether significant variability in the cash flows exists.

Insurance contracts

- Initial measurement

On initial recognition of each group of insurance contracts, the carrying amount of the LRC is measured as the premiums received on initial recognition minus any insurance acquisition cash flows allocated to the group, adjusted for any amounts previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows). The Group and the Company defer and amortises insurance acquisition cash flows for all groups of contracts. Unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the Liability for Incurred Claims ("LIC").

If there are indications that a group of insurance contracts is onerous, then the Group and the Company recognise a loss in insurance service expense in the Group's and the Company's statements of comprehensive income and increases the LRC if the current estimates of the fulfillment cash flows that relate to remaining coverage exceed the carrying amount of the LRC. This excess is recognised as a loss component within the LRC, which is reported in insurance contract liabilities on the statements of financial positions.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Measurement (continued)

- (i) Contracts measured under the Premium Allocation Approach (continued)

Insurance contracts (continued)

- Subsequent measurement

The carrying amount of a group of insurance contracts at each reporting date is the sum of the LRC and the LIC. On subsequent measurement, the carrying amount of the LRC is increased by any premiums received and the amortisation of insurance acquisition cash flows recognised as expenses and decreased by the amount recognised as insurance revenue for services provided and any additional insurance acquisition cash flows allocated after initial recognition.

The LIC includes the fulfillment cash flows for losses on claims and expenses that have not yet been paid, including claims that have been Incurred But Not Reported ("IBNR"). It reflects both a risk adjustment for non-financial risk and the time value of money as most of the company's insurance contracts issued and measured under the PAA typically have a settlement period of over one year.

In each reporting period, the Group and the Company remeasure the loss component using the same calculation as on initial recognition and reflects any changes by adjusting the loss component as required until the loss component is reduced to zero, with such adjustments recognised in insurance service expenses. If a loss component did not exist on initial recognition but there are indications that a group of contracts is onerous on subsequent measurement, then the company establishes the loss component using the same methodology as on initial recognition.

Reinsurance contract assets held

- Initial measurement

On initial recognition of each group of reinsurance contracts, the carrying amount of the Asset for Remaining Coverage ("ARC") is measured as the premiums paid (i.e. premiums ceded) on initial recognition, adjusted for ceding commissions that are not contingent on claims and any amounts previously recognised for cash flows related to the group. The Group and the Company do not recognise any insurance acquisition cash flows for reinsurance contract assets held. For contracts measured under the PAA, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the Asset for Incurred Claims ("AIC").

When there is an onerous group of underlying contracts, a loss-recovery component is created for the group of reinsurance contract assets held which adjusts the ARC and determines the amounts that are subsequently presented in the statements of comprehensive income within net reinsurance result as reversals of recoveries of losses and removed from the cost of reinsurance.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Measurement (continued)

- (i) Contracts measured under the Premium Allocation Approach (continued)

Reinsurance contract assets held (continued)

- Subsequent measurement

The carrying amount of a group of reinsurance contract assets held at each reporting date is the sum of the ARC and the AIC. On subsequent measurement, the carrying amount of the ARC is increased by any premiums paid and reduced by the amount recognised as cost of reinsurance for services received.

For contracts measured under the PAA, the asset for incurred claims is measured consistent with the asset for incurred claims under the GMM and reflects a risk adjustment for non-financial risk and the time value of money as most of the Group's and the Company's reinsurance contract assets held and measured under the PAA typically have a settlement period of over one year.

If a loss-recovery component exists, it is adjusted on subsequent measurement to reflect changes in the loss component of the onerous group of underlying contracts to the extent that it impacts reinsured cash flows, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that the company expects to recover from the reinsurance contract assets held.

- (ii) Derecognition and contract modification

An insurance contract is derecognised when it is extinguished, i.e. when the specified obligations in the contract expire or are discharged or cancelled. An insurance contract is also derecognised if its terms are modified in a way that would have significantly changed the accounting for the contract had the new terms always existed, in which case a new contract based on the modified terms is recognised. If an insurance contract modification does not result in derecognition, then the changes in cash flows caused by the modification are treated as changes in estimates of fulfillment cash flows.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Measurement (continued)

(iii) Presentation

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contract assets held that are assets and those that are liabilities, are presented net on the Group and Company's statements of financial position. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows) are included in the carrying amount of the related portfolios of contracts.

Amounts recognised in the Group's and the Company's statements of comprehensive income for insurance contracts are disaggregated into (i) an insurance service result, comprised of insurance revenue and insurance service expenses ("net insurance result"), (ii) cost of reinsurance and recoveries of insurance service expense ("net reinsurance result"), and (iii) net finance income or expenses from insurance contracts.

Changes in the risk adjustment for non-financial risk are not disaggregated between the insurance service result and net finance income or expenses from insurance contracts. All changes in the risk adjustment for non-financial risk are included in the insurance service result in the statements of comprehensive income.

3.3 Presentation and disclosure

Under MFRS 17, portfolio of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statements of financial position. All rights and obligations arising from a portfolio of contracts are presented on a net basis; therefore, balances such as insurance receivables and payables are no longer be presented separately. Any assets or liabilities for cash flows arising before the recognition of the related group of contracts are presented in the same line item as the related portfolios of contracts.

Under MFRS 17, amounts recognised in the statements of comprehensive income and OCI are disaggregated into an insurance service result, comprising insurance revenue and insurance service expenses; and insurance finance income or expenses. Amounts from reinsurance contracts will be presented separately.

(i) Insurance revenue

For contracts measured under the PAA, the Group and the Company recognise insurance revenue based on the expected premium receipts and the passage of time over the coverage period of a group of contracts unless the release of risk differs significantly from the passage of time, in which case insurance revenue is recognised based on the release of risk.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Presentation and disclosure (continued)

(ii) Insurance service expense

Insurance service expenses arising from insurance contracts are recognised in the Group's and the Company's statements of comprehensive income as they are incurred and include losses on claims, other insurance service expenses, amortisation of insurance acquisition costs, losses and reversals of losses on onerous contracts and impairment losses and reversals of those impairment losses on insurance acquisition cash flow assets.

(iii) Net reinsurance result

Net reinsurance result comprises the cost of reinsurance less recoveries of insurance service expenses from reinsurers. The cost of reinsurance is recognised in the Group's and the Company's statements of comprehensive income as services are received from the reinsurer over the coverage period. Recoveries of insurance service expenses from reinsurers are recognised in the Group's and the Company's statements of comprehensive income as claims and other insurance service expenses are recovered, including any changes in expectations for these amounts, and recoveries and reversals of recoveries of the loss-recovery component. The establishment of the loss-recovery component and subsequent increases or decreases in the loss-recovery component related to future service are presented in net reinsurance result.

(iv) Net finance income or expense from insurance contracts and reinsurance contract assets held

Net finance income or expense from insurance contracts and reinsurance contract assets held as presented in the Group's and the Company's statements of comprehensive income are comprised of changes in the carrying amounts of insurance and reinsurance contracts arising from the effects of the time value of money. The sources of the insurance finance income and expense arise from the effects of discounting the fulfillment cash flows within the AIC and LIC at current rates.

(v) Insurance contract receivables and payables

Insurance contract receivables and payables primarily consist of amounts owing from and to third party administrators and other intermediaries that are not directly attributable to a specific group of insurance or reinsurance contracts.

3.4 Impact of transition

Under the transitional provisions of MRFS 17, the cumulative effect of initially applying MRFS 17 was recognised as an adjustment to retained earnings in the opening the Group's and the Company's statements of financial position as at 1 January 2022.

The full retrospective approach was principally applied to identify, recognise and measure insurance contracts and reinsurance contract assets held on transition to MRFS 17 where practicable. Where impracticable, the modified retrospective approach was applied.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Impact of transition (continued)

(i) Full retrospective approach ("FRA")

Under the FRA, at 1 January 2022 the Group and the Company have identified, recognised and measured each group of insurance contracts and reinsurance contract assets held and any assets for acquisition costs, and derecognised previously reported balances that would not have existed had MRFS 17 always been applied. These included deferred premium acquisition costs for insurance contracts and certain insurance contract receivables and payables including loss reserves and unearned premiums which are included in the measurement of the insurance contracts and reinsurance contract assets held under MRFS 17.

The Group and the Company have considered the FRA impracticable where effects of the retrospective application were not determinable or where hindsight was required to make assumptions on management's intent in previous periods including estimating the amounts recognised, measured or disclosed in those periods. Considerations for impracticability included data limitations related to system changes and conversions, data retention, and data quality.

The Group and the Company have determined that reasonable and supportable information was available for the majority of insurance contracts and reinsurance contract assets held, particularly those that are measured under the PAA. Where the FRA was determined to be impracticable, the modified retrospective approach was used and primarily related to certain long-duration contracts and acquired insurance contracts where the measurement models were those other than the PAA.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

In these unaudited condensed interim financial statements, management has made critical estimates and judgements in determining the measurement of insurance contracts and reinsurance contract assets held as described below:

Insurance contracts and reinsurance contract assets held

(i) Fulfillment cash flows

Fulfillment cash flows comprise estimates of future cash flows, adjusted to reflect the time value of money for both financial and non-financial risk. These estimates reflect a range of possible scenarios and outcomes, where the cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value. The estimates of future cash flows reflect the Group's and the Company's view of current conditions at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events that might affect those cash flows.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (CONTINUED)

Insurance contracts and reinsurance contract assets held (continued)

(i) Fulfillment cash flows (continued)

The model to value the fulfillment cash flows may also include certain qualitative adjustments using professional judgement in circumstances where, in the Group's and the Company's view, the existing inputs, assumptions, or modelling techniques do not capture all relevant risk factors. Where, through model development, the company identifies that the existing models do not capture all relevant risk factors or have other input or data limitations, post-model adjustments are used to address temporary shortcomings. Such adjustments may require significant judgement and may affect the amounts recognised.

The most significant judgements within the estimates of fulfillment cash flows are for insurance provision for losses and loss adjustment expenses, which include estimates of future cash flows from losses on claims which have not yet been paid and that are included within the LIC. These balances are estimated based on accepted actuarial practices, which are designed to ensure the company establishes an appropriate reserve on the Group's and the Company's statements of financial position to cover insured losses and related claims expenses for both reported claims and IBNR claims as at each balance sheet date. The assumptions underlying the estimation of provision for losses and loss adjustment expenses are regularly reviewed and updated by the company to reflect recent and emerging trends in experience and changes in the risk profile of the business.

(ii) Contract boundaries

The assessment of the contract boundary, which defines which cash flows are included in the measurement of a contract, requires judgement and consideration of the Group's and the Company's substantive rights and obligations under the contract. In specific circumstances such as open-ended reinsurance covers, judgement is required in identifying how particular clauses shorten or lengthen the contract boundary. Further, significant judgement is required in determining expense allocations, the Group and the Company generally allocate acquisition costs to groups of contracts based on total premiums, claims handling costs based on estimated time spent, and maintenance and administration costs based on mixture of total number of in-force contracts and total premiums during the year. Other costs are recognised in the Group's and the Company's statement of comprehensive income as they are incurred.

(iii) Discount rates

Cash flows are discounted using government securities yield curves. The yield curve is interpolated with a straight-line approach by using the available market data point between two periods. The forward rates that fall after Year 20 will remain constant and follow the last forward rate adopted. No adjustment for illiquidity premium is required given the relatively liquid nature of insurance payout on policy cancellation or insurance claims.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

5. SEASONAL OR CYCLICAL FACTORS

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

6. 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 2023.

7. CHANGES IN ESTIMATES

There were no changes in the basis used for accounting estimates for the current financial period ended 30 June 2023, other than mentioned in Note 4.

8. 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 2023.

9. DIVIDENDS PAID

No interim dividend was paid during the current financial period ended 30 June 2023.

10. 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 2023.

11. 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 2023.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

12. 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.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

12. 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.

Having completed the hearing from counsel for MyCC and counsels for PIAM and insurers, the CAT reserved its decision.

On 2 February 2022, the CAT unanimously allowed the appeals filed by PIAM and the insurers and the MyCC's entire final decision dated 14 September 2020 was set aside. However, the Company was informed by its counsels on 6 September 2022 that the MyCC had filed an ex-parte application to the High Court for leave to commence judicial review proceedings against the CAT's decision. In view thereof, the Company has instructed its counsels to seek leave from the court to intervene in MyCC ex-parte application and be heard as putative respondents to argue against the granting of leave to MyCC. The hearing date of the MyCC ex parte leave application has now been rescheduled from 10 January 2023 to 8 May 2023.

On 8 May 2023, the High Court ("HC") (i) gave further direction on (a) the filing of parties' affidavits and affidavits in reply, and (b) exchanges of parties' written submissions in chief and written submissions in reply, as the case may be; and (ii) set various dates for (a) the filings to commence on/before 22 May 2023 and (b) the exchanges to complete on/before 1 September 2023. The HC also set further case management on 16 May 2023 before the Deputy Registrar to set a hearing date for MyCC's leave application.

The High Court has now fixed the hearing of MyCC's leave application on 30 November 2023.

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.

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13. INVESTMENT PROPERTIES

<u>Group/Company</u>	<u>As at</u> <u>30.6.2023</u> RM	<u>As at</u> <u>31.12.2022</u> RM
<u>Cost</u>		
At 1 January	18,496,596	18,496,596
Revaluation surplus	1,193,404	-
At 30 June/31 December	<u>19,690,000</u>	<u>18,496,596</u>
<u>Accumulated depreciation</u>		
At 1 January	2,811,560	2,440,345
Charge for the period	61,869	371,215
Change in fair value adjustment	(2,873,429)	-
At 30 June/31 December	<u>-</u>	<u>2,811,560</u>
Net book value	<u>19,690,000</u>	<u>15,685,036</u>
Fair value	<u>19,690,000</u>	<u>19,690,000</u>

Investment properties which are owned are measured initially at cost at the beginning of the period. Subsequently, investment properties are measured at fair value with any surpluses arising from revaluation are credited to revaluation reserve via the statements of other comprehensive income.

The fair value of the properties are estimated at RM19,690,000 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 2023, the two commercial investment properties held by the Company are leased to third parties.

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14. INTANGIBLE ASSETS

<u>Group/Company</u>	<u>Goodwill</u> RM	<u>Computer Software and Licence</u> RM	<u>Total</u> RM
<u>30.6.2023</u>			
<u>Cost</u>			
At 1 January 2023	40,103,501	11,371,463	51,474,964
Additions	-	12,965	12,965
At 30 June 2023	<u>40,103,501</u>	<u>11,384,428</u>	<u>51,487,929</u>
<u>Accumulated Amortisation</u>			
At 1 January 2023	-	4,146,501	4,146,501
Charge for the period	-	338,317	338,317
At 30 June 2023	<u>-</u>	<u>4,484,818</u>	<u>4,484,818</u>
Net book value	<u>40,103,501</u>	<u>6,899,610</u>	<u>47,003,111</u>
 <u>Group/Company</u>			
<u>31.12.2022</u>			
<u>Cost</u>			
At 1 January 2022	40,103,501	11,302,024	51,405,525
Additions	-	70,238	70,238
Written Off	-	(799)	(799)
At 31 December 2022	<u>40,103,501</u>	<u>11,371,463</u>	<u>51,474,964</u>
<u>Accumulated Amortisation</u>			
At 1 January 2022	-	3,185,610	3,185,610
Charge for the financial year	-	961,690	961,690
Written Off	-	(799)	(799)
At 31 December 2022	<u>-</u>	<u>4,146,501</u>	<u>4,146,501</u>
Net book value	<u>40,103,501</u>	<u>7,224,962</u>	<u>47,328,463</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

15. INVESTMENTS

	As at 30.6.2023		As at 31.12.2022	
	Group RM	Company RM	Group RM	Company RM
Malaysian Government Securities	61,418,513	-	52,552,990	-
Government Investment Issues	85,817,544	-	49,769,736	-
Corporate Bonds	151,370,363	-	111,139,853	-
Unit Trust Investments	40,165,806	367,287,120	-	225,924,570
Equity securities	36,654,172	36,654,172	62,845,235	60,313,201
Deposits with Licensed Financial Institutions	319,836,400	319,836,400	295,833,938	295,833,938
	<u>695,262,798</u>	<u>723,777,692</u>	<u>572,141,752</u>	<u>582,071,709</u>

The financial investments are summarised by categories as follows:

Fair value through profit or loss financial assets ("FVTPL")	375,426,398	403,941,292	276,307,814	286,237,771
Amortised cost ("AC")	319,836,400	319,836,400	295,833,938	295,833,938
	<u>695,262,798</u>	<u>723,777,692</u>	<u>572,141,752</u>	<u>582,071,709</u>

The following investments mature after 12 months:

FVTPL financial assets	<u>283,425,350</u>	<u>-</u>	<u>181,616,856</u>	<u>-</u>
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(a) FVTPL financial assets

Fair value

Malaysian Government Securities	61,418,513	-	52,552,990	-
Government Investment Issues	85,817,544	-	49,769,736	-
Unit Trust Investments:				
- Quoted in Malaysia	40,165,806	40,165,806	-	-
- Unquoted in Malaysia	-	327,121,314	-	225,924,570
Corporate bonds	151,370,363	-	111,139,853	-
Equity securities				
- Quoted in Malaysia	6,108,000	6,108,000	30,637,200	30,637,200
- Quoted outside Malaysia	30,546,172	30,546,172	29,676,001	29,676,001
- Unquoted in Malaysia	-	-	2,532,034	-
	<u>375,426,398</u>	<u>403,941,292</u>	<u>276,307,814</u>	<u>286,237,771</u>

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

15. INVESTMENTS (CONTINUED)

	As at 30.6.2023		As at 31.12.2022	
	<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	319,836,400	319,836,400	295,833,938	295,833,938

Deposits with Commercial Banks have interest rates which range from 2.50% to 3.80% (31.12.2022: 1.85% to 3.66%) per annum with an average maturity period of 336 days (31.12.2022: 310 days).

(c) Carrying values of financial investments

	<u>FVTPL</u> RM	<u>AC</u> RM	<u>Total</u> RM
<u>30.6.2023</u>			
<u>Group</u>			
At 1 January 2023	276,307,814	295,833,938	572,141,752
Purchases	225,866,850	183,116,461	408,983,311
Maturities	(22,693,500)	(160,637,560)	(183,331,060)
Disposals	(118,158,088)	-	(118,158,088)
Fair value gains recorded in			
Statements of Comprehensive Income	11,371,852	-	11,371,852
Currency translations differences	1,973,614	-	1,973,614
Movement in accrued interest	1,138,342	1,523,561	2,661,903
Amortisation of premiums	(380,486)	-	(380,486)
At 30 June 2023	<u>375,426,398</u>	<u>319,836,400</u>	<u>695,262,798</u>
<u>31.12.2022</u>			
<u>Group</u>			
At 1 January 2022	515,813,396	73,977,473	589,790,869
Purchases	369,803,529	325,154,027	694,957,556
Maturities	(77,866,915)	(105,534,276)	(183,401,191)
Disposals	(537,070,295)	-	(537,070,295)
Fair value losses recorded in			
Statements of Comprehensive Income	6,275,405	-	6,275,405
Currency translations differences	1,560,231	-	1,560,231
Movement in accrued interest	(991,183)	2,236,714	1,245,531
Amortisation of premiums	(1,216,354)	-	(1,216,354)
At 31 December 2022	<u>276,307,814</u>	<u>295,833,938</u>	<u>572,141,752</u>

Company No.
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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

15. INVESTMENTS (CONTINUED)

(c) Carrying values of financial investments (continued)

	<u>FVTPL</u> RM	<u>AC</u> RM	<u>Total</u> RM
<u>30.6.2023</u>			
<u>Company</u>			
At 1 January 2023	286,237,771	295,833,938	582,071,709
Purchases	184,066,311	183,116,461	367,182,772
Maturities	-	(160,637,560)	(160,637,560)
Disposals	(80,808,300)	-	(80,808,300)
Fair value losses recorded in			
Statements of Comprehensive Income	12,471,896	-	12,471,896
Currency translations differences	1,973,614	-	1,973,614
Movement in accrued interest	-	1,523,561	1,523,561
At 30 June 2023	<u>403,941,292</u>	<u>319,836,400</u>	<u>723,777,692</u>
<u>2022</u>			
<u>Company</u>			
At 1 January 2022	529,489,481	73,977,473	603,466,954
Purchases	3,886,547	325,154,027	329,040,574
Maturities	-	(105,534,276)	(105,534,276)
Disposals	(248,059,688)	-	(248,059,688)
Fair value losses recorded in			
Statements of Comprehensive Income	(638,799)	-	(638,799)
Currency translations differences	1,560,230	-	1,560,230
Movement in accrued interest	-	2,236,714	2,236,714
At 31 December 2022	<u>286,237,771</u>	<u>295,833,938</u>	<u>582,071,709</u>

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

15. 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>30.6.2023</u>		
FVTPL		
- Malaysian Government Securities	-	61,418,513
- Government Investment Issues	-	85,817,544
- Corporate Bonds	-	151,370,363
- Unit Trust Investments	40,165,806	-
- Equity Securities	36,654,172	-
	<u>76,819,978</u>	<u>298,606,420</u>
<u>31.12.2022</u>		
FVTPL		
- Malaysian Government Securities	-	52,552,990
- Government Investment Issues	-	49,769,736
- Corporate Bonds	-	111,139,853
- Equity Securities	62,845,235	-
	<u>62,845,235</u>	<u>213,462,579</u>
<u>Company</u>		
<u>30.6.2023</u>		
<u>Recurring fair value measurements</u>		
FVTPL		
- Unit Trust Investments	40,165,806	327,121,314
- Equity Securities	36,654,172	-
	<u>76,819,978</u>	<u>327,121,314</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

15. INVESTMENTS (CONTINUED)

(d) Fair values of financial investments (continued)

	<u>Level 1</u> RM	<u>Level 2</u> RM
<u>Company (continued)</u>		
<u>31.12.2022</u>		
<u>Recurring fair value measurements</u>		
FVTPL		
- Unit Trust Investments	-	225,924,570
- Equity Securities	60,313,201	-
	<u>60,313,201</u>	<u>225,924,570</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.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

16. INSURANCE AND REINSURANCE CONTRACTS

	Liabilities for remaining coverage		Liabilities for incurred claims		Total RM
	<u>Loss component</u> RM	<u>Excluding loss component</u> RM	<u>Estimates of the present value of future cash flow</u> RM	<u>Risk adjustments</u> RM	
<u>Group/Company</u>					
Insurance contract liabilities as at 1 January 2023	6,393,264	228,799,957	681,771,754	44,036,132	961,001,107
Insurance revenue	-	(419,026,076)	-	-	(419,026,076)
Insurance service expenses					
Incurred claims and other insurance service expenses	(8,549,092)	-	279,444,540	13,055,335	283,950,783
Amortisation of insurance acquisition cash flows	-	57,883,068	-	-	57,883,068
Changes to liabilities for incurred claims	-	-	(32,686,862)	(12,107,192)	(44,794,054)
Losses and reversal of losses on onerous contracts	2,427,835	-	-	-	2,427,835
	<u>(6,121,257)</u>	<u>57,883,068</u>	<u>246,757,678</u>	<u>948,143</u>	<u>299,467,632</u>
Insurance service result	(6,121,257)	(361,143,008)	246,757,678	948,143	(119,558,444)
Net finance expenses from insurance contracts	1,720,433	-	11,490,483	-	13,210,916
Total changes in the statements of comprehensive income	<u>(4,400,824)</u>	<u>(361,143,008)</u>	<u>258,248,161</u>	<u>948,143</u>	<u>(106,347,528)</u>
Investment components	-	1,360,354	-	-	1,360,354
Cash flows					
Premium received	-	416,451,165	-	-	416,451,165
Claims and other insurance service expenses paid, including investment components	-	-	(224,662,103)	-	(224,662,103)
Insurance acquisition cash flows	-	(67,170,026)	-	-	(67,170,026)
Total cash flows	<u>-</u>	<u>349,281,139</u>	<u>(224,662,103)</u>	<u>-</u>	<u>124,619,036</u>
Insurance contract liabilities as at 30 June 2023	<u>1,992,440</u>	<u>218,298,442</u>	<u>715,357,812</u>	<u>44,984,275</u>	<u>980,632,969</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

16. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

	Liabilities for remaining coverage		Liabilities for incurred claims		Total RM
	<u>Loss component</u> RM	<u>Excluding loss component</u> RM	<u>Estimates of the present value of future cash flow</u> RM	<u>Risk adjustments</u> RM	
<u>Group/Company</u>					
Insurance contract liabilities as at 1 January 2022, restated	416,443	182,194,066	591,124,160	43,946,617	817,681,286
Insurance revenue	-	(658,587,376)	-	-	(658,587,376)
Insurance service expenses					
Incurred claims and other insurance service expenses	(10,751,394)	-	422,104,604	17,256,991	428,610,201
Amortisation of insurance acquisition cash flows	-	99,509,378	-	-	99,509,378
Changes to liabilities for incurred claims	-	-	37,920,997	(17,167,476)	20,753,521
Losses and reversal of losses on onerous contracts	15,446,342	-	-	-	15,446,342
	<u>4,694,948</u>	<u>99,509,378</u>	<u>460,025,601</u>	<u>89,515</u>	<u>564,319,442</u>
Insurance service result	4,694,948	(559,077,998)	460,025,601	89,515	(94,267,934)
Net finance expenses from insurance contracts	1,281,873	-	6,540,566	-	7,822,439
Total changes in the statements of comprehensive income	<u>5,976,821</u>	<u>(559,077,998)</u>	<u>466,566,167</u>	<u>89,515</u>	<u>(86,445,495)</u>
Investment components	-	(551,865)	551,865	-	-
Cash flows					
Premium received	-	713,887,602	-	-	713,887,602
Claims and other insurance service expenses paid, including investment components	-	-	(376,470,438)	-	(376,470,438)
Insurance acquisition cash flows	-	(107,651,848)	-	-	(107,651,848)
Total cash flows	<u>-</u>	<u>606,235,754</u>	<u>(376,470,438)</u>	<u>-</u>	<u>229,765,316</u>
Insurance contract liabilities as at 31 December 2022, restated	<u>6,393,264</u>	<u>228,799,957</u>	<u>681,771,754</u>	<u>44,036,132</u>	<u>961,001,107</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

16. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

	Assets for remaining coverage		Amounts recoverable on incurred claims		Total RM
	<u>Loss component</u> RM	<u>Excluding loss component</u> RM	<u>Estimates of the present value of future cash flow</u> RM	<u>Risk adjustments</u> RM	
<u>Group/Company</u>					
Reinsurance contract assets as at 1 January 2023	364,215	23,412,293	464,964,722	22,494,647	511,235,877
An allocation of reinsurance premiums	-	(196,794,181)	-	-	(196,794,181)
Amounts recoverable from reinsurers for incurred claims					
Actual amount recoverable for incurred claims and other expenses	(2,325,277)	-	124,279,329	5,934,546	127,888,598
Changes to amounts recoverable for incurred claims	-	-	(24,744,029)	(7,916,144)	(32,660,173)
Loss-recovery on onerous underlying contracts and adjustments	1,944,261	-	-	-	1,944,261
Effect of changes in non-performance risk of reinsurers	-	-	(903,314)	-	(903,314)
	<u>(381,016)</u>	<u>-</u>	<u>98,631,986</u>	<u>(1,981,598)</u>	<u>96,269,372</u>
Net income or expense from reinsurance contracts held	(381,016)	(196,794,181)	98,631,986	(1,981,598)	(100,524,809)
Reinsurance finance income	142,663	-	7,323,318	-	7,465,981
Total changes in the statements of comprehensive income	<u>(238,353)</u>	<u>(196,794,181)</u>	<u>105,955,304</u>	<u>(1,981,598)</u>	<u>(93,058,828)</u>
Cash flows:					
Premiums paid	-	151,591,983	-	-	151,591,983
Claims recovered	-	-	(102,247,882)	-	(102,247,882)
Total cash flows	<u>-</u>	<u>151,591,983</u>	<u>(102,247,882)</u>	<u>-</u>	<u>49,344,101</u>
Net reinsurance contract liabilities as at 30 June 2023	<u>125,862</u>	<u>(21,789,905)</u>	<u>468,672,144</u>	<u>20,513,049</u>	<u>467,521,150</u>
Reinsurance contract assets as at 30 June 2023	-	-	468,672,144	20,513,049	489,185,193
Reinsurance contract liabilities as at 30 June 2023	125,862	(21,789,905)	-	-	(21,664,043)
Net reinsurance contract liabilities as at 30 June 2023	<u>125,862</u>	<u>(21,789,905)</u>	<u>468,672,144</u>	<u>20,513,049</u>	<u>467,521,150</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

16. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

	Assets for remaining coverage		Amounts recoverable on incurred claims		Total RM
	<u>Loss component</u> RM	<u>Excluding loss component</u> RM	<u>Estimates of the present value of future cash flow</u> RM	<u>Risk adjustments</u> RM	
<u>Group/Company</u>					
Reinsurance contract assets as at 1 January 2022, restated	53,125	63,098,239	342,101,963	24,771,550	430,024,877
An allocation of reinsurance premiums	-	(280,215,796)	-	-	(280,215,796)
Amounts recoverable from reinsurers for incurred claims					
Actual amount recoverable for incurred claims and other expenses	(6,401,249)	-	149,254,997	7,478,855	150,332,603
Changes to amounts recoverable for incurred claims	-	-	67,949,931	(9,755,758)	58,194,173
Loss-recovery on onerous underlying contracts and adjustments	6,556,852	-	-	-	6,556,852
Effect of changes in non-performance risk of reinsurers	-	-	326,987	-	326,987
	<u>155,603</u>	<u>-</u>	<u>217,531,915</u>	<u>(2,276,903)</u>	<u>215,410,615</u>
Net income or expense from reinsurance contracts held	155,603	(280,215,796)	217,531,915	(2,276,903)	(64,805,181)
Reinsurance finance income	155,487	-	4,069,320	-	4,224,807
Total changes in the statements of comprehensive income	<u>311,090</u>	<u>(280,215,796)</u>	<u>221,601,235</u>	<u>(2,276,903)</u>	<u>(60,580,374)</u>
Cash flows:					
Premiums paid	-	240,529,850	-	-	240,529,850
Claims recovered	-	-	(98,738,476)	-	(98,738,476)
Total cash flows	<u>-</u>	<u>240,529,850</u>	<u>(98,738,476)</u>	<u>-</u>	<u>141,791,374</u>
Net reinsurance contract liabilities as at 31 December 2022, restated	<u>364,215</u>	<u>23,412,293</u>	<u>464,964,722</u>	<u>22,494,647</u>	<u>511,235,877</u>
Reinsurance contract assets as at 31 December 2022, restated	364,215	23,412,293	464,964,722	22,494,647	511,235,877
Reinsurance contract liabilities as at 31 December 2022, restated	-	-	-	-	-
Net reinsurance contract liabilities as at 31 December 2022, restated	<u>364,215</u>	<u>23,412,293</u>	<u>464,964,722</u>	<u>22,494,647</u>	<u>511,235,877</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

17. CAPITAL COMMITMENTS

	<u>30.6.2023</u>	<u>31.12.2022</u>
	RM	RM
<u>Group/Company</u>		
Approved and contracted for:		
Computer hardware	155,956	115,900
Office equipment	7,387	-
Furniture and fittings	25,235	2,600
	<u>188,578</u>	<u>118,500</u>

18. 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 30.6.2023	6 months period ended 30.6.2022
	RM	RM
<u>Significant transactions</u>		
<u>Group/Company</u>		
Corporate shareholder: - Koperasi MCIS Berhad		
<u>Expense</u>		
Rental of premise	111,907	134,553
Parking	540	1,080

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

18. 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>30.6.2023</u> RM	6 months period ended <u>30.6.2022</u> RM
<u>Group/Company</u>		
Fellow subsidiaries within FFHL Group:		
<u>Income</u>		
Claim recoveries		
- Wentworth Insurance Company Limited (Labuan)	22,988,958	1,099,218
- Allied World Assurance Company, Ltd (Labuan)	(103,139)	363,972
- CRC Reinsurance Limited (Barbados)	20,828	8,423
- Singapore Reinsurance Corporation Limited (Labuan)	46,036,781	32,660,652
	<u>68,943,428</u>	<u>34,132,265</u>
Commission Income		
- CRC Reinsurance Limited (Barbados)	225	(954)
- Wentworth Insurance Company Limited (Labuan)	4,283,273	1,357,232
- Allied World Assurance Company, Ltd (Labuan)	161,592	293,150
- Newline Malaysia Limited	193,922	70,568
- Newline Asia Services Pte. Ltd.	2,329	-
- Singapore Reinsurance Corporation Limited (Labuan)	11,469,615	8,370,124
	<u>16,110,955</u>	<u>10,090,120</u>
<u>Expense</u>		
Reinsurance premium ceded		
- CRC Reinsurance Limited (Barbados)	902	(3,272)
- Wentworth Insurance Company Limited (Labuan)	23,102,148	5,873,145
- Allied World Assurance Company, Ltd (Labuan)	2,538,429	2,093,788
- Newline Malaysia Limited	1,472,382	1,026,869
- Newline Asia Services Pte. Ltd.	10,352	-
- Singapore Reinsurance Corporation Limited (Labuan)	77,004,301	38,487,402
	<u>104,128,513</u>	<u>47,477,932</u>
Interest expense on premium withheld		
- Wentworth Insurance Company Limited (Labuan)	33,996	23,569

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

18. 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):

	6 months period ended <u>30.6.2023</u> RM	6 months period ended <u>30.6.2022</u> RM
<u>Significant transactions (continued)</u>		
<u>Group/Company</u>		
Fellow subsidiaries within FFHL Group (continued):		
<u>Expense (continued)</u>		
Investment management fees		
- Hamblin Watsa Investment Counsel Ltd.	1,293,318	1,120,147
Management fees		
- Fairfax Asia Limited	473,300	1,464,052
Finance cost		
- Fairfax Asia Limited	914,313	844,811
Information Technology maintenance service		
- FFH Management Services Ltd.	243,875	234,750
Professional service - MFRS 17		
- Fairfax Financial Holdings Limited	237,666	482,585
Subscription fee		
- Falcon Insurance Company (Hong Kong) Limited	10,872	9,853
Associate company within FFHL Group:		
<u>Expense</u>		
Consultancy fee		
- QuessGlobal (Malaysia) Sdn. Bhd.	61,314	115,429

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

18. 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>30.6.2023</u> RM	6 months period ended <u>30.6.2022</u> RM
<u>Payables/(Receivables)</u>		
Other balances due to/(due from)		
- CRC Reinsurance Limited (Barbados)	63,922	65,559
- Wentworth Insurance Company Limited (Labuan)	1,867,300	3,095,109
- Fairfax Asia Limited	40,143,480	41,159,338
- Allied World Assurance Company, Ltd. (Labuan)	138,884	849,250
- Newline Malaysia Limited	956,660	310,472
- Newline Asia Services Pte. Ltd.	-	(24,377)
- Fairfax Financial Holdings Limited	266,920	117,727
- FFH Management Services Ltd.	123,000	-
- Koperasi MCIS Berhad	(93,072)	(93,072)
- Singapore Reinsurance Corporation Limited (Labuan)	47,574,750	1,389,648
- QuessGlobal (Malaysia) Sdn. Bhd.	9,645	-
	<u>91,051,489</u>	<u>46,869,654</u>

- (c) Compensation of key management personnel

The remuneration of CEO and other members of key management during the financial year was as follows:

	6 months period ended <u>30.6.2023</u> RM	6 months period ended <u>30.6.2022</u> RM
Short-term employee benefits	2,688,138	2,715,898
Defined contribution plan	56,155	185,233
	<u>2,744,293</u>	<u>2,901,131</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 Chief Executive Officer, Senior Executive Vice President and other personnel with corporate ranking General Manager and above.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

18. 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	6 months
	period ended	period ended
	<u>30.6.2023</u>	<u>30.6.2022</u>
	RM	RM
Salary and other emoluments	372,906	339,006
Bonus	183,628	159,909
Contribution to defined contribution plan	24,047	22,675
Estimated money value of benefits-in-kind	164,783	172,903
	<u>745,364</u>	<u>694,493</u>

19. REGULATORY CAPITAL REQUIREMENTS

The Company's capital management policy is designed to protect its policyholders, and to optimise the efficient and effective use of resources to maximise the return on equity.

The Company is required to comply with the regulatory capital requirement as prescribed in the Risk Based Capital ("RBC") Framework issued by Bank Negara Malaysia. As at 30 June 2023, the Company has a capital adequacy ratio in excess of the regulatory requirement of 130%.

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

	<u>30.6.2023</u>	<u>31.12.2022</u>
	RM	RM
Tier 1 Capital	430,934,731	420,534,481
Tier 2 Capital	35,183,306	24,337,504
Deductions	52,191,710	54,468,196
Total Capital Available	<u>413,926,327</u>	<u>390,403,789</u>