

Company No.
198201011878 (91603-K)

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2025 TO 30 JUNE 2025

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 2025

		<u>30.06.2025</u>		<u>31.12.2024</u>	
		<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
		<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
	Note				
ASSETS					
Property and equipment		41,546,810	41,546,810	42,171,451	42,171,451
Investment properties	12	19,690,000	19,690,000	19,690,000	19,690,000
Intangible assets	13	46,458,786	46,458,786	46,606,858	46,606,858
Investments:					
Fair value through profit					
or loss financial assets	14	761,793,143	809,643,533	678,247,664	704,557,451
Amortised cost	14	93,734,186	93,734,186	184,231,679	184,231,679
Reinsurance contract assets	15	556,498,559	556,498,559	596,110,863	596,110,863
Right-of-use assets		2,346,585	2,346,585	2,795,756	2,795,756
Loans		232,010	232,010	229,202	229,202
Tax recoverable		7,744,483	7,744,483	6,099,903	6,099,903
Other receivables		46,849,087	46,849,087	46,538,988	46,538,988
Cash and cash equivalents		169,258,981	120,775,332	116,260,237	89,407,924
Total assets		<u>1,746,152,630</u>	<u>1,745,519,371</u>	<u>1,738,982,601</u>	<u>1,738,440,075</u>
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital		219,875,038	219,875,038	219,875,038	219,875,038
Capital reserve		1,703,625	1,703,625	1,703,625	1,703,625
Revaluation reserves		5,183,306	5,183,306	5,183,306	5,183,306
Retained profits		314,407,841	314,393,685	291,995,510	291,978,172
Total equity		<u>541,169,810</u>	<u>541,155,654</u>	<u>518,757,479</u>	<u>518,740,141</u>
Liabilities					
Insurance contract liabilities	15	1,074,784,445	1,074,784,445	1,114,467,744	1,114,467,744
Reinsurance contract liabilities	15	38,997,369	38,997,369	11,324,935	11,324,935
Subordinated loans		41,013,119	41,013,119	39,971,749	39,971,749
Deferred tax liabilities		17,240,845	17,240,845	11,596,447	11,596,447
Lease liabilities		2,407,743	2,407,743	2,858,109	2,858,109
Other payables		30,539,299	29,920,196	40,006,138	39,480,950
Total liabilities		<u>1,204,982,820</u>	<u>1,204,363,717</u>	<u>1,220,225,122</u>	<u>1,219,699,934</u>
Total equity and liabilities		<u>1,746,152,630</u>	<u>1,745,519,371</u>	<u>1,738,982,601</u>	<u>1,738,440,075</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 2025

		6 months period ended 30.6.2025		6 months period ended 30.6.2024	
	Note	Group RM	Company RM	Group RM	Company RM
Insurance revenue	15	465,615,482	465,615,482	485,964,878	485,964,878
Insurance service expenses	15	(260,585,775)	(260,585,775)	(284,410,522)	(284,410,522)
Insurance service result before reinsurance contracts held		<u>205,029,707</u>	<u>205,029,707</u>	<u>201,554,356</u>	<u>201,554,356</u>
Allocation of reinsurance premiums		(253,490,229)	(253,490,229)	(271,487,197)	(271,487,197)
Amounts recoverable from reinsurers for incurred claims		<u>68,866,282</u>	<u>68,866,282</u>	<u>82,641,755</u>	<u>82,641,755</u>
Net expense from reinsurance contracts held		<u>(184,623,947)</u>	<u>(184,623,947)</u>	<u>(188,845,442)</u>	<u>(188,845,442)</u>
Insurance service result		<u>20,405,760</u>	<u>20,405,760</u>	<u>12,708,914</u>	<u>12,708,914</u>
Investment income		12,280,149	12,271,560	16,078,381	15,890,804
Net fair value losses		13,911,549	13,142,724	251,299	(34,514)
Total investment income		<u>26,191,698</u>	<u>25,414,284</u>	<u>16,329,680</u>	<u>15,856,290</u>
Insurance finance expenses for insurance contracts issued		(17,125,016)	(17,125,016)	(13,055,642)	(13,055,642)
Reinsurance finance income for reinsurance contracts held		<u>9,428,803</u>	<u>9,428,803</u>	<u>6,768,132</u>	<u>6,768,132</u>
Net insurance financial result		<u>(7,696,213)</u>	<u>(7,696,213)</u>	<u>(6,287,510)</u>	<u>(6,287,510)</u>
Other operating income		824,441	824,441	630,751	630,751
Other operating expenses		(10,590,592)	(9,809,997)	(9,414,651)	(8,985,265)
Other finance costs		(1,086,354)	(1,086,354)	(1,091,417)	(1,091,417)
Total other income and expenses		<u>(10,852,505)</u>	<u>(10,071,909)</u>	<u>(9,875,317)</u>	<u>(9,445,931)</u>
Profit before taxation		<u>28,048,740</u>	<u>28,051,922</u>	<u>12,875,767</u>	<u>12,831,763</u>
Taxation		(5,636,409)	(5,636,409)	(2,167,616)	(2,167,616)
Net profit for the financial period, representing total comprehensive income for the financial period		<u>22,412,331</u>	<u>22,415,513</u>	<u>10,708,151</u>	<u>10,664,147</u>
Net profit and total comprehensive income for the period attributable to:					
Owner of the Company		22,401,291	22,415,513	10,699,020	10,664,147
Unitholders		11,040	-	9,131	-
		<u>22,412,331</u>	<u>22,415,513</u>	<u>10,708,151</u>	<u>10,664,147</u>
Earnings per share attributable to owner of the Company (sen) basic		<u>10.2</u>	<u>10.2</u>	<u>4.9</u>	<u>4.9</u>

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

Company No.
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THE PACIFIC INSURANCE BERHAD
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UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2025

	Attributable to owners of the Company				Total equity RM
	Share capital RM	Capital reserve RM	Revaluation reserves RM	Retained earnings RM	
Group					
At 1 January 2024	219,875,038	1,703,625	-	263,628,034	485,206,697
Net profit for the financial period	-	-	-	10,708,151	10,708,151
Other comprehensive income for the financial period	-	-	5,183,306	-	5,183,306
At 30 June 2024	<u>219,875,038</u>	<u>1,703,625</u>	<u>5,183,306</u>	<u>274,336,185</u>	<u>501,098,154</u>
At 1 January 2025	219,875,038	1,703,625	5,183,306	291,995,510	518,757,479
Net profit for the financial period	-	-	-	22,412,331	22,412,331
At 30 June 2025	<u>219,875,038</u>	<u>1,703,625</u>	<u>5,183,306</u>	<u>314,407,841</u>	<u>541,169,810</u>

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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 2025

	<u>Non-distributable</u>			<u>Distributable</u>	
	<u>Share capital</u>	<u>Capital reserve</u>	<u>Revaluation reserves</u>	<u>Retained earnings</u>	<u>Total equity</u>
	RM	RM	RM	RM	RM
<u>Company</u>					
At 1 January 2024	219,875,038	1,703,625	-	263,648,881	485,227,544
Net profit for the financial period	-	-	-	10,664,147	10,664,147
Other comprehensive income for the financial period	-	-	5,183,306	-	5,183,306
At 30 June 2024	<u>219,875,038</u>	<u>1,703,625</u>	<u>5,183,306</u>	<u>274,313,028</u>	<u>501,074,997</u>
At 1 January 2025	219,875,038	1,703,625	5,183,306	291,978,172	518,740,141
Net profit for the financial period	-	-	-	22,415,513	22,415,513
At 30 June 2025	<u>219,875,038</u>	<u>1,703,625</u>	<u>5,183,306</u>	<u>314,393,685</u>	<u>541,155,654</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 2025

	6 months period ended 30.6.2025		6 months period ended 30.6.2024	
	<u>Group</u> RM	<u>Company</u> RM	<u>Group</u> RM	<u>Company</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	28,048,740	28,051,922	12,875,767	12,831,763
Adjustments for:				
Depreciation of property and equipment	1,053,755	1,053,755	1,087,726	1,087,726
Property and equipment written-off	848	848	1,877	1,877
Finance cost on subordinated loans	1,041,370	1,041,370	1,041,370	1,041,370
Finance cost on lease liability	44,984	44,984	50,047	50,047
Change in fair value of FVTPL financial assets	(10,616,811)	(13,142,727)	(190,702)	34,513
Foreign currency translation differences	1,525,611	1,525,611	(609,013)	(609,013)
Amortisation of intangible assets	357,390	357,390	354,318	354,318
Depreciation of right-of-use assets	920,456	920,456	966,681	966,681
Net (gain)/loss on disposal of FVTPL financial assets	(1,974,138)	(1,205,315)	223,256	474,553
Investment income	(16,680,328)	(14,145,827)	(15,276,661)	(10,123,613)
Profit from operations before changes in operating assets and liabilities	3,721,877	4,502,467	524,666	6,110,222
Changes in working capital:				
Purchase of investments	(394,974,704)	(272,565,148)	(333,353,949)	(226,308,976)
Proceeds from disposal/ maturity of investments	411,202,978	267,941,380	290,943,122	186,528,519
(Decrease)/increase in loans and receivables	(2,808)	(2,808)	169	169
Net increase in insurance and reinsurance contracts	27,601,439	27,601,439	32,479,350	32,479,350
Increase in other receivables	(310,099)	(310,099)	(2,317,448)	(2,317,448)
(Decrease)/increase in other payables	(9,424,905)	(9,507,779)	2,053,648	(3,061,497)
Net increase/(decrease) in working capital	37,813,778	17,659,452	(9,670,442)	(6,569,661)

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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 2025

	6 months period ended 30.6.2025		6 months period ended 30.6.2024	
	<u>Group</u> RM	<u>Company</u> RM	<u>Group</u> RM	<u>Company</u> RM
Investment income received	18,469,406	17,003,436	15,796,254	10,182,516
Interest paid on lease liabilities	(44,984)	(44,984)	(50,047)	(50,047)
Income tax paid	(1,644,580)	(1,644,580)	-	-
Net cash generated from operating activities	54,593,620	32,973,324	6,075,765	3,562,808
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment	(429,962)	(429,962)	(532,015)	(532,015)
Purchase of intangible assets	(209,318)	(209,318)	(34,047)	(34,047)
Distribution to unitholders	11,040	-	9,131	-
Net cash generated from investing activities	(628,240)	(639,280)	(556,931)	(566,062)
CASH FLOWS FROM FINANCING ACTIVITY				
Repayment of lease liabilities	(966,636)	(966,636)	(960,715)	(960,715)
Net cash used in financing activity	(966,636)	(966,636)	(960,715)	(960,715)
NET INCREASE IN CASH AND CASH EQUIVALENTS	52,998,744	31,367,408	4,558,119	2,036,031
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	116,260,237	89,407,924	182,831,879	164,746,385
CASH AND CASH EQUIVALENTS AT END OF PERIOD	169,258,981	120,775,332	187,389,998	166,782,416
Cash and cash equivalents comprise:				
Fixed and call deposits with licensed financial institutions	149,203,478	100,822,342	172,245,905	151,740,836
Cash and cash equivalents	20,055,503	19,952,990	15,144,093	15,041,580
	169,258,981	120,775,332	187,389,998	166,782,416

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UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2025

Reconciliation of liabilities arising from financing activities

	2025		2024	
	Principal RM	Interest payable RM	Principal RM	Interest payable RM
<u>Group and Company</u>				
Subordinated loans				
At 1 January	30,000,000	9,971,749	30,000,000	7,871,749
Interest charge	-	1,041,370	-	1,041,370
At 30 June	<u>30,000,000</u>	<u>11,013,119</u>	<u>30,000,000</u>	<u>8,913,119</u>

	2025 RM	2024 RM
Lease liabilities		
At 1 January	2,858,109	3,614,783
Cash flows	(966,636)	(960,715)
Interest charge	44,984	50,047
Lease additions	471,286	458,300
Change in consideration	-	10,906
At 30 June	<u>2,407,743</u>	<u>3,173,321</u>

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

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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 2024.

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 2024, except for the following standards:

MFRS, Interpretations and Amendments	Effective date
<ul style="list-style-type: none">Amendments to MFRS 121 - <i>Lack of exchangeable</i>	1 January 2025
<ul style="list-style-type: none">Amendment to MFRS 9 and MFRS 7 - <i>Classification and Measurement of Financial Instruments</i>	1 January 2026
<ul style="list-style-type: none">MFRS 1 - <i>First-time Adoption of MFRS</i>	1 January 2026
<ul style="list-style-type: none">MFRS 7 - <i>Financial Instruments: Disclosures</i>	1 January 2026
<ul style="list-style-type: none">MFRS 9 - <i>Financial Instruments</i>	1 January 2026
<ul style="list-style-type: none">MFRS 10 - <i>Consolidated Financial Statements</i>	1 January 2026
<ul style="list-style-type: none">MFRS 107 - <i>Statement of Cash Flows</i>	1 January 2026
<ul style="list-style-type: none">MFRS 18, <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027

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.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

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 2025.

6. CHANGES IN ESTIMATES

There were no changes in the basis used for accounting estimates for the current financial period ended 30 June 2025.

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 2025.

8. DIVIDENDS PAID

No interim dividend was paid during the current financial period ended 30 June 2025.

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 2025.

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 2025.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

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 fixed 23 March 2021 for the decision on the Stay Application.

On 23 March 2021, CAT unanimously allowed the Stay Application 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 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 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 November 2021. CAT fixed 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.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

11. CONTINGENT LIABILITIES (CONTINUED)

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 was rescheduled from 10 January 2023 to 8 May 2023.

On 8 May 2023, the High Court (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 01 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 fixed the hearing of MyCC's leave application on 30 November 2023.

On 30 November 2023, the HC heard detailed submissions of the parties in relation to MyCC's leave application and the learned judge reserved his decision till 16 January 2024. On 16 January 2024, the learned HC judge dismissed MyCC's Leave Application with costs of RM10,000.00 per Putative Respondent, including TPIB.

Dissatisfied with the HC decision, the MyCC, on 15 February 2024, filed a Notice of Appeal to the Court of Appeal (COA). The COA fixed the first case management for MyCC's appeal on 15 May 2024.

Following the case management on 15 May 2024, the COA fixed a case management on 8 May 2025 to monitor preparation for the hearing of MyCC's appeal fixed for a physical hearing before the COA on 22 May 2025. The hearing fixed on 22 May 2025 was vacated by the COA and the COA thereafter fixed the hearing of MyCC's appeal on 30 April 2026.

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

12. INVESTMENT PROPERTIES

<u>Group/Company</u>	As at 30.6.2025 RM	As at 31.12.2024 RM
<u>Cost</u>		
At 1 January	19,690,000	19,690,000
At 30 June/31 December	<u>19,690,000</u>	<u>19,690,000</u>
Net book value	<u>19,690,000</u>	<u>19,690,000</u>
Fair value	<u>19,690,000</u>	<u>19,690,000</u>

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 3 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, 2 and 3 fair value measurements during the interim period.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

13. INTANGIBLE ASSETS

	<u>Goodwill</u>	<u>Computer Software and Licence</u>	<u>Total</u>
	RM	RM	RM
<u>Group/Company</u>			
<u>30.6.2025</u>			
<u>Cost</u>			
At 1 January 2025	40,103,501	11,705,552	51,809,053
Additions	-	209,318	209,318
At 30 June	<u>40,103,501</u>	<u>11,914,870</u>	<u>52,018,371</u>
<u>Accumulated Amortisation</u>			
At 1 January 2025	-	5,202,195	5,202,195
Charge for the period	-	357,390	357,390
At 30 June 2025	<u>-</u>	<u>5,559,585</u>	<u>5,559,585</u>
Net book value	<u>40,103,501</u>	<u>6,355,285</u>	<u>46,458,786</u>

Group/Company

31.12.2024

Cost

At 1 January 2024	40,103,501	11,645,028	51,748,529
Additions	-	34,047	34,047
Written off	-	(330,743)	(330,743)
Work-in-progress	-	357,220	357,220
At 31 December 2024	<u>40,103,501</u>	<u>11,705,552</u>	<u>51,809,053</u>

Accumulated Amortisation

At 1 January 2024	-	4,828,554	4,828,554
Charge for the financial year	-	704,384	704,384
Written Off	-	(330,743)	(330,743)
At 31 December 2024	<u>-</u>	<u>5,202,195</u>	<u>5,202,195</u>
Net book value	<u>40,103,501</u>	<u>6,503,357</u>	<u>46,606,858</u>

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

14. INVESTMENTS

	As at 30.6.2025		As at 31.12.2024	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	RM	RM	RM	RM
Malaysian Government Securities	23,330,913	-	48,821,465	-
Government Investment Issues	170,801,054	-	97,025,198	-
Corporate Bonds	349,348,363	-	212,342,372	-
Unit Trust Investments	181,215,189	772,545,909	280,943,573	665,442,395
Equity securities	37,097,624	37,097,624	39,115,056	39,115,056
Deposits with Licensed Financial Institutions	93,734,186	93,734,186	184,231,679	184,231,679
	855,527,329	903,377,719	862,479,343	888,789,130

The financial investments are summarised by categories as follows:

Fair value through profit or loss financial assets ("FVTPL")	761,793,143	809,643,533	678,247,664	704,557,451
Amortised cost ("AC")	93,734,186	93,734,186	184,231,679	184,231,679
	855,527,329	903,377,719	862,479,343	888,789,130

The following investments mature after 12 months:

FVTPL financial assets	495,586,872	-	225,716,760	-
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(a) FVTPL financial assets

Fair value

Malaysian Government Securities	23,330,913	-	48,821,465	-
Government Investment Issues	170,801,054	-	97,025,198	-
Unit Trust Investments:				
- Quoted in Malaysia	181,215,189	181,215,189	280,943,573	280,943,572
- Unquoted in Malaysia	-	591,330,720	-	384,498,823
Corporate bonds	349,348,363	-	212,342,372	-
Equity securities				
- Quoted in Malaysia	5,766,000	5,766,000	6,186,000	6,186,000
- Quoted outside Malaysia	31,331,624	31,331,624	32,929,056	32,929,056
	761,793,143	809,643,533	678,247,664	704,557,451

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

14. INVESTMENTS (CONTINUED)

	As at 30.6.2025		As at 31.12.2024	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	RM	RM	RM	RM
(b) AC				
<u>Amortised cost</u>				
Deposits with Commercial Banks	93,734,186	93,734,186	184,231,679	184,231,679

Deposits with Commercial Banks have interest rates which range from 2.40% to 3.70% (2024: 2.50% to 3.70%) per annum with average maturity period of 313 days (2024: 335 days).

(c) Carrying values of financial investments

	<u>FVTPL</u>	<u>AC</u>	<u>Total</u>
	RM	RM	RM
<u>30.6.2025</u>			
<u>Group</u>			
At 1 January 2025	678,247,664	184,231,679	862,479,343
Purchases	322,524,340	72,450,364	394,974,704
Maturities	(100,129,723)	(160,090,247)	(260,219,970)
Disposals	(149,008,870)	-	(149,008,870)
Fair value gains recorded in			
Statements of Comprehensive Income	10,616,811	-	10,616,811
Currency translations differences	(1,525,611)	-	(1,525,611)
Movement in accrued interest	1,225,575	(2,857,610)	(1,632,035)
Amortisation of premiums	(157,043)	-	(157,043)
At 30 June 2025	761,793,143	93,734,186	855,527,329
<u>31.12.2024</u>			
<u>Group</u>			
At 1 January 2024	447,856,553	295,988,827	743,845,380
Purchases	454,822,032	231,826,394	686,648,426
Maturities	(26,101,447)	(342,841,046)	(368,942,493)
Disposals	(201,917,499)	-	(201,917,499)
Fair value losses recorded in			
Statements of Comprehensive Income	4,284,172	-	4,284,172
Currency translations differences	(508,765)	-	(508,765)
Movement in accrued interest	571,637	(742,496)	(170,859)
Amortisation of premiums	(759,019)	-	(759,019)
At 31 December 2024	678,247,664	184,231,679	862,479,343

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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>30.6.2025</u>			
<u>Company</u>			
At 1 January 2025	704,557,451	184,231,679	888,789,130
Purchases	200,114,784	72,450,364	272,565,148
Maturities	(100,129,723)	(160,090,247)	(260,219,970)
Disposals	(6,516,095)	-	(6,516,095)
Fair value losses recorded in			
Statements of Comprehensive Income	13,142,727	-	13,142,727
Currency translations differences	(1,525,611)	-	(1,525,611)
Movement in accrued interest	-	(2,857,610)	(2,857,610)
At 30 June 2025	<u>809,643,533</u>	<u>93,734,186</u>	<u>903,377,719</u>
<u>31.12.2024</u>			
<u>Company</u>			
At 1 January 2024	465,468,353	295,988,827	761,457,180
Purchases	235,721,465	231,826,394	467,547,859
Maturities	-	(342,841,046)	(342,841,046)
Disposals	(242,278)	-	(242,278)
Fair value losses recorded in			
Statements of Comprehensive Income	4,118,676	-	4,118,676
Currency translations differences	(508,765)	-	(508,765)
Movement in accrued interest	-	(742,496)	(742,496)
At 31 December 2024	<u>704,557,451</u>	<u>184,231,679</u>	<u>888,789,130</u>

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>Level 1</u> RM	<u>Level 2</u> RM
<u>Group</u>		
<u>30.6.2025</u>		
<u>Recurring fair value measurements</u>		
FVTPL		
- Malaysian Government Securities	-	23,330,913
- Government Investment Issues	-	170,801,055
- Corporate Bonds	-	349,348,363
- Unit Trust Investments	-	181,215,188
- Equity Securities	37,097,624	-
	<u>37,097,624</u>	<u>724,695,519</u>
<u>31.12.2024</u>		
<u>Recurring fair value measurements</u>		
FVTPL		
- Malaysian Government Securities	-	48,821,465
- Government Investment Issues	-	97,025,198
- Corporate Bonds	-	212,342,372
- Unit Trust Investments	-	280,943,573
- Equity Securities	39,115,056	-
	<u>39,115,056</u>	<u>639,132,608</u>
<u>Company</u>		
<u>30.6.2025</u>		
<u>Recurring fair value measurements</u>		
FVTPL		
- Unit Trust Investments	181,215,188	591,330,720
- Equity Securities	37,097,625	-
	<u>218,312,813</u>	<u>591,330,720</u>

THE PACIFIC INSURANCE BERHAD
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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>Company (continued)</u>		
<u>31.12.2024</u>		
<u>Recurring fair value measurements</u>		
FVTPL		
- Unit Trust Investments	280,943,572	384,498,823
- Equity Securities	39,115,056	-
	<u>320,058,628</u>	<u>384,498,823</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)

15. INSURANCE AND REINSURANCE CONTRACTS

	Liabilities for remaining coverage		Liabilities for incurred claims		
	<u>Loss component</u>	<u>Excluding loss component</u>	<u>Estimates of the present value of future cash flow</u>	<u>Risk adjustments</u>	<u>Total</u>
	RM	RM	RM	RM	RM
30.06.2025					
<u>Group/Company</u>					
Insurance contract liabilities as at 1 January	3,818,042	287,096,667	768,282,937	55,270,098	1,114,467,744
Insurance contract assets as at 1 January	-	-	-	-	-
	<u>3,818,042</u>	<u>287,096,667</u>	<u>768,282,937</u>	<u>55,270,098</u>	<u>1,114,467,744</u>
Insurance revenue	-	(465,615,482)	-	-	(465,615,482)
Insurance service expenses					
Incurred claims and other insurance service expenses	2,720,764	-	267,033,989	16,198,751	285,953,504
Amortisation of insurance acquisition cash flows	-	65,956,094	-	-	65,956,094
Changes to liabilities for incurred claims	-	-	(74,789,381)	(15,025,704)	(89,815,085)
Losses and reversal of losses on onerous contracts	(1,508,738)	-	-	-	(1,508,738)
	<u>1,212,026</u>	<u>65,956,094</u>	<u>192,244,608</u>	<u>1,173,047</u>	<u>260,585,775</u>
Insurance service result	1,212,026	(399,659,388)	192,244,608	1,173,047	(205,029,707)
Net finance expenses from insurance contracts	1,599,643	-	15,525,373	-	17,125,016
Total changes in the statements of comprehensive income	<u>2,811,669</u>	<u>(399,659,388)</u>	<u>207,769,981</u>	<u>1,173,047</u>	<u>(187,904,691)</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

15. 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	
30.06.2025					
<u>Group/Company</u>					
Investment components	-	650,000	-	-	650,000
Cash flows					
Premium received	-	400,382,279	-	-	400,382,279
Claims and other insurance service expenses paid, including investment components	-	-	(186,707,200)	-	(186,707,200)
Insurance acquisition cash flows	-	(66,103,687)	-	-	(66,103,687)
Total cash flows	-	334,278,592	(186,707,200)	-	147,571,392
Insurance contract liabilities as at 30 June 2025	<u>6,629,711</u>	<u>222,365,871</u>	<u>789,345,718</u>	<u>56,443,145</u>	<u>1,074,784,445</u>
Insurance contract liabilities as at 30 June 2025	<u>6,629,711</u>	<u>222,365,871</u>	<u>789,345,718</u>	<u>56,443,145</u>	<u>1,074,784,445</u>
	<u>6,629,711</u>	<u>222,365,871</u>	<u>789,345,718</u>	<u>56,443,145</u>	<u>1,074,784,445</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

	Liabilities for remaining coverage		Liabilities for incurred claims		
	<u>Loss component</u>	<u>Excluding loss component</u>	<u>Estimates of the present value of future cash flow</u>	<u>Risk adjustments</u>	<u>Total</u>
	RM	RM	RM	RM	RM
31.12.2024					
<u>Group/Company</u>					
Insurance contract liabilities as at 1 January	2,006,222	271,049,934	732,095,745	51,435,974	1,056,587,875
Insurance contract assets as at 1 January	-	(9,512,141)	-	-	(9,512,141)
	<u>2,006,222</u>	<u>261,537,793</u>	<u>732,095,745</u>	<u>51,435,974</u>	<u>1,047,075,734</u>
Insurance revenue	-	(928,455,788)	-	-	(928,455,788)
Insurance service expenses					
Incurred claims and other insurance service expenses	(5,075,328)	-	526,167,160	28,197,469	549,289,301
Amortisation of insurance acquisition cash flows	-	133,471,036	-	-	133,471,036
Changes to liabilities for incurred claims	-	-	(107,766,344)	(24,363,345)	(132,129,689)
Losses and reversal of losses on onerous contracts	<u>5,351,567</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,351,567</u>
	<u>276,239</u>	<u>133,471,036</u>	<u>418,400,816</u>	<u>3,834,124</u>	<u>555,982,215</u>
Insurance service result	276,239	(794,984,752)	418,400,816	3,834,124	(372,473,573)
Net finance expenses from insurance contracts	<u>1,535,581</u>	<u>-</u>	<u>18,517,852</u>	<u>-</u>	<u>20,053,433</u>
Total changes in the statements of comprehensive income	<u>1,811,820</u>	<u>(794,984,752)</u>	<u>436,918,668</u>	<u>3,834,124</u>	<u>(352,420,140)</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

	Liabilities for remaining coverage		Liabilities for incurred claims		<u>Total</u> 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	
31.12.2024					
<u>Group/Company</u>					
Investment components	-	3,824,031	-	-	3,824,031
Cash flows					
Premium received	-	952,170,783	-	-	952,170,783
Claims and other insurance service expenses paid, including investment components	-	-	(400,731,476)	-	(400,731,476)
Insurance acquisition cash flows	-	(135,451,188)	-	-	(135,451,188)
Total cash flows	-	816,719,595	(400,731,476)	-	415,988,119
Insurance contract liabilities as at 31 December 2024	<u>3,818,042</u>	<u>287,096,667</u>	<u>768,282,937</u>	<u>55,270,098</u>	<u>1,114,467,744</u>
Insurance contract liabilities as at 31 December 2024	3,818,042	287,096,667	768,282,937	55,270,098	1,114,467,744
	<u>3,818,042</u>	<u>287,096,667</u>	<u>768,282,937</u>	<u>55,270,098</u>	<u>1,114,467,744</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

	Assets for remaining coverage		Amounts recoverable on incurred claims		
	<u>Loss component</u>	<u>Excluding loss component</u>	<u>Estimates of the present value of future cash flow</u>	<u>Risk adjustments</u>	<u>Total</u>
	RM	RM	RM	RM	RM
30.06.2025					
<u>Group/Company</u>					
Reinsurance contract assets as at 1 January	1,935,092	102,120,763	464,147,362	27,907,646	596,110,863
Reinsurance contract liabilities as at 1 January	-	(11,293,943)	(30,992)	-	(11,324,935)
	<u>1,935,092</u>	<u>90,826,820</u>	<u>464,116,370</u>	<u>27,907,646</u>	<u>584,785,928</u>
An allocation of reinsurance premiums	-	(253,490,229)	-	-	(253,490,229)
Amounts recoverable from reinsurers for incurred claims					
Actual amount recoverable for incurred claims and other expenses	3,779,053	-	126,105,864	8,100,655	137,985,572
Changes to amounts recoverable for incurred claims	-	-	(61,120,793)	(6,241,532)	(67,362,325)
Loss-recovery on onerous underlying contracts and adjustments	(2,418,421)	-	-	-	(2,418,421)
Effect of changes in non-performance risk of reinsurers	-	-	661,456	-	661,456
	<u>1,360,632</u>	<u>-</u>	<u>65,646,527</u>	<u>1,859,123</u>	<u>68,866,282</u>
Net income or expense from reinsurance contracts held	1,360,632	(253,490,229)	65,646,527	1,859,123	(184,623,947)
Reinsurance finance income	483,919	-	8,944,884	-	9,428,803
Total changes in the statements of comprehensive income	<u>1,844,551</u>	<u>(253,490,229)</u>	<u>74,591,411</u>	<u>1,859,123</u>	<u>(175,195,144)</u>
Cash flows:					
Premiums paid	-	162,823,559	-	-	162,823,559
Claims recovered	-	-	(54,913,153)	-	(54,913,153)
Total cash flows	<u>-</u>	<u>162,823,559</u>	<u>(54,913,153)</u>	<u>-</u>	<u>107,910,406</u>
Net reinsurance contract liabilities as at 30 June 2025	<u>3,779,643</u>	<u>160,150</u>	<u>483,794,628</u>	<u>29,766,769</u>	<u>517,501,190</u>
Reinsurance contract assets as at 30 June 2025	3,779,643	39,127,498	483,824,649	29,766,769	556,498,559
Reinsurance contract liabilities as at 30 June 2025	-	(38,967,348)	(30,021)	-	(38,997,369)
Net reinsurance contract liabilities as at 30 June 2025	<u>3,779,643</u>	<u>160,150</u>	<u>483,794,628</u>	<u>29,766,769</u>	<u>517,501,190</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

	Assets for remaining coverage		Amounts recoverable on incurred claims		
	Loss component	Excluding loss component	Estimates of the present value of future cash flow	Risk adjustments	Total
	RM	RM	RM	RM	RM
31.12.2024					
Group/Company					
Reinsurance contract assets as at 1 January	1,552,280	90,336,337	436,757,329	22,077,103	550,723,049
Reinsurance contract liabilities as at 1 January	-	(29,421,522)	(34,088)	-	(29,455,610)
	<u>1,552,280</u>	<u>60,914,815</u>	<u>436,723,241</u>	<u>22,077,103</u>	<u>521,267,439</u>
An allocation of reinsurance premiums	-	(501,643,707)	-	-	(501,643,707)
Amounts recoverable from reinsurers for incurred claims					
Actual amount recoverable for incurred claims and other expenses	(3,576,416)	-	235,999,217	14,311,311	246,734,112
Changes to amounts recoverable for incurred claims	-	-	(86,246,217)	(8,480,768)	(94,726,985)
Loss-recovery on onerous underlying contracts and adjustments	3,682,304	-	-	-	3,682,304
Effect of changes in non-performance risk of reinsurers	-	-	187,145	-	187,145
	<u>105,888</u>	<u>-</u>	<u>149,940,145</u>	<u>5,830,543</u>	<u>155,876,576</u>
Net income or expense from reinsurance contracts held	105,888	(501,643,707)	149,940,145	5,830,543	(345,767,131)
Reinsurance finance income	276,924	-	10,688,841	-	10,965,765
Total changes in the statements of comprehensive income	<u>382,812</u>	<u>(501,643,707)</u>	<u>160,628,986</u>	<u>5,830,543</u>	<u>(334,801,366)</u>
Cash flows:					
Premiums paid	-	531,555,712	-	-	531,555,712
Claims recovered	-	-	(133,235,857)	-	(133,235,857)
Total cash flows	<u>-</u>	<u>531,555,712</u>	<u>(133,235,857)</u>	<u>-</u>	<u>398,319,855</u>
Net reinsurance contract liabilities as at 31 December 2024	<u>1,935,092</u>	<u>90,826,820</u>	<u>464,116,370</u>	<u>27,907,646</u>	<u>584,785,928</u>
Reinsurance contract assets as at 31 December 2024	1,935,092	102,120,763	464,147,362	27,907,646	596,110,863
Reinsurance contract liabilities as at 31 December 2024	-	(11,293,943)	(30,992)	-	(11,324,935)
Net reinsurance contract liabilities as at 31 December 2024	<u>1,935,092</u>	<u>90,826,820</u>	<u>464,116,370</u>	<u>27,907,646</u>	<u>584,785,928</u>

Company No.
198201011878 (91603-K)

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

16. 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 2025, 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>30.6.2025</u>	<u>31.12.2024</u>
	RM	RM
<u>Eligible Tier 1 Capital</u>		
Tier 1 Capital	219,875,038	219,875,038
Reserves, including retained earnings *	260,954,814	251,555,780
Total Capital Available	<u>480,829,852</u>	<u>471,430,818</u>
<u>Tier 2 Capital</u>		
Revaluation reserves	5,183,306	5,183,306
Subordinated term debts	30,000,000	30,000,000
	<u>35,183,306</u>	<u>35,183,306</u>
<u>Deductions</u>		
Goodwill & other intangible assets	(46,458,786)	(46,606,858)
Deferred tax assets	(170,050)	(1,695,992)
	<u>(46,628,836)</u>	<u>(48,302,850)</u>
Total Capital Available	<u>469,384,322</u>	<u>458,311,274</u>