

**ALLIANZ GENERAL INSURANCE COMPANY (MALAYSIA) BERHAD
(735426-V)**

UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2016

ALLIANZ GENERAL INSURANCE COMPANY (MALAYSIA) BERHAD

(Company No. 735426-V)

(Incorporated in Malaysia)

Contents	Page
Statement of financial position	1
Statement of profit or loss	2
Statement of profit or loss and other comprehensive income	3
Statement of changes in equity	4
Statement of cash flow	5-6
Notes to the financial statements	7-12

ALLIANZ GENERAL INSURANCE COMPANY (MALAYSIA) BERHAD

(Company No. 735426-V)

(Incorporated in Malaysia)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**AS AT 30 JUNE 2016-UNAUDITED**

	Note	30.6.2016 RM'000	31.12.2015 RM'000
Assets			
Property, plant and equipment		57,757	63,411
Investment properties		46,186	46,186
Intangible assets		9,361	4,885
Deferred tax assets		7,635	19,050
Investments		3,718,755	3,685,932
Reinsurance assets	7	988,059	1,064,230
Insurance receivables		220,451	190,605
Loans and receivables		130,790	134,222
Deferred acquisition costs		88,248	82,199
Other financial assets		61	30
Cash and cash equivalents		245,244	162,557
Total assets		5,512,547	5,453,307
Equity and liabilities			
Share capital		379,168	379,168
Retained earnings		1,324,685	1,218,058
Other reserves		33,719	12,817
Total equity		1,737,572	1,610,043
Insurance contract liabilities	8	3,448,106	3,480,910
Insurance payables		218,832	231,148
Other payables and accruals		107,813	123,769
Current tax liabilities		224	7,437
Total liabilities		3,774,975	3,843,264
Total equity and liabilities		5,512,547	5,453,307

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

ALLIANZ GENERAL INSURANCE COMPANY (MALAYSIA) BERHAD

(Company No. 735426-V)

(Incorporated in Malaysia)

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE HALF-YEAR ENDED 30 JUNE 2016-UNAUDITED**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Half-Yearly 30.6.2016 RM'000	Preceding year Corresponding Half-Yearly 30.6.2015 RM'000	Current Year To Date 30.6.2016 RM'000	Preceding year Corresponding Period 30.6.2015 RM'000
Operating revenue	1,128,106	1,142,091	1,128,106	1,142,091
Gross earned premiums	1,050,247	1,074,517	1,050,247	1,074,517
Premiums ceded to reinsurers	(175,833)	(236,253)	(175,833)	(236,253)
Net earned premiums	874,414	838,264	874,414	838,264
Investment income	77,859	67,574	77,859	67,574
Realised gains and losses	2,738	51	2,738	51
Fee and commission income	29,562	32,454	29,562	32,454
Other operating income	2,541	1,210	2,541	1,210
Other income	112,700	101,289	112,700	101,289
Gross claim paid	(661,588)	(528,456)	(661,588)	(528,456)
Claims ceded to reinsurers	129,045	134,825	129,045	134,825
Gross change to contract liabilities	69,644	(44,454)	69,644	(44,454)
Change in contract liabilities ceded to reinsurers	(77,092)	(66,271)	(77,092)	(66,271)
Net claims incurred	(539,991)	(504,356)	(539,991)	(504,356)
Fee and commission expense	(128,771)	(129,319)	(128,771)	(129,319)
Management expenses	(140,279)	(139,983)	(140,279)	(139,983)
Other operating expenditure	(953)	(442)	(953)	(442)
Other expenses	(270,003)	(269,744)	(270,003)	(269,744)
Profit before tax	177,120	165,453	177,120	165,453
Tax expense	(45,468)	(45,773)	(45,468)	(45,773)
Profit for the period	131,652	119,680	131,652	119,680
Profit attributable to:				
Owners of the Company	131,652	119,680	131,652	119,680

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ALLIANZ GENERAL INSURANCE COMPANY (MALAYSIA) BERHAD

(Company No. 735426-V)

(Incorporated in Malaysia)

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2016-UNAUDITED**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Half-Yearly 30.6.2016 RM'000	Preceding year Corresponding Half-Yearly 30.6.2015 RM'000	Current Year To Date 30.6.2016 RM'000	Preceding year Corresponding Period 30.6.2015 RM'000
Profit for the period	131,652	119,680	131,652	119,680
Other comprehensive income				
Item that will not be reclassified subsequently to profit or loss				
Tax effect thereon	-	50	-	50
	-	50	-	50
Item that may be reclassified subsequently to profit or loss				
Available-for-sale fair value reserves	27,502	24,865	27,502	24,865
Tax effect thereon	(6,600)	(6,141)	(6,600)	(6,141)
	20,902	18,724	20,902	18,724
Other comprehensive income for the period, net of tax	20,902	18,774	20,902	18,774
Total comprehensive income for the period	152,554	138,454	152,554	138,454
Total comprehensive income attributable to: Owners of the Company	152,554	138,454	152,554	138,454

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ALLIANZ GENERAL INSURANCE COMPANY (MALAYSIA) BERHAD

(Company No. 735426-V)

(Incorporated in Malaysia)

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2016 - UNAUDITED

	← Non distributable →				Distributable Retained earnings RM'000	Total equity RM'000
	Share Capital	Capital reserve	Fair value reserve	Asset revaluation reserve		
	RM'000	RM'000	RM'000	RM'000		
At 1 January 2015	379,168	4,523	(13,018)	4,971	972,854	1,348,498
Fair value of available-for-sale financial assets	-	-	18,724	-	-	18,724
Revaluation of property, plant and equipment - tax effect	-	-	-	50	-	50
Total other comprehensive income for the period	-	-	18,724	50	-	18,774
Profit for the period	-	-	-	-	119,680	119,680
Total comprehensive income for the period	-	-	18,724	50	119,680	138,454
At 30 June 2015	379,168	4,523	5,706	5,021	1,092,534	1,486,952
At 1 January 2016	379,168	4,523	628	7,666	1,218,058	1,610,043
Fair value of available-for-sale financial assets	-	-	20,902	-	-	20,902
Total other comprehensive income for the period	-	-	20,902	-	-	20,902
Profit for the period	-	-	-	-	131,652	131,652
Total comprehensive income for the period	-	-	20,902	-	131,652	152,554
<i>Contributions by and distributions to owner of the Company</i>						
Dividend payable to the owners of the Company	-	-	-	-	(25,025)	(25,025)
Total transactions with owners of the Company	-	-	-	-	(25,025)	(25,025)
At 30 June 2016	379,168	4,523	21,530	7,666	1,324,685	1,737,572

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ALLIANZ GENERAL INSURANCE COMPANY (MALAYSIA) BERHAD

(Company No. 735426-V)

(Incorporated in Malaysia)

**CONDENSED INTERIM STATEMENT OF CASH FLOW
FOR THE HALF-YEAR ENDED 30 JUNE 2016-UNAUDITED**

	As at 30.6.2016	As at 30.6.2015
Operating activities		
Profit before tax	177,120	165,453
Investment income	(77,859)	(67,574)
Realised gains recorded in profit or loss	(2,738)	(51)
Purchases of available-for-sale financial investments	(584,948)	(432,850)
Proceeds from sale of available-for-sale financial investments	243,238	13,024
Maturity of available-for-sale financial investments	340,000	185,000
Non-cash items:		
Depreciation of property, plant and equipment	5,496	5,779
Amortisation of intangible assets	966	477
Allowance for impairment loss on receivables	3,437	4,668
Bad debts recovered	(64)	(75)
Property, plant and equipment written off	13	9
Bad debts written off on receivables	340	3,426
Bad debts written off on other receivables	-	9
Interest expense	227	135
Changes in working capital:		
Change in reinsurance assets	76,171	107,611
Change in insurance receivables	(33,559)	(47,905)
Change in loans and other receivables	4,314	(74)
Change in deferred acquisition costs	(6,049)	(9,357)
Change in insurance contract liabilities	(32,804)	123,330
Change in other financial assets	(31)	(196)
Change in insurance payables	(12,316)	(44,535)
Change in other payables and accruals	(16,183)	(16,438)
	<u>84,771</u>	<u>(10,134)</u>
Interest income received	76,060	65,423
Rental income received	40	477
Income tax paid	(47,866)	(47,531)
Net cash flows generated from operating activities	<u>113,005</u>	<u>8,235</u>

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ALLIANZ GENERAL INSURANCE COMPANY (MALAYSIA) BERHAD

(Company No. 735426-V)

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**CONDENSED INTERIM STATEMENT OF CASH FLOW
FOR THE HALF-YEAR ENDED 30 JUNE 2016-UNAUDITED**

	As at 30.6.2016	As at 30.6.2015
Investing activities		
Proceeds from disposal of property, plant and equipment	9	-
Purchase of property, plant and equipment	(3,391)	(15,027)
Purchase of intangible assets	(1,911)	(1,556)
Net cash flows used in investing activities	<u>(5,293)</u>	<u>(16,583)</u>
Financing activities		
Repayment for lease arrangements	-	(3)
Dividend paid to owner of the Company	(25,025)	-
Net cash flows used in financing activities	<u>(25,025)</u>	<u>(3)</u>
Net increase/ (decrease) in cash and cash equivalents	82,687	(8,351)
Cash and cash equivalents at beginning of year	162,557	113,139
Cash and cash equivalents at end of period	<u>245,244</u>	<u>104,788</u>
Cash and cash equivalents comprise:		
Fixed and call deposits with licensed financial institution (with maturity of less than three months)	244,626	104,358
Cash and bank balances	618	430
	<u>245,244</u>	<u>104,788</u>

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Part A: Explanatory notes to the condensed financial statements

1. Basis of preparation

The condensed interim financial statements of the Company have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") 134, *Interim Financial Reporting* and International Accounting Standards ("IAS") 34, *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2015.

2. Changes in accounting policies

The accounting policies and presentation adopted by the Company for the Report are consistent with those adopted in the Company's audited financial statements for the financial year ended 31 December 2015, except for the adoption of the following:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*

Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*

Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*

Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*

Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*

Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*

Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012- 2014 Cycle)*

The initial application of the abovementioned accounting standards, amendments and interpretations did not have any material impacts to the current and prior period financial statements of the Company upon their first adoption.

3. Items of an unusual nature

The results of the Company for the financial period under review were not substantially affected by any item, transaction or event of a material and unusual nature.

4. Changes in estimates

There were no significant changes in basis used for amounts reported in prior financial year that have a material effect in the financial period under review.

5. Seasonal or cyclical factors

The operations of the Company for the financial period under review were not significantly affected by seasonality or cyclical factors.

6. Property, plant and equipment

The Company's property, plant and equipment are stated at cost/valuation less any accumulated depreciation and any accumulated impairment losses. There were no changes in the valuation of property, plant and equipment that were brought forward from the Company's audited financial statements for the year ended 31 December 2015.

7. Reinsurance assets

	30.6.2016	31.12.2015
	RM'000	RM'000
Non-current		
Reinsurance of insurance contracts		
Claims liabilities	294,591	322,935
Current		
Reinsurance of insurance contracts		
Claims liabilities	506,688	555,436
Premium liabilities	186,780	185,859
	<u>693,468</u>	<u>741,295</u>
	<u>988,059</u>	<u>1,064,230</u>

8. Insurance contract liabilities

General insurance contract liabilities consist of:

	30.6.2016			31.12.2015		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Provision for claims reported	1,701,647	(567,439)	1,134,208	1,723,804	(630,253)	1,093,551
Provision for incurred but not reported claims	688,720	(233,840)	454,880	736,207	(248,118)	488,089
Provision for outstanding claims (i)	2,390,367	(801,279)	1,589,088	2,460,011	(878,371)	1,581,640
Provision for unearned premiums (ii)	1,057,739	(186,780)	870,959	1,020,899	(185,859)	835,040
	<u>3,448,106</u>	<u>(988,059)</u>	<u>2,460,047</u>	<u>3,480,910</u>	<u>(1,064,230)</u>	<u>2,416,680</u>

8. Insurance contract liabilities (continued)

(i) Provision for outstanding claims

	30.6.2016			31.12.2015		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
At 1 January	2,460,011	(878,371)	1,581,640	2,350,882	(1,021,609)	1,329,273
Claims incurred in the current accident year	681,940	(106,196)	575,744	1,349,115	(247,661)	1,101,454
Adjustment to claims incurred in prior accident year	(37,961)	21,959	(16,002)	23,097	8,569	31,666
Other movements in claims incurred in prior accident year	(52,035)	32,284	(19,751)	(236,557)	144,654	(91,903)
Claims paid during the year	(661,588)	129,045	(532,543)	(1,026,526)	237,676	(788,850)
At 30 June / 31 December	2,390,367	(801,279)	1,589,088	2,460,011	(878,371)	1,581,640

(ii) Provision for unearned premium

	30.6.2016			31.12.2015		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
At 1 January	1,020,899	(185,859)	835,040	976,361	(226,624)	749,737
Premiums written in the year	1,087,087	(176,754)	910,333	2,180,496	(379,036)	1,801,460
Premiums earned during the year	(1,050,247)	175,833	(874,414)	(2,135,958)	419,801	(1,716,157)
At 30 June / 31 December	1,057,739	(186,780)	870,959	1,020,899	(185,859)	835,040

9. Changes in group composition

There were no changes in the composition of the Company during the financial period under review.

10. Capital commitments

	30.6.2016 RM'000	31.12.2015 RM'000
Property, plant and equipment		
Approved but not contracted for	8,100	9,265
Contracted but not provided for	647	1,397
	<u>8,747</u>	<u>10,662</u>
Intangible assets		
Approved but not contracted for	14,609	20,301
Contracted but not provided for	736	1,373
	<u>15,345</u>	<u>21,674</u>

11. Operating leases

Total future minimum lease payments under operating leases are as follows:

	30.6.2016 RM'000	31.12.2015 RM'000
Less than one year	11,050	13,122
Between one and five years	2,362	6,473
	<u>13,412</u>	<u>19,595</u>

12. Related party transactions

Significant related party transactions are as follows:

	Transaction value Six months ended	
	30.6.2016 RM'000	30.6.2015 RM'000
Related companies*		
Reinsurance premium and commission	(86,963)	(95,644)
	<u>(86,963)</u>	<u>(95,644)</u>

*Related companies are companies within the Allianz SE Group.

13. Changes in contingent liabilities

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

14. Debt and equity securities

There were no issuances of shares, shares buy-backs and repayment of debt and equity securities by the Company during the half-year under review.

15. Regulatory capital requirements

	30.6.2016 RM'000	31.12.2015 RM'000
Tier 1 Capital		
Paid up share capital	379,168	379,168
Retained earnings	1,324,685	1,218,058
	<u>1,703,853</u>	<u>1,597,226</u>
 Tier 2 Capital		
Reserves	33,719	12,817
	<u>33,719</u>	<u>12,817</u>
 Amounts deducted from capital	<u>(16,997)</u>	<u>(23,935)</u>
Total capital available	<u><u>1,720,575</u></u>	<u><u>1,586,108</u></u>

16. Subsequent events

There were no material events subsequent to the end of the financial period under review that have not been reported in this report for the financial period under review.

17. Dividend paid

The Company paid a first and final dividend of 6.6 sen per ordinary share under single tier system totalling RM25,025,101 in respect of the financial year ended 31 December 2015 on 7 June 2016.