

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

UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2012

**ALLIANZ GENERAL INSURANCE COMPANY (MALAYSIA) BERHAD**  
 (Company No. 735426-V)  
 (Incorporated in Malaysia)

**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2012- UNAUDITED**

	Note	30-Jun-12	31-Dec-11
		RM'000	RM'000
<b>Assets</b>			
Property, plant and equipment		52,303	49,279
Investment properties		742	742
Intangible assets		2,916	3,892
Investments	7	2,183,107	2,067,654
Reinsurance assets	8	1,093,625	1,071,126
Insurance receivables		161,931	68,158
Loans and receivables		43,150	47,781
Deferred acquisitions costs		53,921	49,667
Cash and cash equivalents		219,332	196,769
<b>Total assets</b>		3,811,027	3,555,068
<b>Equity and liabilities</b>			
Share capital		334,990	334,990
Retained earnings		513,869	427,504
Other reserves		28,139	26,939
<b>Total equity</b>		876,998	789,433
<b>Liabilities</b>			
Insurance contract liabilities	9	2,558,277	2,463,498
Other financial liabilities		2,810	2,789
Insurance payables		304,381	198,191
Other payables and accruals		59,952	68,916
Current tax liabilities		5,517	2,054
Deferred tax liabilities		3,092	791
Subordinated loans		-	29,396
<b>Total liabilities</b>		2,934,029	2,765,635
<b>Total equity and liabilities</b>		3,811,027	3,555,068

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

**CONDENSED INCOME STATEMENT**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012 - UNAUDITED**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Half-Yearly 30-Jun-12 RM'000	Preceding Year Corresponding Half-Yearly 30-Jun-11 RM'000	Current Year To Date 30-Jun-12 RM'000	Preceding Year Corresponding Period 30-Jun-11 RM'000
Operating revenue	804,829	704,136	804,829	704,136
Gross earned premiums	760,102	664,884	760,102	664,884
Less Premiums ceded to reinsurers	(223,006)	(176,075)	(223,006)	(176,075)
<b>Net earned premiums</b>	<b>537,096</b>	<b>488,808</b>	<b>537,096</b>	<b>488,809</b>
Investment income	44,727	39,252	44,727	39,252
Realised gains and losses	3,195	(186)	3,195	(186)
Fee and commission income	44,442	27,491	44,442	27,491
Other operating income	841	684	841	684
<b>Other revenue</b>	<b>93,207</b>	<b>67,241</b>	<b>93,205</b>	<b>67,241</b>
Gross claim paid	(386,797)	(363,674)	(386,797)	(363,674)
Claims ceded to reinsurers	107,209	104,507	107,209	104,507
Gross change to contract liabilities	(1,966)	(94,443)	(1,966)	(94,443)
Change in contract liabilities ceded to reinsurers	(35,893)	64,384	(35,893)	64,384
<b>Net claims incurred</b>	<b>(317,447)</b>	<b>(289,226)</b>	<b>(317,447)</b>	<b>(289,226)</b>

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 INCOME STATEMENT****FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012 - UNAUDITED**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Half-Yearly 30-Jun-12 RM'000	Preceding Year Corresponding Half-Yearly 30-Jun-11 RM'000	Current Year To Date 30-Jun-12 RM'000	Preceding Year Corresponding Period 30-Jun-11 RM'000
Fee and commission expense	(87,711)	(78,755)	(87,711)	(78,755)
Management expenses	(103,830)	(88,024)	(103,830)	(88,024)
Other operating expenditure	(2,753)	(2,142)	(2,753)	(2,142)
<b>Other expenses</b>	<b>(194,294)</b>	<b>(168,921)</b>	<b>(194,294)</b>	<b>(168,921)</b>
<b>Profit before tax</b>	<b>118,560</b>	<b>97,903</b>	<b>118,560</b>	<b>97,903</b>
Tax expense	(32,195)	(26,474)	(32,195)	(26,474)
<b>Net profit for the period</b>	<b>86,365</b>	<b>71,429</b>	<b>86,365</b>	<b>71,429</b>

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

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012 - UNAUDITED**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Half-Yearly 30-Jun-12 RM'000	Preceding Year Corresponding Half-Yearly 30-Jun-11 RM'000	Current Year To Date 30-Jun-12 RM'000	Preceding Year Corresponding Period 30-Jun-11 RM'000
<b>Net profit for the period</b>	86,365	71,429	86,365	71,429
<b>Other comprehensive income, net of tax</b>				
Available-for-sale fair value reserves	797	(250)	797	(250)
Revaluation of property, plant and equipment	802	5,425	802	5,425
Effect of tax	(400)	(536)	(400)	(536)
<b>Other comprehensive income for the period, net of tax</b>	1,199	4,639	1,199	4,639
<b>Total comprehensive income for the period</b>	87,564	76,068	87,564	76,068
<b>Profit attributable to :</b>				
Owners of the Company	86,365	71,429	86,365	71,429
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	87,564	76,068	87,564	76,068

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 STATEMENT OF CHANGES IN EQUITY****FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012**

	← Non-distributable →			Distributable		Total equity RM'000
	Share Capital	Fair value reserve	Capital reserve	Other reserve	Retained earnings	
	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At 1 January 2011</b>	334,990	10,881	-	4,523	309,034	659,428
Fair value of available-for-sale financial assets	-	7,155	-	-	-	7,155
Revaluation of property, plant and equipment	-	-	4,380	-	-	4,380
<b>Total other comprehensive income for the year</b>	-	7,155	4,380	-	-	11,535
Profit for the year	-	-	-	-	130,479	130,479
<b>Total comprehensive income for the year</b>	-	7,155	4,380	-	130,479	142,014
Dividend paid during the year	-	-	-	-	(12,009)	(12,009)
<b>At 31 December 2011 / At 1 January 2012</b>	334,990	18,036	4,380	4,523	427,504	789,433
Fair value of available-for-sale financial assets	-	598	-	-	-	598
Revaluation of property, plant and equipment	-	-	602	-	-	602
<b>Total other comprehensive income for the year</b>	-	598	602	-	-	1,200
Profit for the year	-	-	-	-	86,365	86,365
<b>Total comprehensive income for the year</b>	-	598	602	-	86,365	87,565
<b>At 30 June 2012</b>	334,990	18,634	4,982	4,523	513,869	876,998

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 CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2012 - UNAUDITED**

	30-Jun-12	30-Jun-11
Note	RM'000	RM'000
<b>Profit before tax</b>	118,560	97,903
Investment income	(44,727)	(39,252)
Realised gains on disposal of property, plant and equipment	(25)	(10)
Realised gains on disposal of available-for-sale financial investments	(3,170)	(36)
Realised loss on disposal of investment property	-	232
Purchase of available-for-sale financial investments	(248,139)	(396,690)
Proceeds from sale of available -for-sale financial investments	120,742	17,531
Maturity of available-for-sale financial investments	13,000	53,000
<b>Non-cash items:</b>		
Depreciation of property, plant and equipment	4,102	3,711
Amortisation of intangible assets	1,230	1,190
Interest expense on subordinated loan	1,274	606
Allowance for impairment loss on insurance receivables	2,091	1,659
Bad debts recovered	(152)	(155)
Bad debts written off	(69)	743
Property, plant and equipment written off	90	3
Interest expense	210	278
<b>Changes in working capital:</b>		
Change in reinsurance assets	(22,499)	(58,804)
Change in insurance receivables	(95,643)	(73,116)
Change in loans and other receivables	5,346	(1,433)
Change in insurance contract liabilities	94,779	176,275
Change in other financial liabilities	21	2
Change in insurance payables	106,190	(40,172)
Change in other payables	(8,835)	96,131
Change in deferred acquisition cost	(4,254)	(10,243)
Cash generated from/(used in) operating activities	40,122	(170,647)

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

**CONDENSED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2012 - UNAUDITED**

	Note	30-Jun-12 RM'000	30-Jun-11 RM'000
Cash generated from/(used in) operating activities		40,122	(170,647)
<b>Operating activities</b>			
Dividend income received		70	-
Interest income received		46,825	39,037
Rental income received		28	28
Interest paid		(270)	(1,037)
Income tax paid		(26,831)	(21,491)
<b>Net cash flows generated from/(used in) operating activities</b>		59,944	(154,110)
<b>Investing activities</b>			
Proceeds from disposal of property, plant and equipment		696	1,861
Purchase of property, plant and equipment		(7,085)	(1,121)
Proceeds from disposal of investment property		-	468
Purchase of intangibles assets		(255)	(587)
<b>Net cash flows (used in)/from investing activities</b>		(6,644)	621
<b>Financing activities</b>			
Proceeds from issuance of ordinary shares		-	-
Repayment of subordinated loans		(30,669)	606
Repayment of lease arrangements		(68)	(374)
Dividends paid		-	(12,009)
<b>Net cash flows used in financing activities</b>		(30,737)	(11,777)
Net increase/(decrease) in cash and cash equivalents		22,563	(165,266)
Cash and cash equivalents at beginning of year		196,769	244,500
Cash and cash equivalents at end of year		219,332	79,234
Cash and cash equivalents comprise:			
Fixed and call deposits with licensed financial institutions (with maturity of less than three months):		216,877	76,173
Cash and bank balances		2,455	3,061
		219,332	79,234

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

## **Part A : Explanatory notes to the condensed financial statements**

### **1. Basis of preparation**

The condensed interim financial statements have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") 134, Interim Financial Reporting and with 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 2011.

These are the Company's condensed interim financial statements for part of the period covered by the Company's first MFRS framework annual financial statements and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. The transition to MFRS framework does not have any material financial impact to the financial statements of the Company.

The accounting policies adopted by the Company for the condensed financial statements are consistent with those adopted in the Company audited financial statements for the financial year ended 31 December 2011.

### **2. Changes in accounting policies**

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretations were issued but not yet effective and have not been applied by the Company:

#### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2012**

Amendments to MFRS 101, Presentation of Financial Statements - Presentation of items of Other Comprehensive Income

#### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013**

MFRS 10, Consolidated Financial Statements

MFRS 11, Joint Arrangements

MFRS 12, Disclosure of Interests in Other Entities

MFRS 13, Fair Value Measurement

MFRS 119, Employee Benefits (2011)

MFRS 127, Separate Financial Statements (2011)

MFRS 128, Investments in Associates and Joint Ventures (2011)

IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine

Amendments to MFRS 7, Financial instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities

#### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014**

Amendments to MFRS 132, Financial Instruments: Presentation – offsetting Financial Assets and Financial Liabilities

**2. Changes in accounting policies (continued)**

**FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015**

MFRS 9, Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)

**3. Items of an unusual nature**

The results of the Company for the financial year 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 estimates of amounts reported in prior financial year that have a material effect in the financial year under review.

**5. Seasonal or cyclical factors**

The operations of the Company for the financial year 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. During the year, the Company has revalued its property, plant and equipment and the revaluation surpluses amounting to RM802,306.

## 7. Investments

	30-Jun-12 RM'000	31-Dec-11 RM'000
Malaysian government securities	965,501	991,472
Malaysian government guaranteed bonds and loans	393,649	342,979
Multilateral development bank guaranteed bonds	135,929	135,539
Debt securities	626,022	535,955
Unquoted equity securities	*	*
Structured deposits and negotiable certificate of deposits with licensed financial institutions	62,006	61,709
	<u>2,183,107</u>	<u>2,067,654</u>

\* Denotes RM4

The Company's financial investments are summarised by categories as follows:

	Current		Non-current		Total	
	30-Jun-12 RM'000	31-Dec-11 RM'000	30-Jun-12 RM'000	31-Dec-11 RM'000	30-Jun-12 RM'000	31-Dec-11 RM'000
Available-for-sale financial assets ("AFS")	2,183,107	2,067,654	-	-	2,183,107	2,067,654
	<u>2,183,107</u>	<u>2,067,654</u>	<u>-</u>	<u>-</u>	<u>2,183,107</u>	<u>2,067,654</u>

**7. Investments (continued)**

The Company's financial investments are summarised by category as follows: (continued)

	30-Jun-12		31-Dec-11	
	Carrying value RM'000	Fair value RM'000	Carrying value RM'000	Fair value RM'000
<b>Available-for-sale</b>				
Malaysian government securities	965,501	965,501	991,472	991,472
Malaysian government guaranteed bonds and loans	393,649	393,649	342,979	342,979
Multilateral development bank guaranteed bonds	135,929	135,929	135,539	135,539
Debt securities:				
Unquoted in Malaysia	626,022	626,022	535,955	535,955
Unquoted equity securities	*	*	*	*
Structured deposits and negotiable certificate of deposits with licensed financial institutions	62,006	62,006	61,709	61,709
	<u>2,183,107</u>	<u>2,183,107</u>	<u>2,067,654</u>	<u>2,067,654</u>

\* Denotes RM4

**7. Investments (continued)**

The carrying values of the financial investments are stated as follows:

	<b>LAR</b> <b>RM'000</b>	<b>AFS</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
At 1 January 2011	5,525	1,713,890	1,719,415
Purchases	-	788,214	788,214
Maturities	-	(338,650)	(338,650)
Disposals	(5,525)	(100,316)	(105,841)
Fair value gains recorded in other comprehensive income	-	9,540	9,540
Accretion	-	1,512	1,512
Amortisation	-	6,536	6,536
<b>At 31 December 2011</b>	-	2,067,654	2,067,654
Purchases	-	248,139	248,139
Maturities	-	(13,000)	(13,000)
Disposals	-	(117,572)	(117,572)
Fair value gains recorded in other comprehensive income	-	797	797
Accretion	-	524	524
Amortisation	-	(3,435)	(3,435)
<b>At 30 June 2012</b>	-	2,183,107	2,183,107

**7. Investments (continued)**

The basis of estimation of fair values for financial instruments is as follows:

- (a) The fair values of structured deposits and negotiable certificates of deposits are based on the indicative market prices from the issuing banks;
- (b) The fair values of Malaysian government securities, Malaysian government guaranteed bonds and loans, multilateral development bank guaranteed bonds and unquoted bonds of corporations are based on the indicative market yields obtained from three financial institutions;
- (c) The carrying amounts of cash and cash equivalents, insurance receivables and other receivables approximate fair values due to the relatively short term nature of these financial instruments; and

Estimating the fair values of Malaysian government securities, Malaysian government guaranteed bonds and loans, multilateral development bank guaranteed bonds and unquoted bonds of corporations are based on the indicative market yields obtained from three financial institutions which involve projections of market yields based on past transactions. There are elements of uncertainty in projecting the expected market yields and these uncertainties arise from changes in the underlying risk and overall economic conditions. As such, the projected market yields may be different from the actual market yields in future.

It was not practicable to estimate the fair value of the Company's investment in unquoted shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

**8. Reinsurance assets**

	<b>30-Jun-12</b>	<b>31-Dec-11</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Non-current</b>		
<b>Reinsurance of insurance contracts</b>		
Claims liabilities	427,892	467,178
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<b>Current</b>		
<b>Reinsurance of insurance contracts</b>		
Claims liabilities	423,000	419,211
Premium liabilities	242,733	184,737
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	665,733	603,948
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	1,093,625	1,071,126
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**9. Insurance contract liabilities**

General insurance contract liabilities consist of:

	<b>Gross</b>	<b>30-Jun-12</b>	<b>Net</b>	<b>Gross</b>	<b>31-Dec-11</b>	<b>Net</b>
	<b>RM'000</b>	<b>Re-insurance</b>	<b>RM'000</b>	<b>RM'000</b>	<b>Re-insurance</b>	<b>RM'000</b>
		<b>RM'000</b>	<b>RM'000</b>		<b>RM'000</b>	<b>RM'000</b>
Provision for claims reported	1,317,490	(647,143)	670,347	1,357,126	(699,336)	657,790
Provision for incurred but not reported	495,671	(203,749)	291,922	453,673	(187,053)	266,620
Provision for outstanding claims (i)	1,813,161	(850,892)	962,269	1,810,799	(886,389)	924,410
Provision for unearned premiums (ii)	745,116	(242,733)	502,383	652,699	(184,737)	467,962
	<u>2,558,277</u>	<u>(1,093,625)</u>	<u>1,464,652</u>	<u>2,463,498</u>	<u>(1,071,126)</u>	<u>1,392,372</u>

**9. Insurance contract liabilities (continued)**

## (i) Provision for outstanding claims

	2012			2011		
	Gross RM'000	Re-insurance RM'000	Net RM'000	Gross RM'000	Re-insurance RM'000	Net RM'000
At 1 January	1,810,799	(886,389)	924,410	1,596,176	(813,590)	782,586
Claims incurred in the current a.y.	471,237	(125,049)	346,188	863,518	(240,597)	622,921
Other movements in claims incurred in prior accident year	(82,077)	53,337	(28,740)	44,683	(35,360)	9,323
Claims paid during the year	(386,798)	107,209	(279,589)	(693,578)	203,158	(490,420)
At 30 June / 31 December	1,813,161	(850,892)	962,269	1,810,799	(886,389)	924,410

## (ii) Provision for unearned premium

	2012			2011		
	Gross RM'000	Re-insurance RM'000	Net RM'000	Gross RM'000	Re-insurance RM'000	Net RM'000
At 1 January	652,699	(184,737)	467,962	565,138	(154,144)	410,994
Premiums written in the year	852,519	(281,001)	571,518	1,463,083	(399,962)	1,063,121
Premiums earned during the year	(760,102)	223,005	(537,097)	(1,375,522)	369,369	(1,006,153)
At 30 June / 31 December	745,116	(242,733)	502,383	652,699	(184,737)	467,962

**10. Changes in group composition**

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

**11. Capital commitments**

	<b>30-Jun-12</b>	<b>31-Dec-11</b>
	<b>RM'000</b>	<b>RM'000</b>
Property, plant and equipment		
Approved but not contracted for	11,501	17,861
Contracted but not provided for	190	331
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**12. Operating leases**

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

	<b>30-Jun-12</b>	<b>31-Dec-11</b>
	<b>RM'000</b>	<b>RM'000</b>
Less than one year	7,394	4,490
Between one and five years	6,347	4,069
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	13,741	8,559
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**13. Related party transactions**

Significant related party transactions are as follows:

	<b>Transactions value</b>	
	<b>Six months ended</b>	
	<b>30-Jun-12</b>	<b>30-Jun-11</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Related companies*</b>		
Reinsurance premium and commission	(110,998)	(63,469)
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\*Related companies are companies within the Allianz SE Group.

**14. Changes in contingent liabilities**

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

**15. Debt and equity securities**

There were no issuances and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the half-year under review.

**16. Regulatory capital requirements**

	<b>30-Jun-12</b>	<b>31-Dec-11</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Tier 1 Capital</b>		
Paid up share capital	334,990	334,990
Retained earnings	513,869	427,504
	<u>848,859</u>	<u>762,494</u>
<b>Tier 2 Capital</b>		
Reserves	28,139	25,665
Subordinated loans	20,900	20,900
	<u>49,039</u>	<u>46,565</u>
<b>Total capital available</b>	<u><u>897,898</u></u>	<u><u>809,059</u></u>

**17. Subsequent events**

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

**18. Dividend paid**

No dividend was paid during the period under review.