

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

UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2015

ALLIANZ GENERAL INSURANCE COMPANY (MALAYSIA) BERHAD

(Company No. 735426-V)

(Incorporated in Malaysia)

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ALLIANZ GENERAL INSURANCE COMPANY (MALAYSIA) BERHAD

(Company No. 735426-V)

(Incorporated in Malaysia)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**AS AT 30 JUNE 2015-UNAUDITED**

	Note	30.6.2015 RM'000	31.12.2014 RM'000
Assets			
Property, plant and equipment		106,561	97,324
Intangible assets		2,923	1,844
Deferred tax assets		9,953	21,322
Investments		3,488,741	3,228,462
Reinsurance assets	7	1,140,622	1,248,233
Insurance receivables		179,852	139,975
Loans and receivables		113,826	112,613
Deferred acquisition costs		86,783	77,426
Other financial assets		51	-
Cash and cash equivalents		104,788	113,139
Total assets		5,234,100	5,040,338
Equity and liabilities			
Share capital		379,168	379,168
Retained earnings		1,092,534	972,854
Other reserves		15,250	(3,524)
Total equity		1,486,952	1,348,498
Insurance contract liabilities	8	3,450,573	3,327,243
Other financial liabilities		-	145
Insurance payables		184,104	228,639
Other payables and accruals		108,883	125,189
Current tax liabilities		3,588	10,624
Total liabilities		3,747,148	3,691,840
Total equity and liabilities		5,234,100	5,040,338

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 2015-UNAUDITED**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Half-Yearly 30.6.2015 RM'000	Preceding year Corresponding Half-Yearly 30.6.2014 RM'000	Current Year To Date 30.6.2015 RM'000	Preceding year Corresponding Period 30.6.2014 RM'000
Operating revenue	1,142,091	1,071,336	1,142,091	1,071,336
Gross earned premiums	1,074,517	1,011,776	1,074,517	1,011,776
Premiums ceded to reinsurers	(236,253)	(246,876)	(236,253)	(246,876)
Net earned premiums	838,264	764,900	838,264	764,900
Investment income	67,574	59,560	67,574	59,560
Realised gains and losses	51	180	51	180
Fee and commission income	32,454	40,252	32,454	40,252
Other operating income	1,210	985	1,210	985
Other income	101,289	100,977	101,289	100,977
Gross claim paid	(528,456)	(512,075)	(528,456)	(512,075)
Claims ceded to reinsurers	134,825	135,832	134,825	135,832
Gross change to contract liabilities	(44,454)	(59,294)	(44,454)	(59,294)
Change in contract liabilities ceded to reinsurers	(66,271)	(6,402)	(66,271)	(6,402)
Net claims incurred	(504,356)	(441,939)	(504,356)	(441,939)
Fee and commission expense	(129,319)	(116,783)	(129,319)	(116,783)
Management expenses	(139,983)	(129,160)	(139,983)	(129,160)
Other operating expenditure	(442)	485	(442)	485
Other expenses	(269,744)	(245,458)	(269,744)	(245,458)
Profit before tax	165,453	178,480	165,453	178,480
Tax expense	(45,773)	(45,128)	(45,773)	(45,128)
Profit for the period	119,680	133,352	119,680	133,352
Profit attributable to:				
Owners of the Company	119,680	133,352	119,680	133,352

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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 2015-UNAUDITED**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Half-Yearly 30.6.2015 RM'000	Preceding year Corresponding Half-Yearly 30.6.2014 RM'000	Current Year To Date 30.6.2015 RM'000	Preceding year Corresponding Period 30.6.2014 RM'000
Profit for the period	119,680	133,352	119,680	133,352
Other comprehensive income				
Item that will not be reclassified subsequently to profit or loss				
Revaluation of property, plant and equipment	-	-	-	-
Tax effect thereon	50	-	50	-
	<u>50</u>	<u>-</u>	<u>50</u>	<u>-</u>
Item that may be reclassified subsequently to profit or loss				
Available-for-sale fair value reserves	24,865	(1,016)	24,865	(1,016)
Tax effect thereon	(6,141)	254	(6,141)	254
	<u>18,724</u>	<u>(762)</u>	<u>18,724</u>	<u>(762)</u>
Total other comprehensive income for the period, net of tax	<u>18,774</u>	<u>(762)</u>	<u>18,774</u>	<u>(762)</u>
Total comprehensive income for the period	<u>138,454</u>	<u>132,590</u>	<u>138,454</u>	<u>132,590</u>
Total comprehensive income attributable to: Owners of the Company	<u>138,454</u>	<u>132,590</u>	<u>138,454</u>	<u>132,590</u>

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ALLIANZ GENERAL INSURANCE COMPANY (MALAYSIA) BERHAD

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(Incorporated in Malaysia)

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 30 JUNE 2015 - UNAUDITED

	← Non distributable →				Distributable	Total equity
	Share Capital	Capital reserve	Fair value reserve	Asset revaluation reserve	Retained earnings	
	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2014	334,990	4,523	(11,581)	4,982	747,905	1,080,819
Fair value of available-for-sale financial assets	-	-	(762)	-	-	(762)
Total other comprehensive income for the period	-	-	(762)	-	-	(762)
Profit for the period	-	-	-	-	133,352	133,352
Total comprehensive income for the period	-	-	(762)	-	133,352	132,590
At 30 June 2014	334,990	4,523	(12,343)	4,982	881,257	1,213,409
At 1 January 2015	379,168	4,523	(13,018)	4,971	972,854	1,348,498
Revaluation for property, plant and equipment - tax effect	-	-	-	50	-	50
Fair value of available-for-sale financial assets	-	-	18,724	-	-	18,724
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

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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 2015-UNAUDITED**

	As at 30.6.2015	As at 30.6.2014
Operating activities		
Profit before tax	165,453	178,480
Investment income	(67,574)	(59,560)
Realised loss on disposal of property, plant and equipment	2	-
Realised gains on disposal of available-for-sale financial investments	(53)	(180)
Purchases of available-for-sale financial investments	(432,850)	(516,156)
Proceeds from sale of available-for-sale financial investments	13,024	48,935
Maturity of available-for-sale financial investments	185,000	200,000
Non-cash items:		
Depreciation of property, plant and equipment	5,779	4,759
Amortisation of intangible assets	477	443
Allowance of impairment for doubtful debts	4,668	1,104
Bad debts recovered	(75)	(141)
Property, plant and equipment written off	9	31
Bad debts written off	3,435	-
Interest expense	135	255
Changes in working capital:		
Change in reinsurance assets	107,611	(2,861)
Change in insurance receivables	(47,905)	(22,991)
Change in loans and other receivables	(74)	(5,623)
Change in insurance contract liabilities	123,330	146,047
Change in other financial assets	(196)	(806)
Change in insurance payables	(44,535)	(1,384)
Change in other payables and accruals	(16,438)	(42,127)
Change in deferred acquisition cost	(9,357)	(9,105)
	<u>(10,134)</u>	<u>(80,880)</u>
Dividend income received	-	31
Interest income received	65,423	58,773
Rental income received	477	28
Income tax paid	(47,531)	(30,238)
Net cash flows generated from/(used in) operating activities	<u>8,235</u>	<u>(52,286)</u>

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**CONDENSED INTERIM STATEMENT OF CASH FLOW
FOR THE HALF-YEAR ENDED 30 JUNE 2015-UNAUDITED**

	As at 30.6.2015	As at 30.6.2014
Investing activities		
Proceeds from disposal of property, plant and equipment	-	32
Purchase of property, plant and equipment	(15,027)	(4,488)
Purchase of intangible assets	(1,556)	(242)
Net cash flows used in investing activities	<u>(16,583)</u>	<u>(4,698)</u>
Financing activities		
Repayment for lease arrangements	(3)	(14)
Net cash flows used in financing activities	<u>(3)</u>	<u>(14)</u>
Net decrease in cash and cash equivalents	(8,351)	(56,998)
Cash and cash equivalents at beginning of year	113,139	181,298
Cash and cash equivalents at end of period	<u>104,788</u>	<u>124,300</u>
Cash and cash equivalents comprise:		
Fixed and call deposits with licensed financial institution (with maturity of less than three months)	104,358	123,981
Cash and bank balances	430	319
	<u>104,788</u>	<u>124,300</u>

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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 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 2014.

2. Changes in accounting policies

The accounting policies and presentation adopted by the Company are consistent with those adopted in the Company's audited financial statements for the financial year ended 31 December 2014, except for the adoption of the following:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)

Amendments to MFRS 13, Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)

Amendments to MFRS 116, Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)

Amendments to MFRS 124, Related Party Disclosures (Annual Improvements 2010-2012 Cycle)

Amendments to MFRS 138, Intangible Assets (Annual Improvements 2010-2012 Cycle)

Amendments to MFRS 140, Investment Properties (Annual Improvements 2011-2013 Cycle)

The initial application of the aforesaid applicable standards, amendments is not expected to have any material financial impacts to the current and prior periods' financial statement 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 2014.

7. Reinsurance assets

	30.6.2015	31.12.2014
	RM'000	RM'000
Non-current		
Reinsurance of insurance contracts		
Claims liabilities	510,042	545,423
Current		
Reinsurance of insurance contracts		
Claims liabilities	445,296	476,186
Premium liabilities	185,284	226,624
	<u>630,580</u>	<u>702,810</u>
	<u>1,140,622</u>	<u>1,248,233</u>

8. Insurance contract liabilities

General insurance contract liabilities consist of:

	30.6.2015			31.12.2014		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Provision for claims reported	1,688,721	(669,243)	1,019,478	1,713,357	(737,488)	975,869
Provision for incurred but not reported claims	706,615	(286,095)	420,520	637,525	(284,121)	353,404
Provision for outstanding claims (i)	2,395,336	(955,338)	1,439,998	2,350,882	(1,021,609)	1,329,273
Provision for unearned premiums (ii)	1,055,237	(185,284)	869,953	976,361	(226,624)	749,737
	<u>3,450,573</u>	<u>(1,140,622)</u>	<u>2,309,951</u>	<u>3,327,243</u>	<u>(1,248,233)</u>	<u>2,079,010</u>

8. Insurance contract liabilities (continued)

(i) Provision for outstanding claims

	30.6.2015			31.12.2014		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
At 1 January	2,350,882	(1,021,609)	1,329,273	2,093,092	(853,658)	1,239,434
Claims incurred in the current accident year	697,778	(162,488)	535,290	1,251,432	(279,974)	971,458
Adjustment to claims incurred in prior accident year	5,333	9,606	14,939	51,335	(33,095)	18,240
Other movements in claims incurred in prior accident year	(130,201)	84,328	(45,873)	(58,124)	(9,578)	(67,702)
Claims paid during the year	(528,456)	134,825	(393,631)	(986,853)	154,696	(832,157)
At 30 June / 31 December	2,395,336	(955,338)	1,439,998	2,350,882	(1,021,609)	1,329,273

(ii) Provision for unearned premium

	30.6.2015			31.12.2014		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
At 1 January	976,361	(226,624)	749,737	1,009,089	(335,505)	673,584
Premiums written in the year	1,153,393	(194,913)	958,480	2,134,307	(502,451)	1,631,856
Premiums earned during the year	(1,074,517)	236,253	(838,264)	(2,167,035)	611,332	(1,555,703)
At 30 June / 31 December	1,055,237	(185,284)	869,953	976,361	(226,624)	749,737

9. Changes in group composition

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

10. Capital commitments

	30.6.2015 RM'000	31.12.2014 RM'000
Property, plant and equipment		
Approved but not contracted for	26,555	48,346
Contracted but not provided for	5,761	7,055
	<u>5,761</u>	<u>7,055</u>

11. Operating leases

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

	30.6.2015 RM'000	31.12.2014 RM'000
Less than one year	14,492	12,404
Between one and five years	11,269	16,751
	<u>25,761</u>	<u>29,155</u>

12. Related party transactions

Significant related party transactions are as follows:

	Transaction value Six months ended	
	30.6.2015 RM'000	30.6.2014 RM'000
Related companies*		
Reinsurance premium and commission	(95,644)	(117,080)
	<u>(95,644)</u>	<u>(117,080)</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

	30.6.2015	31.12.2014
	RM'000	RM'000
Tier 1 Capital		
Paid up share capital	379,168	379,168
Retained earnings	1,092,534	972,854
	<u>1,471,702</u>	<u>1,352,022</u>
 Tier 2 Capital		
Reserves	15,250	(3,524)
	<u>15,250</u>	<u>(3,524)</u>
 Amounts deducted from capital	 (13,319)	 (23,166)
Total capital available	<u><u>1,473,633</u></u>	<u><u>1,325,332</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 an interim dividend of 3.98 sen per ordinary share under single tier system totalling RM15,090,894 in respect of the financial year ended 31 December 2014 on 14 January 2015.