

ALLIANZ MALAYSIA BERHAD
(FORMERLY KNOWN AS ALLIANZ GENERAL INSURANCE MALAYSIA BERHAD)
CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2007

	As at 31 Dec 2007	As at 31 Dec 2006
	RM'000	RM'000
Assets		
General business and shareholders' fund assets		
Property, plant and equipment	67,231	35,898
Prepaid lease payment	5,542	5,102
Intangible assets	333,533	4,990
Investment property	1,662	891
Loans	3,578	3,022
Deferred tax assets	16,917	9,824
Receivables, deposits and prepayments	39,857	53,640
Total non-current general business and shareholders' fund assets	468,320	113,367
Less: Due from life fund	(35,305)	(50,335)
	433,015	63,032
Investments in debt and equity securities	1,322,189	675,923
Loans	928	591
Receivables, deposits and prepayments	189,123	136,111
Current tax assets	10,571	1,242
Cash and bank balance	7,785	5,161
Total current general business and shareholders' fund assets	1,530,596	819,028
Total life business assets		
Non-current assets	27,671	29,436
Current assets	1,581,760	1,266,627
	1,609,431	1,296,063
Total assets	3,573,042	2,178,123

ALLIANZ MALAYSIA BERHAD
(FORMERLY KNOWN AS ALLIANZ GENERAL INSURANCE MALAYSIA BERHAD)
CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2007
(CONTINUED)

	As at 31 Dec 2007	As at 31 Dec 2006
	RM'000	RM'000
Shareholders' equity		
Share capital	153,868	153,765
Reserves	11,076	11,775
Retained earnings	154,588	171,126
Total equity attributable to shareholders' equity	<u>319,532</u>	<u>336,666</u>
Life policyholders' fund and life asset revaluation reserve	<u>1,419,855</u>	<u>1,130,712</u>
Liabilities		
General business and shareholders' fund liabilities		
Payables and accruals	509,195	19,788
Deferred tax liabilities	1,502	1,825
Total non-current general business and shareholders' fund liabilities	<u>510,697</u>	<u>21,613</u>
Unearned premium reserves	279,550	144,098
Provision for outstanding claims	601,009	263,905
Payables and accruals	280,596	166,066
Current tax liabilities	7,532	47
Total current general business and shareholders' fund liabilities	<u>1,168,687</u>	<u>574,116</u>
Total life business liabilities		
Non-current liabilities	189,576	61,466
Less: Due to general business and shareholders' fund	<u>(35,305)</u>	<u>(50,335)</u>
	<u>154,271</u>	<u>11,131</u>
Current liabilities	<u>-</u>	<u>103,885</u>
	<u>154,271</u>	<u>115,016</u>
Total equity and liabilities	<u>3,573,042</u>	<u>2,178,123</u>
Net asset per share (RM)	2.08	2.19

The accompanying Notes form an integral part of, and should be read in conjunction with, this interim financial report.

ALLIANZ MALAYSIA BERHAD
(FORMERLY KNOWN AS ALLIANZ GENERAL INSURANCE MALAYSIA BERHAD)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

	← Attributable to Equity Shareholders →				
	← Non-Distributable Reserves →			Distributable Reserve	
	Share Capital	Share Premium	Asset Revaluation Reserve	Retained profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2006, restated	153,765	5,321	4,046	153,547	316,679
Profit for the year	-	-	-	34,961	34,961
Revaluation of property, plant and equipment	-	-	2,408	-	2,408
Dividends paid to shareholders				(17,382)	(17,382)
At 31 December 2006	153,765	5,321	6,454	171,126	336,666
At 1 January 2007	153,765	5,321	6,454	171,126	336,666
Loss for the year	-	-	-	(2,587)	(2,587)
Deferred tax on revaluation for owner-occupied properties	-	-	(907)	-	(907)
Issuance of shares	103	208	-	-	311
Dividends paid to shareholders	-	-	-	(13,931)	(13,931)
Writeback of changes in fair value	-	-	-	(20)	(20)
At 31 December 2007	153,868	5,529	5,547	154,588	319,532

The accompanying Notes form an integral part of, and should be read in conjunction with, this interim financial report.

ALLIANZ MALAYSIA BERHAD
(FORMERLY KNOWN AS ALLIANZ GENERAL INSURANCE MALAYSIA BERHAD)
CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter 31 Dec 2007 RM'000	Preceding Year Corresponding Quarter 31 Dec 2006 RM'000	Current Year To Date 31 Dec 2007 RM'000	Preceding Year Corresponding Period 31 Dec 2006 RM'000
Operating revenue *	489,859	323,632	1,445,236	1,133,965
Shareholders' fund:				
Operating revenue	1,752	619	4,329	2,203
Other operating (expenses)/ income	(7,861)	-	(7,967)	149
Management expenses	(3,258)	(156)	(5,521)	(175)
	(9,367)	463	(9,159)	2,177
Transfer from Condensed Insurance Revenue Accounts:				
- General Insurance	(23,931)	14,374	21,445	48,102
- Life Insurance	-	-	-	-
(Loss)/ Profit from operations**	(33,298)	14,837	12,286	50,279
(Loss)/ Profit before taxation	(33,298)	14,837	12,286	50,279
Taxation	(2,094)	(4,519)	(14,873)	(15,318)
(Loss)/ Profit for the year	(35,392)	10,318	(2,587)	34,961
Attributable to equity shareholders	(35,392)	10,318	(2,587)	34,961
(Loss)/ Earnings per share attributable to equity shareholders:				
Basic (Sen)	(23.01)	6.71	(1.68)	22.74
Diluted (Sen)	(23.01)	6.71	(1.68)	22.74

* Operating revenue consists of gross premium and investment income.

** The profit for the current year excludes any surplus to be transferred from the Life Fund to the Shareholders' Fund. The Group proposed to transfer a surplus of RM5.5 million from the Participating Life Fund to the Shareholders' Fund. The same amount will be transferred to the Non-Participating Life Fund to support the solvency of the life company.

The accompanying Notes form an integral part of, and should be read in conjunction with, this interim financial report.

ALLIANZ MALAYSIA BERHAD
(FORMERLY KNOWN AS ALLIANZ GENERAL INSURANCE MALAYSIA BERHAD)
CONDENSED INSURANCE REVENUE ACCOUNTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

	GENERAL				LIFE			
	INDIVIDUAL PERIOD		CUMULATIVE PERIOD		INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year	Preceding Year	Current Year	Preceding Year	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding Quarter	To Date	Corresponding Year	Quarter	Corresponding Quarter	To Date	Corresponding Year
	31-12-2007	31-12-2006	31-12-2007	31-12-2006	31-12-2007	31-12-2006	31-12-2007	31-12-2006
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gross premium	274,828	159,945	748,609	561,928	184,554	142,811	594,560	493,048
Net premium	157,397	82,406	440,892	318,998	175,551	132,701	550,926	453,305
Investment income	12,930	6,771	35,486	26,004	15,756	13,485	62,383	50,781
Other operating (expenses)/ income	(15,851)	69,452	(13,416)	71,101	12,996	25,727	79,559	37,891
Operating expenses	(178,407)	(76,302)	(441,517)	(300,048)	(114,061)	(99,457)	(392,820)	(307,645)
(Loss)/ Profit from operations or (Deficit)/ Surplus before taxation	(23,931)	82,327	21,445	116,055	90,242	72,456	300,048	234,332
Consolidation adjustment	-	(67,953)	-	(67,953)	-	-	-	-
(Deficit)/ Surplus before taxation	(23,931)	14,374	21,445	48,102	90,242	72,456	300,048	234,332
Taxation	-	-	-	-	(2,863)	3,350	(11,696)	3,707
(Loss)/ Surplus after taxation	(23,931)	14,374	21,445	48,102	87,379	75,806	288,352	238,039
Transfer to Condensed Consolidated Income Statement	23,931	(14,374)	(21,445)	(48,102)	-	-	-	-

The accompanying Notes form an integral part of, and should be read in conjunction with, this interim financial report.

ALLIANZ MALAYSIA BERHAD
(FORMERLY KNOWN AS ALLIANZ GENERAL INSURANCE MALAYSIA BERHAD)
CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

	12 Months Ended 31 Dec 2007 RM'000	12 Months Ended 31 Dec 2006 RM'000
Profit before taxation	12,286	50,279
Operating profit before changes in operating assets and liabilities	168,790	140,769
Operating profit before changes in working capital	<u>181,076</u>	<u>191,048</u>
Changes in working capital		
Net change in operating assets	(209,326)	(207,437)
Net change in operating liabilities	57,016	44,500
Net cash generated from operating activities	<u>28,766</u>	<u>28,111</u>
Net cash used in investing activities	<u>(148,089)</u>	<u>(10,915)</u>
Net cash generated/ (used in) financing activities	<u>127,348</u>	<u>(18,403)</u>
Net change in cash and cash equivalents	8,025	(1,207)
Cash and cash equivalents at beginning of year	13,832	15,039
Cash and cash equivalents at end of year	<u>21,857</u>	<u>13,832</u>
Cash and cash equivalents comprise:-		
Cash and bank balances:-		
General business and shareholders' fund	7,785	5,161
Life fund	11,491	5,875
Investment-linked business	2,581	2,796
	<u>21,857</u>	<u>13,832</u>

Note:-

During the financial year ended 31 December 2007, the Group had acquired 100% of the equity interest in Commerce Assurance Berhad ("CAB"). The provisional fair value* of assets acquired and liabilities assumed were as follows:

	RM'000
Assets	670,881
Liabilities	(503,270)
Net assets acquired	<u>167,611</u>
Goodwill	<u>328,543</u>
Total purchase price	496,154
Less: Cash and cash equivalents at CAB	(13,943)
Cash flow on acquisition net of cash acquired	<u><u>482,211</u></u>

* The Group is currently still in the process of assessing the fair values of the assets and liabilities acquired.

The accompanying Notes form an integral part of, and should be read in conjunction with this interim financial report

ALLIANZ MALAYSIA BERHAD (12428-W)
(FORMERLY KNOWN AS ALLIANZ GENERAL INSURANCE MALAYSIA BERHAD)
NOTES TO THE INTERIM FINANCIAL REPORT FOR QUARTER ENDED
31 DECEMBER 2007

Notes

1. Basis of Preparation

The condensed interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standard 134: Interim Financial Reporting, paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and Guidelines issued by Bank Negara Malaysia.

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2006. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2006.

2. Changes in Accounting Policies

The significant accounting policies and methods of computations adopted are consistent with those adopted in the audited financial statements for the year ended 31 December 2006 except for the adoption of the revised Financial Reporting Standards 117: Leases (“FRS 117”) and Financial Reporting Standards 124: Related Party Disclosure that is effective for the Group’s financial year ended 31 December 2007.

FRS 117: Leases

Prior to 1 January 2007, lease of land and buildings held for own use were classified as property, plant and equipment and were stated at cost less accumulated depreciation and impairment loss. The adoption of the revised FRS 117: Leases resulted in a retrospective change in the accounting policy relating to the classification of leases of land. Leasehold land is now classified as operating lease. The up-front payments made for leasehold land represent prepaid lease payments and are amortised on a straight-line basis over the lease term.

The Group and the Company have applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. As at 1 January 2007, the unamortised carrying amount of leasehold land is classified as prepaid land lease payments. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and as disclosed in Note 3, certain comparative figures as at 31 December 2006 have been restated. There were no effects on the income statements of the Group and the Company for the year ended 31 December 2007.

3. Comparatives

The following comparative figures have been restated due to the adoption of FRS 117.

	Previously Stated RM'000	Reclassification RM'000	Restated RM'000
Balance Sheet At 31 December 2006			
Prepaid land lease payments	-	5,102	5,102
Property, plant and equipments	41,000	(5,102)	35,898

4. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2006 was not qualified.

5. Items of an Unusual Nature

The results of the Group were not substantially affected by any item, transaction or event of a material and unusual nature.

6. Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter ended 31 December 2007.

7. Changes in Group Composition

The Group had on 28 August 2007 completed the acquisition of 100% of the equity interest in Commerce Assurance Berhad ("CAB"), a local general insurer, from Commerce International Group Berhad for a cash consideration of RM486.3 million.

The provisional fair value of the net assets of CAB acquired are summarised below:

	RM'000
Cash in bank and hand	13,943
Investments	392,705
Loans	966
Receivables, deposits and prepayments	101,521
Investment properties	117,940
Properties, plant and equipment	43,806
Total assets	<u>670,881</u>

Changes in Group Composition (Continued)

	RM'000
Unearned premium reserves	111,195
Provision for outstanding claims	299,633
Payables and accruals	92,442
Total liabilities	<u>503,270</u>
Provisional fair value of net assets acquired	167,611
Excess of acquisition cost over the provisional fair value of net assets acquired	328,543
Total cost of acquisition (including acquisition expense of RM9.9 million)	<u><u>496,154</u></u>

The initial accounting for the business combination of the acquisition of CAB has been accounted for provisionally under FRS 3 “Business Combination”. Any adjustments to the fair values initially recorded at the date of acquisition as a result of finalising the provisional fair values, will be made within twelve months as allowed by FRS 3 paragraph 62.

The operating revenue and loss after taxation of CAB included in the Group’s consolidated financial statements during the year amounted to RM133,004,000 and RM31,892,000 respectively. Had the acquisition occurred at the beginning of the financial year and the operating revenue and loss after taxation of CAB for the twelve months ended 31 December 2007 amounting to RM374,909,000 and RM41,173,000 respectively been included in the Group’s consolidated financial statements, the Group’s operating revenue and loss attributable to equity shareholders of the Group for the twelve months ended 31 December 2007 would have been RM1,687,142,000 and RM11,868,000 respectively.

8. Seasonal or Cyclical Factors

The Group’s principal business operations are not significantly affected by seasonal and cyclical factors in the current quarter ended 31 December 2007.

9. Carrying Amount of Revalued Assets

The Group's property and equipment are stated at cost/ valuation less accumulated depreciation and accumulated impairment losses. There was no change in the valuation of property and equipment that were brought forward from the previous audited financial statements for the year ended 31 December 2006.

10. Segment Information

The segmental reporting for the year ended 31 December 2007 is as follows:-

	Operating Revenue RM'000	Profit Before Taxation RM'000	Assets Employed RM'000
Business Segments			
General insurance business	784,095	13,201	2,361,959
Life insurance business	656,812	-	1,609,431
Shareholders' fund	5,005	1,938	80,786
	<hr/>	<hr/>	<hr/>
	1,445,912	15,139	4,052,176
Consolidation adjustments	(676)	(2,853)	(479,134)
	<hr/>	<hr/>	<hr/>
	<u>1,445,236</u>	<u>12,286</u>	<u>3,573,042</u>

The Group operates predominantly in Malaysia and accordingly the financial information by geographical segments of the Group's operations is not necessary to be presented.

11. Capital Commitments

	31 December 2007 RM'000
Property, plant and equipment:	
Approved and contracted for	2,788
Approved but not contracted for	4,485

12. Changes in Contingent Liabilities

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

As of 31 December 2007, the bank guarantee and other credit facilities of the Group have been utilised up to approximately RM51.7 million. The bank guarantees utilised are in respect of the insurance subsidiaries of the Company's for its performance bond and immigration bond business.

13. Debt and Equity Securities

Save as disclosed below, there were no issuances and repayment of debts and equity securities, share buy backs, share cancellations, share held as treasury shares and resale of treasury shares by the Company and the Group:

Issuance of Shares

During the financial year ended 31 December 2007, the issued and paid up share capital of the Company was increased from 153,765,138 ordinary shares of RM1.00 each in the Company to 153,868,038 ordinary shares by the issuance of 102,900 ordinary shares pursuant to the implementation of Employee Share Scheme for the eligible employees of the Company and its subsidiaries at the price of RM3.00 each.

14. Related Party Transaction

The significant transactions with related parties are as follows:-

Name	Nature	Income RM'000	Expense RM'000
Allianz SE (formerly known as Allianz Aktiengesellschaft) Group	Reinsurance premium	13,248	*136,591
	Group Information Package service costs and Open Product Underwriting System project license, consultancy fee and related expenses for Allianz Life Insurance Malaysia Berhad ("Allianz Life"), a wholly-owned subsidiary of the Company.	-	743
Symphony BPO Solutions Sdn Bhd (previously known as Vsource Asia Sdn Bhd)	Telemarketing services rendered by Symphony BPO Solutions Sdn Bhd (previously known as Vsource Asia Sdn Bhd for promoting or selling of Allianz life's insurance products.	-	2,333
Allianz Global Investors (AGI) Singapore Limited	Payment of fund management fees	-	291

* As the Group is in the insurance business, the figures do not include payment obligations to the Insured arising from claims duly made pursuant to any insurance policies issued to the Insured.

15. Dividend Paid

During the financial year ended 31 December 2007, the final tax exempt dividend of 9.06 sen per share in respect of the financial year ended 31 December 2006, amounting to RM13,931,121 was paid on 1 August 2007 (2006: RM13,506,730).

Additional information required by the Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirements

1. Review of Results

The Group recorded an operating revenue of RM1,445.2 million for the financial year ended 31 December 2007 as compared to RM1,133.9 million for the previous financial year, representing a growth of 27%. The increase was attributable primarily to the strong growth in gross premium of 27% or RM288.2 million registered by the general insurance business of RM186.7 million and the life insurance business of RM101.5 million respectively. The Group’s newly acquired subsidiary, CAB contributed RM125.2 million to the gross premium of the general insurance business.

The Group’s profit before tax for the financial year ended 31 December 2007 of RM12.2 million was RM38.1 million or 76% lower than the previous corresponding year of RM50.3 million. The decline was attributable mainly to loss before taxation of RM33.9 million incurred by CAB as a result of higher claims incurred and provision for bad and doubtful debts following the alignment of the practices and procedures of CAB with the Group. CAB also incurred a one-off integration cost of RM15.9 million for voluntary separation scheme, impairment and write-off of assets and branch relocation exercise which have progressed ahead of schedule.

The Group proposed to transfer a surplus of RM5.5 million from the Participating Life Fund to the Shareholders’ Fund. The same amount will be transferred to the Non-Participating Life Fund to support the solvency of the life company.

2. Comparison With Preceding Quarter’s Results

The loss before tax of the Group for the current quarter was RM33.3 million or 275% lower than that of the preceding quarter of RM19.0 million. The deterioration in profit before tax recorded in the current quarter is mainly attributable to the loss incurred by CAB as explained above.

3. Prospects For 2008

The insurance industry is expected to remain competitive. With the encouraging growth rate achieved in year 2007 the Group is optimistic of its prospects for 2008.

With the completion of the acquisition on 28 August 2007 of 100% of the equity interest in CAB, a local general insurer which has a diversified customer base in retail business and a strong bancassurance distribution channel and the expected completion of the integration exercise in 2008, the Group's market share in the insurance industry is expected to improve.

This strategic move will complement the Group's existing strength in general insurance in commercial, industrial and infrastructure business, and pave the way for the Group to gain greater scale and presence in the general insurance market.

4. Profit Forecast

There was no profit forecast or profit guarantee issued by the Group.

5. Taxation

Taxation comprises :-

	Current Year Quarter 31-12-2007 RM'000	Current Year To Date 31-12-2007 RM'000
Current year:		
- Income tax	2,353	16,441
- Deferred tax	382	(927)
	<hr/>	<hr/>
	2,735	15,514
Prior year:		
- Under provision of Income tax	101	101
Consolidation adjustment	(742)	(742)
	<hr/> <hr/>	<hr/> <hr/>
	2,094	14,873

The effective tax rates of the Group for the current quarter and financial year ended 31 December 2007 were higher than the statutory tax rate due to certain expenses were not deductible for tax purposes.

6. Unquoted Investments and Properties

During the current quarter, there were no sales of unquoted investments and properties other than in the ordinary course of business.

7. Quoted Investments

The purchases and disposals of quoted securities by the Company during its former status as an insurance company and the purchases and disposals of quoted securities by its insurance subsidiaries are exempted from disclosure by Bursa Malaysia.

There were no purchases and disposals of quoted securities after the Company changed its status to investment holding company on 1 July 2007.

8. Status of Corporate Proposal Announced

The status of the corporate proposals undertaken by the Company are as follows:-

Corporate Proposal	Status
Proposed acquisition of the entire equity Interest in Tahan Insurance Malaysia Berhad (“Proposed Acquisition of Tahan”)	The Company is currently in the process of evaluating/reviewing the Proposed Acquisition of Tahan.

9. Borrowing and Debt Securities

There were no borrowing and debt securities as at 31 December 2007.

10. Off Balance Sheet Financial Instruments

During the financial year, the Group did not enter into any contracts involving off balance sheet financial instruments.

11. Changes in Material Litigation

Save as disclosed below, the Group is not engaged in any material litigation, claims and/or arbitration, either as plaintiff or defendant as at the date of this Circular, which have a material effect on the financial position or the business of the Group and the Directors do not have any knowledge of any proceedings pending or threatened against the Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group:-

Changes in Material Litigation (Continued)

Litigation instituted against the wholly-owned subsidiaries of the Company

(A) Allianz General Insurance Company (Malaysia) Berhad (“AGIC”)

Pursuant to an unconditional mandatory general offer ("MGO") undertaken by Langkah Bahagia Sdn. Bhd. ("LBSB") in 1997 for the remaining ordinary shares in International Bank Malaysia Bhd. (formerly known as Hock Hua Bank (Sabah) Berhad) ("IBMB"), LBSB rejected the acceptance of the MGO in respect of 3,000,000 shares in IBMB (“Said Shares”) owned by Malaysia British Assurance Berhad (subsequently known as Allianz General Insurance Malaysia Berhad and now known as Allianz Malaysia Berhad (“AMB”) on the grounds that AMB had failed to obtain prior written approval under Section 45 of the Banking and Financial Institutions Act, 1989 ("BAFIA") for the sale of the Said Shares ("BAFIA Approval").

AMB had been advised by its solicitors that it was under no legal obligation to obtain the BAFIA Approval and that there was a concluded contract ("Contract") between AMB and LBSB to acquire from AMB the Said Shares.

AMB filed an action at the Kuala Lumpur High Court ("Court Proceedings") on 16 December 1997 in which it sought, inter-alia, declarations that the acceptance by AMB of the MGO was a valid and enforceable contract and that the purported rejection by LBSB of AMB's acceptance of the MGO was invalid and of no effect.

AMB had on 29 September 2000 entered into a conditional sale and purchase agreement with Multi-Purpose Bank Berhad (“MPBB”) and Malaysian Plantations Berhad (“MPlant”) for the disposal of AMB’s entire equity interest in IBMB to MPBB (“Disposal”).

In view of the Disposal, LBSB agreed and a court order was obtained for the postponement of the Court Proceedings and amendment to the pleadings in respect of the Court Proceedings.

The Disposal was deemed completed on 9 January 2001 by a notice given by MPlant to AMB.

As a result of the completion of the Disposal, AMB then claimed for damages against LBSB. Hearing of the part-heard Court Proceedings concluded on 9 January 2003 and the Court granted judgment in favour of AMB on 5 April 2007 (“Judgment”) subject to assessment of damages to be paid by LBSB to AMB. Pursuant to the Judgment, AMB’s solicitors advised AMB to file a summons for the said assessment of damages. Meanwhile, LBSB filed an appeal to the Court of Appeal (“Appeal”) against the Judgment but the hearing date has yet to be fixed by the Court. LBSB has also filed an application for stay of proceedings pending their Appeal which is fixed for hearing on 8 May 2008.

Changes in Material Litigation (Continued)

Following an internal restructuring exercise which involved the transfer of the general insurance business as well as assets and liabilities including these Court Proceedings from AMB to AGIC, a wholly-owned subsidiary which took effect on 1 July 2007, AGIC's solicitors would be filing the necessary documents in Court to record AGIC as the plaintiff at the appropriate time.

AGIC's solicitors are of the view that there is a good chance that LBSB will not succeed in its Appeal.

Given the nature of the claim against LBSB, AGIC has no liabilities to third parties in relation to the said claim.

Meanwhile, both the Company and LBSB are in the midst of negotiating a settlement of the matter.

(B) CAB

- (i) Kota Bharu High Court Suit No: 22-115-05 in the matter of Mohd Shokri bin Abdul Rahim - v- CAB

The Plaintiff is an individual agent based in Kota Bharu, Kelantan and services the Dewan Perniagaan Melayu Negeri Kelantan and Dewan Perniagaan Melayu Negeri Pahang ("DPM"). DPM has several policies with CAB and it has been the standard procedure for DPM to liaise directly with CAB for payment of premium and CAB would then pay the commission to the Plaintiff. The disputed transaction arose when DPM failed to pay for the renewal of the policy.

The Plaintiff claims that CAB had without his consent issued the extension to DPM and therefore blacklisted and suspended his agency. The Plaintiff issued a letter dated 19 August 2002 requesting for his agency to be terminated upon payments of the outstanding sum deemed owed and filed a suit on 1 December 2005 seeking reinstatement of his insurance agency, general damages of RM25,000,000 or in the alternative, a sum assessed by the Court for damage for loss of income and loss of future business, damages for loss of goodwill on the Plaintiff's good name to be assessed by the Court and costs including Plaintiff's legal costs.

CAB's solicitors are of the opinion that the claim by the Plaintiff is without merit or basis. CAB's application to strike out the Plaintiff's claim was dismissed by the Senior Assistant Registrar and CAB has since filed an appeal to the Judge in Chambers for which no hearing date has yet been fixed. Meanwhile, the matter has been fixed for case management on 10 March 2008.

Changes in Material Litigation (Continued)

- (ii) High Court of Sabah & Sarawak Originating Summons No: T(24)15OF 2006 in the matter of Lau Yee Fai @ Lau Yee Ming - v- CAB

The Plaintiff was employed by CAB since 1975 and resigned on 3 May 2005 after 29 years and 7 months of service. Vide a letter dated 9 May 2005, the Plaintiff was informed that she was entitled to a resignation benefit for the sum of RM17,228 after deduction of RM55,127 being the employer's contribution of the Employees' Provident Fund ("EPF").

Changes in Material Litigation (Continued)

The Plaintiff was not satisfied with the deduction by CAB of their contribution for EPF from her gratuity and filed a suit on 13 March 2006 seeking a refund of the sum of RM55,127 and interest of 8% thereon from 1 June 2005 until the date of judgment and also 8% interest per annum on the damages awarded together with costs of the application filed on a solicitor client basis.

This case was heard on 18 April 2007 and on 13 November 2007, the Judge ruled in favour of the Plaintiff. CAB has since filed a Notice of Appeal to the Court of Appeal against the said decision.

- (iii) High Court of Malaya (Civil Division) 2007 in the matter of Duopharma Properties Sdn Bhd ("First Plaintiff"), Michaelian (Malaysia) Sdn Bhd ("Second Plaintiff"), Michaelian Holdings Sdn Bhd ("Third Plaintiff") & Duomark Properties Sdn Bhd ("Fourth Plaintiff") (collectively, "Plaintiffs") - v - Commerce International Group Berhad ("First Defendant") & CAB (collectively "Defendants")

The Plaintiffs and Defendants entered into negotiations on the sale and purchase of Levels 10, 12, 13, 13A and 15 Block 3A, Plaza Sentral Kuala Lumpur ("Properties") and thereafter for a lease back of the Properties to CAB. The Plaintiffs signed a sale and purchase agreement to purchase the Properties and paid a deposit in relation thereto but the intended sale did not complete ("Aborted Transaction").

The Plaintiffs have recently filed a suit against the Defendants, the particulars of which are as follows:-

- a. the First Plaintiff is seeking an Order for specific performance of the Aborted Transaction and in the event it is not granted, special damages being the repayment of the earnest deposit of RM612,069 with interest at 8% per annum from 30 May 2006 until full realisation and special damages being the interest on 8% per annum on the balance of the deposit in the sum RM1,428,161 from 6 July 2007 until 2 August 2007 for the loss of use of these funds amounting to RM123,017;

Changes in Material Litigation (Continued)

- b. the First and/or Second Plaintiffs is/are seeking special damages in the sum of RM4,822,200 as loss of leaseback rentals for 2 parcels of the Properties and interest at 4% per annum thereon from the date of filing until full realisation;
- c. the First and/or Third Plaintiffs is/are seeking special damages in the sum of RM4,808,400 as loss of leaseback rentals for 2 other parcels of the Properties and interest at 4% per annum thereon from the date of filing until full realisation; and
- d. the First and/or Fourth Plaintiffs is/are seeking special damages in the sum of RM2,418,400 as loss of leaseback rentals for the fifth parcels of the Properties and interest at 4% per annum thereon from the date of filing until full realisation.

CAB has filed its defence against this claim.

On the same subject matter, CAB received 2 notices from Kuala Lumpur Plaza Sentral Sdn. Bhd. (“KLSB”) informing that the Plaintiffs have lodged private caveats on the master title of the Properties on which Block 3A of Plaza Sentral is erected.

The private caveats lodged by the Plaintiffs on the master title of Block 3A of Plaza Sentral would adversely affect the rights of third parties and to avoid any liability arising from the lodgement of the said private caveats, CAB has filed for the removal of the said caveats vide an Originating Summons at the Kuala Lumpur High Court which is fixed for decision on 28 February 2008.

The First Defendant has, by way of a letter agreement dated 10 July 2007, given a confirmation to indemnify and keep AMB (for itself and as trustee of CAB) indemnified against any loss, or liability suffered, any payment made or required to be made, and any cost and expenses incurred by AMB or CAB in the event that judgment is entered against CAB in respect of this matter by a court of competent jurisdiction. Accordingly, this suit would not have an adverse material financial impact on the Group.

12. Dividend

For the financial year ended 31 December 2007, the Board of Directors is recommending the payment of a first and final dividend of 2.00 sen per ordinary share less 27% tax (previous corresponding year: 9.06 sen (tax exempt)).

The dates of entitlement and payment of the first and final dividend will be announced to Bursa Malaysia in due course.

13. (Loss)/ Earnings Per Share

The (loss)/ earnings per share is calculated based on the profit attributable to equity holders of the parent divided by the weighted average number of shares.

	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31-12-2007	31-12-2006	31-12-2007	31-12-2006
(Loss)/ Profit attributable to equity shareholders (RM'000)	(35,392)	10,318	(2,587)	34,961
Weighted average number of shares ('000)	153,791	153,765	153,791	153,765
Basic (loss)/ earnings per share (sen)	(23.01)	6.71	(1.68)	22.74
Diluted (loss)/ earnings per share (sen)	(23.01)	6.71	(1.68)	22.74

By Order of the Board

Ng Siew Gek
Secretary

Kuala Lumpur
21 February 2008