

ALLIANZ MALAYSIA BERHAD (12428-W)

UNAUDITED QUARTERLY RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2008

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008

	As at 31-Dec-08 RM'000	As at 31-Dec-07 RM'000
Assets		
General business and shareholders' fund assets		
Property, plant and equipment	72,397	67,231
Prepaid lease payment	5,219	5,542
Intangible assets	328,550	333,533
Investment property	1,662	1,662
Loans	3,216	3,652
Deferred tax assets	11,256	19,397
Receivables, deposits and prepayments	666	36,776
Total non-current general business and shareholders' fund assets	422,966	467,793
Less: Due from life fund	-	(35,305)
	422,966	432,488
Investments in debt and equity securities	1,509,951	1,322,189
Loans	906	853
Receivables, deposits and prepayments	190,745	191,890
Current tax assets	8,441	10,571
Cash and bank balance	4,172	8,125
Total current general business and shareholders' fund assets	1,714,215	1,533,628
Less: Due from life fund	(40,622)	-
	1,673,593	1,533,628
Total life business assets		
Non-current assets	22,463	23,391
Current assets	1,863,971	1,585,411
	1,886,434	1,608,802
Total assets	3,982,993	3,574,918

ALLIANZ MALAYSIA BERHAD (12428-W)
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008

(CONTINUED)

	As at 31-Dec-08 RM'000	As at 31-Dec-07 RM'000
Shareholders' equity		
Share capital	153,869	153,869
Reserves	11,213	11,076
Retained earnings	223,036	154,585
Total equity attributable to shareholders' equity	388,118	319,530
Life policyholders' fund and life asset revaluation reserve	1,688,147	1,419,855
Liabilities		
General business and shareholders' fund liabilities		
Payables and accruals	29,580	19,196
Deferred tax liabilities	5,292	3,982
Sub-ordinated loan	-	490,000
Total non-current general business and shareholders' fund liabilities	34,872	513,178
Unearned premium reserves	318,366	279,550
Provision for outstanding claims	648,193	601,009
Payables and accruals	257,632	280,622
Current tax liabilities	-	7,532
Sub-ordinated loan	490,000	
Total current general business and shareholders' fund liabilities	1,714,191	1,168,713
Total life business liabilities		
Non-current liabilities	23,792	54,874
Less: Due to general business and shareholders' fund	-	(35,305)
	23,792	19,569
Current liabilities	174,495	134,073
Less: Due to general business and shareholders' fund	(40,622)	-
	133,873	134,073
	157,665	153,642
Total equity and liabilities	3,982,993	3,574,918
Net asset per share (RM)	2.52	2.08

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter 31-Dec-08 RM'000	Preceding Year Corresponding Quarter 31-Dec-07 RM'000	Current Year To Date 31-Dec-08 RM'000	Preceding Year Corresponding Period 31-Dec-07 RM'000
Operating revenue *	489,586	489,989	1,898,869	1,445,366
Shareholders' fund:				
Operating revenue	866	1,752	4,991	4,329
Other operating income/(expenses), net	(4,109)	(7,526)	(15,168) **	(7,632)
Management expenses ***	(4,448)	(3,270)	(13,280)	(5,533)
	(7,691)	(9,044)	(23,457)	(8,836)
Transfer from condensed insurance revenue accounts:				
- General Insurance	42,186	(24,277)	130,450	21,099
- Life Insurance	5,317	-	5,317	-
Profit from operations	39,812	(33,321)	112,310	12,263
Profit before tax	39,812	(33,321)	112,310	12,263
Tax expense	(19,320)	(2,094)	(41,582)	(14,873)
Profit for the year	20,492	(35,415)	70,728	(2,610)
Attributable to equity shareholders	20,492	(35,415)	70,728	(2,610)
Earnings per share attributable to equity shareholders:				
Basic (Sen)	13.32	(23.03)	45.97	(1.70)
Diluted (Sen)	13.32	(23.03)	45.97	(1.70)

* Operating revenue consists of gross premium and investment income.

** Other operating (expenses)/income of RM15.2 million mainly consist of amortisation of intangible assets amounting to RM8.9 million and impairment of bonds of RM5.7 million for the year ended 31 December 2008.

*** Following the completion of the Group reorganisation exercise, the management expenses have been separately disclosed since 1 July 2007.

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

ALLIANZ MALAYSIA BERHAD (12428-W)**UNAUDITED CONDENSED GENERAL INSURANCE REVENUE ACCOUNT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter 31-Dec-08 RM'000	Preceding Year Corresponding Quarter 31-Dec-07 RM'000	Current Year To Date 31-Dec-08 RM'000	Preceding Year Corresponding Year 31-Dec-07 RM'000
Gross premium	266,178	274,828	1,074,890	748,609
Reinsurance	(76,929)	(117,431)	(381,102)	(307,717)
Net premium	189,249	157,397	693,788	440,892
Increase in unearned premium reserves	(16,296)	(11,193)	(38,816)	(24,258)
Earned premium	172,953	146,204	654,972	416,634
Net claims incurred	(99,501)	(113,169)	(393,259)	(275,300)
Net commission	(12,209)	(9,964)	(50,876)	(33,679)
Underwriting surplus	61,243	23,071	210,837	107,655
Management expenses	(32,566)	(44,316)	(131,387)	(108,516)
Underwriting profit/(loss)	28,677	(21,245)	79,450	(861)
Investment income	13,740	12,929	51,773	35,486
Other operating income/(expenses) - net	(231)	(15,961)	(773)	(13,526)
Surplus transferred to condensed consolidated income statement	42,186	(24,277)	130,450	21,099

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

ALLIANZ MALAYSIA BERHAD (12428-W)**UNAUDITED CONDENSED LIFE FUND BALANCE SHEET
AS AT 31 DECEMBER 2008**

	As at 31-Dec-08 RM'000	As at 31-Dec-07 RM'000
Assets		
Property, plant & equipment	11,982	12,681
Intangible Assets	241	690
Prepaid lease payments	4,731	4,793
Investment property	2,620	2,495
Loans	2,333	2,615
Receivables, deposits and prepayment	117	117
Deferred tax assets	438	-
Total life business non-current assets	22,462	23,391
Investment in debt and equity securities	1,528,813	1,232,337
Loans	33,354	26,722
Receivables, deposits & prepayments	56,879	52,070
Current tax assets	2,755	1,683
Cash and bank balances	12,141	11,491
Investment-linked current assets	230,030	261,108
Total life business current assets	1,863,972	1,585,411
Total life business assets	1,886,434	1,608,802

UNAUDITED CONDENSED LIFE FUND BALANCE SHEET
AS AT 31 DECEMBER 2008
(CONTINUED)

	As at 31-Dec-08 RM'000	As at 31-Dec-07 RM'000
Life policyholders' fund		
Life policyholders' fund	1,687,185	1,418,934
Life assets revaluation reserve	962	921
Total life policyholders' funds	1,688,147	1,419,855
Liabilities		
Payables and accruals	23,723	51,729
Deferred tax liabilities	-	3,137
	23,723	54,866
Investment-linked non-current liabilities	69	8
Total life business non-current liabilities	23,792	54,874
Provision for outstanding claims	31,564	31,208
Payable and accruals	141,168	100,151
	172,732	131,359
Investment-linked current liabilities	1,763	2,714
Total life business current liabilities	174,495	134,073
Total life business liabilities	198,287	188,947
Total life policyholders' funds and life business liabilities	1,886,434	1,608,802

ALLIANZ MALAYSIA BERHAD (12428-W)
**UNAUDITED CONDENSED LIFE INSURANCE REVENUE ACCOUNT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter 31-Dec-08 RM'000	Preceding Year Corresponding Quarter 31-Dec-07 RM'000	Current Year To Date 31-Dec-08 RM'000	Preceding Year Corresponding Year 31-Dec-07 RM'000
Gross premium	188,667	184,554	692,039	594,560
Less : Reinsurance	(11,597)	(9,003)	(52,182)	(43,634)
Net Premium	177,070	175,551	639,857	550,926
Less : Benefits paid and payable				
Surrender	14,010	38,385	73,124	131,139
Death	3,896	3,468	15,444	13,495
Maturity	2,923	2,267	9,437	7,068
Cash Bonus	3,366	2,430	14,248	13,481
Others	8,038	7,493	31,200	30,589
	(32,233)	(54,044)	(143,453)	(195,772)
	144,837	121,507	496,404	355,154
Less :				
Commission and agency expenses	47,131	41,418	157,830	128,029
Management Expenses	17,328	18,590	67,030	69,011
	(64,459)	(60,009)	(224,860)	(197,040)
Underwriting surplus	80,378	61,499	271,544	158,114
Investment income	17,656	13,514	63,578	50,329
Investment charges	840	1,032	2,721	3,228
Other income/(expenses)- net	(10,596) *	1,433	(26,124) *	28,620
Surplus before tax	88,278	77,478	311,719	240,291
Tax expense	(1,740)	(840)	(3,337)	(6,039)
Surplus after tax but before policy reserves	86,537	76,638	308,382	234,252
Surplus/(Deficit) from investment-linked before policy reserves	(8,328)	11,533	(34,814)	54,891
Fund at beginning of period	1,614,292	1,330,763	1,418,934	1,129,791
Transfer to profit and loss account	(5,317)	-	(5,317)	-
Fund at end of period	1,687,185	1,418,934	1,687,185	1,418,934

* Consists mainly of provision for diminution in investment.

ALLIANZ MALAYSIA BERHAD (12428-W)**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008**

	Year Ended 31-Dec-08 RM'000	Year Ended 31-Dec-07 RM'000
Profit before tax	112,310	12,263
Adjustments for non-cash items	293,062	166,621
Operating profit before changes in operating assets and liabilities	<u>405,372</u>	<u>178,884</u>
Changes in operating assets and liabilities		
Net change in operating assets	(388,678)	(205,939)
Net change in operating liabilities	<u>21,154</u>	<u>52,111</u>
Net cash generated from operating activities	<u>37,848</u>	<u>25,056</u>
Net cash used in investing activities	<u>(22,458)</u>	<u>(492,094)</u>
Net cash (used in) / generated from financing activities	<u>(16,277)</u>	<u>475,404</u>
Net (decrease)/increase in cash and cash equivalents	(887)	8,366
Cash and cash equivalents at 1 January	18,611	13,832
Cash and cash equivalents at 31 December	<u><u>17,724</u></u>	<u><u>22,198</u></u>
Cash and cash equivalents comprise:-		
Cash and bank balances:-		
General business and shareholders' fund	4,172	8,125
Life fund	12,141	11,491
Investment-linked business	1,411	2,582
	<u><u>17,724</u></u>	<u><u>22,198</u></u>

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

PART A: EXPLANATORY NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

1 Basis of Preparation

The quarterly condensed financial statements of Allianz Malaysia Berhad (“AMB” or “Company”) and its subsidiaries (“Group”) are unaudited and have been prepared in accordance with:

- (a) The requirements of Financial Reporting Standard 134: Interim Financial Reporting;
- (b) Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”); and
- (c) Guidelines/circulars issued by Bank Negara Malaysia

and should be read in conjunction with the Group’s audited financial statements for the year ended 31 December 2007.

The notes attached to the quarterly condensed 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 2007.

2 Changes in Accounting Policies

The significant accounting policies adopted are consistent with those adopted in the Group’s audited financial statements for the year ended 31 December 2007.

3 Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the Group’s audited financial statements for the financial year ended 31 December 2007 was not qualified.

4 Items of an Unusual Nature

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

5 Changes in Estimates

There were no significant changes in estimates of amounts reported in prior financial years that have a material effect in the period under review.

6 Seasonal or Cyclical Factors

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

7 Carrying Amount of Revalued Assets

The Group's property, plant and equipment are stated at cost/valuation less any accumulated depreciation and any accumulated impairment losses. There was no change in the valuation of property, plant and equipment that were brought forward from the Group's audited financial statements for the year ended 31 December 2007.

8 Changes in Group Composition

On 28 August 2007, AMB completed the acquisition of 100% of the equity interest in Bright Mission Berhad (formerly known as Commerce Assurance Berhad) ("BMB"), a local general insurer, from Commerce International Group Berhad for a cash consideration of RM496.2 million.

With effect from 0001 hours on 1 January 2009 ("Completion Date"), the general insurance business of BMB was transferred to Allianz General Insurance Company (Malaysia) Berhad ("AGIC"), a wholly-owned subsidiary of AMB in accordance with the terms and conditions of the Business Transfer Agreement dated 17 September 2008 entered into between BMB and AGIC pursuant to a scheme of transfer under Part XI of the Insurance Act, 1996 as confirmed by the High Court of Malaya on 9 December 2008.

The consideration for the transfer of the general insurance business of BMB to AGIC is based on the net book value of the general insurance business held by BMB as at the Completion Date. The unaudited net book value of the general insurance business of BMB as at the Completion Date was RM133,205,197.

Following the completion of the transfer of the general insurance business to AGIC, BMB had surrendered its general insurance license to Bank Negara Malaysia.

9 Segment Information

The segmental reporting for the year ended 31 December 2008 is as follows:-

Year ended 31 December 2008					
Business Segments	Investment holding RM' 000	General business RM' 000	Life business RM' 000	Consolidated adjustments RM' 000	Consolidated RM' 000
Operating revenue	9,740	1,128,099	767,215	(6,185)	1,898,869
Profit before tax	5,532 *	120,599	-	(13,821)	112,310
Tax expense	(4,347)	(40,829)	-	3,594	(41,582)
Profit after tax	1,185	79,770	-	(10,227)	70,728
Segment assets	986,948	1,598,332	1,886,434	(488,721)	3,982,993
Segment liabilities	528,075	1,240,491	157,665	(19,503)	1,906,728
Year ended 31 December 2007					
Business Segments	Investment holding RM' 000	General business RM' 000	Life business RM' 000	Consolidated adjustments RM' 000	Consolidated RM' 000
Operating revenue	2,476	786,624	656,942	(676)	1,445,366
Profit before tax	(3,582)	18,698	-	(2,853)	12,263
Tax expense	(9,756)	(5,859)	-	742	(14,873)
Profit after tax	(13,338)	12,839	-	(2,111)	(2,610)
Segment assets	892,091	1,553,158	1,608,802	(479,133)	3,574,918
Segment liabilities	503,987	1,194,402	153,642	(16,498)	1,835,533

Financial information by geographical segments is not applicable as the Group operates in Malaysia only.

* Included contribution from Life business

10 Capital Commitments

As at 31 December 2008

	<i>RM '000</i>
Property, plant and equipment	
Approved and contracted for *	20,921
Approved but not contracted for **	12,023

* Comprised of building RM2.5 million, computer equipment RM11.0 million and renovation RM7.6 million.

** Comprised of computer equipment RM10.5 million and other assets RM 1.5million.

11 Changes in Contingent Liabilities

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

As at 31 December 2008, bank guarantees and other credit facilities of the Group had been utilised up to approximately RM55.9 million. The bank guarantees were utilised by the Group's general insurance operation for its performance bond and immigration bond businesses.

12 Debt and Equity Securities

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 Group in the period under review.

13 Related Party Transactions

The significant related party transactions are as follows:-

Name	Nature	Income RM '000	Expense RM '000
Allianz SE	Reinsurance arrangement with Allianz SE and its subsidiaries for insurance business where the risk and premium are shared between the parties in accordance with reinsurance arrangement entered into.	38,621	176,167 *
	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.	-	391
	Payment of Global Marketing cost	-	1,234
	Payment of E-Learning License	-	84
Allianz Global Investors Singapore Limited ("AGI")	Payment of fund management fees by Allianz Life in relation to Allianz Life's investment in funds managed by AGI.	-	285
Allianz Shared Infrastructure Services SE	Being sharing of Allianz Worldwide Intranet Portal Network cost.	-	160

*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.

14 Dividend Paid

During the financial year ended 31 December 2008, the first and final dividend of 2.00 sen per ordinary share less tax at 26% amounting to RM2,277,261 for the financial year ended 31 December 2007 was paid to the entitled shareholders of the Company on 1 August 2008 (2007: RM 13,931,121).

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS

1 Review of Results

Results of the current year to-date ("YTD") against the preceding year to-date (YTD 4th Quarter 2008 versus YTD 4th Quarter 2007)

1.1 Operating Revenue

Operating revenue increased by 31.4% or RM453.5 million in 2008 due mainly to the growth in gross premium of general and life insurance of RM326.3 million and RM97.5 million respectively. The subsidiary, BMB, acquired on 28 August 2007, contributed RM139.6 million to the total growth of general insurance gross premium.

The Group recorded a milestone in 2008 by exceeding the RM1billion and RM 690 million mark in gross premium for the general and life insurance business respectively.

1.2 Profit Before Tax

The Group's profit before tax is mainly contributed by the general insurance business and includes the transfer of surplus of RM 5.3 million from the Life Fund to the Shareholders' Fund.

The profit before tax of the Group improved significantly by 815.8% or RM100.0 million due to the substantial underwriting profits from the general insurance business. The result is attributable to the strong growth in premiums of both the general and life operations, prudent underwriting and control of expenditure.

2 Comparison with Preceding Quarter

Results of the current quarter against the preceding quarter (4th Quarter 2008 versus 3rd Quarter 2008)

2.1 Operating Revenue

Operating revenue decreased by 4.4% or RM22.6 million compared to the preceding quarter. The decrease was mainly due to lower gross premium.

2.2 Profit Before Tax

Profit before tax increased by 22.9% or RM7.4 million due mainly to increase in underwriting result.

3 Prospects For 2009

In view of the uncertain global economic climate, the Group continues to take a cautious approach towards capital preservation and will continue to focus more on target segments for growth and profitability.

The Group anticipates the performance in 2009 to be satisfactory.

4 Profit Forecast

The Group did not issue any profit forecast or profit guarantee.

5 Taxation

	Individual Period		Cumulative Period	
	Quarter Ended 31-Dec-08 RM' 000	Quarter Ended 31-Dec-07 RM' 000	Period Ended 31-Dec-08 RM' 000	Period Ended 31-Dec-07 RM' 000
Profit before tax	39,812	(33,321)	112,310	12,263
Current year taxation:-				
Income tax	11,126	2,540	34,494	16,542
Deferred tax	8,194	(447)	7,088	(1,669)
	19,320	2,094	41,582	14,873
Effective tax rate (%)	48.5%	-6.3%	37.0%	121.3%

The effective tax rate of the Group for the quarter under review was higher than the statutory tax rate due mainly to the writing off of deferred tax assets of RM6.8 million of BMB and to a lesser extent due to non-deductible expenses. The deferred tax assets were written off since BMB is not expected to produce profit in the future to utilise the deferred tax assets following the transfer of its general insurance business to AGIC with effect from 1 January 2009.

6 Unquoted Investments and Properties

During the period under review, there was no sale of unquoted investments.

During the period under review, the Company sold one of its leasehold buildings with a gain on disposal of RM0.17 million.

7 Quoted Investments

There was no purchase or disposal of quoted securities by the Company during the period under review. The insurance subsidiaries are exempted from such disclosure.

8 Status of Corporate Proposal Announced

There were no corporate proposals announced but not completed as at the date of this report.

9 Borrowing and Debt Securities

There were no borrowings and debt securities as at 31 December 2008.

10 Off Balance Sheet Financial Instruments

The Group did not enter into any contracts involving off balance sheet financial instruments as at the date of this report.

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 announcement, 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:-

Litigation instituted against the wholly-owned subsidiaries of the Company

Please refer to the Quarterly Report for the financial quarter ended 31 March 2008 for detailed background of the material litigation as disclosed below.

Name of Subsidiaries	Litigation	Status
BMB	<i>Kota Bharu High Court Suit No: 22-115-05 in the matter of Mohd Shokri bin Abdul Rahim - v- *CAB</i>	BMB's Notice of Appeal to strike out the Plaintiff's claim was dismissed on 3 December 2008. This suit is fixed for second Case Management on 6 May 2009.
	<i>High Court of Sabah & Sarawak Originating Summons No: T(24)150F 2006 in the matter of Lau Yee Fai @ Lau Yee Ming - v- *CAB</i>	There is no change in the status of this suit since the last reporting.
	<i>Kuala Lumpur High Court Civil Suit No: S4-22-1197-2007 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</i>	The suit is fixed for its fifth Case Management on 29 May 2009. With regard to BMB's Appeal for the removal of the private caveats, there is no change since the last reporting.

Name of Subsidiaries	Litigation	Status
	<i>Plaintiff</i>) (collectively, "Plaintiffs") - v - Commerce International Group Berhad ("First Defendant") & *Commerce Assurance Berhad (collectively "Defendants")	

- * Notice of change of name of Commerce Assurance Berhad to BMB will be filed in Court in due time.

12 Dividend

For the financial year ended 31 December 2008, the Board of Directors is recommending the payment of a first and final dividend of 2.00 sen per ordinary share less 25% tax (previous corresponding year: 2.00 sen less 26% tax) for the shareholders' approval at the forthcoming Annual General Meeting of the Company.

The dates of entitlement and payment of the first and final dividend will be announced to Bursa Malaysia at a later date.

13 Earnings Per Share

The earnings per share is calculated based on the profit attributable to equity holders of the Company divided by the weighted average number of shares.

	Individual Period		Cumulative Period	
	Quarter Ended 31-Dec-08	Quarter Ended 31-Dec-07	Period Ended 31-Dec-08	Period Ended 31-Dec-07
Profit attributable to equity shareholders (RM'000)	20,492	(35,415)	70,728	(2,610)
Weighted average number of shares ('000)	153,869	153,765	153,869	153,765
Basic earnings per share (sen)	13.32	(23.03)	45.97	(1.70)
Diluted earnings per share (sen)	13.32	(23.03)	45.97	(1.70)

By Order of the Board

Ng Siew Gek
Secretary

Kuala Lumpur
26 February 2009