

ALLIANZ MALAYSIA BERHAD (12428-W)

UNAUDITED QUARTERLY RESULTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2011

ALLIANZ MALAYSIA BERHAD (12428-W)

**Condensed consolidated statement of financial position
As at 30 September 2011- unaudited**

	30 September 2011 RM'000	31 December 2010 RM'000
Assets		
Property, plant and equipment	90,484	87,423
Intangible assets	301,814	309,629
Investment properties	3,392	3,392
Deferred tax assets	1,421	2,074
Investments	1,120,134	858,550
Reinsurance assets	535,305	502,384
Other receivables, deposits and prepayments	12,829	13,864
Total non-current assets	2,065,379	1,777,316
Investments	4,164,177	3,774,791
Reinsurance assets	617,827	546,430
Deferred acquisitions costs	54,755	42,598
Insurance receivables	178,152	100,164
Other receivables, deposits and prepayments	82,823	106,733
Current tax assets	413	1,890
Assets classified as held for sale	-	2,440
Cash and cash equivalents	515,456	494,755
Total current assets	5,613,603	5,069,801
Total assets	7,678,982	6,847,117

The accompanying Notes form an integral part of these condensed consolidated interim financial statements.

ALLIANZ MALAYSIA BERHAD (12428-W)**Condensed consolidated statement of financial position
As at 30 September 2011- unaudited (continued)**

	30 September 2011 RM'000	31 December 2010 RM'000
Equity		
Share capital	153,869	153,869
Irredeemable Convertible Preference Shares	192,337	192,337
Reserves	1,008,540	913,395
Total equity	1,354,746	1,259,601
Liabilities		
Insurance contract liabilities	3,206,030	2,033,555
Other financial liabilities	1,582	1,582
Insurance payables	15,771	16,589
Other payables and accruals	52,982	49,921
Deferred tax liabilities	9,238	10,427
Total non-current liabilities	3,285,603	2,112,074
Insurance contract liabilities	2,529,216	2,985,726
Other financial liabilities	11,865	2,013
Insurance payables	264,826	275,151
Other payables and accruals	149,469	146,906
Benefits and claims liabilities	64,879	59,545
Current tax liabilities	18,378	6,101
Total current liabilities	3,038,633	3,475,442
Total liabilities	6,324,236	5,587,516
Total equity and liabilities	7,678,982	6,847,117
Net asset per ordinary share (RM)	8.80	8.19
Diluted net asset per ordinary share (RM)	3.91	3.64

The accompanying Notes form an integral part of these condensed consolidated interim financial statements.

ALLIANZ MALAYSIA BERHAD (12428-W)
Condensed consolidated income statement
For the nine months ended 30 September 2011 - unaudited

	Individual period		Cumulative period	
	Three months ended		Nine months ended	
	30 September		30 September	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Operating revenue *	687,350	607,049	2,015,256	1,845,242
Gross earned premiums	627,607	556,826	1,845,118	1,710,692
Premiums ceded to reinsurers	(108,354)	(107,458)	(319,349)	(379,433)
Net earned premiums	519,253	449,368	1,525,769	1,331,259
Investment income	59,743	50,223	170,138	134,550
Realised gains and losses	(3,363)	11,922	34,695	38,390
Fair value gains and losses	(18,729)	10,085	(13,574)	1,896
Fee and commission income	22,032	21,030	53,766	66,652
Other operating income	271	1,782	3,688	3,108
Other revenue	59,954	95,042	248,713	244,596
Gross benefits and claim paid	(267,780)	(218,583)	(761,507)	(794,677)
Claims ceded to reinsurers	73,381	54,501	202,159	269,338
Gross change to contract liabilities	(132,791)	(276,804)	(585,531)	(518,080)
Change in contract liabilities ceded to reinsurers	(13,023)	107,818	66,967	92,439
Net benefits and claims	(340,213)	(333,068)	(1,077,912)	(950,980)
Fee and commission expense	(112,428)	(98,774)	(321,681)	(303,563)
Management expenses	(68,845)	(55,755)	(199,852)	(173,833)
Other operating expenditure	(11,348)	(6,434)	(21,988)	(17,744)
Other expenses	(192,621)	(160,963)	(543,521)	(495,140)
Profit before taxation	46,373	50,379	153,049	129,735
Taxation	(18,824)	(15,712)	(55,299)	(42,289)
Net profit for the period	27,549	34,667	97,750	87,446

* Operating revenue consists of gross earned premiums and investment income.

The accompanying Notes form an integral part of these condensed consolidated interim financial statements.

ALLIANZ MALAYSIA BERHAD (12428-W)

**Condensed consolidated statement of comprehensive income
For the nine months ended 30 September 2011 - unaudited**

	Individual period		Cumulative period	
	Three months ended		Nine months ended	
	30 September		30 September	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	27,549	34,667	97,750	87,446
Other comprehensive income				
Fair value of available-for-sale financial assets	5,718	7,119	6,244	4,833
Revaluation/disposal of property, plant and equipment	-	-	5,425	-
Income tax thereon	(1,430)	(1,798)	(2,160)	(1,230)
Other comprehensive income for the period	<u>4,288</u>	<u>5,321</u>	<u>9,509</u>	<u>3,603</u>
Total comprehensive income for the period	<u>31,837</u>	<u>39,988</u>	<u>107,259</u>	<u>91,049</u>
Basic earnings per ordinary share (sen)	<u>17.90</u>	<u>22.53</u>	<u>63.53</u>	<u>56.83</u>
Diluted earnings per ordinary share (sen)	<u>7.32</u>	<u>22.53</u>	<u>25.97</u>	<u>56.83</u>

The accompanying Notes form an integral part of these condensed consolidated interim financial statements.

ALLIANZ MALAYSIA BERHAD (12428-W)

Condensed consolidated statement of changes in equity
For the nine months ended 30 September 2011 - unaudited

	←		← Attributable to owners of the Company				←	
	Share Capital	Preference Shares	Share Premium	Asset Revaluation Reserve	Fair Value Reserve	Retained Earnings	Total Equity	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2010	153,869	-	5,529	5,397	9,669	344,889	519,353	
Total comprehensive income for the year	-	-	-	(42)	1,767	129,200	130,925	
Issuance of Irredeemable Convertible Preference Shares	-	192,337	419,294	-	-	-	611,631	
Dividends to shareholders	-	-	-	-	-	(2,308)	(2,308)	
At 31 December 2010	153,869	192,337	424,823	5,355	11,436	471,781	1,259,601	
Total comprehensive income for the period	-	-	-	4,826	4,683	97,750	107,259	
Dividends to shareholders	-	-	-	-	-	(12,114)	(12,114)	
At 30 September 2011	153,869	192,337	424,823	10,181	16,119	557,417	1,354,746	

The accompanying Notes form an integral part of these condensed consolidated interim financial statements.

ALLIANZ MALAYSIA BERHAD (12428-W)

**Condensed consolidated cash flow statement
For the nine months ended 30 September 2011 - unaudited**

	As at 30 September 2011 RM'000	As at 30 September 2010 RM'000
Cash flows from operating activities		
Profit before taxation	153,049	129,735
Adjustments for non-cash items	29,146	(74,925)
Operating profit before changes in working capital	182,195	54,810
Net change in operating assets	(852,073)	(974,675)
Net change in operating liabilities	707,192	813,357
Net cash generated from/ (used in) operating activities	37,314	(106,508)
Net cash used in investing activities	(4,499)	(2,498)
Net cash (used in)/generated from financing activities	(12,114)	127,859
Net increase in cash and cash equivalents	20,701	18,853
Cash and cash equivalents at beginning of period	494,755	490,265
Cash and cash equivalents at end of period	515,456	509,118
Cash and cash equivalents comprise:-		
Fixed and call deposits (with maturity less than three months):		
Licensed banks	495,887	415,960
Cash and bank balances	19,569	93,158
	515,456	509,118

The accompanying Notes form an integral part of these condensed consolidated interim financial statements.

Part A: Explanatory notes to the condensed consolidated interim financial statements

1. Basis of preparation

The condensed consolidated interim financial statements of Allianz Malaysia Berhad ("AMB" or "Company") and its subsidiaries (AMB and its subsidiaries are collectively referred to as the "Group") as at and for the nine months period ended 30 September 2011 are unaudited and have been prepared in accordance with:

- (a) The requirements of Financial Reporting Standard ("FRS") 134: Interim Financial Reporting;
- (b) Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"); and
- (c) Guidelines/circular issued by Bank Negara Malaysia ("BNM")
- (d) Financial Reporting Standards as modified by BNM ("Modified FRSs")

and should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2010.

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 2010.

2. Changes in accounting policies

The accounting policies adopted by the Group for the condensed consolidated interim financial statements are consistent with those adopted in the Group's consolidated audited financial statements for the financial year ended 31 December 2010, except for the adoption of the following:

FRSs/Amendment to FRSs/Interpretations	Effective date
Amendments to FRS 132, Financial Instruments, Presentation- Classification of Rights Issues	1 March 2010
FRS 3, Business Combinations (revised)	1 July 2010
FRS 127, Consolidated and Separate Financial Statements (revised)	1 July 2010
Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 138, Intangible Assets	1 July 2010
IC Interpretation 17, Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives	1 July 2010
Amendments to FRS 2, Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 7, Financial Instruments: Disclosure Improving Disclosures about Financial Instruments	1 January 2011
IC Interpretation 4, Determining whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 18, Transfers of Assets from Customers	1 January 2011
Improvements to FRSs (2010)	1 January 2011

The initial application of the aforesaid standards, interpretations and amendments are not expected to have any material impact on the financial statements of the Group and of the Company upon their first adoption.

3. Items of an unusual nature

The results of the Group for the quarter 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 years that have a material effect in the quarter under review.

5. Seasonal or cyclical factors

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

6. Property, plant and equipment

The Group's property, plant and equipment are stated at cost/valuation less any accumulated depreciation and any accumulated impairment losses. During the year, the Group has revalued its property, plant and equipment and the revaluation surpluses amounting to RM5,425,382.

7. Changes in group composition

There were no changes in the composition of the Group during the quarter under review.

8. Capital commitments

As at 30 September 2011	Group RM'000
Property, plant and equipment:	
Approved but not contracted for	9,726
Contracted but not provided for	3,408

9. Changes in contingent liabilities

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

10. Debt and equity securities

There were no issuance 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 during the quarter under review.

11. Subsequent events

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

12. Operating segments

The Group has three reportable segments, as described below, which are the Group's strategic business units. For each of the strategic business units, the Chief Executive Officer of the Company reviews internal management reports on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

Reportable segments	Principal activities		Investment holding		General business		Life business		Total	
	Investment holding	Underwriting of all classes of general insurance business	2010	2011	2010	2011	2010	2011	2010	2011
General business			RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Life business		Underwriting of all life insurance and investment-linked business								
Operating revenue	6,847	4,543	1,072,660	1,030,640	935,749	810,059	2,015,256	1,845,242		
Inter-segment revenue	(16,590)	(3,076)	-	-	-	-	(16,590)	(3,076)		
Segment profit	(2,602)	1,505	146,015	119,206	9,636	9,024	153,049	129,735		
Segment assets	286,078	330,317	3,809,750	3,474,710	3,583,154	2,949,056	7,678,982	6,754,083		
Segment liabilities	15,956	28,642	2,725,126	2,561,601	3,583,154	2,949,056	6,324,236	5,539,299		

Information about reportable segments

For the nine months ended 30 September 2011 - unaudited

13. Dividend paid

The first and final dividend of 3.50 sen per ordinary share less 25% tax amounting to RM4,036,316 and a preference share dividend of 4.20 sen per irredeemable convertible preference share under the single tier system amounting to RM8,078,154 for the financial year ended 31 December 2010, were paid to the entitled shareholders of the Company on 8 August 2011.

Part B: Explanatory notes pursuant to the Main Market Listing Requirements of Bursa Securities

1. Review of results

1.1 Results of the current year-to-date ("YTD") against preceding YTD (YTD 3rd Quarter 2011 versus YTD 3rd Quarter 2010)

Operating revenue

The Group recorded an operating revenue of RM2.0 billion for the nine months ended 30 September 2011, an increase of 9.2% or RM170.0 million as compared to the corresponding nine months ended 30 September 2010 of RM1.8 billion. The increase was due mainly to the higher gross earned premiums and investment income by RM134.4 million and RM35.6million respectively.

Profit before tax

The Group recorded profit before tax of RM153.0 million for the nine months ended 30 September 2011, an increase of 18.0% or RM23.3 million as compared to the corresponding nine months ended 30 September 2010 of RM129.7 million. The increase was due mainly to the increase of underwriting profit from general insurance business.

The profit for the period under review excludes surplus to be transferred from the Life Fund to the Shareholders' Fund which will be determined at the financial year end after the annual valuation of the Life Fund's liabilities has been carried out by the appointed actuary.

1.2 Results of the current quarter against the preceding quarter (3rd Quarter 2011 versus 2nd Quarter 2011)

Operating revenue

The Group recorded an operating revenue of RM687.4 million for the current quarter under review, an increase of 1.9% or RM12.9 million as compared to the preceding quarter of RM674.5 million. The increase was due mainly to higher gross earned premium from general insurance business.

Profit before tax

The Group recorded profit before tax of RM46.4 million for the current quarter under review, a decrease of 13.8% or RM7.4 million as compared to the preceding quarter of RM53.8 million. The decrease was due mainly to the provision for an out of court settlement of a legal suit.

2. Current year prospects

For the remaining year of 2011, the Group expects the general insurance business to continue to grow by building on its wide distribution reach. The life insurance business is also expected to continue to expand its agency distribution network and to enhance the product range and features.

The Board is of the view that the Group will perform well in 2011.

3. Profit forecast

The Group did not issue any profit forecast or profit guarantee as at the date of this report.

4. Taxation

	Individual period		Cumulative period	
	Three months ended		Nine months ended	
	30 September		30 September	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	46,373	50,379	153,049	129,735
Current tax expense				
Income tax	23,161	21,789	57,071	50,130
Deferred tax	(4,337)	(6,077)	(1,772)	(7,841)
Total income tax expense	18,824	15,712	55,299	42,289
Effective tax rate	41%	31%	36%	33%

The Group's consolidated effective tax rate for the current quarter and nine months ended 30 September 2011 was higher than the statutory tax rate of 25% (2010: 25%) due mainly to the following :

- In addition to the 25% income tax on the assessable income of the Shareholders' Fund, there is also an 8% income tax on the assessable investment income net of allowable deductions of the Life Fund; and
- Effects of certain non-deductible expenses.

5. Unquoted investments and properties

There was no sale of property for the current quarter ended 30 September 2011. However the Group sold seven of its properties and incurred a net loss of RM275,950 for the nine months ended 30 September 2011.

For the quarter under review, the Group disposed part of its unquoted investments and realised a gain of RM2,277,759. For the nine months ended 30 September 2011, the Group has disposed unquoted investments with a gain of RM1,747,265.

6. Quoted investments

There was no purchase or disposal of quoted investments by the Group for the nine months ended 30 September 2011. The insurance subsidiaries are exempted from such disclosure.

7. Status of corporate proposal announced/implemented

As at the date of this report, there are no corporate proposal announced but not completed.

ALLIANZ MALAYSIA BERHAD (12428-W)

8. Borrowings and debts securities

Save as disclosed below, the Group has no other outstanding borrowings and debts securities for the quarter ended 30 September 2011.

As at 30 September 2011

Finance lease liability (interest bearing)

Group
RM'000
228

9. Changes in material litigation

Save as disclosed below, the Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant as at the date of this report and the Directors have no knowledge of any proceedings pending or threatened against the Group or of any facts likely to give rise to any proceeding which may materially and adversely affect the financial position or business of the Group.

The status of the litigation instituted against Bright Mission Berhad (formerly known as Commerce Assurance Berhad ("CAB")) and Allianz General Insurance Company (Malaysia) Berhad ("AGIC") are disclosed below. For detailed of the litigation background, please refer to the Company's Quarterly Report for the financial quarter ended 31 March 2008.

Name of subsidiaries	Litigation	Status
Bright Mission Berhad ("BMB")	<i>Kuala Lumpur High Court Civil Suit No: S4-22-1194-2007 in the matter of Duopharma Properties Sdn Bhd, Michaelian (Malaysia) Sdn Bhd , Michaelian Holdings Sdn Bhd & Duomark Properties Sdn Bhd -v- Commerce International Group Berhad & CAB</i>	Parties attended Court for mediation on 3 August 2011, 15 September 2011 and 13 October 2011. At the last mediation date, parties agreed in principle to settle the matter ("Settlement"). A settlement agreement in respect thereto is expected to be executed by the parties. An announcement in respect of the Settlement will be released to Bursa Malaysia Securities Berhad upon the execution of the settlement agreement by parties concerned. Following the above development, the trial dates have been vacated and no further dates have been fixed for parties to appear in Court.

9. Changes in material litigation (continued)

Name of subsidiaries	Litigation	Status
AGIC	<i>High Court of Sabah & Sarawak Originating Summons No: T(24) 15 of 2006 in the matter of Lau Yee Fai @ Lau Yee Ming -v- CAB*</i>	<p>On 16 June 2011, the Court of Appeal decided to consolidate the hearing of this appeal with another similar appeal. The Court will inform parties of the new hearing date by letter.</p> <p>The matter was fixed for hearing on 20 September 2011, on which date CAB withdrew its appeal with liberty to file afresh as the Court of Appeal instructed CAB to file in a formal application for leave to appeal.</p>

10. Auditors' report on preceding annual financial statements

The auditors' report of the Group's audited financial statements for the financial year ended 31 December 2010 was not qualified.

11. Dividend

No dividend has been proposed or declared for the quarter under review. (2010: Nil)

12. Earnings per ordinary share

(a) Basic earnings per ordinary share

Basic earning per ordinary share of the Group are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue.

		Individual period		Cumulative period	
		Three months ended		Nine months ended	
		30 September		30 September	
		2011	2010	2011	2010
Net profit attributable to shareholders	(RM'000)	27,549	34,667	97,750	87,446
Weighted average number of ordinary shares in issue	('000)	153,869	153,869	153,869	153,869
Basic earnings per ordinary share	(sen)	17.90	22.53	63.53	56.83

(b) Diluted earnings per ordinary share

Diluted earning per ordinary share of the Group are calculated by dividing the net diluted profit attributable to shareholders by the diluted weighted average number of ordinary shares in issue.

		Individual period		Cumulative period	
		Three months ended		Nine months ended	
		30 September		30 September	
		2011	2010	2011	2010
Net diluted profit attributable to shareholders	(RM'000)	27,549	34,667	97,750	87,446
Weighted average number of ordinary shares in issue	('000)	183,992	153,869	183,992	153,869
Effect of conversion of ICPS	('000)	192,337	-	192,337	-
Diluted weighted average number of ordinary shares in issue	('000)	376,329	153,869	376,329	153,869
Diluted earnings per ordinary share	(sen)	7.32	22.53	25.97	56.83

13. Disclosure of derivatives

There were no outstanding derivatives (including financial instruments designated as hedging instruments) as at 30 September 2011.

14. Disclosure of gains/losses arising from fair value changes of financial liabilities

There were no gains/losses arising from fair value changes of the financial liabilities for the current quarter and nine months ended 30 September 2011.

15. Disclosure of realised and unrealised earnings

The breakdown of the retained earnings of the Group as at 30 September 2011, into realised and unrealised profits, is as follow:

	As at 30.09.2011 RM'000	As at 31.12.2010 RM'000
Total retained earnings of the Group:		
- Realised	667,099	555,878
- Unrealised	(854)	3,611
	<u>666,245</u>	<u>559,489</u>
Less: Consolidation adjustments	(108,828)	(87,708)
Total retained earnings	<u>557,417</u>	<u>471,781</u>

The disclosure of realised and unrealised profit or loss above is solely for complying with the disclosure requirements of Bursa Securities and should not be applied for any other purposes.

The determination of realised and unrealised earnings is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by Malaysian Institute of Accountants on 20 December 2010.

BY ORDER OF THE BOARD

Ng Siew Gek
Company Secretary

Kuala Lumpur
18 Nov 2011