

**ALLIANZ MALAYSIA BERHAD (12428-W)**

UNAUDITED QUARTERLY RESULTS  
FOR THE PERIOD ENDED 31 MARCH 2012

**ALLIANZ MALAYSIA BERHAD (12428-W)**

---

**Condensed consolidated statement of financial position  
As at 31 March 2012- unaudited**

	<b>31 March 2012 RM'000</b>	<b>31 December 2011 RM'000</b>	<b>1 January 2011 RM'000</b>
<b>Assets</b>			
Property, plant and equipment	91,341	91,808	87,423
Intangible assets	296,258	299,014	309,629
Investment properties	3,732	3,732	3,392
Deferred tax assets	765	-	2,074
Investments	1,206,004	973,262	871,064
Reinsurance assets	514,501	544,946	502,384
Other receivables, deposits and prepayments	11,713	13,026	13,864
<b>Total non-current assets</b>	<b>2,124,314</b>	<b>1,925,788</b>	<b>1,789,830</b>
Investments	4,688,595	4,618,635	3,762,277
Reinsurance assets	689,160	609,205	546,430
Deferred acquisitions costs	53,049	49,667	42,598
Insurance receivables	223,201	116,933	100,164
Other receivables, deposits and prepayments	110,745	97,406	106,733
Current tax assets	2,201	3,245	1,890
Assets classified as held for sale	-	-	2,440
Cash and cash equivalents	428,060	511,892	494,755
<b>Total current assets</b>	<b>6,195,011</b>	<b>6,006,983</b>	<b>5,057,287</b>
<b>Total assets</b>	<b>8,319,325</b>	<b>7,932,771</b>	<b>6,847,117</b>

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 31 March 2012- unaudited (continued)**

	<b>31 March 2012 RM'000</b>	<b>31 December 2011 RM'000</b>	<b>1 January 2011 RM'000</b>
<b>Equity</b>			
Share capital	156,476	156,428	153,869
Irredeemable Convertible Preference Shares	189,730	189,778	192,337
Reserves	1,342,393	1,291,806	1,126,306
<b>Total equity</b>	<b>1,688,599</b>	<b>1,638,012</b>	<b>1,472,512</b>
<b>Liabilities</b>			
Insurance contract liabilities	3,573,419	3,471,603	2,032,761
Derivative financial liabilities	1,079	-	-
Other financial liabilities	1,463	1,463	1,582
Insurance payables	15,661	13,351	16,589
Other payables and accruals	55,977	56,964	49,921
Deferred tax liabilities	95,958	94,733	78,605
<b>Total non-current liabilities</b>	<b>3,743,557</b>	<b>3,638,114</b>	<b>2,179,458</b>
Insurance contract liabilities	2,316,635	2,156,629	2,705,431
Derivative financial liabilities	838	-	-
Other financial liabilities	2,874	2,789	2,013
Insurance payables	321,224	269,831	275,151
Other payables and accruals	171,997	156,702	146,906
Benefits and claims liabilities	69,190	68,573	59,545
Current tax liabilities	4,411	2,121	6,101
<b>Total current liabilities</b>	<b>2,887,169</b>	<b>2,656,645</b>	<b>3,195,147</b>
<b>Total liabilities</b>	<b>6,630,726</b>	<b>6,294,759</b>	<b>5,374,605</b>
<b>Total equity and liabilities</b>	<b>8,319,325</b>	<b>7,932,771</b>	<b>6,847,117</b>
<b>Net asset per ordinary share (RM)</b>	<b>10.79</b>	<b>10.47</b>	<b>9.57</b>
<b>Diluted net asset per ordinary share (RM)</b>	<b>4.88</b>	<b>4.73</b>	<b>4.25</b>

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

**ALLIANZ MALAYSIA BERHAD (12428-W)**
**Condensed consolidated statement of profit or loss  
For the period ended 31 March 2012 - unaudited**

	Note	Individual period Three months ended 31 March		Cumulative period Three months ended 31 March	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Operating revenue *		739,494	653,390	739,494	653,390
Gross earned premiums		676,028	599,988	676,028	599,988
Premiums ceded to reinsurers		(132,387)	(105,518)	(132,387)	(105,518)
<b>Net earned premiums</b>		<b>543,641</b>	<b>494,470</b>	<b>543,641</b>	<b>494,470</b>
Investment income	4	63,466	53,402	63,466	53,402
Realised gains and losses	5	22,467	33,833	22,467	33,833
Fair value losses	6	(6,495)	(3,373)	(6,495)	(3,373)
Fee and commission income		24,578	16,429	24,578	16,429
Other operating income		1,561	1,302	1,561	1,302
<b>Other revenue</b>		<b>105,577</b>	<b>101,593</b>	<b>105,577</b>	<b>101,593</b>
Gross benefits and claim paid		(287,164)	(247,982)	(287,164)	(247,982)
Claims ceded to reinsurers		89,954	62,840	89,954	62,840
Gross change to contract liabilities		(174,512)	(242,851)	(174,512)	(242,851)
Change in contract liabilities ceded to reinsurers		(10,809)	71,868	(10,809)	71,868
<b>Net benefits and claims</b>		<b>(382,531)</b>	<b>(356,125)</b>	<b>(382,531)</b>	<b>(356,125)</b>
Fee and commission expense		(109,584)	(103,843)	(109,584)	(103,843)
Management expenses		(74,773)	(65,214)	(74,773)	(65,214)
Other operating expenditure		(5,638)	(4,507)	(5,638)	(4,507)
<b>Other expenses</b>		<b>(189,995)</b>	<b>(173,564)</b>	<b>(189,995)</b>	<b>(173,564)</b>
<b>Profit before taxation</b>	<b>7</b>	<b>76,692</b>	<b>66,374</b>	<b>76,692</b>	<b>66,374</b>
Taxation	8	(23,648)	(22,177)	(23,648)	(22,177)
<b>Net profit for the period</b>		<b>53,044</b>	<b>44,197</b>	<b>53,044</b>	<b>44,197</b>

\* 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 period ended 31 March 2012 - unaudited

	Individual period		Cumulative period	
	Three months ended 31 March		Three months ended 31 March	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
<b>Net profit for the period</b>	53,044	44,197	53,044	44,197
<b>Other comprehensive income</b>				
Fair value of available-for-sale financial assets	(4,079)	(4,101)	(4,079)	(4,101)
Revaluation of property, plant and equipment	802	-	802	-
Income tax thereon	820	1,025	820	1,025
<b>Other comprehensive income for the period</b>	<b>(2,457)</b>	<b>(3,076)</b>	<b>(2,457)</b>	<b>(3,076)</b>
<b>Total comprehensive income for the period</b>	<b>50,587</b>	<b>41,121</b>	<b>50,587</b>	<b>41,121</b>
Profit attributable to:				
Owners of the Company	53,044	44,197	53,044	44,197
Total comprehensive income for the period attributable to:				
Owners of the Company	50,587	41,121	50,587	41,121
<b>Basic earnings per ordinary share (sen)</b>	<b>33.90</b>	<b>28.72</b>	<b>33.90</b>	<b>28.72</b>
<b>Diluted earnings per ordinary share (sen)</b>	<b>14.10</b>	<b>11.74</b>	<b>14.10</b>	<b>11.74</b>

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 period ended 31 March 2012 - unaudited**

	← Attributable to owners of the Company →							
	← Non-distributable →					Distributable		
	Share Capital	Preference Shares	Share Premium	Asset Revaluation Reserve	Fair Value Reserve	Life Non Participating Surplus*	Retained Earnings	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2011, as previously stated</b>	153,869	192,337	424,823	5,355	11,436	-	471,781	1,259,601
Effect of adopting MFRS	-	-	-	300	116	212,495	-	212,911
<b>At 1 January 2011, as restated</b>	153,869	192,337	424,823	5,655	11,552	212,495	471,781	1,472,512
Fair value of available-for-sale financial assets	-	-	-	-	(3,076)	-	-	(3,076)
Revaluation of property, plant and equipment	-	-	-	-	-	-	-	-
Total other comprehensive income for the period	-	-	-	-	(3,076)	-	-	(3,076)
Profit for the period	-	-	-	-	-	10,510	33,687	44,197
Total comprehensive income for the period	-	-	-	-	(3,076)	10,510	33,687	41,121
<b>At 31 March 2011</b>	153,869	192,337	424,823	5,655	8,476	223,005	505,468	1,513,633
<b>At 31 December 2011</b>								
<b>/1 January 2012, as restated</b>	156,428	189,778	424,823	10,529	20,656	244,204	591,594	1,638,012
Fair value of available-for-sale financial assets	-	-	-	-	(3,058)	-	-	(3,058)
Revaluation of property, plant and equipment	-	-	-	601	-	-	-	601
Total other comprehensive income for the period	-	-	-	601	(3,058)	-	-	(2,457)
Profit for the period	-	-	-	-	-	7,837	45,207	53,044
Total comprehensive income for the period	-	-	-	601	(3,058)	7,837	45,207	50,587
Conversion of Irredeemable Convertible Preference Shares to Ordinary Shares	48	(48)	-	-	-	-	-	-
<b>At 31 March 2012</b>	156,476	189,730	424,823	11,130	17,598	252,041	636,801	1,688,599

\* The Life Non Participating Surplus amount is net of deferred tax. This amount is only distributable upon the annual recommendation by the Appointed Actuary to transfer the life fund surplus to the shareholders' fund.

**ALLIANZ MALAYSIA BERHAD (12428-W)****Condensed consolidated statement of cash flow  
For the period ended 31 March 2012 - unaudited**

	Period ended 31 March 2012 RM'000	Period ended 31 March 2011 RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation	76,692	66,374
Investment income	(63,466)	(53,402)
Realised gains recorded in income statement	(22,441)	(34,021)
Fair value on investments recorded in income statement	6,495	3,373
Purchases of financial investments	(606,384)	(510,352)
Maturity of financial investments	128,396	35,300
Proceeds from sale of financial investments	189,511	281,859
Change in loans and receivables	7	277
Unrealised foreign exchange gain	(207)	-
Non-cash items:		
Change in fair value changes	(1,399)	21,648
Amortisation of intangible assets	2,842	2,823
Depreciation of property, plant and equipment	2,476	2,215
Insurance and other receivables:		
- Impairment loss written back/(off)	(68)	629
- Reversal of allowance for impairment loss	1,719	2,209
- Impairment loss recovered	(67)	(44)
Property, plant and equipment written off	2	40
Interest expense	198	154
Gain on disposal of property, plant and equipment	(26)	-
Loss on disposal of properties previously classified as held for sale	-	188
<b>Operating loss before changes in working capital</b>	<b>(285,720)</b>	<b>(180,730)</b>
Changes in working capital:		
Change in contract liabilities	261,821	206,358
Change in other payables	14,952	21,694
Change in other financial liabilities	85	(8,301)
Change in benefits and claims liabilities	616	753
Change in other receivables, deposits and prepayments	(9,879)	36,481
Change in insurance receivables	(107,819)	(90,669)
Change in deferred acquisition costs	(3,382)	(6,434)
Change in insurance payables	53,746	(35,151)
Change in reinsurance assets	(49,510)	(15,464)
<b>Cash used in operating activities</b>	<b>(125,090)</b>	<b>(71,463)</b>

**ALLIANZ MALAYSIA BERHAD (12428-W)**

---

**Condensed consolidated statement of cash flow  
For the period ended 31 March 2012 - unaudited**

	<b>Period ended 31 March 2012 RM'000</b>	<b>Period ended 31 March 2011 RM'000</b>
<b>Cash flows from operating activities (continued)</b>		
Tax paid	(19,155)	(13,948)
Coupon interest received	4,644	51,943
Dividend received	57,042	2,881
Others	38	(430)
	<hr/>	<hr/>
<b>Net cash used in operating activities</b>	<b>(82,521)</b>	<b>(31,017)</b>
<b>Cash flow from investing activities</b>		
Acquisition of intangible assets	(86)	(454)
Acquisition of plant and equipment	(1,740)	(2,352)
Proceeds from disposal of property, plant and equipment	557	29
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	<b>(1,269)</b>	<b>(2,777)</b>
<b>Cash flow from financing activity</b>		
Payment of finance lease liabilities	(42)	-
	<hr/>	<hr/>
<b>Net cash used in financing activities</b>	<b>(42)</b>	<b>-</b>
	<hr/>	<hr/>
<b>Net decrease in cash and cash equivalents</b>	<b>(83,832)</b>	<b>(33,794)</b>
Cash and cash equivalents at 1 January	511,892	494,755
	<hr/>	<hr/>
<b>Cash and cash equivalents at 31 March</b>	<b>428,060</b>	<b>460,961</b>
	<hr/>	<hr/>
<b>Cash and cash equivalents comprise:-</b>		
Fixed and call deposits with licensed financial institutions (with maturity less than three months)	404,125	428,252
Cash and bank balances	23,935	32,709
	<hr/>	<hr/>
	<b>428,060</b>	<b>460,961</b>
	<hr/>	<hr/>

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**

These condensed consolidated quarterly financial statements ("Condensed Report") 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 quarter ended 31 March 2012 have been prepared in accordance with:

- (a) The requirements of Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting and with IAS 34: Interim Financial Reporting; and
- (b) Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

They do not include all of the information required for full annual financial statement, and should be read in conjunction with consolidated financial statements of the Group as at and for the year ended 31 December 2011.

These are the Group's condensed consolidated financial statements for part of the period covered by the Group's first MFRS framework annual financial statements and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied. An explanation of how the transition to MFRSs has affected the reported equity and financial performance of the Group is provided in Note 2.

**2. Changes in accounting policies**

Except as described below, the accounting policies applied by the Group in these condensed consolidated financial statements are the same as those applied by the Group in its consolidated annual financial statements as at and for the year ended 31 December 2011.

**2.1 Bank Negara Malaysia ("BNM") Guideline - BNM/RH/GL 003-28, Financial Reporting for Insurers**

In line with the convergence of Financial Reporting Standards ("FRS") to Malaysian Financial Reporting Standards ("MFRS") in 2012, BNM has issued revised Financial Reporting Guidelines for Insurers (BNM/RH/GL 003-28) ("revised Guidelines") on 21 February 2012 for insurers to comply with the adoption of financial reporting standards approved by the Malaysian Accounting Standards Board ("MASB").

The revised Guidelines require actuarial liabilities, unallocated surplus and fair value/revaluation reserves of life insurance contract liabilities with discretionary participating features to be presented as liabilities in the insurers' statement of financial position.

Arising from the revised Guidelines, non participating surplus of the life insurance business which was retained within the life insurance fund and not transferred to the Shareholders' Fund is recognized as income in the Statement of Profit or Loss and retained earnings in the Statement of Changes in Equity.

Upon transition to MFRSs, the Group elected to designate certain financial investments as fair value through profit or loss. Previous gains or losses on financial investments that have been recognised in other comprehensive income were reclassified from equity to retained earnings.

2. Changes in accounting policies (continued)

2.1 Bank Negara Malaysia ("BNM") Guideline - BNM/RH/GL 003-28, Financial Reporting for Insurers (continued)

Condensed consolidated statements of financial position

Group	As at 31.12.2011 RM'000	Effect of transition to MFRSs RM'000	As at 31.12.2011 RM'000
<b>Total current assets</b>			
Current tax assets	3,138	107	3,245
<b>Equity</b>			
Reserves	1,046,711	245,095	1,291,806
<b>Total non-current liabilities</b>			
Insurance contract liabilities	3,472,397	(794)	3,471,603
Deferred tax liabilities	13,224	81,509	94,733
<b>Total current liabilities</b>			
Insurance contract liabilities	2,482,332	(325,703)	2,156,629

Condensed consolidated statement of profit or loss  
for the period ended 31 March 2011

	RM'000
Profit after tax as previously reported under FRS	33,687
Effect of transition to MFRS	10,510
Restated profit after tax reported under MFRS	44,197

Condensed consolidated statements of changes in equity  
for the period ended 31 March 2011

Group	Period ended 31.3.2011 RM'000	Effect of transition to MFRSs RM'000	Period ended 31.3.2011 RM'000
<b>Non-Distributable</b>			
Asset revaluation reserve	5,355	300	5,655
Fair value reserve	8,360	116	8,476
Life non participating surplus	-	223,005	223,005

2. Changes in accounting policies (continued)

2.1 Bank Negara Malaysia ("BNM") Guideline - BNM/RH/GL 003-28, Financial Reporting for Insurers (continued)

Condensed consolidated statements of changes in equity  
for the year ended 31 December 2011

Group	Year ended 31.12.2011 RM'000	Effect of transition to MFRSs RM'000	Year ended 31.12.2011 RM'000
<b>Non-Distributable</b>			
Asset revaluation reserve	9,735	794	10,529
Fair value reserve	20,559	97	20,656
Life non participating surplus	-	244,204	244,204

2.2 MFRSs, Amendments to MFRSs and Issues Committee ("IC") Interpretation issued but not yet effective

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

MFRSs, Amendments to MFRSs and IC Interpretation	Effective for annual periods beginning on or after	
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangement	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

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 quarter, the Group has revalued its property, plant and equipment and the revaluation surpluses amounting to:

	<b>Group RM'000</b>
General insurance operations	802

**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 31 March 2012**

	<b>Group RM'000</b>
Property, plant and equipment:	
Approved but not contracted for	25,626
Contracted but not provided for	3,589

**9. Related party transactions**

Significant related party transactions are as follows:

	Transaction value Three months ended 31 March	
	2012 RM'000	2011 RM'000
<b>Related companies*</b>		
Reinsurance premium and commission	104,106	53,495

\* Related companies are companies within the Allianz SE group.

**10. Changes in contingent liabilities**

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

**11. 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.

**12. Subsequent events**

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

### 13. 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

Investment holding  
General business  
Life business

#### Principal activities

Investment holding  
Underwriting of all classes of general insurance business  
Underwriting of all life insurance and investment-linked business

#### Information about reportable segments

For the period ended 31 March 2012 - unaudited

	Investment holding		General business		Life business		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue	2,324	2,089	393,076	348,616	344,094	302,685	739,494	653,390
Inter-segment revenue	(1,031)	(1,027)	-	-	-	-	(1,031)	(1,027)
Segment profit	2,534	778	60,014	46,737	14,144	18,859	76,692	66,374
Segment assets	291,431	282,750	4,064,673	3,595,302	3,963,221	3,314,547	8,319,325	7,192,599
Segment liabilities	5,221	9,339	2,915,224	2,578,500	3,710,281	3,091,113	6,630,726	5,678,952

#### **14. Dividend paid**

There were no dividend paid by the Company during the quarter under review (2011 : Nil).

### **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 1st Quarter 2012 versus YTD 1st Quarter 2011)**

###### **Operating revenue**

The Group recorded an operating revenue of RM739.5 million for the period ended 31 March 2012, an increase of 13.2% or RM86.1 million as compared to the preceding period ended 31 March 2011 of RM653.4 million due to the higher gross earned premiums and investment income by RM76.0 million and RM10.1 million respectively.

The increase was mainly contributed by the general insurance operations which recorded an operating revenue of RM393.1 million for the period ended 31 March 2012, an increase of 12.8% or RM44.5 million as compared to the preceding period ended 31 March 2011 of RM348.6 million due to higher gross earned premiums and investment income by RM41.7 million and RM2.8 million respectively.

The increase in gross earned premiums of the general insurance operations was mainly contributed by increasing sales distribution capabilities. Most distribution channels recorded growth against previous year with the main contributor from agencies. The investment income increased in tandem with the growth in gross premiums which gave rise to a higher investment asset base.

The life insurance operations operating revenue recorded an operating revenue of RM344.1 million for the period ended 31 March 2012, an increase of 13.7% or RM41.4 million as compared to the preceding period ended 31 March 2011 due to higher gross earned premiums and investment income by RM34.4 million and RM7.0 million respectively.

The increase in gross earned premiums of the life insurance business was mainly contributed by its agency sales which remains the core distribution channel of the company. The higher investment income was due mainly to realised gains from disposal of equities.

###### **Profit before tax**

The Group recorded a profit before tax of RM76.7 million for the period ended 31 March 2012, an increase of 15.5% or RM10.3 million as compared to the preceding period ended 31 March 2011 of RM66.4 million.

The profit was mainly contributed by the general insurance operations which recorded a profit before tax of RM60.0 million for the period ended 31 March 2012; an increase of 28.5% or RM13.3 million as compared to the preceding period ended 31 March 2011 of RM46.7 million. The increase in profit was due mainly to higher underwriting profit of RM39.5 million as compared to the preceding period ended 31 March 2011 of RM 30.2 million.

**1.1 Results of the current year-to-date ("YTD") against preceding YTD (YTD 1st Quarter 2012 versus YTD 1st Quarter 2011)**

**Profit before tax (continued)**

The general insurance operations sustained its profitable growth through portfolio and product management by maintaining a diversified and balanced portfolio mix, coupled with the implementation of prudent underwriting guidelines and various efficient operational measures.

The life insurance operations recorded a lower profit before tax of RM14.1 million for the period ended 31 March 2012; a decrease of 25.0% or RM4.7 million as compared to the preceding period ended 31 March 2011 of RM18.8 million due mainly to lower surplus from the non participating fund.

The investment holding segment registered a profit before tax of RM2.5 million as compared to profit before tax of RM0.8 million in the preceding quarter due mainly to higher realised gains from investments.

**1.2 Results of the current quarter against the preceding quarter (1st Quarter 2012 versus 4th Quarter 2011)**

**Operating revenue**

The Group recorded an operating revenue of RM739.5 million for the current quarter under review, a marginal increase of 0.4% or RM3.0 million as compared to the preceding quarter of RM736.5 million due mainly to the higher gross earned premiums of RM1.9 million from the general insurance operations.

The general insurance operations recorded an operating revenue of RM393.1 million for the current quarter under review, an increase of 2.3% or RM8.8 million as compared to the preceding quarter of RM384.3 million due mainly to higher gross earned premium.

The life insurance operations registered an operating revenue of RM344.1 million for the current quarter under review, a decrease of 2.3% or RM8.2 million as compared to the preceding quarter of RM352.3 million due mainly to higher renewal premium in the preceding quarter.

**Profit before tax**

The Group recorded a profit before tax of RM76.7 million for the current quarter under review period, an increase of 59.5% or RM28.6 million as compared to the preceding quarter ended 31 December 2011 of RM48.1 million due mainly to the results of the general insurance operations.

The profit before tax of the general insurance operations for the current quarter under review increased by 102.0% or RM30.3 million as compared to the preceding quarter of RM29.7 million. The higher profit before tax was due mainly to the lower underwriting profit recorded in preceding quarter which was impacted by Malaysian Motor Insurance Pool loss of RM10.0 million and the cyclical trend of lower underwriting profit in last quarter of the year.

**1.2 Results of the current quarter against the preceding quarter (1st Quarter 2012 versus 4th Quarter 2011)**

**Profit before tax (continued)**

The profit before tax of the life insurance operations for the current quarter under review decreased by 35.0% or RM7.6 million as compared to the preceding quarter of RM21.8 million due mainly to surplus transfer of RM6.7 million from the participating fund in the preceding quarter.

The investment holding segment registered a profit before tax of RM2.5 million as compared to profit before tax of RM0.4 million in the preceding quarter due mainly to higher realised gains from investments in the current quarter.

**2. Current year prospect**

The global economic recovery is expected to slow down in 2012 largely due to the ongoing sovereign debt issues in the developed economies.

Amid the more challenging external environment, Malaysia's economy is projected to experience a steady pace of growth of 4 to 5 percent in 2012. (Source: Bank Negara Malaysia Annual Report 2011)

The Group expects to have a challenging year with regulatory changes, market merger and acquisition activities, and the softening growth rate of local economy as a result of the uncertainties in global economy. However, the Group will endeavour to retain its leadership position in the general insurance business by leveraging on its brand's strength and building on its extensive distribution reach and wide product range to maintain growth momentum.

The Group expects the business strategy and profit contributions to remain consistent. The general operations will continue to contribute the majority of profit before tax in the medium term. For the life insurance operations, the Group anticipates a continued steady surplus transfer from the Life Fund to the Shareholders' Fund.

The Board is cautiously optimistic that the Group will maintain its profitable growth in 2012.

**3. Profit forecast**

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

**4. Investment income**

	Individual period		Cumulative period	
	Three months ended		Three months ended	
	31 March		31 March	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Coupon interest income	59,145	51,346	59,145	51,346
Dividend income	4,338	1,765	4,338	1,765
Accretion of discounts	1,139	1,349	1,139	1,349
Rental income	38	39	38	39
Other income	1,224	1,062	1,224	1,062
Amortisation of premiums	(2,418)	(2,159)	(2,418)	(2,159)
	<b>63,466</b>	<b>53,402</b>	<b>63,466</b>	<b>53,402</b>



**5. Realised gains and losses**

	Individual period		Cumulative period	
	Three months ended		Three months ended	
	31 March		31 March	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Realised gains on disposal of investments in debt and equity securities:				
Malaysian government securities	1,038	-	1,038	-
Quoted equity securities of corporations in Malaysia	12,841	35,235	12,841	35,235
Quoted unit trusts in Malaysia	860	-	860	-
Quoted bonds of corporations in Malaysia	5,457	-	5,457	-
Unquoted debts securities in Malaysia	2,747	-	2,747	-
Realised losses on disposal of investments in debt and equity securities:				
Quoted equity securities of corporations outside Malaysia	-	(272)	-	(272)
Quoted unit trusts outside Malaysia	(502)	(940)	(502)	(940)
Unquoted debts securities in Malaysia	-	(2)	-	(2)
Realised gains on disposal of plant and equipment	26	-	26	-
Realised losses on disposal of investment properties	-	(188)	-	(188)
	<b>22,467</b>	<b>33,833</b>	<b>22,467</b>	<b>33,833</b>

**6. Fair value gains or losses**

	Individual period		Cumulative period	
	Three months ended		Three months ended	
	31 March		31 March	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Fair value gains or losses:				
Financial assets at fair value through profit or loss:				
- held for trading	3,803	2,971	3,803	2,971
- designated upon initial recognition	(8,207)	(6,344)	(8,207)	(6,344)
Derivative financial liabilities - held for trading	(1,917)	-	(1,917)	-
Impairment loss on financial investments	(174)	-	(174)	-
	<b>(6,495)</b>	<b>(3,373)</b>	<b>(6,495)</b>	<b>(3,373)</b>

**7. Profit before taxation**

Profit before taxation for the year is arrived at after charging/(crediting):

	Individual period		Cumulative period	
	Three months ended		Three months ended	
	31 March		31 March	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Amortisation of intangible assets	2,842	2,823	2,842	2,823
Depreciation on property, plant and equipment	2,476	2,215	2,476	2,215
Write back of allowance for doubtful debts	1,719	2,209	1,719	2,209
Bad debts recovered	(67)	(44)	(67)	(44)
Bad debts written (back)/off	(68)	629	(68)	629
Gain on disposal of property, plant and equipment	(26)	-	(26)	-
Interest expense	198	154	198	154
Loss on disposal of properties previously classified as held for sale	-	188	-	188
Property, plant and equipment written off	2	40	2	40
Unrealised foreign exchange gain	(207)	-	(207)	-

Other than as disclosed in Note 6 and 7, there were no exceptional items for the current quarter ended 31 March 2012.

**8. Taxation**

	Individual period		Cumulative period	
	Three months ended		Three months ended	
	31 March		31 March	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	76,692	66,374	76,692	66,374
<b>Current tax expense</b>				
Income tax	22,506	15,217	22,506	15,217
Deferred tax	1,142	6,960	1,142	6,960
Total income tax expense	23,648	22,177	23,648	22,177
Effective tax rate	31%	33%	31%	33%

The Group's consolidated effective tax rate for the current quarter 31 March 2012 was higher than the statutory tax rate of 25% (2011: 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.

**9. Status of corporate proposal announced/implemented**

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

**10. Borrowings and debts securities**

Save as disclosed below, the Group has no other outstanding borrowings and debts securities for the quarter ended 31 March 2012.

**As at 31 March 2012**

**Group  
RM'000**

Finance lease liability (interest bearing)

**167**

---

**11. 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 ("BMB") (formerly known as Commerce Assurance Berhad ("CAB")) and Allianz General Insurance Company (Malaysia) Berhad ("AGIC") are disclosed below. For details 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
AGIC	<p><b><i>High Court of Sabah &amp; Sarawak Originating Summons No: T(24) 15 of 2006 in the matter of Lau Yee Fai @ Ming -v- CAB*</i></b></p> <p><b><i>In the Court of Appeal of Malaysia (Appellate Jurisdiction) Civil Application No. S-08-1113-11/2011: AGIC v Lau Yee Fai @ Lau Yee Ming</i></b></p> <p>* Following the transfer of the entire general insurance business from CAB to AGIC with effect from 1 January 2009, this suit is now regarded as a suit against AGIC and shall be defended by AGIC.</p>	<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> <p>On 17 November 2011, AGIC had filed its application for:</p> <p>i) extension of time to enlarge the time for leave to appeal; and</p> <p>ii) leave to appeal to the Court of Appeal.</p> <p>The hearing of the application was fixed on 15 May 2012 where AGIC's application was dismissed by the Court of Appeal. With the dismissal, this matter has come to a close and there will be no further reporting thereon.</p>

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		Three months ended	
		31 March		31 March	
		2012	2011	2012	2011
Net profit attributable to shareholders	(RM'000)	53,044	44,197	53,044	44,197
Weighted average number of ordinary shares in issue	('000)	156,472	153,869	156,472	153,869
Basic earnings per ordinary share	(sen)	33.90	28.72	33.90	28.72

(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		Three months ended	
		31 March		31 March	
		2012	2011	2012	2011
Net diluted profit attributable to shareholders	(RM'000)	53,044	44,197	53,044	44,197
Weighted average number of ordinary shares in issue	('000)	186,595	183,992	186,595	183,992
Effect of conversion of ICPS	('000)	189,730	192,337	189,730	192,337
Diluted weighted average number of ordinary shares in issue	('000)	376,325	376,329	376,325	376,329
Diluted earnings per ordinary share	(sen)	14.10	11.74	14.10	11.74

**13. Dividend**

No dividend has been proposed or declared for the quarter under review (2011 : Nil).

**14. Disclosure of realised and unrealised earnings**

The breakdown of the retained earnings of the Group as at 31 March 2012, into realised and unrealised profits, is as follow:

	<b>As at 31.3.2012 RM'000</b>	<b>As at 31.12.2011 RM'000</b>
Total retained earnings of the Group:		
- Realised	967,611	908,409
- Unrealised	(78,769)	(72,611)
Total retained earnings	<u>888,842</u>	<u>835,798</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 Securities' Listing Requirements, issued by Malaysian Institute of Accountants on 20 December 2010.

**15. Auditors' report on preceding annual financial statements**

The auditors' report of the Group's audited financial statements for the financial year ended 31 December 2011 was not qualified.

**BY ORDER OF THE BOARD**

Ng Siew Gek  
**Company Secretary**

Kuala Lumpur  
24 May 2012