

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

UNAUDITED QUARTERLY RESULTS  
FOR THE PERIOD ENDED 31 MARCH 2014

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

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**Condensed consolidated statement of financial position  
as at 31 March 2014 - unaudited**

	<b>31 March 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
<b>Assets</b>		
Property, plant and equipment	116,663	116,486
Intangible assets	321,763	325,328
Investment properties	5,600	5,600
Deferred tax assets	8,223	18,082
Reinsurance assets	1,374,529	1,266,704
Investments	8,428,382	7,997,409
Current tax assets	2,452	3,363
Insurance receivables	249,271	163,041
Other receivables, deposits and prepayments	170,208	175,369
Deferred acquisitions costs	75,674	68,881
Cash and cash equivalents	495,766	618,499
	<hr/>	<hr/>
<b>Total assets</b>	<b>11,248,531</b>	<b>10,758,762</b>
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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 2014 - unaudited (continued)**

	<b>31 March 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
<b>Equity</b>		
Share capital	164,402	160,752
Irredeemable Convertible Preference Shares ("ICPS")	181,804	185,454
Reserves	1,763,556	1,677,976
<b>Total equity attributable to owners of the Company</b>	<b>2,109,762</b>	<b>2,024,182</b>
<b>Liabilities</b>		
Insurance contract liabilities	8,190,497	7,770,113
Deferred tax liabilities	129,424	127,179
Derivative financial liabilities	13,415	20,950
Other financial liabilities	2,819	3,612
Insurance payables	351,625	337,233
Other payables and accruals	317,374	351,782
Benefits and claims liabilities	125,516	117,858
Current tax liabilities	8,099	5,853
<b>Total liabilities</b>	<b>9,138,769</b>	<b>8,734,580</b>
<b>Total equity and liabilities</b>	<b>11,248,531</b>	<b>10,758,762</b>
<b>Net asset per ordinary share (RM)</b>	<b>12.83</b>	<b>12.59</b>
<b>Diluted net asset per ordinary share (RM)</b>	<b>6.09</b>	<b>5.85</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 2014 - unaudited**

	Note	Individual period		Cumulative period	
		Three months ended 31 March		Three months ended 31 March	
		2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
Operating revenue *		1,016,530	862,077	1,016,530	862,077
Gross earned premiums		930,448	790,239	930,448	790,239
Premiums ceded to reinsurers		(151,479)	(154,789)	(151,479)	(154,789)
<b>Net earned premiums</b>		<b>778,969</b>	<b>635,450</b>	<b>778,969</b>	<b>635,450</b>
Investment income	4	86,082	71,838	86,082	71,838
Realised gains and losses	5	28,597	16,347	28,597	16,347
Fair value gains and losses	6	5,412	(3,098)	5,412	(3,098)
Fee and commission income		21,838	24,544	21,838	24,544
Other operating income		4,265	2,568	4,265	2,568
<b>Other revenue</b>		<b>146,194</b>	<b>112,199</b>	<b>146,194</b>	<b>112,199</b>
Gross benefits and claim paid		(363,204)	(285,076)	(363,204)	(285,076)
Claims ceded to reinsurers		71,264	56,666	71,264	56,666
Gross change to contract liabilities		(352,608)	(212,880)	(352,608)	(212,880)
Change in contract liabilities ceded to reinsurers		87,905	(2,521)	87,905	(2,521)
<b>Net benefits and claims</b>		<b>(556,643)</b>	<b>(443,811)</b>	<b>(556,643)</b>	<b>(443,811)</b>
Fee and commission expense		(136,272)	(123,719)	(136,272)	(123,719)
Management expenses		(103,382)	(96,826)	(103,382)	(96,826)
Other operating expenditure		(4,856)	(4,551)	(4,856)	(4,551)
<b>Other expenses</b>		<b>(244,510)</b>	<b>(225,096)</b>	<b>(244,510)</b>	<b>(225,096)</b>
<b>Profit before taxation</b>	7	<b>124,010</b>	<b>78,742</b>	<b>124,010</b>	<b>78,742</b>
Tax expense	8	(37,793)	(25,022)	(37,793)	(25,022)
<b>Profit for the period</b>		<b>86,217</b>	<b>53,720</b>	<b>86,217</b>	<b>53,720</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 profit or loss and other comprehensive income  
For the period ended 31 March 2014 - unaudited**

	Note	Individual period		Cumulative period	
		Three months ended 31 March		Three months ended 31 March	
		2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
<b>Profit for the period attributable to owners of the Company</b>		86,217	53,720	86,217	53,720
<b>Other comprehensive income, net of tax</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Fair value of available-for-sale ("AFS") financial assets		(855)	(1,009)	(855)	(1,009)
Tax effects thereon		218	253	218	253
		<u>(637)</u>	<u>(756)</u>	<u>(637)</u>	<u>(756)</u>
<b>Total other comprehensive loss for the period, net of tax</b>		<u>(637)</u>	<u>(756)</u>	<u>(637)</u>	<u>(756)</u>
<b>Total comprehensive income for the period</b>		<u>85,580</u>	<u>52,964</u>	<u>85,580</u>	<u>52,964</u>
Profit attributable to:					
Owners of the Company		<u>86,217</u>	<u>53,720</u>	<u>86,217</u>	<u>53,720</u>
Total comprehensive income for the period attributable to:					
Owners of the Company		<u>85,580</u>	<u>52,964</u>	<u>85,580</u>	<u>52,964</u>
<b>Basic earnings per ordinary share (sen)</b>	12	<u>53.02</u>	<u>33.85</u>	<u>53.02</u>	<u>33.85</u>
<b>Diluted earnings per ordinary share (sen)</b>	12	<u>21.41</u>	<u>14.02</u>	<u>21.41</u>	<u>14.02</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 period ended 31 March 2014 - 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 2013</b>	158,636	187,570	424,823	25,122	19,347	279,420	745,868	1,840,786
Fair value of AFS financial assets	-	-	-	-	(756)	-	-	(756)
Total other comprehensive income for the period	-	-	-	-	(756)	-	-	(756)
Profit for the period	-	-	-	-	-	2,047	51,673	53,720
<b>Total comprehensive income for the period</b>	-	-	-	-	(756)	2,047	51,673	52,964
Conversion of Irredeemable Convertible Preference Shares to Ordinary Shares	134	(134)	-	-	-	-	-	-
Dividends to owners of the Company	-	-	-	-	-	-	-	-
<b>Total transactions with owners of the Company</b>	134	(134)	-	-	-	-	-	-
<b>At 31 March 2013</b>	158,770	187,436	424,823	25,122	18,591	281,467	797,541	1,893,750
<b>At 1 January 2014</b>	160,752	185,454	424,823	25,122	(12,838)	322,160	918,709	2,024,182
Fair value of AFS financial assets	-	-	-	-	(637)	-	-	(637)
Total other comprehensive income for the period	-	-	-	-	(637)	-	-	(637)
Profit for the period	-	-	-	-	-	10,407	75,810	86,217
<b>Total comprehensive income for the period</b>	-	-	-	-	(637)	10,407	75,810	85,580
Conversion of Irredeemable Convertible Preference Shares to Ordinary Shares	3,650	(3,650)	-	-	-	-	-	-
Dividends to owners of the Company	-	-	-	-	-	-	-	-
<b>Total transactions with owners of the Company</b>	3,650	(3,650)	-	-	-	-	-	-
<b>At 31 March 2014</b>	164,402	181,804	424,823	25,122	(13,475)	332,567	994,519	2,109,762

\* The Life non participating fund surplus amount is net of deferred tax. This amount is only distributable when the surplus is transferred from the life fund to the shareholders' fund.

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

**ALLIANZ MALAYSIA BERHAD (12428-W)****Condensed consolidated statement of cash flow  
For the period ended 31 March 2014 - unaudited**

	<b>Period ended 31 March 2014 RM'000</b>	<b>Period ended 31 March 2013 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	124,010	78,742
Investment income	(86,082)	(71,838)
Realised gains recorded in profit or loss	(28,597)	(16,347)
Fair value (gains)/losses on investments recorded in profit or loss	(6,015)	2,327
Purchases of financial investments	(712,805)	(617,123)
Maturity of financial investments	145,000	245,000
Proceeds from sale of financial investments	175,605	120,149
Change in loans and receivables	(26,845)	(9,064)
Non-cash items:		
Change in fair value of AFS financial assets	12,900	(2,700)
Unrealised foreign exchange (gains)/losses	(722)	7
Depreciation of property, plant and equipment	3,372	2,748
Amortisation of intangible assets	3,655	3,699
Impairment loss on financial investments	603	771
Interest expense	721	664
Property, plant and equipment written off	7	-
Insurance and other receivables:		
- Reversal of allowance for impairment loss	9	3,197
- Impairment loss recovered	(119)	(77)
<b>Operating loss before changes in working capital</b>	<b>(395,303)</b>	<b>(259,845)</b>
Changes in working capital:		
Change in reinsurance assets	(107,825)	(8,175)
Change in insurance receivables	(85,984)	(51,670)
Change in other receivables, deposits and prepayments	4,690	7,700
Change in insurance contract liabilities	420,384	306,786
Change in deferred acquisition costs	(6,793)	(8,414)
Change in other financial liabilities	(793)	19,641
Change in insurance payables	14,392	(21,838)
Change in other payables	(34,156)	37,934
Change in benefits and claims liabilities	7,658	2,940
<b>Cash (used in)/generated from operations</b>	<b>(183,730)</b>	<b>25,059</b>

**ALLIANZ MALAYSIA BERHAD (12428-W)****Condensed consolidated statement of cash flow  
For the period ended 31 March 2014 - unaudited**

	<b>Period ended 31 March 2014 RM'000</b>	<b>Period ended 31 March 2013 RM'000</b>
<b>Cash flows from operating activities (continued)</b>		
Tax paid	(21,193)	(21,389)
Dividend received	5,005	4,254
Coupon interest received	82,005	65,616
	<hr/>	<hr/>
<b>Net cash (used in)/from operating activities</b>	<b>(117,913)</b>	<b>73,540</b>
	<hr/>	<hr/>
<b>Cash flow from investing activities</b>		
Proceeds from disposal of property, plant and equipment	32	1
Acquisition of property, plant and equipment	(3,588)	(2,890)
Acquisition of intangible assets	(90)	(50,609)
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	<b>(3,646)</b>	<b>(53,498)</b>
	<hr/>	<hr/>
<b>Cash flow from financing activities</b>		
Proceeds from holding company	-	54,300
Payment of loan interest to holding company	(1,167)	-
Repayment of finance lease liabilities	(7)	(13)
	<hr/>	<hr/>
<b>Net cash (used in)/from financing activities</b>	<b>(1,174)</b>	<b>54,287</b>
	<hr/>	<hr/>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(122,733)</b>	<b>74,329</b>
Cash and cash equivalents at 1 January	618,499	458,317
	<hr/>	<hr/>
<b>Cash and cash equivalents at 31 March</b>	<b>495,766</b>	<b>532,646</b>
	<hr/>	<hr/>
<b>Cash and cash equivalents comprise:-</b>		
Fixed and call deposits with licensed financial institutions (with maturity less than three months)	461,612	509,604
Cash and bank balances	34,154	23,042
	<hr/>	<hr/>
	<b>495,766</b>	<b>532,646</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 ("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 year ended 31 March 2014 have been prepared in accordance with:

- (a) The requirements of Malaysian Financial Reporting Standard ("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").

The Report does not include all of the information required for disclosure in the annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2013.

**2. Changes in accounting policies**

The accounting policies and presentation adopted by the Group for the Report are consistent with those adopted in the Group's consolidated audited financial statements for the financial year ended 31 December 2013, except for the adoption of the following:

<b>MFRS, Amendments to MFRS and IC Interpretation</b>		<b>Effective date</b>
Amendments to MFRS 10	Consolidated Financial Statements: Investment Entities	1 January 2014
Amendments to MFRS 12	Disclosures of Interests in Other Entities: Investment Entities	1 January 2014
Amendments to MFRS 127	Separate Financial Statements (2011): Investment Entities	1 January 2014
Amendments to MFRS 132	Financial Instruments: Presentation - Offsetting Financial Asset and Financial Liabilities	1 January 2014
Amendments to MFRS 136	Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement- Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21	Levies	1 January 2014

The initial application of the aforesaid applicable standards, amendments and interpretations is not expected to have any material financial impacts to the current and prior periods financial statements upon their first adoption.

## ALLIANZ MALAYSIA BERHAD (12428-W)

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### 3. Items of an unusual nature

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

### 4. Changes in estimates

There were no material changes in the basis used for accounting estimates for the financial period ended 31 March 2014.

### 5. Seasonal or cyclical factors

The operations of the Group for the financial period 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 accumulated depreciation and accumulated impairment losses if any. There were no changes 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 2013.

### 7. Changes in group composition

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

### 8. Capital commitments

#### As at 31 March 2014

Property, plant and equipment:  
Approved but not contracted for  
Contracted but not provided for

Group  
RM'000

57,464  
5,093

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### 9. Related party transactions

Significant related party transactions are as follows:

	Transactions value Three months ended 31 March	
	2014 RM'000	2013 RM'000
<b>Related companies*</b>		
Reinsurance premium and commission	(95,174)	(76,069)

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

### 10. Changes in contingent liabilities

There were no contingent liabilities as at the date of the Report.

### 11. Debt and equity securities

There were no issuance and repayment of debts and equity securities, shares buy backs, shares cancellations, shares held as treasury shares and resale of treasury shares by the Group during the financial period under review.

### 12. Subsequent events

There were no material events subsequent to the end of the financial period under review that have not been reported in the Report.

## ALLIANZ MALAYSIA BERHAD (12428-W)

### 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 regular basis. The following summary describes the operations in each of the Group's reportable segments:

Reportable segments	Principal activities
Investment holding	Investment holding
General business	Underwriting of all classes of general insurance business
Life business	Underwriting of all life insurance and investment-linked business

#### Information about reportable segments For the period ended 31 March 2014 - unaudited

	Investment holding		General business		Life business		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue	2,919	2,667	528,939	468,109	484,672	391,301	1,016,530	862,077
Inter-segment revenue	(1,328)	(1,288)	-	-	-	-	(1,328)	(1,288)
Segment profit/(loss)	711	(528)	102,567	72,152	20,732	7,118	124,010	78,742
Segment assets	415,924	393,203	5,070,535	4,444,647	5,762,072	4,812,362	11,248,531	9,650,212
Segment liabilities	65,255	65,227	3,644,937	3,161,153	5,428,577	4,530,082	9,138,769	7,756,462

**14. Dividend paid**

There was no dividend paid by the Company during the quarter under review (2013: 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 First Quarter 2014 versus YTD First Quarter 2013)**

**Operating revenue**

The Group recorded an operating revenue of RM1,016.5 million for the financial period ended 31 March 2014, an increase of 17.9% or RM154.4 million as compared to the preceding financial period ended 31 March 2013 of RM862.1 million due to higher gross earned premiums and investment income by RM140.2 million and RM14.2 million respectively.

The general insurance operations recorded an operating revenue of RM528.9 million for the financial period ended 31 March 2014, an increase of 13.0% or RM60.8 million as compared to the preceding financial period ended 31 March 2013 of RM468.1 million due to the increase in gross earned premiums and investment income by RM56.7 million and RM4.1 million respectively.

The increase in gross earned premiums of the general insurance operations was due mainly to better sales from agency and franchise channels. The higher investment income derived from bigger investment base which is in tandem with the growth in gross premiums.

The life insurance operations recorded an operating revenue of RM484.7 million for the financial period ended 31 March 2014, an increase of 23.9% or RM93.4 million as compared to the preceding financial period ended 31 March 2013 of RM391.3 million due to the increase in gross earned premiums and investment income by RM83.6 million and RM9.8 million respectively.

The increase in gross earned premiums of the life insurance operations was mainly attributable to higher agency sales and continued momentum on sales of single premium product through bank partner. The higher investment income was due mainly to a bigger investment base.

**Profit before tax**

The Group recorded a profit before tax of RM124.0 million for the financial period ended 31 March 2014, an increase of 57.6% or RM45.3 million as compared to the preceding financial period ended 31 March 2013 of RM78.7 million.

General insurance operations contributed to most of the profit and recorded a profit before tax of RM102.6 million for the financial period ended 31 March 2014; an increase of 42.1% or RM30.4 million as compared to the preceding financial period ended 31 March 2013 of RM72.2 million. The increase in profit was due mainly to higher underwriting profit of RM75.3 million as compared to the preceding financial period ended 31 March 2013 of RM49.6 million arising from lower claims ratio.

**1.1 Results of the current year-to-date ("YTD") against preceding YTD (YTD First Quarter 2014 versus YTD First Quarter 2013)**

**Profit before tax (continued)**

The life insurance operations recorded a higher profit before tax of RM20.7 million for the financial period ended 31 March 2014; an increase of 191.5% or RM13.6 million as compared to the preceding financial period ended 31 March 2013 of RM7.1 million due mainly to lower insurance contract liabilities arising from higher interest rate and lower medical claims ratio for the financial period under review.

The investment holding segment registered a profit before tax of RM0.7 million as compared to a loss before tax of RM0.5 million in the preceding year due mainly to lower cost incurred and higher investment income in the financial period under review.

**1.2 Results of the current quarter against the preceding quarter (First Quarter 2014 versus Fourth Quarter 2013)**

**Operating revenue**

The Group recorded an operating revenue of RM1,016.5 million for the quarter under review, an increase of 9.1% or RM84.6 million as compared to the preceding quarter ended 31 December 2013 of RM931.9 million due mainly to increase in gross earned premiums by RM84.0 million from both the insurance operations.

The general insurance operations recorded an operating revenue of RM528.9 million for the quarter under review, an increase of 34.2% or RM134.8 million as compared to the preceding quarter of RM394.1 million due mainly to higher gross earned premiums.

The life insurance operations registered an operating revenue of RM484.7 million for the quarter under review, a decrease of 9.4% or RM50.1 million as compared to the preceding quarter of RM534.8 million due mainly to lower gross earned premiums.

**Profit before tax**

The Group recorded a profit before tax of RM124.0 million for the quarter under review, an increase of 80.8% or RM55.4 million as compared to the preceding quarter ended 31 December 2013 of RM68.6 million due mainly to higher profit from general insurance operations.

The profit before tax of general insurance operations for the quarter under review was higher by 109.8% or RM53.7 million as compared to the preceding quarter of RM48.9 million due mainly to higher underwriting profit arising from lower claims ratio.

The profit before tax of life insurance operations for the quarter under review increased marginally by 4.0 % or RM0.8 million as compared to the preceding quarter of RM19.9 million due to lower medical claims ratio for the financial period under review.

**1.2 Results of the current quarter against the preceding quarter (First Quarter 2014 versus Fourth Quarter 2013)**

**Profit before tax (continued)**

The investment holding segment registered a profit before tax of RM0.7 million as compared to a loss before tax of RM0.2 million in the preceding quarter due to higher investment income in the current quarter.

**2. Current year prospect**

The Malaysian economy is expected to remain on a steady growth path in 2014, with projected expansion of 4.5% to 5.5% as domestic demand remains the key driver of growth. *(Source: Bank Negara Malaysia Annual Report 2013)*

However, the Group anticipates a challenging year ahead as a result of regulatory changes and consolidation in the industry. The Group continues to build on the momentum gained in 2013 to maintain its market leadership. The general business continues to enlarge its distribution network and its diversified product portfolio. The life business continues to focus on growth opportunities from its agency and bank distributions and sales of profitable products.

The Board believes that the Group's strategic initiatives will deliver satisfactory results and continues its long term sustainable growth.

**3. Profit forecast**

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

**4. Investment income**

	Individual period		Cumulative period	
	Three months ended		Three months ended	
	31 March		31 March	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Coupon interest income	78,895	68,019	78,895	68,019
Dividend income	5,005	4,254	5,005	4,254
Accretion of discounts	1,061	831	1,061	831
Rental income	38	38	38	38
Other income	2,626	1,404	2,626	1,404
Amortisation of premiums	(1,543)	(2,708)	(1,543)	(2,708)
	<b>86,082</b>	<b>71,838</b>	<b>86,082</b>	<b>71,838</b>

**ALLIANZ MALAYSIA BERHAD (12428-W)****5. Realised gains and losses**

	Individual period		Cumulative period	
	Three months ended		Three months ended	
	31 March		31 March	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Realised gains on disposal of investments in debt and equity securities:				
Malaysian government securities	192	-	192	-
Quoted equity securities of corporations in Malaysia	31,728	12,488	31,728	12,488
Quoted equity securities of corporations outside Malaysia	24	-	24	-
Quoted unit trusts in Malaysia	-	4,779	-	4,779
Unquoted unit trusts in Malaysia	49	-	49	-
Unquoted bonds of corporations in Malaysia	-	1,717	-	1,717
Realised losses on disposal of investments in debt and equity securities:				
Quoted equity securities of corporations in Malaysia	(2,567)	(990)	(2,567)	(990)
Quoted equity securities of corporations outside Malaysia	(50)	-	(50)	-
Quoted unit trusts in Malaysia	(10)	-	(10)	-
Unquoted unit trusts outside Malaysia	(754)	(496)	(754)	(496)
Unquoted debts securities in Malaysia	(13)	-	(13)	-
Structured deposits	(2)	(1)	(2)	(1)
Put options	-	(1,150)	-	(1,150)
	<b>28,597</b>	<b>16,347</b>	<b>28,597</b>	<b>16,347</b>

**ALLIANZ MALAYSIA BERHAD (12428-W)****6. Fair value gains/(losses)**

	Individual period		Cumulative period	
	Three months ended		Three months ended	
	31 March		31 March	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Fair value gains/(losses):				
Held for trading financial assets	5,301	3,764	5,301	3,764
Designated upon initial recognition financial assets	(6,038)	(4,488)	(6,038)	(4,488)
Derivatives	6,752	(1,603)	6,752	(1,603)
Total fair value gains/(losses) on financial assets at Fair Value Through Profit or Loss	6,015	(2,327)	6,015	(2,327)
Impairment loss on financial investments	(603)	(771)	(603)	(771)
	5,412	(3,098)	5,412	(3,098)

**7. Profit before taxation**

Profit before taxation for the financial period under review is arrived at after charging/(crediting):

	Individual period		Cumulative period	
	Three months ended		Three months ended	
	31 March		31 March	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Amortisation of intangible assets	3,655	3,699	3,655	3,699
Depreciation on property, plant and equipment	3,372	2,748	3,372	2,748
Insurance and other receivables:				
- Write back of allowance for impairment loss	9	3,197	9	3,197
- Impairment loss recovered	(119)	(77)	(119)	(77)
Interest expense	721	664	721	664
Property, plant and equipment written off	7	-	7	-
Unrealised foreign exchange (gain)/loss	(722)	7	(722)	7

Other than as disclosed in Notes 6 and 7, there are no exceptional items for the financial period ended 31 March 2014.



**8. Taxation**

	Individual period Three months ended 31 March		Cumulative period Three months ended 31 March	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit before taxation	124,010	78,742	124,010	78,742
<b>Tax expense/(credit)</b>				
Income tax	24,350	27,468	24,350	27,468
Deferred tax	13,443	(2,446)	13,443	(2,446)
Total tax expense	37,793	25,022	37,793	25,022
Effective tax rate	30%	32%	30%	32%

The Group's consolidated effective tax rate for the financial period under review is higher than the statutory tax rate of 25% (2013: 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 the 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 financial period under review.

**As at 31 March 2014**

Interest Bearing

Finance lease liability	13
Amount due to holding company	54,300

**11. Changes in material litigations**

There are no material litigations pending at the date of the Report.

12. Earnings per ordinary share

(a) Basic earnings per ordinary share

Basic earnings 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 Three months ended 31 March		Cumulative period Three months ended 31 March	
		2014	2013	2014	2013
Profit attributable to ordinary shareholders	(RM'000)	86,217	53,720	86,217	53,720
Weighted average number of ordinary shares in issue	('000)	162,600	158,687	162,600	158,687
Basic earnings per ordinary share	(sen)	53.02	33.85	53.02	33.85

(b) Diluted earnings per ordinary share

Diluted earnings 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 Three months ended 31 March		Cumulative period Three months ended 31 March	
		2014	2013	2014	2013
Profit attributable to ordinary shareholders	(RM'000)	86,217	53,720	86,217	53,720
Weighted average number of ordinary shares in issue	('000)	162,600	158,687	162,600	158,687
Effect of conversion of ICPS, including bonus element	('000)	240,179	224,384	240,179	224,384
Diluted weighted average number of ordinary shares in issue	('000)	402,779	383,071	402,779	383,071
Diluted earnings per ordinary share	(sen)	21.41	14.02	21.41	14.02

**13. Dividend**

No dividend has been proposed or declared for the quarter under review (2013: Nil).

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

The breakdown of the retained earnings of the Group as at 31 March 2014, into realised and unrealised profits, is as follow:

	<b>As at 31.3.2014 RM'000</b>	<b>As at 31.12.2013 RM'000</b>
Total retained earnings of the Group:		
- Realised	1,430,993	1,331,246
- Unrealised	(103,907)	(90,377)
	<u>1,327,086</u>	<u>1,240,869</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 2013 was not qualified.

**BY ORDER OF THE BOARD**

Ng Siew Gek  
**Company Secretary**

Kuala Lumpur  
28 May 2014