

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

UNAUDITED QUARTERLY RESULTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2014

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

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**Condensed consolidated statement of financial position  
as at 30 September 2014 - unaudited**

	<b>30 September 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
<b>Assets</b>		
Property, plant and equipment	115,531	116,486
Intangible assets	314,877	325,328
Investment properties	3,300	5,600
Deferred tax assets	18,272	18,082
Derivative financial assets	5,768	-
Reinsurance assets	1,331,185	1,266,704
Investments	9,244,247	7,997,409
Current tax assets	1,046	3,363
Insurance receivables	293,642	163,041
Other receivables, deposits and prepayments	199,208	175,369
Deferred acquisitions costs	81,414	68,881
Cash and cash equivalents	489,648	618,499
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<b>Total assets</b>	<b>12,098,138</b>	<b>10,758,762</b>
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**ALLIANZ MALAYSIA BERHAD (12428-W)****Condensed consolidated statement of financial position  
as at 30 September 2014 - unaudited (continued)**

	<b>30 September 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
<b>Equity</b>		
Share capital	167,389	160,752
Irredeemable Convertible Preference Shares ("ICPS")	178,817	185,454
Reserves	1,900,724	1,677,976
<b>Total equity attributable to owners of the Company</b>	<b>2,246,930</b>	<b>2,024,182</b>
<b>Liabilities</b>		
Insurance contract liabilities	8,770,013	7,770,113
Deferred tax liabilities	143,269	127,179
Derivative financial liabilities	2,219	20,950
Other financial liabilities	1,234	3,612
Insurance payables	378,874	337,233
Other payables and accruals	384,727	351,782
Benefits and claims liabilities	148,238	117,858
Current tax liabilities	22,634	5,853
<b>Total liabilities</b>	<b>9,851,208</b>	<b>8,734,580</b>
<b>Total equity and liabilities</b>	<b>12,098,138</b>	<b>10,758,762</b>
<b>Net asset per ordinary share (RM)</b>	<b>13.42</b>	<b>12.59</b>
<b>Diluted net asset per ordinary share (RM)</b>	<b>6.49</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 30 September 2014 - unaudited**

	Note	Individual period		Cumulative period	
		Three months ended		Nine months ended	
		30 September		30 September	
		2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
Operating revenue *		1,058,334	962,317	3,151,099	2,717,539
Gross earned premiums		961,049	879,261	2,875,839	2,483,857
Premiums ceded to reinsurers		(157,028)	(143,805)	(464,039)	(444,144)
<b>Net earned premiums</b>		<b>804,021</b>	<b>735,456</b>	<b>2,411,800</b>	<b>2,039,713</b>
Investment income	4	97,285	83,056	275,260	233,682
Realised gains and losses	5	9,858	16,910	51,768	58,726
Fair value gains and losses	6	19,466	(45,064)	41,111	(45,710)
Fee and commission income		27,623	23,557	71,195	72,326
Other operating income		5,163	2,867	17,017	7,861
<b>Other revenue</b>		<b>159,395</b>	<b>81,326</b>	<b>456,351</b>	<b>326,885</b>
Gross benefits and claims paid		(470,640)	(334,535)	(1,235,718)	(946,569)
Claims ceded to reinsurers		113,981	62,800	301,600	190,102
Gross change in contract liabilities		(256,795)	(217,368)	(861,970)	(603,386)
Change in contract liabilities ceded to reinsurers		33,567	11,175	25,458	(40,423)
<b>Net benefits and claims</b>		<b>(579,887)</b>	<b>(477,928)</b>	<b>(1,770,630)</b>	<b>(1,400,276)</b>
Fee and commission expense		(145,604)	(136,827)	(420,732)	(385,653)
Management expenses		(118,799)	(99,036)	(331,273)	(293,176)
Other operating expenses		(7,068)	(4,260)	(21,991)	(16,887)
<b>Other expenses</b>		<b>(271,471)</b>	<b>(240,123)</b>	<b>(773,996)</b>	<b>(695,716)</b>
<b>Profit before taxation</b>	7	<b>112,058</b>	<b>98,731</b>	<b>323,525</b>	<b>270,606</b>
Tax expense	8	(33,640)	(24,578)	(98,675)	(80,558)
<b>Profit for the period</b>		<b>78,418</b>	<b>74,153</b>	<b>224,850</b>	<b>190,048</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 30 September 2014 - unaudited**

	Note	Individual period		Cumulative period	
		Three months ended 30 September		Nine months ended 30 September	
		2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
<b>Profit for the period attributable to owners of the Company</b>		78,418	74,153	224,850	190,048
<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		10,905	(13,924)	9,926	(24,935)
Tax effects thereon		(2,728)	3,483	(2,476)	6,243
		<u>8,177</u>	<u>(10,441)</u>	<u>7,450</u>	<u>(18,692)</u>
<b>Total other comprehensive income/(loss) for the period, net of tax</b>		8,177	(10,441)	7,450	(18,692)
<b>Total comprehensive income for the period</b>		<u>86,595</u>	<u>63,712</u>	<u>232,300</u>	<u>171,356</u>
Profit attributable to:					
Owners of the Company		<u>78,418</u>	<u>74,153</u>	<u>224,850</u>	<u>190,048</u>
Total comprehensive income for the period attributable to:					
Owners of the Company		<u>86,595</u>	<u>63,712</u>	<u>232,300</u>	<u>171,356</u>
<b>Basic earnings per ordinary share (sen)</b>	12(a)	<u>48.68</u>	<u>46.42</u>	<u>136.10</u>	<u>119.41</u>
<b>Diluted earnings per ordinary share (sen)</b>	12(b)	<u>19.18</u>	<u>19.34</u>	<u>54.46</u>	<u>49.64</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 30 September 2014 - unaudited**

	← Attributable to owners of the Company →							Total Equity
	← Non-distributable →					Distributable		
	Share Capital	Preference Shares	Share Premium	Asset Revaluation Reserve	Fair Value Reserve	Life Non Participating Surplus*	Retained Earnings	
	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	-	-	-	-	(18,692)	-	-	(18,692)
Total other comprehensive loss for the period	-	-	-	-	(18,692)	-	-	(18,692)
Profit for the period	-	-	-	-	-	37,934	152,114	190,048
<b>Total comprehensive income for the period</b>	-	-	-	-	(18,692)	37,934	152,114	171,356
Contributions by and distributions to owners of the Company								
Conversion of Irredeemable Convertible Preference Shares to Ordinary Shares	1,245	(1,245)	-	-	-	-	-	-
Dividends to owners of the Company	-	-	-	-	-	-	(22,340)	(22,340)
<b>Total transactions with owners of the Company</b>	1,245	(1,245)	-	-	-	-	(22,340)	(22,340)
<b>At 30 September 2013</b>	159,881	186,325	424,823	25,122	655	317,354	875,642	1,989,802
<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	-	-	-	-	7,450	-	-	7,450
Total other comprehensive income for the period	-	-	-	-	7,450	-	-	7,450
Profit for the period	-	-	-	-	-	40,279	184,571	224,850
<b>Total comprehensive income for the period</b>	-	-	-	-	7,450	40,279	184,571	232,300
Contributions by and distributions to owners of the Company								
Conversion of Irredeemable Convertible Preference Shares to Ordinary Shares	6,637	(6,637)	-	-	-	-	-	-
Dividends to owners of the Company	-	-	-	-	-	-	(9,552)	(9,552)
<b>Total transactions with owners of the Company</b>	6,637	(6,637)	-	-	-	-	(9,552)	(9,552)
<b>At 30 September 2014</b>	167,389	178,817	424,823	25,122	(5,388)	362,439	1,093,728	2,246,930

\* 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 flows  
For the period ended 30 September 2014 - unaudited**

	Period ended 30 September 2014 RM'000	Period ended 30 September 2013 RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation	323,525	270,606
Investment income	(275,260)	(233,682)
Realised gains recorded in profit or loss	(51,841)	(58,726)
Fair value (gains)/losses on investments recorded in profit or loss	(48,677)	44,939
Purchases of financial investments	(1,928,057)	(1,842,870)
Maturity of financial investments	420,000	367,000
Proceeds from sale of financial investments	366,758	814,524
Change in loans and receivables	(33,320)	4,543
Non-cash items:		
Change in fair value of AFS financial assets	4,700	(6,434)
Unrealised foreign exchange losses	683	1,607
Depreciation of property, plant and equipment	10,665	9,243
Amortisation of intangible assets	11,039	11,204
Loss on disposal of property, plant and equipment	6	-
Loss on disposal of investment properties	67	-
Impairment loss on financial investments	7,566	771
Interest expense	5,619	3,902
Property, plant and equipment written off	74	10
Insurance and other receivables:		
- Impairment loss written off	2,692	1,287
- Allowance/(Reversal) for impairment loss	5,237	(353)
- Bad debts recovered	(164)	(165)
<b>Operating loss before changes in working capital</b>	<b>(1,178,688)</b>	<b>(612,594)</b>
Changes in working capital:		
Change in reinsurance assets	(64,481)	6,701
Change in insurance receivables	(138,366)	(6,051)
Change in other receivables, deposits and prepayments	(24,788)	(50,194)
Change in insurance contract liabilities	999,900	790,711
Change in deferred acquisition costs	(12,533)	(14,273)
Change in other financial liabilities	(2,378)	8,489
Change in insurance payables	41,641	54,688
Change in other payables	29,661	16,090
Change in benefits and claims liabilities	30,380	17,856
<b>Cash (used in)/generated from operations</b>	<b>(319,652)</b>	<b>211,423</b>

**ALLIANZ MALAYSIA BERHAD (12428-W)****Condensed consolidated statement of cash flows (continued)**

For the period ended 30 September 2014 - unaudited

	Period ended 30 September 2014 RM'000	Period ended 30 September 2013 RM'000
<b>Cash flows from operating activities (continued)</b>		
Tax paid	(65,935)	(59,854)
Dividend received	19,375	19,908
Coupon interest received	248,182	213,455
Others	9,211	6,750
	<hr/>	<hr/>
<b>Net cash (used in)/from operating activities</b>	<b>(108,819)</b>	<b>391,682</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	5	555
Proceeds from disposal of investment properties	2,233	-
Acquisition of property, plant and equipment	(9,795)	(13,269)
Acquisition of intangible assets	(588)	(51,732)
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	<b>(8,145)</b>	<b>(64,446)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(9,552)	(22,340)
Proceeds from holding company	-	54,300
Payment of loan interest to holding company	(2,318)	(1,155)
Repayment of finance lease liabilities	(17)	(35)
	<hr/>	<hr/>
<b>Net cash (used in)/from financing activities</b>	<b>(11,887)</b>	<b>30,770</b>
	<hr/>	<hr/>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(128,851)</b>	<b>358,006</b>
Cash and cash equivalents at the beginning of period	618,499	447,817
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of period</b>	<b>489,648</b>	<b>805,823</b>
<b>Cash and cash equivalents comprise:</b>		
Fixed and call deposits with licensed financial institutions (with maturity less than three months)	465,650	779,207
Cash and bank balances	23,998	26,616
	<hr/>	<hr/>
	<b>489,648</b>	<b>805,823</b>
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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 financial period ended 30 September 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 for annual periods beginning on or after</b>
Amendments to MFRS 10	Consolidated Financial Statements: Investment Entities	1 January 2014
Amendments to MFRS 12	Disclosure 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 Assets 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 accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current and prior periods financial statements upon their first adoption.

**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 30 September 2014.

## ALLIANZ MALAYSIA BERHAD (12428-W)

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### 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 30 September 2014

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

Group  
RM'000

39,907  
17,731

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### 9. Related party transactions

Significant related party transactions are as follows:

	Transactions value Nine months ended 30 September	
	2014 RM'000	2013 RM'000
<b>Related companies*</b>		
Reinsurance premium and commission	(230,578)	(189,854)

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

### 10. Changes in contingent liabilities or contingent assets

The Malaysian Goods and Services Tax Act 2014 ("GST") has been gazetted on 19 June 2014 and will be implemented with effect from 1 April 2015. The Group is in the process of ascertaining the financial impact of GST, if any, as currently there are still uncertainties with regards to the application to the insurance business.

Other than stated above, the Group does not have any contingent assets and there were no material changes in the Group's contingent liabilities since the last annual balance sheet date.

### 11. Debt and equity securities

Save for the issuance of 6,637,325 ordinary shares of RM1.00 each pursuant to the conversion of the ICPS, there were no other issuances of shares, shares buy-backs and repayment of debt and equity securities 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 monthly 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 30 September 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	9,140	8,281	1,625,982	1,443,961	1,515,977	1,265,297	3,151,099	2,717,539
Inter-segment revenue	(4,004)	(43,995)	-	-	-	-	(4,004)	(43,995)
Segment profit/(loss)	1,603	(1,054)	247,821	209,421	74,101	62,239	323,525	270,606
Segment assets	407,106	406,614	5,363,167	4,696,259	6,327,865	5,206,245	12,098,138	10,309,118
Segment liabilities	64,376	64,740	3,822,341	3,366,547	5,964,491	4,888,029	9,851,208	8,319,316

**14. Dividend paid**

The first and final dividend of 2.50 sen per ordinary share under single tier system (2012: 6.50 sen less 25% tax) and a preference share dividend of 3.00 sen per ICPS under single tier system (2012: 7.80 sen) for the financial year 2013 were paid on 6 August 2014 to the entitled ordinary shareholders and ICPS holders of the Company, whose names appeared on the Register of Members and/or Record of Depositors on 16 July 2014.

**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 Third Quarter 2014 versus YTD Third Quarter 2013)**

**Operating revenue**

The Group recorded an operating revenue of RM3.15 billion for the nine months ended 30 September 2014, an increase of 16.0% or RM433.5 million as compared to the preceding financial period ended 30 September 2013 of RM2.72 billion due to higher gross earned premiums and investment income by RM391.9 million and RM41.6 million respectively.

The general insurance operations recorded an operating revenue of RM1.63 billion for the financial period ended 30 September 2014, an increase of 12.6% or RM182.0 million as compared to the preceding financial period ended 30 September 2013 of RM1.44 billion due to the increase in gross earned premiums and investment income by RM169.0 million and RM13.0 million respectively.

The increase in gross earned premiums of the general insurance operations was driven by continued sales momentum from agency and franchise channels.

The life insurance operations recorded an operating revenue of RM1.52 billion for the financial period ended 30 September 2014, an increase of 19.7% or RM251.2 million as compared to the preceding financial period ended 30 September 2013 of RM1.27 billion due to the increase in gross earned premiums and investment income by RM222.9 million and RM28.3 million respectively.

The increase in gross earned premiums of the life insurance operations was derived from higher agency sales and single premium bancassurance product.

**Profit before tax**

The Group recorded a profit before tax of RM323.5 million for the financial period ended 30 September 2014, an increase of 19.5% or RM52.9 million as compared to the preceding financial period ended 30 September 2013 of RM270.6 million.

General insurance operations continue to contribute major share of profit and delivered a profit before tax of RM247.8 million for the financial period ended 30 September 2014; an increase of 18.3% or RM38.4 million as compared to the preceding financial period ended 30 September 2013 of RM209.4 million. The increase in profit was due mainly to higher underwriting profit of RM159.1 million as compared to the preceding financial period ended 30 September 2013 of RM134.1 million. The general insurance operations delivered a combined ratio of below 90% for the financial period under review.

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

**Profit before tax (continued)**

The life insurance operations recorded a higher profit before tax of RM74.1 million for the financial period ended 30 September 2014; an increase of 18.9% or RM11.8 million as compared to the preceding financial period ended 30 September 2013 of RM62.3 million due to favourable claims ratio from investment-linked business.

The investment holding segment registered a profit before tax of RM1.6 million as compared to a loss before tax of RM1.1 million in the preceding period due mainly to lower cost incurred and higher investment income for the financial period under review.

**1.2 Results of the current quarter against the preceding quarter (Third Quarter 2014 versus Second Quarter 2014)**

**Operating revenue**

The Group recorded an operating revenue of RM1.06 billion for the quarter under review, a decrease of 1.7% or RM17.9 million as compared to the preceding quarter ended 30 June 2014 of RM1.08 billion due mainly to decrease in gross earned premiums by RM23.3 million in life insurance operations.

The general insurance operations recorded an operating revenue of RM554.6 million for the quarter under review, an increase of 2.2% or RM12.2 million as compared to the preceding quarter of RM542.4 million due mainly to higher gross earned premiums from agency business.

The life insurance operations registered an operating revenue of RM500.5 million for the quarter under review, a decrease of 5.7% or RM30.3 million as compared to the preceding quarter of RM530.8 million due mainly to lower single premium sales from bancassurance in the quarter under review.

**Profit before tax**

The Group recorded a profit before tax of RM112.0 million for the quarter under review, an increase of 28.0% or RM24.5 million as compared to the preceding quarter ended 30 June 2014 of RM87.5 million due mainly to higher profit from life insurance operations.

The profit before tax of general insurance operations for the quarter under review of RM72.3 million was marginally lower by 0.8% or RM0.6 million as compared to the preceding quarter of RM72.9 million due mainly to lower underwriting profit for the quarter under review. The general insurance operations continued to deliver a net combined ratio of below 90% for the quarter under review.

The profit before tax of life insurance operations for the quarter under review of RM39.0 million increased by 170.8% or RM24.6 million as compared to the preceding quarter of RM14.4 million due mainly to change in assumption for insurance contract liabilities.

## ALLIANZ MALAYSIA BERHAD (12428-W)

### 1.2 Results of the current quarter against the preceding quarter (Third Quarter 2014 versus Second Quarter 2014)

#### Profit before tax (continued)

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

### 2. Current year prospect

The Malaysian economy strengthened in the first half of the year with gross domestic product grew by 6.3% and expected to record a steady growth in the second half of 2014.

In the insurance sector, the Group is expecting dampened market sentiments and more competitive environments due to the tightening of credits and impending liberalisation of insurance market, resulting in lower motor car sales and lower demand for life savings products.

The Group has taken steps to diversify its business portfolio and continues to build on its multi distribution strategy to increase sales momentum in both general and life insurance businesses in order to strengthen its competitive positioning.

The Group is expected to continue its growth trajectory in the remaining quarter of the year and the Board is optimistic that the insurance operations will continue to deliver satisfactory results to its stakeholders.

### 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		Nine months ended	
	30 September		30 September	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Coupon interest income	88,100	74,217	249,456	213,274
Dividend income	6,987	7,943	19,375	19,908
Accretion of discounts	1,085	1,013	3,219	2,787
Rental income	42	38	119	114
Other income	2,027	1,599	6,678	4,459
Amortisation of premiums	(956)	(1,754)	(3,587)	(6,860)
	<u>97,285</u>	<u>83,056</u>	<u>275,260</u>	<u>233,682</u>

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

	Individual period		Cumulative period	
	Three months ended		Nine months ended	
	30 September		30 September	
	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	-	716	212	4,537
Quoted equity securities of corporations in Malaysia	11,447	19,066	58,149	51,853
Quoted equity securities of corporations outside Malaysia	57	-	140	-
Quoted unit trusts in Malaysia	43	53	108	6,956
Unquoted unit trusts in Malaysia	170	-	230	-
Unquoted unit trusts outside Malaysia	18	-	36	-
Unquoted bonds of corporations in Malaysia	-	433	-	2,178
Realised losses on disposal of investments in debt and equity securities:				
Malaysian government securities	(715)	-	(737)	-
Quoted equity securities of corporations in Malaysia	(565)	(2,545)	(3,694)	(4,111)
Quoted equity securities of corporations outside Malaysia	(32)	-	(97)	-
Quoted unit trusts in Malaysia	-	-	(10)	-
Unquoted unit trusts outside Malaysia	(490)	(213)	(1,476)	(935)
Unquoted debts securities in Malaysia	-	-	(13)	-
Structured deposits	(2)	-	(12)	(2)
Put options	-	(600)	(995)	(1,750)
Realised losses on disposal of plant and equipment	(6)	-	(6)	-
Realised losses on disposal of investment property	(67)	-	(67)	-
	<b>9,858</b>	<b>16,910</b>	<b>51,768</b>	<b>58,726</b>

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

	Individual period		Cumulative period	
	Three months ended		Nine months ended	
	30 September		30 September	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Fair value gains and losses:				
Held for trading financial assets	(2,798)	(11,051)	10,973	9,887
Designated upon initial recognition				
financial investments	16,349	(26,011)	13,885	(38,081)
Derivatives	8,711	(8,002)	23,819	(16,745)
Total fair value gains/(losses) on				
financial investments at Fair Value				
Through Profit or Loss	22,262	(45,064)	48,677	(44,939)
Impairment loss on financial investments	(2,796)	-	(7,566)	(771)
	19,466	(45,064)	41,111	(45,710)

**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		Nine months ended	
	30 September		30 September	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Amortisation of intangible assets	3,715	3,799	11,039	11,204
Depreciation on property, plant				
and equipment	3,707	3,575	10,665	9,243
Insurance and other receivables:				
- Impairment loss written off	2,602	1,287	2,692	1,287
- Allowance/(Reversal) of				
impairment loss	3,862	(1,611)	5,237	(353)
- Bad debts recovered	(23)	(55)	(164)	(165)
Interest expense	1,451	23	5,619	3,902
Property, plant and equipment written off	38	6	74	10
Unrealised foreign exchange losses/(gains)	1,501	(867)	683	1,607

Other than as disclosed in Notes 6 and 7, there are no exceptional items for the financial period ended 30 September 2014.



## ALLIANZ MALAYSIA BERHAD (12428-W)

### 8. Tax expense

	Individual period		Cumulative period	
	Three months ended		Nine months ended	
	30 September		30 September	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	112,058	98,731	323,525	270,606
<b>Tax expense</b>				
Income tax	26,699	21,227	79,812	70,646
Deferred tax	6,941	3,351	18,863	9,912
Total tax expense	33,640	24,578	98,675	80,558
Effective tax rate	30%	25%	30%	30%

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 30 September 2014

	Group RM'000
<u>Interest Bearing</u>	
Finance lease liability	4
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		Cumulative period	
		Three months ended		Nine months ended	
		30 September		30 September	
		2014	2013	2014	2013
Profit attributable to ordinary shareholders	(RM'000)	78,418	74,153	224,850	190,048
Weighted average number of ordinary shares in issue	('000)	161,104	159,751	165,210	159,154
Basic earnings per ordinary share	(sen)	48.68	46.42	136.10	119.41

(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		Cumulative period	
		Three months ended		Nine months ended	
		30 September		30 September	
		2014	2013	2014	2013
Profit attributable to ordinary shareholders	(RM'000)	78,418	74,153	224,850	190,048
Weighted average number of ordinary shares in issue	('000)	161,104	159,751	165,210	159,154
Effect of conversion of ICPS, including bonus element	('000)	247,647	223,693	247,647	223,693
Diluted weighted average number of ordinary shares in issue	('000)	408,751	383,444	412,857	382,847
Diluted earnings per ordinary share	(sen)	19.18	19.34	54.46	49.64

**13. Dividend**

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

The first and final dividend of 2.50 sen per ordinary share under single tier system (2012: 6.50 sen less 25% tax) and a preference share dividend of 3.00 sen per ICPS under single tier system (2012: 7.80 sen) for the financial year 2013 were paid on 6 August 2014 to the entitled ordinary shareholders and ICPS holders of the Company, whose names appeared on the Register of Members and/or Record of Depositors on 16 July 2014.

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

The breakdown of the retained earnings of the Group as at 30 September 2014, into realised and unrealised profit or loss, is as follow:

	As at 30.9.2014 RM'000	As at 31.12.2013 RM'000
Total retained earnings of the Group:		
- Realised	1,559,059	1,331,246
- Unrealised	(102,892)	(90,377)
	<u>1,456,167</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  
21 November 2014