

ALLIANZ MALAYSIA BERHAD (12428-W)

UNAUDITED QUARTERLY RESULTS
FOR THE PERIOD ENDED 31 MARCH 2015

ALLIANZ MALAYSIA BERHAD (12428-W)

**Condensed consolidated statement of financial position
as at 31 March 2015 - unaudited**

	31 March 2015 RM'000	31 December 2014 RM'000
Assets		
Property, plant and equipment	119,270	114,379
Intangible assets	309,225	311,935
Investment properties	3,300	3,300
Deferred tax assets	15,411	21,322
Reinsurance assets	1,338,660	1,318,213
Investments	9,679,968	9,208,241
Derivative financial assets	11,202	7,669
Current tax assets	215	728
Insurance receivables	264,301	201,597
Other receivables, deposits and prepayments	198,570	244,660
Deferred acquisitions costs	83,523	77,426
Cash and cash equivalents	698,793	666,583
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Total assets	12,722,438	12,176,053
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ALLIANZ MALAYSIA BERHAD (12428-W)**Condensed consolidated statement of financial position
as at 31 March 2015 - unaudited (continued)**

	31 March 2015 RM'000	31 December 2014 RM'000
Equity		
Share capital	168,128	167,488
Irredeemable Convertible Preference Shares ("ICPS")	178,078	178,718
Reserves	2,036,665	1,943,573
Total equity attributable to owners of the Company	2,382,871	2,289,779
Liabilities		
Insurance contract liabilities	9,297,148	8,821,892
Deferred tax liabilities	155,221	142,777
Derivative financial liabilities	-	161
Other financial liabilities	2,202	11,081
Insurance payables	321,392	357,162
Other payables and accruals	392,159	374,315
Benefits and claims liabilities	161,796	167,702
Current tax liabilities	9,649	11,184
Total liabilities	10,339,567	9,886,274
Total equity and liabilities	12,722,438	12,176,053
Net asset per ordinary share (RM)	14.17	13.67
Diluted net asset per ordinary share (RM)	6.88	6.61

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 2015 - unaudited**

	Note	Individual period Three months ended 31 March		Cumulative period Three months ended 31 March	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Operating revenue *		1,099,990	1,016,530	1,099,990	1,016,530
Gross earned premiums		1,001,623	930,448	1,001,623	930,448
Premiums ceded to reinsurers		(162,298)	(151,479)	(162,298)	(151,479)
Net earned premiums		839,325	778,969	839,325	778,969
Investment income	4	98,367	86,082	98,367	86,082
Realised gains and losses	5	19,227	28,597	19,227	28,597
Fair value gains and losses	6	57,414	5,412	57,414	5,412
Fee and commission income		20,172	21,838	20,172	21,838
Other operating income		2,705	4,265	2,705	4,265
Other income		197,885	146,194	197,885	146,194
Gross benefits and claims paid		(406,764)	(363,204)	(406,764)	(363,204)
Claims ceded to reinsurers		90,888	71,264	90,888	71,264
Gross change in contract liabilities		(396,732)	(352,608)	(396,732)	(352,608)
Change in contract liabilities ceded to reinsurers		38,420	87,905	38,420	87,905
Net benefits and claims		(674,188)	(556,643)	(674,188)	(556,643)
Fee and commission expense		(146,639)	(136,272)	(146,639)	(136,272)
Management expenses		(99,131)	(103,382)	(99,131)	(103,382)
Other operating expenses		(4,833)	(4,856)	(4,833)	(4,856)
Other expenses		(250,603)	(244,510)	(250,603)	(244,510)
Profit before tax	7	112,419	124,010	112,419	124,010
Tax expense	8	(38,778)	(37,793)	(38,778)	(37,793)
Profit for the period		73,641	86,217	73,641	86,217

* 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 2015 - unaudited**

	Note	Individual period Three months ended 31 March		Cumulative period Three months ended 31 March	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit for the period attributable to owners of the Company		73,641	86,217	73,641	86,217
Other comprehensive income/(loss), net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Fair value of available-for-sale ("AFS") financial assets		23,975	(855)	23,975	(855)
Tax effects thereon		(4,524)	218	(4,524)	218
		<u>19,451</u>	<u>(637)</u>	<u>19,451</u>	<u>(637)</u>
Total other comprehensive income/(loss) for the period, net of tax		<u>19,451</u>	<u>(637)</u>	<u>19,451</u>	<u>(637)</u>
Total comprehensive income for the period, net of tax		<u>93,092</u>	<u>85,580</u>	<u>93,092</u>	<u>85,580</u>
Profit attributable to: Owners of the Company		<u>73,641</u>	<u>86,217</u>	<u>73,641</u>	<u>86,217</u>
Total comprehensive income for the period attributable to: Owners of the Company		<u>93,092</u>	<u>85,580</u>	<u>93,092</u>	<u>85,580</u>
Basic earnings per ordinary share (sen)	12(a)	<u>43.87</u>	<u>53.02</u>	<u>43.87</u>	<u>53.02</u>
Diluted earnings per ordinary share (sen)	12(b)	<u>17.76</u>	<u>21.41</u>	<u>17.76</u>	<u>21.41</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 2015 - unaudited

	←————— Attributable to owners of the Company —————→							Total equity
	←————— Non-distributable —————→					Distributable		
	Share capital	Preference shares	Share premium	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
At 1 January 2014	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 loss for the period	-	-	-	-	(637)	-	-	(637)
Profit for the period	-	-	-	-	-	10,407	75,810	86,217
Total comprehensive income for the period	-	-	-	-	(637)	10,407	75,810	85,580
Contributions by and distributions to owners of the Company								
Conversion of Irredeemable Convertible Preference Shares to ordinary shares	3,650	(3,650)	-	-	-	-	-	-
Dividends to owners of the Company	-	-	-	-	-	-	-	-
Total transactions with owners of the Company	3,650	(3,650)	-	-	-	-	-	-
At 31 March 2014	164,402	181,804	424,823	25,122	(13,475)	332,567	994,519	2,109,762

ALLIANZ MALAYSIA BERHAD (12428-W)
Condensed consolidated statement of changes in equity for the period ended 31 March 2015 - unaudited (continued)

	← Attributable to owners of the Company →							
	← Non-distributable →					Distributable		
	Share capital	Preference shares	Share premium	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
At 1 January 2015	167,488	178,718	424,823	25,111	(14,493)	378,554	1,129,578	2,289,779
Fair value of AFS financial assets	-	-	-	-	19,451	-	-	19,451
Total other comprehensive gain for the period	-	-	-	-	19,451	-	-	19,451
Profit for the period	-	-	-	-	-	14,850	58,791	73,641
Total comprehensive income for the period	-	-	-	-	19,451	14,850	58,791	93,092
Contributions by and distributions to owners of the Company								
Conversion of Irredeemable Convertible Preference Shares to ordinary shares	640	(640)	-	-	-	-	-	-
Dividends to owners of the Company	-	-	-	-	-	-	-	-
Total transactions with owners of the Company	640	(640)	-	-	-	-	-	-
At 31 March 2015	168,128	178,078	424,823	25,111	4,958	393,404	1,188,369	2,382,871

* 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 31 March 2015 - unaudited**

	Period ended 31 March 2015 RM'000	Period ended 31 March 2014 RM'000
Cash flows from operating activities		
Profit before tax	112,419	124,010
Investment income	(98,367)	(86,082)
Realised gains recorded in profit or loss	(19,177)	(28,597)
Fair value gains on financial investments recorded in profit or loss	(57,414)	(6,015)
Purchases of financial investments	(651,357)	(712,805)
Maturity of financial investments	185,000	145,000
Proceeds from sale of financial investments	178,458	175,605
Change in loans and receivables	(51,224)	(26,845)
Non-cash items:		
Change in fair value of AFS financial assets	(30,844)	12,900
Unrealised foreign exchange gains	-	(722)
Depreciation of property, plant and equipment	3,625	3,372
Amortisation of intangible assets	3,641	3,655
Gain on disposal of property, plant and equipment	(50)	-
Impairment loss on AFS financial investments	-	603
Interest expense	772	721
Property, plant and equipment written off	4	7
Insurance and other receivables:		
- (Reversal)/Allowance for impairment loss	(2,585)	9
- Bad debts recovered	(44)	(119)
- Bad debts written off	9	-
Changes in working capital:		
Change in reinsurance assets	(20,447)	(107,825)
Change in insurance receivables	(60,143)	(85,984)
Change in other receivables, deposits and prepayments	44,652	4,510
Change in insurance contract liabilities	475,256	420,384
Change in deferred acquisition costs	(6,097)	(6,793)
Change in other financial liabilities	(8,880)	(613)
Change in insurance payables	(35,770)	14,392
Change in other payables and accruals	37,343	(34,156)
Change in benefits and claims liabilities	(5,906)	7,658
Cash used in operations	(7,126)	(183,730)

ALLIANZ MALAYSIA BERHAD (12428-W)**Condensed consolidated statement of cash flows (continued)**
For the period ended 31 March 2015 - unaudited

	Period ended 31 March 2015 RM'000	Period ended 31 March 2014 RM'000
Cash flows from operating activities (continued)		
Tax paid	(30,603)	(21,193)
Dividend received	4,173	5,005
Coupon interest received	95,438	82,005
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Net cash from/(used in) operating activities	61,882	(117,913)
Investing activities		
Proceeds from disposal of property, plant and equipment	50	32
Acquisition of property, plant and equipment	(8,520)	(3,588)
Acquisition of intangible assets	(931)	(90)
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Net cash used in investing activities	(9,401)	(3,646)
Financing activities		
Dividends paid to owners of the Company	(19,097)	-
Repayment of finance lease liabilities	(1)	(7)
Interest paid	(1,173)	(1,167)
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Net cash used in financing activities	(20,271)	(1,174)
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Net increase/(decrease) in cash and cash equivalents	32,210	(122,733)
Cash and cash equivalents at 1 January	666,583	618,499
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Cash and cash equivalents at 31 March	698,793	495,766
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Cash and cash equivalents comprise:		
Fixed and call deposits with licensed financial institutions (with maturity less than three months)	659,595	461,612
Cash and bank balances	39,198	34,154
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	698,793	495,766
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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 financial statements

1. Basis of preparation

These condensed consolidated quarterly financial statements ("the Report") of Allianz Malaysia Berhad ("AMB" or "the Company") and its subsidiaries (AMB and its subsidiaries are collectively referred to as the "Group") as at and for the financial period ended 31 March 2015 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 2014.

2. Statement of compliance

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 2014, except for the adoption of the following:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 cycle)*

Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*

Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 cycle)*

Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*

Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 cycle)*

Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*

Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*

Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*

Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*

Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company 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 quarter ended 31 March 2015.

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 2014.

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 2015	RM'000
Property, plant and equipment:	
Approved but not contracted for	56,654
Contracted but not provided for	7,715
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9. Related party transactions

Significant related party transactions are as follows:

	Transactions value	
	Three months ended	
	31 March	
	2015	2014
	RM'000	RM'000
Related companies*		
Reinsurance premium and commission	(82,825)	(95,174)
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* Related companies are companies within the Allianz SE Group.

10. Changes in contingent liabilities or contingent assets

The Group does not have contingent liabilities and contingent assets as at the date of the Report.

11. Debt and equity securities

Save for the issuance of 639,409 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 insurance	Underwriting of all classes of general insurance business
Life insurance	Underwriting of all life insurance and investment-linked business

Information about reportable segments For the period ended 31 March 2015 - unaudited

	Investment holding		General insurance		Life insurance		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment revenue	2,780	2,919	568,415	528,939	528,795	484,672	1,099,990	1,016,530
Inter-segment revenue	(603)	(1,328)	-	-	-	-	(603)	(1,328)
Segment results	(2,079)	711	84,064	102,567	30,434	20,732	112,419	124,010
Segment assets	366,973	415,924	5,529,011	5,070,535	6,826,454	5,762,072	12,722,438	11,248,531
Segment liabilities	68,359	65,255	3,839,090	3,644,937	6,432,118	5,428,577	10,339,567	9,138,769

14. Dividend paid

The interim dividend of 5.00 sen per ordinary share under single tier system (2014: nil) and an interim preference share dividend of 6.00 sen per ICPS under single tier system (2014: nil) for the financial year 2014 were paid on 30 January 2015 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 15 January 2015.

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 2015 versus YTD First Quarter 2014)

Operating revenue

The Group recorded an operating revenue of RM1.10 billion for the financial period ended 31 March 2015, an increase of 8.2% or RM83.5 million as compared to the preceding financial period ended 31 March 2014 of RM1.02 billion due to higher gross earned premiums and investment income by RM71.2 million and RM12.3 million respectively.

The general insurance operations recorded an operating revenue of RM568.4 million for the financial period ended 31 March 2015, an increase of 7.5% or RM39.5 million as compared to the preceding financial period ended 31 March 2014 of RM528.9 million due to the increase in gross earned premiums and investment income by RM35.4 million and RM4.1 million respectively. The increase in gross earned premiums of the general insurance operations was mainly attributable to higher premiums from agency channel.

The life insurance operations recorded an operating revenue of RM528.8 million for the financial period ended 31 March 2015, an increase of 9.1% or RM44.1 million as compared to the preceding financial period ended 31 March 2014 of RM484.7 million due to the increase in gross earned premiums and investment income by RM35.7 million and RM8.4 million respectively.

The increase in gross earned premiums of the life insurance operations was mainly attributable to higher premiums from agency and broker channels.

Profit before tax

The Group recorded a profit before tax of RM112.4 million for the financial period ended 31 March 2015, a decrease of 9.4% or RM11.6 million as compared to the preceding financial period ended 31 March 2014 of RM124.0 million.

1.1 Results of the current year-to-date ("YTD") against preceding YTD (YTD First Quarter 2015 versus YTD First Quarter 2014) (continued)

Profit before tax (continued)

General insurance operations delivered a profit before tax of RM84.1 million for the financial period ended 31 March 2015; a decrease of 18.0% or RM18.5 million as compared to the preceding financial period ended 31 March 2014 of RM102.6 million. The decrease in profit was due mainly to lower underwriting profit of RM53.4 million as compared to the preceding financial period ended 31 March 2014 of RM75.3 million.

The underwriting profit for the preceding financial period ended 31 March 2014 was exceptionally good as the claims ratio was unusually low at 53.5% and net combined ratio for the period was at 80.1%. During the quarter under review, claims ratio closed at 61.1% and net combined ratio remained healthy at 87.1%.

The life insurance operations recorded a higher profit before tax of RM30.4 million for the financial period ended 31 March 2015; an increase of 46.9% or RM9.7 million as compared to the preceding financial period ended 31 March 2014 of RM20.7 million due to higher profit contributed from Investment-Linked products for the financial period under review.

The investment holding segment registered a loss before tax of RM2.1 million as compared to a profit before tax of RM0.7 million in the preceding year due mainly to levy cost for insurance guaranteed scheme charged to the shareholders' funds for the financial period under review.

1.2 Results of the current quarter against the preceding quarter (First Quarter 2015 versus Fourth Quarter 2014)

Operating revenue

The Group recorded an operating revenue of RM1.10 billion for the quarter under review, a decrease of 10.2% or RM125.1 million as compared to the preceding quarter ended 31 December 2014 of RM1.23 billion due mainly to decrease in gross earned premiums by RM123.4 million.

The general insurance operations recorded an operating revenue of RM568.4 million for the quarter under review, a decrease of 14.7% or RM97.8 million as compared to the preceding quarter of RM666.2 million due mainly to lower gross earned premiums.

The life insurance operations registered an operating revenue of RM528.8 million for the quarter under review, a decrease of 4.9% or RM27.3 million as compared to the preceding quarter of RM556.1 million due mainly to lower premiums from agency channel in the first quarter of the year.

Profit before tax

The Group recorded a profit before tax of RM112.4 million for the quarter under review, an increase of 12.4% or RM12.4 million as compared to the preceding quarter ended 31 December 2014 of RM100.0 million due mainly to higher profit from general insurance operation.

The profit before tax of general insurance operations for the quarter under review of RM84.1 million was higher by 17.5% or RM12.5 million as compared to the preceding quarter of RM71.6 million due mainly to higher underwriting profit arising from lower expense ratio for the quarter under review.

1.2 Results of the current quarter against the preceding quarter (First Quarter 2015 versus Fourth Quarter 2014) (continued)**Profit before tax (continued)**

The profit before tax of life insurance operations for the quarter under review of RM30.4 million was lower by 4.4% or RM1.4 million as compared to the preceding quarter of RM31.8 million due mainly to annual surplus transfer by the participating fund in preceding quarter.

The investment holding segment registered a loss before tax of RM2.1 million as compared to the loss before tax of RM3.4 million in the fourth quarter of 2014 due mainly to higher levy cost for insurance guaranteed scheme charged to the shareholders' funds in the preceding quarter.

2. Current year prospect

The Malaysian economy recorded a Gross Domestic Product growth of 6.0% in 2014 and is projected to grow by 4.5% to 5.5% in 2015. Overall with a weaker economic growth and cost pressure arising from the implementation of Goods and Services Tax on 1 April 2015, consumers' sentiments are expected to be negatively impacted. In line with that, the outlook for the general insurance market is expected to be modest, both in the retail and commercial insurance segments. Similarly, the life insurance market may see a tapering in new business especially in the traditional savings segment.

The Group will endeavour to maintain profitability and sustain market share by offering superior products and services, strengthening its distribution capabilities and relationships with partners, as well as focusing on delivering operational excellence.

The Board is cautiously optimistic that the Group's initiatives will enable the Group to be positioned strategically in the market and continue to deliver profitable results.

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	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Coupon interest income	91,627	78,895	91,627	78,895
Dividend income	4,173	5,005	4,173	5,005
Accretion of discounts	1,321	1,061	1,321	1,061
Amortisation of premiums	(1,068)	(1,543)	(1,068)	(1,543)
Rental income	288	38	288	38
Other income	2,026	2,626	2,026	2,626
	<u>98,367</u>	<u>86,082</u>	<u>98,367</u>	<u>86,082</u>

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

	Individual period		Cumulative period	
	Three months ended		Three months ended	
	31 March		31 March	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment				
Realised gains on disposal	50	-	50	-
Financial assets				
Realised gains on disposal:				
Malaysian government securities	1,349	192	1,349	192
Quoted equity securities of corporations in Malaysia	27,736	31,728	27,736	31,728
Quoted equity securities of corporations outside Malaysia	31	24	31	24
Quoted unit trusts in Malaysia	1,630	-	1,630	-
Unquoted unit trusts in Malaysia	-	49	-	49
Unquoted unit trusts outside Malaysia	62	-	62	-
Realised losses on disposal:				
Malaysian government securities	(359)	-	(359)	-
Quoted equity securities of corporations in Malaysia	(11,073)	(2,567)	(11,073)	(2,567)
Quoted equity securities of corporations outside Malaysia	(26)	(50)	(26)	(50)
Quoted unit trusts in Malaysia	-	(10)	-	(10)
Unquoted unit trusts outside Malaysia	(173)	(754)	(173)	(754)
Unquoted debts securities in Malaysia	-	(13)	-	(13)
Structured deposits	-	(2)	-	(2)
Total realised gains for financial assets	19,177	28,597	19,177	28,597
Total net realised gains	19,227	28,597	19,227	28,597

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

	Individual period		Cumulative period	
	Three months ended		Three months ended	
	31 March		31 March	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Investment properties	-	-	-	-
Held for trading financial assets	23,858	5,301	23,858	5,301
Designated upon initial recognition financial investments	29,166	(6,038)	29,166	(6,038)
Derivatives	4,390	6,752	4,390	6,752
Total fair value gains on financial investments at Fair Value Through Profit or Loss	57,414	6,015	57,414	6,015
Impairment loss on AFS financial investments	-	(603)	-	(603)
Total fair value gains	57,414	5,412	57,414	5,412

7. Profit before tax

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	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Amortisation of intangible assets	3,641	3,655	3,641	3,655
Depreciation of property, plant and equipment	3,625	3,372	3,625	3,372
Insurance and other receivables:				
- Allowance/(Reversal) of impairment loss	(2,585)	9	(2,585)	9
- Bad debts recovered	(35)	(119)	(44)	(119)
- Bad debts written off	-	-	9	-
Interest expense	772	721	772	721
Property, plant and equipment written off	4	7	4	7
Unrealised foreign exchange gains	-	(722)	-	(722)

Other than as disclosed in Notes 6 and 7, there are no exceptional items for the financial period ended 31 March 2015.

8. Tax expense

	Individual period		Cumulative period	
	Three months ended		Three months ended	
	31 March		31 March	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	112,419	124,010	112,419	124,010
Tax expense				
Income tax	29,581	24,350	29,581	24,350
Deferred tax	9,197	13,443	9,197	13,443
Total tax expense	38,778	37,793	38,778	37,793
Effective tax rate	34%	30%	34%	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 31 March 2015	RM'000
<u>Interest Bearing</u>	
Finance lease liability	2
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		Three months ended	
		31 March		31 March	
		2015	2014	2015	2014
Profit attributable to ordinary shareholders	(RM'000)	73,641	86,217	73,641	86,217
Weighted average number of ordinary shares in issue	('000)	167,858	162,600	167,858	162,600
Basic earnings per ordinary share	(sen)	43.87	53.02	43.87	53.02

(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		Three months ended	
		31 March		31 March	
		2015	2014	2015	2014
Profit attributable to ordinary shareholders	(RM'000)	73,641	86,217	73,641	86,217
Weighted average number of ordinary shares in issue	('000)	167,858	162,600	167,858	162,600
Effect of conversion of ICPS, including bonus element	('000)	246,754	240,179	246,754	240,179
Diluted weighted average number of ordinary shares in issue	('000)	414,613	402,779	414,612	402,779
Diluted earnings per ordinary share	(sen)	17.76	21.41	17.76	21.41

13. Dividend

No dividend has been proposed or declared for the first quarter of 2015 (2014: Nil).

14. Disclosure of realised and unrealised earnings

The breakdown of the retained earnings of the Group as at 31 March 2015, into realised and unrealised profit or loss, is as follow:

	As at 31.03.2015 RM'000	As at 31.12.2014 RM'000
Total retained earnings of the Group:		
- Realised	1,694,675	1,615,674
- Unrealised	(112,902)	(107,542)
	<u>1,581,773</u>	<u>1,508,132</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 2014 was not qualified.

BY ORDER OF THE BOARD

Ng Siew Gek
Company Secretary

Kuala Lumpur
27 May 2015