

ALLIANZ MALAYSIA BERHAD (12428-W)

UNAUDITED QUARTERLY RESULTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

ALLIANZ MALAYSIA BERHAD (12428-W)

**Condensed consolidated statement of financial position
as at 30 September 2015 - unaudited**

	30 September 2015 RM'000	31 December 2014 RM'000
Assets		
Property, plant and equipment	89,013	114,379
Intangible assets	303,946	311,935
Investment properties	49,486	3,300
Deferred tax assets	20,875	21,322
Reinsurance assets	1,166,636	1,318,213
Investments	10,366,696	9,208,241
Derivative financial assets	2,134	7,669
Current tax assets	327	728
Insurance receivables	269,490	201,597
Other receivables, deposits and prepayments	196,185	244,660
Deferred acquisitions costs	88,612	77,426
Cash and cash equivalents	595,200	666,583
Total assets	13,148,600	12,176,053

ALLIANZ MALAYSIA BERHAD (12428-W)**Condensed consolidated statement of financial position
as at 30 September 2015 - unaudited (continued)**

	30 September 2015 RM'000	31 December 2014 RM'000
Equity		
Share capital	169,309	167,488
Irredeemable Convertible Preference Shares ("ICPS")	176,897	178,718
Reserves	2,170,097	1,943,573
Total equity attributable to owners of the Company	2,516,303	2,289,779
Liabilities		
Insurance contract liabilities	9,555,631	8,821,892
Deferred tax liabilities	144,870	142,777
Derivative financial liabilities	6,775	161
Other financial liabilities	20,188	11,081
Insurance payables	384,044	357,162
Other payables and accruals	329,350	374,315
Benefits and claims liabilities	182,683	167,702
Current tax liabilities	8,756	11,184
Total liabilities	10,632,297	9,886,274
Total equity and liabilities	13,148,600	12,176,053
Net asset per ordinary share (RM)	14.86	13.67
Diluted net asset per ordinary share (RM)	7.27	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 30 September 2015 - unaudited**

	Note (Part B)	Individual period Three months ended 30 September		Cumulative period Nine months ended 30 September	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Operating revenue *		1,135,434	1,058,334	3,349,044	3,151,099
Gross earned premiums		1,026,153	961,049	3,033,730	2,875,839
Premiums ceded to reinsurers		(134,196)	(157,028)	(450,040)	(464,039)
Net earned premiums		891,957	804,021	2,583,690	2,411,800
Investment income	4	109,281	97,285	315,314	275,260
Realised gains and losses	5	16,001	9,858	42,831	51,768
Fair value gains and losses	6	(131,938)	19,466	(131,661)	41,111
Fee and commission income		14,235	27,623	52,880	71,195
Other operating income		5,414	5,163	12,640	17,017
Other income		12,993	159,395	292,004	456,351
Gross benefits and claims paid		(404,965)	(470,640)	(1,223,849)	(1,235,718)
Claims ceded to reinsurers		87,095	113,981	283,905	301,600
Gross change in contract liabilities		(163,349)	(256,795)	(701,646)	(861,970)
Change in contract liabilities ceded to reinsurers		(50,899)	33,567	(118,376)	25,458
Net benefits and claims		(532,118)	(579,887)	(1,759,966)	(1,770,630)
Fee and commission expense		(153,690)	(145,604)	(450,835)	(420,732)
Management expenses		(114,411)	(118,799)	(333,804)	(331,273)
Other operating expenses		(7,366)	(7,068)	(19,868)	(21,991)
Other expenses		(275,467)	(271,471)	(804,507)	(773,996)
Profit before tax	7	97,365	112,058	311,221	323,525
Tax expense	8	(18,857)	(33,640)	(88,614)	(98,675)
Profit for the period		78,508	78,418	222,607	224,850

* 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 2015 - unaudited**

	Note (Part B)	Individual period Three months ended 30 September		Cumulative period Nine months ended 30 September	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit for the period attributable to owners of the Company		78,508	78,418	222,607	224,850
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Revaluation reserve of of property, plant and equipment		9,189	-	9,189	-
Tax effects from changes in tax rate		(2,206)	-	(2,156)	-
		<u>6,983</u>	<u>-</u>	<u>7,033</u>	<u>-</u>
Items that are or may be reclassified subsequently to profit or loss					
Fair value of available-for-sale ("AFS") financial assets		(30,557)	10,905	(3,839)	9,926
Tax effects thereon		7,330	(2,728)	723	(2,476)
		<u>(23,227)</u>	<u>8,177</u>	<u>(3,116)</u>	<u>7,450</u>
Total other comprehensive (loss)/income for the period, net of tax		<u>(16,244)</u>	<u>8,177</u>	<u>3,917</u>	<u>7,450</u>
Total comprehensive income for the period, net of tax		<u>62,264</u>	<u>86,595</u>	<u>226,524</u>	<u>232,300</u>
Profit attributable to: Owners of the Company		<u>78,508</u>	<u>78,418</u>	<u>222,607</u>	<u>224,850</u>
Total comprehensive income for the period attributable to: Owners of the Company		<u>62,264</u>	<u>86,595</u>	<u>226,524</u>	<u>232,300</u>
Basic earnings per ordinary share (sen)	12(a)	<u>46.87</u>	<u>48.68</u>	<u>132.10</u>	<u>136.10</u>
Diluted earnings per ordinary share (sen)	12(b)	<u>22.80</u>	<u>23.07</u>	<u>64.45</u>	<u>65.36</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 2015 - unaudited

	←————— Attributable to owners of the Company —————→							Total equity RM'000
	←————— Non-distributable —————→				————— Distributable			
	Share capital RM'000	Preference shares RM'000	Share premium RM'000	Revaluation reserve RM'000	Fair value reserve RM'000	Life non-participating fund surplus* RM'000	Retained earnings 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	-	-	-	-	7,450	-	-	7,450
Total other comprehensive loss for the period	-	-	-	-	7,450	-	-	7,450
Profit for the period	-	-	-	-	-	40,279	184,571	224,850
Total comprehensive income for the period	-	-	-	-	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)
Total transactions with owners of the Company	6,637	(6,637)	-	-	-	-	(9,552)	(9,552)
At 30 September 2014	167,389	178,817	424,823	25,122	(5,388)	362,439	1,093,728	2,246,930

ALLIANZ MALAYSIA BERHAD (12428-W)
Condensed consolidated statement of changes in equity for the period ended 30 September 2015 - unaudited (continued)

	←————— Attributable to owners of the Company —————→							Total equity RM'000
	←————— Non-distributable —————→				————— Distributable —————			
	Share capital RM'000	Preference shares RM'000	Share premium RM'000	Revaluation reserve RM'000	Fair value reserve RM'000	Life non-participating fund surplus* RM'000	Retained earnings 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	-	-	-	-	(3,116)	-	-	(3,116)
Revaluation of property, plant and equipment	-	-	-	7,033	-	-	-	7,033
Tax effects from changes in tax rate	-	-	-	-	-	-	-	-
Total other comprehensive gain for the period	-	-	-	7,033	(3,116)	-	-	3,917
Profit for the period	-	-	-	-	-	51,736	170,871	222,607
Total comprehensive income for the period	-	-	-	7,033	(3,116)	51,736	170,871	226,524
Contributions by and distributions to owners of the Company	-	-	-	-	-	-	-	-
Conversion of Irredeemable Convertible Preference Shares to ordinary shares	1,821	(1,821)	-	-	-	-	-	-
Total transactions with owners of the Company	1,821	(1,821)	-	-	-	-	-	-
At 30 September 2015	169,309	176,897	424,823	32,144	(17,609)	430,290	1,300,449	2,516,303

* 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 2015 - unaudited

	Period ended 30 September 2015 RM'000	Period ended 30 September 2014 RM'000
Cash flows from operating activities		
Profit before tax	311,221	323,525
Investment income	(315,314)	(275,260)
Realised gains recorded in profit or loss	(42,783)	(51,841)
Fair value losses/(gains) on financial investments recorded in profit or loss	83,527	(48,677)
Purchases of financial investments	(2,371,357)	(1,928,057)
Maturity of financial investments	447,000	420,000
Proceeds from sale of financial investments	688,540	366,758
Change in loans and receivables	(73,776)	(33,320)
Non-cash items:		
Change in fair value of AFS financial assets	65,921	4,700
Unrealised foreign exchange gains	-	683
Depreciation of property, plant and equipment	11,562	10,665
Amortisation of intangible assets	11,273	11,039
(Gain)/Loss on disposal of property, plant and equipment	(48)	6
Loss on disposal of investment properties	-	67
Impairment loss on AFS financial investments	48,134	7,566
Interest expense	4,583	5,619
Property, plant and equipment written off	120	74
Insurance and other receivables:		
- Allowance for impairment loss	3,114	5,237
- Bad debts recovered	(99)	(164)
- Bad debts written off	3,632	2,692
Changes in working capital:		
Change in reinsurance assets	151,577	(64,481)
Change in insurance receivables	(74,592)	(138,366)
Change in other receivables, deposits and prepayments	48,330	(24,788)
Change in insurance contract liabilities	733,739	999,900
Change in deferred acquisition costs	(11,186)	(12,533)
Change in other financial liabilities	9,107	(2,378)
Change in insurance payables	26,882	41,641
Change in other payables and accruals	(28,108)	29,661
Change in benefits and claims liabilities	14,981	30,380
Cash used in operations	(254,020)	(319,652)

ALLIANZ MALAYSIA BERHAD (12428-W)**Condensed consolidated statement of cash flows (continued)**
For the period ended 30 September 2015 - unaudited

	Period ended 30 September 2015 RM'000	Period ended 30 September 2014 RM'000
Cash flows from operating activities (continued)		
Tax paid	(83,798)	(65,935)
Dividend received	21,629	19,375
Coupon interest received	285,820	248,182
Others	6,975	9,211
	<hr/>	<hr/>
Net cash used in operating activities	(23,394)	(108,819)
Investing activities		
Proceeds from disposal of property, plant and equipment	50	5
Proceeds from disposal of investment properties	-	2,233
Acquisition of property, plant and equipment	(23,315)	(9,795)
Acquisition of intangible assets	(3,284)	(588)
	<hr/>	<hr/>
Net cash used in investing activities	(26,549)	(8,145)
Financing activities		
Dividends paid to owners of the Company	(19,097)	(9,552)
Repayment of finance lease liabilities	(3)	(17)
Interest paid	(2,340)	(2,318)
	<hr/>	<hr/>
Net cash used in financing activities	(21,440)	(11,887)
Net decrease in cash and cash equivalents	(71,383)	(128,851)
Cash and cash equivalents at 1 January	666,583	618,499
	<hr/>	<hr/>
Cash and cash equivalents at 30 September	595,200	489,648
Cash and cash equivalents comprise:		
Fixed and call deposits with licensed financial institutions (with maturity less than three months)	561,583	465,650
Cash and bank balances	33,617	23,998
	<hr/>	<hr/>
	595,200	489,648
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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 30 September 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 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 financial 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/ Amendments/Interpretation	Effective date
Amendments to MFRS 1, <i>First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)</i>	1 July 2014
Amendments to MFRS 3, <i>Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)</i>	1 July 2014
Amendments to MFRS 8, <i>Operating Segments (Annual Improvements 2010-2012 Cycle)</i>	1 July 2014
Amendments to MFRS 13, <i>Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2013 Cycle)</i>	1 July 2014
Amendments to MFRS 116, <i>Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)</i>	1 July 2014
Amendments to MFRS 124, <i>Related Party Disclosures (Annual Improvements 2010-2012 Cycle)</i>	1 July 2014
Amendments to MFRS 138, <i>Intangible Assets (Annual Improvements 2010-2012 Cycle)</i>	1 July 2014
Amendments to MFRS 140, <i>Investment Property (Annual Improvements 2011-2013 Cycle)</i>	1 July 2014

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.

Part A: Explanatory notes to the condensed consolidated financial statements (continued)

4. Changes in estimates

There were no material changes in the basis used for accounting estimates for the financial period ended 30 September 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 any accumulated depreciation and any accumulated impairment losses. During the financial period under review, the Group has revalued its property, plant and equipment and the revaluation surpluses amounting to:

General insurance operations	9,189
	<u> </u>

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 2015	RM'000
Property, plant and equipment:	
Approved but not contracted for	34,442
Contracted but not provided for	13,346
	<u> </u>

9. Related party transactions

Significant related party transactions are as follows:

	Transactions value	
	Nine months ended	
	30 September	
	2015	2014
	RM'000	RM'000
Related companies*		
Reinsurance premium and commission	(228,156)	(230,578)
	<u> </u>	<u> </u>

* 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 1,820,864 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.

Part A: Explanatory notes to the condensed consolidated financial statements (continued)

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 classes of life insurance business

Information about reportable segments

For the period ended 30 September 2015 - unaudited

	Investment holding		General insurance		Life insurance		Consolidated	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Segment revenue	9,086	9,140	1,715,438	1,625,982	1,624,520	1,515,977	3,349,044	3,151,099
Inter-segment revenue	(1,828)	(4,004)	-	-	-	-	(1,828)	(4,004)
Segment results	(765)	1,603	235,636	247,821	76,350	74,101	311,221	323,525
Segment assets	371,332	407,106	5,656,770	5,363,167	7,120,498	6,327,865	13,148,600	12,098,138
Segment liabilities	68,703	64,376	3,874,281	3,822,341	6,689,313	5,964,491	10,632,297	9,851,208

Part A: Explanatory notes to the condensed consolidated financial statements (continued)

14. Dividend paid

An 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 Third Quarter 2015 versus YTD Third Quarter 2014)

Operating revenue

The Group recorded an operating revenue of RM3.35 billion for the financial period ended 30 September 2015, an increase of 6.3% or RM197.9 million as compared to the preceding financial period ended 30 September 2014 of RM3.15 billion due to higher gross earned premiums and investment income by RM157.9 million and RM40.0 million respectively.

The general insurance operation recorded an operating revenue of RM1.72 billion for the financial period ended 30 September 2015, an increase of 5.5% or RM89.5 million as compared to the preceding financial period ended 30 September 2014 of RM1.63 billion due to the increase in gross earned premiums and investment income by RM77.3 million and RM12.2 million respectively. The increase in gross earned premiums of the general insurance operation was attributable to higher premiums from all distribution channels.

The life insurance operation recorded an operating revenue of RM1.62 billion for the financial period ended 30 September 2015, an increase of 7.2% or RM108.6 million as compared to the preceding financial period ended 30 September 2014 of RM1.52 billion due to the increase in gross earned premiums and investment income by RM80.6 million and RM28.0 million respectively. The increase in gross earned premiums of the life insurance operation was mainly attributable to higher renewal premiums from agency channel.

Profit before tax

The Group recorded a profit before tax of RM311.2 million for the financial period ended 30 September 2015, a decrease of 3.8% or RM12.3 million as compared to the preceding financial period ended 30 September 2014 of RM323.5 million.

General insurance operation delivered a profit before tax of RM235.7 million for the financial period ended 30 September 2015, a decrease of 4.9% or RM12.1 million as compared to the preceding financial period ended 30 September 2014 of RM247.8 million. The decrease in profit was due mainly to lower underwriting profit of RM135.9 million as compared to the preceding financial period ended 30 September 2014 of RM159.1 million.

The underwriting profit for the preceding financial period ended 30 September 2014 was better than expected as the claims ratio was low at 58.9%. During the financial period under review, claims ratio closed at 61.5% and net combined ratio remained healthy at 89.4%.

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

1. Review of results (continued)

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

Profit before tax (continued)

The life insurance operation delivered a profit before tax of RM76.3 million for the financial period ended 30 September 2015, an increase of 3.0% or RM2.2 million as compared to the preceding financial period ended 30 September 2014 of RM74.1 million due to scaling back of unprofitable direct marketing business.

The investment holding segment registered a loss before tax of RM0.8 million for the financial period ended 30 September 2015 as compared to a profit before tax of RM1.6 million for the preceding financial period ended 30 September 2014 due 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 (Third Quarter 2015 versus Second Quarter 2015)

Operating revenue

The Group recorded an operating revenue of RM1.14 billion for the quarter under review, an increase of 2.0% or RM21.8 million as compared to the preceding quarter ended 30 June 2015 of RM1.11 billion due mainly to increase in gross earned premiums by RM20.1 million and higher investment income by RM1.7 million.

The general insurance operation recorded an operating revenue of RM573.3 million for the quarter under review, a marginal decrease of 0.1% or RM0.4 million as compared to the preceding quarter ended 30 June 2015 of RM573.7 million due mainly to lower gross earned premium.

The life insurance operation registered an operating revenue of RM558.9 million for the quarter under review, an increase of 4.1% or RM22.0 million as compared to the preceding quarter ended 30 June 2015 of RM536.9 million due mainly to higher gross earned premium by RM22.5 million in the third quarter of the year.

Profit before tax

The Group recorded a profit before tax of RM97.3 million for the quarter under review, a decrease of 4.1% or RM4.2 million as compared to the preceding quarter ended 30 June 2015 of RM101.5 million due mainly to lower contribution from both insurance operations.

The profit before tax of general insurance operation for the quarter under review of RM74.7 million was lower by 2.9% or RM2.2 million as compared to the preceding quarter ended 30 June 2015 of RM76.9 million due mainly to higher claims from disallowance of GST input tax credit for certain motor claims.

The profit before tax of life insurance operation for the quarter under review of RM22.3 million was lower by 5.5% or RM1.3 million as compared to the preceding quarter ended 30 June 2015 of RM23.6 million due to lower contribution from investment-linked business.

The investment holding segment registered a profit before tax of RM0.3 million as compared to the preceding quarter ended 30 June 2015 of RM1.0 million due mainly to higher investment income in the preceding quarter.

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

2. Current year prospect

2015 continues to be challenging with slowdown in global economy, lower commodity prices and volatility in the foreign exchange market. Consumer sentiments remain soft and this has also dampened the demand for insurance products. The insurance sector growth has been subdued for the first half of the year with the general insurance industry registering a marginal premium growth of 2.3% against 6.4% for the same period last year and new business premium growth for the life insurance industry recorded at 1.5% against same period last year of 7.7%.

Despite a challenging operating environment, the Group remains committed in delivering sustainable growth. Growth in the general insurance operation will be driven by sales contribution from the retail and commercial segment while growth in the life insurance operation segment will continue to be driven by expansion and diversification of distribution channels and launching of new and competitive products.

Amid a weaker domestic and global outlook, the Board of Directors expects results of the Group for the financial year ended 31 December 2015 to be moderate.

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	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Coupon interest income	99,151	88,100	285,665	249,456
Dividend income	7,224	6,987	21,629	19,375
Accretion of discounts	1,494	1,085	4,145	3,219
Amortisation of premiums	(976)	(956)	(3,058)	(3,587)
Rental income	253	42	795	119
Other income	2,135	2,027	6,138	6,678
	<u>109,281</u>	<u>97,285</u>	<u>315,314</u>	<u>275,260</u>

Part B: Explanatory notes pursuant to the Main Market Listing Requirements of Bursa Securities (continued)
5. Realised gains and losses

	Individual period		Cumulative period	
	Three months ended		Nine months ended	
	30 September		30 September	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment				
Realised gains on disposal	-	-	50	-
Realised losses on disposal	-	(6)	(2)	(6)
Total realised (losses)/gains for property, plant and equipment	-	(6)	48	(6)
Investment property				
Realised losses on disposal	-	(67)	-	(67)
Financial assets				
Realised gains on disposal:				
Malaysian government securities	626	-	5,335	212
Quoted equity securities of corporations in Malaysia	16,477	11,447	49,749	58,149
Quoted equity securities of corporations outside Malaysia	65	57	125	140
Quoted unit trusts in Malaysia	775	43	3,377	108
Unquoted unit trusts in Malaysia	-	170	-	230
Unquoted unit trusts outside Malaysia	5,062	18	5,219	36
Realised losses on disposal:				
Malaysian government securities	-	(715)	(359)	(737)
Quoted equity securities of corporations in Malaysia	(5,518)	(565)	(17,750)	(3,694)
Quoted equity securities of corporations outside Malaysia	(31)	(32)	(87)	(97)
Quoted unit trusts in Malaysia	-	-	-	(10)
Unquoted unit trusts outside Malaysia	(1,455)	(490)	(1,936)	(1,476)
Unquoted debts securities in Malaysia	-	-	-	(13)
Structured deposits	-	(2)	-	(12)
Put options	-	-	(890)	(995)
Total realised gains for financial assets	16,001	9,931	42,783	51,841
Total realised gains	16,001	9,858	42,831	51,768

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

6. Fair value gains and losses

	Individual period		Cumulative period	
	Three months ended		Nine months ended	
	30 September		30 September	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Financial assets				
Held for trading financial assets	(59,703)	(2,798)	(60,199)	10,973
Designated upon initial recognition financial assets	(30,243)	16,349	(12,079)	13,885
Derivatives	(3,915)	8,711	(11,249)	23,819
Total fair value (losses)/gains on financial assets at Fair Value Through Profit or Loss	(93,861)	22,262	(83,527)	48,677
Impairment loss on AFS financial assets	(38,077)	(2,796)	(48,134)	(7,566)
Total fair value (losses)/gains	(131,938)	19,466	(131,661)	41,111

7. Profit before tax

Profit before tax 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	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Amortisation of intangible assets	3,930	3,715	11,273	11,039
Depreciation of property, plant and equipment	3,981	3,707	11,562	10,665
Insurance and other receivables:				
- Allowance of impairment loss	(1,126)	3,862	3,114	5,237
- Bad debts recovered	(24)	(23)	(99)	(164)
- Bad debts written off	197	2,602	3,632	2,692
Interest expense	905	1,451	4,583	5,619
Property, plant and equipment written off	106	38	120	74
Unrealised foreign exchange gains	-	1,501	-	683

Other than as disclosed in Notes 6 and 7, there are no exceptional items for the financial period ended 30 September 2015.

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

8. Tax expense

	Individual period		Cumulative period	
	Three months ended		Nine months ended	
	30 September		30 September	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Profit before tax	97,365	112,058	311,221	323,525
Tax expense				
Income tax	28,739	26,699	81,771	79,812
Deferred tax	(9,882)	6,941	6,843	18,863
Total tax expense	18,857	33,640	88,614	98,675
Effective tax rate	19%	30%	28%	30%

The Group's consolidated effective tax rate for the financial period under review is higher than the statutory tax rate of 25% (2014: 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.
- For the quarter under review the effective tax rate is lower than the statutory rate is mainly due to reversal of deferred tax provision to reflect the reduction of corporation income tax rate from 25% in 2015 to 24% in 2016.

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 2015

RM'000

Interest Bearing

Amount due to holding company

54,300

11. Changes in material litigations

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

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

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	
		2015	2014	2015	2014
Profit attributable to ordinary shareholders	(RM'000)	78,508	78,418	222,607	224,850
Weighted average number of ordinary shares in issue	('000)	167,511	161,104	168,518	165,210
Basic earnings per ordinary share	(sen)	46.87	48.68	132.10	136.10

(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	
		2015	2014	2015	2014
Profit attributable to ordinary shareholders	(RM'000)	78,508	78,418	222,607	224,850
Weighted average number of ordinary shares in issue	('000)	167,511	161,104	168,518	165,210
Effect of conversion of ICPS *	('000)	176,897	178,817	176,897	178,817
Diluted weighted average number of ordinary shares in issue *	('000)	344,408	339,921	345,415	344,027
Diluted earnings per ordinary share *	(sen)	22.80	23.07	64.45	65.36

* Comparatives figure have been restated to exclude bonus element.

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

13. Dividend

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

14. Disclosure of realised and unrealised earnings

The breakdown of the retained earnings of the Group as at 30 September 2015, into realised and unrealised profit or loss, is as follow:

	As at 30.09.2015 RM'000	As at 31.12.2014 RM'000
Total retained earnings of the Group:		
- Realised	1,848,172	1,615,674
- Unrealised	(117,433)	(107,542)
	<u>1,730,739</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
20 November 2015