

ALLIANZ MALAYSIA BERHAD (12428-W)

UNAUDITED QUARTERLY RESULTS
FOR THE PERIOD ENDED 31 MARCH 2016

ALLIANZ MALAYSIA BERHAD (12428-W)

**Condensed consolidated statement of financial position
as at 31 March 2016 - unaudited**

		← Audited →
	31 March 2016 RM'000	31 December 2015 RM'000
Assets		
Property, plant and equipment	93,180	96,750
Intangible assets	301,177	301,246
Investment properties	50,026	50,026
Deferred tax assets	15,138	19,051
Reinsurance assets	1,117,629	1,129,305
Investments	10,953,592	10,822,550
Derivative financial assets	18,247	5,724
Current tax assets	231	195
Insurance receivables	269,032	259,428
Other receivables, deposits and prepayments	241,197	229,302
Deferred acquisitions costs	86,573	82,199
Cash and cash equivalents	974,997	621,648
Total assets	14,121,019	13,617,424

ALLIANZ MALAYSIA BERHAD (12428-W)**Condensed consolidated statement of financial position
as at 31 March 2016 - unaudited (continued)**

	31 March 2016 RM'000	← Audited → 31 December 2015 RM'000
Equity		
Share capital:		
Ordinary Shares	169,309	169,309
Irredeemable Convertible Preference Shares ("ICPS")	176,897	176,897
Reserves	2,364,459	2,275,114
Total equity attributable to owners of the Company	2,710,665	2,621,320
Liabilities		
Insurance contract liabilities	10,290,174	9,888,621
Deferred tax liabilities	172,011	158,135
Derivative financial liabilities	364	3,454
Other financial liabilities	9,433	959
Insurance payables	373,512	393,168
Other payables and accruals	330,001	345,068
Benefits and claims liabilities	219,683	194,563
Current tax liabilities	15,176	12,136
Total liabilities	11,410,354	10,996,104
Total equity and liabilities	14,121,019	13,617,424
Net asset per ordinary share (RM)	16.01	15.48
Diluted net asset per ordinary share (RM)	7.83	7.57

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

ALLIANZ MALAYSIA BERHAD (12428-W)
**Condensed consolidated statement of profit or loss
For the period ended 31 March 2016 - unaudited**

	Note (Part B)	Individual period Three months ended 31 March		Cumulative period Three months ended 31 March	
		2016	2015	2016	2015
		RM'000	RM'000	RM'000	RM'000
Operating revenue *		1,167,293	1,099,990	1,167,293	1,099,990
Gross earned premiums		1,050,656	1,001,623	1,050,656	1,001,623
Premiums ceded to reinsurers		(121,810)	(162,298)	(121,810)	(162,298)
Net earned premiums		928,846	839,325	928,846	839,325
Investment income	4	116,637	98,367	116,637	98,367
Realised gains and losses	5	30,537	19,227	30,537	19,227
Fair value gains and losses	6	76,374	57,414	76,374	57,414
Fee and commission income		12,639	20,172	12,639	20,172
Other operating income		5,170	2,705	5,170	2,705
Other income		241,357	197,885	241,357	197,885
Gross benefits and claims paid		(518,291)	(406,764)	(518,291)	(406,764)
Claims ceded to reinsurers		87,027	90,888	87,027	90,888
Gross change in contract liabilities		(338,603)	(396,732)	(338,603)	(396,732)
Change in contract liabilities ceded to reinsurers		(10,964)	38,420	(10,964)	38,420
Net benefits and claims		(780,831)	(674,188)	(780,831)	(674,188)
Fee and commission expense		(153,435)	(146,639)	(153,435)	(146,639)
Management expenses		(113,336)	(99,131)	(113,336)	(99,131)
Other operating expenses		(7,604)	(4,833)	(7,604)	(4,833)
Other expenses		(274,375)	(250,603)	(274,375)	(250,603)
Profit before tax	7	114,997	112,419	114,997	112,419
Tax expense	8	(41,818)	(38,778)	(41,818)	(38,778)
Profit for the period		73,179	73,641	73,179	73,641

* Operating revenue consists of gross earned premiums and investment income.

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

ALLIANZ MALAYSIA BERHAD (12428-W)
**Condensed consolidated statement of profit or loss and other comprehensive income
For the period ended 31 March 2016 - unaudited**

	Note (Part B)	Individual period Three months ended 31 March		Cumulative period Three months ended 31 March	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit for the period attributable to owners of the Company		73,179	73,641	73,179	73,641
Items that are or may be reclassified subsequently to profit or loss					
Fair value of available-for-sale ("AFS") financial assets		21,296	23,975	21,296	23,975
Tax effects thereon		(5,130)	(4,524)	(5,130)	(4,524)
		<u>16,166</u>	<u>19,451</u>	<u>16,166</u>	<u>19,451</u>
Total other comprehensive income for the period, net of tax		<u>16,166</u>	<u>19,451</u>	<u>16,166</u>	<u>19,451</u>
Total comprehensive income for the period, net of tax		<u>89,345</u>	<u>93,092</u>	<u>89,345</u>	<u>93,092</u>
Profit attributable to: Owners of the Company		<u>73,179</u>	<u>73,641</u>	<u>73,179</u>	<u>73,641</u>
Total comprehensive income for the period attributable to: Owners of the Company		<u>89,345</u>	<u>93,092</u>	<u>89,345</u>	<u>93,092</u>
Basic earnings per ordinary share (sen)	12(a)	<u>43.22</u>	<u>43.87</u>	<u>43.22</u>	<u>43.87</u>
Diluted earnings per ordinary share (sen)	12(b)	<u>21.14</u>	<u>21.29</u>	<u>21.14</u>	<u>21.29</u>

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

ALLIANZ MALAYSIA BERHAD (12428-W)
Condensed consolidated statement of changes in equity for the period ended 31 March 2016 - unaudited

	←————— Attributable to owners of the Company —————→							Total equity RM'000
	←————— Non-distributable —————→				————— Distributable —————			
	Ordinary shares 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	-	-	-	-	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)	-	-	-	-	-	-
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

ALLIANZ MALAYSIA BERHAD (12428-W)
Condensed consolidated statement of changes in equity for the period ended 31 March 2016 - unaudited (continued)

	←————— Attributable to owners of the Company —————→							Total equity RM'000
	←————— Non-distributable —————→				Distributable			
	Ordinary shares 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 2016	169,309	176,897	424,823	34,058	(770)	449,104	1,367,899	2,621,320
Fair value of AFS financial assets	-	-	-	-	16,166	-	-	16,166
Total other comprehensive gain for the period	-	-	-	-	16,166	-	-	16,166
Profit for the period	-	-	-	-	-	8,486	64,693	73,179
Total comprehensive income for the period	-	-	-	-	16,166	8,486	64,693	89,345
Contributions by and distributions to owners of the Company								
Conversion of Irredeemable Convertible Preference Shares to ordinary shares	-	-	-	-	-	-	-	-
Total transactions with owners of the Company	-	-	-	-	-	-	-	-
At 31 March 2016	169,309	176,897	424,823	34,058	15,396	457,590	1,432,592	2,710,665

* 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 financial statements.

ALLIANZ MALAYSIA BERHAD (12428-W)**Condensed consolidated statement of cash flows
For the period ended 31 March 2016 - unaudited**

	Three months ended 31 March 2016 RM'000	Three months ended 31 March 2015 RM'000
Cash flows from operating activities		
Profit before tax	114,997	112,419
<i>Adjustments for:</i>		
Investment income	(116,637)	(98,367)
Interest expense	845	772
Realised gains recorded in profit or loss	(30,537)	(19,177)
Fair value gains on financial investments recorded in profit or loss	(87,847)	(57,414)
Purchases of financial investments	(714,500)	(651,357)
Maturity of financial investments	55,000	185,000
Proceeds from sale of financial investments	676,883	178,458
Change in loans and receivables	9,612	(51,224)
Non-cash items:		
Change in fair value of AFS financial assets	(41,183)	(30,844)
Depreciation of property, plant and equipment	3,757	3,625
Amortisation of intangible assets	3,840	3,641
Gain on disposal of property, plant and equipment	-	(50)
Impairment loss on AFS financial investments	11,473	-
Property, plant and equipment written off	4	4
Insurance and other receivables:		
- Allowance/(Reversal) for impairment loss	2,690	(2,585)
- Bad debts recovered	(33)	(44)
- Bad debts written off	152	9
Changes in working capital:		
Change in reinsurance assets	11,676	(20,447)
Change in insurance receivables	(12,265)	(60,143)
Change in other receivables, deposits and prepayments	(15,733)	44,652
Change in insurance contract liabilities	401,553	475,256
Change in deferred acquisition costs	(4,374)	(6,097)
Change in other financial liabilities	8,474	(8,880)
Change in insurance payables	(19,656)	(35,770)
Change in other payables and accruals	(14,735)	37,343
Change in benefits and claims liabilities	25,120	(5,906)
Cash from/(used in) operations	268,576	(7,126)

ALLIANZ MALAYSIA BERHAD (12428-W)**Condensed consolidated statement of cash flows
For the period ended 31 March 2016 - unaudited (continued)**

	Three months ended 31 March 2016 RM'000	Three months ended 31 March 2015 RM'000
Cash flows from operating activities (continued)		
Tax paid	(29,710)	(30,603)
Dividends received	7,236	4,173
Interest income received	112,385	95,438
	<hr/>	<hr/>
Net cash from operating activities	358,487	61,882
Investing activities		
Proceeds from disposal of property, plant and equipment	-	50
Acquisition of property, plant and equipment	(3,451)	(8,520)
Acquisition of intangible assets	(510)	(931)
	<hr/>	<hr/>
Net cash used in investing activities	(3,961)	(9,401)
Financing activities		
Dividends paid to owners of the Company	-	(19,097)
Repayment of finance lease liabilities	-	(1)
Interest paid	(1,177)	(1,173)
	<hr/>	<hr/>
Net cash used in financing activities	(1,177)	(20,271)
Net increase in cash and cash equivalents	353,349	32,210
Cash and cash equivalents at 1 January	621,648	666,583
	<hr/>	<hr/>
Cash and cash equivalents at 31 March	974,997	698,793
Cash and cash equivalents comprise:		
Fixed and call deposits with licensed financial institutions (with maturity less than three months)	936,337	659,595
Cash and bank balances	38,660	39,198
	<hr/>	<hr/>
	974,997	698,793
	<hr/>	<hr/>

The accompanying notes form an integral part of these condensed consolidated 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 2016 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 2015.

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 2015, except for the adoption of the following:

MFRSs/ Amendments/ Interpretation	Effective date
Amendments to MFRS 7, <i>Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)</i>	1 January 2016
Amendments to MFRS 10, <i>Consolidated Financial Statements</i> , MFRS 12, <i>Disclosure of Interests in Other Entities</i> and MFRS 128, <i>Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to MFRS 101, <i>Presentation of Financial Statements – Disclosure Initiative</i>	1 January 2016
Amendments to MFRS 116, <i>Property, Plant and Equipment</i> and MFRS 138, <i>Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to MFRS 119, <i>Employee Benefits (Annual Improvements 2012-2014 Cycle)</i>	1 January 2016
Amendments to MFRS 127, <i>Separate Financial Statements – Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to MFRS 134, <i>Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)</i>	1 January 2016

The initial application of the abovementioned accounting standards, amendments and interpretations did not have any material impacts to the current 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 period ended 31 March 2016.

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.

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

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 financial year ended 31 December 2015.

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 2016	RM'000
Property, plant and equipment:	
Approved but not contracted for	18,846
Contracted but not provided for	2,085

Intangible assets:	
Approved but not contracted for	31,371
Contracted but not provided for	2,432

9. Related party transactions

Significant related party transactions are as follows:

	Transactions value	
	Three months ended	
	31 March	
	2016	2015
	RM'000	RM'000
Related companies*		
Reinsurance premium and commission	(73,354)	(82,825)
	_____	_____

* 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.

For the purpose of this paragraph, contingent liabilities and other liabilities do not include contingent liabilities arising from contracts of insurance underwritten in the ordinary course of business of the Group.

11. Debt and equity securities

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 and investment-linked business

Information about reportable segments

For the period ended 31 March 2016 - unaudited

	Investment holding		General insurance		Life insurance		Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment revenue	3,211	2,780	563,747	568,415	600,335	528,795	1,167,293	1,099,990
Inter-segment revenue	(609)	(603)	-	-	-	-	(609)	(603)
Segment results	(880)	(2,079)	90,024	84,064	25,853	30,434	114,997	112,419
Segment assets	378,857	366,973	5,751,854	5,529,011	7,990,308	6,826,454	14,121,019	12,722,438
Segment liabilities	70,674	68,359	3,809,611	3,839,090	7,530,069	6,432,118	11,410,354	10,339,567

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

14. Dividend paid

No dividend was paid by the Company during the period under review (2015: Interim dividend per ordinary share of 5.00 sen and interim dividend per ICPS of 6.00 sen both under single tier system).

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 2016 versus YTD First Quarter 2015)

Operating revenue

The Group recorded an operating revenue of RM1.17 billion for the three months ended 31 March 2016, an increase of 6.1% or RM67.3 million as compared to the preceding three months ended 31 March 2015 of RM1.10 billion due to higher gross earned premiums and investment income by RM49.1 million and RM18.2 million respectively.

The general insurance operation recorded an operating revenue of RM563.7 million for the three months ended 31 March 2016, a decrease of 0.8% or RM4.7 million as compared to the preceding three months ended 31 March 2015 of RM568.4 million due to the decrease in gross earned premiums by RM10.1 million. The lower gross earned premiums of the general insurance operation was mainly due to lower motor insurance which was impacted by lower car sales in first quarter 2016.

The life insurance operation recorded an operating revenue of RM600.4 million for the three months ended 31 March 2016, an increase of 13.5% or RM71.6 million as compared to the preceding three months ended 31 March 2015 of RM528.8 million due to the increase in gross earned premiums and investment income by RM59.2 million and RM12.4 million respectively.

The increase in gross earned premiums of the life insurance operation was mainly attributable to higher renewal premiums from agency channel and single premiums from bancassurance and employee benefits business.

Profit before tax

The Group recorded a profit before tax of RM115.0 million for the three months ended 31 March 2016, an increase of 2.3% or RM2.6 million as compared to the preceding three months ended 31 March 2015 of RM112.4 million.

General insurance operation delivered a profit before tax of RM90.0 million for the three months ended 31 March 2016, an increase of 7.0% or RM5.9 million as compared to the preceding three months ended 31 March 2015 of RM84.1 million. The increase in profit was due mainly to higher investment income of RM5.4 million.

The life insurance operation delivered a profit before tax of RM25.9 million for the three months ended 31 March 2016, a decrease of 14.8% or RM4.5 million as compared to the preceding three months ended 31 March 2015 of RM30.4 million due to lower interest rate which has resulted in higher insurance contract liabilities.

The investment holding segment registered a loss before tax of RM0.9 million for the three months ended 31 March 2016 as compared to a loss of RM2.1 million for the preceding three months ended 31 March 2015 due to lower management expenses for the three months under review.

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

1.2 Results of the current quarter against the preceding quarter (First Quarter 2016 versus Fourth Quarter 2015)

Operating revenue

The Group recorded an operating revenue of RM1.17 billion for the quarter under review, a marginal decrease of 0.3% or RM3.2 million as compared to the preceding quarter ended 31 December 2015 of RM1.17 billion due mainly to decrease in gross earned premiums by RM3.7 million.

The general insurance operation recorded an operating revenue of RM563.7 million for the quarter under review, an increase of 0.2% or RM1.2 million as compared to the preceding quarter ended 31 December 2015 of RM562.5 million due mainly to higher gross earned premium and investment income.

The life insurance operation registered an operating revenue of RM600.4 million for the quarter under review, a decrease of 0.7% or RM4.1 million as compared to the preceding quarter ended 31 December 2015 of RM604.5 million due mainly to lower gross earned premium by RM4.2 million in the first quarter of the year. This is mainly due to lower premium from investment-linked business.

Profit before tax

The Group recorded a profit before tax of RM115.0 million for the quarter under review, a decrease of 9.4% or RM12.0 million as compared to the preceding quarter ended 31 December 2015 of RM127.0 million due mainly to lower contribution from both insurance operations.

The profit before tax of general insurance operation for the quarter under review of RM90.0 million, an increase of 3.9% or RM3.3 million as compared to the preceding quarter ended 31 December 2015 of RM86.7 million due mainly to higher investment income as compared to the preceding quarter.

The profit before tax of life insurance operation for the quarter under review of RM25.9 million, a decrease of 35.7% or RM14.3 million as compared to a profit before tax of the preceding quarter ended 31 December 2015 of RM40.2 million due to lower interest rate resulting in higher insurance contract liabilities.

The investment holding segment registered a loss before tax of RM0.9 million as compared to a profit before tax of the preceding quarter ended 31 December 2015 of RM0.1 million due to higher management expenses for the current financial period under review.

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

2. Current year prospect

Bank Negara Malaysia in its 2015 Annual Report forecasts that the international economic and financial landscape will likely remain challenging in 2016, and this will be a key factor that will influence the prospects of the Malaysian economy.

Broad economic slowdown in 2015 is expected to continue through 2016. In addition to the anticipated slower growth for 2016, the insurance market is expected to be more competitive driven by regulatory changes. For the general insurance industry, Bank Negara Malaysia has announced the detariffication of motor and fire insurance which is to be implemented in phases, with the first phase to be implemented beginning July 2016 allowing insurers to introduce and price new products. For the life insurance and takaful industry, Bank Negara Malaysia has introduced the Life Insurance and Family Takaful Framework in December 2015 which will also be implemented in stages until full liberalisation in 2019. The Life Insurance and Family Takaful Framework sets out the government's initiative to develop the life insurance and family takaful industry by liberalising operating costs, diversifying of distribution channels and strengthening of consumer protection.

In order for the Group to remain resilient in a liberalised market, the Group is leveraging on the five strategic pillars of Allianz SE's Renewal Agenda namely True Customer Centricity, Technical Excellence, Growth Engines, Digital by Default and Inclusive Meritocracy. These strategic pillars focus on providing superior customer experience and services, strengthening capabilities in the areas of pricing, product design, portfolio and distribution management, embarking on digital platforms to deliver innovative customer experience as well as simplifying products and processes on digital platforms to yield productivity gains to drive profitability and next phase of growth for the Group.

The Board of Directors is confident that the Group is able to execute its strategic initiatives to deal with current economic climate and changing business environment and to continue to deliver long term value to 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 31 March		Three months ended 31 March	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Coupon interest income	106,448	91,627	106,448	91,627
Dividend income	7,236	4,173	7,236	4,173
Accretion of discounts	1,624	1,321	1,624	1,321
Amortisation of premiums	(919)	(1,068)	(919)	(1,068)
Rental income	50	288	50	288
Other income	2,198	2,026	2,198	2,026
	116,637	98,367	116,637	98,367

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		Three months ended	
	31 March		31 March	
	2016	2015	2016	2015
	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	8,958	1,349	8,958	1,349
Quoted equity securities of corporations in Malaysia	50,477	27,736	50,477	27,736
Quoted equity securities of corporations outside Malaysia	119	31	119	31
Quoted unit trusts in Malaysia	2,571	1,630	2,571	1,630
Unquoted unit trusts outside Malaysia	137	62	137	62
Realised losses on disposal:				
Malaysian government securities	-	(359)	-	(359)
Quoted equity securities of corporations in Malaysia	(31,493)	(11,073)	(31,493)	(11,073)
Quoted equity securities of corporations outside Malaysia	(116)	(26)	(116)	(26)
Unquoted unit trusts outside Malaysia	(116)	(173)	(116)	(173)
Total net realised gains for financial assets	30,537	19,177	30,537	19,177
Total net realised gains	30,537	19,227	30,537	19,227

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		Three months ended	
	31 March		31 March	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Financial assets				
Held for trading financial assets	48,797	36,355	48,797	36,355
Designated upon initial recognition financial assets	24,356	17,365	24,356	17,365
Derivatives	14,694	3,694	14,694	3,694
Total fair value gains on financial assets at Fair Value Through Profit or Loss	87,847	57,414	87,847	57,414
Impairment loss on AFS financial investments	(11,473)	-	(11,473)	-
Total net fair value gains	76,374	57,414	76,374	57,414

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		Three months ended	
	31 March		31 March	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Amortisation of intangible assets	3,840	3,641	3,840	3,641
Depreciation of property, plant and equipment	3,757	3,625	3,757	3,625
Insurance and other receivables:				
- Allowance/(Reversal) for impairment loss	2,690	(2,585)	2,690	(2,585)
- Bad debts recovered	(33)	(44)	(33)	(44)
- Bad debts written off	152	9	152	9
Interest expense	845	772	845	772
Property, plant and equipment written off	4	4	4	4

Other than as disclosed in Notes 6 and 7, there are no exceptional items for the financial period ended 31 March 2016.

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		Three months ended	
	31 March		31 March	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Profit before tax	114,997	112,419	114,997	112,419
Tax expense				
Income tax	32,713	29,581	32,713	29,581
Deferred tax	9,105	9,197	9,105	9,197
Total tax expense	41,818	38,778	41,818	38,778
Effective tax rate	36%	34%	36%	34%

The Group's consolidated effective tax rate for the financial period under review is higher than the statutory tax rate of 24% (2015: 25%) due mainly to the following:

- In addition to the 24% 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 2016	RM'000
<u>Interest Bearing</u>	
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		Three months ended	
		31 March		31 March	
		2016	2015	2016	2015
Profit attributable to ordinary shareholders	(RM'000)	73,179	73,641	73,179	73,641
Weighted average number of ordinary shares in issue	('000)	169,309	167,858	169,309	167,858
Basic earnings per ordinary share	(sen)	43.22	43.87	43.22	43.87

(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	
		2016	2015	2016	2015
Profit attributable to ordinary shareholders	(RM'000)	73,179	73,641	73,179	73,641
Weighted average number of ordinary shares in issue	('000)	169,309	167,858	169,309	167,858
Effect of conversion of ICPS	('000)	176,897	178,078	176,897	178,078
Diluted weighted average number of ordinary shares during the year	('000)	346,206	345,936	346,206	345,936
Diluted earnings per ordinary share	(sen)	21.14	21.29	21.14	21.29

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

13. Dividend

For the financial year ended 31 December 2015, the Board is recommending a payment of a first and final dividend of 6.50 sen per ordinary share under single tier system (2014: nil) and a preference share dividend of 7.80 sen (2014: nil) per ICPS under single tier system, for the shareholders' approval at the forthcoming Annual General Meeting of the Company.

The entitlement and payment dates for the abovementioned dividend will be announced at a later date.

14. Disclosure of realised and unrealised earnings

The breakdown of the retained earnings of the Group as at 31 March 2016, into realised and unrealised profit or loss, is as follow:

	As at 31.03.2016 RM'000	As at 31.12.2015 RM'000
Total retained earnings of the Group:		
- Realised	2,011,794	1,937,022
- Unrealised	(121,612)	(120,019)
	<u>1,890,182</u>	<u>1,817,003</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 profit or loss 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 2015 was not qualified.

BY ORDER OF THE BOARD

Ng Siew Gek
Company Secretary

Kuala Lumpur
 27 May 2016