

APPENDIX V

PROFORMA CONSOLIDATED BALANCE SHEETS OF ALLIANZ GENERAL AS AT 31 DECEMBER 2001 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON

(Prepared for the inclusion in this Abridged Prospectus)

**ALLIANZ GENERAL INSURANCE MALAYSIA BERHAD
AND ITS SUBSIDIARY COMPANIES****PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2001**

| | <i>Note</i> | <i>Audited balance sheet At 31.12.2001 RM'000</i> | <i>Rights issue - minimum scenario RM'000</i> | <i>Proforma balance sheet after rights issue RM'000</i> |
|---|-------------|---|---|---|
| ASSETS | | | | |
| Property, plant & equipment | | 31,673 | - | 31,673 |
| Investments | | 489,388 | - | 489,388 |
| Loans | | 6,595 | - | 6,595 |
| Goodwill on consolidation | | 7,807 | - | 7,807 |
| Receivables | | 120,818 | - | 120,818 |
| Cash and bank balances | 5.1 | 5,877 | 96,329 | 102,206 |
| Total General Business and Shareholders' Fund Assets | | 662,158 | 96,329 | 758,487 |
| Total Life Fund Assets | | 301,133 | - | 301,133 |
| Total Assets | | 963,291 | 96,329 | 1,059,620 |
| LIABILITIES | | | | |
| Provision for outstanding claims | | 241,273 | - | 241,273 |
| Payables | | 188,061 | - | 188,061 |
| Tax liabilities | | 341 | - | 341 |
| Borrowings | | 260 | - | 260 |
| Total General and Other Business liabilities | | 429,935 | - | 429,935 |
| Life fund liabilities other than life policyholders' fund | | 44,784 | - | 44,784 |
| | | 474,719 | - | 474,719 |



| | <i>Note</i> | <i>Audited balance sheet At 31.12.2001 RM'000</i> | <i>Rights issue - minimum scenario RM'000</i> | <i>Proforma balance sheet after rights issue RM'000</i> |
|--|-------------|--|--|--|
| PROVISION FOR INSURANCE LIABILITIES | | | | |
| Reserves for unexpired risks | | 101,421 | - | 101,421 |
| Life policyholders' fund | | 256,273 | - | 256,273 |
| Life fund assets revaluation reserves | | 76 | - | 76 |
| | | 357,770 | - | 357,770 |
| SHAREHOLDERS' FUND | | | | |
| Issued capital | 5.2 | 54,980 | 97,529 | 152,509 |
| Reserves | 5.3 | 73,272 | (1,200) | 72,072 |
| | 5.4 | 128,252 | 96,329 | 224,581 |
| Total Liabilities and Shareholders' Fund | | 960,741 | 96,329 | 1,057,070 |
| Minority shareholders' interest in subsidiary companies | | 2,550 | - | 2,550 |
| Total Liabilities, Shareholders' Fund and Minority Interest | | 963,291 | 96,329 | 1,059,620 |
| Number of ordinary shares in issue ('000) | 5.4 | 54,980 | 96,329 | 152,509 |
| Net Tangible Assets Per Share (RM) | 5.4 | 2.19 | | 1.42 |



**ALLIANZ GENERAL INSURANCE MALAYSIA BERHAD
AND ITS SUBSIDIARY COMPANIES**

**PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2001**

| | <i>Note</i> | <i>Audited balance sheet At 31.12.2001 RM'000</i> | <i>Rights issue - maximum scenario RM'000</i> | <i>Proforma balance sheet after rights issue RM'000</i> |
|---|-------------|---|---|---|
| ASSETS | | | | |
| Property, plant & equipment | | 31,673 | - | 31,673 |
| Investments | | 489,388 | - | 489,388 |
| Loans | | 6,595 | - | 6,595 |
| Goodwill on consolidation | | 7,807 | - | 7,807 |
| Receivables | | 120,818 | - | 120,818 |
| Cash and bank balances | 6.1 | 5,877 | 97,765 | 103,642 |
| Total General Business and Shareholders' Fund Assets | | 662,158 | 97,765 | 759,923 |
| Total Life Fund Assets | | 301,133 | - | 301,133 |
| Total Assets | | 963,291 | 97,765 | 1,061,056 |
| LIABILITIES | | | | |
| Provision for outstanding claims | | 241,273 | - | 241,273 |
| Payables | | 188,061 | - | 188,061 |
| Tax liabilities | | 341 | - | 341 |
| Borrowings | | 260 | - | 260 |
| Total General and Other Business liabilities | | 429,935 | - | 429,935 |
| Life fund liabilities other than life policyholders' fund | | 44,784 | - | 44,784 |
| | | 474,719 | - | 474,719 |



| | <i>Note</i> | <i>Audited balance sheet At 31.12.2001</i> | <i>Rights issue - maximum scenario</i> | <i>Proforma balance sheet after rights issue</i> |
|--|-------------|--|--|--|
| | | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> |
| PROVISION FOR INSURANCE LIABILITIES | | | | |
| Reserves for unexpired risks | | 101,421 | - | 101,421 |
| Life policyholders' fund | | 256,273 | - | 256,273 |
| Life fund assets revaluation reserves | | 76 | - | 76 |
| | | 357,770 | - | 357,770 |
| SHAREHOLDERS' FUND | | | | |
| Issued capital | 6.2 | 54,980 | 98,965 | 153,945 |
| Reserves | 6.3 | 73,272 | (1,200) | 72,072 |
| | 6.4 | 128,252 | 97,765 | 226,017 |
| Total Liabilities and Shareholders' Fund | | 960,741 | 97,765 | 1,058,506 |
| Minority shareholders' interest in subsidiary companies | | 2,550 | - | 2,550 |
| Total Liabilities, Shareholders' Fund and Minority Interest | | 963,291 | 97,765 | 1,061,056 |
| Number of ordinary shares in issue ('000) | 6.4 | 54,980 | 96,329 | 153,945 |
| Net Tangible Assets Per Share (RM) | 6.4 | 2.19 | | 1.42 |



**ALLIANZ GENERAL INSURANCE MALAYSIA BERHAD
AND ITS SUBSIDIARY COMPANIES**

**NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2001**

1. The Proforma Consolidated Balance Sheets of the Group are based on the audited financial statements of Allianz General Insurance Malaysia Berhad and its subsidiary companies as at 31 December 2001.
2. The Proforma Consolidated Balance Sheets of the Group have been prepared using accounting principles and bases consistent with those previously adopted in the preparation of audited financial statements.
3. The Proforma Consolidated Balance Sheets are for illustrative purposes only to incorporate the proposed rights issue of ordinary shares of RM1.00 as though it was effected on 31 December 2001.
4. The gross proceeds of RM97,529,000 and RM98,965,000 for the minimum and maximum scenarios respectively from the rights issue are utilized as follows:-

| | Minimum | Maximum |
|---|---------|---------|
| | RM'000 | RM'000 |
| Working capital purposes of the ALLIANZ Group | 96,329 | 97,765 |
| Estimated expenses for the Rights Issue | 1,200 | 1,200 |
| | <hr/> | <hr/> |
| | 97,529 | 98,965 |
| | ===== | ===== |

5. Minimum Scenario
 - Assumes that Allianz Aktiengesellschaft, AGF Asia Private Limited and AGF International will fully subscribe for their entitlements of the Rights Shares under the Rights Issue while the remaining shareholders of ALLIANZ do not subscribe for their respective entitlements of the Rights Shares.

| | |
|--|---------------|
| 5.1 Movement in cash and bank balances:- | <i>RM'000</i> |
| Balance at 31 December 2001 | 5,877 |
| Proceeds from rights issue | 97,529 |
| | <hr/> |
| Balance after rights issue | 103,406 |
| Less: Estimated rights issue expenses | (1,200) |
| | <hr/> |
| | 102,206 |
| | ===== |



5.2 Movement in share capital account:- RM'000

| | |
|--|---------|
| Balance at 31 December 2001 | 54,980 |
| Right issue of 97,529,333 new ordinary shares at an issue price of RM1.00 per ordinary share | 97,529 |
| Balance after rights issue | 152,509 |
| | ===== |

5.3 Movement in reserves:-

| | <-----Non Distributable-----> | | | | | |
|-----------------------------|-------------------------------|--------------------------------------|---------------------------|-------------------------------|---------------------------------|-----------------|
| | Share premium RM'000 | Assets revaluation reserve RM'000 | Capital reserve RM'000 | Translation reserve RM'000 | Unappropriated profit RM'000 | Total RM'000 |
| Balance at 31 December 2001 | 5,993 | 5,066 | 478 | 2,052 | 59,683 | 73,272 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| | 5,993 | 5,066 | 478 | 2,052 | 59,683 | 73,272 |
| Less:- Rights issue expense | (1,200) | - | - | - | - | (1,200) |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| | 4,793 | 5,066 | 478 | 2,052 | 59,683 | 72,072 |
| | ===== | ===== | ===== | ===== | ===== | ===== |

5.4 Movement in net tangible assets per share:- RM'000

Net tangible assets per share before rights issue – minimum scenario

| | |
|---|---------|
| Shareholders' funds before rights issue | 128,252 |
| Less: | |
| Goodwill on consolidation | (7,807) |
| | ----- |
| Net tangible assets per share before rights issue | 120,445 |
| | ===== |
| No. of ordinary shares of RM1.00 each before rights issue | 54,980 |
| | ===== |
| Net tangible assets per share before rights issue (RM) | 2.19 |
| | ===== |



Net tangible assets per share after rights issue - minimum scenario

| | <i>RM'000</i> |
|--|---------------|
| Shareholders' funds after rights issue | 224,581 |
| Less: | |
| Goodwill on consolidation | (7,807) |
| | <hr/> |
| Net tangible assets per share after rights issue | 216,774 |
| | ===== |
| No. of ordinary shares of RM1.00 each after rights issue | 152,509 |
| | ===== |
| Net tangible assets per share after rights issue (RM) | 1.42 |
| | ===== |

6. Maximum Scenario

- Assumes that the Rights Issue will be fully subscribed by all the shareholders of ALLIANZ based on their respective entitlements of the Rights Shares under the Rights Issue.

6.1 Movement in cash and bank balances:- *RM'000*

| | |
|---------------------------------------|---------|
| Balance at 31 December 2001 | 5,877 |
| Proceeds from rights issue | 98,965 |
| | <hr/> |
| Balance after rights issue | 104,842 |
| Less: Estimated rights issue expenses | (1,200) |
| | <hr/> |
| | 103,642 |
| | ===== |

6.2 Movement in share capital account:- *RM'000*

| | |
|--|---------|
| Balance at 31 December 2001 | 54,980 |
| Right issue of 98,964,560 new ordinary shares at an issue price of RM1.00 per ordinary share | 98,965 |
| | <hr/> |
| Balance after rights issue | 153,945 |
| | ===== |



6.3 Movement in reserves:-

| | <-----Non Distributable-----> | | | | | |
|--------------------------------|-------------------------------|--|------------------------------|----------------------------------|------------------------------------|-----------------|
| | Share premium RM'000 | Assets revaluation reserve RM'000 | Capital reserve RM'000 | Translation reserve RM'000 | Unappropriated profit RM'000 | Total RM'000 |
| Balance at 31 December 2001 | 5,993 | 5,066 | 478 | 2,052 | 59,683 | 73,272 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| | 5,993 | 5,066 | 478 | 2,052 | 59,683 | 73,272 |
| Less:- Rights issue expense | (1,200) | - | - | - | - | (1,200) |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| | 4,793 | 5,066 | 478 | 2,052 | 59,683 | 72,072 |
| | ===== | ===== | ===== | ===== | ===== | ===== |

6.4 Movement in net tangible assets per share:-

RM'000

Net tangible assets per share before rights issue – maximum scenario

| | |
|---|---------|
| Shareholders' funds before rights issue | 128,252 |
| Less: | |
| Goodwill on consolidation | (7,807) |
| | ----- |
| Net tangible assets per share before rights issue | 120,445 |
| | ===== |
| No. of ordinary shares of RM1.00 each before rights issue | 54,980 |
| | ===== |
| Net tangible assets per share before rights issue (RM) | 2.19 |
| | ===== |

Net tangible assets per share after rights issue – maximum scenario

| | |
|--|---------|
| Shareholders' funds after rights issue | 226,017 |
| Less: | |
| Goodwill on consolidation | (7,807) |
| | ----- |
| Net tangible assets per share after rights issue | 218,210 |
| | ===== |
| No. of ordinary shares of RM1.00 each after rights issue | 153,945 |
| | ===== |
| Net tangible assets per share after rights issue (RM) | 1.42 |
| | ===== |

REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED BALANCE SHEETS OF ALLIANZ GENERAL

(Prepared for the inclusion in this Abridged Prospectus)



KPMG (Firm No. AF 0758)
Chartered Accountants
Wisma KPMG
Jalan Dungun, Damansara Heights
50490 Kuala Lumpur, Malaysia

P.O. Box 10047
50702 Kuala Lumpur
Malaysia

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Fax + (603) 2095 0971

The Board of Directors
Allianz General Insurance Malaysia Berhad
Level 40, Menara Citibank
165, Jalan Ampang
P. O. Box 12485
50450 Kuala Lumpur

Our ref : A7/HLLS/FMK/ping

23 AUG 2002

Dear Sirs

REPORTING ACCOUNTANT'S LETTER ON THE PROFORMA CONSOLIDATED BALANCE SHEETS OF ALLIANZ GENERAL INSURANCE MALAYSIA BERHAD ("ALLIANZ") AND ITS SUBSIDIARY COMPANIES ("ALLIANZ GROUP")

We have reviewed the presentation of the Proforma Consolidated Balance Sheets of ALLIANZ Group, for which the Directors are solely responsible, as at 31 December 2001, together with the notes thereon as set out in the application to the Securities Commission in connection with the proposed rights issue of up to 98,964,560 new ordinary shares of RM1.00 each held in ALLIANZ on the basis of nine (9) new ordinary shares of RM1.00 each for every five (5) existing ordinary shares of RM1.00 each held in ALLIANZ at an issue price to be determined later.

In our opinion, the Proforma Consolidated Balance Sheets, together with the notes thereon, are presented on a basis consistent with the accounting policies normally adopted by the ALLIANZ Group.

Yours faithfully

KPMG

Firm Number: AF 0758
Chartered Accountants

HEW LEE LAM SANG

Partner

Approval Number: 1862/10/03(J)



KPMG, a partnership established under Malaysian law, is a member of KPMG International, a Swiss association.

DIRECTORS' REPORT

(Prepared for inclusion in this Abridged Prospectus)



Allianz General Insurance Malaysia Berhad (12428-W)
(Formerly known as Malaysia British Assurance Berhad)

Registered Office:

Level 41, Menara Citibank
165, Jalan Ampang
50450 Kuala Lumpur

20 August 2002

The Shareholders of Allianz General Insurance Malaysia Berhad

Dear Sir/Madam

On behalf of the Board of Directors of Allianz General Insurance Malaysia Berhad ("Allianz General" or "the Company"), I report after due enquiry that during the period from 31 December 2001 (being the date to which the last audited accounts of Allianz General and its subsidiaries ("Allianz General Group") have been made) to 20 August 2002 (being a date not earlier than fourteen (14) days before the date of issue of this Abridged Prospectus) that:

- (i) the business of the Allianz General Group has, in the opinion of the Directors of Allianz General, been satisfactorily maintained;
- (ii) in the opinion of the Directors of Allianz General, no circumstances have arisen subsequent to the last audited accounts of the Allianz General Group which have adversely affected the trading or the value of the assets of the Allianz General Group;
- (iii) the current assets of the Allianz General Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) save as disclosed in Section 7 of this Abridged Prospectus, there are no contingent liabilities by reason of any guarantees or indemnities given by the Allianz General Group; and
- (v) save as disclosed in Section 7, Appendix II of this Abridged Prospectus, there have been no changes in the published reserves or any unusual factors affecting the profits of the Allianz General Group since the last audited accounts.

Yours faithfully
for and on behalf of the Board of Directors of
ALLIANZ GENERAL INSURANCE MALAYSIA BERHAD

A handwritten signature in black ink, appearing to read "Tan Sri Razali Ismail".

Tan Sri Razali Ismail
Chairman

Head Office
Level 40, Menara Citibank
165, Jalan Ampang
P.O. Box 12485, 50780 Kuala Lumpur

Tel: 03-2168 6868
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FURTHER INFORMATION**1. Share Capital**

- (i) No Rights Shares will be allotted and issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of issue of this Abridged Prospectus.
- (ii) There are no founder, management or deferred shares. There is only one class of shares in the Company, namely Allianz General Shares, all of which rank pari passu with one another.
- (iii) As at the date of this Abridged Prospectus, save for the options that have been granted and will be granted pursuant to the Allianz General ESOS, no person has been or is entitled to be given an option to subscribe for any Allianz General Shares, stocks or debentures of the Company and no capital of the Company is under any option or agreed conditionally or unconditionally to be put under any option.

The maximum number of new shares to be offered and allotted under the ESOS shall not exceed in aggregate 10% of the issued and paid-up share capital of the Company during the period of the ESOS. The exercise price of the option granted pursuant to the ESOS shall be the average of the mean market quotation of the Allianz General Shares for the five (5) Market Days immediately preceding the date of offer. Notwithstanding this, the exercise price shall not be less than the last transacted market price prior to the date of offer but in any event not lower than RM1.00. The ESOS will expire on 14 May 2004 subject to any extension on renewal.

- (iv) Save for the shares to be issued upon exercise of the options under the ESOS and the Rights Shares as disclosed in Section 2 of this Abridged Prospectus, no Allianz General Shares or debentures of the Company have been or are proposed or intended to be issued as partly or fully paid-up for cash or otherwise than in cash within the two (2) years preceding the date hereof.

2. Articles of Association

The provisions in the Company's Articles of Association dealing with the remuneration of Directors as approved by the shareholders are as follows:

Article 86(1)

Each of the Directors, other than a Director in the employ of the Company, shall be paid out of the funds of the Company as remuneration for his services such fixed sum as shall be determined by a resolution of the Company at a General Meeting where notice of the proposed sum has been given in the notice convening the meeting and which shall not include any sum by way of commission or a percentage of profits or of turnover. Salaries paid to Directors in the employ of the Company shall not include a commission on or percentage of turnover. An Alternate Director shall receive his remuneration from the Director appointing him and not from the Company, unless the Company be instructed in writing by the Director to pay any portion of his remuneration to such Alternate.

Article 86(2)

The remuneration of the Directors shall not be increased except pursuant to a resolution passed at a General Meeting where notice of the proposed increase has been given in the notice convening the Meeting.

Article 87

If any Directors being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a Committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Company in General Meeting and such remuneration may be either in addition to or in substitution for his or their share in the remuneration from time to time provided for the Directors.

Managing Directors

Article 93

The Directors may from time to time appoint one or more of their body to be Managing Director or Managing Directors, for such period not exceeding three years at such remuneration and upon such term as to the duties to be performed, the powers to be exercised and all other matters as they think fit, but so that no Managing Director shall be invested with any powers or entrusted with any duties which the Directors themselves could not have exercised or performed. The remuneration of a Managing Director may be by way of salary or participation in profits, or by any or all of those modes (but may not include a commission on or percentage of turnover), and it may be made a term of his appointment that he be paid a pension or gratuity on retirement from his office. The Managing Director shall be subject to the control of the Directors.

3. Material Contracts

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by Allianz General and/or its subsidiaries during the two (2) years immediately preceding the date of this Abridged Prospectus:

On 25 September 2000, the Company entered into a conditional sale and purchase agreement with Multi-Purpose Bank Berhad ("MPBB") and Malaysian Plantations Berhad ("MPlant") for the disposal of 10,500,000 ordinary shares of RM1.00 each representing approximately 10.26% equity interest in International Bank Malaysia Berhad, to MPBB for a consideration of RM28,014,724 to be satisfied by way of an issue of 14,744,592 ordinary shares of RM1.00 each in MPlant ("MPlant Share(s)"), to be credited as fully paid, at an issue price of RM1.90 per MPlant Share. The said disposal was deemed completed on 9 January 2001 by a notice given by MPlant to Allianz General and the 14,744,592 MPlant Shares issued to Allianz General in satisfaction of the consideration for the said disposal were listed on the KLSE on 10 January 2001.

4. Service Contracts

None of the Directors of Allianz General and/or its subsidiaries has any existing or proposed service contract with the Company or its subsidiaries, excluding contracts expiring or which are determinable by the Company or its subsidiaries without payment or compensation (other than statutory compensation) within one (1) year immediately prior to the date of this Abridged Prospectus.

5. Material Litigation

Save as disclosed below, as at 20 August 2002, Allianz General and/or its subsidiaries are not engaged in any material litigation, claims and/or arbitration (other than litigation, claims and/or arbitration arising from the ordinary course of insurance business) either as plaintiff or defendant, which have a material effect on the financial position or the business of Allianz General or its subsidiaries and the Board of Directors of Allianz General does not have any knowledge of any proceedings, pending or threatened against Allianz General or its subsidiaries or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of Allianz General or its subsidiaries:

- (i) Pursuant to the unconditional mandatory general offer ("MGO") undertaken by Langkah Bahagia Sdn Bhd ("LBSB") in 1997 for the remaining 9,862,440 ordinary shares of RM1.00 each in International Bank Malaysia Bhd. (formerly known as Hock Hua Bank (Sabah) Berhad) ("IBMB") not already owned by LBSB at a cash offer price of RM17.92 per share, LBSB had rejected Allianz General's acceptance of the MGO in respect of 3,000,000 shares in IBMB owned by Allianz General ("Said Shares") on the grounds that Allianz General had failed to obtain prior written approval under Section 45 of the Banking and Financial Institutions Act, 1989 ("BAFIA") for the sale of the Said Shares ("BAFIA Approval").

Allianz General had been advised by its solicitors that it was under no legal obligation to obtain the BAFIA Approval and that there was a concluded contract ("Contract") between Allianz General and LBSB to acquire from Allianz General the Said Shares for a total cash consideration of RM53,760,000.

Allianz General filed an action (O.S.No. D2-24-377-1997) at the Kuala Lumpur High Court ("Court Proceedings") on 16 December 1997 in which it sought, inter alia, declarations that the acceptance by Allianz General of the MGO is a valid and enforceable contract and that the purported rejection by LBSB of Allianz General's acceptance of the MGO is invalid and of no effect.

In view of the disposal of Allianz General's equity interest in IBMB, to MPBB and MPlant as mentioned in Section 3 above ("Disposal"), LBSB has agreed and a Court Order has been obtained for the postponement of the Court Proceedings and for Allianz General to amend the pleadings in respect of the Court Proceedings to include a prayer for damages in addition to or in lieu of specific performance of the said Contract by LBSB, which was obtained on 23 October 2000 and 9 October 2000, respectively.

The Disposal was deemed completed on 9 January 2001 by a notice given by MPlant to Allianz General and the 14,744,592 ordinary shares of RM1.00 each in MPlant issued to Allianz General in satisfaction of the consideration for the Disposal were listed on the KLSE on 10 January 2001. As a result of the completion of the Disposal, Allianz General will now be claiming for damages against LBSB. The Court Proceedings are part-heard and fixed for continued hearing 17 October 2002. The Directors of the Company are presently working closely with the solicitors engaged in relation to the matter and have been advised by the solicitors that, it is premature to predict the probable outcome of the case.

- (ii) A dispute has arisen between the Company and one of its reinsurers ("Reinsurer") in relation to certain representations made by an ex-facultative underwriter ("Underwriter") of the Reinsurer pertaining to certain risks ("Relevant Risks") which the Company had sought to reinsure.

The Reinsurer has purported to repudiate the acceptance of certain portions of the Relevant Risks, claiming that certain representations of the Underwriter had been made without their authority. A claim has been made in respect of one of the Relevant Risks, thereby exposing the Company to a liability in excess of its customary net retention. The Company has since entered into an agreement with the Reinsurer regarding the liability arising from the claim and following such agreement, the Company's exposure to liability under the claim is estimated to be approximately RM570,000. The Company has since made a full provision of RM570,000 in its accounts arising from its exposure to liability under the claim.

Further the Company had, in accordance with its normal operational procedures and practices, made various payments through reinsurance brokers to the Initial Reinsurer in respect of reinsurance premium for the Relevant Risks ("Relevant Premiums"). It appears that a sum of RM2,704,305.98 from the Relevant Premiums had been paid by a reinsurance broker into a suspected false account.

The Company has, through its solicitors ("Solicitors"), issued a letter of demand to the reinsurance broker, i.e. Minorities Insurance Brokers (L) Ltd (formerly known as FIF International (L) Ltd ("Minorities")) on 5 February 2002 for the refund of the sum of RM2,704,305.98 ("Amount"). As at 12 March 2002, Minorities had failed to refund the Amount to the Company. Accordingly, the Company decided to immediately institute legal proceedings ("Legal Proceedings") against Minorities. On 13 March 2002, the Solicitors filed on behalf of Allianz General a Writ of Summons against Minorities in the High Court claiming from Minorities, inter alia:

- (a) the refund of the Amount;
- (b) interest at the rate of 8 per cent per annum on the Amount from the date of the Summons to the date of full and final settlement; and
- (c) costs.

The Company has been advised by the Solicitors that based on the current available facts, it has a good case for recovery of the Amount.

A further sum of RM2,202,474.61 constituting the remainder of the Relevant Premiums was negligently, wrongfully and without authority of the relevant reinsurance brokers namely, Anika Insurance Brokers Sdn Bhd ("Anika") and Pacific World Global Limited ("Pacific"), credited by Public Bank Berhad ("PBB") into the suspected false account contrary to the express instructions by the relevant reinsurance brokers as stated on the face of the relevant cheques.

Letters of demand had been issued to PBB by the Solicitors on 20 February 2002 whereby the Solicitors demanded from PBB for the refund of the remainder of the Relevant Premiums. As at 11 June 2002, PBB had failed to refund the remainder of the Relevant Premiums. Accordingly, on 12 June 2002, Pacific, Anika and the Company decided to institute legal proceedings against PBB by filing the following Writs of Summons against PBB:

- (a) Writ of Summons against PBB on behalf of Pacific and the Company in the High Court at Kuala Lumpur claiming, inter alia, from PBB:
 - (i) the refund of the sum of RM514,590.97;
 - (ii) interest at the rate of 8 per cent per annum on the sum of RM514,590.97 from the date of the Summons to the date of full and final settlement; and
 - (iii) costs.
- (b) Writ of Summons against PBB on behalf of Anika and the Company in the High Court at Kuala Lumpur claiming, inter alia, for the PBB:
 - (i) the refund of the sum of RM1,687,883.64;
 - (ii) interest at the rate of 8 per cent per annum on the sum of RM1,687,883.64 from the date of the Summons to the date of full and final settlement; and
 - (iii) costs.

The Company has been advised by the solicitors that based on the current available facts, there is a strong likelihood of success for recovery of the remainder of the Relevant Premiums.

Notwithstanding the aforesaid, the Company has on the advice of its external auditors and on grounds of prudence made an additional provision of RM980,000 for any losses which may potentially arise from the foregoing dispute in respect of the Relevant Premiums.

6. General

- (i) The nature of the Company's business is described in Appendix II of this Abridged Prospectus. Save for Allianz, the subsidiaries of Allianz and the subsidiaries of Allianz General (as disclosed in Section 6 of Appendix II of this Abridged Prospectus), there are no other corporations which are deemed to be related to the Company by virtue of Section 6 of the Companies Act, 1965 as at the date hereof. The selected operating subsidiaries of Allianz are set out in Appendix VIII of this Abridged Prospectus.
- (ii) The total estimated expenses of or in connection with the Rights Issue including professional fees, fees payable to the relevant authorities, underwriting commission, registration and other incidental expenses of approximately RM1.2 million will be borne by the Company.
- (iii) Save as disclosed in this Abridged Prospectus, the Board of Directors of Allianz General are not aware of any material information, including trading factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect the profits of the Company and/or its subsidiaries.
- (iv) Save as disclosed in this Abridged Prospectus, the financial conditions and operations of the Allianz General Group are not affected by any of the following:
 - (a) Known trends or known demands, commitments, events or uncertainties that will result in or are reasonably likely to result in Allianz General and its subsidiaries' liquidity increasing or decreasing in any material way;
 - (b) Material commitments for capital expenditure;
 - (c) Unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from operations; and
 - (d) Known trends or uncertainties that have had or that Allianz General reasonably expects will have a material favourable or unfavourable impact on revenues or operating income.

7. Consents

The written consents of the Adviser and Solicitor for the Rights Issue, Principal Banker and Share Registrars to the inclusion in this Abridged Prospectus of their names in the form and context in which they appear have been given before the issue of this Abridged Prospectus and have not subsequently been withdrawn.

The written consent of the Auditors and Reporting Accountants for the Rights Issue, KPMG to the inclusion in this Abridged Prospectus of its name, report and letter relating to the audited consolidated accounts of Allianz General for the six (6) months period ended 31 December 2001 and the proforma consolidated balance sheets of Allianz General as at 31 December 2001 in the form and context in which they appear has been given before the issue of this Abridged Prospectus and has not subsequently been withdrawn.

8. Documents Available for Inspection

Copies of the following documents are available for inspection at the Company's Registered Office at Level 41, Menara Citibank, 165, Jalan Ampang, 50450 Kuala Lumpur, Malaysia during normal business hours from Monday to Friday (except for public holidays) for a period of twelve (12) months from the date of this Abridged Prospectus:

- (i) the Memorandum and Articles of Association of Allianz General;
- (ii) the audited consolidated accounts of Allianz General for the two (2) financial years ended 30 June 2001, the audited consolidated results of Allianz General for the six (6) months period ended 31 December 2001 and the unaudited consolidated results of Allianz General for the six (6) months period ended 30 June 2002;

- (iii) the proforma consolidated balance sheets of Allianz General as at 31 December 2001 together with the Reporting Accountants' letter thereon as set out in Appendix IV of this Abridged Prospectus;
- (iv) the Directors' Report as set out in Appendix V of this Abridged Prospectus;
- (v) the material contracts referred to in Section 3 of this Appendix;
- (vi) the relevant cause papers in respect of the material litigation referred to in Section 5 of this Appendix;
- (vii) the letters of consent referred to in Section 7 of this Appendix; and
- (viii) the letter of undertaking by a substantial shareholder of Allianz General to subscribe in full its entitlement to the Rights Issue referred to in Section 8 of this Abridged Prospectus.

9. Responsibility Statements

This Abridged Prospectus, together with the Notice of Provisional Allotment and the RSF, have been seen and approved by the Board of Directors of Allianz General and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein false or misleading.

CIMB, being the Adviser for the Rights Issue acknowledges that based on all available information, and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue.

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RELATED COMPANIES OF ALLIANZ GENERAL

The related companies of Allianz General by virtue of Section 6 of the Companies Act, 1965 include the following selected operating subsidiaries of Allianz, based on the audited consolidated financial statements of Allianz for the financial year ended 31 December 2001:

Name of operating subsidiary/location

ADVANCE Bank AG, Duisburg
 AGIS Allianz Gesellschaft für Informatik Service mbH, Munich
 Allianz Asset Management Gesellschaft mbH, Munich
 Allianz Bauspar AG, Munich
 Allianz Capital Partners GmbH, Munich
 Allianz Dresdner Asset Management GmbH, Munich
 Allianz Global Risks Rückversicherungs-AG, Munich
 Allianz Globus MAT Versicherungs-Aktiengesellschaft, Hamburg
 Allianz Immobilien GmbH, Stuttgart
 Allianz Kapitalanlagegesellschaft mbH, Stuttgart
 Allianz Lebensversicherungs-AG, Stuttgart
 Allianz PIMCO Asset Management GmbH, Munich
 Allianz Vermögens-Bank AG, Augsburg
 Allianz Versicherungs-AG, Munich
 Allianz Zentrum für Technik GmbH, Munich
 Bayerische Versicherungsbank AG, Munich*
 DEGI Deutsche Gesellschaft für Immobilienfonds mbH, Frankfurt/Main
 Deutsche Hyp Deutsche Hypothekbank Frankfurt-Hamburg AG, Frankfurt/Main
 Deutsche Lebensversicherungs-AG, Berlin
 dit DEUTSCHER INVESTMENT-TRUST Gesellschaft für Wertpapieranlagen mbH, Frankfurt/Main
 DREGIS Dresdner Global IT Services Gesellschaft mbH, Frankfurt/Main
 Dresdner Asset Management (Germany) GmbH, Frankfurt/Main
 Dresdner Bank AG, Frankfurt/Main
 Dresdner Bank Lateinamerika AG, Hamburg
 Dresdner Bauspar AG, Bad Vibel
 Frankfurter Versicherungs-AG, Frankfurt/Main*
 Hermes Kreditversicherungs-AG, Hamburg
 Kraft Versicherungs-AG, Berlin/Munich
 Lombardkasse AG, Berlin
 Münchner und Magdeburger Hagelversicherung AG, Munich
 Oldenburgische Landesbank AG, Oldenburg
 Reuschel & Co., Munich
 Vereinte Krankenversicherung AG, Munich
 Vereinte Lebensversicherung AG, Munich
 Vereinte Rechtsschutzversicherung AG, Munich
 Vereinte Spezial Krankenversicherung AG, Munich
 Vereinte Spezial Versicherung AG, Munich
 Vereinte Versicherung AG, Munich

RELATED COMPANIES OF ALLIANZ GENERAL (CONT'D)**Name of operating subsidiary/location**

AGF Belgium Insurance, Brussels
AGF La Lilloise, Paris
AGF-M.A.T., Paris
Alba Allgemeine Versicherungs-Gesellschaft, Basel
Allianz Asset Management (Ltd.), Hong Kong
Allianz Australia Limited, Sydney
Allianz Bulgaria Insurance and Reinsurance Company Ltd., Sofia
Allianz Bulgaria Life Insurance Company Ltd., Sofia
Allianz Compañia de Seguros y Reaseguros S.A. Madrid
Allianz Elementar Lebensversicherungs-Aktiengesellschaft, Vienna
Allianz Elementar Versicherungs-Aktiengesellschaft, Vienna
Allianz Europe Ltd., Amsterdam
Allianz Fire and Marine Insurance Japan Ltd., Tokyo
Allianz First Life Insurance Co. Ltd., Seoul
Allianz General Insurance Company S.A., Athens
Allianz Hungária Biztosító Rt., Budapest
Allianz Insurance (Hong Kong) Ltd., Hong Kong
Allianz Insurance Company of Singapore Pte. Ltd., Singapore
Allianz Insurance Company, Los Angeles
Allianz Lebensversicherung (Schweiz) AG, Zurich
Allianz Life Insurance Company of North America, Minneapolis
Allianz Life Insurance Company S.A., Athens
Allianz Mexico S.A. Compañia de Seguros, Mexico City
Allianz of America Inc., Wilmington
Allianz of Canada Inc., Toronto
Allianz of South Africa (Proprietary) Ltd., Johannesburg
Allianz poist'ovňa a.s., Bratislava
Allianz poist'ovna a.s., Prague
Allianz President General Insurance, Taipeh*
Allianz President Life Insurance, Taipeh*
Allianz Re Dublin Ltd., Dublin
Allianz Risk Transfer, Zurich
Allianz Subalpina Società di Assicurazioni e Riassicurazioni S.p.A., Turin
Allianz Suisse Lebensversicherungs-Gesellschaft, Zurich
Allianz Suisse Versicherungs-Gesellschaft, Zurich
Allianz Tiriatic Insurance S.A., Bucharest
Allianz Underwriters Insurance Company, Los Angeles
Allianz Versicherung (Schweiz) AG, Zurich
Allianz Worldwide Care, Dublin
Allianz Zagreb d.d., Zagreb
Allianz (UK) Ltd., London
Arab International Insurance Company, Cairo

RELATED COMPANIES OF ALLIANZ GENERAL (CONT'D)

Name of operating subsidiary/location

Arab International Life Company, Cairo
 Assurances Générales de France Iart, Paris
 Assurances Générales de France Vie, Paris
 Assurances Générales de France, Paris
 Banque AGF, Paris
 Berner Allgemeine Versicherungs-Gesellschaft, Bern
 Berner Lebensversicherungs-Gesellschaft, Bern
 Church and General Insurance p.l.c., Dublin
 Commercial Bank "Bulgaria Invest" Company Ltd., Sofia
 Compagnie d'Assurance de Protection Juridique S.A., Zug
 Companhia de Seguros Allianz Portugal S.A., Lisbon
 Cornhill Insurance PLC, London
 Dresdner Asset Management Ltd., Singapore
 dresdnerbank asset management S. A., Luxemburg
 Dresdner Bank (Ireland) plc., Dublin
 Dresdner Bank Luxembourg S. A., Luxemburg
 Dresdner Bank (Schweiz) AG, Zurich
 Dresdner International Management Services Ltd., Dublin
 Dresdner Kleinwort Wasserstein (Japan) Ltd., Hongkong, Tokyo
 Dresdner Kleinwort Wasserstein Securities SIM p.A., Milan
 Dresdner Kleinwort Wasserstein (South East Asia) Ltd., Singapore
 Dresdner RCM Global Investors Holdings (UK) Ltd., London
 ELVIA Reiseversicherungs-Gesellschaft, Zurich
 Entenial, Guyancourt
 EULER, Paris
 Fireman's Fund Insurance Company, Novato
 France Life, Seocho-Ku, Seoul
 Groupe Mondial Assistance, Zurich
 International Reinsurance Company S.A., Luxemburg
 Jefferson Insurance Company of N.Y., New York
 Life USA Insurance Company, Minneapolis
 Lloyd 1885 S.p.A., Milan
 Lloyd Adriatico S.p.A., Trieste
 Malaysia British Assurance, Malaysia (now known as Allianz General Insurance Malaysia Berhad)
 Malaysia British Assurance Life, Kuala Lumpur (now known as Allianz Life Insurance Malaysia Berhad)
 Merchant Investors Assurance Co. Ltd., Bristol
 Nicholas Applegate, San Diego
 Oppenheimer Capital, Delaware
 Orbis Group Ltd., St. Peter Port/Guernsey
 Ost-West Allianz Insurance Company, Moscow
 Pacific Investment Management Company LLC, a DE LLC, Delaware
 Pet Plan Health Care Ltd., London

RELATED COMPANIES OF ALLIANZ GENERAL (CONT'D)**Name of operating subsidiary/location**

PIMCO Funds Distributors LLC, Delaware

Privatinvest Bank AG, Salzburg

P.T. Asuransi Allianz Life Indonesia, Jakarta

P.T. Asuransi Allianz Utama Indonesia, Jakarta

RB Vita S.p.A., Milan

Riunione Adriatica di Sicurtà S.p.A., Milan

T.U. Allianz Polska S.A., Warsaw

T.U. Allianz Polska Zycie S.A., Warsaw

Veer Palthe Voute N. V., Gouda

Wm. H McGee & Co. Inc., New York

ZA Leven, Nieuwegein

Zwolsche Algemeene Schadeverzekering N.V., Nieuwegein

Note:

* *Controlled by Allianz or deemed subsidiary by virtue of management control agreements.*

(Source: Consolidated Financial Statements 2001, Allianz)

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