

Company No.

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TOKIO MARINE INSURANS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

CONDENSED UNAUDITED FINANCIAL STATEMENTS FOR THE 6 MONTHS PERIOD
ENDED 30 JUNE 2017

Company No.

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TOKIO MARINE INSURANS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

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TOKIO MARINE INSURANS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

**CONDENSED UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT
30 JUNE 2017**

	Group		Company	
	30.06.2017	31.12.2016	30.06.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Property, plant and equipment	29,794	33,934	29,794	33,934
Intangible assets	179,943	179,943	179,943	179,943
Investments: Available-for-sale	1,591,794	1,425,355	1,618,782	1,475,227
Tax recoverable	10,493	7,320	10,493	7,320
Reinsurance assets	280,181	276,734	280,181	276,734
Insurance receivables	146,288	146,532	146,288	146,532
Loans and receivables (excluding insurance receivables)	344,436	481,005	317,135	430,860
Cash and bank balances	14,797	25,758	14,779	25,710
Total Assets	2,597,726	2,576,581	2,597,395	2,576,260
EQUITY, GENERAL FUNDS AND LIABILITIES				
Share capital	403,471	403,471	403,471	403,471
Retained earnings	637,566	671,955	617,979	653,761
Other reserves	(560)	(7,632)	19,027	10,561
	1,040,477	1,067,794	1,040,477	1,067,793
Non-controlling interests	-	-	-	-
Total Equity	1,040,477	1,067,794	1,040,477	1,067,793
Insurance contract liabilities	1,414,496	1,342,101	1,414,496	1,342,101
Deferred tax liabilities	6,553	3,853	6,553	3,853
Other financial liabilities	3,687	1,759	3,687	1,759
Insurance payables	88,513	83,872	88,513	83,872
Other payables	44,000	77,202	43,669	76,882
Total Liabilities	1,557,249	1,508,787	1,556,918	1,508,467
Total Equity and Liabilities	2,597,726	2,576,581	2,597,395	2,576,260

The accompanying notes are an integral part of these financial statements.

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TOKIO MARINE INSURANS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

**CONDENSED UNAUDITED INCOME STATEMENT
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2017**

	<u>Group</u>		<u>Company</u>	
	6 months period ended <u>30.6.2017</u> RM'000	6 months period ended <u>30.6.2016</u> RM'000	6 months period ended <u>30.6.2017</u> RM'000	6 months period ended <u>30.6.2016</u> RM'000
Gross earned premiums	553,034	544,453	553,034	544,453
Premiums ceded to reinsurers	(100,233)	(95,019)	(100,233)	(95,019)
NET EARNED PREMIUMS	<u>452,801</u>	<u>449,434</u>	<u>452,801</u>	<u>449,434</u>
Investment income	37,707	36,686	35,503	29,042
Realised gains and losses	758	(4,069)	(64)	(5,335)
Fee and commission income	18,653	19,425	18,653	19,425
OTHER REVENUE	<u>57,118</u>	<u>52,042</u>	<u>54,092</u>	<u>43,132</u>
TOTAL REVENUE	<u>509,919</u>	<u>501,476</u>	<u>506,893</u>	<u>492,566</u>
Gross claims paid	(325,622)	(401,108)	(325,622)	(401,108)
Claims ceded to reinsurers	43,081	111,151	43,081	111,151
Gross change to insurance contract liabilities	(45,380)	149,448	(45,380)	149,448
Change in insurance contract liabilities ceded to reinsurers	2,507	(145,802)	2,507	(145,802)
NET CLAIMS INCURRED	<u>(325,414)</u>	<u>(286,311)</u>	<u>(325,414)</u>	<u>(286,311)</u>
Other operating income	753	1,385	753	1,385
Fee and commission expense	(63,363)	(60,800)	(63,363)	(60,800)
Management expenses	(88,910)	(98,896)	(87,277)	(97,712)
OTHER EXPENSES	<u>(151,520)</u>	<u>(158,311)</u>	<u>(149,887)</u>	<u>(157,127)</u>
PROFIT BEFORE TAXATION	<u>32,985</u>	<u>56,854</u>	<u>31,592</u>	<u>49,128</u>
Taxation	(1,756)	(6,402)	(1,756)	(6,402)
PROFIT FOR THE PERIOD	<u>31,229</u>	<u>50,452</u>	<u>29,836</u>	<u>42,726</u>
Attributable to:				
- Owner of the Company	31,229	50,452	29,836	42,726
- Non-controlling interests	-	-	-	-
	<u>31,229</u>	<u>50,452</u>	<u>29,836</u>	<u>42,726</u>
BASIC EARNINGS PER SHARE (SEN)	<u>8</u>	<u>13</u>	<u>7</u>	<u>11</u>

The accompanying notes are an integral part of these financial statements.

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TOKIO MARINE INSURANS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

CONDENSED UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2017

	<u>Group</u>		<u>Company</u>	
	6 months period ended <u>30.6.2017</u> RM'000	6 months period ended <u>30.6.2016</u> RM'000	6 months period ended <u>30.6.2017</u> RM'000	6 months period ended <u>30.6.2016</u> RM'000
Profit for the period	31,229	50,452	29,836	42,726
Other comprehensive income:				
<u>Items that may be subsequently reclassified to the income statement</u>				
Available-for-sale reserves				
Net gain on fair value arising during the period	8,871	19,723	11,086	28,662
Net realised gain/(loss) transferred to income statement	<u>875</u>	<u>(4,074)</u>	<u>54</u>	<u>(5,340)</u>
	9,746	15,649	11,140	23,322
Tax effects thereon	<u>(2,674)</u>	<u>(5,597)</u>	<u>(2,674)</u>	<u>(5,597)</u>
	7,072	10,052	8,466	17,725
Total comprehensive income for the period	<u>38,301</u>	<u>60,504</u>	<u>38,302</u>	<u>60,451</u>
Total comprehensive income attributable:				
- Owner of the Company	38,301	60,504	38,302	60,451
- Non-controlling interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>38,301</u>	<u>60,504</u>	<u>38,302</u>	<u>60,451</u>

The accompanying notes are an integral part of these financial statements.

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TOKIO MARINE INSURANS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

**CONDENSED UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2017**

	Non-distributable			Distributable	Total equity attributable to owner of the parent RM'000	Non- controlling interest RM'000	Total RM'000
	Share capital RM'000	Revaluation reserves RM'000	Available- for-sale reserves RM'000	Retained earnings RM'000			
Group							
At 1 January 2016	403,471	4,916	(4,091)	631,500	1,035,796	33,749	1,069,545
Capital withdrawal by non-controlling interest	-	-	-	-	-	(33,749)	(33,749)
Profit for the period	-	-	-	50,452	50,452	-	50,452
Other comprehensive income for the period	-	-	10,052	-	10,052	-	10,052
Dividend paid during the period	-	-	-	(68,300)	(68,300)	-	(68,300)
At 30 June 2016	403,471	4,916	5,961	613,652	1,028,000	-	1,028,000
At 1 January 2017	403,471	4,916	(12,548)	671,955	1,067,794	-	1,067,794
Profit for the period	-	-	-	31,229	31,229	-	31,229
Other comprehensive income for the period	-	-	7,072	-	7,072	-	7,072
Dividend paid during the period	-	-	-	(65,618)	(65,618)	-	(65,618)
At 30 June 2017	403,471	4,916	(5,476)	637,566	1,040,477	-	1,040,477

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TOKIO MARINE INSURANS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

**CONDENSED UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2017 (CONTINUED)**

	Non-distributable			Distributable	
	Share capital	Revaluation reserves	Available- for-sale reserves	Retained earnings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Company					
At 1 January 2016	403,471	4,916	(859)	628,321	1,035,849
Profit for the period	-	-	-	42,726	42,726
Other comprehensive income for the period	-	-	17,725	-	17,725
Dividend paid during the period	-	-	-	(68,300)	(68,300)
At 30 June 2016	403,471	4,916	16,866	602,747	1,028,000
At 1 January 2017	403,471	4,916	5,645	653,761	1,067,793
Profit for the period	-	-	-	29,836	29,836
Other comprehensive income for the period	-	-	8,466	-	8,466
Dividend paid during the period	-	-	-	(65,618)	(65,618)
At 30 June 2017	403,471	4,916	14,111	617,979	1,040,477

The accompanying notes are an integral part of these financial statements.

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TOKIO MARINE INSURANS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

CONDENSED UNAUDITED STATEMENT OF CASH FLOW
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2017

	6 months period ended <u>30.06.2017</u> RM'000	Group 6 months period ended <u>30.06.2016</u> RM'000	6 months period ended <u>30.06.2017</u> RM'000	Company 6 months period ended <u>30.06.2016</u> RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the period	31,229	50,452	29,836	42,726
Adjustment of:				
Property, plant and equipment				
- depreciation	4,995	4,096	4,995	4,096
- loss/(gain) on disposal	117	(5)	117	(5)
- write off	1	25	1	25
(Gain)/loss on disposal of AFS financial assets	(875)	4,074	(53)	5,341
Investment income	(37,707)	(36,686)	(35,503)	(29,042)
(Write-back of)/allowance for impairment of insurance receivables	(3,019)	5,492	(3,019)	5,492
Bad debts written off	468	432	468	432
Tax expense	1,756	6,402	1,756	6,402
(Loss)/profit from operations before changes in operating assets and liabilities	(3,035)	34,282	(1,402)	35,467
Purchases of investments	(342,792)	(1,530,532)	(140,392)	(1,403,189)
Proceeds from disposal of financial investments	186,279	1,542,464	8,030	1,335,094
(Increase)/decrease in reinsurance assets	(2,634)	144,550	(2,634)	144,550
Decrease/(increase) in insurance receivables	1,982	(39,641)	1,982	(39,641)
Decrease in loans and receivables	137,254	134,861	114,421	189,704
Increase/(decrease) in insurance contract liabilities	72,395	(145,419)	72,395	(145,419)
Increase/(decrease) in other financial liabilities	1,928	(330)	1,928	(330)
Increase/(decrease) in insurance payables	4,641	(46,923)	4,641	(46,923)
Decrease in other payables	(33,202)	(17,798)	(33,213)	(15,622)
	<u>22,816</u>	<u>75,514</u>	<u>25,756</u>	<u>53,691</u>

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TOKIO MARINE INSURANS (MALAYSIA) BERHAD
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CONDENSED UNAUDITED STATEMENT OF CASH FLOW
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2017 (CONTINUED)

	<u>Group</u>		<u>Company</u>	
	6 months period ended	6 months period ended	6 months period ended	6 months period ended
	<u>30.06.2017</u>	<u>30.06.2016</u>	<u>30.06.2017</u>	<u>30.06.2016</u>
	RM'000	RM'000	RM'000	RM'000
Tax paid	(4,903)	(11,325)	(4,903)	(11,325)
Investment income received:				
- Interest	9,012	17,801	6,102	6,031
- Dividend	28,766	23,920	28,766	23,920
- Others	66	63	66	63
Net cash generated from operating activities	<u>55,757</u>	<u>105,973</u>	<u>55,787</u>	<u>72,380</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(1,369)	(9,396)	(1,369)	(9,396)
Proceeds from disposal of property, plant and equipment	269	7	269	7
Net cash used in investing activities	<u>(1,100)</u>	<u>(9,389)</u>	<u>(1,100)</u>	<u>(9,389)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	(65,618)	(68,300)	(65,618)	(68,300)
Capital withdrawal from non- controlling interests	-	(33,749)	-	-
Net cash used in financing activities	<u>(65,618)</u>	<u>(102,049)</u>	<u>(65,618)</u>	<u>(68,300)</u>
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	(10,961)	(5,465)	(10,931)	(5,309)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	<u>25,758</u>	<u>17,272</u>	<u>25,710</u>	<u>17,094</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE	<u>14,797</u>	<u>11,807</u>	<u>14,779</u>	<u>11,785</u>
Cash and bank balances	<u>14,797</u>	<u>11,807</u>	<u>14,779</u>	<u>11,785</u>

The accompanying notes are an integral part of these financial statements.

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TOKIO MARINE INSURANS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS
- 30 JUNE 2017

1 BASIS OF PREPARATION OF THE CONDENSED UNAUDITED FINANCIAL STATEMENTS

The condensed unaudited financial statements of the Group and the Company have been prepared in accordance to the Malaysian Financial Reporting Standards (“MFRS”) 134 Interim Financial Reporting which do not include all the information as required for a full annual financial statements and should, therefore, be read in conjunction with the audited financial statements of the Group and the Company for the year ended 31 December 2016.

The condensed unaudited financial statements of the Group and Company have been prepared on a historical cost basis, except for those financial instruments which have been measured at their fair values and insurance liabilities which have been measured in accordance with the valuation methods specified in the Risk-Based Capital Framework for Insurers issued by Bank Negara Malaysia.

The Group and Company have adopted the same accounting policies, methods of computations and presentation as adopted in its audited financial statements for the financial year ended 31 December 2016, save and except for the adoption of the following standards:

<u>MFRSs, Interpretations and Amendments</u>	<u>Effective Date</u>
Amendments to MFRS 107 “Statement of Cash Flows” – Disclosure Initiative	1 January 2017
Amendments to MFRS 112 “Income Taxes” – Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017

The adoption of the abovementioned MFRSs did not have any significant impact to the Group’s and the Company’s financial results and its existing accounting policies.

The preparation of the condensed unaudited financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires the Directors to exercise their judgements in the process of applying the Group’s and the Company’s accounting policies. Although these estimates are based on the Directors’ best knowledge of current events and actions, actual results may differ from those estimates.

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TOKIO MARINE INSURANS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS
- 30 JUNE 2017 (CONTINUED)

2 COMMENTS ON SEASONALITY OR CYCLICALITY

The Group and the Company are principally engaged in the underwriting of all classes of general insurance business. Its product and services are generally dependent on the performance of the Malaysian economy, customers demand and local market competition. Its business operations were not significantly affected by any seasonal or cyclical factors during the period under review.

3 EXCEPTIONAL ITEMS

There were no unusual items affecting the Group's and the Company's assets, liabilities, equity, net income or cash flows.

4 ACCOUNTING ESTIMATES

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current reporting period.

5 ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issuances, repurchases and repayment of debt or equity securities during the period under review.

6 DIVIDEND PAID

During the six months period ended 30 June 2017, the Company paid a first and final dividend amounting to RM65,618,191 in respect of the financial year ended 31 December 2016 on 30 June 2017 (2016: RM68,300,000).

7 EVENTS AFTER THE REPORTING PERIOD

There was no material event or transaction after the reporting period to the date of this announcement, which could affect substantially the results of the Group and the Company for the period ended 30 June 2017, in respect of which this announcement is made.

8 EFFECT OF CHANGES IN COMPOSITION

There were no changes to the composition of the Group and the Company during the period ended 30 June 2017.

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TOKIO MARINE INSURANS (MALAYSIA) BERHAD
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NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS
- 30 JUNE 2017 (CONTINUED)

9 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In August 2016, Malaysia Competition Commission (“MyCC”) had commenced investigation under Section 15(1) of the Competition Act 2010 (“the Act”) against the General Insurance Association of Malaysia (“PIAM”) and its 22 member companies with regards to an alleged infringement of Section 4(2)(a) of the Act in relation to an agreement to fix parts trade discount and labour rates for 6 vehicle makes. On 22 February 2017, MyCC issued a proposed decision to all 22 member companies, proposing to impose collective penalty of MYR213 million on the general insurance industry. The Company had until 5 April 2017 to submit written and/or oral representations to MyCC before any final decision is made and shall defend the allegation as an ‘industry collective action’.

The Company has submitted its written representation and is, as at the date of this report, waiting for the response from MyCC.

The Group and the Company did not have any contingent asset as at 30 June 2017 that may significantly render the financial results as reported misleading or inappropriate.

10 REINSURANCE ASSETS

	Group / Company	
	<u>30.06.2017</u>	<u>31.12.2016</u>
	RM'000	RM'000
Reinsurance of insurance contracts	283,514	280,880
Allowance for impairment	<u>(3,333)</u>	<u>(4,146)</u>
	<u>280,181</u>	<u>276,734</u>

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TOKIO MARINE INSURANS (MALAYSIA) BERHAD
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NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS - 30 JUNE 2017 (CONTINUED)

11 INSURANCE CONTRACT LIABILITIES

<u>Group / Company</u>	30.06.2017			31.12.2016		
	<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000	<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000
Provision for outstanding claims	633,409	(155,683)	477,726	600,299	(149,339)	450,960
Provision for incurred but not reported claims ("IBNR")	<u>271,477</u>	<u>(89,899)</u>	<u>181,578</u>	<u>259,207</u>	<u>(93,736)</u>	<u>165,471</u>
Claims liabilities (i)	904,886	(245,582)	659,304	859,506	(243,075)	616,431
Premium liabilities (ii)	<u>509,610</u>	<u>(37,932)</u>	<u>471,678</u>	<u>482,595</u>	<u>(37,805)</u>	<u>444,790</u>
	<u>1,414,496</u>	<u>(283,514)</u>	<u>1,130,982</u>	<u>1,342,101</u>	<u>(280,880)</u>	<u>1,061,221</u>
(i) Claims liabilities						
At 1 January	859,506	(243,075)	616,431	1,132,583	(483,384)	649,199
Claims incurred in the current accident period / year	314,604	(55,593)	259,011	575,976	(51,193)	524,783
Other movements in claims incurred in prior accident years	44,128	6,168	50,296	(39,385)	67,743	28,358
Movement of IBNR at 75% confidence level	12,270	3,837	16,107	(43,033)	28,784	(14,249)
Claims paid during the period / year	<u>(325,622)</u>	<u>43,081</u>	<u>(282,541)</u>	<u>(766,635)</u>	<u>194,975</u>	<u>(571,660)</u>
At 30 June / 31 December	<u>904,886</u>	<u>(245,582)</u>	<u>659,304</u>	<u>859,506</u>	<u>(243,075)</u>	<u>616,431</u>

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TOKIO MARINE INSURANS (MALAYSIA) BERHAD
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NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS - 30 JUNE 2017 (CONTINUED)

11 INSURANCE CONTRACT LIABILITIES (CONTINUED)

<u>Group / Company</u>	30.06.2017			31.12.2016		
	<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000	<u>Gross</u> RM'000	<u>Reinsurance</u> RM'000	<u>Net</u> RM'000
(ii) Premium liabilities						
At 1 January	482,595	(37,805)	444,790	465,027	(49,308)	415,719
Premiums written in the period / year	580,049	(100,360)	479,689	1,084,632	(176,691)	907,941
Premiums earned during the period / year	<u>(553,034)</u>	<u>100,233</u>	<u>(452,801)</u>	<u>(1,067,064)</u>	<u>188,194</u>	<u>(878,870)</u>
At 30 June / 31 December	<u>509,610</u>	<u>(37,932)</u>	<u>471,678</u>	<u>482,595</u>	<u>(37,805)</u>	<u>444,790</u>

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TOKIO MARINE INSURANS (MALAYSIA) BERHAD
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NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS
- 30 JUNE 2017 (CONTINUED)

12 REGULATORY CAPITAL REQUIREMENTS

Regulatory capital is the minimum amount of assets that must be held throughout the year to meet statutory solvency requirements governed under the Risk-based Capital Framework. As part of the statutory requirements, the Company is required to provide a capital position on a quarterly basis to Bank Negara Malaysia.

The capital structure of the Company as at 30 June 2017, as prescribed under the Framework, is provided below:

	Company	
	<u>30.06.2017</u>	<u>31.12.2016</u>
	RM'000	RM'000
<u>Eligible Tier 1 Capital</u>		
Share capital (paid-up)	403,471	403,471
Retained earnings	617,979	653,761
	<u>1,021,450</u>	<u>1,057,232</u>
<u>Tier 2 Capital</u>		
Available-for-sale reserves	14,111	5,645
Revaluation reserves	4,916	4,916
	<u>19,027</u>	<u>10,561</u>
Amounts deducted from Capital	(179,943)	(179,943)
Total Capital Available	<u>860,534</u>	<u>887,850</u>

The Company has met the minimum capital requirements specified in the framework for the period ended 30 June 2017 and financial year ended 2016.