

Company No.

457556	X
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TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.

(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016

Company No.

457556

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TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
(Incorporated in Malaysia)

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TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

	<u>Note</u>	<u>30.06.2016</u> RM'000	<u>31.12.2015</u> RM'000
ASSETS			
Property, plant and equipment		167,500	164,545
Investment properties	8	138,149	138,149
Intangible assets		100,564	108,932
Financial investments			
Available-for-sale financial assets	9a	4,848,182	4,705,320
Fair value through profit or loss financial assets	9b	504,776	543,507
Held-to-maturity financial assets	9c	967,565	967,525
Loans and receivables	9d	511,977	540,333
Insurance receivables		38,970	29,574
Financial receivables		6,581	9,934
Other assets		5,321	4,845
Cash and cash equivalents		352,692	310,981
TOTAL ASSETS		<u><u>7,642,277</u></u>	<u><u>7,523,645</u></u>
EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES			
Share capital		226,000	226,000
Retained earnings		421,552	417,989
Available-for-sale reserve		9,073	(4,434)
Asset revaluation reserve		2,799	2,799
TOTAL EQUITY		<u>659,424</u>	<u>642,354</u>
Insurance contract liabilities	10	6,317,331	6,239,097
Insurance payables		454,494	438,068
Other financial liabilities		3,326	3,831
Other payables		38,107	39,721
Provision for agency long association benefits		25,800	27,884
Current tax liabilities		5,055	3,530
Deferred tax liabilities		138,740	129,160
TOTAL POLICYHOLDERS' FUNDS AND LIABILITIES		<u>6,982,853</u>	<u>6,881,291</u>
TOTAL EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES		<u><u>7,642,277</u></u>	<u><u>7,523,645</u></u>

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

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TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
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**UNAUDITED CONDENSED STATEMENT OF INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016**

	6 months ended <u>30.06.2016</u> RM'000	6 months ended <u>30.06.2015</u> RM'000
Gross earned premium revenue	490,536	539,645
Premiums ceded to reinsurers	(36,933)	(32,994)
Net earned revenue	<u>453,603</u>	<u>506,651</u>
Investment income	151,189	143,271
Net realised gains	9,210	25,701
Net fair value gains	5,377	33,562
Fee and commission income	13	1,386
Other operating income – net	2,214	993
Other income	<u>168,003</u>	<u>204,913</u>
Gross benefits and claims paid	456,310	329,719
Claims ceded to reinsurers	(27,315)	(15,823)
Gross/net change to insurance contract liabilities	37,373	229,275
Net insurance benefits and claims	<u>466,368</u>	<u>543,171</u>
Commission and agency expenses	56,251	56,373
Management expenses	76,663	67,006
Other expenses	<u>132,914</u>	<u>123,379</u>
Profit before taxation	22,324	45,014
Taxation	(18,761)	(19,279)
Net profit for the financial period	<u>3,563</u>	<u>25,735</u>
Basic earnings per share (sen)	<u>1.58</u>	<u>15.43</u>

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

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TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
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UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016

	6 months ended <u>30.06.2016</u> RM'000	6 months ended <u>30.06.2015</u> RM'000
Net profit for the financial period	3,563	25,735
Other comprehensive income:		
Fair value change on available-for-sale financial assets:		
Net unrealised gains/(losses) arising during the financial period	66,980	(17,697)
Net realised gains transferred to statement of income	(9,210)	(10,451)
Tax effects thereon	(5,014)	2,029
Fair value gains/(losses), net of tax	52,756	(26,119)
Change in insurance contract liabilities arising from net fair value (losses)/gains	(39,249)	31,828
Net fair value change	13,507	5,709
Total other comprehensive income	13,507	5,709
Total comprehensive income for the financial period	17,070	31,444

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TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
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UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR SIX MONTHS PERIOD ENDED 30 JUNE 2016

	Issued and fully paid ordinary shares of RM1.00 each		Available- for-sale reserve	Asset revaluation reserve	Retained earnings*	Total
	Number of shares '000	Nominal value RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2015	100,000	100,000	(2,603)	1,794	325,334	424,525
Increase in share capital	126,000	126,000	-	-	-	126,000
Total comprehensive income for the financial period	-	-	5,709	-	25,735	31,444
At 30 June 2015	<u>226,000</u>	<u>226,000</u>	<u>3,106</u>	<u>1,794</u>	<u>351,069</u>	<u>581,969</u>
At 1 January 2016	226,000	226,000	(4,434)	2,799	417,989	642,354
Total comprehensive income for the financial period	-	-	13,507	-	3,563	17,070
At 30 June 2016	<u>226,000</u>	<u>226,000</u>	<u>9,073</u>	<u>2,799</u>	<u>421,552</u>	<u>659,424</u>

* Included in the retained earnings as at 30 June 2016 is unallocated surplus in the non-DPF fund (net of deferred tax) of RM 432,792,000 (30 June 2015: RM 337,900,000). These amounts are only distributable upon the actual recommended transfer from non-DPF to the Shareholders' Fund by the Appointed Actuary.

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TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
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**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016**

	6 months ended <u>30.06.2016</u> RM'000	6 months ended <u>30.06.2015</u> RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the financial period	3,563	25,735
Investment income	(151,189)	(143,270)
Realised gain of AFS financial assets	(9,210)	(25,701)
Fair value losses/(gains) of FVTPL financial assets	16,181	(33,562)
Depreciation of property, plant and equipment	2,330	2,303
Loss on disposal of property, plant and equipment	490	-
Amortisation of intangible assets	13,047	12,773
Write back of impairment of available-for sale financial assets	(21,558)	-
Write back of impairment loss of insurance receivables	(2,270)	-
Provision for agency long association benefits	961	307
Taxation	18,761	19,281
Changes in working capital:		
Purchase of financial assets	(598,877)	(1,069,105)
Proceeds from maturity or disposal of financial assets	570,609	743,966
Decrease/(increase) in fixed and call deposits	17,899	(6,299)
Decrease in loans	10,169	1,392
(Increase)/decrease in insurance receivables	(7,126)	2,189
Decrease in financial receivables	1,598	9,271
(Increase)/decrease in other assets	(476)	9,286
Increase in insurance contract liabilities	38,984	207,256
Decrease in other financial liabilities	(505)	(1,126)
Increase in insurance payables	16,425	18,907
Decrease in other payables	(1,614)	(19,440)
	<u>(81,808)</u>	<u>(245,837)</u>
Dividend income received	25,801	23,166
Interest income received	122,140	109,935
Rental income received	1,747	2,712
Agency long association benefits paid	(3,045)	(2,212)
Income tax paid	(12,671)	(11,312)
	<u>52,164</u>	<u>(123,548)</u>
Net cash inflows/(outflows) from operating activities	<u>52,164</u>	<u>(123,548)</u>

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UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR SIX MONTHS PERIOD ENDED 30 JUNE 2016 (CONTINUED)

	6 months ended 30.06.2016 RM'000	6 months ended 30.06.2015 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(5,774)	(690)
Purchase of intangible assets	(4,679)	(126,106)
Net cash outflows from investing activities	<u>(10,453)</u>	<u>(126,796)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	-	126,000
Net cash inflows from financing activities	<u>-</u>	<u>126,000</u>
Net increase/(decrease) in cash and cash equivalents	41,711	(124,344)
Cash and cash equivalents at 1 January	<u>310,981</u>	<u>520,341</u>
Cash and cash equivalents at 30 June	<u><u>352,692</u></u>	<u><u>395,997</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances	43,527	35,276
Fixed and call deposits with maturity of less than three months	<u>309,165</u>	<u>360,721</u>
	<u><u>352,692</u></u>	<u><u>395,997</u></u>

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

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TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS – 30 JUNE 2016

1 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and presentation adopted by the Company for the condensed interim financial statements are consistent with those adopted by the Company's audited financial statements for the financial year ended 31 December 2015.

1.1 Basis of Preparation

The condensed interim financial statements of the Company are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting, issued by the Malaysian Accounting Standards Board ("MASB").

The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2015.

1.2 Standards, amendments to published standards and interpretations to existing standards that are relevant to the Company but not yet effective and have not been early adopted

The Company will apply the new standards, amendments to published standards and interpretations in the following financial years:

Financial year beginning on/after 1 January 2018

- MFRS 9 'Financial Instruments' (effective from 1 January 2018) will replace MFRS 139 'Financial Instruments: Recognition and Measurement'.

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit and loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit and loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for the most financial liabilities, with bifurcation of embedded derivatives. The main change is that in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

There is now a new expected credit losses model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit losses model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

Other than MFRS 9, the above standards, amendments to published standards and interpretations to existing standards are not anticipated to have any significant impact on the financial statements of the Company in the year of initial application.

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TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL
STATEMENTS – 30 JUNE 2016 (CONTINUED)

2 SEASONAL OR CYVLICAL FACTORS

There were no significant seasonal or cyclical factors that affect the business of the Company for the six months period under review.

3 UNUSUAL ITEMS

There are no unusual items affecting assets, liabilities, equity, net income and cash flows for the six months period under review.

4 CHANGE IN ESTIMATES

There were no material changes in the basis used for accounting estimates for the financial period ended 30 June 2016.

5 DEBT AND EQUITY SECURITIES

There were no issuances, cancellation, repurchases, resale and repayment of debt and equity securities during the current financial period.

6 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE PERIOD

There is no material event subsequent to the end of the period under review that has not been reflected in the interim financial statements.

7 DIVIDENDS

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2016.

8 INVESTMENT PROPERTIES

At 30 June 2016 / 31 December 2015

Market
value
RM'000

138,149

The investment properties of the Company were valued in 2015 by an independent professional valuer on the properties' highest-and-best use using sales comparison approach at the date. These registered as level 3 of the fair value measurement hierarchy. Under the sale comparison approach, the recent sales prices of properties in close proximity are adjusted for differences in key attributes such as tenure, location and condition of the properties. The most significant input into this valuation approach is selling price per square foot.

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9 FINANCIAL INVESTMENTS

	As at 30.06.2016 RM'000	As at 31.12.2015 RM'000
Malaysian Government securities	460,418	437,891
Malaysian Government guaranteed bonds	1,120,697	1,013,741
Government Investment Issues	158,833	156,710
Corporate debt securities	2,784,530	2,722,157
Equity securities	1,395,545	1,478,722
Collective investment schemes	397,762	401,782
Investment-linked funds	2,738	5,349
Loans	511,977	522,434
Fixed and call deposits	-	17,899
	<u>6,832,500</u>	<u>6,756,685</u>

The Company's financial investments are summarised by the following categories:

Available-for-sale financial assets ("AFS")	4,848,182	4,705,320
Fair-value-through-profit-and-loss financial assets ("FVTPL")	504,776	543,507
Held-to-maturity financial assets ("HTM")	967,565	967,525
Loans and receivables ("LAR")	511,977	540,333
	<u>6,832,500</u>	<u>6,756,685</u>

9a AFS FINANCIAL ASSETS

At fair value:

Malaysian Government securities	183,092	181,167
Malaysian Government guaranteed bonds	735,267	643,423
Government Investment Issues	81,694	79,522
Corporate debt securities	2,449,377	2,357,234
Equity securities	1,277,951	1,328,434
Collective investment schemes	118,063	110,191
Investment-linked funds	2,738	5,349
	<u>4,848,182</u>	<u>4,705,320</u>
Current	138,127	104,118
Non-current	4,710,055	4,601,202
	<u>4,848,182</u>	<u>4,705,320</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS – 30 JUNE 2016 (CONTINUED)

9 FINANCIAL INVESTMENTS (CONTINUED)

9b FVTPL FINANCIAL ASSETS

	As at 30.06.2016 RM'000	As at 31.12.2015 RM'000
At fair value:		
Government government securities	20,512	-
Corporate debt securities	86,971	101,628
Equity securities	117,594	150,288
Collective investment schemes	279,699	291,591
	<u>504,776</u>	<u>543,507</u>
Current	986	10,138
Non-current	503,790	533,369
	<u>504,776</u>	<u>543,507</u>

9c HTM FINANCIAL ASSETS

At amortised cost:

Malaysian Government securities	256,814	256,724
Malaysian Government guaranteed bonds	385,430	370,318
Government Investment Issues	77,139	77,188
Corporate debt securities	248,182	263,295
	<u>967,565</u>	<u>967,525</u>
Current	65,882	55,616
Non-current	901,683	911,909
	<u>967,565</u>	<u>967,525</u>

At fair value:

Malaysian Government securities	267,151	256,485
Malaysian Government guaranteed bonds	392,077	364,775
Government Investment Issues	78,595	75,674
Corporate debt securities	256,298	268,389
	<u>994,121</u>	<u>965,323</u>

The fair values of HTM financial assets are their quoted prices on the stock exchanges or broker/dealer price quotations. Where this information is not available, fair value has been estimated using quoted market prices for securities with similar credit, maturity and yield characteristic.

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9 FINANCIAL INVESTMENTS (CONTINUED)

9d LOANS AND RECEIVABLES

	As at 30.06.2016 RM'000	As at 31.12.2015 RM'000
At amortised cost:		
Secured:		
Policy loans	496,184	506,131
Mortgage loans	1,159	1,245
Other loans	507	643
Accrued interest income	14,127	14,415
Fixed and call deposits	-	17,899
	<u>511,977</u>	<u>540,333</u>

The carrying values of loans and receivables approximate the fair values at the date of the statement of financial position.

Current	-	17,899
Non-current	511,977	522,434
	<u>511,977</u>	<u>540,333</u>

9e CARRYING VALUES OF FINANCIAL INSTRUMENTS

	AFS RM'000	FVTPL RM'000	HTM RM'000	LAR RM'000	Total RM'000
At 1 January 2015	4,332,857	480,329	796,390	579,054	6,188,630
Purchases	1,629,189	146,294	195,968	-	1,971,451
Maturities	(735,816)	-	(27,000)	-	(762,816)
Disposals	(452,658)	(109,386)	-	-	(562,044)
Decrease in loans	-	-	-	(11,950)	(11,950)
Decrease in fixed and call deposits	-	-	-	(26,101)	(26,101)
Movement of investment income accrued	3,516	187	1,898	(670)	4,931
Fair value (losses)/gains recorded in:					
Statement of income	-	26,083	-	-	26,083
Other comprehensive income	(73,205)	-	-	-	(73,205)
Movement in impairment allowance	(3,949)	-	-	-	(3,949)
Amortisation adjustment	5,386	-	269	-	5,655
At 31 December 2015	<u>4,705,320</u>	<u>543,507</u>	<u>967,525</u>	<u>540,333</u>	<u>6,756,685</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS – 30 JUNE 2016 (CONTINUED)

9 FINANCIAL INVESTMENTS (CONTINUED)

9e CARRYING VALUES OF FINANCIAL INSTRUMENTS (continued)

	<u>AFS</u> RM'000	<u>FVTPL</u> RM'000	<u>HTM</u> RM'000	<u>LAR</u> RM'000	<u>Total</u> RM'000
At 1 January 2016	4,705,320	543,507	967,525	540,333	6,756,685
Purchases	487,551	91,325	20,000	-	598,876
Maturities	(184,214)	(5,000)	(20,000)	-	(209,214)
Disposals	(252,425)	(108,970)	-	-	(361,395)
Decrease in loans	-	-	-	(10,169)	(10,169)
Decrease in fixed and call deposits	-	-	-	(17,899)	(17,899)
Movement of investment income accrued	502	76	(164)	(288)	126
Fair value gains/(losses) recorded in:					
Statement of income	-	(16,162)	-	-	(16,162)
Other comprehensive income	66,980	-	-	-	66,980
Movement in impairment allowance	21,558	-	-	-	21,558
Amortisation adjustment	2,910	-	204	-	3,114
At 30 June 2016	<u>4,848,182</u>	<u>504,776</u>	<u>967,565</u>	<u>511,977</u>	<u>6,832,500</u>

9f FAIR VALUES OF FINANCIAL INSTRUMENTS

The following tables show financial investments recorded at fair value analysed by the different basis of fair values as follows:

	<u>AFS</u> RM'000	<u>FVTPL</u> RM'000	<u>HTM</u> RM'000	<u>Total</u> RM'000
<u>30 June 2016</u>				
Level 1	1,317,432	117,594	-	1,435,026
Level 2	3,522,491	387,182	994,121	4,903,794
Level 3	8,259	-	-	8,259
	<u>4,848,182</u>	<u>504,776</u>	<u>994,121</u>	<u>6,347,079</u>
<u>31 December 2015</u>				
Level 1	1,364,849	150,288	-	1,515,137
Level 2	3,332,212	393,219	965,323	4,690,754
Level 3	8,259	-	-	8,259
	<u>4,705,320</u>	<u>543,507</u>	<u>965,323</u>	<u>6,214,150</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL
STATEMENTS – 30 JUNE 2016 (CONTINUED)

9f FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Level 1 financial instruments are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, secondary market via dealer and broker, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 financial instruments are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are instruments for which pricing is obtained via pricing services but where prices have not been determined in an active market, instruments with fair values based on broker quotes, investment in unit and property trusts with fair values obtained via fund managers and instruments that are valued using the Company's own models whereby the majority of assumptions are market observable.

Level 3 financial instruments are determined in whole or in part using a valuation technique based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. The main asset class in this category are unquoted equity securities. Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the instrument at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the Company. Therefore, unobservable inputs reflect the Company's own assumptions about the assumptions that market participants would use in pricing the instrument (including assumptions about risk). These inputs are developed based on the best information available, which might include the Company's own data.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL
STATEMENTS – 30 JUNE 2016 (CONTINUED)

10 INSURANCE CONTRACT LIABILITIES

	<u>Gross/net</u>	
	As at <u>30.06.2016</u> RM'000	As at <u>31.12.2015</u> RM'000
Life insurance contract liabilities	6,317,331	6,239,097

The life insurance contract liabilities and the movements are further analysed as follows:

	<u>Gross/net</u>	
	As at <u>30.06.2016</u> RM'000	As at <u>31.12.2015</u> RM'000
Actuarial liabilities	5,108,598	5,069,132
Unallocated surplus	544,884	555,475
Provision for outstanding claims	62,934	61,322
Available-for-sale fair value adjustment	425,524	386,275
Asset revaluation surplus adjustment	29,771	29,771
Net asset value attributable to unitholders	145,620	137,122
	<u>6,317,331</u>	<u>6,239,097</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL
STATEMENTS – 30 JUNE 2016 (CONTINUED)

10 INSURANCE CONTRACT LIABILITIES (CONTINUED)

	<u>Gross/net</u>		
	With <u>DPE</u> RM'000	Without <u>DPE</u> RM'000	<u>Total</u> RM'000
At 1 January 2016	5,488,799	750,298	6,239,097
Premiums received	245,555	244,981	490,536
Liabilities paid for death, maturities, surrenders, benefits and claims	(337,500)	(118,810)	(456,310)
Net investment income	128,641	19,872	148,513
Benefits and claims experience variation	10,632	(40,940)	(30,308)
Fees deducted	(50,811)	(82,581)	(133,392)
Net other income	(3,579)	329	(3,250)
Adjustments due to changes in assumptions:			
Discount rate	-	30,511	30,511
Others	(14)	16	2
Movement in unallocated surplus	(10,591)	-	(10,591)
Net asset value attributable to unitholders	-	1,662	1,662
Movement in provision for outstanding claims	(3,499)	5,111	1,612
Available-for-sale fair value adjustment	39,249	-	39,249
At 30 June 2016	<u>5,506,882</u>	<u>810,449</u>	<u>6,317,331</u>
At 1 January 2015	5,280,214	704,771	5,984,985
Premiums received	601,743	463,836	1,065,579
Liabilities paid for death, maturities, surrenders, benefits and claims	(479,034)	(221,294)	(700,328)
Net investment income	253,522	37,764	291,286
Benefits and claims experience variation	(24,819)	(90,269)	(115,088)
Fees deducted	(99,513)	(155,117)	(254,630)
Net other income	1,704	817	2,521
Adjustments due to changes in assumptions:			
Mortality/morbidity	-	5	5
Lapse and surrender rates	46,612	6,603	53,215
Expenses	3,931	77	4,008
Discount rate	-	(1,071)	(1,071)
Unit fund growth rate	-	2	2
Others	(1,441)	(550)	(1,991)
Movement in unallocated surplus	(42,895)	-	(42,895)
Available-for-sale fair value adjustment	(76,287)	-	(76,287)
Net asset value attributable to unitholders	-	9,914	9,914
Movement in provision for outstanding claims	12,701	(5,190)	7,511
Asset revaluation surplus adjustment	12,361	-	12,361
At 31 December 2015	<u>5,488,799</u>	<u>750,298</u>	<u>6,239,097</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS – 30 JUNE 2016 (CONTINUED)

11 CAPITAL COMMITMENTS

Capital expenditure not provided for in the financial statements are as follows:

	As at <u>30.06.2016</u> RM'000	As at <u>31.12.2015</u> RM'000
<u>Authorised and contracted for:</u>		
Plant and equipment	601	8,664
Software / intangible assets	84,256	84,000
	<u>84,857</u>	<u>92,664</u>

12 OPERATING LEASE COMMITMENTS

	As at <u>30.06.2016</u> RM'000	As at <u>31.12.2015</u> RM'000
Commitments under non-cancellable operating leases where the Company is a lessee:		
Payable within one year	158	317
Payable after one year	633	579
	<u>791</u>	<u>896</u>

Commitments under non-cancellable operating leases where the Company is a lessor:

Receivable within one year	9,254	8,672
Receivables after one year	5,605	4,851
	<u>14,859</u>	<u>13,523</u>

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13 REGULATORY CAPITAL FRAMEWORK

Regulatory capital is the minimum amount of assets that must be held throughout the financial year to meet statutory solvency requirements governed under the RBC Framework. As part of the statutory requirements, the Company is required to provide its capital position on a quarterly basis to BNM.

The capital structure of the Company, consisting of all funds, as at 30 June 2016, as prescribed under the RBC Framework is provided below:

	<u>30.06.2016</u> RM'000	<u>31.12.2015</u> RM'000
Eligible Tier 1 Capital		
Share capital (paid-up)	226,000	226,000
Reserves, including retained earnings	1,839,920	1,887,272
Tier 2 Capital	465,451	414,412
Amount deducted from capital	(90,574)	(100,997)
Total capital available	<u>2,440,797</u>	<u>2,426,687</u>

The Company has met both the minimum and internal capital requirements specified in the RBC Framework for the six months period ended 30 June 2016 and for the financial year ended 31 December 2015.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

14 INSURANCE FUNDS

The Company's activities are organised by funds and segregated into the Life Fund and Shareholders' Fund ("SHF") in accordance with the Financial Services Act, 2013 and Insurance Regulations, 1996. The Company's statement of financial position and statement of income have been further analysed by funds which includes Life Fund and the SHF. The Life insurance business offers a wide range of participating and non-participating Whole Life, Term Assurance, Endowment and Unit-linked products.

Unaudited Condensed Statement of Financial Position by Funds as at 30 June 2016

	Shareholders' Fund		Life Fund		Inter-fund elimination		Total	
	<u>30.06.2016</u>	<u>31.12.2015</u>	<u>30.06.2016</u>	<u>31.12.2015</u>	<u>30.06.2016</u>	<u>31.12.2015</u>	<u>30.06.2016</u>	<u>31.12.2015</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS								
Property, plant and equipment	-	-	167,500	164,545	-	-	167,500	164,545
Investment properties	-	-	138,149	138,149	-	-	138,149	138,149
Intangible assets	-	-	100,564	108,932	-	-	100,564	108,932
Financial investments								
AFS financial assets	199,429	180,908	4,648,753	4,524,412	-	-	4,848,182	4,705,320
FVTPL financial assets	4,572	4,546	500,204	538,961	-	-	504,776	543,507
HTM financial assets	-	-	967,565	967,525	-	-	967,565	967,525
Loans and receivables	-	-	511,977	540,333	-	-	511,977	540,333
Tax recoverable	5,093	6,303	-	-	(5,093)	(6,303)	-	-
Insurance receivables	-	-	38,970	29,574	-	-	38,970	29,574
Financial receivables	-	18,588	6,581	7,421	-	(16,075)	6,581	9,934
Other assets	-	-	5,321	4,845	-	-	5,321	4,845
Cash and cash equivalents	9,655	7,392	343,037	303,589	-	-	352,692	310,981
TOTAL ASSETS	<u>218,749</u>	<u>217,737</u>	<u>7,428,621</u>	<u>7,328,286</u>	<u>(5,093)</u>	<u>(22,378)</u>	<u>7,642,277</u>	<u>7,523,645</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

14 INSURANCE FUNDS (CONTINUED)

Unaudited Condensed Statement of Financial Position by Funds as at 30 June 2016 (continued)

	Shareholders' Fund		Life Fund		Inter-fund elimination		Total	
	30.06.2016	31.12.2015	30.06.2016	31.12.2015	30.06.2016	31.12.2015	30.06.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES								
Share capital	226,000	226,000	-	-	-	-	226,000	226,000
Retained earnings	(11,240)	(11,778)	432,792	429,767	-	-	421,552	417,989
Available-for-sale reserve	2,491	738	6,582	(5,172)	-	-	9,073	(4,434)
Asset revaluation reserve	-	-	2,799	2,799	-	-	2,799	2,799
TOTAL EQUITY	217,251	214,960	442,173	427,394	-	-	659,424	642,354
Insurance contract liabilities	-	-	6,317,331	6,239,097	-	-	6,317,331	6,239,097
Insurance payables	-	-	454,494	438,068	-	-	454,494	438,068
Other financial liabilities	-	-	3,326	19,906	-	(16,075)	3,326	3,831
Other payables	757	136	37,350	39,585	-	-	38,107	39,721
Provision for agency long association benefit	-	-	25,800	27,884	-	-	25,800	27,884
Current tax liabilities	-	2,446	10,148	7,387	(5,093)	(6,303)	5,055	3,530
Deferred tax liabilities	741	195	137,999	128,965	-	-	138,740	129,160
TOTAL POLICYHOLDERS' FUNDS AND LIABILITIES	1,498	2,777	6,986,448	6,900,892	(5,093)	(22,378)	6,982,853	6,881,291
TOTAL EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES	218,749	217,737	7,428,621	7,328,286	(5,093)	(22,378)	7,642,277	7,523,645

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

14 INSURANCE FUNDS (CONTINUED)

Unaudited Condensed Statement of Income by Funds for the six months period ended 30 June 2016

	<u>Shareholders' Fund</u>		<u>Life Fund</u>		<u>Inter-fund elimination</u>		<u>Total</u>	
	6 months ended <u>30.06.2016</u> RM'000	6 months ended <u>30.06.2015</u> RM'000	6 months ended <u>30.06.2016</u> RM'000	6 months ended <u>30.06.2015</u> RM'000	6 months ended <u>30.06.2016</u> RM'000	6 months ended <u>30.06.2015</u> RM'000	6 months ended <u>30.06.2016</u> RM'000	6 months ended <u>30.06.2015</u> RM'000
Gross earned premium revenue	-	-	490,536	539,645	-	-	490,536	539,645
Premiums ceded to reinsurers	-	-	(36,933)	(32,994)	-	-	(36,933)	(32,994)
Net earned revenue	-	-	453,603	506,651	-	-	453,603	506,651
Investment income	3,267	1,817	147,922	141,454	-	-	151,189	143,271
Net realised gains	815	67	8,395	25,634	-	-	9,210	25,701
Net fair value gains	18	108	5,359	33,454	-	-	5,377	33,562
Fee and commission income	-	-	13	1,386	-	-	13	1,386
Other operating income – net	-	-	2,214	993	-	-	2,214	993
Other income	4,100	1,992	163,903	202,921	-	-	168,003	204,913

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2016 (CONTINUED)

14 INSURANCE FUNDS (CONTINUED)

Unaudited Condensed Statement of Income by Funds for the six months period ended 30 June 2016 (continued)

	Shareholders' Fund		Life Fund		Inter-fund elimination		Total	
	6 months ended 30.06.2016 RM'000	6 months ended 30.06.2015 RM'000	6 months ended 30.06.2016 RM'000	6 months ended 30.06.2015 RM'000	6 months ended 30.06.2016 RM'000	6 months ended 30.06.2015 RM'000	6 months ended 30.06.2016 RM'000	6 months ended 30.06.2015 RM'000
Gross benefits and claims paid	-	-	456,310	329,719	-	-	456,310	329,719
Claims ceded to reinsurers	-	-	(27,315)	(15,823)	-	-	(27,315)	(15,823)
Gross/net change to insurance contract liabilities	-	-	37,373	229,275	-	-	37,373	229,275
Net insurance benefits and claims	-	-	466,368	543,171	-	-	466,368	543,171
Commission and agency expenses	-	-	56,251	56,373	-	-	56,251	56,373
Management expenses	2,535	-	74,128	67,006	-	-	76,663	67,006
Other expenses	2,535	-	130,379	123,379	-	-	132,914	123,379
Profit before taxation	1,565	1,992	20,759	43,022	-	-	22,324	45,014
Taxation	(1,028)	(597)	(17,733)	(18,682)	-	-	(18,761)	(19,279)
Net profit for the financial period	537	1,395	3,026	24,340	-	-	3,563	25,735

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15 INVESTMENT-LINKED FUND

The statement of financial position and statement of income of investment-linked fund represent the assets, liabilities and net asset values of TokioMarine Orient Fund ("TMOF"), TokioMarine Enterprise Fund ("TMEF"), TokioMarine Bond Fund ("TMBF"), TokioMarine Dana Ikhtiar ("TMDI") and TokioMarine Luxury Fund ("TMLX"). The statement of financial position of the investment-linked fund is represented by:

	As at <u>30.06.2016</u> RM'000	As at <u>31.12.2015</u> RM'000
UNITHOLDERS' LIABILITIES		
At the beginning of the financial period	137,122	111,049
Net creation of units	40,397	71,681
Net cancellation of units	(33,561)	(55,522)
Net surplus for the financial period after taxation	1,662	9,914
	<u>145,620</u>	<u>137,122</u>
At the end of the financial period (Note 10)	<u>145,620</u>	<u>137,122</u>

The statement of financial position has been adjusted for the following assets, liabilities and net asset value of TokioMarine Managed Fund ("TMMF") which have been eliminated as TMMF invested mainly in TMEF and TMBF during the financial period:

	As at <u>30.06.2016</u> RM'000	As at <u>31.12.2015</u> RM'000
ASSETS		
Investments in other linked funds of insurer	26,970	23,341
Cash and cash equivalents	1	-
	<u>26,971</u>	<u>23,341</u>
Net asset value of TMMF	<u>26,971</u>	<u>23,341</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL
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15 INVESTMENT-LINKED FUND (CONTINUED)

The statement of income of Life Fund in Note 14 to the interim financial statements has been adjusted for the following income and expenditure of TMMF which have been eliminated as TMMF invested mainly in TMEF and TMBF during the financial period:

	As at <u>30.06.2016</u> RM'000	As at <u>31.12.2015</u> RM'000
Net asset value of TMMF at the beginning of the financial period	23,341	19,669
Net creation of units – included in gross earned premiums	8,630	12,443
Net cancellation of units – included in gross benefits paid	(6,036)	(10,402)
	<u>25,935</u>	<u>21,710</u>
Realised gains on investments	354	864
Fair value gain on investments	684	770
Management expenses:		
Auditors' remuneration	(2)	(3)
Net profit for the financial year	<u>1,036</u>	<u>1,631</u>
Net asset value of TMMF at the end of the financial period	<u><u>26,971</u></u>	<u><u>23,341</u></u>