

Company No.

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

UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED

30 JUNE 2011

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)

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	<u>Note</u>	<u>30.06.2011</u> RM'000	<u>31.12.2010</u> RM'000
ASSETS			
Property, plant and equipment		15,494	16,874
Intangible assets		26,930	26,930
Investments	10	677,298	688,374
Held-to-maturity		71,090	80,964
Available-for-sale		526,402	524,516
Fair value through profit and loss		79,806	82,894
Reinsurance assets	11	175,080	159,512
Insurance receivables		130,837	86,466
Loans and receivables (excluding insurance receivables)		561,721	485,370
Cash and bank balances		6,446	31,015
Total Assets		1,593,806	1,494,541
EQUITY, GENERAL FUNDS AND LIABILITIES			
Share capital		278,000	278,000
Retained earnings		276,601	230,654
Other reserves		9,316	8,082
Total Equity		563,917	516,736
Insurance contract liabilities	12	889,021	845,561
Deferred tax liabilities		7,020	5,850
Other financial liabilities		10,887	1,393
Insurance payables		80,933	77,830
Tax payable		13,084	7,219
Other payables		28,944	39,952
Total Liabilities		1,029,889	977,805
Total Equity and Liabilities		1,593,806	1,494,541

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

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

UNAUDITED INCOME STATEMENT
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2011

	6 months period ended <u>30.06.2011</u> RM'000	6 months period ended <u>30.06.2010</u> RM'000
OPERATING REVENUE	<u>397,068</u>	<u>379,771</u>
Gross earned premiums	378,087	362,261
Premiums ceded to reinsurers	<u>(87,631)</u>	<u>(76,543)</u>
NET EARNED PREMIUMS	<u>290,456</u>	<u>285,718</u>
Investment income	18,981	17,510
Realised gains and losses	183	194
Fair value gains and losses	4,646	2,930
Fee and commission income	<u>18,780</u>	<u>15,746</u>
OTHER REVENUE	<u>42,590</u>	<u>36,380</u>
Gross claims paid	(203,580)	(214,393)
Claims ceded to reinsurers	26,843	26,386
Gross change to insurance contract liabilities	(5,163)	(20,222)
Change in insurance contract liabilities ceded to reinsurers	<u>5,364</u>	<u>12,843</u>
NET CLAIMS INCURRED	<u>(176,536)</u>	<u>(195,386)</u>
Other operating expenses	424	522
Fee and commission expense	(43,607)	(38,525)
Management expenses	<u>(52,926)</u>	<u>(48,399)</u>
OTHER EXPENSES	<u>(96,109)</u>	<u>(86,402)</u>
PROFIT BEFORE TAXATION	60,401	40,310
Taxation	<u>(14,454)</u>	<u>(8,900)</u>
NET PROFIT FOR THE YEAR	<u>45,947</u>	<u>31,410</u>
BASIC EARNINGS PER SHARE (SEN)	<u>17</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)

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2011

	6 months period ended <u>30.06.2011</u> RM'000	6 months period ended <u>30.06.2010</u> RM'000
Net profit for the year	45,947	31,410
Other comprehensive income:		
Revaluation deficit arising during the year	(280)	-
Available-for-sale reserves		
Net gain/(loss) arising during the year	1,471	1,356
Net realised gain transferred to Income Statement	60	152
	<hr/>	<hr/>
	1,531	1,508
Tax effects thereon	(17)	334
	<hr/>	<hr/>
	1,514	1,842
	<hr/>	<hr/>
Total comprehensive income for the year	47,181	33,252
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The accompanying notes are an integral part of these financial statements.

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TOKIO MARINE INSURANS (MALAYSIA) BERHAD
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**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2011**

	Share capital RM'000	Revaluation reserves RM'000	Non-distributable Available- for-sale reserves RM'000	Distributable Retained earnings RM'000	Total RM'000
At 1 January 2010	278,000	717	2,666	161,987	443,370
Adjustment arising from changes in accounting policies	-	-	-	(422)	(422)
Restated at 1 January 2010	278,000	717	2,666	161,565	442,948
Total comprehensive income for the period	-	-	1,842	31,410	33,252
At 30 June 2010	<u>278,000</u>	<u>717</u>	<u>4,508</u>	<u>192,975</u>	<u>476,200</u>
At 1 January 2011	278,000	1,837	6,245	230,654	516,736
Total comprehensive income for the period	-	(280)	1,514	45,947	47,181
At 30 June 2011	<u>278,000</u>	<u>1,557</u>	<u>7,759</u>	<u>276,601</u>	<u>563,917</u>

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

UNAUDITED CASH FLOW STATEMENT
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2011

	<u>30.06.2011</u>	<u>30.06.2010</u>
	RM'000	RM'000
Net profit for the period	45,947	31,410
Adjustment of:		
Property, plant and equipment		
- depreciation	2,405	2,640
- loss on disposal	-	(662)
- write off	-	2
Fair value gain on securities held-for-trading	(4,647)	(2,930)
(Accretion of discount)/amortisation of premiums - net	(44)	(108)
Gain on disposal of securities held-for-trading	(122)	619
Gain on disposal of securities available-for-sale	(60)	(153)
Investment income	(18,937)	(17,402)
Allowance/Write-back of doubtful debts	(57)	(1,339)
Bad debts written off	87	3
Tax expense	14,454	8,900
	<hr/>	<hr/>
Profit from operations before changes in operating assets and liabilities	39,026	20,980
Purchase of investments	(17,932)	(29,013)
Proceeds from disposal of investments	15,789	24,118
Proceeds from maturity of investments	19,750	8,000
Increase in fixed and call deposits	(75,361)	(44,908)
Increase in insurance receivables	(47,018)	(5,849)
Increase in insurance contract liabilities	27,711	5,941
Increase/(decrease) in insurance payables	1,588	(13,349)
Decrease in staff loans	468	73
	<hr/>	<hr/>
Tax paid	(35,979)	(34,007)
Investment income received:	(7,717)	(5,050)
- Interest	12,872	8,416
- Dividend	7,211	9,030
- Others	63	60
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	(23,550)	(21,551)
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The accompanying notes are an integral part of these financial statements.

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

UNAUDITED CASH FLOW STATEMENT
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2011 (CONTINUED)

	<u>30.06.2011</u> RM'000	<u>30.06.2010</u> RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,020)	(2,731)
Proceeds from disposal of property, plant and equipment	1	706
Net cash (outflow)/inflow from investing activities	<u>(1,019)</u>	<u>(2,025)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(24,569)	(23,576)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	<u>31,015</u>	<u>29,151</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE	<u>6,446</u>	<u>5,575</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	<u>6,446</u>	<u>5,575</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 UNAUDITED FINANCIAL STATEMENTS - 30 JUNE 2011

1 BASIS OF PREPARATION OF THE UNAUDITED FINANCIAL STATEMENTS

The Company's unaudited financial statements comply with Financial Reporting Standards ("FRS"), being the MASB Approved Accounting Standards in Malaysia for Entities other than Private Entities, and comply with the provisions of the Companies Act, 1965 and Insurance Act, 1996 in all material aspects.

The unaudited financial statements of the Company have also been prepared on a historical cost basis, except for financial instruments that have been measured at their fair values and the estimation of insurance liabilities in accordance with the valuation methods specified in Part D of the RBC Framework for Insurers issued by Bank Negara Malaysia ("BNM").

The Company has applied the same accounting policies, methods of computations and presentation as adopted in its audited financial statements for the financial year ended 31 December 2010, save and except for the adoption of the following new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2011 as described below:-

- 1) Amendments to FRS 132 Financial Instruments : Presentation – Classification of Right Issues
- 2) Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
- 3) Amendments to FRS 138: Intangible Assets
- 4) Amendments to FRS 1: First Time Adoption of Financial Statements
- 5) FRS 3: Business Combinations (Revised)
- 6) IC Interpretation 16, FRS 2 – Hedges of a Net Investment in a Foreign Operation
- 7) IC Interpretation 17, Distribution of Non-cash Assets to Owners
- 8) Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives
- 9) Amendments to FRS 7, Financial Instruments: Disclosure – Improving Disclosures about Financial Instruments
- 10) IC Interpretation 4, Determining whether an Arrangement contains a Lease
- 11) Improvements to FRSs (2010)

The adoption of the above applicable standards, amendments or interpretations is not expected to have any significant impact to the Company's financial results and existing accounting policies.

The preparation of financial statements in conformity with FRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial position, and the reported amounts of revenues and expenses during the reported period. It also requires directors to exercise their judgement in the process of applying the Company's accounting policies. Although these estimates and judgement 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
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NOTES TO THE UNAUDITED FINANCIAL STATEMENTS - 30 JUNE 2011

2 COMMENT ON SEASONALITY OR CYCLICALITY

The Company is principally engaged in the underwriting of all classes of general insurance business. Its product and services are generally dependent on the Malaysian economy, customer 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 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 interim 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

The Company did not pay any dividend during the period under review.

7 EVENTS AFTER THE INTERIM PERIOD

There was no material event or transaction after the interim period to the date of this announcement, which affects substantially the results of the Company for the period ended 30 June 2011, in respect of which this announcement is made.

8 EFFECT OF CHANGES IN COMPOSITION

There were no changes to the composition of the Company during the period ended 30 June 2011.

9 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Company did not have any contingent liability or contingent asset at 30 June 2011 that may significantly render the financial results as reported misleading or inappropriate.

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

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS - 30 JUNE 2011

10 INVESTMENTS

The Company's financial investments are summarised by categories as follows:

	<u>30.06.2011</u>	<u>31.12.2010</u>
	RM'000	RM'000
Held-to-maturity financial assets ("HTM")	71,090	80,964
Loans and receivables ("LAR")	561,721	485,370
Available-for-sale financial assets ("AFS")	526,402	524,516
Fair value through profit & loss ("FVTPL")	79,806	82,894
	<u>1,239,019</u>	<u>1,173,744</u>

The following investments mature after 12 months:

HTM	35,748	45,545
LAR	10,845	11,275
AFS	<u>67,272</u>	<u>70,849</u>
	<u>113,865</u>	<u>127,669</u>

(a) Held-to-maturity ("HTM")

	<u>30.06.2011</u>	<u>31.12.2010</u>
	RM'000	RM'000
<u>Amortised cost</u>		
Malaysian Government securities	60,444	80,356
Corporate debt securities – quoted in Malaysia	10,000	-
	<u>70,444</u>	<u>80,356</u>
<u>Accrued interest income</u>		
Malaysian Government securities	646	608
Corporate debt securities – quoted in Malaysia	-	-
	<u>646</u>	<u>608</u>
	<u>71,090</u>	<u>80,964</u>
<u>Fair value</u>		
Malaysian Government securities	61,232	81,333
Corporate debt securities – quoted in Malaysia	9,994	-
	<u>71,226</u>	<u>81,333</u>

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TOKIO MARINE INSURANS (MALAYSIA) BERHAD
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NOTES TO THE UNAUDITED FINANCIAL STATEMENTS - 30 JUNE 2011

10 INVESTMENTS (CONTINUED)

(b) Available-for-sale ("AFS")

	<u>30.06.2011</u> RM'000	<u>31.12.2010</u> RM'000
<u>Fair value</u>		
Debt securities:		
Quoted in Malaysia	3,283	3,283
Unquoted	72,879	72,594
	<u>76,162</u>	<u>75,877</u>
Unit trust funds	448,965	447,478
	<u>525,127</u>	<u>523,355</u>
<u>Accrued interest income</u>		
Debt securities:		
Quoted in Malaysia	68	68
Unquoted	1,207	1,093
	<u>1,275</u>	<u>1,161</u>
	<u>526,402</u>	<u>524,516</u>

(c) Fair value through profit and loss ("FVTPL")

	<u>30.06.2011</u> RM'000	<u>31.12.2010</u> RM'000
<u>Fair value</u>		
Held-for-trading:		
Equity securities	78,573	80,805
Unit and property trust funds	1,233	2,089
	<u>79,806</u>	<u>82,894</u>

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TOKIO MARINE INSURANS (MALAYSIA) BERHAD
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NOTES TO THE UNAUDITED FINANCIAL STATEMENTS - 30 JUNE 2011

10 INVESTMENTS (CONTINUED)

(d) Carrying values of financial assets

	<u>HTM</u> RM'000	<u>AFS</u> RM'000	<u>FVTPL</u> RM'000	<u>Total</u> RM'000
At 1 January 2010	94,385	511,658	62,521	668,564
Purchases	-	26,053	36,479	62,532
Maturities	(13,126)	(8,272)	-	(21,398)
Disposals	-	(8,951)	(30,612)	(39,563)
Fair value gains recorded in :				
Income statement	-	-	14,506	14,506
Other comprehensive income	-	3,685	-	3,685
(Amortisation)/accretion adjustment	(295)	343	-	48
At 31 December 2010	80,964	524,516	82,894	688,374
Purchases	11,566	2,910	6,993	21,468
Maturities	(21,151)	(1,765)	-	(22,916)
Disposals	-	(970)	(14,728)	(15,698)
Fair value gains/(losses) recorded in:				
Profit or loss	-	-	4,647	4,647
Other comprehensive income	-	1,531	-	1,531
(Amortisation)/accretion adjustment	(288)	180	-	(109)
At 30 June 2011	71,090	526,402	79,806	677,298

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TOKIO MARINE INSURANS (MALAYSIA) BERHAD
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NOTES TO THE UNAUDITED FINANCIAL STATEMENTS - 30 JUNE 2011

10 INVESTMENTS (CONTINUED)

(e) Fair values of financial assets

The following tables show 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>Total</u> RM'000
30 June 2011			
Quoted market price	3,351	79,806	83,157
Valuation techniques			
– market observable inputs	523,051	-	523,051
	<u>526,402</u>	<u>79,806</u>	<u>606,208</u>
31 December 2010			
Quoted market price	3,351	82,894	86,245
Valuation techniques			
– market observable inputs	521,165	-	521,165
	<u>524,516</u>	<u>82,894</u>	<u>607,410</u>

Included in the quoted price category are financial instruments that 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.

Financial instruments 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.

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TOKIO MARINE INSURANS (MALAYSIA) BERHAD
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NOTES TO THE UNAUDITED FINANCIAL STATEMENTS - 30 JUNE 2011

11 REINSURANCE ASSETS

	<u>30.06.2011</u> RM'000	<u>31.12.2010</u> RM'000
Reinsurance of insurance contracts	175,981	160,231
Allowance for impairment	(901)	(719)
	<u>175,080</u>	<u>159,512</u>

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TOKIO MARINE INSURANS (MALAYSIA) BERHAD
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NOTES TO THE UNAUDITED FINANCIAL STATEMENTS - 30 JUNE 2011

12 INSURANCE CONTRACT LIABILITIES

	30.06.2011			31.12.2010		
	<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
General insurance	889,021	(175,981)	713,040	845,561	(160,231)	685,330
Provision for claims	449,484	(86,736)	362,748	444,558	(79,994)	364,564
Provision for incurred but not reported claims ("IBNR")	101,154	(18,209)	82,945	100,917	(19,587)	81,330
Provision for outstanding claims (i)	550,638	(104,945)	445,693	545,475	(99,581)	445,894
Premium liabilities (ii)	338,383	(71,036)	267,347	300,086	(60,650)	239,436
	<u>889,021</u>	<u>(175,981)</u>	<u>713,040</u>	<u>845,561</u>	<u>(160,231)</u>	<u>685,330</u>
(i) Provision for outstanding claims						
At 1 January	545,475	(99,581)	445,894	548,421	(99,996)	448,425
Claims incurred in the current accident year	215,670	(37,331)	178,339	420,549	(49,522)	371,027
Other movements in claims incurred in prior accident years	(7,164)	3,746	(3,418)	(13,313)	(3,281)	(16,594)
Movement of IBNR at 75% confidence level	237	1,378	1,615	28,086	(10,058)	18,028
Claims paid during the year	(203,580)	26,843	(176,737)	(438,268)	63,276	(374,992)
At end of period	<u>550,638</u>	<u>(104,945)</u>	<u>445,693</u>	<u>545,475</u>	<u>(99,581)</u>	<u>445,894</u>
(ii) Premium liabilities						
At 1 January	300,086	(60,650)	239,436	305,465	(65,763)	239,702
Premiums written in the year	416,384	(98,017)	318,367	687,937	(126,694)	561,243
Premiums earned during the year	(378,087)	87,631	(290,456)	(693,316)	131,807	(561,509)
At end of period	<u>338,383</u>	<u>(71,036)</u>	<u>267,347</u>	<u>300,086</u>	<u>(60,650)</u>	<u>239,436</u>

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TOKIO MARINE INSURANS (MALAYSIA) BERHAD
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NOTES TO THE UNAUDITED FINANCIAL STATEMENTS - 30 JUNE 2011

13 OPERATING LEASE ARRANGEMENTS

The Company has rental commitments under non-cancellable operating leases and the future minimum lease payments as at 30 June 2011 are as follows:

	<u>30.06.2011</u> RM'000	<u>31.12.2010</u> RM'000
Not later than 1 year	7,008	4,114
Later than 1 year and not later than 5 years	11,596	1,051
	<u>18,604</u>	<u>5,165</u>

14 CAPITAL COMMITMENTS

	<u>30.06.2011</u> RM'000	<u>31.12.2010</u> RM'000
<u>Capital expenditure</u>		
Approved and contracted for:		
Property, plant and equipment	1,022	1,254
	<u>1,022</u>	<u>1,254</u>

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NOTES TO THE UNAUDITED FINANCIAL STATEMENTS - 30 JUNE 2011

15 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 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 2011, as prescribed under the Framework, is provided below:

	<u>30.06.2011</u> RM'000	<u>31.12.2010</u> RM'000
<u>Eligible Tier 1 Capital</u>		
Share capital (paid-up)	278,000	278,000
Retained earnings	276,601	230,654
	<hr/> 554,601	<hr/> 508,654
<u>Tier 2 Capital</u>		
Available-for-sale reserves	7,759	6,245
Revaluation reserves	1,557	1,837
	<hr/> 9,316	<hr/> 8,082
Amounts deducted from capital	<hr/> (26,057)	<hr/> (26,930)
Total Capital Available	<hr/> 537,860	<hr/> 489,806

The Company has met the minimum capital requirements specified in the framework for the period ended 30 June 2011 and financial year ended 2010.