

Company No.

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

UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED

30 JUNE 2012

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 2012

	<u>Note</u>	<u>30.06.2012</u> RM'000	<u>31.12.2011</u> RM'000	<u>1.1.2011</u> RM'000
ASSETS				
Property, plant and equipment		15,665	14,840	16,874
Intangible assets		26,930	26,930	26,930
Investments	10	787,472	665,784	688,374
Held-to-maturity		35,756	55,784	80,964
Available-for-sale		672,710	532,314	524,516
Fair value through profit and loss		79,006	77,686	82,894
Reinsurance assets	11	221,708	166,000	159,512
Insurance receivables		145,662	116,707	86,466
Loans and receivables (excluding insurance receivables)		593,175	611,939	485,370
Cash and bank balances		13,638	25,829	31,015
Total Assets		1,804,250	1,628,029	1,494,541
EQUITY, GENERAL FUNDS AND LIABILITIES				
Share capital		278,000	278,000	278,000
Retained earnings		388,216	333,913	230,654
Other reserves		7,433	9,966	8,082
Total Equity		673,649	621,879	516,736
Insurance contract liabilities	12	967,349	868,758	845,561
Deferred tax liabilities		8,032	6,290	5,850
Other financial liabilities		24,825	10,865	1,393
Insurance payables		80,386	69,536	77,830
Tax payable		14,897	11,815	7,219
Other payables		35,112	38,886	39,952
Total Liabilities		1,130,601	1,006,150	977,805
Total Equity and Liabilities		1,804,250	1,628,029	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 2012**

	6 months period ended <u>30.06.2012</u> RM'000	6 months period ended <u>30.06.2011</u> RM'000
OPERATING REVENUE	<u>430,571</u>	<u>397,068</u>
Gross earned premiums	404,803	378,087
Premiums ceded to reinsurers	<u>(83,501)</u>	<u>(87,631)</u>
NET EARNED PREMIUMS	<u>321,302</u>	<u>290,456</u>
Investment income	25,768	18,981
Realised gains and losses	1,016	183
Fair value gains and losses	4,796	4,646
Fee and commission income	<u>21,953</u>	<u>18,780</u>
OTHER REVENUE	<u>53,533</u>	<u>42,590</u>
Gross claims paid	(206,005)	(203,580)
Claims ceded to reinsurers	26,759	26,843
Gross change to insurance contract liabilities	(37,191)	(5,163)
Change in insurance contract liabilities ceded to reinsurers	<u>24,747</u>	<u>5,364</u>
NET CLAIMS INCURRED	<u>(191,690)</u>	<u>(176,536)</u>
Other operating (expenses) / income	(3,959)	424
Fee and commission expense	(49,237)	(43,607)
Management expenses	<u>(58,490)</u>	<u>(52,926)</u>
OTHER EXPENSES	<u>(111,686)</u>	<u>(96,109)</u>
PROFIT BEFORE TAXATION	71,459	60,401
Taxation	<u>(17,156)</u>	<u>(14,454)</u>
PROFIT FOR THE YEAR	<u>54,303</u>	<u>45,947</u>
BASIC EARNINGS PER SHARE (SEN)	<u>20</u>	<u>17</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 2012

	6 months period ended <u>30.06.2012</u> RM'000	6 months period ended <u>30.06.2011</u> RM'000
Net profit for the year	54,303	45,947
Other comprehensive income:		
Revaluation deficit arising during the year	-	(280)
Available-for-sale reserves		
Net (loss)/gain arising during the year	(4,252)	1,471
Net realised gain transferred to Income Statement	863	60
	<u>(3,389)</u>	<u>1,531</u>
Tax effects thereon	856	(17)
	<u>(2,533)</u>	<u>1,514</u>
Total comprehensive income for the year	<u>51,770</u>	<u>47,181</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 CHANGES IN EQUITY
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2012**

	<u>Share capital</u> RM'000	<u>Revaluation reserves</u> RM'000	<u>Non-distributable Available- for-sale reserves</u> RM'000	<u>Distributable Retained earnings</u> RM'000	<u>Total</u> RM'000
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>
At 1 January 2012	278,000	1,557	8,409	333,913	621,879
Total comprehensive income for the period	-	-	(2,533)	54,303	51,770
At 30 June 2012	<u>278,000</u>	<u>1,557</u>	<u>5,876</u>	<u>388,216</u>	<u>673,649</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 2012**

	<u>30.06.2012</u>	<u>30.06.2011</u>
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the period	54,303	45,947
Adjustment of:		
Property, plant and equipment		
- depreciation	2,562	2,405
- gain on disposal	(323)	-
- write off	1	-
Fair value gain on securities held-for-trading	(4,796)	(4,647)
Amortisation of premiums / (accretion of discount) - net	48	(44)
Loss / (gain) on disposal of financial assets at FVTPL	169	(122)
Gain on disposal of AFS financial assets	(827)	(60)
Investment income	(25,816)	(18,937)
Write-back of doubtful debts	(268)	(57)
Bad debts written off	590	87
Tax expense	17,156	14,454
	<hr/>	<hr/>
Profit from operations before changes in operating assets and liabilities	42,799	39,026
Purchase of investments	(267,777)	(17,932)
Proceeds from disposal of investments	123,402	15,789
Proceeds from maturity of investments	25,000	19,750
Increase in fixed and call deposits	33,159	(75,361)
Increase in insurance and other receivables	(42,964)	(47,018)
Increase in net insurance contract liabilities	42,959	27,711
Increase in insurance and other payables	21,035	1,588
Decrease in staff loans	682	468
	<hr/>	<hr/>
Tax paid	(21,705)	(35,979)
	(11,477)	(7,717)
Investment income received:		
- Interest	11,539	12,872
- Dividend	12,452	7,211
- Others	64	63
	<hr/>	<hr/>
Net cash used in operating activities	(9,127)	(23,550)
	<hr/>	<hr/>

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 2012 (CONTINUED)

	<u>30.06.2012</u> RM'000	<u>30.06.2011</u> RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,160)	(1,020)
Proceeds from disposal of property, plant and equipment	1,096	1
Net cash used in investing activities	<u>(3,064)</u>	<u>(1,019)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(12,191)	(24,569)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	<u>25,829</u>	<u>31,015</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE	<u>13,638</u>	<u>6,446</u>
Cash and bank balances	<u>13,638</u>	<u>6,446</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 2012

1 BASIS OF PREPARATION OF THE UNAUDITED FINANCIAL STATEMENTS

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

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").

These unaudited financial statements are the first set of financial statements prepared in accordance with MFRSs, including MFRS 1 'First-Time adoption of MFRS'. The Company has consistently applied the same accounting policies in its opening MFRS statement of financial position at 1 January 2011 (transition date) and throughout all the period presented, as if these policies had always been in effect. There is nevertheless no financial impact to the Company arising from the transition to MFRS framework.

The preparation of unaudited financial statements in conformity with MFRS 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.

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

On 22 May 2012, the Company entered into an agreement with MUI Continental Insurance Berhad("MUIC") for the proposed Sale and Transfer ("acquisition") of MUIC insurance business, certain assets and liabilities. However this is conditional upon the final approval from the High Court of Malaya which is still pending as at the date of this announcement.

Save for certain expenses which have been incurred in relation to the proposed acquisition, there were no other 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.

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TOKIO MARINE INSURANS (MALAYSIA) BERHAD
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NOTES TO THE UNAUDITED FINANCIAL STATEMENTS - 30 JUNE 2012

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 2012, 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 2012.

9 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Company did not have any contingent liability or contingent asset at 30 June 2012 that may significantly render the financial results as reported misleading or inappropriate.

10 INVESTMENTS

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

	<u>30.06.2012</u>	<u>31.12.2011</u>	<u>1.1.2011</u>
	RM'000	RM'000	RM'000
Held-to-maturity financial assets ("HTM")	35,756	55,784	80,964
Available-for-sale financial assets ("AFS")	672,710	532,314	524,516
Fair value through profit & loss ("FVTPL")	79,006	77,686	82,894
Loans and receivables ("LAR")	593,175	611,939	485,370
	<u>1,380,647</u>	<u>1,277,723</u>	<u>1,173,744</u>

The following investments mature after 12 months:

HTM	15,127	35,222	45,545
AFS	81,059	71,610	11,275
LAR	10,265	10,822	70,849
	<u>106,451</u>	<u>117,654</u>	<u>127,669</u>

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NOTES TO THE UNAUDITED FINANCIAL STATEMENTS - 30 JUNE 2012

10 INVESTMENTS (CONTINUED)

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

	<u>30.06.2012</u> RM'000	<u>31.12.2011</u> RM'000	<u>1.1.2011</u> RM'000
<u>Amortised cost</u>			
Malaysian Government securities	25,162	45,288	80,356
Corporate debt securities – quoted in Malaysia	10,000	10,000	-
	<u>35,162</u>	<u>55,288</u>	<u>80,356</u>
<u>Accrued interest income</u>			
Malaysian Government securities	425	328	608
Corporate debt securities – quoted in Malaysia	169	168	-
	<u>594</u>	<u>496</u>	<u>608</u>
	<u>35,756</u>	<u>55,784</u>	<u>80,964</u>
<u>Fair value</u>			
Malaysian Government securities	25,691	45,830	81,333
Corporate debt securities – quoted in Malaysia	10,197	10,180	-
	<u>35,888</u>	<u>56,010</u>	<u>81,333</u>

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

<u>Fair value</u>			
Corporate debt securities:			
Quoted in Malaysia	3,336	3,285	3,283
Unquoted	77,723	78,413	72,594
	<u>81,059</u>	<u>81,698</u>	<u>75,877</u>
Unit trust funds	590,592	449,782	447,478
	<u>671,651</u>	<u>531,480</u>	<u>523,355</u>
<u>Accrued interest income</u>			
Corporate debt securities:			
Quoted in Malaysia	68	69	68
Unquoted	991	765	1,093
	<u>1,059</u>	<u>834</u>	<u>1,161</u>
	<u>672,710</u>	<u>532,314</u>	<u>524,516</u>

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NOTES TO THE UNAUDITED FINANCIAL STATEMENTS - 30 JUNE 2012

10 INVESTMENTS (CONTINUED)

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

	<u>30.06.2012</u> RM'000	<u>31.12.2011</u> RM'000	<u>1.1.2011</u> RM'000
<u>Fair value</u>			
Held-for-trading:			
Equity securities	77,213	76,008	80,805
Unit and property trust funds	1,793	1,678	2,089
	<u>79,006</u>	<u>77,686</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 2012

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 2011	80,964	524,516	82,894	688,374
Purchases	12,763	21,857	21,850	56,470
Maturities	(37,796)	(8,500)	-	(46,296)
Disposals	-	(8,272)	(33,377)	(41,649)
Fair value gains recorded in :				
Income statement	-	-	6,319	6,319
Other comprehensive income	-	2,675	-	2,675
(Amortisation)/accretion adjustment	(147)	38	-	(109)
At 31 December 2011	55,784	532,314	77,686	665,784
Purchases	1,029	258,174	11,622	270,825
Maturities	(21,372)	(6,868)	-	(28,240)
Disposals	-	(106,995)	(15,098)	(122,093)
Fair value gains/(losses) recorded in:				
Income statement	-	-	4,796	4,796
Other comprehensive income	-	(3,425)	-	(3,425)
(Amortisation)/accretion adjustment	315	(490)	-	(175)
At 30 June 2012	35,756	672,710	79,006	787,472

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TOKIO MARINE INSURANS (MALAYSIA) BERHAD
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NOTES TO THE UNAUDITED FINANCIAL STATEMENTS - 30 JUNE 2012

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
<u>30 June 2012</u>			
Quoted market price (Tier 1)	3,404	79,006	82,410
Valuation techniques (Tier 2)			
– market observable inputs	669,306	-	669,306
	<u>672,710</u>	<u>79,006</u>	<u>751,716</u>
<u>31 December 2011</u>			
Quoted market price (Tier 1)	3,354	77,686	81,040
Valuation techniques (Tier 2)			
– market observable inputs	528,960	-	528,960
	<u>532,314</u>	<u>77,686</u>	<u>610,000</u>
<u>1 January 2011</u>			
Quoted market price (Tier 1)	3,351	82,894	86,245
Valuation techniques (Tier 2)			
– market observable inputs	521,165	-	521,165
	<u>524,516</u>	<u>82,894</u>	<u>607,410</u>

Tier 1

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. These are considered as Tier 1 valuation basis.

Tier 2

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. These are considered as Tier 2 valuation basis.

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TOKIO MARINE INSURANS (MALAYSIA) BERHAD
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NOTES TO THE UNAUDITED FINANCIAL STATEMENTS - 30 JUNE 2012

10 INVESTMENTS (CONTINUED)

(e) Fair values of financial assets (continued)

Tier 3

Investments classified within Tier 3 have significant unobservable inputs, as they trade infrequently. Tier 3 instruments include private non quoted securities. As observables prices are not available for those securities, valuation techniques are used to derive the fair value. There were no investments valued using this basis during the financial year.

11 REINSURANCE ASSETS

	<u>30.06.2012</u> RM'000	<u>31.12.2011</u> RM'000	<u>1.1.2011</u> RM'000
Reinsurance of insurance contracts	222,502	166,870	160,231
Allowance for impairment	(794)	(870)	(719)
	<u>221,708</u>	<u>166,000</u>	<u>159,512</u>

TOKIO MARINE INSURANS (MALAYSIA) BERHAD
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NOTES TO THE UNAUDITED FINANCIAL STATEMENTS - 30 JUNE 2012

12 INSURANCE CONTRACT LIABILITIES

	30.06.2012			31.12.2011		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
General insurance	967,349	(222,502)	744,847	868,758	(166,870)	701,888
Provision for claims	455,771	(103,489)	352,282	425,263	(82,805)	342,458
Provision for incurred but not reported claims ("IBNR")	112,719	(22,935)	89,784	106,036	(18,872)	87,164
Provision for outstanding claims (i)	568,490	(126,424)	442,066	531,299	(101,677)	429,622
Premium liabilities (ii)	398,859	(96,078)	302,781	337,459	(65,193)	272,266
	967,349	(222,502)	744,847	868,758	(166,870)	701,888
(i) Provision for outstanding claims						
At 1 January	531,299	(101,677)	429,622	545,475	(99,581)	445,894
Claims incurred in the current accident year	201,770	(37,394)	164,376	398,958	(56,927)	342,031
Other movements in claims incurred in prior accident years	34,743	(10,049)	24,694	3,515	(330)	3,185
Movement of IBNR at 75% confidence level	6,683	(4,063)	2,620	5,119	715	5,834
Claims paid during the year	(206,005)	26,759	(179,246)	(421,768)	54,446	(367,322)
At end of period	568,490	(126,424)	442,066	531,299	(101,677)	429,622
(ii) Premium liabilities						
At 1 January	337,459	(65,193)	272,266	300,086	(60,650)	239,436
Premiums written in the year	466,203	(114,386)	351,817	782,499	(153,985)	628,514
Premiums earned during the year	(404,803)	83,501	(321,302)	(745,126)	149,442	(595,684)
At end of period	398,859	(96,078)	302,781	337,459	(65,193)	272,266

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TOKIO MARINE INSURANS (MALAYSIA) BERHAD
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NOTES TO THE UNAUDITED FINANCIAL STATEMENTS - 30 JUNE 2012

13 OPERATING LEASE ARRANGEMENTS

The Company has rental commitments under non-cancellable operating leases and the future minimum lease payments as at 30 June 2012 are as follows:

	<u>30.06.2012</u> RM'000	<u>31.12.2011</u> RM'000
Not later than 1 year	6,591	7,076
Later than 1 year and not later than 5 years	6,938	9,002
	<u>13,529</u>	<u>16,078</u>

14 CAPITAL COMMITMENTS

	<u>30.06.2012</u> RM'000	<u>31.12.2011</u> RM'000
<u>Capital expenditure</u>		
Approved and contracted for:		
Property, plant and equipment	3,607	5,532
	<u>3,607</u>	<u>5,532</u>

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TOKIO MARINE INSURANS (MALAYSIA) BERHAD
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NOTES TO THE UNAUDITED FINANCIAL STATEMENTS - 30 JUNE 2012

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 2012, as prescribed under the Framework, is provided below:

	<u>30.06.2012</u> RM'000	<u>31.12.2011</u> RM'000
<u>Eligible Tier 1 Capital</u>		
Share capital (paid-up)	278,000	278,000
Retained earnings	388,216	333,912
	<hr/> 666,216	<hr/> 611,912
<u>Tier 2 Capital</u>		
Available-for-sale reserves	5,876	8,409
Revaluation reserves	1,557	1,557
	<hr/> 7,433	<hr/> 9,966
Amounts deducted from capital	<hr/> (26,930)	<hr/> (26,930)
Total Capital Available	<hr/> <hr/> 646,719	<hr/> <hr/> 594,948

The Company has met the minimum capital requirements specified in the framework for the period ended 30 June 2012 and financial year ended 2011.