

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 2018

Company No.

149520	U
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TOKIO MARINE INSURANS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

CONTENTS

	PAGE
CONDENSED UNAUDITED STATEMENT OF FINANCIAL POSITION	1
CONDENSED UNAUDITED INCOME STATEMENT	2
CONDENSED UNAUDITED STATEMENT OF COMPREHENSIVE INCOME	3
CONDENSED UNAUDITED STATEMENT OF CHANGES IN EQUITY	4 - 5
CONDENSED UNAUDITED STATEMENT OF CASH FLOW	6 - 7
NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS	8 - 13

Company No.

149520	U
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TOKIO MARINE INSURANS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

**CONDENSED UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT
30 JUNE 2018**

	Note	Group		Company	
		30.06.2018 RM'000	31.12.2017 RM'000	30.06.2018 RM'000	31.12.2017 RM'000
ASSETS					
Property, plant and equipment		21,230	25,479	21,230	25,479
Intangible assets		179,943	179,943	179,943	179,943
Investments: Available-for-sale		1,623,832	1,611,536	1,657,870	1,655,510
Tax recoverable		7,572	12,072	7,572	12,072
Reinsurance assets	10	237,084	270,313	237,084	270,313
Insurance receivables		119,438	111,443	119,438	111,443
Loans and receivables (excluding insurance receivables)		334,369	386,841	300,050	342,574
Cash and bank balances		16,751	16,331	16,732	16,313
Total Assets		2,540,219	2,613,958	2,539,919	2,613,647
EQUITY, GENERAL FUNDS AND LIABILITIES					
Share capital		403,471	403,471	403,471	403,471
Retained earnings		711,805	670,216	685,208	643,651
Other reserves		(8,808)	(2,935)	17,789	23,630
Total Equity		1,106,468	1,070,752	1,106,468	1,070,752
Insurance contract liabilities	11	1,322,103	1,382,347	1,322,103	1,382,347
Deferred tax liabilities		4,853	6,253	4,853	6,253
Other financial liabilities		6,828	6,182	6,828	6,182
Insurance payables		56,493	90,589	56,493	90,589
Other payables		43,474	57,835	43,174	57,524
Total Liabilities		1,433,751	1,543,206	1,433,451	1,542,895
Total Equity and Liabilities		2,540,219	2,613,958	2,539,919	2,613,647

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

Company No.

149520	U
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TOKIO MARINE INSURANS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

**CONDENSED UNAUDITED INCOME STATEMENT
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2018**

	<u>Group</u>		<u>Company</u>	
	6 months period ended <u>30.6.2018</u> RM'000	6 months period ended <u>30.6.2017</u> RM'000	6 months period ended <u>30.6.2018</u> RM'000	6 months period ended <u>30.6.2017</u> RM'000
Gross earned premiums	524,254	553,034	524,254	553,034
Premiums ceded to reinsurers	(99,629)	(100,233)	(99,629)	(100,233)
NET EARNED PREMIUMS	<u>424,625</u>	<u>452,801</u>	<u>424,625</u>	<u>452,801</u>
Investment income	40,973	37,707	37,337	35,503
Realised gains and losses	(1,402)	758	630	(64)
Fee and commission income	21,031	18,653	21,031	18,653
OTHER REVENUE	<u>60,602</u>	<u>57,118</u>	<u>58,998</u>	<u>54,092</u>
TOTAL REVENUE	<u>485,227</u>	<u>509,919</u>	<u>483,623</u>	<u>506,893</u>
Gross claims paid	(333,153)	(325,622)	(333,153)	(325,622)
Claims ceded to reinsurers	50,959	43,081	50,959	43,081
Gross change to insurance contract liabilities	16,195	(45,380)	16,195	(45,380)
Change in insurance contract liabilities ceded to reinsurers	(26,837)	2,507	(26,837)	2,507
NET CLAIMS INCURRED	<u>(292,836)</u>	<u>(325,414)</u>	<u>(292,836)</u>	<u>(325,414)</u>
Other operating income	610	753	610	753
Fee and commission expense	(52,151)	(63,363)	(52,151)	(63,363)
Management expenses	(94,637)	(88,910)	(93,065)	(87,277)
OTHER EXPENSES	<u>(146,178)</u>	<u>(151,520)</u>	<u>(144,606)</u>	<u>(149,887)</u>
PROFIT BEFORE TAXATION	<u>46,213</u>	<u>32,985</u>	<u>46,181</u>	<u>31,592</u>
Taxation	(4,624)	(1,756)	(4,624)	(1,756)
PROFIT FOR THE PERIOD	<u>41,589</u>	<u>31,229</u>	<u>41,557</u>	<u>29,836</u>
Attributable to:				
- Owner of the Company	<u>41,589</u>	<u>31,229</u>	<u>41,557</u>	<u>29,836</u>
BASIC EARNINGS PER SHARE (SEN)	<u>10</u>	<u>8</u>	<u>10</u>	<u>7</u>

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

Company No.

149520	U
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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 2018

	Group		Company	
	6 months period ended <u>30.6.2018</u> RM'000	6 months period ended <u>30.6.2017</u> RM'000	6 months period ended <u>30.6.2018</u> RM'000	6 months period ended <u>30.6.2017</u> RM'000
Profit for the period	41,589	31,229	41,557	29,836
Other comprehensive income:				
<u>Items that may be subsequently reclassified to the income statement</u>				
Available-for-sale reserves				
Net gain/(loss) on fair value arising during the period	(9,112)	10,621	(7,048)	11,194
Net realised (gain)/loss transferred to income statement	<u>1,394</u>	<u>(875)</u>	<u>(638)</u>	<u>(54)</u>
	(7,718)	9,746	(7,686)	11,140
Tax effects thereon	1,845	(2,674)	1,845	(2,674)
	<u>(5,873)</u>	<u>7,072</u>	<u>(5,841)</u>	<u>8,466</u>
Total comprehensive income for the period	<u>35,716</u>	<u>38,301</u>	<u>35,716</u>	<u>38,302</u>
Total comprehensive income attributable:				
- Owner of the Company	<u>35,716</u>	<u>38,301</u>	<u>35,716</u>	<u>38,302</u>

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

Company No.

149520	U
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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 2018**

	Non-distributable			Distributable	
	<u>Share capital</u> RM'000	<u>Revaluation reserves</u> RM'000	<u>Available- for-sale reserves</u> RM'000	<u>Retained earnings</u> RM'000	<u>Total</u> RM'000
Group					
At 1 January 2017	403,471	4,916	(12,548)	671,955	1,067,794
Profit for the period	-	-	-	31,229	31,229
Other comprehensive income for the period	-	-	7,072	-	7,072
Dividend paid during the period	-	-	-	(65,618)	(65,618)
At 30 June 2017	<u>403,471</u>	<u>4,916</u>	<u>(5,476)</u>	<u>637,566</u>	<u>1,040,477</u>
At 1 January 2018	403,471	4,916	(7,851)	670,216	1,070,752
Profit for the period	-	-	-	41,589	41,589
Other comprehensive income for the period	-	-	(5,873)	-	(5,873)
At 30 June 2018	<u>403,471</u>	<u>4,916</u>	<u>(13,724)</u>	<u>711,805</u>	<u>1,106,468</u>

Company No.

149520	U
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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 2018 (CONTINUED)**

	Non-distributable			Distributable	
	Share capital RM'000	Revaluation reserves RM'000	Available- for-sale reserves RM'000	Retained earnings RM'000	Total RM'000
Company					
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
At 1 January 2018	403,471	4,916	18,714	643,651	1,070,752
Profit for the period	-	-	-	41,557	41,557
Other comprehensive income for the period	-	-	(5,841)	-	(5,841)
At 30 June 2018	403,471	4,916	12,873	685,208	1,106,468

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

Company No.

149520	U
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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 2018**

	6 months period ended <u>30.06.2018</u> RM'000	Group 6 months period ended <u>30.06.2017</u> RM'000	6 months period ended <u>30.06.2018</u> RM'000	Company 6 months period ended <u>30.06.2017</u> RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the period	41,589	31,229	41,557	29,836
Adjustment of:				
Property, plant and equipment				
- depreciation	4,750	4,995	4,750	4,995
- loss on disposal	8	117	8	117
- write off	13	1	13	1
Loss/(gain) on disposal of AFS financial assets	1,394	(875)	(638)	(54)
Investment income	(40,973)	(37,707)	(37,337)	(35,503)
Write back of impairment of insurance and other receivables	(3,330)	(3,019)	(3,330)	(3,019)
Bad debts written off	88	468	88	468
Tax expense	4,624	1,756	4,624	1,756
Profit/(loss) from operations before changes in operating assets and liabilities	8,163	(3,035)	9,735	(1,403)
Purchases of investments	(261,342)	(342,792)	(75,332)	(140,391)
Proceeds from disposal of financial investments	237,890	186,279	65,924	8,030
Decrease/(increase) in reinsurance assets	33,745	(2,634)	33,745	(2,634)
(Increase)/decrease in insurance receivables	(5,223)	1,982	(5,223)	1,982
Decrease in loans and receivables	51,672	137,254	41,729	114,421
(Decrease)/increase in insurance contract liabilities	(60,244)	72,395	(60,244)	72,395
Increase in other financial liabilities	646	1,928	646	1,928
(Decrease)/increase in insurance payables	(34,096)	4,641	(34,096)	4,641
Decrease in other payables	(14,361)	(33,202)	(14,350)	(33,213)
	<u>(43,150)</u>	<u>22,816</u>	<u>(37,466)</u>	<u>25,756</u>

Company No.

149520	U
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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 2018 (CONTINUED)

	<u>Group</u>		<u>Company</u>	
	6 months period ended <u>30.06.2018</u> RM'000	6 months period ended <u>30.06.2017</u> RM'000	6 months period ended <u>30.06.2018</u> RM'000	6 months period ended <u>30.06.2017</u> RM'000
Tax refund/(paid)	320	(4,903)	320	(4,903)
Investment income received:				
- Interest	38,436	9,012	5,585	6,102
- Dividend	5,267	28,766	32,433	28,766
- Others	69	66	69	66
Net cash generated from operating activities	<u>942</u>	<u>55,757</u>	<u>941</u>	<u>55,787</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(597)	(1,369)	(597)	(1,369)
Proceeds from disposal of property, plant and equipment	75	269	75	269
Net cash used in investing activities	<u>(522)</u>	<u>(1,100)</u>	<u>(522)</u>	<u>(1,100)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	-	(65,618)	-	(65,618)
Net cash used in financing Activities	<u>-</u>	<u>(65,618)</u>	<u>-</u>	<u>(65,618)</u>
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	<u>420</u>	<u>(10,961)</u>	<u>419</u>	<u>(10,931)</u>
CASH AND CASH EQUIVALENTS AT 1 JANUARY	<u>16,331</u>	<u>25,758</u>	<u>16,313</u>	<u>25,710</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE	<u>16,751</u>	<u>14,797</u>	<u>16,732</u>	<u>14,779</u>
Cash and bank balances	<u>16,751</u>	<u>14,797</u>	<u>16,732</u>	<u>14,779</u>

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

Company No.

149520	U
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TOKIO MARINE INSURANS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS
- 30 JUNE 2018

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 2017.

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 2017, save and except for the adoption of the following standards:

<u>MFRSs, Interpretations and Amendments</u>	<u>Effective Date</u>
MFRS 9 “Financial Instruments” replaces MFRS 139 “Financial Instruments: Recognition and Measurements”.	1 January 2018
Amendments to MFRS 4 – Applying MFRS 9 “Financial Instruments” with MFRS 4 “Insurance Contract”.	1 January 2018
MFRS 15 “Revenue from Contracts with Customers” replaces MFRS 118 “Revenue” and MFRS 111 “Construction Contracts” and related interpretations.	1 January 2018

MFRS 9 “Financial Instruments” was issued by MASB on 17 November 2014 and is effective from annual periods beginning 1 January 2018. However, the Amendments to MFRS4 Insurance Contracts included certain provisions to allow the deferral of MFRS 9 to 2021 (i.e. to be adopted at the same time for entities which are predominantly operating as an insurance business.

The Group’s and the Company’s business activity is predominantly insurance and hence, qualifies for the temporary exemption approach. Consequently, management has decided to apply the temporary exemption from MFRS 9 from its annual period beginning 1 January 2018 and will adopt MFRS 9 for its annual period beginning 1 January 2021.

The adoption of the abovementioned MFRS 15 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.

Company No.

149520	U
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TOKIO MARINE INSURANS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS
- 30 JUNE 2018 (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.

Company No.

149520	U
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TOKIO MARINE INSURANS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS
- 30 JUNE 2018 (CONTINUED)

6 DIVIDEND PAID

No dividend has been paid or declared by the Company since the end of the previous year. The directors do not recommend the payment of any dividend in respect of the current year.

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 2018, 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 2018.

9 CONTINGENT LIABILITIES AND CONTINGENT ASSET

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. As an 'industry collective action', the Company together with PIAM, submitted written representation and made oral representation to MyCC on 25 April 2017 and 29 January 2018 respectively to defend the allegation. Final decision by MyCC is yet to be informed.

The Group and the Company did not have any other contingent liability or contingent asset as at 30 June 2018 that may significantly render the financial results as reported misleading or inappropriate.

10 REINSURANCE ASSETS

	Group / Company	
	<u>30.06.2018</u>	<u>31.12.2017</u>
	RM'000	RM'000
Reinsurance of insurance contracts	239,398	273,143
Allowance for impairment	(2,314)	(2,830)
	<u>237,084</u>	<u>270,313</u>

Company No.

149520	U
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TOKIO MARINE INSURANS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS - 30 JUNE 2018 (CONTINUED)

11 **INSURANCE CONTRACT LIABILITIES**

<u>Group / Company</u>	30.06.2018			31.12.2017		
	<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	669,227	(133,170)	536,057	675,092	(171,617)	503,475
Provision for incurred but not reported claims ("IBNR")	216,061	(74,188)	141,873	226,391	(62,578)	163,813
Claims liabilities (i)	885,288	(207,358)	677,930	901,483	(234,195)	667,288
Premium liabilities (ii)	436,815	(32,040)	404,775	480,864	(38,948)	441,916
	<u>1,322,103</u>	<u>(239,398)</u>	<u>1,082,705</u>	<u>1,382,347</u>	<u>(273,143)</u>	<u>1,109,204</u>
(i) Claims liabilities						
At 1 January	901,483	(234,195)	667,288	859,506	(243,075)	616,431
Claims incurred in the current accident period / year	285,547	(21,390)	264,157	725,159	(109,757)	615,402
Other movements in claims incurred in prior accident years	41,741	8,878	50,619	29,009	6,943	35,952
Movement of IBNR at 75% confidence level	(10,330)	(11,610)	(21,940)	(32,816)	31,158	(1,658)
Claims paid during the period / year	<u>(333,153)</u>	<u>50,959</u>	<u>(282,194)</u>	<u>(679,375)</u>	<u>80,536</u>	<u>(598,839)</u>
At 30 June / 31 December	<u>885,288</u>	<u>(207,358)</u>	<u>677,930</u>	<u>901,483</u>	<u>(234,195)</u>	<u>667,288</u>

Company No.

149520	U
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TOKIO MARINE INSURANS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS - 30 JUNE 2018 (CONTINUED)

11 INSURANCE CONTRACT LIABILITIES (CONTINUED)

<u>Group / Company</u>	30.06.2018			31.12.2017		
	<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	480,864	(38,948)	441,916	482,595	(37,805)	444,790
Premiums written in the period / year	480,205	(92,721)	387,484	1,086,914	(191,032)	895,882
Premiums earned during the period / year	<u>(524,254)</u>	<u>99,629</u>	<u>(424,625)</u>	<u>(1,088,645)</u>	<u>189,889</u>	<u>(898,756)</u>
At 30 June / 31 December	<u>436,815</u>	<u>(32,040)</u>	<u>404,775</u>	<u>480,864</u>	<u>(38,948)</u>	<u>441,916</u>

Company No.

149520	U
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TOKIO MARINE INSURANS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS
- 30 JUNE 2018 (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 2018, as prescribed under the Framework, is provided below:

	Company	
	<u>30.06.2018</u>	<u>31.12.2017</u>
	RM'000	RM'000
<u>Eligible Tier 1 Capital</u>		
Share capital (paid-up)	403,471	403,471
Retained earnings	685,208	643,651
	<u>1,088,679</u>	<u>1,047,122</u>
<u>Tier 2 Capital</u>		
Available-for-sale reserves	12,873	18,714
Revaluation reserves	4,916	4,916
	<u>17,789</u>	<u>23,630</u>
Amounts deducted from Capital	(179,943)	(179,943)
Total Capital Available	<u>926,525</u>	<u>890,809</u>

The Company has met the minimum capital requirements specified in the framework for the period ended 30 June 2018 and financial year ended 2017.