

BERJAYA SOMPO INSURANCE BERHAD
(62605-U)
(Incorporated in Malaysia)

Unaudited Interim Financial Statements
For The Financial Period From
1 May 2011 To 31 October 2011

62605-U

**BERJAYA SOMPO INSURANCE BERHAD
(Incorporated in Malaysia)**

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BERJAYA SOMPO INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2011

	Note	31.10.2011 RM'000	30.04.2011 RM'000
ASSETS			
Property and equipment		32,960	32,614
Intangible assets		844	1,014
Investment properties		17,265	16,705
Investments	5	510,214	589,034
Malaysian government securities		35,305	40,339
Debt securities		137,484	158,132
Equity securities		192,257	202,664
Unit trust funds		26,016	25,147
Deposits with financial institutions		118,650	162,250
Other investments		502	502
Reinsurance assets	6	135,350	132,602
Insurance receivables		32,516	34,728
Other receivables		14,897	22,092
Taxation		12,289	12,726
Cash and cash equivalents		358,812	300,223
TOTAL ASSETS		1,115,147	1,141,738
EQUITY AND LIABILITIES			
EQUITY			
Share capital		118,000	118,000
Fair value reserves		33,703	63,972
Retained profits		266,841	247,369
TOTAL EQUITY		418,544	429,341
LIABILITIES			
Insurance contract liabilities	7	649,524	650,558
Deferred tax liabilities		5,464	15,929
Insurance payables		24,804	30,992
Other payables		16,811	14,918
TOTAL LIABILITES		696,603	712,397
TOTAL EQUITY AND LIABILITIES		1,115,147	1,141,738

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

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BERJAYA SOMPO INSURANCE BERHAD
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UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS PERIOD ENDED 31 OCTOBER 2011

	Share capital RM'000	Fair value reserves RM'000	Distributable retained profits RM'000	Total RM'000
At 1 May 2010	118,000	41,666	216,393	376,059
Total comprehensive income for the year	-	22,306	30,976	53,282
At 30 April 2011	<u>118,000</u>	<u>63,972</u>	<u>247,369</u>	<u>429,341</u>
At 1 May 2011	118,000	63,972	247,369	429,341
Total comprehensive income for the year	-	(30,269)	19,472	(10,797)
At 31 October 2011	<u>118,000</u>	<u>33,703</u>	<u>266,841</u>	<u>418,544</u>

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

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BERJAYA SOMPO INSURANCE BERHAD
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UNAUDITED INCOME STATEMENT
FOR THE 6 MONTHS PERIOD ENDED 31 OCTOBER 2011

	Note	31.10.2011 RM'000	31.10.2010 RM'000
Operating revenue		<u>256,930</u>	<u>241,792</u>
Gross earned premiums	8(a)	243,708	230,332
Premiums ceded to reinsurers	8(b)	<u>(44,124)</u>	<u>(45,986)</u>
Net earned premiums		<u>199,584</u>	<u>184,346</u>
Investment income		13,222	11,460
Realised gains and losses		487	(1,696)
Fair value gains and losses		(1,503)	(2,761)
Commission income		13,242	11,745
Other operating income		<u>732</u>	<u>522</u>
Other revenue		<u>26,180</u>	<u>19,270</u>
Gross claims paid		(156,063)	(150,855)
Claims ceded to reinsurers		14,521	20,135
Gross change in contract liabilities		(206,823)	(337,374)
Change in contract liabilities ceded to reinsurers		<u>209,422</u>	<u>335,588</u>
Net claims incurred		<u>(138,943)</u>	<u>(132,506)</u>
Commission expense		(30,077)	(30,388)
Management expenses		<u>(30,448)</u>	<u>(29,241)</u>
Other expenses		<u>(60,525)</u>	<u>(59,629)</u>
Profit before tax		26,296	11,481
Tax expense		<u>(6,824)</u>	<u>(3,533)</u>
Net profit for the year		<u>19,472</u>	<u>7,948</u>
Earnings per share (sen) - Basic		<u>16.5</u>	<u>6.7</u>

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

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BERJAYA SOMPO INSURANCE BERHAD
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UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS PERIOD ENDED 31 OCTOBER 2011

	31.10.2011	31.10.2010
	RM'000	RM'000
Net profit for the year	19,472	7,948
Other comprehensive income:		
Available-for-sale fair value reserves :		
Net unrealised loss on fair value changes	(39,855)	(5,877)
Net realised (gain)/loss transferred to income statement	(502)	(1,762)
	<u>(40,357)</u>	<u>(7,639)</u>
Tax effects	10,089	1,910
	<u>(30,269)</u>	<u>(5,729)</u>
Total comprehensive income for the year	<u>(10,797)</u>	<u>2,219</u>

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

BERJAYA SOMPO INSURANCE BERHAD
(Incorporated in Malaysia)

UNAUDITED CASH FLOW STATEMENT
FOR THE 6 MONTHS PERIOD ENDED 31 OCTOBER 2011

	Note	31.10.2011 RM'000	31.10.2010 RM'000
Cash flows from operating activities			
Retained premiums less commissions		222,718	237,309
Claims less recoveries		(187,733)	(180,066)
Interest income		12,304	8,113
Net dividends		1,175	1,226
Management expenses		(26,107)	(26,359)
Purchase of investments		(40,911)	(68,556)
Proceeds from sale of investments		41,903	85,017
Net maturity/(placement) of fixed and call deposits		43,599	(38,100)
Rental income		670	425
Cash generated from operations		<u>67,618</u>	<u>19,009</u>
Taxes paid		<u>(6,456)</u>	<u>(8,417)</u>
Net cash generated from operating activities		<u>61,162</u>	<u>10,592</u>
Cash flows from investing activities			
Purchases of property and equipment		(2,051)	(3,438)
Purchases of investment properties		(560)	(2,218)
Proceeds from sale of property and equipment		38	168
Net cash used in investing activities		<u>(2,573)</u>	<u>(5,488)</u>
Cash flows from financing activity			
Net cash used in financing activity		<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents			
		58,589	5,104
Cash and cash equivalents at beginning of year			
		<u>300,223</u>	<u>235,546</u>
Cash and cash equivalents at end of period			
		<u>358,812</u>	<u>240,650</u>

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

BERJAYA SOMPO INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 OCTOBER 2011

1. BASIS OF PREPARATION

The unaudited interim financial statements have been prepared in accordance with the Financial Reporting Standards ("FRS") in Malaysia and the provisions of the Companies Act, 1965, the Insurance Act, 1996 and Guidelines/Circulars issued by Bank Negara Malaysia ("BNM") and should be read in conjunction with the Company's audited financial statements for the financial year ended 30 April 2011.

The accounting policies and presentation adopted by the Company for the interim financial statements are consistent with those adopted in the Company's audited financial statements for the financial year ended 30 April 2011, except for the adoption of the following:

Effective for financial periods beginning on or after 1 July 2010

- (i) FRS 1: First-time Adoption of Financial Reporting Standards (revised 2010)
- (ii) FRS 3: Business Combinations (revised 2010)
- (iii) FRS 127: Consolidated and Separate Financial Statements (revised 2010)
- (iv) Amendments to FRS 2: Share-based Payment
- (v) Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
- (vi) Amendments to FRS 138: Intangible Assets
- (vii) Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
- (viii) IC Interpretation 12: Service Concession Arrangements
- (ix) IC Interpretation 15: Agreements for the Construction of Real Estate
- (x) IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
- (xi) IC Interpretation 17: Distributions of Non-cash Assets to Owners

Effective for financial periods beginning on or after 1 January 2011

- (i) Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
- (ii) Amendments to FRS 7: Improving Disclosures about Financial Instruments
- (iii) Amendments to FRS 1: Additional Exemptions for First-time Adopters
- (iv) Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions
- (v) Amendments to FRSs contained in the document entitled 'Improvements to FRSs (2010)'
- (vi) Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement
- (vii) IC Interpretation 4: Determining whether an Arrangement contains a Lease
- (viii) IC Interpretation 18: Transfers of Assets from Customers
- (ix) TR 3 Guidance on Disclosures of Transition to IFRSs
- (x) TR i-4 Shariah Compliant Sale Contracts

BERJAYA SOMPO INSURANCE BERHAD
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2. PRINCIPAL ACTIVITY

The principal activity of the Company is the underwriting of general insurance business. There has been no significant change in the nature of the principal activity during the period.

3. MATERIAL CHANGES IN ESTIMATES

There were no material changes in the basis used for accounting estimates for the current financial period ended 31 October 2011.

4. EVENTS AFTER THE INTERIM PERIOD

There were no material events after the interim period that have not been reflected in the financial statements for the interim period.

5. INVESTMENTS

	31.10.2011	30.04.2011
	RM'000	RM'000
Malaysian government securities	35,305	40,339
Debt securities	137,484	158,132
Equity securities	192,257	202,664
Unit trust funds	26,016	25,147
Deposits with financial institutions	118,650	162,250
Other investments	502	502
	<u>510,214</u>	<u>589,034</u>

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

	31.10.2011	30.04.2011
	RM'000	RM'000
Held-to-maturity financial assets ("HTM")	145,548	158,755
Loans and receivables ("LAR")	118,650	162,250
Available-for-sale financial assets ("AFS")	246,016	268,029
	<u>510,214</u>	<u>589,034</u>

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5. INVESTMENTS (CONT'D.)

(a) Held-To-Maturity

	31.10.2011	30.04.2011
	RM'000	RM'000
Amortised Cost		
Malaysian government securities	35,305	40,339
Government investment issues	30,216	25,231
Government guaranteed loan	5,000	5,000
Corporate debt securities, quoted in Malaysia	75,027	88,185
	<u>145,548</u>	<u>158,755</u>
Fair Value		
Malaysian government securities	35,560	40,580
Government investment issues	30,479	25,346
Government guaranteed loan	5,044	5,035
Corporate debt securities, quoted in Malaysia	76,328	89,468
	<u>147,411</u>	<u>160,429</u>

(b) Loans And Receivables

	31.10.2011	30.04.2011
	RM'000	RM'000
Amortised Cost		
Deposits with licensed financial institutions:		
Commercial banks	112,650	159,250
Investment banks	6,000	3,000
	<u>118,650</u>	<u>162,250</u>

(c) Available-For-Sale

	31.10.2011	30.04.2011
	RM'000	RM'000
Fair Value		
Equity securities:		
Quoted in Malaysia	187,670	195,206
Quoted outside Malaysia	4,469	7,340
Unquoted in Malaysia	118	118
Unit trust funds	26,016	25,147
Debt securities:		
Quoted in Malaysia	26,078	38,553
Quoted outside Malaysia	1,163	1,163
Other investments	502	502
	<u>246,016</u>	<u>268,029</u>

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5. INVESTMENTS (CONT'D.)

(d) Carrying Values of Financial Instruments

	HTM RM'000	LAR RM'000	AFS RM'000	Total RM'000
At 1 May 2010	148,796	159,250	243,757	551,803
Purchases	35,256	3,000	37,705	75,961
Maturities/disposals	(25,000)	-	(32,762)	(57,762)
Fair value gains recorded in other comprehensive income	-	-	23,840	23,840
Movement in impairment allowance	-	-	(4,511)	(4,511)
Amortisation adjustment	(297)	-	-	(297)
At 30 April 2011	<u>158,755</u>	<u>162,250</u>	<u>268,029</u>	<u>589,034</u>
Purchases	14,873	-	22,481	37,354
Maturities/disposals	(28,000)	(43,600)	(3,136)	(74,736)
Fair value losses recorded in other comprehensive income	-	-	(39,855)	(39,855)
Movement in impairment allowance	-	-	(1,503)	(1,503)
Amortisation adjustment	(80)	-	-	(80)
At 31 October 2011	<u>145,548</u>	<u>118,650</u>	<u>246,016</u>	<u>510,214</u>

6. REINSURANCE ASSETS

	31.10.2011 RM'000	30.04.2011 RM'000
Reinsurance of insurance contracts		
Claims liabilities (Note 7)	99,925	99,029
Premium liabilities (Note 7)	35,425	33,573
	<u>135,350</u>	<u>132,602</u>

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7. INSURANCE CONTRACT LIABILITIES

Note	31.10.2011			30.04.2011		
	Gross RM'000	Re- insurance RM'000	Net RM'000	Gross RM'000	Re- insurance RM'000	Net RM'000
Provision for claims reported by policyholders	319,690	(77,207)	242,483	312,295	(73,999)	238,296
Provision for IBNR	121,496	(22,718)	98,778	130,595	(25,030)	105,565
Provision for outstanding claims	7.1 441,186	(99,925)	341,261	442,890	(99,029)	343,861
Premium liabilities	7.2 208,338	(35,425)	172,913	207,668	(33,573)	174,095
Insurance contract liabilities	649,524	(135,350)	514,174	650,558	(132,602)	517,956

7.1 Provision for outstanding claims

	31.10.2011			30.04.2011		
	Gross RM'000	Re- insurance RM'000	Net RM'000	Gross RM'000	Re- insurance RM'000	Net RM'000
At 1 May	442,890	(99,029)	343,861	425,455	(85,264)	340,191
Claims incurred for the current accident year	148,185	(14,800)	133,384	310,002	(46,795)	263,207
Adjustment to claims incurred in prior accident years	6,174	(617)	5,558	12,362	(1,402)	10,960
Claims paid during the year	(156,063)	14,521	(141,542)	(304,929)	34,432	(270,497)
At 31 Oct / 30 April	441,186	(99,925)	341,261	442,890	(99,029)	343,861

7.2 Premium liabilities

	31.10.2011			30.04.2011		
	Gross RM'000	Re- insurance RM'000	Net RM'000	Gross RM'000	Re- insurance RM'000	Net RM'000
At 1 May	207,668	(33,573)	174,095	190,112	(34,038)	156,074
Premiums written during the period/year	244,378	(45,976)	198,402	490,647	(91,307)	399,340
Premiums earned during the period/year	(243,708)	44,124	(199,584)	(473,091)	91,772	(381,319)
At 31 Oct / 30 April	208,338	(35,425)	172,913	207,668	(33,573)	174,095

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8. NET EARNED PREMIUMS

	31.10.2011	31.10.2010
	RM'000	RM'000
(a) Gross earned premiums		
General insurance contract	244,378	253,390
Change in premium liabilities	(670)	(23,058)
	<u>243,708</u>	<u>230,332</u>
(b) Premiums ceded to reinsurers		
General reinsurance contracts	45,976	48,147
Change in premium liabilities	(1,852)	(2,161)
	<u>44,124</u>	<u>45,986</u>
Net Earned Premiums	<u>199,584</u>	<u>184,346</u>

9. REGULATORY CAPITAL REQUIREMENT

Pursuant to the Risk-Based Capital Framework issued by Bank Negara Malaysia, insurance companies are required to meet the minimum capital adequacy ratio of 130%. The Company has met the minimum regulatory capital requirement.

The capital structure of the Company as at 31 October 2011, as prescribed under the RBC Framework is provided below:

Eligible Tier 1 Capital

	2011	2010
	RM'000	RM'000
Share capital (paid-up)	118,000	118,000
Retained earnings	266,841	247,369
	<u>384,841</u>	<u>365,369</u>
Tier 2 Capital		
Eligible reserves	<u>33,703</u>	<u>63,972</u>
Deductions		
Goodwill & other intangible assets	(844)	(1,014)
Total capital available	<u>417,700</u>	<u>428,327</u>