

TOKIO MILLENNIUM RE LTD.

Unconsolidated Financial Statements
(Unaudited)

Six Months Ended June 30, 2009 and 2008

TOKIO MILLENNIUM RE LTD.

Unconsolidated Balance Sheets (Unaudited)

June 30, 2009 and 2008

(Expressed in United States Dollars)

	<u>2009</u>	<u>2008</u>
Assets		
Cash and cash equivalents	\$ 276,862,631	\$ 337,431,755
Short term investments	200,000,000	-
Investments in fixed maturity securities	637,372,050	613,572,261
Investments in catastrophe bonds	78,869,228	73,082,195
Collateral held on behalf of counterparties	44,917,974	118,098,236
Accrued interest receivable	7,869,141	9,245,001
Reinsurance balances receivable	186,169,507	149,411,679
Prepaid reinsurance premiums	32,805,067	33,222,692
Fair value of derivatives	34,314,310	24,117,811
Outstanding losses recoverable from reinsurers	33,227,886	1,417,932
Deferred acquisition expenses	47,262,584	47,088,840
Unearned profit commission	29,666,463	32,333,497
Prepaid expenses	1,306,164	819,488
Capital assets	9,534,833	8,131,285
Funds withheld	28,569,662	25,315,118
Other assets	<u>334,610</u>	<u>206,428</u>
Total assets	<u>\$ 1,649,082,110</u>	<u>\$ 1,473,494,218</u>
Liabilities		
Outstanding losses and loss expenses	\$ 107,873,256	\$ 48,765,213
Liability for collateral held on behalf of counterparties	44,917,974	118,098,236
Reinsurance balances payable	53,877,085	63,416,054
Amounts due to investment brokers	22,408,890	-
Unearned premiums	270,807,085	244,850,345
Deferred commission income	4,291,164	4,263,695
Deferred profit commission income	-	92,640
Accounts payable and accrued expenses	<u>3,178,575</u>	<u>2,369,024</u>
Total liabilities	<u>\$ 507,354,029</u>	<u>\$ 481,855,207</u>
Shareholder's equity		
Authorised, issued and fully paid, shares of \$1 par value each	250,000,000	250,000,000
Contributed surplus	400,000,000	400,000,000
Retained earnings	472,290,219	330,424,261
Accumulated other comprehensive income	<u>19,437,862</u>	<u>11,214,750</u>
Total shareholder's equity	<u>1,141,728,081</u>	<u>991,639,011</u>
Total liabilities and shareholder's equity	<u>\$ 1,649,082,110</u>	<u>\$ 1,473,494,218</u>

TOKIO MILLENNIUM RE LTD.

Unconsolidated Statements of Operations and Comprehensive Income (Unaudited)

Six Months Ended June 30, 2009 and 2008
(Expressed in United States Dollars)

	<u>2009</u>	<u>2008</u>
Income		
Reinsurance premiums assumed	\$ 337,211,381	\$ 279,750,513
Change in unearned premiums	<u>(163,689,232)</u>	<u>(152,021,459)</u>
Reinsurance premiums earned	<u>173,522,149</u>	<u>127,729,054</u>
Reinsurance premiums ceded	38,339,533	25,342,521
Change in prepaid reinsurance	<u>(7,152,125)</u>	<u>(4,546,383)</u>
Reinsurance premiums ceded	<u>31,187,408</u>	<u>20,796,138</u>
Net premiums earned	142,334,741	106,932,916
Catastrophe bond income	<u>2,788,901</u>	<u>2,426,943</u>
Total operating income	145,123,642	109,359,859
Net investment income	<u>13,591,851</u>	<u>18,383,823</u>
Total income	<u>158,715,493</u>	<u>127,743,682</u>
Expenses		
Loss and loss expenses incurred	27,273,421	2,313,596
Losses recoverable from reinsurers	<u>(20,622,259)</u>	<u>(961,116)</u>
Net loss and loss expenses incurred	6,651,162	1,352,480
Acquisition expenses	13,305,381	11,491,638
Profit commission	2,745,269	1,641,810
Net derivative expense	23,408,856	17,223,297
General and administrative expenses	14,767,584	13,141,826
Foreign exchange gains	<u>(5,317,772)</u>	<u>(5,023,793)</u>
Total expenses	<u>55,560,480</u>	<u>39,827,258</u>
Net income	103,155,013	87,916,424
Other comprehensive income (loss)		
Net change in unrealised (losses) on investments	<u>(15,409,550)</u>	<u>(2,613,401)</u>
Other comprehensive (loss)	<u>(15,409,550)</u>	<u>(2,613,401)</u>
Comprehensive income	<u>\$ 87,745,463</u>	<u>\$ 85,303,023</u>

TOKIO MILLENNIUM RE LTD.

Unconsolidated Statements of Changes in Shareholder's Equity (Unaudited)

Six Months Ended June 30, 2009 and 2008
(Expressed in United States Dollars)

	<u>2009</u>	<u>2008</u>
Share capital		
Balance at beginning of year and end of period	\$ <u>250,000,000</u>	\$ <u>250,000,000</u>
Contributed surplus		
Balance at beginning of year and end of period	<u>400,000,000</u>	<u>400,000,000</u>
Retained earnings		
Balance at beginning of year	369,135,206	242,507,837
Net income	<u>103,155,013</u>	<u>87,916,424</u>
Balance at end of period	<u>472,290,219</u>	<u>330,424,261</u>
Other comprehensive income (loss)		
Balance at beginning of year	34,847,412	13,828,151
Net change in unrealised gains on investments	<u>(15,409,550)</u>	<u>(2,613,401)</u>
Balance at end of period	<u>19,437,862</u>	<u>11,214,750</u>
Total shareholder's equity	<u>\$ 1,141,728,081</u>	<u>\$ 991,639,011</u>

TOKIO MILLENNIUM RE LTD.

Unconsolidated Statements of Cash Flows (Unaudited)

Six Months Ended June 30, 2009 and 2008
(Expressed in United States Dollars)

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities		
Net income	\$ 103,155,013	\$ 87,916,424
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of capital assets	1,743,870	993,949
Amortisation of fixed maturity securities	1,107,423	768,804
Amortisation of catastrophe bonds	4,167	-
Change in:		
Collateral held on behalf of counterparties	13,978,446	(6,478,175)
Accrued interest receivable	2,266,767	(267,097)
Reinsurance balances receivable	(98,533,878)	(71,567,589)
Prepaid reinsurance premiums	(7,152,161)	(4,546,383)
Fair value of derivatives	(11,082,121)	(5,484,999)
Outstanding losses recoverable from reinsurers	(12,727,891)	4,354,987
Deferred acquisition expenses	(36,264,878)	(36,819,602)
Unearned profit commission	(29,066,942)	(31,788,600)
Prepaid expenses	744,398	745,797
Funds withheld	12,040,305	6,682,631
Other assets	(122,182)	47,788
Outstanding losses and loss expenses	3,934,279	(14,199,159)
Liability for assets held on behalf of swap counterparties	(15,226,800)	6,478,175
Reinsurance balances payable	3,625,195	714,398
Unearned premiums	163,689,111	152,021,459
Deferred fee income	4,291,164	-
Deferred commission income	(3,565,964)	792,475
Deferred profit commission income	-	92,640
Accounts payable and accrued expenses	<u>377,181</u>	<u>(91,571)</u>
Cash provided by operating activities	<u>97,214,502</u>	<u>90,366,352</u>
Cash flows from investing activities		
Net purchase/sale of short-term investments	(130,252,170)	-
Net purchase/sale of fixed maturity securities	(16,353,505)	18,393,131
Net purchase/sale of catastrophe bonds	(16,250,000)	(16,563,000)
Purchase of capital assets, net of sales proceeds	(1,904,040)	(2,560,822)
Amounts due to investment brokers	<u>22,408,890</u>	<u>(10,304,000)</u>
Cash used by investing activities	<u>(142,350,825)</u>	<u>(11,034,691)</u>
Cash flows from financing activities		
Dividend paid	<u>-</u>	<u>(50,313,163)</u>
Cash used by financing activities	<u>-</u>	<u>(50,313,163)</u>
Net increase (decrease) in cash and cash equivalents	(45,136,323)	29,018,498
Cash and cash equivalents at beginning of year	<u>321,998,954</u>	<u>308,413,257</u>
Cash and cash equivalents at end of period	<u>\$ 276,862,631</u>	<u>\$ 337,431,755</u>