

TOKIO MILLENNIUM RE LTD.

Unconsolidated Financial Statements
(Unaudited)

Nine Months Ended September 30, 2011 and 2010

TOKIO MILLENNIUM RE LTD.

Unconsolidated Balance Sheets (Unaudited)

September 30, 2011 and 2010
(Expressed in United States Dollars)

	<u>2011</u>	<u>2010</u>
Assets		
Cash and cash equivalents	\$ 313,314,212	\$ 119,111,105
Short term investments	77,889,107	-
Investments in fixed interest securities	931,892,620	1,090,192,907
Investments in catastrophe bonds	107,007,880	106,179,630
Collateral held on behalf of counterparties	-	1,507,526
Accrued interest receivable	8,584,379	8,426,201
Premiums receivable	213,793,071	163,242,066
Prepaid reinsurance premiums	52,659,372	50,274,915
Fair value of derivative assets	88,678,160	19,283,851
Outstanding losses recoverable from reinsurers	105,887,662	14,367,360
Deferred acquisition expenses	105,796,898	68,158,760
Unearned profit commission	808,393	2,159,507
Prepaid expenses	3,222,296	2,388,703
Capital assets	12,175,047	10,107,716
Funds withheld	27,160,862	23,695,622
Other assets	2,133,782	396,091
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Total assets	\$ 2,051,003,741	\$ 1,679,491,960
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Liabilities		
Outstanding losses and loss expenses	519,272,055	130,715,836
Liability for collateral held on behalf of counterparties	259,771	3,007,526
Fair value of derivative liabilities	49,725,059	283,630
Reinsurance balances payable	66,811,431	25,187,501
Unearned premiums	385,831,453	278,117,348
Deferred commission income	4,787,177	4,910,447
Accounts payable and accrued expenses	5,726,323	5,010,191
Deferred tax liability and income tax provision	536,259	-
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Total liabilities	1,032,949,528	447,232,479
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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	336,297,146	530,191,297
Foreign currency translation adjustment	(1,554,257)	-
Accumulated other comprehensive income	33,311,324	52,068,184
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Total shareholder's equity	1,018,054,213	1,232,259,481
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Total liabilities and shareholder's equity	\$ 2,051,003,741	\$ 1,679,491,960
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TOKIO MILLENNIUM RE LTD.

Unconsolidated Statements of Operations and Comprehensive Income (Unaudited)

For the nine months ended September 30, 2011 and 2010
(Expressed in United States Dollars)

	<u>2011</u>	<u>2010</u>
Income		
Reinsurance premiums assumed	\$ 627,214,947	\$ 487,613,466
Change in unearned premiums	<u>(208,031,951)</u>	<u>(175,320,554)</u>
Reinsurance premiums earned	419,182,996	312,292,912
Reinsurance premiums ceded	116,060,828	87,341,992
Change in prepaid reinsurance	<u>(29,760,913)</u>	<u>(32,834,771)</u>
Reinsurance premiums ceded	86,299,915	54,507,221
Net premiums earned	332,883,081	257,785,691
Catastrophe bond income	<u>7,187,973</u>	<u>5,972,206</u>
Total operating income	340,071,054	263,757,897
Net investment income	<u>32,765,649</u>	<u>24,775,792</u>
Total income	372,836,703	288,533,689
Expenses		
Loss and loss expenses incurred	425,241,594	102,364,625
Losses recoverable from reinsurers	<u>(106,939,582)</u>	<u>(7,272,686)</u>
Net loss and loss expenses incurred	318,302,012	95,091,939
Acquisition expenses	85,835,372	38,078,399
Profit commission	994,221	2,320,083
Net derivative expense	11,064,505	34,636,471
General and administrative expenses	37,343,484	31,131,786
Foreign exchange losses	<u>7,655,264</u>	<u>2,095,876</u>
Total expenses	461,194,858	203,354,554
Net (loss) income before tax	(88,358,155)	85,179,135
Tax expense	<u>(485,393)</u>	<u>-</u>
Net (loss) income	(88,843,548)	85,179,135
Other comprehensive income		
Net change in unrealized gains on investments	<u>7,374,784</u>	<u>30,251,386</u>
Other comprehensive income	7,374,784	30,251,386
Comprehensive (loss) income	<u>\$ (81,468,764)</u>	<u>\$ 115,430,521</u>

TOKIO MILLENNIUM RE LTD.

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

For the nine months ended September 30, 2011 and 2010

(Expressed in United States Dollars)

	<u>2011</u>	<u>2010</u>
Share Capital		
Balance at beginning of year and end of period	\$ 250,000,000	\$ 250,000,000
Contributed surplus		
Balance at beginning of year and end of period	400,000,000	400,000,000
Retained earnings		
Balance at beginning of year	510,054,797	569,653,425
Net (loss) income	(88,843,548)	85,179,135
Dividends	(84,914,103)	(124,641,263)
Balance at end of period	336,297,146	530,191,297
Foreign currency translation adjustment		
Balance at beginning of year	1,618,491	-
Net change during the period	(3,172,748)	-
Balance at end of period	(1,554,257)	-
Accumulated other comprehensive income		
Balance at beginning of year	25,936,540	21,816,798
Net change in unrealized gains on investments	7,374,784	30,251,386
Balance at end of period	33,311,324	52,068,184
Total shareholder's equity	\$ 1,018,054,213	\$ 1,232,259,481

TOKIO MILLENNIUM RE LTD.

Unconsolidated Statements of Cash Flows (Unaudited)

For the nine months ended September 30, 2011 and 2010
(Expressed in United States Dollars)

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
Net (loss) income	\$ (88,843,548)	\$ 85,179,135
Adjustment to reconcile net income to net cash provided by operating activities:		
Depreciation of capital assets	4,028,633	3,223,565
Amortisation of fixed interest securities	2,943,106	3,167,187
(Gain) loss on sale of investments	(4,935,010)	1,153,418
Change in:		
Collateral held on behalf of counterparties	31,508,019	19,603,673
Accrued interest receivable	116,828	2,113,824
Premiums receivable	(109,092,849)	(58,619,390)
Prepaid reinsurance premiums	(29,760,913)	(32,834,772)
Fair value of derivative assets	(66,685,754)	10,692,380
Outstanding losses recoverable from reinsurers	(86,428,179)	2,715,602
Deferred acquisition expenses	(57,136,794)	(58,051,570)
Unearned profit commission	662,663	(1,619,971)
Prepaid expenses	1,584	216,501
Funds withheld	(2,852,428)	(2,103,469)
Other assets	(274,062)	(64,678)
Outstanding losses and loss expenses	306,365,445	46,304,136
Liability for collateral held on behalf of counterparties	(32,355,308)	(19,603,673)
Fair value of derivative liabilities	48,903,883	(9,093,905)
Reinsurance balances payable	49,799,970	(8,739,662)
Unearned premiums	208,031,951	175,320,554
Deferred commission income	2,520,152	2,720,532
Accounts payable and accrued expenses	(1,513,453)	626,599
Deferred tax liability	565,377	-
Other	23,983	-
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Cash provided by operating activities	175,593,296	162,306,016
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Cash flows from investing activities		
Net purchase/sale of short term investments	(22,110,015)	100,000,000
Net purchase/sale of fixed interest securities	93,279,009	(71,358,260)
Net purchase/sale of catastrophe bonds	14,059,832	(24,250,000)
Gain (loss) on sale of investments	4,935,010	(1,153,418)
Purchase of capital assets, net of sales proceeds	(5,404,367)	(3,739,414)
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Cash generated from (used in) investing activities	84,759,469	(501,092)
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Cash flows from financing activities		
Dividends paid	(84,914,103)	(124,641,263)
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Cash used by financing activities	(84,914,103)	(124,641,263)
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Net increase in cash and cash equivalents	175,438,662	37,163,661
Foreign exchange gains on cash and cash equivalents	151,845	-
Cash and cash equivalents at beginning of period	137,723,705	81,947,444
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Cash and cash equivalents at end of period	\$ 313,314,212	\$ 119,111,105
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