

MANULIFE HOLDINGS BERHAD

Interim financial statements for the six months period ended 30 June 2012

Notes to the Interim Financial Statements

1. Basis of preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134, “Interim Financial Reporting” and paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), and should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2011, which were prepared in accordance with the Financial Reporting Standards (“FRS”).

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to gain an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2011.

The Group has adopted the Malaysian Financial Reporting Standards (“MFRS”) framework issued by Malaysian Accounting Standards Board (“MASB”) and Revised Guidelines on Financial Reporting for Insurers issued by Bank Negara Malaysia (“BNM”) with effect from 1 January 2012. This condensed consolidated interim financial statements are the Group’s first MFRS compliant condensed report and hence MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards has been applied. The transition from FRS framework to MFRS framework and the adoption of the revised guidelines issued by BNM does not have any significant financial impact to the financial statements of the Group, other than as described in Note 2 below.

2. Significant accounting policies

As all FRSs issued under FRS framework were equivalent to the MFRSs issued under MFRS framework, the accounting policies and presentation adopted by the Group for the quarterly financial statements are consistent with those adopted in the Group’s consolidated audited financial statements for the financial year ended 31 December 2011, except for the adoption of the following:

<u>MFRSs/Interpretations</u>	<u>Effective Date</u>
MFRS 1 “First time adoption on fixed dates and hyperinflation”	1 January 2012
MFRS 7 “Financial instruments: Disclosures on transfers of financial assets”	1 January 2012
MFRS 112 “Income taxes”	1 January 2012
MFRS 124 “Related party disclosures”	1 January 2012

The adoption of the revised standards, amendments and interpretations issued by Malaysian Accounting Standards Board (“MASB”) and revised guidelines issued by BNM which are effective in the current year do not have any material impact to the financial statements of the Group, other than as discussed below:-

(i) Foreign currency translation reserves

Prior to 1 January 2012, the Group recognised translation differences on foreign operations as a separate component of equity. Upon the change in Framework effective 1 January 2012, the Group used the transitional provision of first-time-adoption whereby cumulative foreign currency translation differences for all foreign operations are deemed to be zero at the date of transition to MFRS. As a result, at the date of transition, the cumulative translation differences were adjusted to retained earnings.

The impact of adopting this accounting policy to the Group is disclosed in Note 28 to the interim financial statements.

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Notes to the Interim Financial Statements (Continued)

2. Significant accounting policies (continued)

(ii) Unallocated surplus and AFS reserves on non-participating funds

Prior to 1 January 2012, the Group recognised unallocated surplus and AFS reserves of non-participating funds of its insurance subsidiary as part of actuarial insurance contract liabilities as required under Guideline BNM_GL_003-28 Guidelines on Financial Reporting for Insurers issued by Bank Negara Malaysia ("BNM") on 22 July 2010.

On 21 February 2012, BNM issued a revised Guideline BNM_GL_003-28, which is effective for financial period commencing 1 January 2012. Under this new guideline, there is no requirement/specification to classify the unallocated surplus and AFS reserves of non-participating funds as part of insurance contract liabilities. Accordingly, the Group changed its accounting policy to classify the unallocated surplus and AFS reserves of non-participating funds from insurance contract liabilities to equity. This change in accounting policy is adopted retrospectively.

The impact of the change in accounting policy to the Group is disclosed in Note 28 to the interim financial statements.

As at the date of authorisation of these interim financial statements, the Group is still assessing the financial impact to the financial statements of the Group from the revised MFRSs, amendments to MFRSs and IC Interpretations issued by MASB but not yet effective in the current year.

3. Status of audit qualification

There was no audit qualification in the annual financial statements for the preceding financial year ended 31 December 2011.

4. Seasonal/cyclical factors

The business operations of the Group are subject to the sales cycle of the insurance business.

5. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the financial period ended 30 June 2012.

6. Change in estimates

There were no changes in the basis used for accounting estimates for the current financial period 30 June 2012.

7. Debt and equity securities

There were no issuances, cancellation, repurchases, resale and repayment of debt and equity securities during the current financial period ended 30 June 2012.

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Notes to the Interim Financial Statements (Continued)

8. Proposed dividends

A first and final dividend of 18 sen per share less income tax at 25% amounting to RM27.3 million for the financial year ended 31 December 2011 was approved at the Annual General Meeting held on 25 June 2012 and the dividend was paid on 17 July 2012.

No dividend has been declared in respect of the current financial period ended 30 June 2012.

9. Material events subsequent to the end of the financial period

There is no material event subsequent to the end of the financial period under review that has not been reported in the interim financial statements for the current financial period to date.

10. Changes in composition of the Group

Two of the subsidiaries within the Group completed a business transfer agreement on 30 June 2012. With the completion of the transaction, the business operations of Manulife Assets Management (Malaysia) Sdn. Bhd. has been transferred and merged into Manulife Unit Trusts Berhad on 1 July 2012. Subsequently, on 2 July 2012, Manulife Unit Trusts Berhad changed its name to Manulife Asset Management Services Berhad ("MAMSB").

Other than as above, there is no change in the Group's composition for the current financial period ended 30 June 2012.

11. Contingent liabilities

There are no contingent liabilities as at the date of this report since the date of the last annual statement of financial position.

12. Current year prospects

Notwithstanding the uncertain global economic recovery as well as concerns of European sovereign debt could have adverse spill-over effect, the economic growth is expected to continue in Malaysia. Our business expansion is in progress and rides on the fact that financial industry is one of the key pillars in driving economic growth as evidenced by the numerous measures and initiatives undertaken by the Government. The dynamic and consumer focused environment offers ample opportunities for the Group to be an active contributor towards its growth. The Group continues to adopt a customer-centric approach when launching forward thinking solutions that will help our customers' most significant financial decisions. Nevertheless, the Group will be prudent in its utilisation and management of resources as it moves towards achieving its growth objectives.

In April 2012, the Securities Commission ("SC") granted an approval to MAMSB (formerly known as Manulife Unit Trust Berhad, "MUTB") to operate Private Retirement Scheme ("PRS"). MAMSB has put in place a business plan to expand our presence in Malaysia and is looking at launching PRS services and new funds in the fourth quarter of 2012. MAMSB will benefit from the success of PRS as an avenue to build on the Asset Under Management and improved profitability from better economies of scale.

These strategic plans are expected to reinforce the Group's competitive position in the insurance, unit trust and asset management industries.

Barring any unforeseen circumstances, the Directors expect the Group's performance to remain satisfactory in this financial year ending 31 December 2012 as the Group invests further towards its business expansion.

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Notes to the Interim Financial Statements (Continued)

13. Profit forecast

The Group did not issue any profit forecast during the financial period ended 30 June 2012.

14. Group borrowings

The Group does not have any borrowings as at 30 June 2012.

15. Material litigation

There is no material litigation as at the date of this report since the date of the last annual statement of financial position.

16. Status of corporate proposal

As at the date of this report, there are no corporate proposal that have been announced but not completed.

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Notes to the Interim Financial Statements (Continued)

17. Operating segments

The core businesses of the Group are the life insurance business, management of unit trust funds, investments and fund management. Segment information is presented in respect of the Group's business segments which are as follows:

Investment holding : Investment holding operations
 Life insurance : Underwriting of participating and non-participating life insurance and unit-linked products
 Others : Asset management, unit trust and other segments

Comparative figures have been restated following the reclassification of the composition of business segments in the current financial period.

a) Segment reporting

	Investment holding		Cumulative 6 months ended 30 June				Total	
	2012	2011	Life insurance business		Others		2012	2011
	RM'000	RM'000	2012	2011	2012	2011	RM'000	RM'000
External revenue								
a) Gross premium	-	-	245,258	223,619	-	-	245,258	223,619
b) Investment income	5,225	5,766	72,354	67,249	364	267	77,943	73,282
c) Fee income	-	-	-	-	669	740	669	740
Total external revenue	5,225	5,766	317,612	290,868	1,033	1,007	323,870	297,641
Inter-segment revenue								
a) Rental income	371	371	185	235	-	-	556	606
b) Fee income	608	732	-	-	3,441	3,155	4,049	3,887
Total inter-segment revenue	979	1,103	185	235	3,441	3,155	4,605	4,493
Total operating revenue	6,204	6,869	317,797	291,103	4,474	4,162	328,475	302,134
Profit before taxation	4,027	5,208	25,867	32,269	(7)	504	29,887	37,981
Segment assets	406,576	425,489	3,676,645	3,516,971	62,166	62,792	4,145,387	4,005,252
Segment liabilities	39,191	40,036	3,187,634	3,060,468	1,458	583	3,228,283	3,101,087

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Notes to the Interim Financial Statements (Continued)

17. Operating segments (continued)

b) Reconciliation of reportable segments

	Cumulative 6 months ended	
	30.06.2012	30.06.2011
	RM'000	RM'000
<u>Operating revenue</u>		
Total operating revenue for reportable segments	328,475	302,134
Elimination of inter-segment revenue	(4,605)	(4,493)
Consolidated operating revenue	<u>323,870</u>	<u>297,641</u>
	As at	As at
	30.06.2012	30.06.2011
	RM'000	RM'000
<u>Segment assets</u>		
Total assets for reportable segments	4,145,387	4,005,252
Elimination of inter-segment assets	(213,999)	(219,243)
Consolidated assets	<u>3,931,388</u>	<u>3,786,009</u>
<u>Segment liabilities</u>		
Total liabilities for reportable segments	3,228,283	3,101,087
Elimination of inter-segment liabilities	(7,801)	(11,106)
Consolidated liabilities	<u>3,220,482</u>	<u>3,089,981</u>

18. Review of performance

	3 months ended		Cumulative 6 months ended	
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
	RM'000	RM'000	RM'000	RM'000
Total operating revenue				
Business Segments				
Investment holding	3,073	3,542	6,204	6,869
Life insurance business	161,920	154,959	317,797	291,103
Others	2,230	2,096	4,474	4,162
Total operating revenue for reportable segments	167,223	160,597	328,475	302,134
Elimination of inter-segment revenue	(2,256)	(2,295)	(4,605)	(4,493)
Total	<u>164,967</u>	<u>158,302</u>	<u>323,870</u>	<u>297,641</u>
Profit before taxation				
Business Segments				
Investment holding	2,414	2,883	4,027	5,208
Life insurance business	9,448	18,142	25,867	32,269
Others	(146)	476	(7)	504
Total	<u>11,716</u>	<u>21,501</u>	<u>29,887</u>	<u>37,981</u>

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Notes to the Interim Financial Statements (Continued)

18. Review of performance (continued)

Financial Period ended June 2012 vs Financial Period ended June 2011

The Group recorded operating revenue of RM323.9 million for the period ended 30 June 2012 (YTD June 2012), an increase of 8.8% or RM26.3 million compared to the corresponding financial period ended 30 June 2011 (YTD June 2011) of RM297.6 million. The Group's profit before tax was RM29.9 million for YTD June 2012, RM8.1 million lower compared to the corresponding YTD June 2011 of RM38.0 million.

Performance of the respective operating business segments are as follows:

Investment Holding – Operating revenue of the investment holding was slightly lower for YTD June 2012 as compared to YTD June 2011 mainly due to lower investment income during the current year to date. Profit before tax was also lower mainly due to lower realised gain from equity securities and increase in the management expenses.

Life Insurance Business – Operating revenue of the life insurance business was higher mainly from higher gross premium earned particularly from the investment-linked business and higher investment income from equity securities during the current year to date. However, profit before tax was lower mainly contributed by the higher estimate on insurance contract liabilities and higher management expenses from investment-linked funds during the current year to date.

Other business – Operating revenue improved in current period as compared to the prior period mainly due to higher investment income from fixed and call deposits. Nevertheless, profit before tax was lower for YTD June 2012 as compared to YTD June 2011 as there were higher management expenses incurred.

2nd Quarter 2012 vs 2nd Quarter 2011

The Group recorded operating revenue of RM165.0 million for the quarter ended 30 June 2012, an increase of 4.2% or RM6.7 million compared to the corresponding quarter 30 June 2011 of RM158.3 million. The Group's profit before tax was RM11.7 million for current quarter, RM9.8 million lower compared to the corresponding financial period ended 30 June 2011 of RM21.5 million.

Performance of the respective operating business segments are as follows:

Investment holding – Operating revenue of the investment holding was lower in current quarter as compared to preceding year's corresponding quarter mainly due to lower investment income from fixed income securities during the current financial period. Profit before tax was lower mainly due increase in management expenses incurred in the current quarter.

Life insurance business – Operating revenue of the life insurance business was higher mainly from higher gross premium earned particularly from the investment-linked business and higher investment income from equity securities during the current quarter. Profit before tax was lower mainly due to increase in actual claims and management expenses in current financial period.

Other business – Operating revenue slightly increase in current quarter as compared to the corresponding quarter in preceding year mainly contributed by higher management fee income earned on Asset-under-Management and higher investment income. Profit before tax was lower in current quarter as compared to corresponding quarter in 2011 as there were higher management expenses in the current financial period.

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The Group attained lower profit before tax of RM11.7 million for the current quarter under review as compared to the profit before tax of RM18.2 million in preceding quarter ended 31 March. The decrease of RM6.5 million was mainly due to higher claims from non-participating life funds and overall higher management expenses in current quarter.

20. Net earned premiums

Included in the net earned premiums were first year, renewal year and single premium, net of reinsurance during the financial period:

	3 months ended		Cumulative 6 months ended	
	<u>30.06.2012</u>	<u>30.06.2011</u>	<u>30.06.2012</u>	<u>30.06.2011</u>
	RM'000	RM'000	RM'000	RM'000
First year premium	16,796	13,544	30,224	27,562
Renewal year premium	102,089	101,735	196,759	187,371
Single premium	1,831	1,919	13,458	3,801
Total	<u>120,716</u>	<u>117,198</u>	<u>240,441</u>	<u>218,734</u>

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Notes to the Interim Financial Statements (Continued)

21. Investment income

	3 months ended		Cumulative 6 months ended	
	<u>30.06.2012</u>	<u>30.06.2011</u>	<u>30.06.2012</u>	<u>30.06.2011</u>
	RM'000	RM'000	RM'000	RM'000
Financial assets at FVTPL				
<u>- designated upon initial recognition</u>				
Interest/profit income	3,828	3,710	7,659	7,117
Dividend/distribution income				
- equity securities quoted in Malaysia	2,375	1,963	3,142	2,878
Accretion of discounts, net of amortisation of premiums	71	516	186	955
<u>AFS financial assets</u>				
Interest/profit income	17,127	15,849	34,364	30,700
Dividend/distribution income				
- equity securities quoted in Malaysia	7,964	5,253	12,874	9,281
- equity securities unquoted	-	105	35	105
Accretion of discounts, net of amortisation of premiums	878	1,232	1,644	2,464
<u>Loans and receivables</u>				
Interest/profit income	6,347	7,044	12,753	13,760
Accretion of discounts, net of amortisation of premiums	573	546	1,141	1,086
Rental income	1,735	1,747	3,398	3,461
<u>Cash and bank balances</u>				
Interest/profit sharing income	448	673	747	1,475
	<u>41,346</u>	<u>38,638</u>	<u>77,943</u>	<u>73,282</u>

22. Other operating expenses

	3 months ended		Cumulative 6 months ended	
	<u>30.06.2012</u>	<u>30.06.2011</u>	<u>30.06.2012</u>	<u>30.06.2011</u>
	RM'000	RM'000	RM'000	RM'000
Net foreign exchange (gain)/loss	(298)	135	-	145
Interest on agent's bond	8	9	16	22
Tax on investment income of Life fund and investment-linked funds				
- Current tax	3,854	3,731	6,849	8,546
- Deferred tax	(257)	17	1,051	(290)
	3,597	3,748	7,900	8,256
	<u>3,307</u>	<u>3,892</u>	<u>7,916</u>	<u>8,423</u>

The income tax for the Life fund and investment-linked funds of the Group's insurance subsidiary is calculated based on the tax rate of 8% (2011: 8%) of the assessable investment income, net of allowable deductions for the financial period.

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Notes to the Interim Financial Statements (Continued)
23. Profit before taxation

	3 months ended		Cumulative 6 months ended	
	<u>30.06.2012</u>	<u>30.06.2011</u>	<u>30.06.2012</u>	<u>30.06.2011</u>
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):				
Amortisation of intangible assets	241	222	436	400
Depreciation of property and equipment	478	406	960	842
Investment income (Note 21)	(41,346)	(38,638)	(77,943)	(73,282)
Recovery of impairment loss on insurance receivables	(18)	(1)	(18)	-
Net foreign exchange (gains)/loss	(451)	197	(155)	145
Net realised gains				
- realised gains on disposal of AFS investments	(15,620)	(9,502)	(28,397)	(33,423)
- realised gains on loans and receivables	(233)	-	(233)	-
	(15,853)	(9,502)	(28,630)	(33,423)
Net fair value gains				
- fair value gains on investments	(3,674)	(8,159)	(24,036)	(14,332)
- impairment loss on quoted equities	648	-	885	-
	(3,026)	(8,159)	(23,151)	(14,332)

Other than the above, there was no gain or loss on derivatives for the current quarter and period ended 30 June 2012.

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Notes to the Interim Financial Statements (Continued)**24. Taxation**

	3 months ended		Cumulative 6 months ended	
	<u>30.06.2012</u>	<u>30.06.2011</u>	<u>30.06.2012</u>	<u>30.06.2011</u>
	RM'000	RM'000	RM'000	RM'000
Current tax	1,900	5,029	5,961	9,371
<u>Deferred tax</u>				
Origination and reversal of temporary differences	11	(896)	(15)	(1,954)
Under/(over) provision in prior financial year	46	-	(2,980)	-
	<u>57</u>	<u>(896)</u>	<u>(2,995)</u>	<u>(1,954)</u>
	<u>1,957</u>	<u>4,133</u>	<u>2,966</u>	<u>7,417</u>

The income tax for the Group is calculated based on the tax rate of 25% (2011: 25%) of the estimated assessable profit for the financial period.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate is as below.

	3 months ended		Cumulative 6 months ended	
	<u>30.06.2012</u>	<u>30.06.2011</u>	<u>30.06.2012</u>	<u>30.06.2011</u>
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	<u>11,716</u>	<u>21,501</u>	<u>29,887</u>	<u>37,981</u>
Taxation at Malaysian statutory tax rate of 25%	2,929	5,375	7,472	9,495
Section 110B tax credit set off	(819)	(945)	(1,417)	(1,614)
Income not subject to tax	(616)	(504)	(897)	(863)
Expenses not deductible for tax purposes	417	207	788	399
	<u>1,911</u>	<u>4,133</u>	<u>5,946</u>	<u>7,417</u>
Under/(over) provision in prior year				
- Deferred tax	46	-	(2,980)	-
	<u>1,957</u>	<u>4,133</u>	<u>2,966</u>	<u>7,417</u>

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Notes to the Interim Financial Statements (Continued)**25. Earnings per share****(a) Basic earnings per share**

Basic earnings per share of the Group are calculated by dividing the net profit attributable to ordinary equity holders for the financial period by the weighted average number of ordinary shares in issue.

		3 months ended		Cumulative 6 months ended	
		<u>30.06.2012</u>	<u>30.06.2011</u>	<u>30.06.2012</u>	<u>30.06.2011</u>
Net profit attributable to shareholders	(RM'000)	9,759	17,368	26,921	30,564
Weighted average number of ordinary shares in issue	('000)	<u>202,370</u>	<u>202,370</u>	<u>202,370</u>	<u>202,370</u>
Basic earnings per share	(Sen)	<u>4.82</u>	<u>8.58</u>	<u>13.30</u>	<u>15.10</u>

(b) Diluted earnings per share

There is no dilution in earnings per share as there are no dilutive potential ordinary shares as at 30 June 2012.

26. Insurance contract liabilities

The insurance contract liabilities as at the date of the statement of financial position comprise the following:

	<u>As at 30.06.2012</u> RM'000	<u>As at 31.12.2011</u> RM'000	<u>As at 01.01.2011</u> RM'000
Actuarial liabilities	2,254,260	2,196,472	1,922,955
Unallocated surplus	(109,724)	(98,163)	66,739
Available-for-sale fair value reserve	165,670	143,438	159,227
Investment-linked policyholders' account	413,227	373,481	409,432
Foreign currency translation reserve on investment-linked policyholders' account	<u>(7,354)</u>	<u>(7,449)</u>	<u>(10,084)</u>
	<u>2,716,079</u>	<u>2,607,779</u>	<u>2,548,269</u>

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Notes to the Interim Financial Statements (Continued)**27. Cash and cash equivalents**

Cash and cash equivalents as at the date of statement of financial position comprise the following:

	As at 30.06.2012 RM'000	As at 31.12.2011 RM'000	As at 01.01.2011 RM'000
Shareholders and others	45,337	6,574	23,729
Non Investment-linked business	22,479	22,013	86,697
Investment-linked business	1,110	1,067	1,916
	<u>68,926</u>	<u>29,654</u>	<u>112,342</u>

28. Comparative figures

Certain comparative figures have been restated following the adoption of MFRS Framework and changes in accounting policies as stated in Note 2.

Reconciliation of statement of financial position for comparative periods and previously reported balances are as follows:

	Note	As previously reported "FRS" RM'000	Adjustment RM'000	As restated "MFRS" RM'000
Statement of financial position				
<u>As at 1 January 2011</u>				
<u>Equity</u>				
Foreign currency translation reserve	a	5,190	(5,190)	-
Fair value reserves	b	13,449	9,165	22,614
Retained earnings	a , b	411,393	152,120	563,513
<u>Liabilities</u>				
Insurance contract liabilities	b	2,753,341	(205,072)	2,548,269
Deferred tax liabilities	c	28,452	48,977	77,429
<u>As at 31 December 2011</u>				
<u>Equity</u>				
Foreign currency translation reserve	a	5,190	(5,190)	-
Fair value reserves	b	13,266	8,860	22,126
Retained earnings	a , b	451,440	125,659	577,099
<u>Liabilities</u>				
Insurance contract liabilities	b	2,777,264	(169,485)	2,607,779
Deferred tax liabilities	c	25,480	40,156	65,636

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Notes to the Interim Financial Statements (Continued)**28. Comparative figures (continued)**

	Note	As previously reported "FRS" RM'000	Adjustment RM'000	As restated "MFRS" RM'000
Statement of financial position				
<u>As at 30 June 2011</u>				
<u>Equity</u>				
Foreign currency translation reserve	a	5,190	(5,190)	-
Fair value reserves	b	13,554	10,160	23,714
Retained earnings	a , b	419,855	146,902	566,757
<u>Liabilities</u>				
Insurance contract liabilities	b	2,807,593	(199,110)	2,608,483
Deferred tax liabilities	c	27,707	47,238	74,945

Reconciliation of profit or loss and other comprehensive income for comparative periods and previously reported balances are as follows:

	Note	As previously reported "FRS" RM'000	Adjustment RM'000	As restated "MFRS" RM'000
Statement of comprehensive income				
<u>For financial period ended 30 June 2011</u>				
Total comprehensive income		35,887	(4,223)	31,664
Comprise of the following restatements:				
Gross change in contract liabilities	b	(52,523)	(6,957)	(59,480)
Taxation	c	(9,156)	1,739	(7,417)
Net gain on fair value change of available-for-sale financial assets	b	105	995	1,100

The adoption of the new MFRS Framework and the change in accounting policy has resulted in the following restatements:-

- (a) reclassification of foreign currency translation reserves to retained earnings;
- (b) reclassification of unallocated surplus and AFS reserves (net of deferred tax) of non-participating funds previously held within insurance contract liabilities to non-distributable retained earnings and fair value reserves respectively as of 1 January 2011; and
- (c) recognition of corresponding deferred tax liabilities on unallocated surplus of non-participating funds.

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Notes to the Interim Financial Statements (Continued)**29. Disclosure of realised and unrealised earnings**

Pursuant to the directive and guidance issued by Bursa Securities, the breakdown of the Group's retained earnings into realised and unrealised earnings is analysed as follows:

	As at 30.06.2012 RM'000	As at 31.12.2011 RM'000
Total retained earnings of the Group:		
- Realised	411,961	415,983
- Unrealised	140,855	139,170
	<u>552,816</u>	<u>555,153</u>
Consolidation adjustments	23,884	21,946
Total retained earnings as per statement of financial position	<u>576,700</u>	<u>577,099</u>

The analysis of realised and unrealised earnings is made reference to the Guidance On Special Matter No. 1 "*Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Securities Listing Requirements*" issued by the Malaysian Institute of Accountants on 20 December 2010.

BY ORDER OF THE BOARD

Chua Siew Chuan
Joint Secretary
14 August 2012

Chin Mun Yee
Joint Secretary