

# MANULIFE HOLDINGS BERHAD

Interim financial statements for the twelve months period ended 31 December 2013

## 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 Malaysia”), and should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2012, which were prepared in accordance with the Malaysian Financial Reporting Standards.

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 2012.

### 2. Significant accounting policies

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 2012, except for the adoption of the following:

<u>MFRSs/Interpretations</u>	<u>Effective Date</u>
MFRS 3 “Business Combinations”	1 January 2013
MFRS 7 “Financial instruments: Disclosures”	1 January 2013
MFRS 10 “Consolidated financial statements”	1 January 2013
MFRS 12 “Disclosure of interest in other entities”	1 January 2013
MFRS 13 “Fair value measurement”	1 January 2013
MFRS 101 “Presentation of items of other comprehensive income”	1 January 2013
MFRS 119 “Employee benefits”	1 January 2013
MFRS 127 “Separate financial statements”	1 January 2013

The adoption of the revised standards, amendments and interpretations issued by Malaysian Accounting Standards Board (“MASB”) in the current financial year do not have any material impact to the financial statements of the Group.

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

### 3. Status of audit qualification

There was no audit qualification in the annual financial statements for the preceding financial year ended 31 December 2012.

### 4. Seasonal/cyclical factors

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

## **MANULIFE HOLDINGS BERHAD**

Interim financial statements for the twelve months period ended 31 December 2013

### **Notes to the Interim Financial Statements (Continued)**

#### **5. Unusual items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the financial year ended 31 December 2013, other than the completion of the acquisition of a new subsidiary as disclosed in Note 10.

#### **6. Change in estimates**

The Group's insurance subsidiary, Manulife Insurance Berhad revised certain assumptions used for the actuarial liabilities valuation during the quarter ended 30 September 2013. The change resulted in lower actuarial liabilities of RM45.5 million for the current year ended 31 December 2013, with a corresponding increase in unallocated surplus for the participating business and net profit before tax of RM43.9 million and RM1.6 million, respectively.

Other than as disclosed above, there were no changes in the basis used for accounting estimates for the current financial year ended 31 December 2013.

#### **7. Debt and equity securities**

There were no issuances, cancellation, repurchases, resale and repayment of debt and equity securities during the current financial year ended 31 December 2013.

#### **8. Dividends**

A first and final dividend of 15 sen per share, less 25% tax, amounting to RM22,766,625 for the financial year ended 31 December 2012, was approved at the Annual General Meeting held on 26 June 2013 and the dividend was paid on 16 July 2013.

The dividend for the financial year ended 31 December 2013 will be determined by the Board upon the finalisation of the audited financial statements.

#### **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 year to date.

#### **10. Changes in composition of the Group**

On 13 November 2013, Manulife Holdings Berhad ("MHB") has entered into a conditional share purchase agreement to acquire 6,000,000 ordinary shares of RM1 each in MAAKL Mutual Berhad, representing the entire issued and paid up ordinary share capital of MAAKL Mutual Berhad, for a total consideration of RM96,475,000. The acquisition of shares was completed on 31 December 2013. As allowed by MFRS 3 Business Combination, the Group is still assessing and finalising the acquisition accounting arising from this business combination. The fair value of assets and liabilities acquired as of 31 December 2013 are consolidated based on provisional fair values.

Other than as disclosed above, there is no change in the Group's composition for the current financial year ended 31 December 2013.

#### **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.

## **MANULIFE HOLDINGS BERHAD**

Interim financial statements for the twelve months period ended 31 December 2013

### **Notes to the Interim Financial Statements (Continued)**

#### **12. Next financial year prospects**

The effect of tapering Quantitative Easing measure has increased the interest rates in Malaysia which consequently improved the surplus of insurance business. This is expected to be a temporary transition in monetary policy whilst the Malaysia economy is forecasted to grow at a moderate rate. The Group remain cautious about the change in the market and economic environment as our business expansion plan is rolled out and rides on various initiatives undertaken by the Government. The utilisation and allocation of resources will be prudently managed along the growth journey.

The strategic bancassurance partnership with Alliance Bank Malaysia Berhad ("ABMB") will continue to create economic benefits to the Group via the distribution of our life insurance products to ABMB's customers, not to mention the diversification of sales channel will enhance the economies of scale and profitability. The Group will focus on offering a suite of bespoke products that are suitable for ABMB's customers.

The Group had recently completed the purchase of a mutual fund company managing 27 mutual funds and over 1,000 captive agents. The in-sourcing of fund management, expertise knowledge and synergy benefits will expand our wealth business according to the overall Group strategy. Significant resources are allocated to facilitate the integration process in order to ensure a seamless transition and a well-executed business plan.

A holistic customer-centric approach will be taken in our forward thinking solutions designed to help our customers' most significant financial decisions. We will offer a range of innovative products such as living benefits, integrated wellness programs and retirement solutions that aims to enhance the Group's competitiveness in both the insurance and unit trust industries.

Barring any unforeseen circumstances, the Directors expect the Group's performance to remain satisfactory in the next financial year ending 31 December 2014 as the Group embarks on its business expansion.

#### **13. Profit forecast**

The Group did not issue any profit forecast during the financial year ended 31 December 2013.

#### **14. Group borrowings**

The Group does not have any borrowings as at 31 December 2013.

#### **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 proposals that have been announced but not completed.

## **MANULIFE HOLDINGS BERHAD**

**Interim financial statements for the twelve months period ended 31 December 2013**

### **Notes to the Interim Financial Statements (Continued)**

#### **17. Significant event**

- (i) On 13 June 2013, the insurance subsidiary of the Group signed a 10-year strategic bancassurance agreement with ABMB.

Total consideration under this exclusive agreement amounts up to RM70 million. As of 31 December 2013, RM30 million was paid and was capitalised. The amount capitalised will be amortised over the duration of the agreement.

- (ii) On 31 December 2013, the Group completed the acquisition of a new subsidiary for a total consideration of RM96,475,000, as disclosed in Note 10.

Other than as disclosed above, there is no significant event during the year.

# MANULIFE HOLDINGS BERHAD

Interim financial statements for the twelve months period ended 31 December 2013

## Notes to the Interim Financial Statements (Continued)

### 18. Operating segments

The core businesses of the Group are the life insurance business, management of unit trust funds, private retirement scheme 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, private retirement scheme funds and other segments

	Cumulative 12 months ended 31 December							
	Investment holding		Life insurance business		Others		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>External revenue</u>								
(a) Premium Income								
Gross premiums	-	-	685,265	515,366	-	-	685,265	515,366
Premiums ceded to reinsurers	-	-	(11,013)	(10,499)	-	-	(11,013)	(10,499)
Net premiums	-	-	674,252	504,867	-	-	674,252	504,867
(b) Investment income	12,686	9,885	149,972	147,477	3,435	855	166,093	158,217
(c) Net realised gains	3,790	2,038	97,200	66,185	-	-	100,990	68,223
(d) Net fair value gains/(losses)	95	(242)	69,748	35,729	(20)	-	69,823	35,487
(e) Fee income	-	-	-	-	5,599	1,775	5,599	1,775
(f) Other operating income	-	11	1,144	933	(3)	5	1,141	949
<b>Total external revenue</b>	<b>16,571</b>	<b>11,692</b>	<b>992,316</b>	<b>755,191</b>	<b>9,011</b>	<b>2,635</b>	<b>1,017,898</b>	<b>769,518</b>
<u>Inter-segment revenue</u>								
(a) Rental income	775	743	386	370	-	-	1,161	1,113
(b) Fee income	337	1,330	-	-	6,930	6,737	7,267	8,067
(c) Dividend Income	200,114	-	964	-	-	-	201,078	-
(d) Net realised gains	137	-	642	-	-	-	779	-
(e) Fair value gains	-	-	9	-	-	-	9	-
<b>Total inter-segment revenue</b>	<b>201,363</b>	<b>2,073</b>	<b>2,001</b>	<b>370</b>	<b>6,930</b>	<b>6,737</b>	<b>210,294</b>	<b>9,180</b>
<b>Total revenue by segment</b>	<b>217,934</b>	<b>13,765</b>	<b>994,317</b>	<b>755,561</b>	<b>15,941</b>	<b>9,372</b>	<b>1,228,192</b>	<b>778,698</b>
<b>Profit/(loss) before taxation</b>	<b>6,594</b>	<b>5,452</b>	<b>75,376</b>	<b>57,059</b>	<b>(8,738)</b>	<b>(5,709)</b>	<b>73,232</b>	<b>56,802</b>
<b>Segment assets</b>	<b>565,166</b>	<b>381,069</b>	<b>3,981,207</b>	<b>3,820,216</b>	<b>291,530</b>	<b>93,431</b>	<b>4,837,903</b>	<b>4,294,716</b>
<b>Segment liabilities</b>	<b>18,914</b>	<b>10,368</b>	<b>3,612,092</b>	<b>3,301,013</b>	<b>47,850</b>	<b>8,449</b>	<b>3,678,856</b>	<b>3,319,830</b>

# MANULIFE HOLDINGS BERHAD

Interim financial statements for the twelve months period ended 31 December 2013

## Notes to the Interim Financial Statements (Continued)

### 18. Operating segments (continued)

#### Reconciliation of reportable segments

	<b>Cumulative 12 months ended</b>	
	<b>31.12.2013</b>	<b>31.12.2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Total revenue</b>		
Total revenue for reportable segments	1,228,192	778,698
Elimination of inter-segment revenue	(210,294)	(9,180)
<b>Total revenue as per statement of comprehensive income</b>	<b>1,017,898</b>	<b>769,518</b>
	<b>As at</b>	<b>As at</b>
	<b>31.12.2013</b>	<b>31.12.2012</b>
		<b>RM'000</b>
<b>Segment assets</b>		
Total assets for reportable segments	4,837,903	4,294,716
Elimination of inter-segment assets	(403,590)	(239,814)
<b>Total assets as per statement of financial position</b>	<b>4,434,313</b>	<b>4,054,902</b>
<b>Segment liabilities</b>		
Total liabilities for reportable segments	3,678,856	3,319,830
Elimination of inter-segment liabilities	(1,843)	(3,854)
<b>Total liabilities as per statement of financial position</b>	<b>3,677,013</b>	<b>3,315,976</b>

### 19. Review of performance

The management uses operating revenue as a measure of performance for each operating segment. Operating revenue for each reportable segment consists of gross premiums, investment income and fee income.

#### **Financial Year ended December 2013 vs Financial Year ended December 2012**

The Group achieved operating revenue of RM857.0 million for the year ended 31 December 2013 (YTD December 2013), an increase of 26.9% or RM181.6 million compared to the corresponding financial year ended 31 December 2012 (YTD December 2012) of RM675.4 million. The Group's profit before tax was RM73.2 million for the YTD December 2013, RM16.4 million higher as compared to the profit before tax in the corresponding YTD December 2012 of RM56.8 million.

Performance of the respective operating business segments are as follows:

**Investment holding** – Operating revenue and profit before tax of the investment holding increased by RM2.8 million and RM1.1 million as compared to YTD December 2012 mainly due to higher interest income from fixed income securities.

**Life insurance business** – Operating revenue of the life insurance business increased by RM172.5 million (2013: RM835.2 million, 2012: RM662.8 million) mainly due to higher gross premiums from investment-linked business during the current financial year ended 2013 as a result of new funds launched which were distributed via our new bancassurance partner. Profit before tax was higher in the current financial year due to higher investment income and higher realised gains on disposal of available-for-sale fixed income and equity securities, despite the increase from management expenses in IT infrastructure enhancement and business expansion initiatives.

**Other business** – Operating revenue improved in the current year to date (2013: RM9.0 million) as compared to the corresponding period in the preceding year (2012: RM2.6 million) mainly contributed by higher sales charge and management fee income earned on new fund launched and higher interest income. However, there was a loss before tax of RM8.7 million in the YTD December 2013 as compared to loss before tax of RM5.7 million in YTD December 2012. This was mainly attributable to the higher management expenses driven by increase in staff force and IT infrastructure enhancement to support the PRS business launched in November 2012.

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### Notes to the Interim Financial Statements (Continued)

#### 19. Review of performance (continued)

##### 4th Quarter 2013 vs 4th Quarter 2012

The Group recorded operating revenue of RM267.8 million for the quarter ended 31 December 2013, an increase of 40.2% or RM76.6 million compared to the corresponding quarter ended 31 December 2012 of RM191.2 million. The Group's profit before tax was RM24.4 million for the current quarter, RM15.7 million higher as compared to the profit before tax in the corresponding quarter ended 31 December 2012 of RM8.7 million.

Performance of the respective operating business segments are as follows:

**Investment holding** – Operating revenue of the investment holding was higher in current quarter (2013: RM3.5 million) as compared to the preceding year's corresponding quarter (2012: RM2.2 million) due to higher interest income from fixed income securities. Profit before tax improved by RM2.1 million as compared to corresponding quarter ended 31 December 2012 mainly attributable to higher investment income and realised gains on disposal of equity securities, partially offset by higher management expenses incurred in IT infrastructure enhancement and staff related expenses.

**Life insurance business** – Operating revenue of the life insurance business increased by RM74.2 million (2013: RM262.1 million, 2012: RM188.02 million) mainly due to higher gross premiums from investment-linked business during the current quarter as a result of new funds in the current year which were distributed via our new bancassurance partner. Profit before tax was higher in the current quarter mainly due to higher investment income.

**Other business** – Operating revenue increased in the current quarter (2013: RM2.1 million) as compared to the corresponding quarter in the preceding year (2012: RM0.7 million) mainly contributed by higher sales charge and management fee income earned on new fund launched and higher interest income. In tandem with higher sales charge and management fee income earned in the current quarter, loss before tax reduced by RM0.7 million to RM4.0 million as compared to last quarter 2012.

#### 20. Material changes in the quarterly results compared to the results of preceding quarter

The Group attained higher profit before tax of RM24.4 million for the current quarter under review as compared to the profit before tax of RM22.9 million in preceding quarter ended 30 September 2013. The increase of RM1.5 million was mainly attributable to higher investment income and reduction in actuarial liabilities due to lower reserving required arising from higher interest rate yield assumptions.

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Interim financial statements for the twelve months period ended 31 December 2013

**Notes to the Interim Financial Statements (Continued)****21. Net premiums**

Net premiums which are stated net of reinsurance expenses comprise the following:-

	<b>3 months ended</b>		<b>Cumulative 12 months ended</b>	
	<b>31.12.2013</b>	<b>31.12.2012</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
First year premium	22,933	20,641	79,380	68,586
Renewal year premium	130,369	125,456	450,290	428,631
Single premium	64,394	2,212	144,582	7,650
<b>Total</b>	<b>217,696</b>	<b>148,309</b>	<b>674,252</b>	<b>504,867</b>

**22. Investment income**

	<b>3 months ended</b>		<b>Cumulative 12 months ended</b>	
	<b>31.12.2013</b>	<b>31.12.2012</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Financial assets at FVTPL</u>				
- <u>designated upon initial recognition</u>				
Interest/profit income	3,411	4,014	14,192	15,531
Dividend/distribution income				
- equity securities				
- quoted in Malaysia	3,698	3,276	10,188	8,311
- quoted outside Malaysia	-	-	40	-
Accretion of discounts, net of amortisation of premiums	27	65	197	403
<u>AFS financial assets</u>				
Interest/profit income	18,645	17,858	73,018	69,914
Dividend/distribution income				
- equity securities				
- quoted in Malaysia	6,890	4,997	27,490	25,394
- unquoted	-	105	133	140
- unit trusts	5,065	-	5,065	-
Accretion of discounts, net of amortisation of premiums	596	780	2,695	3,225
<u>Loans and receivables</u>				
Interest/profit income	5,541	6,180	22,720	25,034
Accretion of discounts, net of amortisation of premiums	619	589	2,428	2,312
<u>Investment properties</u>				
Rental income	1,601	1,703	6,922	6,935
<u>Cash and cash equivalents</u>				
Interest/profit sharing income	165	(214)	1,005	1,018
	<b>46,258</b>	<b>39,353</b>	<b>166,093</b>	<b>158,217</b>



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Interim financial statements for the twelve months period ended 31 December 2013

## Notes to the Interim Financial Statements (Continued)

### 23. Other operating expenses

	3 months ended		Cumulative 12 months ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
Net foreign exchange (gains)/losses	(595)	64	(7,177)	3,599
Interest expense on agent's bond withheld	7	7	27	31
Others	25	1,176	1,310	1,176
Tax on investment income of Life fund and Investment-linked funds				
- Current tax	5,801	2,031	15,356	12,962
- Deferred tax	1,606	(152)	1,968	938
	7,407	1,879	17,324	13,900
	<u>6,844</u>	<u>3,126</u>	<u>11,484</u>	<u>18,706</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% (2012: 8%) of the assessable investment income, net of allowable deductions for the financial year.

### 24. Profit before taxation

	3 months ended		Cumulative 12 months ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
<b>Profit before taxation is arrived at after charging/(crediting):</b>				
Amortisation of intangible assets	1,100	267	2,960	932
Depreciation of property and equipment	505	508	2,085	1,942
Investment income (Note 22)	(46,258)	(39,353)	(166,093)	(158,217)
Allowance/(recovery) of impairment loss on insurance receivables	4	1	10	(18)
Net foreign exchange (gains)/losses	(595)	64	(7,177)	3,599
Net realised gains				
- realised gains/(losses) on disposal of property and equipments	-	6	-	(9)
- realised gains on disposal of AFS investments	(29,902)	(23,591)	(100,990)	(67,981)
- realised gains on disposal of loans and receivables	-	-	-	(233)
	<u>(29,902)</u>	<u>(23,585)</u>	<u>(100,990)</u>	<u>(68,223)</u>

**MANULIFE HOLDINGS BERHAD**

Interim financial statements for the twelve months period ended 31 December 2013

**Notes to the Interim Financial Statements (Continued)****24. Profit before taxation (continued)**

	3 months ended		Cumulative 12 months ended	
	31.12.2013 RM'000	31.12.2012 RM'000	31.12.2013 RM'000	31.12.2012 RM'000
<b>Profit before taxation is arrived at after charging/(crediting):</b>				
Net fair value gains				
- fair value gains on Investment properties	(1,388)	(568)	(1,388)	(568)
- fair value gains on FVTPL investments	(34,187)	(2,926)	(69,008)	(40,968)
- impairment loss on quoted equities	-	831	573	6,049
	(35,575)	(2,663)	(69,823)	(35,487)

Other than the above, there was no gain or loss on derivatives for the current quarter and period ended 31 December 2013.

**25. Taxation**

	3 months ended		Cumulative 12 months ended	
	31.12.2013 RM'000	31.12.2012 RM'000	31.12.2013 RM'000	31.12.2012 RM'000
<u>Income tax</u>				
Current financial year	5,704	15,401	17,783	26,108
Under/(over) provision in prior financial year	-	1,876	(2,892)	1,876
	5,704	17,277	14,891	27,984
<u>Deferred tax</u>				
Origination and reversal of temporary differences	14	(16,123)	64	(16,212)
Over provision in prior financial year	-	(823)	(10)	(3,925)
	14	(16,946)	54	(20,137)
	5,718	331	14,945	7,847

The income tax for the Group is calculated based on the tax rate of 25% (2012: 25%) of the estimated assessable profit for the financial year.

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Interim financial statements for the twelve months period ended 31 December 2013

**Notes to the Interim Financial Statements (Continued)****25. Taxation (continued)**

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 12 months ended	
	31.12.2013 RM'000	31.12.2012 RM'000	31.12.2013 RM'000	31.12.2012 RM'000
Profit before taxation	24,372	8,749	73,232	56,802
Taxation at Malaysian statutory tax rate of 25%	6,093	2,187	18,308	14,200
Section 110B tax credit set off	(900)	(4,781)	(2,664)	(6,116)
Income not subject to tax	(1,033)	970	(2,597)	(985)
Expenses not deductible for tax purposes	1,099	(541)	3,729	1,354
Unrecognised deferred tax assets	459	1,443	1,071	1,443
	5,718	(722)	17,847	9,896
Under/(over) provision in prior financial year				
- Current tax**	-	1,876	(2,892)	1,876
- Deferred tax	-	(823)	(10)	(3,925)
	5,718	331	14,945	7,847

\*\* Included in the current tax are tax savings from utilisation of 2012 group relief by the holding company and higher single tier dividend exemption in insurance subsidiary of the Group.

**26. Earnings per share****(a) Basic earnings per share**

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

		3 months ended		Cumulative 12 months ended	
		31.12.2013	31.12.2012	31.12.2013	31.12.2012
Net profit attributable to owners of the Parent	(RM'000)	18,621	8,418	58,242	48,955
Weighted average number of ordinary shares in issue	('000)	202,370	202,370	202,370	202,370
Basic earnings per share	(Sen)	9.20	4.16	28.78	24.19

**(b) Diluted earnings per share**

There is no dilution in earnings per share as there are no dilutive potential ordinary shares as at 31 December 2013.

**MANULIFE HOLDINGS BERHAD**

Interim financial statements for the twelve months period ended 31 December 2013

**Notes to the Interim Financial Statements (Continued)****27. Insurance contract liabilities**

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

	<b>As at 31.12.2013</b>	<b>As at 31.12.2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Actuarial liabilities	2,087,773	2,138,525
Unallocated surplus	202,587	63,224
Fair value reserve	115,131	169,522
Asset revaluation reserve	641	-
Investment-linked policyholders' account	666,605	432,416
	<u>3,072,737</u>	<u>2,803,687</u>

The insurance contract liabilities and its movements are further analysed as follows:

	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	2,803,687	2,607,779
Inforce reserve movement	47,297	79,399
New business reserve	5,132	(4,704)
Discount rate and other changes *	(103,181)	(132,642)
Unallocated surplus	139,363	161,387
Fair value reserve, net of tax	(54,391)	26,084
Asset revaluation reserve	641	-
Investment-linked policyholders' account	234,189	66,384
At 31 December	<u>3,072,737</u>	<u>2,803,687</u>

\* Included in discount rate and other changes is the impact from change in estimate as disclosed in Note 6.

**28. Cash and cash equivalents**

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

	<b>As at 31.12.2013</b>	<b>As at 31.12.2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Shareholders and others	31,396	20,553
Non Investment-linked business	21,877	23,714
Investment-linked business	4,384	2,512
	<u>57,657</u>	<u>46,779</u>

**29. Capital commitment**

	<b>As at 31.12.2013</b>	<b>As at 31.12.2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Exclusive bancassurance agreement</u>		
Contracted but not provided for	<u>40,000</u>	<u>-</u>

**MANULIFE HOLDINGS BERHAD**

Interim financial statements for the twelve months period ended 31 December 2013

**Notes to the Interim Financial Statements (Continued)****30. Disclosure of realised and unrealised earnings**

Pursuant to the directives and guidance issued by Bursa Malaysia on 20 December 2010, the breakdown of the Group's retained earnings into realised and unrealised earnings is analysed as follows:

	<b>As at 31.12.2013</b>	<b>As at 31.12.2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained earnings of the Group:		
- Realised	528,864	481,113
- Unrealised	81,221	93,497
	<u>610,085</u>	<u>574,610</u>
Consolidation adjustments	24,124	24,124
Total retained earnings as per statement of financial position	<u><u>634,209</u></u>	<u><u>598,734</u></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 Malaysia Securities Berhad Listing Requirements*" issued by the Malaysian Institute of Accountants on 20 December 2010.

This note should be read in conjunction with the Consolidated Statement of Changes in Equity.

**BY ORDER OF THE BOARD**

Chua Siew Chuan  
**Joint Secretary**  
27 February 2014

Chin Mun Yee  
**Joint Secretary**