

MANULIFE HOLDINGS BERHAD

Interim financial statements for the twelve months period ended 31 December 2014

Unaudited Condensed Consolidated Statement of Financial Position

	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Assets		
Property and equipment	37,730	30,371
Investment properties	84,292	78,622
Intangible assets	130,381	120,587
Available-for-sale financial assets	2,617,754	2,568,350
Financial assets at fair value through profit or loss	960,873	912,252
Loans and receivables	665,860	637,770
Reinsurance assets	2,644	1,731
Insurance receivables	23,608	26,969
Deferred tax assets	142	84
Current tax assets	2,212	11
Cash and cash equivalents (Note 28)	105,973	57,657
Total Assets	4,631,469	4,434,404
Equity, Policyholders' Funds and Liabilities		
Share capital	101,185	101,185
Share premium	1,884	1,884
Retained earnings	644,557	634,209
Other reserves	14,155	16,353
Equity attributable to the owners of the parent	761,781	753,631
Non-controlling interests	1,117	3,669
Total Equity	762,898	757,300
Insurance contract liabilities (Note 27)	3,272,074	3,072,828
Insurance claims liabilities	42,385	41,001
Financial liabilities at fair value through profit or loss	700	-
Deferred tax liabilities	34,062	42,168
Insurance payables	396,502	364,488
Current tax liabilities	1,901	4,971
Other payables	120,947	151,648
Total Liabilities	3,868,571	3,677,104
Total Equity, Policyholders' Funds and Liabilities	4,631,469	4,434,404
Net Assets Per Share (RM)	3.76	3.72

The accompanying notes form an integrated part of these interim financial statements.

MANULIFE HOLDINGS BERHAD

Interim financial statements for the twelve months period ended 31 December 2014

Unaudited Condensed Consolidated Statement of Profit or Loss

	3 months ended		Cumulative 12 months ended	
	31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
Premium income				
Gross premiums	200,091	220,900	779,025	685,265
Premiums ceded to reinsurers	(3,522)	(3,204)	(11,337)	(11,013)
Net premiums (<i>Note 21</i>)	196,569	217,696	767,688	674,252
Investment income (<i>Note 22</i>)	48,738	46,258	171,556	166,093
Net realised gains	9,269	29,902	55,391	100,990
Net fair value (losses)/gains	(45,388)	35,575	(12,748)	69,823
Fee income	16,390	605	58,806	5,599
Other operating income	597	345	2,002	1,141
Total revenue	226,175	330,381	1,042,695	1,017,898
Gross benefits and claims paid	(134,584)	(120,448)	(490,013)	(424,253)
Claims ceded to reinsurers	(67)	781	3,783	1,525
Gross change in contract liabilities	(14,847)	(126,756)	(260,377)	(322,800)
Net claims	(149,498)	(246,423)	(746,607)	(745,528)
Fee and commission expenses	(23,395)	(22,280)	(99,102)	(78,052)
Investment expenses	(676)	(378)	(3,765)	(3,244)
Management expenses	(40,256)	(30,084)	(141,649)	(106,358)
Other operating expenses (<i>Note 23</i>)	9,269	(6,844)	(1,658)	(11,484)
Other expenses	(55,058)	(59,586)	(246,174)	(199,138)
Profit before taxation (<i>Note 24</i>)	21,619	24,372	49,914	73,232
Taxation (<i>Note 25</i>)	(5,278)	(5,718)	(14,236)	(14,945)
Net profit for the period/year	16,341	18,654	35,678	58,287
Net profit attributable to:				
Owners of the parent	16,394	18,621	35,644	58,242
Non-controlling interests	(53)	33	34	45
	16,341	18,654	35,678	58,287
Basic earnings per share (sen) (<i>Note 26</i>)	8.10	9.20	17.61	28.78

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Interim financial statements for the twelve months period ended 31 December 2014

Unaudited Condensed Consolidated Statement of Total Comprehensive Income

	3 months ended		Cumulative 12 months ended	
	31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
Net profit for the period/year	16,341	18,654	35,678	58,287
Other comprehensive (loss)/income, net of tax:				
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:-				
Fair value change of available-for-sale financial assets:				
- Gross fair value change	(56,441)	(23,211)	(69,682)	(83,894)
- Deferred tax	4,402	1,861	5,413	8,020
	(52,039)	(21,350)	(64,269)	(75,874)
- Changes in insurance contract liabilities arising from unrealised net fair value losses	41,528	12,755	62,071	54,391
- Net losses	(10,511)	(8,595)	(2,198)	(21,483)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	(10,511)	(8,595)	(2,198)	(21,483)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:-				
Surplus from revaluation of property:				
- Gross surplus from revaluation	-	1,354	-	1,354
- Reversal of deferred tax	-	-	-	-
	-	1,354	-	1,354
- Changes in insurance contract liabilities arising from revaluation of property	-	(641)	-	(641)
- Net gains	-	713	-	713
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	-	713	-	713
Other comprehensive loss for the period/year, net of tax	(10,511)	(7,882)	(2,198)	(20,770)
Total comprehensive income for the period/year	5,830	10,772	33,480	37,517
Total comprehensive income attributable to:				
Owners of the parent	5,883	10,739	33,446	37,472
Non-controlling interests	(53)	33	34	45
	5,830	10,772	33,480	37,517

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Interim financial statements for the twelve months period ended 31 December 2014

Unaudited Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the parent					Non-controlling interests RM'000	Total RM'000
	Share capital RM'000	Share premium RM'000	Asset revaluation reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000		
At 1 January 2014	101,185	1,884	4,508	11,845	634,209	3,669	757,300
Changes in ownership interest in a unit trust fund managed by a subsidiary	-	-	-	-	-	(2,586)	(2,586)
Net profit for the year	-	-	-	-	35,644	34	35,678
Other comprehensive loss for the year	-	-	-	(2,198)	-	-	(2,198)
Total comprehensive (loss)/income for the year	-	-	-	(2,198)	35,644	34	33,480
Final dividends for the financial year ended 31 December 2013	-	-	-	-	(25,296)	-	(25,296)
At 31 December 2014	101,185	1,884	4,508	9,647	644,557	1,117	762,898
At 1 January 2013	101,185	1,884	3,795	33,328	598,734	-	738,926
Non-controlling interest arising from business combination	-	-	-	-	-	3,624	3,624
Net profit for the year	-	-	-	-	58,242	45	58,287
Other comprehensive income/(loss) for the year	-	-	713	(21,483)	-	-	(20,770)
Total comprehensive income/(loss) for the year	-	-	713	(21,483)	58,242	45	37,517
Final dividends for the financial year ended 31 December 2012	-	-	-	-	(22,767)	-	(22,767)
At 31 December 2013	101,185	1,884	4,508	11,845	634,209	3,669	757,300

Included in the retained earnings are surplus from Non-participating life fund of the insurance subsidiary of the Group (net of deferred tax) of approximately RM71,719,000 (1 January 2014/ 31 December 2013: RM71,719,000/ 1 January 2013: RM71,719,000). These amounts are only distributable upon the actual recommended transfer from the Non-participating life fund to the Shareholder's fund of the insurance subsidiary of the Group by the Appointed Actuary.

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Unaudited Condensed Consolidated Statement of Cash Flows

	12 months ended 31.12.2014 RM'000	12 months ended 31.12.2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the financial year	35,678	58,287
Adjustments for non-cash items	69,872	16,175
Operating profits before changes in operating assets and liabilities	<u>105,550</u>	<u>74,462</u>
Purchase of investments	(1,707,139)	(1,759,179)
Proceeds from sale and maturity of investments	1,531,343	1,747,195
Interest income received	114,171	110,803
Dividend income received	43,734	40,777
Rental income received	7,195	7,182
Decrease/(increase) in other receivables	9,843	(5,072)
Increase in payables	1,313	64,161
Increase in insurance claims liabilities	1,412	6,496
Increase in fixed and call deposits	(61,141)	(29,458)
Decrease in loan receivables	32,361	31,701
Cash generated from operations	<u>78,642</u>	<u>289,068</u>
Income taxes paid	(37,734)	(41,758)
Net cash inflow from operating activities	<u>40,908</u>	<u>247,310</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(20,265)	(4,797)
Proceeds from property and equipment	234	-
Acquisition of subsidiary, net of cash and cash equivalents acquired	-	(82,778)
Purchase of intangible assets	(13,176)	(33,433)
Purchase of investments	(79,904)	(271,177)
Proceeds from sale and maturity of investments	148,402	174,896
Net cash inflow/(outflow) from investing activities	<u>35,291</u>	<u>(217,289)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Shareholders' dividend paid	(25,296)	(22,767)
Changes in Non-controlling interests	(2,587)	-
Non-controlling interest arising from business combination	-	3,624
Net cash outflow from financing activities	<u>(27,883)</u>	<u>(19,143)</u>
Net increase during the financial year	48,316	10,878
Cash and cash equivalents at 1 January	57,657	46,779
Cash and cash equivalents at 31 December (Note 28)	<u>105,973</u>	<u>57,657</u>

CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows and statements of financial position comprise the following:

	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Cash and bank balances	99,274	54,331
Short-term deposits	6,699	3,326
Cash and cash equivalents	<u>105,973</u>	<u>57,657</u>

The accompanying notes form an integrated part of these interim financial statements.