

MANULIFE HOLDINGS BERHAD

Interim financial statements for the three months period ended 31 March 2015

Notes to the Interim Financial Statements (Continued)

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 2014, 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 2014.

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 2014, except for the adoption of the following:

<u>MFRSs/Interpretations</u>	<u>Effective Date</u>
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010–2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011–2013 Cycle	1 July 2014
Amendments to MFRS 11 Accounting for Acquisitions of Interest in Joint Operations	1 January 2016
Amendments to MFRS 116, Property, Plant and Equipment and MFRS 138, Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 127 Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Annual Improvements to MFRSs 2012–2014 Cycle	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2017
MFRS 9 Financial Instruments	1 January 2018

The adoption of the revised standards, amendments to MFRSs 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 2014.

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4. Seasonal/cyclical factors

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

5. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the financial period ended 31 March 2015.

6. Change in estimates

There were no changes in the basis used for accounting estimates for the current financial period ended 31 March 2015.

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 31 March 2015.

8. Dividends

The directors recommend the payment of a first and final dividend of 10.0 sen per share, amounting to RM20,237,000 for the financial year ended 31 December 2014, which is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting.

No dividend has been declared in respect of the current financial period ended 31 March 2015.

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

There is no change in the Group's composition for the current financial period ended 31 March 2015.

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.

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12. Next financial year prospects

The market volatility resulting from the lower oil price and weak currency is likely to negatively affect the economy in Malaysia which consequently put downward pressures on our insurance and wealth management businesses. The policy makers have taken necessary steps in mitigating the negative impact whilst the Malaysia economy growth outlook was revised to a lower level. The introduction of Goods and Services Tax in April 2015 has increased the cost base of the life insurance operation given that the tax-exempted status of life insurance. The Group is cautious about the current challenging environment in the roll-out of our business expansion plan. The review of utilisation and allocation of resources is ongoing so that a proper discipline is maintained 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 continue to collaborate with ABMB to deepen the partnership and broaden the suite of bespoke products that are suitable for ABMB's customers.

With the completion of merging the two unit trust companies and computer system migration, the Group now has an integrated platform of distribution, fund management, product, system application and operations. This platform will support the synergy benefits and the expansion of wealth management business while the Group will continue to put resources to raise our branch presence and enhance the capability of computer systems in 2015 in order to ensure 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. The Group has launched a couple of innovative insurance products in January 2015 and will bring more integrated wellness programs and retirement solutions to Malaysian which enhance the Group's competitiveness in both the insurance and unit trust industries.

In light of current challenging environments, the Directors expect that there will be potential headwinds in respect of Group's performance in the current financial year ending 31 December 2015.

13. Profit forecast

The Group did not issue any profit forecast during the financial period ended 31 March 2014.

14. Group borrowings

The Group does not have any borrowings as at 31 March 2015.

15. Material litigation

There is no material litigation as at the date of this report and 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.

17. Significant event

There is no significant event during the financial period to date.

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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 and other segments
 Life insurance : Underwriting of Participating and Non-participating life insurance and unit-linked products
 Asset management services : Asset management, unit trust and private retirement scheme funds

	Cumulative 3 months ended 31 March							
	Investment holding		Life insurance business		Asset management services		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	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	-	-	133,847	155,655	-	-	133,847	155,655
Premiums ceded to reinsurers	-	-	(2,769)	(2,250)	-	-	(2,769)	(2,250)
Net premiums	-	-	131,078	153,405	-	-	131,078	153,405
(b) Investment income	3,442	4,014	34,504	33,928	362	280	38,308	38,222
(c) Net realised (losses)/gains	(409)	291	7,084	14,657	-	-	6,675	14,948
(d) Net fair value (losses)/gains	(100)	(14)	5,052	18,501	3	-	4,955	18,487
(e) Fee income	-	-	-	-	13,720	13,550	13,720	13,550
(f) Other operating income	-	-	442	429	58	15	500	444
Total external revenue	2,933	4,291	178,160	220,920	14,143	13,845	195,236	239,056
<u>Inter-segment revenue</u>								
(a) Rental income	256	148	102	115	-	-	358	263
(b) Fee income	104	242	518	501	1,936	1,701	2,558	2,444
(c) Dividend Income	-	-	651	873	-	-	651	873
(d) Net realised gains/(losses)	-	-	155	(71)	-	-	155	(71)
(e) Fair value gains	-	-	1	2	-	-	1	2
Total inter-segment revenue	360	390	1,427	1,420	1,936	1,701	3,723	3,511
Total revenue by segment	3,293	4,681	179,587	222,340	16,079	15,546	198,959	242,567
(Loss)/profit before taxation	(262)	872	7,281	8,846	(516)	(1,185)	6,503	8,533
Segment assets	699,793	786,242	4,281,215	4,011,940	185,980	80,384	5,166,988	4,878,566
Segment liabilities	15,271	17,571	3,860,714	3,634,029	118,611	42,231	3,994,596	3,693,831

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Notes to the Interim Financial Statements (Continued)

18. Operating segments (continued)

Reconciliation of reportable segments

	Cumulative 3 months ended	
	31.03.2015	31.03.2014
	RM'000	RM'000
Total revenue		
Total revenue for reportable segments	198,959	242,567
Elimination of inter-segment revenue	(3,723)	(3,511)
Total revenue as per statement of profit or loss	195,236	239,056
	As at	As at
	31.03.2015	31.03.2014
	RM'000	RM'000
Segment assets		
Total assets for reportable segments	5,166,988	4,878,566
Elimination of inter-segment assets	(419,028)	(426,817)
Total assets as per statement of financial position	4,747,960	4,451,749
Segment liabilities		
Total liabilities for reportable segments	3,994,596	3,693,831
Elimination of inter-segment liabilities	(21,330)	(5,894)
Total liabilities as per statement of financial position	3,973,266	3,687,937

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.

1st Quarter 2015 vs 1st Quarter 2014

The Group's operating revenue for the quarter ended 31 March 2015 decreased by 10.4% (or RM21.5 million) compared to the corresponding quarter ended 31 March 2014 (2015: RM185.9 million, 2014: RM207.4 million). The Group's profit before tax was RM6.5 million for the current quarter, RM2.0 million lower as compared to the profit before tax in the corresponding quarter ended 31 March 2014 of RM8.5 million.

Performance of the respective operating business segments are as follows:

Investment holding – Operating revenue in the current quarter dropped 15.0% (or RM0.6 million) as compared to the preceding year's corresponding quarter (2015: RM3.4 million, 2014: RM4.0 million) due to lower interest income on fixed income securities. Investment holding segment recorded a loss before tax of RM0.3 million (2014: profit of RM0.9 million) due to lower interest income and higher investment loss.

Life insurance business – Operating revenue of the life insurance business decreased by RM21.2 million (2015: RM168.4 million, 2014: RM189.6 million) mainly due to lower contribution from investment-linked business as compared to Q1 2014. Profit before tax was lower in the current quarter (2015: RM7.3 million, 2014: RM8.8 million) mainly due to lower Malaysian Government Securities (MGS) yield resulting in higher liabilities reserving, coupled with higher claims experience compared to last year.

Asset management services – Asset management business achieved higher operating revenue of RM14.1 million (2014: RM13.8 million) from the enlarged Asset Under Management and an improved operating results with lower loss before tax of RM0.5 million (2014: RM1.2 million) in the current quarter.

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Notes to the Interim Financial Statements (Continued)**20. Commentary on the quarterly results compared to the results of preceding quarter**

The Group reported lower profit before tax of RM6.5 million for the current quarter under review as compared to the profit before tax of RM21.6 million in the preceding quarter ended 31 December 2014. The decrease of RM15.1 million was mainly attributable to the higher liabilities reserving required as a result of lower MGS yield.

21. Net premiums

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

	3 months ended		Cumulative 3 months ended	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
	RM'000	RM'000	RM'000	RM'000
First year premium	17,814	15,721	17,814	15,721
Renewal year premium	106,045	103,717	106,045	103,717
Single premium	7,219	33,967	7,219	33,967
Total	131,078	153,405	131,078	153,405

22. Investment income

	3 months ended		Cumulative 3 months ended	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
	RM'000	RM'000	RM'000	RM'000
<u>Financial assets at FVTPL</u>				
<u>- designated upon initial recognition</u>				
Interest/profit income	3,305	3,502	3,305	3,502
Dividend/distribution income				
- equity securities				
- quoted in Malaysia	2,314	2,191	2,314	2,191
Accretion of discounts, net of amortisation of premiums	21	(76)	21	(76)
<u>AFS financial assets</u>				
Interest/profit income	19,038	18,068	19,038	18,068
Dividend/distribution income				
- equity securities				
- quoted in Malaysia	4,534	4,319	4,534	4,319
Accretion of discounts, net of amortisation of premiums	313	631	313	631
<u>Loans and receivables</u>				
Interest/profit income	6,392	6,561	6,392	6,561
Accretion of discounts, net of amortisation of premiums	657	626	657	626
<u>Investment properties</u>				
Rental income	1,621	2,255	1,621	2,255
<u>Cash and cash equivalents</u>				
Interest/profit sharing income	113	145	113	145
	38,308	38,222	38,308	38,222

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Notes to the Interim Financial Statements (Continued)**23. Other operating expenses**

	3 months ended		Cumulative 3 months ended	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
	RM'000	RM'000	RM'000	RM'000
Net foreign exchange (gains)/losses	(7,637)	93	(7,637)	93
Interest expense on agent's bond withheld	5	6	5	6
Others	74	19	74	19
Tax on investment income of Life fund and Investment-linked funds				
- Current tax	1,522	5,024	1,522	5,024
- Deferred tax	1,481	(419)	1,481	(419)
	3,003	4,605	3,003	4,605
	<u>(4,555)</u>	<u>4,723</u>	<u>(4,555)</u>	<u>4,723</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% (2014: 8%) of the assessable investment income, net of allowable deductions for the financial year.

24. Profit before taxation

	3 months ended		Cumulative 3 months ended	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):				
Amortisation of intangible assets	1,401	973	1,401	973
Depreciation of property and equipment	794	665	794	665
Investment income (Note 22)	(38,308)	(38,222)	(38,308)	(38,222)
Allowance of impairment loss on insurance receivables	3	-	3	-
Net foreign exchange (gains)/losses	(7,637)	93	(7,637)	93
Net realised gains				
- realised losses on disposal of property and equipment	14	-	14	-
- realised gains on disposal of AFS investments	(6,689)	(14,948)	(6,689)	(14,948)
	<u>(6,675)</u>	<u>(14,948)</u>	<u>(6,675)</u>	<u>(14,948)</u>

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

	3 months ended		Cumulative 3 months ended	
	31.03.2015 RM'000	31.03.2014 RM'000	31.03.2015 RM'000	31.03.2014 RM'000
Profit before taxation is arrived at after charging/(crediting):				
Net fair value gains				
- fair value gains on FVTPL investments/derivatives	(5,049)	(18,506)	(5,049)	(18,506)
- impairment loss on quoted equities	94	19	94	19
	(4,955)	(18,487)	(4,955)	(18,487)

25. Taxation

	3 months ended		Cumulative 3 months ended	
	31.03.2015 RM'000	31.03.2014 RM'000	31.03.2015 RM'000	31.03.2014 RM'000
<u>Income tax</u>				
Current financial period	1,897	2,681	1,897	2,681
Under provision in prior financial year	415	-	415	-
	2,312	2,681	2,312	2,681
<u>Deferred tax</u>				
Reversal/origination of temporary differences	(11)	(31)	(11)	(31)
Over provision in prior financial year	(180)	-	(180)	-
	(191)	(31)	(191)	(31)
	2,121	2,650	2,121	2,650

The income tax for the Group is calculated based on the tax rate of 25% (2014: 25%) of the estimated assessable profit for the financial period.

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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 3 months ended	
	31.03.2015 RM'000	31.03.2014 RM'000	31.03.2015 RM'000	31.03.2014 RM'000
Profit before taxation	6,503	8,533	6,503	8,533
Taxation at Malaysian statutory tax rate of 25%	1,626	2,133	1,626	2,133
Section 110B tax credit set off	(602)	(451)	(602)	(451)
Income not subject to tax	(149)	(467)	(149)	(467)
Expenses not deductible for tax purposes	901	883	901	883
Unrecognised deferred tax assets	110	552	110	552
	1,886	2,650	1,886	2,650
Under/(over) provision in prior financial year				
- Current tax	415	-	415	-
- Deferred tax	(180)	-	(180)	-
	2,121	2,650	2,121	2,650

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 3 months ended	
		31.03.2015	31.03.2014	31.03.2015	31.03.2014
Net profit attributable to owners of the parent	(RM'000)	4,376	5,828	4,376	5,828
Weighted average number of ordinary shares in issue	('000)	202,370	202,370	202,370	202,370
Basic earnings per share	(Sen)	2.16	2.88	2.16	2.88

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Notes to the Interim Financial Statements (Continued)**26. Earnings per share (continued)****(b) Diluted earnings per share**

There is no dilution in earnings per share as there are no dilutive potential ordinary shares as at 31 March 2015.

27. Insurance contract liabilities

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

	Gross		Net	
	As at 31.03.2015	As at 31.12.2014	As at 31.03.2015	As at 31.12.2014
	RM'000	RM'000	RM'000	RM'000
Actuarial liabilities	2,161,616	2,133,716	2,160,105	2,132,685
Unallocated surplus	200,814	223,854	200,814	223,854
Fair value reserve	90,348	53,060	90,348	53,060
Asset revaluation reserve	641	641	641	641
Investment-linked policyholders' account	866,876	860,803	866,876	860,803
	<u>3,320,295</u>	<u>3,272,074</u>	<u>3,318,784</u>	<u>3,271,043</u>

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

	Gross		Net	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
At 1 January	3,272,074	3,072,828	3,271,043	3,072,737
Inforce reserve movement	(4,581)	16,768	(4,581)	16,768
New business reserve	4,286	17,179	3,806	16,239
Discount rate and other changes	28,195	11,905	28,195	11,905
Unallocated surplus	(23,040)	21,267	(23,040)	21,267
Fair value reserve, net of tax	37,288	(62,071)	37,288	(62,071)
Investment-linked policyholders' account	6,073	194,198	6,073	194,198
At 31 March 2015/ 31 December 2014	<u>3,320,295</u>	<u>3,272,074</u>	<u>3,318,784</u>	<u>3,271,043</u>

28. Cash and cash equivalents

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

	As at 31.03.2015	As at 31.12.2014
	RM'000	RM'000
Shareholders and others	127,638	53,657
Non Investment-linked business	33,717	49,891
Investment-linked business	4,926	2,425
	<u>166,281</u>	<u>105,973</u>

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Notes to the Interim Financial Statements (Continued)**29. Capital commitment**

	As at 31.03.2015 RM'000	As at 31.03.2014 RM'000
<u>Exclusive bancassurance agreement</u>		
Contracted but not provided for	24,750	40,000

30. Financial instruments and fair value of assets**(a) Categories of financial instruments**

The table below provides an analysis of financial instruments categorised as follows:

- i) Available-for-sale ("AFS");
- ii) Fair value through profit or loss - designated upon initial recognition ("FVTPL");
- iii) Loans and receivables excluding prepayments ("LAR"); and
- iv) Other financial liabilities measured at amortised cost ("OL").

Group	AFS RM'000	FVTPL RM'000	LAR RM'000	OL RM'000	Total RM'000
31 March 2015					
Financial assets					
AFS financial assets	2,581,188	-	-	-	2,581,188
Financial assets at FVTPL	-	1,061,914	-	-	1,061,914
Loans and receivables	-	-	656,857	-	656,857
Insurance receivables	-	-	14,023	-	14,023
Cash and cash equivalents	-	-	166,281	-	166,281
	<u>2,581,188</u>	<u>1,061,914</u>	<u>837,161</u>	<u>-</u>	<u>4,480,263</u>
Financial liabilities					
Insurance payables	-	-	-	395,743	395,743
Other payables	-	-	-	164,166	164,166
	<u>-</u>	<u>-</u>	<u>-</u>	<u>559,909</u>	<u>559,909</u>

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Notes to the Interim Financial Statements (Continued)**30. Financial instruments and fair value of assets (continued)****(a) Categories of financial instruments (continued)**

Group	<u>AFS</u> <u>RM'000</u>	<u>FVTPL</u> <u>RM'000</u>	<u>LAR</u> <u>RM'000</u>	<u>OL</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>
31 December 2014					
Financial assets					
AFS financial assets	2,617,754	-	-	-	2,617,754
Financial assets at FVTPL	-	960,873	-	-	960,873
Loans and receivables	-	-	663,674	-	663,674
Insurance receivables	-	-	23,608	-	23,608
Cash and cash equivalents	-	-	105,973	-	105,973
	<u>2,617,754</u>	<u>960,873</u>	<u>793,255</u>	<u>-</u>	<u>4,371,882</u>
Financial liabilities					
Financial liabilities at FVTPL	-	-	-	700	700
Insurance payables	-	-	-	396,502	396,502
Other payables	-	-	-	120,947	120,947
	<u>-</u>	<u>-</u>	<u>-</u>	<u>518,149</u>	<u>518,149</u>

(b) Determination of fair values and fair value hierarchy

The fair value and fair value hierarchy of the Group's assets and liabilities are determined using the methods consistent with those disclosed in note 4, note 5, note 35(b) and (c) to the audited financial statement for the financial year ended 31 December 2014.

The following table presents the Group's assets that are carried at fair value as at 31 December 2014.

	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
31 March 2015				
Property	19,930	-	19,930	-
Investment properties	84,292	-	84,292	-
AFS financial assets				
Equity securities				
- Quoted in Malaysia	746,533	746,533	-	-
Unit trust funds	101,693	101,693	-	-
Malaysian Government Securities	669,711	-	669,711	-
Government Investment Issues	152,975	-	152,975	-
Corporate debt securities				
- Unquoted	889,116	-	889,116	-
Accrued interest	18,644	-	18,644	-
	<u>2,578,672</u>	<u>848,226</u>	<u>1,730,446</u>	<u>-</u>

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Notes to the Interim Financial Statements (Continued)**30. Financial instruments and fair value of assets (continued)****(b) Determination of fair values and fair value hierarchy (continued)**

	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
31 March 2015 (continued)				
Financial assets at FVTPL				
Equity securities				
- Quoted in Malaysia	393,377	393,377	-	-
- Quoted outside Malaysia	4,679	4,679	-	-
Unit trust funds	4,399	4,399	-	-
Malaysian Government Securities	68,790	-	68,790	-
Government Investment Issues	9,823	-	9,823	-
Corporate debt securities				
- Unquoted	202,902	-	202,902	-
Mutual funds	374,574	374,574	-	-
Derivatives				
- Forward foreign exchange contract	275	-	275	-
Accrued interest	3,095	-	3,095	-
	<u>1,061,914</u>	<u>777,029</u>	<u>284,885</u>	<u>-</u>

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Notes to the Interim Financial Statements (Continued)**30. Financial instruments and fair value of assets (continued)****(b) Determination of fair values and fair value hierarchy (continued)**

The following table presents the Group's assets that are carried at fair value as at 31 December 2014.

	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
31 December 2014				
Property	20,087	-	20,087	-
Investment properties	84,292	-	84,292	-
AFS financial assets				
Equity securities				
- Quoted in Malaysia	705,806	705,806	-	-
Unit trust funds	98,491	98,491	-	-
Malaysian Government Securities	670,780	-	670,780	-
Government Investment Issues	175,622	-	175,622	-
Corporate debt securities				
- Unquoted	947,244	-	947,244	-
Accrued interest	17,295	-	17,295	-
	<u>2,615,238</u>	<u>804,297</u>	<u>1,810,941</u>	<u>-</u>
Financial assets at FVTPL				
Equity securities				
- Quoted in Malaysia	287,743	287,743	-	-
- Quoted outside Malaysia	4,153	4,153	-	-
Unit trust funds	1,760	1,760	-	-
Malaysian Government Securities	67,133	-	67,133	-
Government Investment Issues	18,541	-	18,541	-
Corporate debt securities				
- Unquoted	204,565	-	204,565	-
Mutual funds	374,566	374,566	-	-
Accrued interest	2,412	-	2,412	-
	<u>960,873</u>	<u>668,222</u>	<u>292,651</u>	<u>-</u>
Financial liabilities at FVTPL				
Derivatives*	700	-	700	-

Unquoted equity securities of RM2,516,566 (31 December 2014: RM2,516,566) are not disclosed in the fair value hierarchy above as they are measured at cost as fair value is not readily available.

MANULIFE HOLDINGS BERHAD

Interim financial statements for the three months period ended 31 March 2015

Notes to the Interim Financial Statements (Continued)**31. 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:

	As at 31.03.2015	As at 31.12.2014
	RM'000	RM'000
Total retained earnings of the Group:		
- Realised	550,266	548,499
- Unrealised	82,750	80,488
	<u>633,016</u>	<u>628,987</u>
Consolidation adjustments	15,917	15,570
Total retained earnings as per statement of financial position	<u>648,933</u>	<u>644,557</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 May 2015

Chin Mun Yee
Joint Secretary