

**MANULIFE HOLDINGS BERHAD**  
**Interim financial statements for the six months period ended 30 June 2015**

**Unaudited Condensed Consolidated Statement of Financial Position**

|  | <b>As at<br/>30.06.2015<br/>RM'000</b> | <b>As at<br/>31.12.2014<br/>RM'000</b> |
|--|--|--|
| <b>Assets</b>  |  |  |
| Property and equipment                                     | 38,502                                 | 37,576                                 |
| Investment properties                                      | 86,564                                 | 84,292                                 |
| Intangible assets  | 130,754                                | 130,535                                |
| Available-for-sale financial assets                        | 2,611,123                              | 2,617,754                              |
| Financial assets at fair value through profit or loss      | 1,041,481                              | 960,873                                |
| Loans and receivables                                      | 709,782                                | 665,860                                |
| Reinsurance assets   | 4,201                                  | 2,644                                  |
| Insurance receivables                                      | 24,083                                 | 23,608                                 |
| Deferred tax assets  | -                                      | 142                                    |
| Current tax assets   | 5,689                                  | 2,212                                  |
| Cash and cash equivalents <i>(Note 28)</i>                 | 156,699                                | 105,973                                |
| <b>Total Assets</b>  | <b>4,808,878</b>                       | <b>4,631,469</b>                       |
| <b>Equity, Policyholders' Funds and Liabilities</b>        |  |  |
| Share capital  | 101,185                                | 101,185                                |
| Share premium  | 1,884                                  | 1,884                                  |
| Retained earnings  | 636,706                                | 644,557                                |
| Other reserves   | 19,492                                 | 14,155                                 |
| <b>Equity attributable to the owners of the Company</b>    | <b>759,267</b>                         | <b>761,781</b>                         |
| Non-controlling interests                                  | 1,317                                  | 1,117                                  |
| <b>Total Equity</b>  | <b>760,584</b>                         | <b>762,898</b>                         |
| Insurance contract liabilities <i>(Note 27)</i>            | 3,303,421                              | 3,272,074                              |
| Insurance claims liabilities                               | 55,854                                 | 42,385                                 |
| Financial liabilities at fair value through profit or loss | 1,621                                  | 700                                    |
| Deferred tax liabilities                                   | 34,740                                 | 34,062                                 |
| Insurance payables   | 407,059                                | 396,502                                |
| Current tax liabilities                                    | 2,266                                  | 1,901                                  |
| Other payables   | 243,333                                | 120,947                                |
| <b>Total Liabilities</b>                                   | <b>4,048,294</b>                       | <b>3,868,571</b>                       |
| <b>Total Equity, Policyholders' Funds and Liabilities</b>  | <b>4,808,878</b>                       | <b>4,631,469</b>                       |
| <b>Net Assets Per Share (RM)</b>                           | <b>3.75</b>                            | <b>3.76</b>                            |

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

**MANULIFE HOLDINGS BERHAD**

Interim financial statements for the six months period ended 30 June 2015

**Unaudited Condensed Consolidated Statement of Profit or Loss**

|   | 3 months ended       |                      | Cumulative<br>6 months ended |                      |
|---|----------------------|----------------------|------------------------------|----------------------|
|   | 30.06.2015<br>RM'000 | 30.06.2014<br>RM'000 | 30.06.2015<br>RM'000         | 30.06.2014<br>RM'000 |
| Premium income  |                      |                      |                              |                      |
| Gross premiums  | 196,135              | 219,971              | 329,982                      | 375,626              |
| Premiums ceded to reinsurers                            | (3,641)              | (2,647)              | (6,410)                      | (4,897)              |
| Net premiums (Note 21)                                  | 192,494              | 217,324              | 323,572                      | 370,729              |
| Investment income (Note 22)                             | 43,097               | 42,920               | 81,405                       | 81,142               |
| Net realised gains                                      | 8,916                | 17,116               | 15,591                       | 32,064               |
| Net fair value (losses)/gains                           | (39,750)             | 11,638               | (34,795)                     | 30,125               |
| Fee income  | 15,096               | 13,629               | 28,816                       | 27,179               |
| Other operating income                                  | 447                  | 471                  | 947                          | 915                  |
| <b>Total revenue</b>                                    | <b>220,300</b>       | <b>303,098</b>       | <b>415,536</b>               | <b>542,154</b>       |
| Gross benefits and claims paid                          | (143,248)            | (123,451)            | (274,547)                    | (225,688)            |
| Claims ceded to reinsurers                              | 1,068                | 2,579                | 2,620                        | 2,601                |
| Gross change in contract liabilities                    | (17,304)             | (105,520)            | (27,757)                     | (173,250)            |
| <b>Net claims</b>                                       | <b>(159,484)</b>     | <b>(226,392)</b>     | <b>(299,684)</b>             | <b>(396,337)</b>     |
| Fee and commission expenses                             | (22,627)             | (25,931)             | (42,431)                     | (48,437)             |
| Investment expenses                                     | (542)                | (827)                | (1,620)                      | (2,047)              |
| Management expenses                                     | (38,340)             | (33,241)             | (70,546)                     | (65,370)             |
| Other income/(expenses) (Note 23)                       | 12,647               | (6,186)              | 17,202                       | (10,909)             |
| <b>Other expenses</b>                                   | <b>(48,862)</b>      | <b>(66,185)</b>      | <b>(97,395)</b>              | <b>(126,763)</b>     |
| <b>Profit before taxation (Note 24)</b>                 | <b>11,954</b>        | <b>10,521</b>        | <b>18,457</b>                | <b>19,054</b>        |
| Taxation (Note 25)                                      | (3,932)              | (2,712)              | (6,053)                      | (5,362)              |
| <b>Net profit for the period</b>                        | <b>8,022</b>         | <b>7,809</b>         | <b>12,404</b>                | <b>13,692</b>        |
| <b>Net profit attributable to:</b>                      |                      |                      |                              |                      |
| Owners of the Company                                   | 8,010                | 7,803                | 12,386                       | 13,631               |
| Non-controlling interests                               | 12                   | 6                    | 18                           | 61                   |
|   | <b>8,022</b>         | <b>7,809</b>         | <b>12,404</b>                | <b>13,692</b>        |
| Basic and diluted earnings<br>per share (sen) (Note 26) | 3.96                 | 3.86                 | 6.12                         | 6.74                 |

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**MANULIFE HOLDINGS BERHAD**

Interim financial statements for the six months period ended 30 June 2015

**Unaudited Condensed Consolidated Statement of Total Comprehensive Income**

|  | 3 months ended       |                      | Cumulative<br>6 months ended |                      |
|--|----------------------|----------------------|------------------------------|----------------------|
|  | 30.06.2015<br>RM'000 | 30.06.2014<br>RM'000 | 30.06.2015<br>RM'000         | 30.06.2014<br>RM'000 |
| <b>Net profit for the period</b>   | 8,022                | 7,809                | 12,404                       | 13,692               |
| <b>Other comprehensive (loss)/ income, net of tax:</b>   |                      |                      |                              |                      |
| Other comprehensive (loss)/ income to be reclassified to profit or loss in subsequent periods:-          |                      |                      |                              |                      |
| Fair value change of available-for-sale financial assets:  |                      |                      |                              |                      |
| - Gross fair value change  | (40,379)             | 11,254               | 8,840                        | (5,443)              |
| - Deferred tax   | 3,097                | (797)                | (840)                        | 458                  |
|  | (37,282)             | 10,457               | 8,000                        | (4,985)              |
| - Changes in insurance contract liabilities arising from unrealised fair value change                    | 34,625               | (6,366)              | (2,663)                      | 9,949                |
| - Net (loss)/gains   | (2,657)              | 4,091                | 5,337                        | 4,964                |
| <b>Net other comprehensive (loss)/ income to be reclassified to profit or loss in subsequent periods</b> | (2,657)              | 4,091                | 5,337                        | 4,964                |
| <b>Other comprehensive (loss)/ income for the period, net of tax</b>                                     | (2,657)              | 4,091                | 5,337                        | 4,964                |
| <b>Total comprehensive income for the period</b>   | <u>5,365</u>         | <u>11,900</u>        | <u>17,741</u>                | <u>18,656</u>        |
| <b>Total comprehensive income attributable to:</b>   |                      |                      |                              |                      |
| Owners of the Company  | 5,353                | 11,894               | 17,723                       | 18,595               |
| Non-controlling interests  | 12                   | 6                    | 18                           | 61                   |
|  | <u>5,365</u>         | <u>11,900</u>        | <u>17,741</u>                | <u>18,656</u>        |

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

**MANULIFE HOLDINGS BERHAD**

Interim financial statements for the six months period ended 30 June 2015

**Unaudited Condensed Consolidated Statement of Changes in Equity**

|  | Attributable to owners of the Company |                         |                                     |                              |                              |                 |              | Non-controlling interests<br>RM'000 | Total<br>RM'000 |
|--|---------------------------------------|-------------------------|-------------------------------------|------------------------------|------------------------------|-----------------|--------------|-------------------------------------|-----------------|
|  | Non - distributable                   |                         |                                     | Distributable                |                              |                 |              |                                     |                 |
|  | Share capital<br>RM'000               | Share premium<br>RM'000 | Asset revaluation reserve<br>RM'000 | Fair value reserve<br>RM'000 | Retained earnings*<br>RM'000 | Total<br>RM'000 |              |                                     |                 |
| <b>At 1 January 2015</b>   | 101,185                               | 1,884                   | 4,508                               | 9,647                        | 644,557                      | 761,781         | 1,117        | 762,898                             |                 |
| Changes in ownership interest in a unit trust fund managed by a subsidiary | -                                     | -                       | -                                   | -                            | -                            | -               | 182          | 182                                 |                 |
| Net profit for the period  | -                                     | -                       | -                                   | -                            | 12,386                       | 12,386          | 18           | 12,404                              |                 |
| Other comprehensive income for the period                                  | -                                     | -                       | -                                   | 5,337                        | -                            | 5,337           | -            | 5,337                               |                 |
| Total comprehensive income for the period                                  | -                                     | -                       | -                                   | 5,337                        | 12,386                       | 17,723          | 18           | 17,741                              |                 |
| Final dividend for the financial year ended 31 December 2014               | -                                     | -                       | -                                   | -                            | (20,237)                     | (20,237)        | -            | (20,237)                            |                 |
| <b>At 30 June 2015</b>   | <b>101,185</b>                        | <b>1,884</b>            | <b>4,508</b>                        | <b>14,984</b>                | <b>636,706</b>               | <b>759,267</b>  | <b>1,317</b> | <b>760,584</b>                      |                 |
| <b>At 1 January 2014</b>   | 101,185                               | 1,884                   | 4,508                               | 11,845                       | 634,209                      | 753,631         | 3,669        | 757,300                             |                 |
| Changes in ownership in a unit trust fund managed by a subsidiary          | -                                     | -                       | -                                   | -                            | -                            | -               | 494          | 494                                 |                 |
| Net profit for the period  | -                                     | -                       | -                                   | -                            | 13,631                       | 13,631          | 61           | 13,692                              |                 |
| Other comprehensive income for the period                                  | -                                     | -                       | -                                   | 4,964                        | -                            | 4,964           | -            | 4,964                               |                 |
| Total comprehensive income for the period                                  | -                                     | -                       | -                                   | 4,964                        | 13,631                       | 18,595          | 61           | 18,656                              |                 |
| Final dividends for the financial year ended 31 December 2013              | -                                     | -                       | -                                   | -                            | (25,296)                     | (25,296)        | -            | (25,296)                            |                 |
| <b>At 30 June 2014</b>   | <b>101,185</b>                        | <b>1,884</b>            | <b>4,508</b>                        | <b>16,809</b>                | <b>622,544</b>               | <b>746,930</b>  | <b>4,224</b> | <b>751,154</b>                      |                 |

\* 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 RM 84,250,000 (1 January 2015: RM 71,719,000/ 30 June 2014: RM 82,300,000/ 1 January 2014: RM 71,719,000). 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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**MANULIFE HOLDINGS BERHAD**  
**Interim financial statements for the six months period ended 30 June 2015**

**Unaudited Condensed Consolidated Statement of Cash Flows**

|   | <b>6 months<br/>ended<br/>30.06.2015<br/>RM'000</b> | <b>6 months<br/>ended<br/>30.06.2014<br/>RM'000</b> |
|---|---|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                   |   |   |
| Net profit for the financial period   | 12,404  | 13,692  |
| Adjustments for non-cash items  | (47,909)  | 50,205  |
| Operating (losses)/profits before changes in operating assets and liabilities | <u>(35,505)</u>                                     | <u>63,897</u>                                       |
| Purchase of investments   | (1,006,261)   | (991,533)   |
| Proceeds from sale and maturity of investments                                | 918,925   | 898,240   |
| Interest income received  | 58,247  | 56,184  |
| Dividend income received  | 18,027  | 18,837  |
| Rental income received  | 3,502   | 3,979   |
| Increase in other receivables   | (53,554)  | (2,911)   |
| Increase in payables  | 132,943   | 5,421   |
| Increase in insurance claims liabilities                                      | 12,839  | 5,523   |
| Decrease in fixed and call deposits   | (6,583)   | (39,642)  |
| Decrease in loan receivables  | 19,862  | 11,722  |
| Cash generated from operations  | <u>62,442</u>                                       | <u>29,717</u>                                       |
| Income taxes paid   | (10,761)  | (16,370)  |
| Net cash inflow from operating activities                                     | <u>51,681</u>                                       | <u>13,347</u>                                       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                   |   |   |
| Purchase of property and equipment  | (5,104)   | (8,370)   |
| Purchase of intangible assets   | (3,662)   | (11,082)  |
| Purchase of investments   | (56,570)  | (31,228)  |
| Proceeds from sale and maturity of investments                                | 84,400  | 60,006  |
| Proceeds from disposal of property and equipment                              | 36  | -   |
| Net cash inflow from investing activities                                     | <u>19,100</u>                                       | <u>9,326</u>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                   |   |   |
| Shareholders' dividend paid   | (20,237)  | -   |
| Changes in Non-controlling interests  | 182   | 494   |
| Net cash (outflow)/inflow from financing activities                           | <u>(20,055)</u>                                     | <u>494</u>  |
| Net increase during the financial period                                      | 50,726  | 23,167  |
| Cash and cash equivalents at 1 January  | 105,973   | 57,657  |
| Cash and cash equivalents at 30 June ( <i>Note 28</i> )                       | <u>156,699</u>                                      | <u>80,824</u>                                       |

**CASH AND CASH EQUIVALENTS**

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

|                           | <b>As at<br/>30.06.2015<br/>RM'000</b> | <b>As at<br/>30.06.2014<br/>RM'000</b> |
|---------------------------|--|--|
| Cash and bank balances    | 148,281                                | 78,470                                 |
| Short-term deposits       | 8,418                                  | 2,354                                  |
| Cash and cash equivalents | <u>156,699</u>                         | <u>80,824</u>                          |

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