

**MANULIFE HOLDINGS BERHAD**  
**Interim financial statements for the financial year ended 31 December 2016**

**Unaudited Condensed Consolidated Statement of Financial Position**

	<b>As at 31.12.2016 RM'000</b>	<b>As at 31.12.2015 RM'000</b>
<b>Assets</b>		
Property and equipment	38,143	37,613
Investment property	88,071	88,125
Intangible assets	124,034	129,003
Available-for-sale financial assets	2,884,579	2,718,121
Financial assets at fair value through profit or loss	1,347,826	1,156,464
Loans and receivables	453,497	580,584
Reinsurance assets	8,611	4,561
Insurance receivables	28,781	26,177
Current tax assets	615	1,840
Cash and cash equivalents (Note 28)	138,199	123,573
<b>Total Assets</b>	<b>5,112,356</b>	<b>4,866,061</b>
<b>Equity, Policyholders' Fund and Liabilities</b>		
Share capital	101,185	101,185
Share premium	1,884	1,884
Retained earnings	688,094	659,862
Other reserves	7,591	13,723
<b>Equity attributable to the owners of the Company</b>	<b>798,754</b>	<b>776,654</b>
Non-controlling interests	365	592
<b>Total Equity</b>	<b>799,119</b>	<b>777,246</b>
Insurance contract liabilities (Note 27)	3,591,411	3,405,312
Insurance claims liabilities	55,764	51,635
Financial liabilities at fair value through profit or loss	549	-
Deferred tax liabilities	26,083	32,182
Insurance payables	479,294	432,428
Current tax liabilities	5,164	-
Other payables	154,972	167,258
<b>Total Liabilities</b>	<b>4,313,237</b>	<b>4,088,815</b>
<b>Total Equity, Policyholders' Fund and Liabilities</b>	<b>5,112,356</b>	<b>4,866,061</b>
<b>Net Assets Per Share (RM)</b>	<b>3.95</b>	<b>3.84</b>

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

**MANULIFE HOLDINGS BERHAD**  
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**Unaudited Condensed Consolidated Statement of Profit or Loss**

	3 months ended		Cumulative 12 months ended	
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Premium income				
Gross premiums	224,341	260,313	877,750	814,177
Premiums ceded to reinsurers	(8,529)	(5,269)	(27,130)	(16,104)
Net premiums ( <i>Note 21</i> )	215,812	255,044	850,620	798,073
Investment income ( <i>Note 22</i> )	45,049	49,960	176,679	173,540
Net realised gains	10,250	2,910	17,223	21,575
Net fair value (losses)/gains	(60,615)	36,450	(69,000)	(93,042)
Fee income	16,284	13,416	60,357	56,938
Other operating income	490	354	1,463	1,749
<b>Total revenue</b>	<b>227,270</b>	<b>358,134</b>	<b>1,037,342</b>	<b>958,833</b>
Gross benefits and claims paid	(150,640)	(178,670)	(561,167)	(603,781)
Claims ceded to reinsurers	3,326	1,488	10,260	5,279
Gross change in contract liabilities	(21,987)	(79,859)	(192,072)	(133,010)
Change in insurance contract liabilities ceded to reinsurers	233	511	1,727	1,727
<b>Net claims</b>	<b>(169,068)</b>	<b>(256,530)</b>	<b>(741,252)</b>	<b>(729,785)</b>
Fee and commission expenses	(27,938)	(25,160)	(98,563)	(87,539)
Investment expenses	(826)	(625)	(4,041)	(3,552)
Management expenses	(39,962)	(44,796)	(161,358)	(155,604)
Other operating income/(expenses) ( <i>Note 23</i> )	45,905	(20,017)	30,154	65,540
<b>Other expenses</b>	<b>(22,821)</b>	<b>(90,598)</b>	<b>(233,808)</b>	<b>(181,155)</b>
<b>Profit before taxation</b> ( <i>Note 24</i> )	<b>35,381</b>	<b>11,006</b>	<b>62,282</b>	<b>47,893</b>
Taxation ( <i>Note 25</i> )	(7,332)	(3,809)	(15,819)	(12,327)
<b>Net profit for the financial year</b>	<b>28,049</b>	<b>7,197</b>	<b>46,463</b>	<b>35,566</b>
<b>Net profit attributable to:</b>				
Owners of the Company	28,100	7,196	46,445	35,542
Non-controlling interests	(51)	1	18	24
	<b>28,049</b>	<b>7,197</b>	<b>46,463</b>	<b>35,566</b>
Basic and diluted earnings per share (sen) ( <i>Note 26</i> )	13.88	3.55	22.95	17.56

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

**MANULIFE HOLDINGS BERHAD**

Interim financial statements for the financial year ended 31 December 2016

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

	3 months ended		Cumulative 12 months ended	
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
<b>Net profit for the financial year</b>	28,049	7,197	46,463	35,566
<b>Other comprehensive income, net of tax:</b>				
Other comprehensive losses to be reclassified to profit or loss in subsequent periods:-				
Fair value change of available-for-sale financial assets:				
- Gross fair value change	(97,350)	40,897	(13,942)	(940)
- Deferred tax	8,671	(3,109)	1,218	310
	(88,679)	37,788	(12,724)	(630)
- Changes in insurance contract liabilities arising from unrealised net fair value change	73,405	(39,025)	6,247	(27)
- Net losses	(15,274)	(1,237)	(6,477)	(657)
<b>Net other comprehensive losses to be reclassified to profit or loss in subsequent periods</b>	(15,274)	(1,237)	(6,477)	(657)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:-				
Surplus from revaluation of property:				
- Gross surplus from revaluation	619	426	619	426
	619	426	619	426
- Changes in insurance contract liabilities arising from revaluation of property	(274)	(201)	(274)	(201)
- Net gains	345	225	345	225
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>	345	225	345	225
<b>Other comprehensive losses for the financial year, net of tax</b>	(14,929)	(1,012)	(6,132)	(432)
<b>Total comprehensive income for the financial year</b>	<u>13,120</u>	<u>6,185</u>	<u>40,331</u>	<u>35,134</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	13,171	6,184	40,313	35,110
Non-controlling interests	(51)	1	18	24
	<u>13,120</u>	<u>6,185</u>	<u>40,331</u>	<u>35,134</u>

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**MANULIFE HOLDINGS BERHAD**  
Interim financial statements for the financial year ended 31 December 2016

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

	Attributable to owners of the Company							Non-controlling interests RM'000	Total RM'000
	Non - distributable			Distributable					
	Share capital RM'000	Share premium RM'000	Asset revaluation reserve RM'000	Fair value reserve RM'000	Retained earnings* RM'000	Total RM'000			
<b>At 1 January 2016</b>	101,185	1,884	4,733	8,990	659,862	776,654	592	777,246	
Changes in ownership interest in a unit trust fund managed by a subsidiary	-	-	-	-	-	-	(245)	(245)	
Net profit for the financial year	-	-	-	-	46,445	46,445	18	46,463	
Other comprehensive income/(losses) for the financial year	-	-	345	(6,477)	-	(6,132)	-	(6,132)	
Total comprehensive income/(losses) for the financial year	-	-	345	(6,477)	46,445	40,313	18	40,331	
Final dividend for the financial year ended 31 December 2015	-	-	-	-	(18,213)	(18,213)	-	(18,213)	
<b>At 31 December 2016</b>	<b>101,185</b>	<b>1,884</b>	<b>5,078</b>	<b>2,513</b>	<b>688,094</b>	<b>798,754</b>	<b>365</b>	<b>799,119</b>	
<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	-	-	-	-	-	-	(549)	(549)	
Net profit for the financial year	-	-	-	-	35,542	35,542	24	35,566	
Other comprehensive income/(losses) for the financial year	-	-	225	(657)	-	(432)	-	(432)	
Total comprehensive income/(losses) for the financial year	-	-	225	(657)	35,542	35,110	24	35,134	
Final dividend for the financial year ended 31 December 2014	-	-	-	-	(20,237)	(20,237)	-	(20,237)	
<b>At 31 December 2015</b>	<b>101,185</b>	<b>1,884</b>	<b>4,733</b>	<b>8,990</b>	<b>659,862</b>	<b>776,654</b>	<b>592</b>	<b>777,246</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 69,414,000 (1 January 2016: RM 71,155,000 / 31 December 2015: RM71,155,000 / 1 January 2015: 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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Interim financial statements for the financial year ended 31 December 2016

**Unaudited Condensed Consolidated Statement of Cash Flows**

	<b>12 months ended 31.12.2016 RM'000</b>	<b>12 months ended 31.12.2015 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit for the financial year	46,463	35,566
Adjustments for non-cash items	(125,757)	(171,081)
Operating losses before changes in operating assets and liabilities	<u>(79,294)</u>	<u>(135,515)</u>
Purchase of investments	(1,547,048)	(1,679,676)
Proceeds from sale and maturity of investments	1,154,522	1,399,657
Interest income received	123,531	116,807
Dividend income received	44,696	46,659
Rental income received	7,871	6,318
Increase in insurance receivables	(2,442)	(2,723)
Increase in reinsurance assets	(4,050)	(1,917)
Decrease in fixed and call deposits	103,322	56,178
Decrease in loan receivables	26,523	48,032
Increase in other receivables	(2,679)	(17,607)
Increase in insurance contract liabilities	192,341	133,010
Increase in insurance claims liabilities	4,129	9,250
Increase in payables	45,421	85,239
Cash generated from operations	<u>66,843</u>	<u>63,712</u>
Income taxes paid	(23,481)	(25,009)
Net cash inflow from operating activities	<u>43,362</u>	<u>38,703</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(5,683)	(6,863)
Purchase of intangible assets	(6,824)	(6,612)
Purchase of investments	(92,773)	(83,820)
Proceeds from sale and maturity of investments	96,904	99,944
Proceeds from disposal of property and equipment	42	36
Acquisition of subsidiary, balance of cash consideration	(1,943)	(3,002)
Net cash outflow from investing activities	<u>(10,277)</u>	<u>(317)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid to shareholders	(18,213)	(20,237)
Changes in Non-controlling interests	(246)	(549)
Net cash outflow from financing activities	<u>(18,459)</u>	<u>(20,786)</u>
Net increase during the financial year	14,626	17,600
Cash and cash equivalents at 1 January	123,573	105,973
Cash and cash equivalents at 31 December <i>(Note 28)</i>	<u>138,199</u>	<u>123,573</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 31.12.2016 RM'000</b>	<b>As at 31.12.2015 RM'000</b>
Cash and bank balances	123,646	116,270
Short-term deposits	14,553	7,303
Cash and cash equivalents	<u>138,199</u>	<u>123,573</u>

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