

**MANULIFE HOLDINGS BERHAD (24851-H)**  
**Interim financial statements for the six months period ended 30 June 2017**

**Unaudited Condensed Consolidated Statement of Financial Position**

	<b>As at 30.06.2017 RM'000</b>	<b>As at 31.12.2016 RM'000</b>
<b>Assets</b>		
Property and equipment	37,501	38,143
Investment property	88,071	88,071
Intangible assets	120,104	124,034
Available-for-sale financial assets	3,076,910	2,884,579
Financial assets at fair value through profit or loss	1,436,733	1,347,826
Loans and receivables	451,392	453,497
Reinsurance assets	9,452	8,611
Insurance receivables	21,800	28,781
Current tax assets	632	615
Cash and cash equivalents (Note 28)	126,065	138,199
<b>Total Assets</b>	<b>5,368,660</b>	<b>5,112,356</b>
<b>Equity, Policyholders' Fund and Liabilities</b>		
Share capital	103,069	101,185
Share premium	-	1,884
Retained earnings	680,769	688,094
Other reserves	19,741	7,591
<b>Equity attributable to the owners of the Company</b>	<b>803,579</b>	<b>798,754</b>
Non-controlling interests	651	365
<b>Total Equity</b>	<b>804,230</b>	<b>799,119</b>
Insurance contract liabilities (Note 27)	3,808,697	3,591,411
Insurance claims liabilities	58,329	55,764
Financial liabilities at fair value through profit or loss	1,715	549
Deferred tax liabilities	39,301	26,083
Insurance payables	495,396	479,294
Current tax liabilities	9,191	5,164
Other payables	151,801	154,972
<b>Total Liabilities</b>	<b>4,564,430</b>	<b>4,313,237</b>
<b>Total Equity, Policyholders' Fund and Liabilities</b>	<b>5,368,660</b>	<b>5,112,356</b>
<b>Net Assets Per Share (RM)</b>	<b>3.97</b>	<b>3.95</b>

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

**MANULIFE HOLDINGS BERHAD (24851-H)**  
**Interim financial statements for the six months period ended 30 June 2017**

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

	3 months ended		Cumulative 6 months ended	
	30.06.2017 RM'000	30.06.2016 RM'000	30.06.2017 RM'000	30.06.2016 RM'000
Premium income				
Gross premiums	214,219	226,595	404,737	441,378
Premiums ceded to reinsurers	(9,086)	(6,334)	(17,355)	(11,402)
Net premiums ( <i>Note 21</i> )	205,133	220,261	387,382	429,976
Investment income ( <i>Note 22</i> )	45,063	44,773	90,790	86,099
Net realised gains/(losses)	6,991	(263)	14,363	6,889
Net fair value gains/(losses)	41,373	(21,802)	108,839	(8,418)
Fee income	23,110	14,351	42,456	28,640
Other operating income	449	300	1,341	612
<b>Total revenue</b>	<b>322,119</b>	<b>257,620</b>	<b>645,171</b>	<b>543,798</b>
Gross benefits and claims paid	(156,358)	(142,335)	(319,439)	(266,094)
Claims ceded to reinsurers	3,919	2,572	5,432	3,996
Gross change in contract liabilities	(65,079)	(56,738)	(139,204)	(114,892)
Change in insurance contract liabilities ceded to reinsurers	258	317	480	806
<b>Net claims</b>	<b>(217,260)</b>	<b>(196,184)</b>	<b>(452,731)</b>	<b>(376,184)</b>
Fee and commission expenses	(29,472)	(24,314)	(53,414)	(47,539)
Investment expenses	(843)	(824)	(2,385)	(2,128)
Management expenses	(37,363)	(40,479)	(78,699)	(80,221)
Other operating (expenses)/income ( <i>Note 23</i> )	(24,368)	11,861	(37,746)	(28,474)
<b>Other expenses</b>	<b>(92,046)</b>	<b>(53,756)</b>	<b>(172,244)</b>	<b>(158,362)</b>
<b>Profit before taxation</b> ( <i>Note 24</i> )	<b>12,813</b>	<b>7,680</b>	<b>20,196</b>	<b>9,252</b>
Taxation ( <i>Note 25</i> )	(3,506)	(2,064)	(6,261)	(3,518)
<b>Net profit for the financial period</b>	<b>9,307</b>	<b>5,616</b>	<b>13,935</b>	<b>5,734</b>
<b>Net profit attributable to:</b>				
Owners of the Company	9,306	5,594	13,924	5,707
Non-controlling interests	1	22	11	27
	<b>9,307</b>	<b>5,616</b>	<b>13,935</b>	<b>5,734</b>
Basic and diluted earnings per share (sen) ( <i>Note 26</i> )	4.60	2.76	6.88	2.82

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

**MANULIFE HOLDINGS BERHAD (24851-H)**  
**Interim financial statements for the six months period ended 30 June 2017**

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

	3 months ended		Cumulative 6 months ended	
	30.06.2017 RM'000	30.06.2016 RM'000	30.06.2017 RM'000	30.06.2016 RM'000
<b>Net profit for the financial period</b>	9,307	5,616	13,935	5,734
<b>Other comprehensive income, net of tax:</b>				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:-				
Fair value change of available-for-sale financial assets:				
- Gross fair value change	35,980	(13,135)	98,357	42,385
- Deferred tax	(3,180)	809	(8,125)	(3,888)
	32,800	(12,326)	90,232	38,497
Changes in insurance contract liabilities arising from unrealised net fair value change	(27,339)	12,546	(78,082)	(36,113)
Net gains	5,461	220	12,150	2,384
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>	5,461	220	12,150	2,384
<b>Other comprehensive income for the financial period, net of tax</b>	5,461	220	12,150	2,384
<b>Total comprehensive income for the financial period</b>	14,768	5,836	26,085	8,118
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	14,767	5,814	26,074	8,091
Non-controlling interests	1	22	11	27
	14,768	5,836	26,085	8,118

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**MANULIFE HOLDINGS BERHAD (24851-H)**  
**Interim financial statements for the six months period ended 30 June 2017**

**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 2017</b>	101,185	1,884	5,078	2,513	688,094	798,754	365	799,119	
Adjustment for effects of Companies Act, 2016**	1,884	(1,884)	-	-	-	-	-	-	
Changes in ownership interest in a unit trust fund managed by a subsidiary	-	-	-	-	-	-	275	275	
Net profit for the financial period	-	-	-	-	13,924	13,924	11	13,935	
Other comprehensive income for the financial period	-	-	-	12,150	-	12,150	-	12,150	
Total comprehensive income for the financial period	-	-	-	12,150	13,924	26,074	11	26,085	
Final dividend for the financial year ended 31 December 2016	-	-	-	-	(21,249)	(21,249)	-	(21,249)	
<b>At 30 June 2017</b>	<b>103,069</b>	<b>-</b>	<b>5,078</b>	<b>14,663</b>	<b>680,769</b>	<b>803,579</b>	<b>651</b>	<b>804,230</b>	
<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	-	-	-	-	-	-	1,103	1,103	
Net profit for the financial period	-	-	-	-	5,707	5,707	27	5,734	
Other comprehensive income for the financial period	-	-	-	2,384	-	2,384	-	2,384	
Total comprehensive income for the financial period	-	-	-	2,384	5,707	8,091	27	8,118	
Final dividend for the financial year ended 31 December 2015	-	-	-	-	(18,213)	(18,213)	-	(18,213)	
<b>At 30 June 2016</b>	<b>101,185</b>	<b>1,884</b>	<b>4,733</b>	<b>11,374</b>	<b>647,356</b>	<b>766,532</b>	<b>1,722</b>	<b>768,254</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 83,315,000 (1 January 2017: RM 69,414,000 / 30 June 2016: RM77,530,000 / 1 January 2016: RM 71,155,000). 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.

\*\* With the Companies Act, 2016 coming into effect on 31 January 2017, the credit standing in the share premium account has been transferred to the share capital account.

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

**MANULIFE HOLDINGS BERHAD (24851-H)**  
**Interim financial statements for the six months period ended 30 June 2017**

**Unaudited Condensed Consolidated Statement of Cash Flows**

	<b>6 months ended 30.06.2017 RM'000</b>	<b>6 months ended 30.06.2016 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit for the financial period	13,935	5,734
Adjustments for non-cash items	(166,578)	(45,429)
Operating losses before changes in operating assets and liabilities	<u>(152,643)</u>	<u>(39,695)</u>
Purchase of investments	(732,377)	(848,669)
Proceeds from sale and maturity of investments	650,710	657,613
Interest income received	61,812	61,249
Dividend income received	23,803	19,311
Rental income received	3,933	4,160
Decrease in insurance receivables	6,981	5,605
Increase in reinsurance assets	(841)	(2,151)
(Increase)/decrease in fixed and call deposits	(13,925)	25,231
Decrease in loan receivables	4,177	15,182
Decrease/(increase) in other receivables	12,058	(255,674)
Increase in insurance contract liabilities	139,204	114,892
Increase in insurance claims liabilities	2,565	4,171
(Decrease)/increase in payables	(7,534)	253,352
Cash (used in)/generated from operations	<u>(2,077)</u>	<u>14,577</u>
Income taxes paid	(10,665)	(8,178)
Net cash (outflow)/inflow from operating activities	<u>(12,742)</u>	<u>6,399</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(1,481)	(3,286)
Purchase of intangible assets	(470)	(528)
Purchase of investments	(60,889)	(83,820)
Proceeds from sale and maturity of investments	64,693	99,944
Proceeds from disposal of property and equipment	1	-
Acquisition of subsidiary, balance of cash consideration	(1,521)	(1,943)
Net cash inflow from investing activities	<u>333</u>	<u>10,367</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid to shareholders	-	(18,213)
Changes in Non-controlling interests	275	1,103
Net cash inflow/(outflow) from financing activities	<u>275</u>	<u>(17,110)</u>
Net decrease during the financial period	(12,134)	(344)
Cash and cash equivalents at 1 January	138,199	123,573
Cash and cash equivalents at 30 June ( <i>Note 28</i> )	<u>126,065</u>	<u>123,229</u>

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the unaudited condensed consolidated statement of cash flows comprise the following:

	<b>As at 30.06.2017 RM'000</b>	<b>As at 30.06.2016 RM'000</b>
Cash and bank balances	107,885	103,714
Short-term deposits	18,180	19,515
Cash and cash equivalents	<u>126,065</u>	<u>123,229</u>

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