

MANULIFE HOLDINGS BERHAD (24851-H)
Interim financial statements for the nine months period ended 30 September 2017

Unaudited Condensed Consolidated Statement of Financial Position

	As at 30.09.2017 RM'000	As at 31.12.2016 RM'000
Assets		
Property and equipment	36,507	38,143
Investment property	88,071	88,071
Intangible assets	118,053	124,034
Available-for-sale financial assets	3,080,333	2,884,579
Financial assets at fair value through profit or loss	1,471,822	1,347,826
Loans and receivables	448,240	453,497
Reinsurance assets	4,996	8,611
Insurance receivables	16,996	28,781
Current tax assets	686	615
Cash and cash equivalents (Note 28)	154,307	138,199
Total Assets	5,420,011	5,112,356
Equity, Policyholders' Fund and Liabilities		
Share capital	103,069	101,185
Share premium	-	1,884
Retained earnings	688,219	688,094
Other reserves	17,640	7,591
Equity attributable to the owners of the Company	808,928	798,754
Non-controlling interests	792	365
Total Equity	809,720	799,119
Insurance contract liabilities (Note 27)	3,833,107	3,591,411
Insurance claims liabilities	62,396	55,764
Financial liabilities at fair value through profit or loss	3,882	549
Deferred tax liabilities	36,306	26,083
Insurance payables	507,456	479,294
Current tax liabilities	6,889	5,164
Other payables	160,255	154,972
Total Liabilities	4,610,291	4,313,237
Total Equity, Policyholders' Fund and Liabilities	5,420,011	5,112,356
Net Assets Per Share (RM)	4.00	3.95

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

MANULIFE HOLDINGS BERHAD (24851-H)

Interim financial statements for the nine months period ended 30 September 2017

Unaudited Condensed Consolidated Statement of Profit or Loss

	3 months ended		Cumulative 9 months ended	
	30.09.2017 RM'000	30.09.2016 RM'000	30.09.2017 RM'000	30.09.2016 RM'000
Premium income				
Gross premiums	216,232	212,031	620,969	653,409
Premiums ceded to reinsurers	(10,317)	(7,199)	(27,672)	(18,601)
Net premiums (Note 21)	205,915	204,832	593,297	634,808
Investment income (Note 22)	46,518	45,531	137,308	131,630
Net realised gains	15,053	84	29,416	6,973
Net fair value gains/(loss)	10,595	33	119,434	(8,385)
Fee income	27,464	15,433	69,920	44,073
Other operating income	429	361	1,770	973
Total revenue	305,974	266,274	951,145	810,072
Gross benefits and claims paid	(160,193)	(144,433)	(479,632)	(410,527)
Claims ceded to reinsurers	2,634	2,938	8,066	6,934
Gross change in contract liabilities	(41,118)	(55,193)	(180,322)	(170,085)
Change in insurance contract liabilities ceded to reinsurers	(3,864)	688	(3,384)	1,494
Net claims	(202,541)	(196,000)	(655,272)	(572,184)
Fee and commission expenses	(33,362)	(23,086)	(86,776)	(70,625)
Investment expenses	(1,083)	(1,087)	(3,468)	(3,215)
Management expenses	(44,553)	(41,175)	(123,252)	(121,396)
Other operating (expenses)/income (Note 23)	(14,032)	12,723	(51,778)	(15,751)
Other expenses	(93,030)	(52,625)	(265,274)	(210,987)
Profit before taxation (Note 24)	10,403	17,649	30,599	26,901
Taxation (Note 25)	(2,940)	(4,969)	(9,201)	(8,487)
Net profit for the financial period	7,463	12,680	21,398	18,414
Net profit attributable to:				
Owners of the Company	7,450	12,638	21,374	18,345
Non-controlling interests	13	42	24	69
	7,463	12,680	21,398	18,414
Basic and diluted earnings per share (sen) (Note 26)	3.68	6.25	10.56	9.07

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MANULIFE HOLDINGS BERHAD (24851-H)
Interim financial statements for the nine months period ended 30 September 2017

Unaudited Condensed Consolidated Statement of Total Comprehensive Income

	3 months ended		Cumulative	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	7,463	12,680	21,398	18,414
Other comprehensive (loss)/income, net of tax:				
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:-				
Net loss on foreign currency translation	(300)	-	(300)	-
Fair value change of available-for-sale financial assets:				
- Gross fair value change	(20,090)	41,023	78,267	83,408
- Deferred tax	1,581	(3,565)	(6,544)	(7,453)
	(18,509)	37,458	71,723	75,955
Changes in insurance contract liabilities arising from unrealised net fair value change	16,708	(31,045)	(61,374)	(67,158)
Net (loss)/gains	(1,801)	6,413	10,349	8,797
Net other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods	(2,101)	6,413	10,049	8,797
Other comprehensive (loss)/income for the financial period, net of tax	(2,101)	6,413	10,049	8,797
Total comprehensive income for the financial period	5,362	19,093	31,447	27,211
Total comprehensive income attributable to:				
Owners of the Company	5,349	19,051	31,423	27,142
Non-controlling interests	13	42	24	69
	5,362	19,093	31,447	27,211

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MANULIFE HOLDINGS BERHAD (24851-H)
Interim financial statements for the nine months period ended 30 September 2017

Unaudited Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company						Total RM'000	Non- controlling interests RM'000	Total RM'000
	Non - distributable			Distributable					
	Share capital RM'000	Share premium RM'000	Asset revaluation reserve RM'000	Currency translation reserve RM'000	Fair value reserve RM'000	Retained earnings* RM'000			
At 1 January 2017	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	-	-	-	-	-	-	-	403	403
Net profit for the financial period	-	-	-	-	-	21,374	21,374	24	21,398
Other comprehensive (loss)/income for the financial period	-	-	-	(300)	10,349	-	10,049	-	10,049
Total comprehensive (loss)/income for the financial period	-	-	-	(300)	10,349	21,374	31,423	24	31,447
Final dividend for the financial year ended 31 December 2016	-	-	-	-	-	(21,249)	(21,249)	-	(21,249)
At 30 September 2017	<u>103,069</u>	<u>-</u>	<u>5,078</u>	<u>(300)</u>	<u>12,862</u>	<u>688,219</u>	<u>808,928</u>	<u>792</u>	<u>809,720</u>
At 1 January 2016	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	-	-	-	-	-	-	-	445	445
Net profit for the financial period	-	-	-	-	-	18,345	18,345	69	18,414
Other comprehensive income for the financial period	-	-	-	-	8,797	-	8,797	-	8,797
Total comprehensive income for the financial period	-	-	-	-	8,797	18,345	27,142	69	27,211
Final dividend for the financial year ended 31 December 2015	-	-	-	-	-	(18,213)	(18,213)	-	(18,213)
At 30 September 2016	<u>101,185</u>	<u>1,884</u>	<u>4,733</u>	<u>-</u>	<u>17,787</u>	<u>659,994</u>	<u>785,583</u>	<u>1,106</u>	<u>786,689</u>

* 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 89,681,000 (1 January 2017: RM 69,414,000 / 30 September 2016: RM89,861,000 / 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 nine months period ended 30 September 2017

Unaudited Condensed Consolidated Statement of Cash Flows

	9 months ended <u>30.09.2017</u> RM'000	9 months ended <u>30.09.2016</u> RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the financial period	21,398	18,414
Adjustments for non-cash items	(220,400)	(95,983)
Operating losses before changes in operating assets and liabilities	<u>(199,002)</u>	<u>(77,569)</u>
Purchase of investments	(1,057,146)	(1,246,746)
Proceeds from sale and maturity of investments	901,160	836,737
Interest income received	87,958	85,303
Dividend income received	32,026	29,861
Rental income received	5,361	6,085
Decrease in insurance receivables	11,785	7,977
Decrease/(increase) in reinsurance assets	3,615	(3,462)
Decrease in fixed and call deposits	4,648	146,578
Decrease in loan receivables	6,754	20,459
Increase in other receivables	(1,380)	(41,393)
Increase in insurance contract liabilities	180,322	170,085
Increase in insurance claims liabilities	6,632	7,231
Increase in payables	34,116	104,748
Cash generated from operations	<u>16,849</u>	<u>45,894</u>
Income taxes paid	(21,061)	(16,057)
Net cash (outflow)/inflow from operating activities	<u>(4,212)</u>	<u>29,837</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1,577)	(3,011)
Purchase of intangible assets	(724)	(3,564)
Purchase of investments	(91,666)	(74,305)
Proceeds from sale and maturity of investments	136,653	79,595
Proceeds from disposal of property and equipment	1	44
Acquisition of subsidiary, balance of cash consideration	(1,521)	(1,943)
Net cash inflow/(outflow) from investing activities	<u>41,166</u>	<u>(3,184)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to shareholders	(21,249)	(18,213)
Changes in Non-controlling interests	403	445
Net cash outflow from financing activities	<u>(20,846)</u>	<u>(17,768)</u>
Net increase during the financial period	16,108	8,885
Cash and cash equivalents at 1 January	138,199	123,573
Cash and cash equivalents at 30 September (<i>Note 28</i>)	<u>154,307</u>	<u>132,458</u>

CASH AND CASH EQUIVALENTS

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

	As at <u>30.09.2017</u> RM'000	As at <u>30.09.2016</u> RM'000
Cash and bank balances	137,063	118,859
Short-term deposits	17,244	13,599
Cash and cash equivalents	<u>154,307</u>	<u>132,458</u>

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