

MANULIFE HOLDINGS BERHAD (24851-H)
Interim financial statements for the financial year ended 31 December 2017

Unaudited Condensed Consolidated Statement of Financial Position

	As at 31.12.2017 RM'000	As at 31.12.2016 RM'000
Assets		
Property and equipment	42,107	38,143
Investment property	82,600	88,071
Intangible assets	115,213	124,034
Available-for-sale financial assets	3,090,586	2,884,579
Financial assets at fair value through profit or loss	1,536,831	1,347,826
Loans and receivables	586,605	453,497
Reinsurance assets	6,412	8,611
Insurance receivables	23,971	28,781
Current tax assets	686	615
Cash and cash equivalents (Note 28)	148,973	138,199
Total Assets	5,633,984	5,112,356
Equity, Policyholders' Fund and Liabilities		
Share capital	103,069	101,185
Share premium	-	1,884
Retained earnings	694,863	688,094
Other reserves	16,197	7,591
Equity attributable to the owners of the Company	814,129	798,754
Non-controlling interests	1,195	365
Total Equity	815,324	799,119
Insurance contract liabilities (Note 27)	3,948,122	3,591,411
Insurance claims liabilities	56,489	55,764
Financial liabilities at fair value through profit or loss	-	549
Deferred tax liabilities	36,540	26,083
Insurance payables	526,936	479,294
Current tax liabilities	2,456	5,164
Other payables	248,117	154,972
Total Liabilities	4,818,660	4,313,237
Total Equity, Policyholders' Fund and Liabilities	5,633,984	5,112,356
Net Assets Per Share (RM)	4.02	3.95

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

MANULIFE HOLDINGS BERHAD (24851-H)
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Unaudited Condensed Consolidated Statement of Profit or Loss

	3 months ended		Cumulative 12 months ended	
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
Premium income				
Gross premiums	275,406	224,341	896,375	877,750
Premiums ceded to reinsurers	(11,223)	(8,529)	(38,895)	(27,130)
Net premiums (<i>Note 21</i>)	264,183	215,812	857,480	850,620
Investment income (<i>Note 22</i>)	49,979	45,049	187,287	176,679
Net realised gains	20,731	10,250	50,147	17,223
Net fair value gains/(losses)	39,857	(60,615)	159,291	(69,000)
Fee income	26,341	16,284	96,261	60,357
Other operating income	400	490	2,170	1,463
Total revenue	401,491	227,270	1,352,636	1,037,342
Gross benefits and claims paid	(167,772)	(150,640)	(647,404)	(561,167)
Claims ceded to reinsurers	5,186	3,326	13,252	10,260
Gross change in contract liabilities	(114,001)	(21,987)	(294,323)	(192,072)
Change in insurance contract liabilities ceded to reinsurers	171	233	(3,213)	1,727
Net claims	(276,416)	(169,068)	(931,688)	(741,252)
Fee and commission expenses	(33,825)	(27,938)	(120,601)	(98,563)
Investment expenses	(936)	(826)	(4,404)	(4,041)
Management expenses	(49,866)	(39,962)	(173,118)	(161,358)
Other operating (expenses)/income (<i>Note 23</i>)	(29,488)	45,905	(81,266)	30,154
Other expenses	(114,115)	(22,821)	(379,389)	(233,808)
Profit before taxation (<i>Note 24</i>)	10,960	35,381	41,559	62,282
Taxation (<i>Note 25</i>)	(4,305)	(7,332)	(13,506)	(15,819)
Net profit for the financial year	6,655	28,049	28,053	46,463
Net profit attributable to:				
Owners of the Company	6,644	28,100	28,018	46,445
Non-controlling interests	11	(51)	35	18
	6,655	28,049	28,053	46,463
Basic and diluted earnings per share (sen) (<i>Note 26</i>)	3.28	13.88	13.84	22.95

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MANULIFE HOLDINGS BERHAD (24851-H)
Interim financial statements for the financial year ended 31 December 2017

Unaudited Condensed Consolidated Statement of Total Comprehensive Income

	3 months ended		Cumulative	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial year	6,655	28,049	28,053	46,463
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	(486)	-	(786)	-
Fair value change of available-for-sale financial assets:				
- Gross fair value change	(993)	(97,350)	77,274	(13,942)
- Deferred tax	216	8,671	(6,328)	1,218
	(777)	(88,679)	70,946	(12,724)
Changes in insurance contract liabilities arising from unrealised net fair value change	(650)	73,405	(62,024)	6,247
Net (losses)/gain	(1,427)	(15,274)	8,922	(6,477)
Net other comprehensive (losses)/income to be reclassified to profit or loss in subsequent periods	(1,913)	(15,274)	8,136	(6,477)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:-				
Surplus from revaluation of property:				
- Gross surplus from revaluation	834	619	834	619
	834	619	834	619
- Changes in insurance contract liabilities arising from revaluation of property	(364)	(274)	(364)	(274)
- Net gains	470	345	470	345
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	470	345	470	345
Other comprehensive (losses)/income for the financial year, net of tax	(1,443)	(14,929)	8,606	(6,132)
Total comprehensive income for the financial year	5,212	13,120	36,659	40,331
Total comprehensive income attributable to:				
Owners of the Company	5,201	13,171	36,624	40,313
Non-controlling interests	11	(51)	35	18
	5,212	13,120	36,659	40,331

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MANULIFE HOLDINGS BERHAD (24851-H)
Interim financial statements for the financial year ended 31 December 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
Transition to no-par value regime **	1,884	(1,884)	-	-	-	-	-	-	-
Changes in ownership interest in a unit trust fund managed by a subsidiary	-	-	-	-	-	-	-	795	795
Net profit for the financial year	-	-	-	-	-	28,018	28,018	35	28,053
Other comprehensive income/(loss) for the financial year	-	-	470	(786)	8,922	-	8,606	-	8,606
Total comprehensive income/(loss) for the financial year	-	-	470	(786)	8,922	28,018	36,624	35	36,659
Final dividend for the financial year ended 31 December 2016	-	-	-	-	-	(21,249)	(21,249)	-	(21,249)
At 31 December 2017	<u>103,069</u>	<u>-</u>	<u>5,548</u>	<u>(786)</u>	<u>11,435</u>	<u>694,863</u>	<u>814,129</u>	<u>1,195</u>	<u>815,324</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	-	-	-	-	-	-	-	(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)
At 31 December 2016	<u>101,185</u>	<u>1,884</u>	<u>5,078</u>	<u>-</u>	<u>2,513</u>	<u>688,094</u>	<u>798,754</u>	<u>365</u>	<u>799,119</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 68,988,000 (1 January 2017: RM 69,414,000 / 31 December 2016: RM69,414,000 / 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 financial year ended 31 December 2017

Unaudited Condensed Consolidated Statement of Cash Flows

	12 months ended 31.12.2017 RM'000	12 months ended 31.12.2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the financial year	28,053	46,463
Adjustments for non-cash items	(295,144)	(125,671)
Operating losses before changes in operating assets and liabilities	<u>(267,091)</u>	<u>(79,208)</u>
Purchase of investments	(1,430,212)	(1,547,817)
Proceeds from disposal and maturity of investments	1,222,213	1,154,868
Interest income received	125,292	123,530
Dividend income received	52,574	44,697
Rental income received	6,965	7,871
Decrease/(increase) in insurance receivables	4,811	(2,442)
Decrease/(increase) in reinsurance assets	2,199	(4,050)
(Increase)/decrease in fixed and call deposits	(125,352)	103,321
Decrease in loan receivables	10,190	26,523
Increase in other receivables	(17,743)	(3,274)
Increase in insurance contract liabilities	294,323	192,072
Increase in insurance claims liabilities	725	4,129
Increase in payables	141,875	45,947
Cash generated from operations	<u>20,769</u>	<u>66,167</u>
Income taxes paid	(34,061)	(22,928)
Net cash (outflow)/inflow from operating activities	<u>(13,292)</u>	<u>43,239</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1,908)	(5,150)
Refurbishment costs of investment property	-	(309)
Purchase of intangible assets	(1,368)	(6,930)
Purchase of investments	(98,173)	(92,771)
Proceeds from disposal and maturity of investments	147,945	96,904
Proceeds from disposal of property and equipment	1	44
Acquisition of subsidiary, balance of cash consideration	(1,977)	(1,943)
Net cash inflow/(outflow) from investing activities	<u>44,520</u>	<u>(10,155)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to shareholders	(21,249)	(18,213)
Changes in Non-controlling interests	795	(245)
Net cash outflow from financing activities	<u>(20,454)</u>	<u>(18,458)</u>
Net increase during the financial year	10,774	14,626
Cash and cash equivalents at 1 January	138,199	123,573
Cash and cash equivalents at 31 December (<i>Note 28</i>)	<u>148,973</u>	<u>138,199</u>

CASH AND CASH EQUIVALENTS

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

	As at 31.12.2017 RM'000	As at 31.12.2016 RM'000
Cash and bank balances	130,643	123,646
Short-term deposits	18,330	14,553
Cash and cash equivalents	<u>148,973</u>	<u>138,199</u>

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