



Manulife Holdings Berhad (24851-H)
*(formerly known as Manulife Insurance
(Malaysia) Berhad)*



Bringing
Dreams
to Life

MANULIFE'S VISION AND VALUES

Manulife's vision is to be the most professional life insurance company in the world: providing the very best financial protection and investment management services tailored to customers in every market where we do business.

With vision comes values. These values guide everything we do - from strategic planning to day-to-day decision-making, to the manner in which we treat our customers and other stakeholders. These values are described by the acronym

PRIDE:

Professionalism

Read Value to Our Customers

Integrity

Demonstrated Financial Strength

Employer of Choice



02	Notice of Annual General Meeting
04	Statement Accompanying Notice of Annual General Meeting
04	Additional Compliance Information
05	Corporate Information
06	Corporate Structure
07	Financial Highlights
08	Board of Directors
10	Directors' Profile
15	Chairman's Statement
20	Corporate Governance Statement
24	Internal Control Statement
26	Group Audit Committee Report



CONTENTS

33	Financial Statements
106	Regional Support Centres
107	Head Office Management
108	List of Properties
109	Analysis of Shareholdings
112	Annexure A Proxy form

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Third Annual General Meeting of the Company will be held at Dewan Berjaya, Bukit Kiara Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Friday, 24 April 2009 at 10.00 a.m.

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2008 together with the Reports of the Directors and the Auditors thereon. **Resolution 1**
2. To approve the declaration of a first and final dividend of 13 sen per share less income tax at 25% for the financial year ended 31 December 2008. **Resolution 2**
3. To re-elect the following Directors who retire pursuant to Article 93(B) of the Company's Articles of Association:-
 - (i) Datuk Abu Hassan Bin Kendut **Resolution 3**
 - (ii) Mr Philip John Hampden-Smith **Resolution 4**
4. To re-elect Mr Michael Chan Yui Lung who retires pursuant to Article 98 of the Company's Articles of Association. **Resolution 5**
5. To consider and if thought fit, to pass the following ordinary resolution in accordance with Section 129 of the Companies Act, 1965: -

"THAT pursuant to Section 129 of the Companies Act, 1965, Datuk Ismail Bin Haji Ahmad who is over the age of 70 years be and is hereby re-appointed as Director of the Company and to hold office until the conclusion of the next Annual General Meeting."

Resolution 6
6. To approve the payment of Directors' remuneration for the financial year ended 31 December 2008. **Resolution 7**
7. To appoint Messrs. PricewaterhouseCoopers as Auditors of the Company in place of Messrs. Jaffar Hussein & Co. and to authorise the Directors to fix their remuneration.

Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is annexed hereto and marked "Annexure A" at the page 112 has been received by the Company for the nomination of Messrs. PricewaterhouseCoopers who have given their consent to act, for appointment as Auditors. The following ordinary resolution is hereby proposed: -

"THAT Messrs. PricewaterhouseCoopers be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs. Jaffar Hussein & Co. to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

Resolution 8

AS SPECIAL BUSINESS

8. To consider and if thought fit, with or without modifications, to pass the following resolution as Ordinary Resolution:-

ORDINARY RESOLUTION 1

- AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

Resolution 9

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF DIVIDEND PAYMENT

Subject to the restriction on dividend entitlement as mentioned in the explanatory note to Resolution 2 above, NOTICE IS HEREBY GIVEN THAT a first and final dividend of 13 sen per share less income tax of 25% in respect of the financial year ended 31 December 2008, if approved, will be paid on 3 June 2009 to shareholders whose names appear on the Company's Record of Depositors and /or Register of Members at the close of business at 5.00 p.m. on 13 May 2009.

FURTHER NOTICE IS HEREBY GIVEN THAT a depositor shall qualify for entitlement to dividend only in respect of:-

- a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on 13 May 2009 in respect of ordinary transfers; and
- b) shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

CHUA SIEW CHUAN (MAICSA 0777689)
TAN AI NING (MAICSA 7015852)
 Joint Company Secretaries

Kuala Lumpur
 Dated : 2 April 2009

NOTES :-

1. In respect of deposited securities, only Members whose names appear in the Record of Depositors on 15 April 2009 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.
2. The rights of a Foreigner to vote in respect of their deposited securities is subject to Section 41 of the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depositories) (Foreign Ownership) Regulations, 1966 and Article 3 of the Company's Articles of Association. The position of such Depositors in this regard will be determined based on the General Meeting Record of Depositors. Such depositors whose shares exceed the Company's foreign shareholding limit of 49% as at the date of the General Meeting Record of Depositors may attend the above Meeting but are not entitled to vote. Consequently, a proxy appointed by such Depositor who is not entitled to vote will also not be entitled to vote at the above Meeting.
3. Subject to Notes 1 and 2 above, a member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy or an attorney to attend and vote in his stead. A proxy

or attorney need not be a member of the Company.

4. If the appointer is a corporation, the form of proxy or power of attorney should be executed under its common seal or under the hand of a person duly authorised.
5. The instrument appointing a proxy or a power of attorney must be deposited at Securities Services (Holdings) Sdn. Bhd. of Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting.

[Explanatory Note to Resolution 2 and the Notice of Dividend Payment](#)

We refer to our announcement to Bursa Malaysia Securities Berhad on 2 August 2005 with regard to the "Notice to Prospective Foreign Shareholder" which was also placed in both the News Straits Times and the Star newspapers on 3 August 2005 respectively. This announcement essentially informed all prospective foreign shareholders that, as Manulife

Holdings Berhad (formerly known as Manulife Insurance (Malaysia) Berhad) ("the Company") has prescribed limit on foreign shareholding of 49%, the Board of Directors had resolved not to recommend payment of dividends to such new foreign shareholders who are registered as shareholders of the Company after 8 August 2005. Thereafter, such new registered foreign shareholders shall be subject to a queuing system as and when the shareholdings of the existing registered foreign shareholders shall fall below the 49% limit. Dividends declared after a new registered foreign shareholder has joined the existing registered foreign shareholders such that their aggregate shareholdings do not exceed the 49% limit would be payable to such new registered foreign shareholder.

EXPLANATORY NOTE TO SPECIAL BUSINESS

[Authority pursuant to Section 132D of the Companies Act, 1965](#)

The proposed ordinary resolution is primarily to give flexibility to the Board of Directors to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad)

1. The names of the individuals who are standing for re-election pursuant to Article 93(B) of the Company's Articles of Association.

Datuk Abu Hassan Bin Kendut
Mr Philip John Hampden-Smith

2. The name of the individual standing for re-election pursuant to Article 98 of the Company's Articles of Association.

Mr Michael Chan Yui Lung

3. The name of the individual standing for re-appointment pursuant to Section 129 of the Companies Act, 1965.

Datuk Ismail Bin Haji Ahmad

4. Details of attendance of Directors at board meetings. This information is found on pages 10 to 14 of the Annual Report.

5. The place, date and hour of general meeting.

The Thirty-Third Annual General Meeting of the Company will be held at Dewan Berjaya, Bukit Kiara Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Friday, 24 April 2009 at 10.00 a.m.

6. Details of individuals who are standing for re-election/re-appointment as Directors.

The profiles of the Directors standing for re-election/re-appointment are found on pages 10 to 14 of the Annual Report.

ADDITIONAL COMPLIANCE INFORMATION

1. NON-STATUTORY AUDIT FEES

The following non-statutory audit fees for the Group and the Company paid to Messrs. Jaffar Hussein & Co, the Auditors and its affiliated companies for the financial year ended 31 December 2008 amounted to RM97,060

	SERVICES	RM
Jaffar Hussein & Co.	Non-statutory audit related services	85,000
PricewaterhouseCoopers Services Pte Ltd	Tax compliance	12,060
Total		97,060

2. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving director and major shareholders' interests which were still subsisting as at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

CORPORATE INFORMATION

BOARD OF DIRECTORS

TAN SRI DATO' MOHD SHERIFF BIN MOHD KASSIM

PSM, JMN, KMN, DSDK
BA (Hons), MA, Diploma in Eco. Development
Chairman/Independent non-executive director

AHMAD RIZA BIN BASIR

BA Law (Hons), Barrister-at-law (Lincoln's Inn)
Independent non-executive director

DATUK ISMAIL BIN HAJI AHMAD

PSD, JSM, PMK, ASDK, AMN, ADK
BA (Hons), MA (Wisconsin)
Non-executive director

DATUK ABU HASSAN BIN KENDUT

PJN, MIA, MICPA
Independent non-executive director

MICHAEL CHAN YUI LUNG

FCMA, HKICPA, HKRFP, LIMRA
Group Chief Executive Officer/Managing Director

ROBERT ALLEN COOK

BA (University of Calgary), MBA (University of Toronto)
Non-executive director

PHILIP JOHN HAMPDEN-SMITH

Reading School, UK
Non-executive director

PETER DON ROBERTSON (Resigned on 11 November 2008)

BSc (Hons), FFA, UK
Group Chief Executive Officer/Managing Director

VICTOR STANLEY APPS (Resigned on 1 January 2009)

MA (Cambridge)
Non-executive director

JOINT SECRETARIES

Chua Siew Chuan (MAICSA 0777689)
Tan Ai Ning (MAICSA 7015852)

COMMITTEES OF THE BOARD

• EXECUTIVE COMMITTEE

TAN SRI DATO' MOHD SHERIFF BIN MOHD KASSIM

Chairman

PHILIP JOHN HAMPDEN-SMITH

(Resigned on 11 November 2008)

MICHAEL CHAN YUI LUNG (Appointed on 27 February 2009)

• GROUP AUDIT COMMITTEE/

GROUP RISK MANAGEMENT COMMITTEE

DATUK ABU HASSAN BIN KENDUT

Chairman

AHMAD RIZA BIN BASIR

ROBERT ALLEN COOK

• GROUP NOMINATING/REMUNERATION COMMITTEE

TAN SRI DATO' MOHD SHERIFF BIN MOHD KASSIM

Chairman

AHMAD RIZA BIN BASIR

DATUK ABU HASSAN BIN KENDUT

DATUK ISMAIL BIN HAJI AHMAD

PHILIP JOHN HAMPDEN-SMITH

REGISTERED OFFICE

12th Floor, Menara Manulife RB, 6 Jalan Gelenggang,
Damansara Heights, 50490 Kuala Lumpur
Tel : 03 2719 9228
Fax : 03 2094 0573
www.manulife.com.my

REGISTRAR

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel : 03 2084 9000
Fax : 03 2094 9940

PRINCIPAL BANKERS

Malayan Banking Berhad
Public Bank Berhad
OCBC Bank (Malaysia) Berhad
Citibank Berhad
HSBC Bank Malaysia Berhad

AUDITORS

Messrs. Jaffar Hussein & Co (No. AF-0056)
Level 10, 1 Sentral
Jalan Travers, Kuala Lumpur
Sentral, P. O. Box 10192
50706 Kuala Lumpur

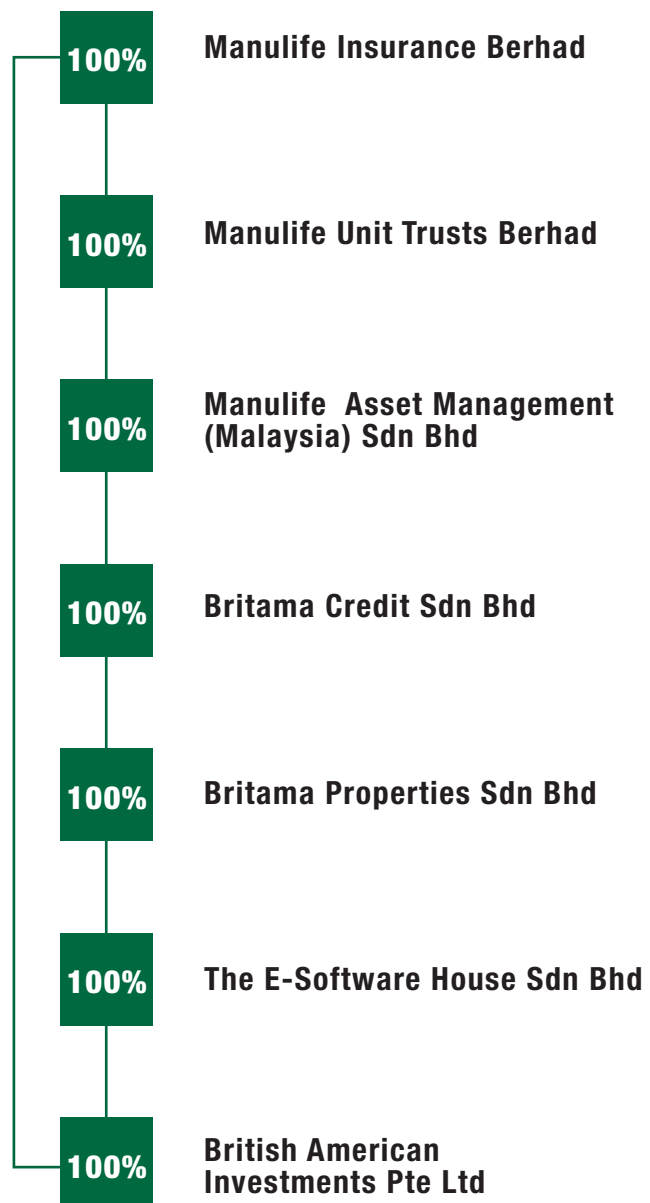
SOLICITORS

Messrs Shook Lin & Bok
20th Floor
Ambank Group Building
55 Jalan Raja Chulan
50200 Kuala Lumpur

STOCK EXCHANGE LISTING

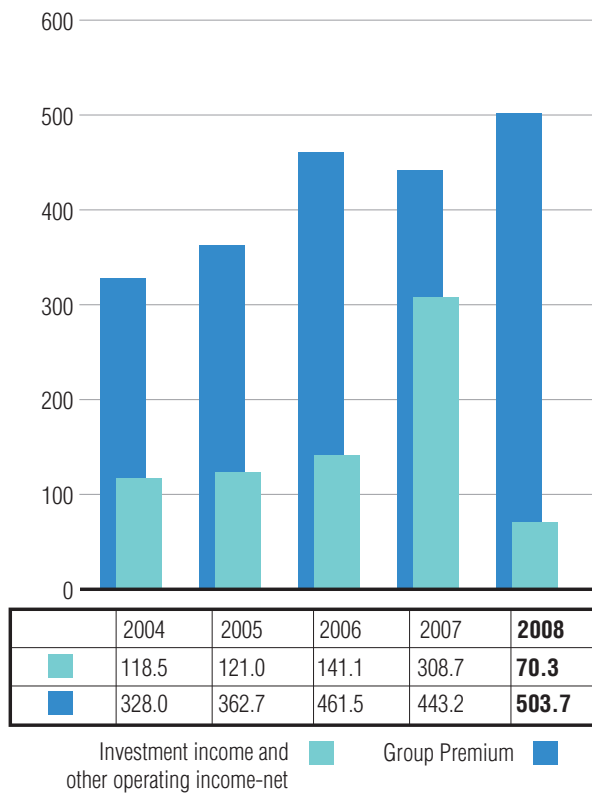
Bursa Malaysia Securities Berhad - Main Board

CORPORATE STRUCTURE

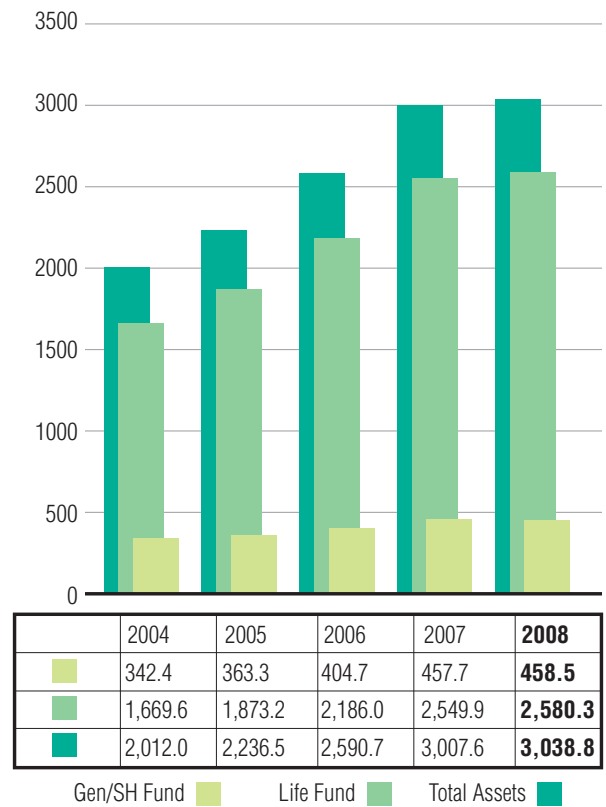


FINANCIAL HIGHLIGHTS

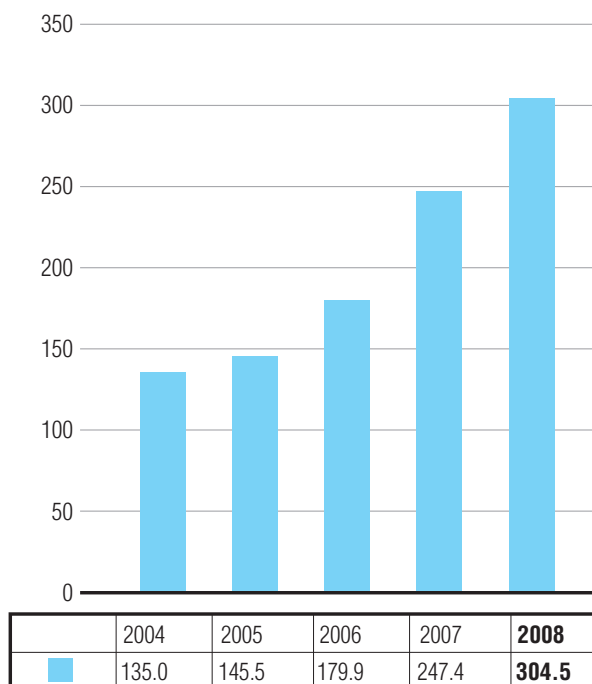
Group Income



Group Assets



Policyowners benefits paid and payable



Group net profit attributable to shareholders



BOARD OF DIRECTORS



from left to right

MICHAEL CHAN YUI LUNG
Group Chief Executive Officer/
Managing Director

PHILIP JOHN HAMPDEN-SMITH
Non-executive director

from left to right

AHMAD RIZA BIN BASIR
Independent non-executive director

**TAN SRI DATO' MOHD SHERIFF
BIN MOHD KASSIM**
Chairman/Independent non-executive director

from left to right

DATUK ISMAIL BIN HAJI AHMAD

Non-executive director

DATUK ABU HASSAN BIN KENDUT

Independent non-executive director

ROBERT ALLEN COOK

Non-executive director



DIRECTORS' PROFILE



TAN SRI DATO' MOHD SHERIFF BIN MOHD KASSIM

Chairman/Independent non-executive director

TAN SRI DATO' MOHD SHERIFF BIN MOHD KASSIM, aged 69, a Malaysian, was appointed a director of the Company on 3 September 2004 and subsequently, Chairman of the Board on 13 October 2004. He holds a B A (Honours) Economics degree from University Malaya and a Diploma in Economic Development from Oxford University, United Kingdom. He also holds a M A Economics from Vanderbilt University, USA.

Tan Sri is also Chairman of the Executive Committee and Group Nominating/ Remuneration Committee of the Board of Directors. He attended all seven Board meetings of the Company held during the financial year ended 31 December 2008.

Tan Sri was the Managing Director of Khazanah Nasional Berhad and past Director of United Engineers (Malaysia) Berhad and former Chairman of UEM Land Sdn Bhd (formerly known as Renong Berhad). Prior to joining Khazanah Nasional Berhad as the Managing Director in 1994, he served as the Secretary General of Treasury, Ministry of Finance for 3 years.

Tan Sri Dato' Mohd Sheriff is a non-independent non-executive Chairman of PLUS Expressways Berhad. He is also the Chairman of the Malaysian Institute of Economic Research, Deputy President of the Malaysian Economic Association and he serves as Non-executive Chairman of Projek Penyelenggaraan Lebuhraya Berhad and Projek Lebuhraya Utara-Selatan Berhad, Scientex Berhad (formerly known as Scientex Incorporated Berhad), Standard Chartered Bank Malaysia Berhad, Intelligent Edge Technologies Berhad, Standard Chartered Saadiq Bhd and Bandar Nusajaya Development Sdn Bhd (formerly known as Prolink Development Sdn Bhd).

Tan Sri Dato' Mohd Sheriff holds 50,000 ordinary shares of RM0.50 each in Company.

DIRECTORS' PROFILE

AHMAD RIZA BIN BASIR

Independent non-executive director

ENCIK AHMAD RIZA BIN BASIR, aged 48, a Malaysian, was appointed to the Board on 6 February 1996. He obtained his Bachelor of Law Degree with honours from the University of Hertfordshire, UK and qualified as a barrister-at-law of the Honourable Society of Lincoln's Inn, London, UK. Encik Riza is a member of the Group Audit Committee, Group Risk Management Committee and Group Nominating/Remuneration Committee of the Board of Directors. He attended all seven Board meetings of the Company held during the financial year ended 31 December 2008.

Encik Riza is the Group Managing Director of Kumpulan Fima Berhad. He also sits on the Boards of Fima Corporation Berhad, KESM Industries Berhad, Jerneh Asia Berhad and United Plantations Berhad. He is also a member of the Audit Committee of Fima Corporation Berhad, United Plantations Berhad and KESM Industries Berhad.



DATUK ISMAIL BIN HAJI AHMAD

Non-executive director

DATUK ISMAIL BIN HAJI AHMAD, aged 72, a Malaysian, was appointed to the Board on 19 December 1996. He graduated from University Malaya with a Bachelor of Arts Degree (honours) and later obtained his Masters Degree in Public Policy and Administration from the University of Wisconsin, USA. He had also attended the Senior Management Program conducted by the Harvard Business School.

Prior to joining the private sector, he had served as an officer in the Administrative and Diplomatic Service Malaysia in the Prime Minister's Department, Ministry of Home Affairs and the Ministry of Primary Industries. While in the Government service, he had served in senior positions as the Deputy Secretary General of the Ministry of Primary Industries and the Chief Executive Officer of the Commodities Trading Commission.

After his retirement from the Civil Service, he had served as Chairman of Bank Muamalat Malaysia Berhad and Board member of Advanced Packaging Technology (M) Berhad and Tracoma Holdings Berhad. He is also Group Chairman of Maser Group of Companies.

Datuk Ismail is a member of the Group Nominating/Remuneration Committee of the Board of Directors. He attended all seven Board meetings of the Company held during the financial year ended 31 December 2008.



DIRECTORS' PROFILE

**DATUK ABU HASSAN BIN KENDUT***Independent non-executive director*

DATUK ABU HASSAN BIN KENDUT, aged 66, a Malaysian, was appointed to the Board on 20 November 2001. He was articled with Messrs Turquand Youngs & Co and qualified as an accountant in 1967. He joined Malaysian Airline System Berhad in 1971 as its Accounts Manager and left in 1974 to join the practice of Messrs Coopers & Lybrand. He retired as a Senior Partner of the firm in 1997.

Datuk Abu Hassan sits on the Boards of Metrod (Malaysia) Berhad, I-Berhad, Standard Chartered Bank Malaysia Berhad, Standard Chartered Saadiq Berhad and several other private companies. He was also the former Chairman of United Engineers (Malaysia) Berhad, UEM World Berhad, UEM Builders Berhad and Cement Industries of Malaysia Berhad.

Datuk Abu Hassan is Chairman of the Group Audit Committee and Group Risk Management Committee and is a member of the Group Nominating/Remuneration Committee of the Board of Directors. He attended all seven Board meetings of the Company held during the financial year ended 31 December 2008.

**MICHAEL CHAN YUI LUNG***Group Chief Executive Officer/Managing Director*

MR MICHAEL CHAN YUI LUNG, aged 54, a British citizen, was appointed Director as Group Chief Executive Officer/Managing Director on 16 February 2009. Mr Chan is a Fellow Member of the British Royal Chartered Institute of Management Accountants, Associate Member of Hong Kong Institute of Certified Public Accountants and a qualified member of the society of Registered Financial Planners, Hong Kong. Mr Chan has also been a qualified member of the Life Insurance Management Research Association since 1997.

Mr Chan joined Manulife International Ltd, Hong Kong in 2000 as Vice President, Group Life and Health. He was appointed as Vice President, Distribution in 2004, as head of Sales Operation of 450 Corporate Brokers and 3,600 tie in-house agents. Prior to joining Manulife in 2000, Mr Chan served on the Boards of a number of insurance companies, and as an Accounting Officer in Management Accounting Branch, Treasury for Hong Kong Government.

Mr Chan is a member of the Executive Committee of the Board of Directors and a Director of Manulife Insurance Berhad and Manulife Asset Management (Malaysia) Sdn Bhd, wholly-owned subsidiaries of the Company.

DIRECTORS' PROFILE

ROBERT ALLEN COOK

Non-executive director

MR ROBERT ALLEN COOK, aged 54, Canadian, was appointed to the Board on 4 October 2007. He holds a Master Degree in Business Administration from the University of Toronto and a Bachelor Degree in Pure Mathematics from University of Calgary.

Mr Cook is Senior Executive Vice President and General Manager, Asia, responsible for Manulife Financial's insurance and wealth management operations in Japan, China, Hong Kong, Indonesia, Philippines, Singapore, Taiwan, Vietnam, Malaysia, Thailand and Macau. Previously, he was Executive Vice President, US Insurance Group with overall general management responsibility for the John Hancock Life Insurance, John Hancock Long-Term Care and John Hancock Financial Network business units.

Mr Cook has been involved in the Life Insurance Industry since 1978 and has held management positions in Manulife's U.S., Canadian, International and corporate divisions. His experience spans a number of areas including strategic planning, product management for insurance & annuities, sales and marketing.

Mr Cook is a member of the Group Audit Committee and Group Risk Management Committee of the Board of Directors. He attended all seven Board meetings of the Company held during the financial year ended 31 December 2008.

Mr Cook is a representative of the Company's largest shareholder, John Hancock International Holdings, Inc, whose ultimate holding company is Manulife Financial Corporation.



PHILIP JOHN HAMPDEN-SMITH

Non-executive director

MR PHILIP JOHN HAMPDEN-SMITH, aged 50, from the UK, was appointed to the Board on 6 January 2006. Having worked in the UK, Europe and Asia, Mr Hampden-Smith has extensive experience in the financial services industry. He is currently Executive Vice President and General Manager, South East Asia Operations, Manulife Financial. Mr Hampden-Smith is responsible for Manulife's six operations in the ASEAN area (Singapore, Indonesia, Malaysia, Thailand, Philippines and Vietnam).

Mr Hampden-Smith first joined Manulife Financial in Hong Kong in 1996 and concurrently held 2 positions - President & CEO of Manulife's Investment operations and Vice President, Marketing & Communications. While in Hong Kong during this period, Mr Hampden-Smith was elected an Executive Board member of the Hong Kong Investments Funds Association and was a member of the Hong Kong Securities Institute.

Prior to his posting in Singapore, Mr Hampden-Smith was Vice President, Regional Operations, Asia, for Manulife Financial, and was responsible for overseeing the company's operations in Philippines and Singapore as well as mutual fund development across Asia. Prior to this, he was President Director of Manulife Indonesia for 3 years. During his time in this position, Mr Hampden-Smith oversaw a four-fold increase in assets of Manulife Indonesia, the rapid development of Manulife Asset Management Indonesia and a significant acquisition that made Manulife Indonesia the leading pension provider in the country as well as Indonesia's leading insurer and fund manager.

Mr Hampden-Smith is a member of the Executive Committee and Group Nominating/Remuneration Committee of the Board of Directors. He attended six of the seven Board meetings of the Company held during the financial year ended 31 December 2008.

Mr Hampden-Smith is a representative of the Company's largest shareholder, John Hancock International Holdings, Inc, whose ultimate holding company is Manulife Financial Corporation, where he is a member of Manulife Financial's Global Management Committee.



DIRECTORS' PROFILE



VICTOR STANLEY APPS (Resigned on 1 January 2009)
Non-executive director

MR VICTOR APPS, aged 61, from the UK, was appointed to the Board on 3 June 2004. He received his MA in Mathematics and Physics in 1970 from Cambridge University, United Kingdom. He retired from his role of Senior Executive Vice President and General Manager, Asia, Manulife Financial on 1 January 2007. Before retirement, he was responsible for Manulife Financial's insurance and wealth management operations in Asia. He was also a member of the Manulife Financial's Executive Committee.

Mr Apps joined Manulife Financial, Canada in 1970 and was appointed Administrative Vice President in 1981. In March 1985, Mr Apps was appointed General Manager, Manulife Indonesia and in 1988, he became International Vice President, Asia Pacific Division with responsibility for all Asian operations outside Hong Kong. Subsequently, he was appointed Vice President and General Manager, Greater China Division in 1993 with responsibility for China, Hong Kong and Taiwan. Mr Apps was the first Chairman of Manulife-Sinochem Life Insurance Company Limited, the first joint venture insurance company approved in the People's Republic of China. From 1990 to 1996, he led Manulife's team negotiating entry into China.

Mr Apps attended all seven Board meetings of the Company held during the financial year ended 31 December 2008.

Mr Apps resigned as non-executive director of Manulife Holdings Berhad (formerly known as Manulife Insurance (Malaysia) Berhad) and Manulife Insurance Berhad with effect from 1 January 2009.



PETER DON ROBERTSON (Resigned on 11 November 2008)
Group Chief Executive Officer/Managing Director

MR PETER ROBERTSON, aged 44, from the UK, was appointed Chief Executive Officer/Managing Director of the Company on 12 April 2006. He holds a Bachelor of Science degree in Mathematics from Kings College, University of London. He is an Actuary and is a Fellow of the Faculty of Actuaries (FFA) and has served the UK actuarial profession in a number of roles including membership of the International Education and Continuous Professional Development Committee.

Mr Robertson has been involved in the life insurance industry since 1986 and has worked in actuarial, marketing, sales and international development roles. Prior to joining Manulife in 2006, Mr Robertson served on the Boards of a number of insurance companies in the UK, China and India. He was also previously a director of the Infrastructure Development Finance Corporation in India.

On 11 November 2008, Mr Robertson resigned as Director and Group Chief Executive Officer of the Company and its subsidiaries. He attended all six Board meetings of the Company held during the financial year ended 31 December 2008, prior to his resignation.

Other information on directors

Save as disclosed, none of the Directors have any family relationship with any director and/or major shareholders of the Company nor any conflict of interest with the Company. None of the Directors has had any convictions for any offences within the past ten years.

CHAIRMAN'S STATEMENT



**TAN SRI DATO' MOHD SHERIFF
BIN MOHD KASSIM**
Chairman/Independent non-executive director

Dear shareholders,

On behalf of the Board of Directors, it is my pleasure to present the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2008.

REVIEW OF RESULTS

For the financial year under review, the Group registered a pre-tax profit of RM61.1 million compared with the preceding year of RM114.30 million, a decrease of 46.6%. The Group's profit after tax and earnings per share were lower by 44.7% at RM47.0 million and 23.2 sen respectively compared with the preceding year of RM85.0 million and 42.0 sen.

The lower profit was attributable to the weaker performance of investments returns for year 2008 as compare to year 2007. The Group had provided allowance for diminution in values for equities portfolios which were below market value as at 31 December 2008.

CHAIRMAN'S STATEMENT



INVESTMENT

2008 was a challenging year for investments. The troubles in the US housing market caused initially by the sub prime segment, developed into a full fledged housing slump which resulted in a credit crunch in the US financial market as rising non-performing loans severely weakened the balance sheets of lending institutions. Consequences were far reaching as a combination of tightening credit conditions and a pull back in consumer spending caused the US economy to slow sharply.

Although Malaysia was largely insulated from the financial and economic turmoil in the US, the local equity market was sold down sharply as investors de-leveraged their portfolios and raised cash to meet redemptions requirements. The Kuala Lumpur Composite Index lost 39.3% to close the year at 876.75 points.

The Malaysian bond market was mixed. The first half of 2008 saw rising yields on heightened inflation expectations, but inflationary fears gave way to growth concerns in the second half of the year with the implosion of the subprime mortgage crisis in the developed economies. Government bonds benefited from flight to quality on sustained risk aversion as economic uncertainties intensified, coupled with easing inflationary concerns as commodity prices declined. Given the need to stabilize troubled financial markets, monetary policy shifted to a more accommodative stance in most countries, including Malaysia, where the Overnight Policy Rate was cut by a total of 150bps to 2.00% as at end-February 2009.

INSURANCE OPERATIONS

2008 was a year primed for continued growth, building on the positive results of the previous year. The Company took steps to support business growth in all distribution channels as well as improving operational efficiency. However, the financial meltdown in the West, starting in mid-2008, did not spare Malaysia, resulting in a challenging business environment for many industries, life insurance included. The Company saw its positive results registered over the first half of 2008 eroded towards the later part of the year.

Company turnover for the year reached RM638.5 million, up 11% against 2007. The increase came primarily from the sales of Secure Income Plus, a first-of-its-kind single premium investment-linked plan that provides income for life upon retirement. However, company-wide new business annualised premium, at RM62.5 million, declined 12% over the previous year. The drop in new business reflected the impact of operating in a very challenging market environment, amidst the global financial turmoil.

The Agency channel continued to be the core distribution channel for the Company. Though our agency force saw a 3% decrease in manpower, but with improved agent activity and productivity, new business annualised premium for the channel ended the year at 5% higher than 2007. The higher production and recruitment standards put in place during the year were the fundamental drivers of growth, particularly during the third and fourth quarters of the year. It is evident that our agency force clearly has the ability to overcome difficult times and this quality puts us in good stead to weather the challenging times ahead.

CHAIRMAN'S STATEMENT



The financial impact was particularly felt by our bancassurance channel. While the Company continued to work closely with our bank partners, the customer base of the respective banks were skewed towards investments and their reservations spilled over to insurance sales as well. New business annualised premium fell 37% below prior year. Our response to mitigate the drop in sales was to launch niche products. The first was a credit life product which covers the outstanding balance on a credit card in an event of death, total permanent disability or diagnosis of critical illness on the cardholder. The second, launched in July 2008, was Secure Income Plus, a plan that is positioned for retirement planning. Manulife was the first insurer in Malaysia to offer this product and we had the ability to do so as we were able to tap Manulife's global expertise in this product category. The introduction of Secure Income Plus helped to significantly boost single premium sales.

The Financial Advisors channel made great strides during the year. The Company signed up two additional partners bringing the number of partners to three as part of its process to develop and strengthen the contribution from this channel. As a result, new business annualised premium from this channel saw a significant increase over the previous year.

In today's fast-paced lifestyle, we understand that our customers seek convenience. Recognising this, the Company continued to increase the number of banks where customers can pay their premiums through both on-line or in-branch options. In November 2007, the Company announced our move to the Regional Support Centre model to streamline operations and improve distribution support efficiency. 2008 saw the opening of Regional Support Centres in Ipoh, Bukit Mertajam, Johor Bahru and Sibujoining those in operation in Petaling Jaya and Kuala Lumpur.



CORPORATE DEVELOPMENT

On the corporate front, several key events took place during the year under review. The first was the restructuring of the Company into a holding company with subsidiaries. In October 2008, the Company was renamed Manulife Holdings Berhad and the insurance operations with the Group was transferred to a new subsidiary, Manulife Insurance Berhad. Mr Kevin McWhinney, previously the Executive Vice-President, Distribution, was appointed the Chief Executive Officer of the new life insurance company. In addition to Manulife Insurance Berhad, two new subsidiaries were also established. The first, Manulife Unit Trusts Berhad to spearhead our entry into the unit trust business, and the second, Manulife Asset Management (Malaysia) Sdn Bhd, with a mandate to increase our assets under management. All three companies fall under the ambit of the Company's vision which is to be the most professional life insurance company by providing the very best financial protection and investment management services. Finally, the Company successfully completed the purchase of the remaining floors which it did not own in Menara Manulife RB.

CORPORATE SOCIAL RESPONSIBILITY

As an active and caring corporate citizen in Malaysia, Manulife is committed to supporting our communities and encouraging our employees and agency members to participate in volunteer work for the betterment of the community. Manulife's corporate social responsibility efforts have focused on community-building in four main areas: community service, youth, health care and local volunteering. 2008 saw great diversity in the programmes we supported and the projects we organised. From donation of needful supplies to old folks homes, hosting 'buka puasa'

CHAIRMAN'S STATEMENT



CORPORATE SOCIAL RESPONSIBILITY (cont'd)

for underprivileged children's homes, organising blood donation drives, to sponsoring personal computers for a primary school, Manulife has provided greater comfort and helped build a more positive future for the less fortunate in our community. Working together with our agency members, Amitabha Old Folk's Home, St. Nicholas Home for the blind, Rumah Titian Kasih and Pusat Jagaan Nur Salam, to name a few, received Manulife's assistance.

During the year, in conjunction with our TOP sponsorship of the 2008 Beijing Olympic Games, a sports carnival was organised for the underprivileged homes from the Klang Valley. Children from Rumah Juara, Rumah Titian Kasih, Rumah Hope and Pure Life Society had the opportunity to participate in true "Olympic" style sports competition in Taman Rimba Kiara at Taman Tun Dr. Ismail. Continuing our tradition of encouraging sporting excellence in Malaysia by rewarding athletes who excelled in international events, Manulife awarded cash prizes worth RM39,500 to 15 athletes for their outstanding performance at the Olympic Games in Beijing.

INDUSTRY TREND AND DEVELOPMENT

The life insurance industry in 2008 registered marginal growth despite challenges in a competitive environment caused by the global financial meltdown. Growth of traditional life products remained strong while growth of investment-linked products declined. The insurance landscape saw the emergence of more takaful-related products, shorter term regular premium products and enhanced medical plans as the industry grappled to increase sales and overcome the weak market sentiment. Bancassurance also featured prominently as banks sought to expand their revenue sources away from mortgage related products.

The sub-prime mortgage issue continued to cause a major financial ripple across the globe. However, insurance companies operating in Malaysia remained unscathed due to the stringent local regulatory and capital requirements by Bank Negara Malaysia. The losses in equities market and the current low interest rate environment will see increased pressure on insurers in managing their investment portfolios and maintaining current premium rates. This could lead to a change in the types of products offered to the market and a re-pricing by insurance companies in the near future.

Bank Negara has implemented Risk-Based Capital (RBC) from January 2009. Under RBC, many insurance companies are expected to hold more capital and risk management will become increasingly important.

Despite the challenging market, the insurance industry in Malaysia sees a potential for growth for both conventional and takaful insurance due to high national savings rate. Currently, takaful penetration is about seven percent compared to 40 percent by conventional insurance. In the stiff competition amid the global financial turmoil, insurance players have to establish a strong risk management framework and enhance the professionalism of its agency and alternative distribution channels to address changes in market preference and behavior as well as face the financial uncertainties for continued growth.

CURRENT YEAR PROSPECTS

The current year will be challenging following the turmoil in the financial services and capital markets and a rapid slow down in economic growth. Anchored on the Professionalism value, the Company will continue to focus on needs-based approach in selling insurance because insurance protection and savings/investment needs are always the most important consumer needs. In addition to rolling out innovative products which are affordable and competitive, the Company will continue to improve internal processes and adopt prudent measures in managing expenses.

CHAIRMAN'S STATEMENT



With these plans, we expect the Company to remain competitive in the life insurance industry and be in tandem with industry experience. Barring any unforeseen circumstances, the Directors expect the Group's performance to remain satisfactory in the next financial year ending 31 December 2009.

Tan Sri Dato' Mohd Sheriff bin Mohd Kassim
Chairman

Kuala Lumpur
19 March 2009

DIVIDENDS

The Board of Directors is pleased to recommend, subject to shareholders' approval at the forthcoming Annual General Meeting, a first and final dividend of 13 sen per share less income tax at 25% amounting to RM19,731,075 for the financial year ended 31 December 2008.

BOARD OF DIRECTORS

On behalf of the Board of Directors, I am pleased to welcome Mr Michael Chan Yui Lung to the Board. Mr Chan was appointed as Group Chief Executive Officer/Managing Director of the Company on 16 February 2009. We would also like to extend our deepest appreciation to Mr Peter Robertson, who resigned as the Group Chief Executive Officer/Managing Director of the Company, for his invaluable contribution to the Company and the Board of Directors.

ACKNOWLEDGEMENTS

Finally, on behalf of the Board of Directors, I would like to thank our shareholders, policyowners and business associates for their continued support, our agency force and staff for their dedication and hard work, and I trust that we will continue to benefit from their support in the coming year.

* *Restriction on dividend entitlement*

We refer to our announcement to Bursa Malaysia on 2 August 2005 with regard to the "Notice to Prospective Foreign Shareholders" which was also placed in both the New Straits Times and The Star newspapers on 3 August 2005 respectively. This announcement essentially informed all prospective foreign shareholders that, as Manulife Holdings Berhad (formerly known as Manulife Insurance (Malaysia) Berhad) ("the Company") has a prescribed limit on foreign shareholding of 49%, the Board of Directors had resolved not to recommend payment of dividends to such new foreign shareholders who are registered as shareholders of the Company after 8 August 2005. Thereafter, such new registered foreign shareholders shall be subject to a queuing system as and when the shareholdings of the existing registered foreign shareholders shall fall below the 49% limit. Dividends declared after a new registered foreign shareholder has joined the existing registered foreign shareholders such that their aggregate shareholdings do not exceed the 49% limit would be payable to such new registered foreign shareholder.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors (“the Board”) is committed to ensuring that the highest standards of corporate governance are practised throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders’ value and the financial performance of Manulife Holdings Berhad (formerly known as Manulife Insurance (Malaysia) Berhad) (“the Company”).

To this end, the Board fully supports the disclosure requirements of the Malaysian Code on Corporate Governance (“the Code”) and strives to achieve the best practices embodied in the revised Code, which took effect from 1 October 2007.

Unless as otherwise stated, the Board has complied with the principles and best practices of the Code.

THE BOARD OF DIRECTORS

An effective Board leads and controls the Company. The Board meets at least once a quarter, with additional meetings convened as necessary. All Board members bring an independent judgment to bear on issues of strategy, performance, resources and standards of conduct. Three (3) of the directors are independent.

For the financial year ended 31 December 2008, seven (7) board meetings were held and the attendance of each director is recorded in their respective profiles.

The Board has assigned specific responsibilities to four (4) subcommittees (Group Audit, Group Nominating/Remuneration, Group Risk Management and Executive Committees), details of which are set out below. These Committees have the authority to examine particular issues and report to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

BOARD BALANCE

The Board currently has seven (7) members, comprising three (3) independent non-executive directors (including the Chairman), three (3) non-executive directors and an executive director. Together, the directors bring with them a wealth of experience, the required mix of skills and core competencies which are necessary to enable the Company to achieve its corporate objectives and fulfil all its fiduciary duties.

There is a clear division of responsibility between the Chairman and the Group Chief Executive Officer to ensure that there is a balance of power and authority.

There is also a balance in the Board because of the presence of independent non-executive directors of the calibre necessary to carry sufficient weight in Board decisions. Although all the directors have an equal responsibility for the Company’s operations, the role of these independent non-executive directors is particularly important in ensuring that the strategies proposed by management are fully discussed and examined, and take into account of the long term interests, not only of the shareholders, but also of the policyholders, employees, suppliers and the communities in which the Company conducts its business.

Tan Sri Dato’ Mohd Sheriff bin Mohd Kassim, is Chairman of the Board and an independent non-executive director to whom matters concerning the Company may be conveyed.

Whilst the Company has a significant shareholder, the investment of minority shareholders is fairly reflected through Board representation.

SUPPLY OF INFORMATION

All directors are provided with the agenda and Board reports with sufficient time prior to a Board meeting. This is to enable the directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting.

CORPORATE GOVERNANCE STATEMENT

SUPPLY OF INFORMATION (cont'd)

As and when necessary, the Board, in furtherance of their duties, may seek independent professional advice at the Company's expense.

All directors have access to the advice and services of the Joint Company Secretaries.

APPOINTMENTS TO THE BOARD

The Code endorses as a good practice, a formal procedure for appointments to the Board, with a Group Nominating/Remuneration Committee ("the Committee") making recommendations to the Board.

GROUP NOMINATING/REMUNERATION COMMITTEE

The Group Nominating/Remuneration Committee reviews and assesses the re-appointment of Directors and thereupon recommends to the Board for approval that an application be submitted to the relevant regulator, where required.

In addition to recommending candidates to the Board for new appointments, the Committee, which consists of a majority of independent non-executive directors, also assesses and reviews the effectiveness of the Board as a whole and the contribution of each individual director. The Board, through this Committee annually reviews its required mix of skills and experience and other qualities, including core competencies which non-executive directors should bring to the Board.

The Committee also ensures that the remuneration packages of directors are fair and reasonable so as to motivate, retain and attract the best candidates for the Board. Directors' remuneration will be reviewed annually by the Committee. The determination of the remuneration of the non-executive directors is a matter for the Board as a whole.

DIRECTORS' REMUNERATION

The remuneration of the directors for the financial year ended 31 December 2008 is set out below:-

- i) The aggregate remuneration of directors with categorisation into appropriate components distinguishing between the executive and non-executive directors.

	Executive (RM'000)	Non-executive (RM'000)
Fees	-	299
Salaries	972	-
Bonuses	415	-
Benefits-in-kind	369	-
Meeting allowances	-	66
Total	1,756	365

- ii) The number of directors whose remuneration falls into each successive band of RM50,000, distinguishing between the executive and non-executive directors.

	Executive	Non-executive
RM50,000 and below	-	4
RM50,001 – RM100,000	-	3
RM100,001 – RM1,750,000	-	-
RM1,750,001 – RM1,800,000	1	-

CORPORATE GOVERNANCE STATEMENT

RE-ELECTION AND RE-APPOINTMENT OF DIRECTORS

In accordance with the Company's Articles of Association, all directors are required to submit themselves for re-election by shareholders at the Annual General Meeting ("AGM") at least once in every 3 years.

Pursuant to Section 129 of the Company Act, 1965, Directors who are over the age of 70 years shall retire at every AGM and may offer themselves for re-appointment to hold office until the next AGM.

GROUP RISK MANAGEMENT COMMITTEE

The Company's Group Risk Management Committee comprises of a majority of independent non-executive directors. Its primary objective is to oversee the senior management's activities in managing the key risk areas of the Company and to ensure that the risk management process is in place and functioning effectively.

EXECUTIVE COMMITTEE

Article 92(A) of the Company's Articles of Association provides that the Directors may appoint the Executive Directors and certain Non-Executive Directors to an Executive Committee which shall consist of not more than seven (7) members.

Article 92(B) of the Company's Articles of Association provides that subject to the express directions of the Board and to any directions which may be given by the Company in a general meeting, the Executive Committee shall manage the business of the Company, and shall be empowered to do on behalf of the Company any act which the directors may do, except make calls, forfeit shares, borrow money, or fill a casual vacancy on the Board.

DIRECTORS' TRAINING

Where necessary, all directors will receive relevant training from time to time, particularly on new laws and regulations.

On 27 August 2008, Mr Edwin Peh, Chief Financial Officer & Appointed Actuary organised an inhouse training on Capital Management Plan for the Board members, which was attended by Tan Sri Dato' Mohd Sheriff bin Mohd Kassim, En Ahmad Riza bin Basir, Datuk Ismail bin Haji Ahmad, Datuk Abu Hassan bin Kendut, Mr Victor Stanley Apps, Mr Peter Don Robertson, Mr Philip John Hampden-Smith and Mr Robert Cook.

On 20 October 2008, Heron Management Sdn Bhd organised a presentation on the Report in relation to Takaful Insurance, which was attended by Tan Sri Dato' Mohd Sheriff bin Mohd Kassim, En Ahmad Riza bin Basir, Datuk Ismail bin Haji Ahmad, Datuk Abu Hassan bin Kendut, Mr Victor Stanley Apps and Mr Robert Cook.

The Board will on a continuous basis, evaluate and determine the training needs of Directors.

SHAREHOLDERS' COMMUNICATIONS AND INVESTOR RELATIONS POLICY

The Board believes in clear and timely communication with its shareholders. In addition to the various announcements and press releases made during the year, the Annual Report and the quarterly financial results provide shareholders and the general public with an overview of the Group's business activities and performance.

Enquiries by shareholders are dealt with promptly as practicable. The Company has been using the AGM as a means of communication with its shareholders. The Board encourages participation from shareholders by having question and answer sessions during the AGM where members of the Board as well as the external auditors are available to answer questions raised at the Meeting.

CORPORATE GOVERNANCE STATEMENT

SHAREHOLDERS' COMMUNICATIONS AND INVESTOR RELATIONS POLICY (cont'd)

The Company also conducts regular briefings for fund managers and analysts to update them on the Company's progress towards meeting its business objectives. In addition, the Group has established a website at www.manulife.com.my which shareholders can access for information.

FINANCIAL REPORTING

In presenting the annual financial statements and quarterly announcements to shareholders, the Board aims to present a balanced and understandable assessment of the Group's position and prospects. This also applies to report to regulators.

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Board is required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the Financial Reporting Standards, the Malaysian Accounting Standards Board ("MASB") approved accounting standards in Malaysia for Entities other than Private Entities and to give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year.

In preparing the financial statements, the Board has,

- selected suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured that all applicable accounting standards have been followed; and
- prepared financial statements on the going concern basis as the directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence in the foreseeable future.

The Board has the responsibility for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Board has overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities.

INTERNAL CONTROL

The Group's Internal Control Statement is set out on pages 24 and 25 of the Annual Report.

RELATIONSHIP WITH AUDITORS

The Board has a formal and transparent arrangement for maintaining an appropriate relationship with the Company's auditors.

GROUP AUDIT COMMITTEE

The Report of the Group Audit Committee for the year can be found in pages 26 to 32 of the Annual Report.

This statement is in accordance with a resolution of the Board dated 19 March 2009.

INTERNAL CONTROL STATEMENT

BOARD'S RESPONSIBILITY

The Board of Directors ("the Board") affirms its overall responsibility for Manulife Holdings Berhad (formerly known as Manulife Insurance (Malaysia) Berhad) and its subsidiary companies ("the Group") system of internal controls and risk management, and for reviewing the adequacy and integrity of these systems. However, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and accordingly, they can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Group has in place an on-going process for identifying, evaluating, monitoring and managing significant risks that may affect the achievement of the Group's business objectives throughout the year under review and up to the date of this report. This process is regularly reviewed by the Board via the Group Audit Committee and the Group Risk Management Committee.

KEY INTERNAL CONTROLS AND RISK MANAGEMENT PROCESSES

The key processes that have been put in place to review the adequacy and integrity of system of internal controls and risk management include the following:

- The Group Audit Committee reviews audit issues concerning internal controls and risk management identified by the Group Internal Audit Department, external auditor and regulatory examiners. The Group Audit Committee annually reviews and approves the audit plan and budget to ensure that the Group Internal Audit function operates effectively. The Group Audit Committee meets at least quarterly to review the audit reports tabled by Group Internal Audit Department.
- The Group Risk Management Committee reviews both the key risks identified by management and plans for the mitigation of these risks. The key risks areas examined are strategic risk, product risk, asset liability and market risk, credit risk and operational risk. A formalised risk assessment is conducted quarterly by the respective risk managers comprising the heads of business units. For the key risks identified, management action plans are formulated and implemented. The results of the risk assessments are reviewed by the Senior Management before reporting to the Board via the Group Risk Management Committee.
- The Group Internal Audit function monitors and evaluates the Group's business risks, monitor compliance with policies and procedures and the effectiveness of the internal control systems and highlight significant findings in respect of any non compliance. The audit scope covers auditable areas in Head Office and Regional Support Centres encompassing financial operations, investment operations, insurance operations, agency operations and information systems. An annual audit plan is developed based on Group Internal Audit's annual risk assessment on all identified auditable areas. The progress of the audit plan and a summary of audit issues are reported to the Group Audit Committee as and when it meets.
- The Compliance function ensures that the Group works within the applicable statutory, regulatory and ethical framework defined by all applicable laws, regulations and guidelines governing the insurance, asset management and unit trust industries.
- There is a detailed and formalised annual business and budget planning process to ensure that the Group's business objectives are clearly defined. The Board reviews and approves the Group's business plan. Comprehensive management reports are submitted to the Board as and when it meets throughout the year. The Board monitors the Group's performance closely and variances are followed-up promptly by management.
- An annual review of the current and future financial position of the Group's insurance business is performed by the appointed Actuary as guided by Bank Negara Malaysia's JPI/GPI 24 concerning Guidelines on Financial Condition Report. This includes a dynamic solvency test assessing the Group's insurance business ability to withstand various adverse scenarios.

INTERNAL CONTROL STATEMENT

- There are proper processes within the Group for hiring, termination and promotion of staff, formal training programmes for staff, annual and semi annual performance appraisals and other relevant procedures in place to ensure staff members are competent, adequately trained in carrying out their roles and responsibilities and focused to achieve desired results and business objectives.
- There is a clearly defined assignment of responsibilities to the Committees of the Board and to management to provide oversight and governance over the Group's activities.
- There are clearly documented authority limits, policies and procedures that underpin the internal control process; e.g. staff integrity, staff competency, check and balances, segregation of duties, independent checks and verification processes, system access controls and layers of internal transaction authorisation, which set out in the policies and procedural manuals, guidelines, and directives issued by the Company and its subsidiaries and updated from time to time.

CONCLUSION

Based on the above, the Board believes that the system of internal controls and risk management of the Group is sound and sufficient to safeguard shareholders' investments and the Group's assets.

This statement was made in accordance with a resolution of the Board of Directors dated 27 February 2009.

GROUP AUDIT COMMITTEE REPORT

I. COMPOSITION OF THE GROUP AUDIT COMMITTEE

Datuk Abu Hassan bin Kendut (*independent non-executive director*) (*Chairman*)
Encik Ahmad Riza bin Basir (*independent non-executive director*)
Mr Robert Allen Cook (*non-executive director*)

II. TERMS OF REFERENCE

1. Establishment

- 1.1 The Board of Directors (“the Board”) shall form a committee of directors to perform the role of the Audit Committee for Manulife Holdings Berhad (formerly known as Manulife Insurance (Malaysia) Berhad) (“Holding Company”) and its group of companies (collectively, “Manulife Group”) save and except for Manulife Insurance Berhad.
- 1.2 The written terms of reference for the Audit Committee shall provide a clear understanding of the Audit Committee’s role. The terms of reference shall be made available to board members, management and internal auditors of Manulife Group.

2. Composition of the Audit Committee

- 2.1 The Audit Committee should be composed of no fewer than three (3) non-executive members appointed from the Board.
- 2.2 The members of the Audit Committee should be appointed after taking into consideration the recommendations of the Group Nominating/Remuneration Committee. In determining the appropriate size and composition of the Audit Committee, the Board should in particular, take into consideration the necessary mix of skills and experience required for the Audit Committee to effectively discharge its responsibilities.
- 2.3 The Audit Committee shall include at least one (1) person who is a member of the Malaysian Institute of Accountants or alternatively a person who must have at least three (3) years’ working experience and have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967 or is a member of one of the associations specified in Part II of the said Schedule or fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad (“Bursa Securities”).
- 2.4 The Board shall review the term of office and performance of Audit Committee and each of its members at least once every three (3) years to determine whether such Audit Committee and members have carried out their duties in accordance with their Terms of Reference.
- 2.5 If for any reason the number of Audit Committee members at any point in time is reduced to below three (3) and thereby resulting in a breach of the Listing Requirements of Bursa Securities, the vacancy(s) shall be filled within three (3) months from the date of such breach.

3. Qualification, Experience, Knowledge and Skills

- 3.1 Candidates for the Audit Committee should have sound judgment, objectivity, an independent attitude, management experience and adequate knowledge of the insurance, fund management and wealth management industries. They should be committed to the task and demonstrate a keen perception of the internal control environment within Manulife Group and an ability to make probing inquiries.
- 3.2 Collectively, the Audit Committee should have a wide range of necessary skills to undertake its duties and responsibilities. All Audit Committee members should be able to understand the financial reporting process and be financially literate. At a minimum, at least one (1) member of the Audit Committee should be familiar with accounting, auditing practices and financial reporting requirements. This individual should be a member of a recognised professional accounting body.

GROUP AUDIT COMMITTEE REPORT

II. TERMS OF REFERENCE (cont'd)

3. Qualification, Experience, Knowledge and Skills (cont'd)

3.3 In addition, in view of the important role of the Audit Committee in ensuring that there are adequate checks and balances within the operations of Manulife Group, all Audit Committee members, either individually or collectively, are also expected to be familiar with areas included in the scope of internal insurance, fund management and wealth management audits.

4. Independence of Audit Committee Members

4.1 All Audit Committee members shall be independent. Where this cannot be achieved, the majority of the Audit Committee members, including the Chairman of the Audit Committee, should be independent. In the absence of the Chairman of the Audit Committee, the members of the Audit Committee shall elect a Chairman from amongst themselves who shall be an independent non-executive director.

4.2 An independent director should comply with Paragraph 1.01 of the Listing Requirements of Bursa Malaysia Securities Berhad and should not:

- (a) be an Executive Director within Manulife Group;
- (b) hold more than 5% equity interest directly or indirectly in any company within Manulife Group;
- (c) be employed as an officer (except as a non-executive director) any company within Manulife Group at least two (2) years prior to his appointment date;
- (d) be a relative of any executive director, officer or major shareholder of any company within Manulife Group or any of its related corporations;
- (e) act as a nominee or representative of any executive director or major shareholder of any company within Manulife Group or any of its related corporations;
- (f) be engaged as a professional adviser by any company within Manulife Group or any of its related corporations under such circumstances as prescribed by Bursa Securities or is not presently a partner, director (except as an independent director) or major shareholder, as the case may, of a firm or corporation which provides professional advisory services to any company within Manulife Group or any of its related corporations under such circumstances as prescribed by Bursa Securities; and
- (g) be engaged in any transaction with any company within Manulife Group or its related corporations under such circumstances as prescribed by Bursa Securities or is not presently a partner, director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of any company within Manulife Group) which has engaged in any transaction with any company within Manulife Group or any related corporation under such circumstances as prescribed by Bursa Securities.

5. Authority

5.1 The Audit Committee should have explicit authority to investigate any matter within its terms of reference and full access to all information and documents relevant to its activities, to the internal and external auditors, and to employees and agents of any company within Manulife Group.

5.2 The Audit Committee should be kept regularly updated on audit mailers and be notified immediately of any fraud and significant irregularities or internal control deficiencies discovered by management or the internal audit department. Fraud and irregularities discovered by management should be referred to the internal audit department for investigation.

5.3 The Audit Committee should have access to copies of audit reports (including interim financial audits) on a timely basis and should be kept regularly informed of corrective actions arising from internal and external audit findings.

5.4 The Audit Committee should have adequate resources to perform its duties and discharge its responsibilities and should be authorised to obtain external professional advice and to invite outsiders with relevant experience to attend, if necessary.

6. Meetings

6.1 The Audit Committee should meet regularly, with due notice of issues to be discussed, and should record its conclusions in discharging its duties and responsibilities.

GROUP AUDIT COMMITTEE REPORT

II. TERMS OF REFERENCE (cont'd)

6. Meetings (cont'd)

- 6.2 In addition, the Chairman of the Audit Committee should call a meeting of the Audit Committee if requested to do so by any Audit Committee member, the management or the internal or external auditors.
- 6.3 The quorum for Audit Committee meetings should be at least two thirds of the members with independent directors forming the majority. Seven (7) days' notice of Audit Committee Meetings shall be given to all Audit Committee members unless the Audit Committee waives such requirement.
- 6.4 If at any meeting, the Audit Committee chairman is not present within 15 minutes after the time for holding the meeting, the members present may choose one of their number to be the chairman of the meeting.
- 6.5 The finance director, the head of internal audit and a representative of the external auditors should normally attend meeting. Other board members may attend meeting upon invitation of the Audit Committee. While the Audit Committee may invite any person to be in attendance to assist it in its deliberations, the Audit Committee should ensure that it meets exclusively when necessary.
- 6.6 The Company Secretary should act as Secretary of the Audit Committee and should be responsible for drawing up the agenda with the concurrence of the Chairman and circulating it, supported by explanatory documentation, to Audit Committee members within a reasonable timeframe prior to each meeting.
- 6.7 The Secretary should also be responsible for keeping the minutes of meetings of the Audit Committee, their timely circulation to Audit Committee members and other members of the Board, and following up on outstanding matters in relation to the meetings.
- 6.8 Questions arising at any meeting of the Audit Committee shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Audit Committee shall have a second or casting vote.
- 6.9 A resolution in writing signed by all members of the Audit Committee for the time being entitled to receive notice of a meeting of the audit committee, shall be as valid and effectual as if it had been passed at the meeting of the Audit Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more members of the Audit Committee.
- 6.10 The Chairman of the Audit Committee should provide written reports to the Board on the deliberations of the Audit Committee on a regular basis. In addition, the Chairman should also present a summary of all significant matters (highlighting the risks and implications) and resolutions made by the Audit Committee at Board meetings.
- 6.11 The Chairman of the Audit Committee should engage on a continuous basis with senior management, such as the Chairman, the Chief Executive Officer, the Finance Director, the Chief of Internal Audit and the external auditors in order to be kept informed of matters affecting a Company within Manulife Group.

7. Duties and responsibilities

The Audit Committee's duties and responsibilities in relation to the internal audit and external audit function should include the following:

7.1 Internal audit

The Audit Committee should:-

- (a) Ensure that the internal audit department is distinct and has the appropriate status within the overall organisational structure for the internal auditors to effectively accomplish their audit objectives.

GROUP AUDIT COMMITTEE REPORT

II. TERMS OF REFERENCE (cont'd)

7. Duties and responsibilities (cont'd)

7.1 Internal audit (cont'd)

- (b) Ensure the effective organisation of the internal audit function, with due regard to the professionalism, capacity and competence of the internal audit personnel.
- (c) Review and approve the audit plan, audit charter and budget required.
- (d) Ensure that reporting relationships of the internal audit staff do not impede the exercise of independent judgment by the internal auditors. In particular, internal audit reports should not be subject to the clearance of a Chief Executive Officer or any Executive Director.
- (e) Review the internal audit programme and results of the internal audit process.
- (f) The Audit Committee should also review the scope of internal audit procedures, in particular:-
 - i. Any restrictions placed on access by the internal auditors to any Company's records, assets, personnel or processes which are relevant to the conduct of audits;
 - ii. Appropriateness of the risk assessment methodology employed to determine the frequency and scope of audits, having regard to the nature, size and complexity of a Company's operations;
 - iii. Compliance with internal auditing standards; and
 - iv. Coordination between internal and external auditors.
- (g) The Audit Committee members should ensure that they are adequately informed of, and understand, the risks and implications of internal audit findings and recommendations. The Audit Committee should pay particular attention to internal audit assessments of:-
 - i. Compliance with Company policies, relevant laws and regulatory requirements;
 - ii. Effectiveness of internal controls in critical areas of operations (eg accounting, underwriting, claims, investment, derivatives and information technology management); and
 - iii. Management's responsiveness to, and corrective actions taken in respect of, internal audit findings and recommendations.
- (h) The Audit Committee should ensure that all findings and recommendations are resolved effectively and in a timely manner.
- (i) The Audit Committee should note any significant disagreements between the internal auditor and management irrespective of whether they have been resolved in order to identify any impact that this may have on the audit process or findings.
- (j) Resources and staffing. The Audit Committee should ensure on an ongoing basis the internal audit department has adequate and competent resources, given the size and complexity of a Company's operations. In this respect, the Audit Committee should:-
 - i. Review any appraisal or assessment of the performance of members of the internal audit function;
 - ii. Approve any appointment or termination of senior staff members of the internal audit function; and
 - iii. Take cognizance of resignations of internal staff members and provide the resignation staff member an opportunity to submit his reasons for resigning.

GROUP AUDIT COMMITTEE REPORT

II. TERMS OF REFERENCE (cont'd)

7. Duties and responsibilities (cont'd)

7.1 Internal audit (cont'd)

The Audit Committee should ensure that internal audit staff receives necessary training to perform audit work. In this respect, there should be a programme of continuing education and training to enable the internal auditors to keep abreast of business trends and latest developments at both the institution and industry levels, as well as to enhance technical skills required to effectively support the audit function.

The Chief of Internal Auditor shall report directly to the Audit Committee and shall have direct access to the Chairman of the Audit Committee.

7.2 External auditor

(a) Appointment of external auditor. The Audit Committee is responsible for the appointment, resignation or dismissal of the external auditor, having particular regard to the external auditor's objectivity, performance and independence.

(b) The Audit Committee should:

- i. Review and assess various relationships between the external auditor and the Company or any other entity that may impair or appear to impair the external auditor's judgement or independence in respect of the Company.
- ii. Review and assess fees paid to the external auditor, considering economic importance of a Company (in terms of total fees paid) to the external auditor; fees paid for non-audit services as a proportion of total fees; and whether an effective, comprehensive and complete audit could be reasonably conducted for the audit fee paid.
- iii. Investigate reasons for any request made by management to dismiss the external auditor, or any resignation by the external auditor.
- iv. Approve the provision of any non-audit services by the external auditor. The Audit Committee's decisions with respect to the provision of non-audit services should be documented in a statement which outlines whether or not it believes the level of provision of non-audit services by the external auditor is compatible with maintaining auditor independence together with supporting reason.

(c) Audit plan, findings and recommendations. The Audit Committee should review:

- with the external auditor the Audit plan prior to the commencement of the annual audit, the nature and the scope of audit;
- the Quarterly and year end financial statements;
- audit reports;
- any significant disagreements between the external auditor and management irrespective of whether they have been resolved in the absence of management where necessary; and
- any other findings, issues or reservations faced by the external auditor arising from interim and financial results.

The Audit Committee should also review and monitor management's responsiveness to and action taken on external audit findings and recommendations. In this regard, the Audit Committee should ensure that all findings and recommendations are resolved effectively and in a timely manner.

In order to allow external auditors to express concerns, problems and reservations arising from financial audits effectively, the Audit Committee should meet at least twice a year with the external auditors in the absence of management/executive board members.

GROUP AUDIT COMMITTEE REPORT

II. TERMS OF REFERENCE (cont'd)

8. Other Responsibilities

The Audit Committee should also:

- (a) Review:-
 - i. The interim financial reports and preliminary announcements;
 - ii. Corporate governance disclosures made in the Directors' Report and be satisfied that any departure from the Framework principles and the circumstances justifying such departure are sufficiently explained;
 - iii. All representation letters signed by management, and be satisfied that the information provided is complete and appropriate;
 - iv. External auditor's management letter and management's response; and
 - v. Any related-party transactions and conflicts of interest situations that may arise within a Company including any transaction, procedure or conduct that raises questions of management integrity.
- (b) Prepare an annual report to the Board that provides a summary of the activities of the Audit Committee for inclusion in the Company's annual report.
- (c) Assist the Board of the Company in the following for publication in the Company's annual report: -
 - i. Statement on the Company's application of the principles set out in Part 1 of the Malaysian Code of Corporate Governance (MCCG);
 - ii. Statement on the extent of compliance with the Best Practices in Corporate Governance set out in Part 2 of the MCCG, specifying reasons for any areas of non-compliance (if any) and the alternatives adopted in such areas; and
 - iii. Statement on a Board's responsibility for preparing the annual audited accounts.
- (d) Ensure that a Company's accounts are prepared in a timely and accurate manner for regulatory, management and general reporting purposes, with regular reviews carried out on the adequacy of provisions made.
- (e) Ensure that supervisory issues raised by a regulator concerning a member of the Manulife Group is resolved in a timely manner.
- (f) Report any breaches of the Listing Requirements, which have not been satisfactorily resolved, to Bursa Securities.
- (g) The Audit Committee shall also be responsible for any other functions as may be determined by the Board and reflected in its terms of reference.

9. Minutes

- 9.1 The Secretary shall keep the minutes of the Audit Committee meetings at the company registered office.
- 9.2 The minutes shall be signed by the Chairman of the meeting at which the proceeding were held or by the Chairman of the next succeeding meeting.
- 9.3 As a reporting procedure, the minutes shall be circulated to all members of the Board.

GROUP AUDIT COMMITTEE REPORT

III. MEETINGS

The Committee had five (5) meetings during the year, which were attended by all members. Upon invitation, the Chief Executive Officer and members of senior management attended all the meetings.

The Group's external auditors attended four (4) of the meetings during the year.

IV. SUMMARY OF ACTIVITIES

The main activities of the Audit Committee during the year were as follows:-

- (i) reviewed the quarterly financial results announcements of the Group prior to Board's approval, focusing particularly on overall performance and prospects of the Group and compliance with accounting standards and other legal requirements;
- (ii) reviewed the external auditors' scope of work and audit plans for the year; and
- (iii) reviewed the internal audit reports.

V. INTERNAL AUDIT FUNCTION

The Group has a well-established Internal Audit Department, which reports directly to the Audit Committee and assists the Board in monitoring and evaluating risks and internal controls. The Audit Committee approves the following year's internal audit plan and budget during the last Audit Committee meeting each year. Any subsequent significant interim changes will be submitted to the Audit Committee for approval including any resource limitations that impact the internal audit activities.

The scope of Internal Audit covers the audits of all units and operations, including subsidiaries. The areas audited by Internal Audit during the year were selected based on an independent assessment of the audit risks in each of the auditable areas by the internal auditors. The frequency of each audit depends on the audit risks assessed whereby areas with higher audit risks will be subject to more frequent audit, ranging from annually to once every three-year. In any audit performed, the internal auditors will assess and evaluate the adequacy of the risk management practices, operational controls, compliance with regulatory requirements, management efficiency and test the effectiveness of the system of internal control, amongst others. These audits ensure that the established system of internal controls and the implemented risk management practices are appropriately and effectively applied and achieve acceptable risk exposures that consistent with the Group's risk management policy and appetite. The Internal Audit Department also carries out special assignments as directed by the Audit Committee.

The Audit Committee receives a detailed audit report after the completion of each audit assignment from the Internal Audit Department. The Internal Audit Department summarises the audit findings for deliberation at each meeting of the Audit Committee together with an update on management actions taken to-date pertaining to the audit findings reported. The Internal Audit Department also follows up and reports to the Audit Committee on the management actions taken pertaining to any audit findings reported by the external auditors and BNM examiners.

A number of internal control weaknesses were identified during the year, all of which have been, or are being, addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

34	Directors' Report
40	Balance Sheets
41	Income Statements
42	Life Fund Balance Sheet
43	Life Insurance Revenue Account
44	Statements of Changes in Equity
45	Cash Flow Statements
46	Notes to the Financial Statements



FINANCIAL STATEMENTS

103	Statement by Directors
103	Statutory Declaration
104	Independent Auditors' Report

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and the underwriting of life insurance business. On 1 October 2008, the Company transferred its life insurance business to its wholly owned subsidiary, Manulife Insurance Berhad, pursuant to a scheme approved and confirmed by the High Court of Malaya in accordance with Part XI of the Insurance Act, 1996 ("Business Transfer") on 14 August 2008. The principal activities of the subsidiaries are as disclosed in note 8 to the financial statements.

There have been no significant changes in the principal activities of the Company and its subsidiaries during the financial year except as disclosed above.

CHANGE OF NAME

Subsequent to the completion of the Business Transfer, the Company changed its name from Manulife Insurance (Malaysia) Berhad to Manulife Holdings Berhad with effect from 3 October 2008.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year	47,003	6,827

DIVIDENDS

The dividends paid or declared by the Company since 31 December 2007 were as follows:

In respect of the financial year ended 31 December 2007 as shown in the Directors' report for that year:

	RM'000
First and final dividend of 18 sen and a special dividend of 10 sen, less 26% tax	41,834

The directors recommend the payment of a first and final dividend of 13 sen per share, less 25% tax, amounting to RM19,731,075 for the financial year ended 31 December 2008, which is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

Material transfers to or from reserves and provisions during the financial year are as disclosed in the financial statements.

PROVISION FOR OUTSTANDING CLAIMS

Before the income statements and balance sheets of the Group and the Company were made out, the directors took reasonable steps to ascertain that there was adequate provision for incurred claims, including incurred but not reported claims.

DIRECTORS' REPORT

BAD AND DOUBTFUL DEBTS

Before the income statements and balance sheets of the Group and the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowances for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would render the amounts written off for bad debts or the amounts of allowance for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the income statements and balance sheets of the Group and the Company were made out, the directors took reasonable steps to ascertain that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and the Company have been written down to an amount which they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to current assets in the financial statements of the Group and the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and the Company to meet their obligations when they fall due.

For the purpose of this paragraph, contingent or other liabilities do not include liabilities arising from contracts of insurance underwritten in the ordinary course of business of the Group.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and the Company which would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the financial statements.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and the Company for the financial year in which this report is made.

PRUDENTIAL FRAMEWORK OF CORPORATE GOVERNANCE

The Company has taken concerted steps to ensure compliance with Bank Negara Malaysia's ("BNM") Prudential Framework of Corporate Governance for Insurers (JPI/GPI 25) (Consolidated) and its best practice applications.

Board responsibility and oversight

The Board of Directors ("the Board") has generally complied with BNM's Minimum Standards for Prudential Management of Insurers (JPI/GPI 1) (Consolidated). The Board comprises 3 independent non-executive directors and 3 non-executive directors and an-executive director to enable a balanced and objective consideration of issues, hence facilitating optimal decision-making.

Group Nominating/Remuneration Committee

The composition of the Group Nominating/Remuneration Committee, a majority of whom are independent non-executive directors, during the period since the date of the last report is:

Tan Sri Dato' Mohd Sheriff bin Mohd Kassim (*Chairman*)

Datuk Ismail bin Haji Ahmad

Datuk Abu Hassan bin Kendut

Ahmad Riza bin Basir

Philip John Hampden-Smith

The Committee recommends to the Board new appointments which are subject to BNM's approval. It also assesses and reviews the effectiveness of the Board as a whole and the contribution of each director annually. In addition, the Committee also annually reviews the remuneration of the directors and ensures that their remuneration packages are fair and reasonable so as to motivate, retain and attract the best candidates for the Board.

The Committee had 4 meetings, held in January, April, August and November 2008 which were attended by all members.

The Committee has reviewed and assessed the Board and is of the opinion that it has the required mix of skills, experience and relevant core competencies to enable the Group to achieve its corporate objectives and discharge its fiduciary duties effectively.

Group Risk Management Committee

The composition of the Group Risk Management Committee during the period since the date of the last report is:

Datuk Abu Hassan bin Kendut (*Chairman*)

Ahmad Riza bin Basir

Robert Allen Cook

DIRECTORS' REPORT

PRUDENTIAL FRAMEWORK OF CORPORATE GOVERNANCE (cont'd)

Group Risk Management Committee (cont'd)

The primary objective of the Committee is to oversee the senior management's activities in managing the key risk areas of the Group and to ensure that the risk management process is in place and functioning effectively. The Board has overall responsibility for overseeing the risk management process which is delegated to the Risk Management Committee. The Committee considers the major changes to risk management and the control processes recommended. It reports to the Board the state of the Group's key risks and controls. The Group's senior management supports, advises and implements policies approved by the Board. The respective heads of operating units are responsible for encouraging good risk management practices within their units. The Group practices conservative and prudent recognition of the financial and non-financial implications of risks.

The Committee had 4 meetings in February, May, August and November 2008, which were attended by all members.

Corporate Independence

The Group has complied with the requirements of BNM's Guidelines on Related-Party Transactions (JPI/GPI 19) (Consolidated) and the Listing Requirements of Bursa Malaysia Securities Berhad in respect of all its related party undertakings. Necessary disclosures were made to the Board and where required, the prior approval of the Board and/or shareholders for the transaction has also been obtained.

Internal Controls and Operational Risk Management

The Group has established an internal control system and formalised its risk management system. As risk management is a continuous process, risk and controls self-assessment are performed on a quarterly basis. The results are reported to the Board accordingly and the corrective actions, where necessary, are taken in a timely manner.

Public Accountability

As a custodian of public funds, the Group's dealings with the public are always conducted fairly, honestly and professionally.

Financial Reporting

The Group has maintained proper accounting records and the Group's financial statements are prepared in accordance with the Financial Reporting Standards, Malaysian Accounting Standards Board ("MASB") approved accounting standards in Malaysia for Entities Other than Private Entities.

DIRECTORS

The directors who have held office during the period since the date of the last report are:

Tan Sri Dato' Mohd Sheriff bin Mohd Kassim (*Chairman*)

Datuk Ismail bin Haji Ahmad

Datuk Abu Hassan bin Kendut

Ahmad Riza bin Basir

Philip John Hampden-Smith

Robert Allen Cook

Chan Yui Lung (*Appointed on 16 February 2009*)

Peter Don Robertson (*Resigned on 11 November 2008*)

Victor Stanley Apps (*Resigned on 1 January 2009*)

In accordance with Article 93(B) of the Company's Articles of Association, Datuk Abu Hassan Bin Kendut and Philip John Hampden-Smith retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' REPORT

DIRECTORS (cont'd)

In accordance with Article 98 of the Company's Articles of Association, Mr Chan Yui Lung retires at the forthcoming Annual General Meeting and, being eligible, offers himself for election.

In accordance with Section 129 of the Companies Act, 1965, Datuk Ismail Bin Haji Ahmad retires at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits disclosed as directors' remuneration and benefits in the financial statements) by reason of a contract made by the Company or a related company with a director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, particulars of interests of Directors who held office at the end of the financial year in shares of the Company and of its related corporations are as follows:

	Number of ordinary shares of RM1.00/RM0.50 each			
	At date of incorporation / As at 1.1.2008	Acquired	Sold	As at 31.12.2008
<u>Manulife Holdings Berhad</u> <i>(formerly known as Manulife Insurance (Malaysia) Berhad)</i>				
Tan Sri Dato' Mohd Sheriff bin Mohd Kassim - Direct (of RM0.50 each)	-	50,000	-	50,000
<u>Manulife Insurance Berhad</u>				
Tan Sri Dato' Mohd Sheriff bin Mohd Kassim - Direct (of RM0.50 each)	2	-	(2)	-
<u>Manulife Asset Management (Malaysia) Sdn Bhd</u>				
Tan Sri Dato' Mohd Sheriff bin Mohd Kassim - Direct (of RM1.00 each)	1	-	(1)	-
<u>Manulife Unit Trusts Berhad</u>				
Tan Sri Dato' Mohd Sheriff bin Mohd Kassim - Direct (of RM1.00 each)	1	-	(1)	-

No other directors in office at the end of the financial year held any interest in the shares in the Company or its related corporations during the financial year.

DIRECTORS' REPORT

AUDITORS

Our auditors, Jaffar Hussein & Co., is a member firm of PricewaterhouseCoopers ("PwC"). PwC will be proposed as the auditors in place of Jaffar Hussein & Co. at the forthcoming Annual General Meeting.

Signed on behalf of the Board of Directors in accordance with their resolution dated 19 March 2009.

**TAN SRI DATO' MOHD SHERIFF
BIN MOHD KASSIM**
CHAIRMAN

CHAN YUI LUNG
DIRECTOR

Kuala Lumpur

BALANCE SHEETS

AS AT 31 DECEMBER 2008

	Note	GROUP		COMPANY	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
ASSETS					
SHAREHOLDERS' FUND ASSETS					
Property and equipment	5	9,150	10,664	9,150	9,901
Investment properties	6	27,990	30,840	27,990	30,840
Intangible asset	7	-	-	-	-
Subsidiary companies	8(a)	-	-	163,923	11,423
Investments	9	351,299	315,341	176,869	288,546
Loan receivables	11	3,929	8,283	3,266	8,155
Deferred tax assets	17	1,505	272	2,075	22
Current tax recoverable		3,117	-	3,117	-
Assets held for sale	10	2,261	-	2,261	-
Receivables	13	51,350	85,583	9,950	84,965
Cash and bank balances	14	7,931	6,701	4,398	1,794
		458,532	457,684	402,999	435,646
TOTAL LIFE FUND ASSETS (Page 42)		2,580,292	2,549,886	-	2,549,886
TOTAL ASSETS		3,038,824	3,007,570	402,999	2,985,532
LIABILITIES					
SHAREHOLDERS' FUND LIABILITIES					
Provision for outstanding claims	15	619	907	619	907
Payables	16	8,344	14,165	3,760	13,869
Net amount due to a subsidiary company	8(b)	-	-	46,900	26,813
Current tax payable		10,185	7,841	-	7,556
Deferred tax liabilities	17	1,406	2,188	-	-
		20,554	25,101	51,279	49,145
TOTAL LIFE FUND LIABILITIES (Page 42)		306,010	314,894	-	314,894
LIFE POLICYHOLDERS' FUND	18	2,274,223	2,234,872	-	2,234,872
LIFE ASSET REVALUATION RESERVE	20	59	120	-	120
TOTAL LIABILITIES		2,600,846	2,574,987	51,279	2,599,031
SHAREHOLDERS' FUND					
Share capital	19	101,185	101,185	101,185	101,185
Reserves	20	336,793	331,398	250,535	285,316
		437,978	432,583	351,720	386,501
TOTAL LIABILITIES AND SHAREHOLDERS' FUND		3,038,824	3,007,570	402,999	2,985,532

The accompanying notes are an integral part of these financial statements.

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	Note	GROUP		COMPANY	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
OPERATING REVENUE					
- Continuing operations	21	638,528	573,006	15,786	16,555
- Discontinued operations	21	-	-	458,561	554,727
CONTINUING OPERATIONS					
Surplus transferred from Life insurance revenue account (page 43)		47,525	80,373	-	-
Shareholders' fund:					
Investment income	23	18,384	17,919	15,786	16,555
Other operating (expenses)/income - net	24	(972)	18,587	(2,131)	15,772
Management expenses	25	(3,881)	(2,534)	(3,118)	(2,086)
Profit before taxation		61,056	114,345	10,537	30,241
Taxation	26	(14,053)	(29,324)	(3,710)	(7,158)
Profit from continuing operations		47,003	85,021	6,827	23,083
DISCONTINUED OPERATIONS					
Surplus transferred from Life insurance revenue account (page 43)		-	-	-	80,373
Taxation		-	-	-	(21,701)
Profit from discontinued operations		-	-	-	58,672
NET PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO SHAREHOLDERS					
		47,003	85,021	6,827	81,755
Basic earnings per share for profit attributable to the equity holders of the Company during the financial year (sen)					
	27	23.23	42.01		
Dividends per share (sen)					
	28	28.00	15.00		

The accompanying notes are an integral part of these financial statements.

LIFE FUND BALANCE SHEET

AS AT 31 DECEMBER 2008

	Note	GROUP 2008 RM'000	GROUP AND COMPANY 2007 RM'000
ASSETS			
Property and equipment	5	5,934	4,161
Investment properties	6	48,010	280
Intangible asset	7	430	-
Investments	9	1,813,175	1,862,051
Loan receivables	11	395,757	410,395
Prepaid lease payments	12	-	391
Assets held for sale	10	1,255	-
Deferred tax assets	17	7,018	-
Current tax recoverable		1,772	62
Receivables	13	43,570	42,030
Cash and bank balances	14	11,660	13,536
Investment-linked business assets	30	251,711	216,980
TOTAL LIFE FUND ASSETS		2,580,292	2,549,886
LIABILITIES			
Provision for outstanding claims	15	20,706	12,717
Payables	16	282,901	295,686
Deferred tax liabilities	17	-	1,089
Investment-linked business liabilities	30	2,403	5,402
TOTAL LIFE FUND LIABILITIES		306,010	314,894
LIFE POLICYHOLDERS' FUND	18	2,274,223	2,234,872
LIFE ASSET REVALUATION RESERVE	20	59	120
TOTAL LIFE FUND LIABILITIES AND LIFE POLICYHOLDERS' FUND		2,580,292	2,549,886

The accompanying notes are an integral part of these financial statements.

LIFE INSURANCE REVENUE ACCOUNT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	Note	GROUP 2008 RM'000	COMPANY 2008 RM'000	GROUP AND COMPANY 2007 RM'000
Gross premium	21	503,650	371,144	443,150
Reinsurance		(5,558)	(3,524)	(5,111)
Net premium	22	498,092	367,620	438,039
Gross benefits paid and payable:				
Death		(16,811)	(13,073)	(12,778)
Maturity		(117,077)	(79,472)	(39,136)
Surrender		(96,206)	(67,410)	(136,250)
Cash bonus		(31,381)	(20,546)	(28,437)
Others		(44,426)	(33,370)	(34,032)
Reinsurance recoveries		1,416	1,870	3,266
		(304,485)	(212,001)	(247,367)
Commission and agency expenses		193,607	155,619	190,672
Management expenses	25	(54,498)	(39,986)	(49,937)
		(32,928)	(24,588)	(32,032)
		(87,426)	(64,574)	(81,969)
Investment income	23	106,181	91,045	108,703
Other operating (expenses)/ income - net	24	116,494	87,417	111,577
		(63,606)	(37,532)	160,623
Surplus before taxation for the financial year		159,069	140,930	380,903
Taxation	26	(4,506)	(3,533)	(21,021)
Surplus after taxation for the financial year (Deficit)/surplus from investment-linked business	30	154,563	137,397	359,882
		(67,687)	(45,909)	39,492
Life policyholders' fund at 1 January		86,876	91,488	399,374
		2,234,872	2,234,872	1,915,871
Balance before allocation		2,321,748	2,326,360	2,315,245
Business Transfer	3	-	(2,326,360)	-
Transfer to Income Statement	18	(47,525)	-	(80,373)
Life policyholders' fund at 31 December	18	2,274,223	-	2,234,872

The accompanying notes are an integral part of these financial statements.

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	Note	GROUP		COMPANY	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Net profit attributable to shareholders		47,003	85,021	6,827	81,755
Adjustments for non-cash items	29	73,746	45,039	93,893	48,740
Operating profit before changes in operating assets and liabilities		120,749	130,060	100,720	130,495
Purchase of investments		(760,389)	(1,735,531)	(496,271)	(1,735,416)
Proceeds from sale/maturity of investments		592,793	1,557,305	488,068	1,549,919
Arising from Business Transfer		-	-	(35,197)	-
Interest received		102,221	97,721	77,566	96,738
Dividends received		20,414	26,997	14,427	26,745
Rental received		2,389	2,917	2,362	2,688
Interest paid		(10,484)	(9,169)	(7,740)	(9,169)
Decrease/(increase) in receivables		76,924	(16,241)	71,228	(16,652)
(Decrease)/increase in payables		(59,607)	38,149	(113,450)	38,165
Increase/(decrease) in provision for outstanding claims		7,701	(959)	10,238	(959)
Decrease/(increase) in fixed and call deposits		8,608	(41,263)	62,344	(35,906)
Decrease in loan receivables		19,077	3,063	16,278	3,091
Cash generated from operations		120,396	53,049	190,573	49,739
Income taxes paid		(28,788)	(39,823)	(26,188)	(39,009)
Net cash inflow from operating activities		91,608	13,226	164,385	10,730
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investment properties		(46,147)	-	-	-
Purchase of property and equipment		(5,214)	(696)	(2,000)	(696)
Investment in subsidiary companies		-	-	(152,500)	-
Proceeds from disposal of property and equipment		1,051	2,623	238	439
Net cash (outflow)/inflow from investing activities		(50,310)	1,927	(154,262)	(257)
CASH FLOWS FROM FINANCING ACTIVITIES					
Loan from a subsidiary company		-	-	20,087	-
Shareholders' dividends paid		(41,834)	(22,060)	(41,834)	(22,060)
Net cash outflow from financing activities		(41,834)	(22,060)	(21,747)	(22,060)
CASH AND CASH EQUIVALENTS					
Net decrease during the financial year		(536)	(6,907)	(11,624)	(11,587)
Cash and cash equivalents at 1 January		20,929	27,836	16,022	27,609
Cash and cash equivalents at 31 December	14	20,393	20,929	4,398	16,022

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

1. GENERAL INFORMATION AND PRINCIPAL ACTIVITIES

General

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

Principal activities

The Company is principally engaged in investment holding and the underwriting of life insurance business. On 1 October 2008, the Company transferred its life insurance business to its wholly owned subsidiary, Manulife Insurance Berhad, pursuant to a scheme approved and confirmed by the High Court of Malaya in accordance with Part XI of the Insurance Act, 1996 ("Business Transfer") on 14 August 2008. Subsequent to the completion of the Business Transfer, the Company changed its name from Manulife Insurance (Malaysia) Berhad to Manulife Holdings Berhad with effect from 3 October 2008.

The principal activities of the subsidiaries are as disclosed in note 8 to the financial statements.

There have been no significant changes in the principal activities of the Company and its subsidiaries during the financial year except as disclosed above.

Registered office and principal place of business

The registered office and principal place of business of the Company is located at 12th Floor, Menara Manulife RB, 6 Jalan Gelenggang, Damansara Heights, 50490 Kuala Lumpur.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with item which are considered material to the financial statements.

(a) Basis of preparation

The financial statements of the Group and the Company have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies, and comply with the Financial Reporting Standards ("FRS"), the MASB approved accounting standards in Malaysia for Entities Other than Private Entities, the provisions of the Companies Act, 1965, the Insurance Act, 1996 and the relevant Guidelines/Circulars issued by Bank Negara Malaysia ("BNM") in all material aspects.

The preparation of financial statements in conformity with the FRS requires the directors to exercise their judgement in the process of applying the Group's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. Although these estimates are based on the directors' best knowledge of current events and actions, actual results could differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a higher degree of judgement or complexity, are disclosed in note 4 to the financial statements.

(i) Standards and amendments to published standards that are applicable to the Group and the Company

The following revised Financial Reporting Standards ("FRS") and amendments to published standards effective for the financial period beginning 1 January 2008:

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of preparation (cont'd)

(i) Standards and amendments to published standards that are applicable to the Group and the Company (cont'd)

FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121	The Effect of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation

The adoption of the above FRS and amendments to FRS does not have significant financial impact to the Group and the Company.

(ii) Standards, amendments to published standards and interpretations to existing standards that are not yet effective

The new standards and IC Interpretation that are applicable to the Group and the Company, but which the Group and the Company has not early adopted, are as follows:

FRSs/ Interpretations	Effective date
FRS 4, Insurance Contracts	1 January 2010
FRS 7, Financial Instruments: Disclosures	1 January 2010
FRS 8, Operating Segments	1 July 2009
FRS 139, Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9, Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10, Interim Financial Reporting and Impairment	1 January 2010

The impact of applying FRS 4, FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemptions given in the respective FRSs.

The initial application of the other standards (and their consequential amendments) and interpretations above is not expected to have any material impact on the financial statements of the Group and the Company.

FRS 8 Operating Segments

FRS 8 replaces FRS 114₂₀₀₄ Segment Reporting. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.

IC Interpretation 9 Reassessment of Embedded Derivatives

IC Interpretation 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required.

IC Interpretation 10 Interim Financial Reporting and Impairment

IC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Basis of consolidation

The Group's financial statements include the financial statements of the Company and its subsidiaries made up to the end of the financial year. Subsidiaries are those enterprises in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated using the purchase method of accounting from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

All inter-company transactions, balances and unrealised gains or losses on transactions between group of companies are eliminated.

Goodwill arising on consolidation represents the excess of the purchase consideration over the fair value of the identifiable net assets of subsidiaries at the date of acquisition. In respect of subsidiaries acquired before 1 January 2006, goodwill on consolidation was written off against retained earnings in the financial year of acquisition.

The gain or loss on disposal of subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any exchange differences which were not previously recognised in the consolidated income statement.

(c) Subsidiary companies

Investment in subsidiaries is stated at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy note 2(j) on impairment of assets.

(d) Property and equipment

Property and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses.

The cost of property and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent expenditure relating to the property and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

Land and buildings, which are substantially occupied by the Group for its operations, are classified under property and equipment.

Land and buildings are initially stated at cost and subsequently revalued by the directors, based on independent valuation of the open market value on the existing use basis carried out by professional valuers. The valuation of land and buildings is carried out once in every five years or earlier if the carrying values of the revalued assets are materially higher than the market values.

When the land and buildings are revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Property and equipment (cont'd)

The surplus arising on revaluation is credited to the asset revaluation reserve account except that a surplus, to the extent that such surplus is related to and not greater than a deficit arising on revaluation previously recorded as an expense, is credited to the income statement/revenue account. A deficit arising on revaluation is recognised as an expense except that, to the extent that such a deficit is related to a surplus which was previously recorded as a credit to the asset revaluation reserve account and which has not been subsequently reversed or utilised, it is charged directly to that account.

No depreciation is charged on freehold land. Leasehold buildings are amortised in equal instalments over the period of their respective leases or earlier if the expected useful life is lower than the leasehold period.

All other property and equipment are depreciated on a straight line basis to write off the cost of the assets over their estimated useful lives. The principal annual rates of depreciation used are as follows:

Buildings	-	over the remaining useful lives following the date of the latest valuation
Furniture, fittings and equipment	-	10% to 20%
Motor vehicles	-	20%

The residual values and useful lives of property and equipment are reviewed, and adjusted as appropriate, at each balance sheet date.

At each balance sheet date, the Group assesses whether there is any indication of impairment. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy note 2(j) on impairment of assets.

On disposal of property and equipment, the difference between net proceeds and the carrying amount is recognised in the revenue account or income statement. On disposal of revalued assets, the amounts of any remaining revaluation surplus relating to those assets are transferred to retained earnings or revenue account.

Repairs and maintenance are charged to the income statement and/or revenue account during the period in which they are incurred.

(e) Prepaid lease payments

Leasehold lands are amortised in equal instalments over the period of their respective leases or earlier if the expected useful life is lower than the leasehold period.

(f) Intangible asset

Intangible asset represents the cost of software rights purchased. These rights are amortised on a straight-line basis over a period of five years.

(g) Investments

Malaysian Government Securities, Government Investment Issues and other unquoted approved debt securities as specified by BNM are stated at cost, adjusted for the amortisation of premiums or accretion of discounts, calculated on a constant yield basis, from the date of purchase to maturity date. The amortisation of premiums and accretion of discounts are recognised in the revenue account or income statement.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Investments (cont'd)

Quoted debt securities are stated at the lower of cost and market value.

Other quoted investments are stated at the lower of cost and market value determined on the aggregate portfolio basis by category of investments, except that if diminution in value of a particular investment is not regarded as temporary, specific allowance is made against the value of that investment. Market value is determined by reference to the stock exchange closing price at the balance sheet date.

Unquoted investments are stated at cost and an allowance for diminution in value is made where, in the opinion of the directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the financial year in which the decline is identified.

Investments of the investment-linked business, other than unquoted corporate debt securities, loans, equity call options and investment in foreign assets are stated at the closing market prices as at the balance sheet date. Unquoted corporate debt securities are stated at average indicative market prices quoted by at least two licensed banks and loans are stated at valuation based on discounted future cash flows, taking into consideration market conditions and contractual terms of the loans. Investment in equity call options is valued at the fair value quoted by a counter party based on a specific valuation model as at the balance sheet date. Investments in foreign assets comprised of investments under the Manulife Global Fund platform of mutual funds and are valued at the net asset values of the underlying funds as at the balance sheet date. Any increase or decrease in the value of these investments is recognised in the investment-linked business revenue account.

Profits or losses arising on disposal of investments are credited or charged to the revenue account or income statement as appropriate.

(h) Investment properties

Investment properties comprise land and buildings held by the Group which are held for long term rental yields or for capital appreciation, or both and are not substantially occupied by the Group.

Investment properties are initially stated at cost including related and incidental expenditure incurred, and are subsequently carried at fair value by the directors based on independent valuation of the open market values on existing use basis carried out by professional valuers. These valuations are reviewed annually and a formal valuation by an independent professional valuer is carried out once in every three years or earlier if the carrying values of the investment properties are materially higher than the market values. Investment properties are not depreciated.

Any changes in the fair values of the investment properties are recorded in the income statement or revenue account.

On disposal of an investment property, the difference between net proceeds and the carrying amount is recognised in the income statement or revenue account as appropriate.

(i) Trade receivables

Trade receivables are carried at invoiced amount less an allowance made for doubtful debts. Known bad debts are written off and specific allowances are made for any premiums including agents' balances or reinsurance balances which remain outstanding for more than six months from the date on which they become receivable, and for all debts which are considered doubtful.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows.

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. The impairment loss is charged to the revenue account or income statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Any subsequent increase in recoverable amount is recognised in the revenue account or income statement unless it reverses an impairment loss on a revalued asset, in which case it is taken to revaluation surplus.

(k) Employee benefits

(i) Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the financial year in which the associated services are rendered by employees of the Group and the Company.

(ii) Post-employment benefits

The Group and the Company are required to contribute to the Employees' Provident Fund, a defined contribution plan.

Other than the mandatory contributions to the Employees' Provident Fund, the Group and the Company make contributions to a separately funded defined contribution retirement benefits scheme ("the Scheme"), which is administered by Trustees, for all employees of the Group. Under the Scheme, the Company and its subsidiary companies shall make contributions to the Scheme at such rate and at such frequency as shall be determined from time to time by the Company and the Trustees of the Scheme, with the advice of an Actuary, provided that the total contribution by the Company and the subsidiary companies to the Scheme and to the Employees' Provident Fund does not exceed 15% of the employees' salary. An actuarial investigation into the financial condition of the Scheme is made at intervals not longer than one year. The last actuarial investigation was performed as at 31 December 2008.

The contribution payable for the financial year is charged to the revenue account or the income statement. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(l) Investment income recognition

Interest income is recognised on an accrual basis except that interest income on a loan is suspended where the loan is considered non-performing. Subsequent to suspension, interest on the loan is recognised on the receipt basis until all arrears have been paid.

Other interest income including the amount of amortisation of premiums and accretion of discounts is recognised on a time proportion basis that takes into account the effective yield of the assets.

Rental income is recognised on an accrual basis except where default in payment of rent has already occurred and the rent due remains outstanding for over three months, in which case recognition of rental income is suspended. Subsequent to suspension, rental income is recognised on the receipt basis until all arrears have been paid.

Dividend income is recognised in the financial statements when the right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**(m) Life insurance underwriting results****(i) Transfer of Life fund surplus to Shareholders' fund**

The surplus transferable from the life insurance revenue account to the income statement is based on the surplus determined by an annual actuarial valuation of the long term liabilities to policyholders made in accordance with the provisions of the Insurance Act, 1996 and the relevant regulations by the Appointed Actuary of the life insurance company.

(ii) Premium income

Premium income includes premium recognised in the Life fund and the Investment-linked fund. Premium income of the Life fund is recognised as soon as the amount of the premium can be reliably measured. First premium is recognised from inception date and subsequent premium is recognised when it is due.

At the end of the financial year, all due premiums are accounted for to the extent that they can be reliably measured.

Outward reinsurance premiums are recognised in the same accounting period as the original policies to which the reinsurance relates.

Premium income of the Investment-linked fund is in respect of the net creation of units which represents premiums paid by policyholders as payment for a new contract or subsequent payments to increase the amount of that contract. Net creation of units is recognised on a receipt basis.

(iii) Commission and agency expenses

Commission and agency expenses, which are costs directly incurred in securing premium on insurance policies, net of income derived from reinsurers in the course of ceding of premium to reinsurers, are charged to the revenue account in the financial year in which they are incurred.

(iv) Provision for claims

Claims and settlement costs that are incurred during the financial year are recognised when a claimable event occurs and/or the insurer is notified.

Recoveries on reinsurance claims are accounted for in the same financial year as the original claims are recognised.

Claims and provisions for claims arising on life insurance policies including settlement costs, less reinsurance recoveries, are accounted for using the case basis method and for this purpose, the benefits payable under a life insurance policy are recognised as follows:

- (a) maturity or other policy benefit payments due on specified dates are treated as claims payable on the due dates;
- (b) death, surrender and other benefits without due dates are treated as claims payable, on the date of receipt of intimation of death of the assured or occurrence of contingency covered.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of all entities in the Group is Ringgit Malaysia where a subsidiary company has previously changed its functional currency from Singapore Dollar to Ringgit Malaysia with effect from financial year ended 31 December 2005. The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the revenue account or income statement.

(iii) Translation of Group's entity financial statements

The results and financial position of the Group's entities that have a functional currency that is different from the presentation currency are translated into the presentation currency as follows:

- (1) Assets and liabilities for balance sheet presented are translated at the closing rate at the date of the balance sheet;
- (2) Income and expenses for income statement are translated at average exchange rate (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (3) All resulting exchange differences are taken to the foreign currency translation reserve within equity.

(o) Dividends

Dividends on ordinary shares are recognised as a liability in the period in which it is declared.

(p) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and excluding fixed and call deposits with original maturities of three month or less.

(q) Taxation

Current tax expense is determined according to the tax laws of jurisdictions in which the Group and the Company operate and includes all taxes based upon the taxable profits.

The income tax charge in the life insurance revenue account is calculated at current tax rate based on the method prescribed under the Income Tax Act, 1967 for life insurance business.

The income tax charge in the income statement is calculated at current tax rate based on the estimated chargeable income for the financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**(q) Taxation (cont'd)**

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

(r) Contingent liabilities and contingent assets

The Group and the Company do not recognise a contingent liability but disclose its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past event whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company. The Group and the Company do not recognise contingent assets but disclose their existence where inflows of economic benefits are probable, but not virtually certain.

(s) Assets held for sale

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through a continuing use.

(t) Financial instruments**Description**

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

Recognition method

The particular recognition method adopted for financial instruments recognised on the balance sheet is disclosed in the individual accounting policy note associated with each item.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) Financial instruments (cont'd)

Fair value estimation for disclosure purposes

The Group's and the Company's basis of estimation of fair values for the financial instruments are as follows:

- The fair values of quoted investments are based on quoted market prices.
- The fair values of Malaysian Government Securities and Government Investment Issues are based on indicative market prices.
- The fair values of specified debt securities and negotiable certificate of deposits are calculated using the discounted cash flow method based on the maturity of the instruments at discount rates representing the average market rates quoted by at least two licensed banks.
- The carrying values of loan receivables with variable rate which the Group and the Company reprice in the event of significant changes in the market rate of return are considered to be reasonable estimates of the fair values. For fixed rate loans, the fair values are estimated by discounting future cash flows, taking into consideration of market conditions and contractual terms of these loans.
- The fair values of the equity call options are based on the fair value quoted by a counter party based on a specific valuation model as at the balance sheet date.
- The fair values of investments in foreign assets are valued based on the net asset values of the underlying funds as at the balance sheet date.
- The carrying values of other financial assets and liabilities which are short term in nature approximate their fair values at the balance sheet date.

3. BUSINESS TRANSFER

On 29 September 2008, the Minister of Finance, via BNM's letter granted a licence to Manulife Insurance Berhad (a wholly-owned subsidiary company) to commence life insurance business with effective from 1 October 2008 pursuant to a scheme ("Business Transfer") approved and confirmed by the High Court of Malaya in accordance with Part XI of the Insurance Act, 1996 on 14 August 2008 and approved by the relevant regulatory authorities.

On 1 October 2008, the Company transferred its entire life insurance business, assets, liabilities and its undertakings to Manulife Insurance Berhad, pursuant to the Business Transfer scheme. Consequently, there are no balances in respect of the life fund for the Company at the balance sheet date and accordingly, the life fund business is a discontinued operation of the Company during the financial year.

The consideration for the transfer is based on the net book value of the assets and liabilities of the life insurance business transferred as at 30 September 2008 which is RM1.00 and is satisfied by the issuance of new ordinary shares of RM0.50 each in Manulife Insurance Berhad at par to the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

3. BUSINESS TRANSFER (cont'd)

The carrying amounts of the assets and liabilities of the life insurance business transferred as at 30 September 2008 were as follows:

	Note	As at 30.09.2008 RM'000
Assets		
Property and equipment	5	3,609
Investments		1,788,231
Intangible asset	7	460
Loan receivables		399,091
Assets held for sale	10	1,259
Deferred tax assets	17	6,690
Current tax recoverable		1,722
Receivables		50,250
Cash and bank balances		34,649
Investment-linked business assets		<u>259,142</u>
Total Life Fund Assets		<u>2,545,103</u>
Liabilities		
Provision for outstanding claims		23,243
Payables		191,833
Investment-linked business liabilities		3,608
Life policyholders' fund		2,326,360
Life asset revaluation reserve	20	<u>59</u>
Total Life Fund Liabilities and Policyholders' Fund		<u>2,545,103</u>
The Life policyholders' fund comprises the following:		
Actuarial liabilities	18	1,694,691
Unallocated surplus	18	376,135
Investment-Linked policyholders' account	30	<u>255,534</u>
Life policyholders' fund		<u>2,326,360</u>

The transfer of the life insurance business to Manulife Insurance Berhad is an internal recognition at the Group level. Hence, the full financial year's results of the life insurance business is accounted for at the Group level.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group and the Company make estimates, assumptions and judgements that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events and reinsurance premium levels that are believed to be reasonable with the knowledge and information then available. Best estimates assumptions are constantly reviewed to ensure that they remain relevant and valid.

The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Liabilities of insurance business

The valuation of the ultimate liability arising from policy benefits made under life insurance contracts is the Group's most critical accounting estimate.

The principles on which the valuation was made were determined by the Appointed Actuary having regard to the Insurance Regulations, 1996. In the case of life policies where the minimum valuation basis is specified under the Insurance Regulations, 1996, a reserve was set up such that it would not fall below the reserve determined on the minimum valuation basis. For other policies where the nature of benefit suggested that the minimum valuation basis was not applicable, a reserve was set up such that this reserve together with future premiums would be sufficient to meet the future policy liabilities.

The mortality table employed for life policies was the Statutory Valuation Mortality Table ("SVMT") 1996 ultimate mortality table. The rate of interest assumed was 4% per annum for regular premium policies and 4.5% for single premium policies.

For investment-linked policies, the non-unit net liability was taken as the unearned amount of insurance charges for the insurance benefit appropriately loaded to the minimum of the SVMT1996 mortality table. In addition, provision was made for future expenses by taking the difference between the present value of future commissions and agency related expenses and the present value of unallocated premiums and the bid-offer spread. The mortality basis assumed is the SVMT1996 table, interest rate at 6%, and withdrawal rates at BNM's maximum allowable rates.

There is no significant change in valuation basis / method compared to the previous financial year.

(b) Income taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for certain tax matters which involve subjective judgement based on an assessment of the additional taxes that will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

5. PROPERTY AND EQUIPMENT

Shareholders' fund

GROUP	Freehold		Furniture, fittings & equipment RM'000	Motor vehicles RM'000	Total RM'000
	Land RM'000	Buildings RM'000			
Cost/valuation					
At 1 January 2007	2,180	8,935	1,746	-	12,861
Disposals	-	-	(1,269)	-	(1,269)
At 1 January 2008	2,180	8,935	477	-	11,592
Assets held for sale (note 10)	(1,850)	(485)	-	-	(2,335)
Additions	-	-	460	-	460
Disposals	(330)	(450)	-	-	(780)
Write off	-	-	(42)	-	(42)
Transfer from life fund	-	-	625	931	1,556
Reclassification from investment properties (note 6)	-	358	-	-	358
Revaluation deficit	-	(258)	-	-	(258)
At 31 December 2008	-	8,100	1,520	931	10,551
Comprising assets stated at:					
Valuation in 2008	-	8,100	-	-	8,100
Cost	-	-	1,520	931	2,451
At 31 December 2008	-	8,100	1,520	931	10,551
Comprising assets stated at:					
Valuation in 2005	-	8,000	-	-	8,000
Valuation in 2007	2,180	935	-	-	3,115
Cost	-	-	477	-	477
At 31 December 2007	2,180	8,935	477	-	11,592
Accumulated depreciation					
At 1 January 2007	-	85	1,673	-	1,758
Charge for the financial year	-	394	15	-	409
Disposals	-	-	(1,239)	-	(1,239)
At 1 January 2008	-	479	449	-	928
Charge for the financial year	-	204	14	20	238
Assets held for sale (note 10)	-	(74)	-	-	(74)
Disposals	-	(50)	-	-	(50)
Write off	-	-	(19)	-	(19)
Transfer from life fund	-	-	450	487	937
Reversal on revaluation of property	-	(559)	-	-	(559)
At 31 December 2008	-	-	894	507	1,401
Net book value					
At 31 December 2008	-	8,100	626	424	9,150
At 31 December 2007	2,180	8,456	28	-	10,664

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

5. PROPERTY AND EQUIPMENT (cont'd)

Shareholders' fund (cont'd)

COMPANY	Freehold		Furniture, fittings & equipment RM'000	Motor vehicles RM'000	Total RM'000
	Land RM'000	Buildings RM'000			
Cost/valuation					
At 1 January 2007 / 1 January 2008	1,850	8,485	-	-	10,335
Assets held for sale (note 10)	(1,850)	(485)	-	-	(2,335)
Additions	-	-	460	-	460
Reclassification from investment properties (note 6)	-	358	-	-	358
Revaluation deficit	-	(258)	-	-	(258)
Transfer from a subsidiary	-	-	625	931	1,556
At 31 December 2008	-	8,100	1,085	931	10,116
Comprising assets stated at:					
Valuation in 2008	-	8,100	-	-	8,100
Cost	-	-	1,085	931	2,016
At 31 December 2008	-	8,100	1,085	931	10,116
Comprising assets stated at:					
Valuation in 2005	-	8,000	-	-	8,000
Valuation in 2007	1,850	485	-	-	2,335
At 31 December 2007	1,850	8,485	-	-	10,335
Accumulated depreciation					
At 1 January 2007	-	49	-	-	49
Charge for the financial year	-	385	-	-	385
At 1 January 2008	-	434	-	-	434
Charge for the financial year	-	199	9	20	228
Assets held for sale (note 10)	-	(74)	-	-	(74)
Transfer from a subsidiary	-	-	450	487	937
Reversal on revaluation of property	-	(559)	-	-	(559)
At 31 December 2008	-	-	459	507	966
Net book value					
At 31 December 2008	-	8,100	626	424	9,150
At 31 December 2007	1,850	8,051	-	-	9,901

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

5. PROPERTY AND EQUIPMENT (cont'd)

Life Fund

GROUP	Freehold		Leasehold Buildings RM'000	Furniture, fittings & equipment RM'000	Motor vehicles RM'000	Total RM'000
	Land RM'000	Buildings RM'000				
Cost/Valuation						
At 1 January 2007	175	90	900	14,864	900	16,929
Disposals	-	-	-	(10)	-	(10)
Additions	-	-	-	696	-	696
Write off	-	-	-	(2,774)	-	(2,774)
At 1 January 2008	175	90	900	12,776	900	14,841
Disposals	(175)	(90)	-	-	(190)	(455)
Additions	-	-	-	4,379	375	4,754
Assets held for sale (note 10)	-	-	(900)	-	-	(900)
Write off	-	-	-	(3,834)	-	(3,834)
Transfer to shareholders' fund	-	-	-	(625)	(931)	(1,556)
At 31 December 2008	-	-	-	12,696	154	12,850
Comprising assets stated at:						
Cost	-	-	-	12,696	154	12,850
At 31 December 2008	-	-	-	12,696	154	12,850
Comprising assets stated at:						
Valuation in 2007	175	90	900	-	-	1,165
Cost	-	-	-	12,776	900	13,676
At 31 December 2007	175	90	900	12,776	900	14,841
Accumulated depreciation						
At 1 January 2007	-	-	12	11,234	659	11,905
Charge for the financial year	-	2	10	1,245	34	1,291
Disposals	-	-	-	(2)	-	(2)
Write off	-	-	-	(2,514)	-	(2,514)
At 1 January 2008	-	2	22	9,963	693	10,680
Charge for the financial year	-	2	9	795	50	856
Disposals	-	(4)	-	-	(190)	(194)
Assets held for sale (note 10)	-	-	(31)	-	-	(31)
Write off	-	-	-	(3,458)	-	(3,458)
Transfer to shareholders' fund	-	-	-	(450)	(487)	(937)
At 31 December 2008	-	-	-	6,850	66	6,916
Net book value						
At 31 December 2008	-	-	-	5,846	88	5,934
At 31 December 2007	175	88	878	2,813	207	4,161

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

5. PROPERTY AND EQUIPMENT (cont'd)

Life Fund (cont'd)

COMPANY	Freehold		Leasehold Buildings RM'000	Furniture, fittings & equipment RM'000	Motor vehicles RM'000	Total RM'000
	Land RM'000	Buildings RM'000				
Cost/Valuation						
At 1 January 2007	175	90	900	14,864	900	16,929
Disposals	-	-	-	(10)	-	(10)
Additions	-	-	-	696	-	696
Write off	-	-	-	(2,774)	-	(2,774)
At 1 January 2008	175	90	900	12,776	900	14,841
Disposals	(175)	(90)	-	-	(190)	(455)
Additions	-	-	-	1,165	375	1,540
Assets held for sale (note 10)	-	-	(900)	-	-	(900)
Write off	-	-	-	(3,561)	-	(3,561)
Business Transfer (note 3)	-	-	-	(10,380)	(1,085)	(11,465)
At 31 December 2008	-	-	-	-	-	-
Comprising assets stated at:						
Valuation in 2007	175	90	900	-	-	1,165
Cost	-	-	-	12,776	900	13,676
At 31 December 2007	175	90	900	12,776	900	14,841
Accumulated depreciation						
At 1 January 2007	-	-	12	11,234	659	11,905
Charge for the financial year	-	2	10	1,245	34	1,291
Disposals	-	-	-	(2)	-	(2)
Write off	-	-	-	(2,514)	-	(2,514)
At 1 January 2008	-	2	22	9,963	693	10,680
Charge for the financial year	-	2	9	775	46	832
Disposals	-	(4)	-	-	(190)	(194)
Write off	-	-	-	(3,431)	-	(3,431)
Assets held for sale (note 10)	-	-	(31)	-	-	(31)
Business Transfer (note 3)	-	-	-	(7,307)	(549)	(7,856)
At 31 December 2008	-	-	-	-	-	-
Net book value						
At 31 December 2008	-	-	-	-	-	-
At 31 December 2007	175	88	878	2,813	207	4,161

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

5. PROPERTY AND EQUIPMENT (cont'd)

Land and buildings of the Group and the Company were revalued in 2008 based on the investment method carried out by an independent qualified valuer, Mr P. Tangga Peragamsam (FISM, FRISC) of Colliers, Jordan Lee and Jaafar Sdn Bhd. The valuation of these properties was adopted by the directors on 31 December 2008.

The net book value of revalued land and buildings had these assets been carried at cost less accumulated depreciation is as follows:

Shareholders' fund

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Freehold land	-	955	-	799
Freehold buildings	5,533	6,706	5,533	6,573
	<u>5,533</u>	<u>7,661</u>	<u>5,533</u>	<u>7,372</u>

Life fund

	2008 RM'000	2007 RM'000
Freehold land	-	132
Freehold buildings	-	45
Long leasehold building	-	743
	<u>-</u>	<u>920</u>

As at the balance sheet date, the carrying value of a property for which title has yet to be registered in the name of the Company which is the beneficial owner is as follows:

	GROUP AND COMPANY	
	2008 RM'000	2007 RM'000
Shareholders' fund	<u>8,100</u>	<u>7,627</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

6. INVESTMENT PROPERTIES

Shareholders' fund

	2008 RM'000	GROUP AND COMPANY 2007 RM'000
At 1 January	30,840	30,840
Disposals	(1,640)	-
Reclassification to property and equipment (note 5)	(358)	-
Fair value loss	(852)	-
At 31 December	<u>27,990</u>	<u>30,840</u>
Represented by:		
Freehold land	760	760
Freehold buildings	27,230	28,440
Long leasehold land	-	1,020
Long leasehold buildings	-	620
	<u>27,990</u>	<u>30,840</u>

Life fund

	GROUP 2008 RM'000	COMPANY 2008 RM'000	GROUP AND COMPANY 2007 RM'000
At 1 January	280	280	3,865
Additions	47,675	-	-
Disposals	(280)	(280)	(3,435)
Impairment loss (note 24)	-	-	(150)
Fair value gain	335	-	-
At 31 December	<u>48,010</u>	<u>-</u>	<u>280</u>
Represented by:			
Freehold land	-	-	170
Freehold buildings	48,010	-	110
	<u>48,010</u>	<u>-</u>	<u>280</u>

In 2008, the Group and the Company carried out a valuation of the properties based on the investment method carried out by an independent qualified valuer, Mr P. Tangga Peragamsam (FISM, FRISC) of Colliers, Jordan Lee and Jaafar Sdn Bhd. The valuation of these properties was adopted by the directors on 31 December 2008.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

6. INVESTMENT PROPERTIES (cont'd)

As at the balance sheet date, the carrying values of investment properties for which titles have yet to be registered in the name of the Company which is the beneficial owner are as follows:

	GROUP AND COMPANY	
	2008	2007
	RM'000	RM'000
Shareholders' fund	27,990	29,200
Life fund	48,010	-

The following are amounts arising from investment properties that have been recognised in the income statement/revenue account during the financial year:

Shareholders' fund

	GROUP		COMPANY	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Rental income	2,772	2,771	2,763	2,708
Direct operating expenses arising from investment properties that generate rental income	(1,081)	(1,061)	(1,246)	(1,234)
Direct operating expenses arising from investment properties that did not generate rental income	(270)	(273)	(268)	(266)

Life fund

	GROUP	COMPANY	GROUP AND COMPANY
	2008	2008	2007
	RM'000	RM'000	RM'000
Rental income	435	13	24
Direct operating expenses arising from investment properties that generate rental income	(304)	(15)	(45)
Direct operating expenses arising from investment properties that did not generate rental income	(55)	(2)	(15)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

7. INTANGIBLE ASSET

Shareholders' fund

	GROUP	
	2008 RM'000	2007 RM'000
Cost	827	827
Accumulated amortisation	(827)	(827)
Net book value	-	-

Life fund

	GROUP	COMPANY	GROUP AND COMPANY
	2008 RM'000	2008 RM'000	2007 RM'000
Cost			
At 1 January	-	-	-
Additions	491	491	-
Arising from Business Transfer (note 3)	-	(491)	-
At 31 December	491	-	-
Accumulated amortisation			
At 1 January	-	-	-
Charge for the financial year	61	31	-
Arising from Business Transfer (note 3)	-	(31)	-
At 31 December	61	-	-
Net book value			
At 31 December	430	-	-

Intangible asset represents the cost of software rights acquired.

8. SUBSIDIARY COMPANIES

COMPANY

	2008	2007
	RM'000	RM'000
(a) Unquoted shares at cost	171,676	19,176
Accumulated impairment losses	(7,753)	(7,753)
	163,923	11,423

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

8. SUBSIDIARY COMPANIES (cont'd)

COMPANY

	2008 RM'000	2007 RM'000
(b) Net balance with a subsidiary company:		
Unquoted shares at cost	25,036	25,036
Loan from a subsidiary company	(71,936)	(51,849)
Net amount due to a subsidiary	<u>(46,900)</u>	<u>(26,813)</u>

The loan from a subsidiary company is unsecured, interest free and is expected to be repaid when the investment in this subsidiary is realised.

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Group's interest		Principal activities
		2008 %	2007 %	
Manulife Asset Management (Malaysia) Sdn Bhd	Malaysia	100	-	Investment and fund management
Manulife Insurance Berhad	Malaysia	100	-	Life insurance business
Manulife Unit Trusts Berhad	Malaysia	100	-	Dormant
Britama Credit Sdn Bhd	Malaysia	100	100	Money lending and hire purchase
Britama Properties Sdn Bhd	Malaysia	100	100	Property rental and management
The e-Software House Sdn Bhd	Malaysia	100	100	Dormant
British American Investments Pte Ltd (Note a)	Singapore	100	100	Investment holding and dealing, ceased operations during the year.

Note a: The subsidiary company is audited by PricewaterhouseCoopers Singapore.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

9. INVESTMENTS

Shareholders' fund

GROUP	2008		2007	
	Book value RM'000	Market value RM'000	Book value RM'000	Market value RM'000
At cost:				
Malaysian Government Securities	136,473		72,969	
Amortisation of premiums - net	(10)		(147)	
	<u>136,463</u>	<u>143,139</u>	<u>72,822</u>	<u>73,003</u>
Government Investment Issues	19,879		23,328	
Accretion of discounts - net	25		20	
	<u>19,904</u>	<u>21,354</u>	<u>23,348</u>	<u>23,401</u>
Specified debt securities - unquoted	99,601		106,506	
Accretion of discounts - net	2,546		4,420	
	<u>102,147</u>		<u>110,926</u>	
Shares, warrants and convertible loan stocks quoted in Malaysia	23,992		21,675	
Allowance for diminution in value	(6,855)		-	
	<u>17,137</u>	<u>17,960</u>	<u>21,675</u>	<u>27,184</u>
Unquoted shares	<u>572</u>		<u>572</u>	
Investment-linked fund units	<u>823</u>	<u>975</u>	<u>6,535</u>	<u>10,333</u>
Fixed and call deposits with licensed banks	<u>74,253</u>		<u>79,463</u>	
TOTAL INVESTMENTS – SHAREHOLDERS' FUND	<u>351,299</u>		<u>315,341</u>	

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

9. INVESTMENTS (cont'd)

Shareholders' fund

COMPANY	2008		2007	
	Book value RM'000	Market value RM'000	Book value RM'000	Market value RM'000
At cost:				
Malaysian Government Securities	43,437		72,969	
Accretion of discounts/ (amortisation of premiums) - net	<u>34</u>		<u>(147)</u>	
	<u>43,471</u>	<u>44,708</u>	<u>72,822</u>	<u>73,003</u>
Government Investment Issues	9,105		23,328	
Accretion of discounts - net	<u>25</u>		<u>20</u>	
	<u>9,130</u>	<u>9,727</u>	<u>23,348</u>	<u>23,401</u>
Specified debt securities - unquoted	64,457		101,158	
Accretion of discounts - net	<u>2,576</u>		<u>4,546</u>	
	<u>67,033</u>		<u>105,704</u>	
Shares, warrants and convertible loan stocks quoted in Malaysia	23,992		21,460	
Allowance for diminution in value	<u>(6,855)</u>		<u>-</u>	
	<u>17,137</u>	<u>17,960</u>	<u>21,460</u>	<u>26,942</u>
Unquoted shares	<u>553</u>		<u>553</u>	
Investment-linked fund units	<u>823</u>	<u>975</u>	<u>3,535</u>	<u>5,349</u>
Fixed and call deposits with licensed banks	<u>38,722</u>		<u>61,124</u>	
TOTAL INVESTMENTS – SHAREHOLDERS' FUND	<u>176,869</u>		<u>288,546</u>	

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

9. INVESTMENTS (cont'd)

Life fund

Non Investment-Linked Business

	GROUP 2008		GROUP AND COMPANY 2007	
	Book value RM'000	Market value RM'000	Book value RM'000	Market value RM'000
At cost:				
Malaysian Government Securities	508,776		501,685	
Accretion of discounts - net	<u>322</u>		<u>1,679</u>	
	509,098	562,283	503,364	514,614
Government Investment Issues	88,497		96,241	
Accretion of discounts - net	<u>119</u>		<u>90</u>	
	88,616	94,143	96,331	96,620
Specified debt securities - unquoted	663,955		563,754	
Accretion of discounts - net	<u>16,192</u>		<u>12,536</u>	
	680,147		576,290	
Shares, warrants and convertible loan stocks quoted in Malaysia	377,942		415,997	
Allowance for diminution in value	<u>(99,993)</u>		<u>-</u>	
	277,949	277,949	415,997	555,003
Unquoted shares	<u>1,944</u>		<u>1,944</u>	
Fixed and call deposits with licensed banks	<u>255,421</u>		<u>268,125</u>	
TOTAL INVESTMENTS - NON INVESTMENT-LINKED BUSINESS	<u>1,813,175</u>		<u>1,862,051</u>	

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

9. INVESTMENTS (cont'd)

Life fund

Investment-Linked Business

	GROUP 2008 RM'000	GROUP AND COMPANY 2007 RM'000
Shares and warrants:		
Quoted in Malaysia		
At cost	93,124	86,762
Unrealised (loss)/gain	(32,497)	19,039
At market value	60,627	105,801
Malaysian Government Securities:		
At cost	1,490	-
Unrealised gain	23	-
At indicative market value	1,513	-
Specified debt securities – unquoted:		
At cost	35,429	20,027
Unrealised (loss)/gain	(78)	309
At indicative market value	35,351	20,336
Investment in equity call options:		
At cost	5,842	6,393
Unrealised exchange loss	(331)	(670)
Unrealised (loss)/gain	(2,784)	4,861
At market value	2,727	10,584
Investment in foreign assets:		
At cost	80,456	1,404
Unrealised exchange gain	269	15
Currency translation difference	567	-
Unrealised (loss)/gain	(21,794)	7
At market value	59,498	1,426
Fixed and call deposits with:		
Licensed banks – at cost	83,645	74,340
TOTAL INVESTMENTS - INVESTMENT-LINKED BUSINESS	243,361	212,487

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

9. INVESTMENTS (cont'd)

The maturity structure of Malaysian Government Securities, Government Investment Issues, unquoted specified debt securities and fixed and call deposits held as at the balance sheet date is as follows:

Shareholders' fund

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Maturing within 12 months	61,250	70,923	25,719	52,583
Maturing after 12 months	271,517	215,636	132,637	210,415
	<u>332,767</u>	<u>286,559</u>	<u>158,356</u>	<u>262,998</u>

Life fund - Group

	NON INVESTMENT- LINKED BUSINESS		INVESTMENT-LINKED BUSINESS	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Maturing within 12 months	186,134	260,751	31,984	21,553
Maturing after 12 months	1,347,148	1,183,359	88,525	73,123
	<u>1,533,282</u>	<u>1,444,110</u>	<u>120,509</u>	<u>94,676</u>

10. ASSETS HELD FOR SALE

Shareholders' fund

	GROUP AND COMPANY	
	2008 RM'000	2007 RM'000
Property and equipment	<u>2,261</u>	-
Property and equipment held for sale comprise the following:		
Valuation in 2007 (note 5)	2,335	-
Accumulated depreciation (note 5)	<u>(74)</u>	-
Net book value	<u>2,261</u>	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

10. ASSETS HELD FOR SALE (cont'd)

Life fund

GROUP	Property and equipment RM'000	Prepaid lease payments RM'000	Total RM'000
Cost			
At 1 January 2007/1 January 2008	-	-	-
Reclassification (note 5 and 12)	900	400	1,300
At 31 December 2008	900	400	1,300
Accumulated depreciation/amortisation			
At 1 January 2007/1 January 2008	-	-	-
Charge for the financial year (note 5 and 12)	31	14	45
At 31 December 2008	31	14	45
Net book value			
At 31 December 2008	869	386	1,255
At 31 December 2007	-	-	-
COMPANY			
Cost			
At 1 January 2007/1 January 2008	-	-	-
Reclassification (note 5 and 12)	900	400	1,300
Arising from Business Transfer (note 3)	(900)	(400)	(1,300)
At 31 December 2008	-	-	-
Accumulated depreciation/amortisation			
At 1 January 2007/1 January 2008	-	-	-
Charge for the financial year (note 5 and 12)	31	10	41
Arising from Business Transfer (note 3)	(31)	(10)	(41)
At 31 December 2008	-	-	-
Net book value			
At 31 December 2008	-	-	-
At 31 December 2007	-	-	-

The assets held for sale are in respect of self-occupied properties where Sales and Purchase agreements have been signed and the status of sale is now pending the receipt of the full sale proceeds amount.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

11. LOAN RECEIVABLES

Shareholders' fund

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Secured loans	3,264	7,509	3,264	7,509
Other loans	679	788	2	646
	3,943	8,297	3,266	8,155
Interest in suspense	(3)	(3)	-	-
Allowance for doubtful debts	(11)	(11)	-	-
	3,929	8,283	3,266	8,155
Receivable within 12 months	1,070	514	791	438
Receivable after 12 months	2,859	7,769	2,475	7,717
	3,929	8,283	3,266	8,155

Life fund

	NON INVESTMENT- LINKED BUSINESS GROUP AND COMPANY		INVESTMENT-LINKED BUSINESS GROUP AND COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Policy loans	371,831	368,018	-	-
Mortgage loans	2,025	2,136	-	-
Secured loans	22,455	40,795	381	465
	396,311	410,949	381	465
Interest in suspense	(471)	(471)	-	-
Allowance for doubtful debts	(83)	(83)	-	-
	395,757	410,395	381	465
Receivable within 12 months	5,637	1,123	84	-
Receivable after 12 months	390,120	409,272	297	465
	395,757	410,395	381	465

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

12. PREPAID LEASE PAYMENTS

Life fund

	GROUP AND COMPANY RM'000	COMPANY RM'000
Leasehold land		
Cost		
At 1 January 2007/1 January 2008	400	400
Assets held for sale (note 10)	(400)	(400)
At 31 December 2008	-	-
Accumulated amortisation		
At 1 January 2007	5	5
Charge for the financial year	4	4
At 1 January 2008	9	9
Charge for the financial year	5	1
Assets held for sale (note 10)	(14)	(10)
At 31 December 2008	-	-
Net book value		
At 31 December 2008	-	-
At 31 December 2007	391	391

13. RECEIVABLES

Shareholders' fund

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade receivables				
Due from reinsurers and cedants	1,075	1,091	1,075	1,091
Allowance for doubtful debts	(1,075)	(1,091)	(1,075)	(1,091)
	-	-	-	-
Other receivables				
Amount due from subsidiary companies	-	-	7,664	-
Investment income due and accrued	3,097	2,004	1,083	1,806
Other debtors	670	698	582	280
Deposits and prepayments	819	551	621	549
Amount due from Life fund (note 16)	46,764	82,330	-	82,330
	51,350	85,583	9,950	84,965

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

13. RECEIVABLES (cont'd)

Life fund

	GROUP 2008 RM'000	GROUP AND COMPANY 2007 RM'000
Trade receivables		
Due premiums including agents' balances	28,375	29,180
Due from reinsurers	320	117
	28,695	29,297
Allowance for doubtful debts	(1,116)	(977)
	27,579	28,320
Other receivables		
Investment income due and accrued	12,701	10,792
Other debtors	2,377	626
Deposits and prepayments	582	1,245
Amount due from related companies	137	-
Proceeds receivable from sale/maturity of investments	194	1,047
	43,570	42,030

14. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash and bank balances:				
- Shareholders' funds	7,931	6,701	4,398	1,794
- Life fund - Non investment - linked business	11,660	13,536	-	13,536
- Life fund - Investment - linked business (note 30)	802	692	-	692
	20,393	20,929	4,398	16,022

15. PROVISION FOR OUTSTANDING CLAIMS

Shareholders' fund

	GROUP AND COMPANY 2008 RM'000	2007 RM'000
Provision for outstanding claims	619	907

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

15. PROVISION FOR OUTSTANDING CLAIMS (cont'd)

Life fund

	GROUP 2008 RM'000	GROUP AND COMPANY 2007 RM'000
Provision for outstanding claims	22,762	15,071
Recoverable from reinsurers	(2,056)	(2,354)
Net outstanding claims	<u>20,706</u>	<u>12,717</u>

16. PAYABLES

Shareholders' fund

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade payables				
Due to reinsurers and cedants	231	251	231	251
Other payables				
Other creditors	6,724	7,893	2,260	7,416
Accrued liabilities	933	5,842	813	6,023
Amount due to related companies	456	179	456	179
	<u>8,344</u>	<u>14,165</u>	<u>3,760</u>	<u>13,869</u>

Life fund

	GROUP 2008 RM'000	GROUP AND COMPANY 2007 RM'000
Trade payables		
Due to reinsurers and cedants	1,594	1,030
Due to agents	2,817	2,776
Due to insureds	215,183	192,422
	<u>219,594</u>	<u>196,228</u>
Other payables		
Amount due to Shareholders' fund (note 13)	46,764	82,330
Amount due to holding company	79	-
Other creditors	10,917	13,184
Accrued liabilities	5,547	3,944
	<u>282,901</u>	<u>295,686</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

17. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

Shareholders' fund

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Deferred tax assets/(liabilities):				
At 1 January	(1,916)	(2,044)	22	19
(Charged)/credited to Income Statement (note 26)				
- property and equipment	(183)	2,102	(183)	2,092
- investment in subsidiary companies	-	-	(78)	(155)
- investments	2,039	(39)	2,039	(39)
- investment properties	350	(1,856)	350	(1,895)
- tax losses	(122)	(30)	-	-
- others	6	(49)	-	-
	2,090	128	2,128	3
Charged to asset revaluation reserve (note 20)	(75)	-	(75)	-
At 31 December	99	(1,916)	2,075	22
Comprising:				
Deferred tax assets	1,505	272	2,075	22
Deferred tax liabilities	(1,406)	(2,188)	-	-
	99	(1,916)	2,075	22
Subject to income tax:				
Deferred tax assets (before offsetting)				
- investment in subsidiary companies	-	-	1,938	2,015
- investments	1,383	-	1,383	-
- tax losses	122	244	-	-
- others	-	28	-	-
	1,505	272	3,321	2,015
Offsetting	-	-	(1,246)	(1,993)
Deferred tax assets (after offsetting)	1,505	272	2,075	22
Subject to income tax:				
Deferred tax liabilities (before offsetting)				
- property and equipment	(730)	(471)	(730)	(471)
- investments	-	(655)	-	(655)
- investment properties	(516)	(867)	(516)	(867)
- others	(160)	(195)	-	-
	(1,406)	(2,188)	(1,246)	(1,993)
Offsetting	-	-	1,246	1,993
Deferred tax liabilities (after offsetting)	(1,406)	(2,188)	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

17. DEFERRED TAX (cont'd)

Life fund

GROUP	NON INVESTMENT- LINKED BUSINESS		INVESTMENT-LINKED BUSINESS	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Deferred tax assets/(liabilities):				
At 1 January	(1,089)	(966)	(1,976)	(873)
Credited/(charged) to insurance revenue accounts (note 26 and note 30)				
- property and equipment	(228)	27	-	-
- investments	8,380	(198)	6,424	(1,103)
- investment properties	(45)	48	-	-
	8,107	(123)	6,424	(1,103)
At 31 December	7,018	(1,089)	4,448	(1,976)
Comprising:				
Deferred tax assets	7,018	-	4,448	-
Deferred tax liabilities	-	(1,089)	-	(1,976)
	7,018	(1,089)	4,448	(1,976)
Subject to income tax:				
Deferred tax assets (before offsetting)				
- investments	7,458	21	4,458	-
- investment properties	-	18	-	-
	7,458	39	4,458	-
Offsetting	(440)	(39)	(10)	-
Deferred tax assets (after offsetting)	7,018	-	4,448	-
Subject to income tax:				
Deferred tax liabilities (before offsetting)				
- property and equipment	(413)	(184)	-	-
- investments	-	(944)	(10)	(1,976)
- investment properties	(27)	-	-	-
	(440)	(1,128)	(10)	(1,976)
Offsetting	440	39	10	-
Deferred tax liabilities (after offsetting)	-	(1,089)	-	(1,976)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

17. DEFERRED TAX (cont'd)

Life fund (cont'd)

COMPANY	NON INVESTMENT-LINKED BUSINESS		INVESTMENT-LINKED BUSINESS	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Deferred tax assets/(liabilities):				
At 1 January	(1,089)	(966)	(1,976)	(873)
Credited/(charged) to insurance revenue accounts (note 26 and note 30)				
- property and equipment	(10)	27	-	-
- investments	7,807	(198)	4,573	(1,103)
- investment properties	(18)	48	-	-
	7,779	(123)	4,573	(1,103)
	6,690	(1,089)	2,597	(1,976)
Arising from Business Transfer (note 3)	(6,690)	-	(2,597)	-
At 31 December	-	(1,089)	-	(1,976)
Comprising:				
Deferred tax liabilities	-	(1,089)	-	(1,976)
	-	(1,089)	-	(1,976)
Subject to income tax:				
Deferred tax assets (before offsetting)				
- investments	-	21	-	-
- investment properties	-	18	-	-
	-	39	-	-
Offsetting	-	(39)	-	-
Deferred tax assets (after offsetting)	-	-	-	-
Subject to income tax:				
Deferred tax liabilities (before offsetting)				
- property and equipment	-	(184)	-	-
- investments	-	(944)	-	(1,976)
	-	(1,128)	-	(1,976)
Offsetting	-	39	-	-
Deferred tax liabilities (after offsetting)	-	(1,089)	-	(1,976)

The deferred tax liabilities arising from the temporary differences associated with the unallocated surplus carried forward of the Life fund (see note 18) to be transferred to the Shareholders' fund have not been recognised and disclosed in the financial statements due to the subjectivity in determining the amount to be transferred to the Shareholders' fund and the timing of the reversal of the temporary differences is within the control of the subsidiary company.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

18. LIFE POLICYHOLDERS' FUND

Life policyholders' fund at 31 December:

	GROUP 2008 RM'000	COMPANY 2008 RM'000	GROUP AND COMPANY 2007 RM'000
Actuarial liabilities	1,711,826	-	1,648,975
Unallocated surplus	313,089	-	374,319
Investment-linked policyholders' account (note 30)	249,308	-	211,578
Life policyholders' fund	<u>2,274,223</u>	-	<u>2,234,872</u>
	GROUP 2008 RM'000	COMPANY 2008 RM'000	GROUP AND COMPANY 2007 RM'000
Actuarial liabilities:			
At 1 January	1,648,975	1,648,975	1,514,680
Add: (Decrease)/increase in policy reserves	(69,296)	45,716	9,066
Bonus allocated to participating policyholders including interim bonus	132,461	256	125,514
Less: Interim bonus paid	(314)	(256)	(285)
	62,851	45,716	134,295
Arising from Business Transfer (note 3)	-	(1,694,691)	-
At 31 December	<u>1,711,826</u>	-	<u>1,648,975</u>
	GROUP 2008 RM'000	COMPANY 2008 RM'000	GROUP AND COMPANY 2007 RM'000
Unallocated surplus:			
At 1 January	374,319	374,319	237,508
Add: Surplus arising during the financial year	118,756	2,072	342,698
Less: Bonus allocated to participating policyholders including interim bonus	(132,461)	(256)	(125,514)
Transfer to Income Statement (page 43)	(47,525)	-	(80,373)
	(61,230)	1,816	136,811
Arising from Business Transfer (note 3)	-	(376,135)	-
At 31 December	<u>313,089</u>	-	<u>374,319</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

19. SHARE CAPITAL

	GROUP AND COMPANY	
	2008	2007
	RM'000	RM'000
Authorised:		
250,000,000 ordinary shares of 50 sen each	125,000	125,000

	GROUP AND COMPANY			
	2008		2007	
	Number of shares '000	Nominal value RM'000	Number of shares '000	Nominal value RM'000
Issued and fully paid up:				
Ordinary shares of 50 sen each:				
At 1 January / 31 December	202,370	101,185	202,370	101,185

Issued and fully paid up:
Ordinary shares of 50 sen each:

At 1 January / 31 December	202,370	101,185	202,370	101,185
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No new ordinary shares were issued by the Company during the financial year.

20. RESERVES

Shareholders' fund

	GROUP		COMPANY	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Non-distributable				
Share premium	1,884	1,884	1,884	1,884
Asset revaluation reserve	2,370	2,503	2,370	2,144
Currency translation reserve	5,190	5,190	-	-
	9,444	9,577	4,254	4,028
Distributable				
Retained earnings	327,349	321,821	246,281	281,288
	336,793	331,398	250,535	285,316

The Company has sufficient tax credit under Section 108(6) of the Income Tax Act, 1967 and exempt income account balance to enable the distribution of all its retained earnings as at 31 December 2008 if paid out as dividends.

As at 31 December 2008, the Company has a tax exempt account of RM21.6 million (2007: RM21.6 million) from which it can declare tax exempt dividends. These amounts are, however, subject to agreement by the Inland Revenue Board.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

20. RESERVES (cont'd)

Asset revaluation reserve

Shareholders' fund

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At 1 January	2,503	2,839	2,144	2,144
Surplus from revaluation of property	301	-	301	-
Deferred tax charge (note 17)	(75)	-	(75)	-
Revaluation surplus - net	226	-	226	-
Transfer of revaluation surplus on disposal of properties to retained earnings	(359)	(336)	-	-
At 31 December	2,370	2,503	2,370	2,144

The asset revaluation reserve represents the revaluation surplus arising from the revaluation of properties of the Shareholders' fund and cannot be distributed as cash dividends until after realisation of the assets concerned.

All of the Group's and the Company's properties which were held as property and equipment and investment properties were last revalued in 2008 as mentioned in notes 5 and 6 to the financial statements respectively.

Life fund

	GROUP	COMPANY	GROUP AND
	2008 RM'000	2008 RM'000	COMPANY 2007 RM'000
At 1 January	120	120	120
Transfer of revaluation surplus on disposal of properties to revenue account (note 24)	(61)	(61)	-
Arising from Business Transfer (note 3)	59	59	120
	-	(59)	-
At 31 December	59	-	120

The asset revaluation reserve represents the revaluation surplus arising from the revaluation of property and equipment and investment properties of the Life fund in 2005. This reserve cannot be transferred to the Shareholders' fund except to the extent approved by the relevant government authority.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

21. OPERATING REVENUE

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Continuing operations				
Gross premium – Life fund	503,650	443,150	-	-
Investment income	134,878	129,496	15,786	16,555
Revenue from computer consultancy and programming services rendered (note 24)	-	360	-	-
	<u>638,528</u>	<u>573,006</u>	<u>15,786</u>	<u>16,555</u>
Discontinued operations				
Gross premium – Life fund	-	-	371,144	443,150
Investment income	-	-	87,417	111,577
	<u>-</u>	<u>-</u>	<u>458,561</u>	<u>554,727</u>

22. NET PREMIUM

Included in the net premium were first year, renewal year and single premium net of reinsurance:

	GROUP 2008 RM'000	COMPANY 2008 RM'000	GROUP AND COMPANY 2007 RM'000
First year premium	59,354	45,002	63,473
Renewal year premium	343,106	243,164	324,106
Single premium	95,632	79,454	50,460
	<u>498,092</u>	<u>367,620</u>	<u>438,039</u>

23. INVESTMENT INCOME

Shareholders' fund

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Interest income from:				
Malaysian Government Securities and Government Investment Issues	3,715	3,859	3,090	3,795
Specified debt securities	6,748	4,710	5,851	4,378
Other loans	300	1,486	266	1,475
Fixed and call deposits	3,096	3,031	2,158	2,484
Accretion of discounts, net of amortisation of premiums	1,019	1,268	1,083	1,288
Gross dividends from:				
Shares quoted in Malaysia	958	982	958	788
Unquoted shares	123	123	123	105
Rental income - net	2,465	2,525	2,294	2,296
	<u>18,424</u>	<u>17,984</u>	<u>15,823</u>	<u>16,609</u>
Less: Investment expenses	(40)	(65)	(37)	(54)
	<u>18,384</u>	<u>17,919</u>	<u>15,786</u>	<u>16,555</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

23. INVESTMENT INCOME (cont'd)

Life fund

	GROUP 2008 RM'000	COMPANY 2008 RM'000	GROUP AND COMPANY 2007 RM'000
Interest income from:			
Malaysian Government Securities and Government Investment Issues	24,124	17,923	25,637
Specified debt securities	29,766	21,868	21,395
Mortgage loans	109	83	144
Policy loans	23,606	17,771	21,539
Other loans	2,304	1,881	4,413
Fixed and call deposits	9,050	7,011	8,390
Accretion of discounts, net of amortisation of premiums	7,856	5,913	8,352
Gross dividends from:			
Shares quoted in Malaysia	19,733	15,075	21,681
Unquoted shares	-	-	226
Rental income - net	141	35	83
	116,689	87,560	111,860
Less: Investment expenses	(195)	(143)	(283)
	116,494	87,417	111,577

Rental income of the Shareholders' fund of the Company includes an amount of RM1,043,604 (2007: RM1,088,009) from the insurance businesses for the rental of properties owned by the Shareholders' fund.

24. OTHER OPERATING (EXPENSES)/INCOME - NET

Shareholders' fund

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Profit on sale of investments	5,940	17,564	4,757	14,939
Outsourcing fee income	388	-	388	-
(Allowance for)/write-back of diminution in value of investments	(6,855)	627	(6,855)	627
Fair value loss - investment properties	(852)	-	(852)	-
Realised exchange (loss)/gain	(35)	(283)	(78)	3
Rendering of computer consultancy and programming services (note 21)	-	360	-	-
Gain on disposal of property and equipment	90	95	-	-
Other income	352	224	509	203
	(972)	18,587	(2,131)	15,772

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

24. OTHER OPERATING (EXPENSES)/INCOME - NET (cont'd)

Life fund

	GROUP 2008 RM'000	COMPANY 2008 RM'000	GROUP AND COMPANY 2007 RM'000
Profit on sale of investments	33,557	55,630	153,580
(Allowance for)/write-back of diminution in value of investments	(99,833)	(94,806)	5,336
Fair value gain on investment properties	335	-	-
Transfer of revaluation surplus on disposal of property to revenue account (note 20)	61	61	-
Realised exchange gain	57	-	22
(Loss)/gain on disposal of property and equipment	(23)	(23)	1
Impairment loss of investment properties (note 6)	-	-	(150)
Other income	2,240	1,606	1,834
	<u>(63,606)</u>	<u>(37,532)</u>	<u>160,623</u>

25. MANAGEMENT EXPENSES

Shareholders' fund

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Staff costs	1,288	952	858	559
Retirement benefits contributions	160	119	108	70
Total staff costs	1,448	1,071	966	629
Directors' remuneration:				
- Fees	103	38	100	35
- Other emoluments	625	6	624	6
Auditors' remuneration:				
- Statutory audit	93	55	64	21
- Audit related services	85	84	85	84
Depreciation of property and equipment	238	409	228	385
Property and equipment written off	23	-	-	-
Write-back of doubtful debts	-	(319)	-	(319)
Other expenses	1,266	1,190	1,051	1,245
	<u>3,881</u>	<u>2,534</u>	<u>3,118</u>	<u>2,086</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

25. MANAGEMENT EXPENSES (cont'd)

Life fund

	GROUP 2008 RM'000	COMPANY 2008 RM'000	GROUP AND COMPANY 2007 RM'000
Staff costs	13,547	10,648	14,939
Retirement benefits contributions	1,737	1,342	1,996
Total staff costs	15,284	11,990	16,935
Directors' remuneration:			
- Fees	197	192	244
- Other emoluments	1,197	1,191	45
Auditors' remuneration:			
- Statutory audit	130	98	159
- Audit related services	-	-	31
Office rental payable to:			
- Shareholders' fund	955	762	1,073
- Others	397	310	532
Depreciation of property and equipment	856	832	1,291
Property and equipment written off	376	130	260
Printing and stationery	1,186	752	1,291
Postage and courier charges	1,052	826	874
Allowance for/(write back) of doubtful debts	138	4	(1,038)
Other expenses	11,160	7,501	10,335
	<u>32,928</u>	<u>24,588</u>	<u>32,032</u>

The remuneration, including benefits-in-kind, attributable to the Chief Executive Officer during the financial year amounted to RM1,756,000 (2007: RM1,327,000).

The estimated monetary value of benefits provided to directors during the financial year by way of usage of the Company's assets amounted to RM369,000 (2007: RM422,000) in the Group and the Company.

Office rental payable to the Shareholders' fund is in respect of properties of the Shareholders' fund used by the insurance businesses (note 23).

The retirement benefits contributions of the Group and the Company were made to the defined contribution plans as mentioned in note 2(k).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

26. TAXATION

Shareholders' fund

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Continuing operations				
In respect of current financial year:				
Current tax	15,980	31,083	5,675	8,700
Deferred tax (note 17)	(2,090)	(128)	(2,128)	(3)
	13,890	30,955	3,547	8,697
In respect of prior years:				
Over/(under) provision in respect of prior financial years	163	(1,631)	163	(1,539)
	14,053	29,324	3,710	7,158
Discontinued operations				
In respect of current financial year:				
Current tax	-	-	-	21,701
	-	-	-	21,701

Life fund

	GROUP	COMPANY	GROUP AND
	2008 RM'000	2008 RM'000	COMPANY 2007 RM'000
In respect of current financial year:			
Current tax	11,782	10,481	21,058
Deferred tax (note 17)	(8,107)	(7,779)	123
	3,675	2,702	21,181
In respect of prior years:			
Under/(over) provision in respect of prior financial years	831	831	(160)
	4,506	3,533	21,021

The taxation charge in the income statement of the Company relates to income attributable to the Shareholders' funds.



NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

26. TAXATION (cont'd)

The reconciliation between the average effective tax rate and the Malaysian tax rate for the current financial year is as follows:

Shareholders' fund

	GROUP		COMPANY	
	2008 %	2007 %	2008 %	2007 %
Malaysian tax rate	26	27	26	27
Tax effects of:				
- section 110B set off	(5)	-	-	-
- expenses not deductible for tax purposes	2	-	7	-
Average effective tax rate	23	27	33	27

As at the balance sheet date, the Group has unutilised tax losses of approximately RM887,000 (2007: RM1,057,000) available for carry forward to offset against its future taxable income, subject to the provisions of the tax legislations and agreement with the tax authorities.

27. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share of the Group are calculated by dividing the Group's net profit attributable to shareholders over the weighted average number of ordinary shares of the company in issue of 202,370,000 (2007: 202,370,000) shares.

	2008	GROUP 2007
Net profit attributable to shareholders (RM'000)	47,003	85,021
Basic earnings per share (sen)	23.23	42.01

28. DIVIDENDS

COMPANY

	2008		2007	
	Gross dividend per share Sen	Amount of dividend RM'000	Gross dividend per share Sen	Amount of dividend RM'000
Dividends paid, net of tax	28	41,834	15	22,060

The directors recommend the payment of a first and final dividend of 13 sen per share, less 25% tax, amounting to RM19,731,075 for the financial year ended 31 December 2008, which is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting.

These financial statements do not reflect this final dividend which will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2009 when approved by shareholders.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

29. ADJUSTMENTS FOR NON-CASH ITEMS

Non-cash items in the statements of cash flows comprise:

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Life fund surplus after taxation	86,876	399,374	91,488	399,374
Transfer of life fund surplus to income statement	(47,525)	(80,373)	-	(80,373)
Profit on sale of investments	(37,632)	(197,622)	(61,531)	(194,902)
Allowance for/(write-back of) diminution in value of investments	187,425	(5,964)	157,337	(5,963)
Allowance for/(write-back of) doubtful debts	138	(1,357)	4	(1,357)
Accretion of discounts - net	(6,945)	(9,620)	(5,548)	(9,640)
Depreciation of property and equipment	1,093	1,700	1,058	1,676
Transfer from revaluation reserve upon disposal of properties	(61)	-	(61)	-
Property and equipment written off	400	260	130	260
Loss on revaluation of investment properties	517	-	852	-
Interest income	(105,133)	(95,873)	(79,567)	(94,919)
Interest expense	10,484	9,169	7,740	9,169
Dividend income	(25,643)	(25,976)	(18,943)	(25,764)
Rental income - net	(2,606)	(2,608)	(2,329)	(2,379)
(Gain)/loss on disposal of property and equipment	(60)	(95)	23	(1)
Impairment loss of investment properties	-	150	-	150
Taxation	12,777	53,874	3,240	53,409
Transfer of revaluation surplus on disposal of property to revenue account	(359)	-	-	-
	73,746	45,039	93,893	48,740

30. INVESTMENT-LINKED BUSINESS

BALANCE SHEET AS AT 31 DECEMBER 2008

	GROUP AND COMPANY	
	GROUP 2008 RM'000	COMPANY 2007 RM'000
ASSETS		
Investments (note 9)	243,361	212,487
Loan receivables (note 11)	381	465
Deferred tax assets (note 17)	4,448	-
Receivables	2,321	3,291
Current tax recoverable	398	45
Cash and bank balances (note 14)	802	692
TOTAL ASSETS	251,711	216,980

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

30. INVESTMENT-LINKED BUSINESS (cont'd)

BALANCE SHEET AS AT 31 DECEMBER 2008 (cont'd)

LIABILITIES	GROUP 2008 RM'000	GROUP AND COMPANY 2007 RM'000
Payables	2,121	1,569
Current tax payable	282	1,857
Deferred tax liabilities (note 17)	-	1,976
TOTAL LIABILITIES	2,403	5,402
NET ASSET VALUE OF FUNDS	249,308	211,578

REPRESENTED BY:	GROUP 2008 RM'000	COMPANY 2008 RM'000	GROUP AND COMPANY 2007 RM'000
Policyholders' account:			
At beginning of financial year	211,578	211,578	163,683
Net creation of units	105,417	89,865	8,403
(Deficit)/surplus after taxation for the financial year	(68,198)	(45,714)	39,492
Currency translation reserve	511	(195)	-
Arising from Business Transfer (note 3)	-	(255,534)	-
At end of financial year (note 18)	249,308	-	211,578

STATEMENT OF INCOME AND EXPENDITURE
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	GROUP 2008 RM'000	COMPANY 2008 RM'000	GROUP AND COMPANY 2007 RM'000
Investment income	7,145	4,452	4,298
Other operating (expenses)/income - net	(78,344)	(52,620)	40,572
Management expenses	(2,781)	(1,549)	(1,848)
(Deficit)/surplus before taxation for the financial year	(73,980)	(49,717)	43,022
Taxation:			
- current tax	(553)	(570)	(2,462)
- over provision in prior years	(89)	-	35
- deferred tax (note 17)	6,424	4,573	(1,103)
Currency translation reserve	511	(195)	-
(Deficit)/surplus after taxation for the financial year	(67,687)	(45,909)	39,492

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

31. SIGNIFICANT RELATED PARTY DISCLOSURES

The related parties of the Company are Manulife Financial Corporation, the ultimate holding company of John Hancock International Holdings, Inc which is a substantial shareholder of the Company and its subsidiary and associated companies ("Manulife Group").

The related parties of, and their relationships with the Company, are as follows:

Name of Company	Country of incorporation	Relationship
John Hancock International Holdings, Inc	United States of America	Substantial shareholder
The Manufacturers Life Insurance Company	Canada	Related company of substantial shareholder
Manulife Insurance Berhad	Malaysia	Subsidiary company
Manulife Asset Management (M) Sdn Bhd	Malaysia	Subsidiary company
Manulife Unit Trusts Berhad	Malaysia	Subsidiary company
Britama Credit Sdn Bhd	Malaysia	Subsidiary company
Britama Properties Sdn Bhd	Malaysia	Subsidiary company
The e-Software House Sdn Bhd	Malaysia	Subsidiary company
British American Investments Pte Ltd	Singapore	Subsidiary company
Manulife Technology and Services Sdn Bhd	Malaysia	Related company of substantial shareholder

In the normal course of business, the Group and the Company undertake various transactions with other companies deemed related parties by virtue of being subsidiary and associated companies of Manulife, collectively known as the Manulife Group. Related party transactions were carried out on terms and conditions no more favourable than those available on similar transactions to its unrelated parties.

The significant related party transactions during the financial year and balances at the financial year end between the Group and the Company and the related parties are set out below.

Significant related party transactions

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Transactions with Manulife Group				
Outsourced IT services expenses	1,413	1,534	1,413	1,534
Reimbursement of travelling expenses and other expenses	985	867	985	867
Reimbursement of software maintenance expenses	216	208	216	208
Management fees and maintenance charges	-	-	166	150
Rental of office expenses	-	-	8	63
Outsourcing fees	(388)	-	(388)	-
Rental income	(268)	(257)	(268)	(257)
Reimbursement of fixed deposit - interest income	(26)	-	(26)	-
Book-keeping fees and administration fees	(20)	-	(20)	-
Electronics document storage and management system fees	-	(360)	-	-
Reimbursement of directors' travelling expenses	-	(50)	-	(50)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

31. SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

Related party balances

Related party balances with Manulife Group included in the following notes to the financial statements are:

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Amounts due (to)/from included in other (payables)/receivables of Shareholders' fund:				
Other payables (note 16)	(456)	(179)	(456)	(179)

The Directors of the Company in office during the financial year were as follows:

Non-executive directors

Y Bhg Tan Sri Dato' Mohd Sheriff bin Mohd Kassim (*Chairman*)

Y Bhg Datuk Ismail bin Haji Ahmad

Y Bhg Datuk Abu Hassan bin Kendut

Ahmad Riza bin Basir

Philip John Hampden-Smith

Robert Allen Cook

Victor Stanley Apps (*Resigned on 1 January 2009*)

Executive directors

Chan Yui Lung (*Appointed on 16 February 2009*)

Peter Don Robertson (*Resigned on 11 November 2008*)

The aggregate amount of emoluments received by directors of the Company during the financial year was as follows:

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Executive director:				
- salaries	972	709	972	709
- bonus	415	196	415	196
- benefits-in-kind	369	422	369	422
	<u>1,756</u>	<u>1,327</u>	<u>1,756</u>	<u>1,327</u>
Non-executive directors:				
- fees	299	279	292	279
- meeting allowance	66	51	59	51
	<u>365</u>	<u>330</u>	<u>351</u>	<u>330</u>
	<u>2,121</u>	<u>1,657</u>	<u>2,107</u>	<u>1,657</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

31. SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

The total compensation paid to the Group and the Company's key management personnel are as follows:

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Salaries and other short-term employee benefits	3,904	2,227	3,200	2,227
Retirement benefits contribution	85	66	67	66
	<u>3,989</u>	<u>2,293</u>	<u>3,267</u>	<u>2,293</u>

The retirement benefits contributions were made to the defined contribution plans as mentioned in note 2(k).

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and Company either directly or indirectly. The key management personnel of the Group and Company include the executive director and certain members of senior management of the Group and Company.

32. GROUP CASH FLOW - SEGMENT INFORMATION

GROUP	Life fund RM'000	Shareholders' funds RM'000	Total RM'000
2008			
Cash flows from:			
Operating activities	48,898	42,710	91,608
Investing activities	(50,664)	354	(50,310)
Financing activities	-	(41,834)	(41,834)
Net (decrease)/increase in cash and cash equivalents	(1,766)	1,230	(536)
Cash and cash equivalents:			
At beginning of financial year	14,228	6,701	20,929
At end of financial year	<u>12,462</u>	<u>7,931</u>	<u>20,393</u>
2007			
Cash flows from:			
Operating activities	(6,562)	19,788	13,226
Investing activities	(696)	2,623	1,927
Financing activities	-	(22,060)	(22,060)
Net (decrease)/increase in cash and cash equivalents	(7,258)	351	(6,907)
Cash and cash equivalents:			
At beginning of financial year	21,486	6,350	27,836
At end of financial year	<u>14,228</u>	<u>6,701</u>	<u>20,929</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

32. GROUP CASH FLOW - SEGMENT INFORMATION (cont'd)

COMPANY	Discontinued operations Life fund RM'000	Continuing operations Shareholders' funds RM'000	Total RM'000
2008			
Cash flows from:			
Operating activities	(12,926)	177,311	164,385
Investing activities	(1,302)	(152,960)	(154,262)
Financing activities	-	(21,747)	(21,747)
Net (decrease)/increase in cash and cash equivalents	(14,228)	2,604	(11,624)
Cash and cash equivalents:			
At beginning of financial year	14,228	1,794	16,022
At end of financial year	-	4,398	4,398
2007			
Cash flows from:			
Operating activities	(6,562)	17,292	10,730
Investing activities	(696)	439	(257)
Financing activities	-	(22,060)	(22,060)
Net decrease in cash and cash equivalents	(7,258)	(4,329)	(11,587)
Cash and cash equivalents:			
At beginning of financial year	21,486	6,123	27,609
At end of financial year	14,228	1,794	16,022

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

32. SEGMENTAL REPORTING

The Ordinary Life segment is a traditional core business of the Group and the Company and serves individuals with a range of life insurance products including long-term care insurance. The results of these various segments are set out as follows:

	GROUP	
	2008 RM'000	2007 RM'000
Operating Revenue		
Gross Premium		
Ordinary Life Participating	186,169	187,449
Ordinary Life Non Participating	87,961	91,976
Investment-Linked	229,520	163,725
Total gross premium (note 21)	<u>503,650</u>	<u>443,150</u>
Investment Income		
Ordinary Life Participating	86,247	81,035
Ordinary Life Non Participating	21,189	21,497
Investment-Linked	1,218	1,092
Annuity Participating	7,840	7,953
Life Insurance business	116,494	111,577
Shareholders and others	18,384	17,919
Total investment income	<u>134,878</u>	<u>129,496</u>
Computer consultancy and programming services rendered	-	360
Total operating revenue (note 21)	<u>638,528</u>	<u>573,006</u>
Profit before Taxation		
Ordinary Life Participating	15,421	15,109
Ordinary Life Non Participating	22,900	51,116
Investment-Linked	8,933	13,882
Annuity Participating	271	266
Life Insurance business	47,525	80,373
Shareholders and others	13,531	33,972
Profit before taxation	61,056	114,345
Taxation	(14,053)	(29,324)
Net profit for the financial year attributable to shareholders	<u>47,003</u>	<u>85,021</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

32. SEGMENTAL REPORTING (cont'd)

	GROUP	
	2008 RM'000	2007 RM'000
Segment assets		
Ordinary Life Participating	1,707,704	1,671,828
Ordinary Life Non Participating	459,018	499,251
Investment-Linked (Note 30)	251,711	216,980
Annuity Participating	161,859	161,827
Life Insurance business	2,580,292	2,549,886
Shareholders and others	458,532	457,684
Total assets	3,038,824	3,007,570
Segment liabilities		
Ordinary Life Participating	194,875	153,334
Ordinary Life Non Participating	105,785	153,767
Investment-Linked (Note 30)	2,403	5,402
Annuity Participating	2,947	2,391
Life Insurance business	306,010	314,894
Shareholders and others	20,554	25,101
Total liabilities <i>(excluding Life policyholders' fund and Life asset revaluation reserve)</i>	326,564	339,995
Capital expenditure		
Ordinary Life Non Participating	4,754	696
Life Insurance business	4,754	696
Shareholders and others	460	-
Total capital expenditure	5,214	696
Depreciation and amortisation		
Ordinary Life Non Participating	922	1,291
Life Insurance business	922	1,291
Shareholders and others	238	409
Total depreciation and amortisation	1,160	1,700

Information on the Group's operations by geographical segments has not been provided as the Group operates principally in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

33. RISK MANAGEMENT POLICIES AND FINANCIAL INSTRUMENTS

The Board of Directors (“the Board”) has overall responsibilities to oversee risk management within the Group. In relation to financial instruments, the day to day risks inherent to the business are managed by the individual Operating Units through internal control procedures, standard operating procedures, compliance with relevant Insurance Act and Regulations as well as BNM’s guidelines and circulars.

The mandate of the Asset-Liability Committee (“ALCO”) is to monitor the asset-liability risks of the Group’s insurance operations. This includes identification, assessment, and management of asset liability risks, establishment of asset liability policies and procedures, implementation of the policies and procedures, and oversight of Group’s asset liability activities. The ALCO is part of the Enterprise Risk Management Framework.

The Investment Committee monitors on a monthly basis, the implementation of investment policies approved by the Board and reviews the policies with the consideration of changes in business environment and economic outlook. The results of the investment activities are reported to the Board regularly.

The principal risks pertaining to financial instruments are as follows:

a) Credit risk

Credit risk is the risk of loss due to inability or unwillingness of an issuer or borrower to service its debt obligations. The risk arising from lending and investment activities is monitored regularly with respect to single customer limit, exposure to sector type, credit rating and remaining term to maturity, according to guidelines and limits approved by the Board and within guidelines issued by BNM.

At balance sheet date, the credit exposure is within the guidelines and limits approved by the Board. The maximum exposure to credit risk is the carrying amount as stated in the financial statements.

The Group’s and the Company’s exposure to credit risk is further analysed as follows:

	GROUP		COMPANY	
	2008 RM’000	2007 RM’000	2008 RM’000	2007 RM’000
Rating of specified debt securities on carrying value basis				
AAA	355,302	315,846	40,805	315,845
AA	218,990	204,991	11,446	204,991
A	9,980	21,420	1,497	21,420
Government guaranteed and other low risk debt securities	233,373	165,295	13,285	160,074
	<u>817,645</u>	<u>707,552</u>	<u>67,033</u>	<u>702,330</u>

The rating categories are based on the ratings of reputable Malaysian rating agencies.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

33. RISK MANAGEMENT POLICIES AND FINANCIAL INSTRUMENTS (cont'd)

b) Market risk

(i) Interest rate risk

Investment activities and insurance business are inherently exposed to interest rate risk. This risk arises due to differences in pricing or tenure of investments and liabilities. Interest rate is managed by targeting a desired return, which is reviewed periodically, based on management's long term view on interest rates. The investing of assets at the target return over an extended time horizon mitigates the impact of this risk in the long term.

The average effective interest rate and maturity period for the financial assets are as follows:

GROUP

At 31 December 2008	Interest-bearing: Maturity period						Total carrying value RM'000	Average effective interest rate %
	< 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	> 5 years RM'000		
Malaysian Government Securities	-	-	35,619	49,983	-	561,472	647,074	4.37
Government Investment Issues	-	4,999	-	-	-	103,521	108,520	4.22
Specified debt securities – unquoted	11,996	3,454	19,686	121,237	93,567	567,705	817,645	4.05
Loan receivables	730	108	56	175	25,642	373,356	400,067	6.46
Fixed and call deposits	267,371	-	90,645	-	-	55,303	413,319	2.51
	280,097	8,561	146,006	171,395	119,209	1,661,357	2,386,625	

At 31 December 2007	Interest-bearing: Maturity period						Total carrying value RM'000	Average effective interest rate %
	< 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	> 5 years RM'000		
Malaysian Government Securities	65,642	-	-	-	49,978	460,566	576,186	4.69
Government Investment Issues	-	-	4,999	-	-	114,680	119,679	4.02
Specified debt securities – unquoted	12,012	12,502	1,923	23,006	155,400	502,709	707,552	3.94
Loan receivables	1,258	177	204	17,204	210	400,090	419,143	6.39
Fixed and call deposits	275,733	-	-	91,788	-	54,407	421,928	3.37
	354,645	12,679	7,126	131,998	205,588	1,532,452	2,244,488	

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

33. RISK MANAGEMENT POLICIES AND FINANCIAL INSTRUMENTS (cont'd)

b) Market risk (cont'd)
(i) Interest rate risk (cont'd)

COMPANY

At 31 December 2008	Interest-bearing: Maturity period					Total carrying value RM'000	Average effective interest rate %
	< 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000		
Malaysian Government Securities	-	-	203	7,797	-	43,471	3.72
Government Investment Issues	-	-	-	-	-	9,130	4.24
Specified debt securities - unquoted	1,497	-	4,192	7,013	7,700	67,033	3.86
Loan receivables	91	-	-	-	3,175	3,266	7.70
Fixed and call deposits	24,222	-	2,500	-	-	38,722	3.34
	25,810	-	6,895	14,810	10,875	161,622	

At 31 December 2007	Interest-bearing: Maturity period					Total carrying value RM'000	Average effective interest rate %
	< 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000		
Malaysian Government Securities	65,642	-	-	-	49,978	576,186	4.69
Government Investment Issues	-	-	4,999	-	-	119,679	4.02
Specified debt securities - unquoted	12,012	12,502	1,923	23,006	155,400	702,330	3.92
Loan receivables	1,215	147	147	17,204	212	419,015	6.39
Fixed and call deposits	257,394	-	-	91,788	-	403,589	3.37
	336,263	12,649	7,069	131,998	205,590	2,220,799	

There are no interest-bearing financial liabilities as at 31 December 2008.

* Disclosure information for financial assets and liabilities that relates to rights and obligations arising under insurance contracts is not shown as it is excluded from the scope of Financial Reporting Standard ("FRS") 132 "Financial Instruments: Disclosure and Presentation".

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

33. RISK MANAGEMENT POLICIES AND FINANCIAL INSTRUMENTS (cont'd)**b) Market risk** (cont'd)**(ii) Foreign exchange risk**

The Group's exposure to foreign currency risk is in relation to its investment in a wholly-owned subsidiary incorporated in Singapore. The risk is mitigated by the fact that the investments held by the Singapore subsidiary are substantially denominated in Ringgit Malaysia. As a result, the Group does not hedge its foreign currency exposure.

(iii) Equity risk

Equity risk results from adverse changes in the equity market. The Board has set internal limits for maximum equity exposure and individual stock exposure, which are consistent with BNM's guidelines and has also imposed daily trading limits. In addition, the Investment Committee at its monthly meeting discusses the economic and market outlook, reviews transactions and deliberates on further equity allocation. Any additional allocation is made only after calculating the buffer for the funds at different market levels.

c) Liquidity risk

Liquidity risk arises due to the inability of the Group to meet its financial obligations as and when due. This risk is managed via a three-year planning process to ascertain operational cash flow requirements and maintaining a reasonable level of liquid assets to meet any unexpected cash flow.

d) Estimated fair values

The carrying values of financial instruments as at the balance sheet date approximate their fair values, except for the following:

GROUP	Carrying Value		Fair Value	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Malaysian Government Securities	647,074	576,186	706,934	587,617
Government Investment Issues	108,520	119,679	115,497	120,021
Specified debt securities – unquoted	817,645	707,552	845,958	748,521
Fixed and call deposits	413,319	421,928	413,306	421,393
Loan receivables	400,067	419,143	401,339	421,274
Shares, warrants and convertible loan stocks	355,713	543,473	355,713	687,988
Investment-linked fund units	823	6,535	975	10,333
Other investments	64,741	14,526	64,741	14,526
	<u>2,807,902</u>	<u>2,809,022</u>	<u>2,904,463</u>	<u>3,011,673</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

33. RISK MANAGEMENT POLICIES AND FINANCIAL INSTRUMENTS (cont'd)**d) Estimated fair values (cont'd)**

COMPANY	Carrying Value		Fair Value	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Malaysian Government Securities	43,471	576,186	44,708	587,617
Government Investment Issues	9,130	119,679	9,727	120,021
Specified debt securities – unquoted	67,033	702,330	67,679	742,328
Fixed and call deposits	38,722	403,589	38,722	403,054
Loan receivables	3,266	419,015	3,439	421,188
Shares, warrants and convertible loan stocks	17,137	543,258	17,137	687,746
Investment-linked fund units	823	3,535	975	5,349
Other investments	553	14,507	553	14,507
	<u>180,135</u>	<u>2,782,099</u>	<u>183,763</u>	<u>2,981,810</u>

The carrying amounts of investment in fixed and call deposits of the Group have not been written down to their fair values as the directors are of the opinion that the investments will be held for long-term purposes.

34. SIGNIFICANT EVENTS**i) Proposed restructuring**

On 21 November 2007, Aseambankers Malaysia Berhad (“Aseam”), on behalf of the Company announced that the Company proposed to undertake an internal restructuring exercise (“Proposed Internal Restructuring”).

- (a) Proposed Newco Incorporation;
- (b) Proposed Business Transfer; and
- (c) Proposed Name Change.

On 21 January 2008, Aseam, on behalf of the Company, submitted the applications in relation to the Proposed Internal Restructuring to the relevant authorities for approval.

The Company obtained the approval from Securities Commission on 22 February 2008, Ministry of Finance on 24 March 2008, and the shareholders of the Company in the Extraordinary General Meeting held on 23 April 2008.

On 14 August 2008, the High Court of Malaya at Kuala Lumpur had granted an order for the confirmation of the transfer of the Life Insurance Business from the Company to its wholly-owned subsidiary, Manulife Insurance Berhad (“MIB”), and the vesting of the Life Insurance Business in MIB pursuant to Section 128 of the Insurance Act, 1996.

On 29 September 2008, the Minister of Finance, via BNM's letter granted a licence to MIB to commence life insurance business with effect from 1 October 2008 pursuant to a scheme approved and confirmed by the High Court of Malaya in accordance with Part XI of the Insurance Act, 1996.

Further details of the Business Transfer are disclosed in note 3 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

34. SIGNIFICANT EVENTS (cont'd)

ii) Acquisition of subsidiaries

The Company on 28 April 2008 acquired the entire issued and paid-up capital of MIB of 4 ordinary shares at a purchase price of RM2.00. Consequent thereto, MIB became a wholly-owned subsidiary company of the Company.

On 30 September 2008, the Company increased its investment in MIB by 300,000,000 ordinary shares of RM0.50 for a total consideration of RM150,000,000.

On 4 June 2008, the Company acquired the entire issued and paid-up capital of Manulife Asset Management (Malaysia) Sdn. Bhd. ("MAMSB") of 2 ordinary shares at a purchase consideration of RM2.00. Consequent thereto, MAMSB became a wholly-owned subsidiary company of the Company.

On 4 September 2008, the Company increased its investment in MAMSB by 2,499,998 ordinary shares of RM1.00 for a total consideration of RM2,499,998.

The principal activities of MAMSB are to manage funds and provide investment and fund management and to provide business, financial, taxation and economic research, market and credit investigation and to carry on financial and economic consultation business for capital investments.

On 21 October 2008, the Company acquired the entire issued and paid-up capital of Manulife Unit Trusts Berhad ("MUTB") of 2 ordinary shares at a purchase consideration of RM2.00. Consequent thereto, MUTB became a wholly-owned subsidiary company of Manulife.

The principal activities of MUTB are to engage in the establishment and management of unit trust funds. MUTB is dormant as at year end.

35. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the directors on 19 March 2009.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, **TAN SRI DATO' MOHD SHERIFF BIN MOHD KASSIM** and **CHAN YUI LUNG**, two of the directors of Manulife Holdings Berhad (formerly known as Manulife Insurance (Malaysia) Berhad), state that, in the opinion of the directors, the financial statements set out on pages 40 to 102 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2008, and of the results and cash flows of the Group and the Company for the financial year ended on that date in accordance with the MASB approved accounting standards in Malaysia for Entities Other than Private Entities and the provisions of the Companies Act, 1965.

Signed on behalf of the Board of Directors in accordance with their resolution dated 19 March 2009.

**TAN SRI DATO' MOHD SHERIFF
BIN MOHD KASSIM**
CHAIRMAN

CHAN YUI LUNG
DIRECTOR

Kuala Lumpur

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **TANG LOON KHOON**, the officer primarily responsible for the financial management of Manulife Holdings Berhad (formerly known as Manulife Insurance (Malaysia) Berhad), do solemnly and sincerely declare that the financial statements set out on pages 40 to 102 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

TANG LOON KHOON

Subscribed and solemnly declared by the abovenamed Tang Loon Khoon at Kuala Lumpur in Malaysia on 19 March 2009, before me.

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MANULIFE HOLDINGS BERHAD (formerly known as MANULIFE INSURANCE (MALAYSIA) BERHAD)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Manulife Holdings Berhad (formerly known as Manulife (Insurance) Malaysia Berhad), which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, revenue account, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 40 to 102.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with MASB approved accounting standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the MASB approved accounting standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flows for the year then ended.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MANULIFE HOLDINGS BERHAD (formerly known as MANULIFE INSURANCE (MALAYSIA) BERHAD)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of the subsidiaries of which we have not acted as auditors, which are indicated in note 8 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

JAFFAR HUSSEIN & CO.
(No. AF-0056)
Chartered Accountants

SHIRLEY GOH
(No. 1778/08/10 (J))
Chartered Accountant

Kuala Lumpur

19 March 2009

REGIONAL SUPPORT CENTRES

1. BUKIT MERTAJAM

10th Floor,
Wisma Summit, No. 566,
Jalan Arumugam Pillai,
14000 Bukit Mertajam,
Penang.
Tel : 04 - 539 4916 /
538 4917
Fax : 04 - 538 3922

2. IPOH

9th Floor, M&A Building,
No. 52A, Jalan Sultan
Idris Shah, 30000 Ipoh,
Perak.
Tel : 05 - 254 2295 /
254 2296
Fax : 05 - 255 0079

3. PETALING JAYA

Lot T101 - T106, 3rd Floor,
Centrepoint, No 3,
Lebuhraya Utama,
Bandar Utama, 47800,
Petaling Jaya, Selangor.
Tel : 03 - 7727 7772 /
7726 6680 / 7727 7618
Fax : 03 - 7726 6060

4. JOHOR BAHRU

2nd Floor, Bangunan Ang,
No. 1, Jalan Jeram,
Taman Tasek,
80200 Johor Bahru.
Tel : 07 - 235 2549 /
235 0775
Fax : 07 - 235 0768

5. SIBU

3rd Floor, Grand Merdin,
No. 131, Kampung Nyabor
Road, 96000 Sibu,
Sarawak.
Tel : 084 - 324 755 /
333 976 / 321 613
Fax : 084 - 320 454



HEAD OFFICE MANAGEMENT

LIST OF OFFICERS

Manulife Holdings Berhad

Group Chief Executive Officer
CHAN YUI LUNG
FCMA, HKICPA, HKRFP, LIMRA

Vice President, Human Resources & Administration
ROSLIN BIN ASTHER
MHRMgt & IR, DBS, ACS

Asst Vice President, Legal & Compliance
JASBENDER KAUR
LL.B (Hons), CLP

Manulife Insurance Berhad

Chief Executive Officer
KEVIN D. MCWHINNEY
B.A (Hons), CLU, CH.F.C, CFP, LLIF

Vice President, Marketing & Financial Advisors
ONG CHAR KWEE
MBA, ACS, FLMI

Asst Vice President, Manulife Training & Development
JOSEPH A. ILLINGWORTH
ACII (UK), CHFC, CLU, RFP, CFP

CFO & Appointed Actuary
PEH HOONG WEI
B. COMM, FIAA, F FIN, CFA

Vice President, Finance
TANG LOON KHOON
B Acct (Hons), CPA (M), CA(M)

Asst Vice President, Actuarial
TAN CHUE CHAU
B.Sc Mathematics, FSA

Sr Vice President & Head of Wealth Management
YAP SUAT YEN
B.A (Hons)

Asst Vice President, Manulife Agency
TENG SWEE HIN
B Sc (Hons), FLMI

Asst Vice President, Product Development
LEE YING HUI
B Sc Act & Mathematics, ACS, FLMI

Vice President, Manulife Agency
TAN LYE CHYE
B Sc (Hons)

Asst Vice President, Insurance Operations
NG CHENG CHUAN
DIP. MED. ASST, FLMI, ALHC

Asst Vice President, Sales & Marketing, Wealth Management
CHEE WENG WAH
B Econ (Hons), CFP, RFC, RFP

Manulife Asset Management (Malaysia) Sdn Bhd

Chief Executive Officer
YEOW KOK KIEN
MBA, B Sc Acctg (Hons)

Asst Vice President, Investment (Fixed Income)
HO SU-ANN
B.A (Hons) In Fin

LIST OF PROPERTIES

AS AT 31 DECEMBER 2008

Location	Land Area (sq.ft)	Built Up Area (sq.ft)	Tenure	Approx Age of Building (Years)	Net Book Value (RM'000)	Last Revaluation (Year)
KUALA LUMPUR						
Menara Manulife RB 6, Jalan Gelenggang, Damansara Heights (18 storey building)	46,997	181,831	Freehold	11	82,900	2008
8, Lorong Medan Tuanku Satu Jalan Tuanku Abdul Rahman (4 1/2-storey shophouse) (Sale of the property was concluded in January 2009)	1,485	6,530	Freehold	25	2,273	2007
17, Jalan 9A/55A Taman Setiawangsa (4-storey shophouse) (Sale of the property was concluded in January 2009)	1,647	6,340	Freehold	15	1,200	2005
PULAU PINANG						
42, Jalan Todak 4 Pusat Bandar Seberang Jaya Prai, Butterworth (4-storey shophouse)	3,337	12,695	Leasehold 84 years remaining expiring 21/10/2092	13	1,270	2007

All the above properties are for office and commercial use.

Revaluation policies on landed properties.

Properties are revalued in accordance with the requirement of Regulatory Authorities.

ANALYSIS OF SHAREHOLDINGS

AS AT 27 FEBRUARY 2009

Authorised Share Capital	:	RM125,000,000
Issued and Paid-up	:	RM101,185,000 comprising 202,370,000 Ordinary Shares of 50 sen each
Class of Shares	:	Ordinary Shares of 50 sen each
Voting Rights	:	1 vote per Ordinary Shares
No. of shareholders	:	3,263

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Capital
1-99	215	6.59	7,748	0.00
100 to 1,000	892	27.33	698,911	0.36
1,001 to 10,000	1,665	51.03	6,667,087	3.29
10,001 to 100,000	402	12.32	12,310,322	6.08
100,001 to less than 5% of issued shares	88	2.70	90,075,599	44.51
5% and above of issued shares	1	0.03	92,610,333	45.76
Total	3,263	100.00	202,370,000	100.00

SUBSTANTIAL SHAREHOLDER ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 27 FEBRUARY 2009

Name	Shareholdings	% of Issued Capital
John Hancock International Holdings, Inc	92,610,333	45.76

DIRECTORS' HOLDINGS ACCORDING TO THE REGISTER OF DIRECTORS' INTEREST AS AT 27 FEBRUARY 2009

Name	Direct		Indirect	
	No. of Shares	% of Issued Share Capital	No. of Shares	% of Issued Share Capital
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	50,000	*	-	-

* Negligible

Save as disclosed above, none of the Directors have any direct and deemed interest in the Company.

ANALYSIS OF SHAREHOLDINGS

as at 27 February 2009

30 LARGEST SHAREHOLDERS

	Name	No. of Shareholdings	% of Issued Capital
1	MAYBAN NOMINEES (ASING) SDN BHD JOHN HANCOCK INTERNATIONAL HOLDINGS, INC (230279)	92,610,333	45.76
2	MAYBAN NOMINEES (TEMPATAN) SDN BHD MAYBAN TRUSTEES BERHAD FOR PUBLIC REGULAR SAVINGS FUND (N14011940100)	8,855,733	4.38
3	PERMODALAN NASIONAL BERHAD	8,507,700	4.20
4	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD PUBLIC GROWTH FUND	7,393,166	3.65
5	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD PUBLIC SAVINGS FUND	5,085,000	2.51
6	EMPLOYEES PROVIDENT FUND BOARD	4,279,690	2.11
7	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (JERSEY)	4,277,266	2.11
8	HSBC NOMINEES (ASING) SDN BHD BNP PARIBAS SECS SVS LUX FOR ABERDEEN GLOBAL	3,511,800	1.74
9	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD PUBLIC EQUITY FUND	3,219,400	1.59
10	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD PUBLIC SMALLCAP FUND	3,175,400	1.57
11	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD PUBLIC DIVIDEND SELECT FUND	3,069,200	1.52
12	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD PUBLIC FAR-EAST DIVIDEND FUND	2,889,100	1.43
13	MAYBAN NOMINEES (TEMPATAN) SDN BHD ABERDEEN ASSET MANAGEMENT SDN BHD FOR THE EMPLOYEES' PROVIDENT FUND BOARD (250416)	2,790,000	1.38
14	MAYBAN NOMINEES (TEMPATAN) SDN BHD MAYBAN TRUSTEES BERHAD FOR PUBLIC BALANCED FUND (N14011950210)	2,459,500	1.22
15	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD PUBLIC SOUTH-EAST ASIA SELECT FUND	2,076,100	1.03

ANALYSIS OF SHAREHOLDINGS

as at 27 February 2009

30 LARGEST SHAREHOLDERS

	Name	No. of Shareholdings	% of Issued Capital
16	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PHEIM ASSET MANAGEMENT SDN BHD FOR EMPLOYEES PROVIDENT FUND	1,928,400	0.95
17	MAYBAN NOMINEES (TEMPATAN) SDN BHD MAYBAN TRUSTEES BERHAD FOR PUBLIC AGGRESSIVE GROWTH FUND (N14011940110)	1,662,866	0.82
18	HSBC NOMINEES (ASING) SDN BHD HSBC-FS FOR ABERDEEN MALAYSIA EQUITY FUND	1,425,000	0.70
19	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD PUBLIC ENHANCED BOND FUND	1,200,000	0.59
20	YEOH KEAN HUA	1,190,000	0.59
21	GAN TENG SIEW REALTY SDN BERHAD	1,091,000	0.54
22	MAYBAN NOMINEES (TEMPATAN) SDN BHD ABERDEEN ASSET MANAGEMENT SDN BHD FOR MALAYSIAN TIMBER COUNCIL (ENDOWMENT FUND)	1,064,300	0.53
23	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-R ES)	1,059,600	0.52
24	FU, CHEN SHU-CHEN	980,700	0.48
25	CHENG WEN-YIH	903,000	0.45
26	LEE HUNG FONG	644,980	0.32
27	GHS CAPITAL SDN BHD	634,600	0.31
28	MAYBAN NOMINEES (TEMPATAN) SDN BHD ABERDEEN ASSET MANAGEMENT SDN BHD FOR MALAYSIAN TIMBER COUNCIL (OPERATING FUND)	615,000	0.30
29	KEY DEVELOPMENT SDN BERHAD	564,000	0.28
30	CHAN SHIEK CHIN @ CHAN SHICK CHIN	554,000	0.27
	Total	169,716,834	83.86

ANNEXURE A

Yen Ley Kiow
No. 26 Jalan BS 9/5C
Seksyen 9 Taman Bukit Serdang
43300 Seri Kembangan
Selangor

3 March 2009

The Board of Directors
Manulife Holdings Bhd
12th Floor, Menara Manulife RB
6 Jalan Gelenggang
Damansara Heights
50490 Kuala Lumpur

Dear Sirs

CHANGE OF AUDITORS

Pursuant to Section 172(11) of the Companies Act, 1965, I, being a shareholder of the Company, hereby give notice of my intention to nominate Messrs PricewaterhouseCoopers for appointment as auditors of the Company and to propose the following as an ordinary resolution to be tabled at the forthcoming Annual General Meeting of the Company, to replace the retiring auditors, Messrs Jaffar Hussein & Co.

“That Messrs PricewaterhouseCoopers be and are hereby appointed auditors of the Company in place of the retiring auditors, Messrs Jaffar Hussein & Co to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors.”

Yours faithfully



Yen Ley Kiow
I/C : 660126-01-6096

PROXY FORM



Manulife

Manulife Holdings Berhad (24851-H)
(formerly known as Manulife Insurance (Malaysia) Berhad)

I/We _____
(FULL NAME AND NRIC/PASSPORT NO. IN BLOCK LETTERS)

of _____

being a member/members of the abovenamed Company, hereby appoint _____

(FULL NAME AND NRIC/PASSPORT NO. IN BLOCK LETTERS)

or failing him THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf, at the Annual General Meeting of the Company to be held on Friday, 24 April 2009 at 10.00 a.m. and at any and every adjournment thereof. My/Our proxy is to vote on the business before the meetings as indicated below (if no indication is given my/our proxy will vote or abstain from voting at his discretion):-

No.	Resolution	For	Against
1.	Directors' Report and Audited Financial Statements		
2.	Declaration of Dividend		
3.	Datuk Abu Hassan Bin Kendut		
4.	Mr Philip John Hampden-Smith		
5.	Mr Michael Chan Yui Lung		
6.	Datuk Ismail Bin Haji Ahmad		
7.	Directors' Remuneration in respect of 2008		
8.	Appointment of Auditors		
9.	Special Business – Ordinary Resolution		

Dated this _____ day of _____ 2009

Number of Shares Held

Signature(s)/Seal of the Shareholder(s)

Notes:

- In respect of deposited securities, only members whose names appear in the Record of Depositors on 15 April 2009 ("General Meeting Record of Depositors") shall be eligible to attend the meeting.
- The right of a Foreigner to vote in respect of their deposited securities is subject to Section 41 of the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depository) (Foreign Ownership) Regulations, 1996 and Article 3 of the Company's Articles of Association. The position of such Depositors in this regard will be determined based on the General Meeting Record of Depositors. Such depositors whose shares exceed the Company's foreign shareholding limit of 49% as at the date of the General Meeting Record of Depositors may attend the above Meeting but are not entitled to vote. Consequently, a proxy appointed by such Depositor who is not entitled to vote will also not be entitled to vote at the above Meeting.
- Subject to Note 1 above, a member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy or an attorney to attend and vote in his stead. A proxy or attorney need not be a member of the Company.
- If the appointer is a corporation, the form of proxy or power of attorney should be executed under its common seal or under the hand of a person duly authorised.
- The instrument appointing a proxy or a power of attorney must be deposited at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting.

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THE COMPANY SECRETARY
MANULIFE HOLDINGS BERHAD (24851-H)
(formerly known as Manulife Insurance (Malaysia) Berhad)

C/O Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

Affix
Stamp

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Manulife Holdings Berhad (24851-H)
(formerly known as Manulife Insurance (Malaysia) Berhad)

12th Floor, Menara Manulife RB,
6 Jalan Gelenggang, Damansara Heights,
50490 Kuala Lumpur, Malaysia.

Tel : 603 - 2719 9228

Fax : 603 - 2094 0573

Website : www.manulife.com.my