

Company No.

814942	M
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**MANULIFE INSURANCE BERHAD**  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014**

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## **MANULIFE INSURANCE BERHAD**

(Incorporated in Malaysia)

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## MANULIFE INSURANCE BERHAD

(Incorporated in Malaysia)

### UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Note	As at 30.06.2014 RM'000	As at 31.12.2013 RM'000
<b>ASSETS</b>			
Property and equipment		18,848	16,113
Investment properties		45,586	45,586
Intangible asset	12	37,192	28,627
Loans and receivables		448,021	424,920
Available-for-sale financial assets	13 (a)	2,591,907	2,509,428
Fair value through profit or loss financial assets	13 (b)	950,931	893,520
Reinsurance assets	14	2,237	1,731
Insurance receivables		20,652	26,969
Cash and cash equivalents		49,196	34,404
<b>TOTAL ASSETS</b>		<b>4,164,570</b>	<b>3,981,298</b>
<b>EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES</b>			
Share capital		150,000	150,000
Retained earnings		215,246	204,070
Other reserve		18,878	15,045
<b>TOTAL EQUITY</b>		<b>384,124</b>	<b>369,115</b>
Insurance contract liabilities	15	3,242,395	3,072,831
Insurance claim liabilities		46,804	41,001
Deferred tax liabilities		40,706	41,672
Insurance payables		369,587	364,488
Current tax liabilities		410	2,579
Other payables		80,544	89,612
<b>TOTAL LIABILITIES</b>		<b>3,780,446</b>	<b>3,612,183</b>
<b>TOTAL EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES</b>		<b>4,164,570</b>	<b>3,981,298</b>

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

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## MANULIFE INSURANCE BERHAD

(Incorporated in Malaysia)

### UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014

	<u>30.06.2014</u>	<u>30.06.2013</u>
	RM'000	RM'000
Premium income		
Gross premiums	375,626	250,361
Premiums ceded to reinsurers	(4,897)	(5,101)
Net premiums	<u>370,729</u>	<u>245,260</u>
Investment income	74,020	72,732
Net realised gains	32,095	40,701
Net fair value gains	30,123	28,863
Fee income	1,294	-
Other operating income	841	474
<b>Total revenue</b>	<u>509,102</u>	<u>388,030</u>
Gross benefits and claims paid	(225,688)	(194,141)
Claims ceded to reinsurers	2,601	568
Gross change in contract liabilities	(179,239)	(93,130)
<b>Net claims</b>	<u>(402,326)</u>	<u>(286,703)</u>
Fee and commission expenses	(33,850)	(34,435)
Investment expenses	(4,202)	(4,025)
Management expenses	(42,799)	(35,396)
Other operating expenses	(10,907)	(5,750)
<b>Other expenses</b>	<u>(91,758)</u>	<u>(79,606)</u>
<b>Profit before taxation</b>	15,018	21,721
Taxation	(3,842)	(5,029)
<b>Net profit for the financial period</b>	<u>11,176</u>	<u>16,692</u>
<b>Net profit attributable to:</b>		
Equity holders of the Company	<u>11,176</u>	<u>16,692</u>
Basic earnings per share (sen)	<u>3.73</u>	<u>5.56</u>

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

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## MANULIFE INSURANCE BERHAD

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### UNAUDITED CONDENSED STATEMENT OF TOTAL COMPREHENSIVE INCOME FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014

	<u>30.06.2014</u>	<u>30.06.2013</u>
	RM'000	RM'000
<b>Net profit for the financial period</b>	11,176	16,692
<b>Other comprehensive income/(losses), net of tax:</b>		
Other comprehensive income/(losses) to be reclassified to profit or loss in subsequent periods:-		
Fair value change on available-for-sale financial assets:		
- Gross fair value change	(6,518)	(784)
- Deferred tax	449	1,643
	(6,069)	859
Change in insurance contract liabilities arising from unrealised net fair value losses/(gains)	9,902	(6,543)
- Net gains/(losses)	3,833	(5,684)
<b>Net other comprehensive income/(losses) to be reclassified to profit or loss in subsequent periods</b>	3,833	(5,684)
<b>Other comprehensive income/(losses) for the financial period</b>	3,833	(5,684)
<b>Total comprehensive income for the financial period</b>	<u>15,009</u>	<u>11,008</u>
<b>Total comprehensive income attributable to:</b>		
Equity holders of the Company	<u>15,009</u>	<u>11,008</u>

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

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## MANULIFE INSURANCE BERHAD

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### UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014

	<u>Note</u>	<u>Share capital</u> RM'000	<u>Fair value reserve</u> RM'000	<u>Retained earnings</u> RM'000	<u>Total</u> RM'000
<b>At 1 January 2014</b>		150,000	15,045	204,070	369,115
Net profit for the financial period		-	-	11,176	11,176
Other comprehensive income for the financial period		-	3,833	-	3,833
Total comprehensive income for the financial period		-	3,833	11,176	15,009
<b>At 30 June 2014</b>		<u>150,000</u>	<u>18,878</u>	<u>215,246</u>	<u>384,124</u>
<b>At 1 January 2013</b>		150,000	27,437	341,766	519,203
Net profit for the financial period		-	-	16,692	16,692
Other comprehensive loss for the financial period		-	(5,684)	-	(5,684)
Total comprehensive (losses)/income for the financial period		-	(5,684)	16,692	11,008
Final dividends for the financial year ended 31 December 2012	7	-	-	(200,010)	(200,010)
<b>At 30 June 2013</b>		<u>150,000</u>	<u>21,753</u>	<u>158,448</u>	<u>330,201</u>

Included in the retained earnings are surplus from Non-participating life fund (net of deferred tax) of approximately RM 82,300,000 (1 January 2014: RM 71,719,000 ; 30 June 2013: RM 77,844,000; 1 January 2013: RM 71,719,000). These amounts are only distributable upon the actual recommended transfer from Non-participating Life Fund to the Shareholders' fund by the Appointed Actuary.

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

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## MANULIFE INSURANCE BERHAD

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### UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014

	6 months ended 30.06.2014	6 months ended 30.06.2013
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit attributable to shareholders	11,176	16,692
Adjustments for non-cash items	60,236	(39,709)
Operating profit/(loss) before changes in operating assets and liabilities	71,412	(23,017)
Purchase of investments	(1,267,345)	(756,924)
Proceeds from sale and maturity of investments	1,183,794	933,024
Interest income received	49,085	52,580
Dividend income received	19,763	15,957
Rental income received	2,526	2,220
Decrease in loan receivables	11,722	12,888
Decrease in other receivables	9,590	4,625
Increase in fixed and call deposits	(38,169)	(14,041)
Increase in insurance claims liabilities	5,524	5,324
(Decrease)/increase in payables	(3,969)	19,142
Cash generated from operations	43,933	251,778
Income taxes paid	(15,375)	(11,614)
Net cash inflow from operating activities	28,558	240,164
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(3,766)	(237)
Purchase of intangible assets	(10,000)	(30,000)
Net cash outflow from investing activities	(13,766)	(30,237)
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Shareholders' dividends paid	-	(200,010)
Net cash outflow from financing activity	-	(200,010)
<b>CASH AND CASH EQUIVALENTS</b>		
Net increase during the financial period	14,792	9,917
Cash and cash equivalents at 1 January	34,404	30,430
Cash and cash equivalents at 30 June	49,196	40,347

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

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## **MANULIFE INSURANCE BERHAD**

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### **UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014 (CONTINUED)**

#### **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the statement of cash flows and statement of financial position comprise the following:

	<b>As at 30.06.2014</b>	<b>As at 30.06.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	49,122	32,913
Short-term deposits	74	7,434
Cash and cash equivalents	<u>49,196</u>	<u>40,347</u>

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



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## **MANULIFE INSURANCE BERHAD**

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### **NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

#### **1. BASIS OF PREPARATION**

The condensed interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134, "Interim Financial Reporting" and should be read in conjunction with the Company's audited financial statements for the financial year ended 31 December 2013, which were prepared in accordance with the Malaysian Financial Reporting Standards.

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to gain an understanding of the changes in the financial position and performance of the Company since the financial year ended 31 December 2013.

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and presentation adopted by the Company for the quarterly financial statements are consistent with those adopted in the Company's audited financial statements for the financial year ended 31 December 2013, except for the adoption of the following:

<u>MFRSs/Interpretations</u>	<u>Effective Date</u>
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Amendments to MFRS 119: Defined Benefit Plan: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010-2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011-2013 Cycle	1 July 2014

The adoption of the revised standards, amendments and interpretations issued by Malaysian Accounting Standards Board ("MASB") in the current financial year do not have any material impact to the financial statements of the Company.

As at the date of authorisation of these interim financial statements, the revised MFRSs, amendments to MFRSs and IC Interpretations but not yet effective issued by MASB in the current year is not expected to have any material impact on the financial statements of the Company.

#### **3. SEASONAL/CYCLICAL FACTORS**

The business operations of the Company are subject to the sales cycle of the insurance business.

#### **4. UNUSUAL ITEMS**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the financial period ended 30 June 2014.

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## **MANULIFE INSURANCE BERHAD**

(Incorporated in Malaysia)

### **NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)**

#### **5. CHANGE IN ESTIMATES**

There were no changes in the basis used for accounting estimates for the current financial period ended 30 June 2014.

#### **6. DEBT AND EQUITY SECURITIES**

There were no issuances, cancellation, repurchases, resale and repayment of debt and equity securities during the current financial period ended 30 June 2014.

#### **7. DIVIDENDS**

No dividends has been paid or declared by the Company since the end of the previous financial year.

#### **8. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD**

There is no material event subsequent to the end of the period under review that has not been reported in the interim financial statements for the current financial period to date.

#### **9. CHANGES IN COMPOSITION OF THE COMPANY**

There is no change in the Company's composition for the current financial period to date.

#### **10. CONTINGENT LIABILITIES**

There were no contingent liabilities as at the date of this report since the last annual statement of financial position date.

#### **11. SIGNIFICANT EVENTS**

There are no significant events during the financial period to date.

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## MANULIFE INSURANCE BERHAD

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### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

#### 12. INTANGIBLE ASSET

	Exclusive right RM'000	Computer software RM'000	Total RM'000
<b>Cost</b>			
At 1 January 2013	-	491	491
Additions	30,000	-	30,000
At 31 December 2013/1 January 2014	30,000	491	30,491
Additions	10,000	-	10,000
At 30 June 2014	40,000	491	40,491
<b>Accumulated amortisation</b>			
At 1 January 2013	-	491	491
Amortisation during the financial year	1,373	-	1,373
At 31 December 2013/1 January 2014	1,373	491	1,864
Amortisation during the financial period	1,435	-	1,435
At 30 June 2014	2,808	491	3,299
<b>Net carrying amount</b>			
At 30 June 2014	37,192	-	37,192
At 31 December 2013	28,627	-	28,627

The Exclusive right is a definite life intangible asset and relates to a 10-year exclusive bancassurance agreement entered into between the Company and Alliance Bank Malaysia Berhad ("ABMB") on 13 June 2013. The exclusive right is amortised over the duration of the agreement with reference to the benefits generated from the partnership in which the Company expects to recognise the related revenue.

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## MANULIFE INSURANCE BERHAD

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### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

#### 13. FINANCIAL ASSETS

##### (a) Available-for-sale

	<b>As at 30.06.2014</b>	<b>As at 31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Equity securities		
- Quoted in Malaysia	711,305	721,064
- Unquoted	1,944	1,944
Unit trust funds*	216,312	230,197
Malaysian Government Securities	628,519	602,428
Government Investment Issues	178,880	165,768
Corporate debt securities		
- Unquoted	839,383	773,738
Accrued interest	15,564	14,289
	<u>2,591,907</u>	<u>2,509,428</u>
Current	1,001,011	1,058,140
Non-current	<u>1,590,896</u>	<u>1,451,288</u>
	<u>2,591,907</u>	<u>2,509,428</u>

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### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

#### 13. FINANCIAL ASSETS (CONTINUED)

##### (b) Fair value through profit or loss - designated upon initial recognition

	<u>As at 30.06.2014</u>	<u>As at 31.12.2013</u>
	RM'000	RM'000
Equity securities		
- Quoted in Malaysia	361,355	360,029
- Quoted outside Malaysia	1,729	1,236
Unit trust funds*	2,080	1,554
Malaysian Government Securities	66,232	70,846
Government Investment Issues	19,476	20,809
Corporate debt securities		
- Unquoted	189,979	212,009
Mutual funds		
- Quoted outside Malaysia	307,699	224,527
Derivatives		
- Forward/spot currency contract	32	-
Accrued interest	2,349	2,510
	<u>950,931</u>	<u>893,520</u>
Current	762,107	676,507
Non-current	<u>188,824</u>	<u>217,013</u>
	<u>950,931</u>	<u>893,520</u>

\* Includes investment in unit trust fund managed by a related company

During the six months ended 30 June 2014, there were no changes in classification of financial assets nor transfer between fair value hierarchy of financial assets as a result of a change in the purpose or the use of these financial assets.

#### 14. REINSURANCE ASSETS

	<u>As at 30.06.2014</u>	<u>As at 31.12.2013</u>
	RM'000	RM'000
Reinsurance assets on:		
- Insurance contract liabilities	318	91
- Insurance claims liabilities	1,919	1,640
	<u>2,237</u>	<u>1,731</u>

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## MANULIFE INSURANCE BERHAD

(Incorporated in Malaysia)

### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

#### 15. INSURANCE CONTRACT LIABILITIES

	Gross		Net	
	As at 30.06.2014 RM'000	As at 31.12.2013 RM'000	As at 30.06.2014 RM'000	As at 31.12.2013 RM'000
Actuarial liabilities	2,129,373	2,087,864	2,129,055	2,087,773
Unallocated surplus	211,830	202,587	211,830	202,587
Fair value reserve	105,224	115,126	105,224	115,126
Asset revaluation reserve	641	641	641	641
Investment-linked policyholders' account	795,327	666,613	795,327	666,613
	<u>3,242,395</u>	<u>3,072,831</u>	<u>3,242,077</u>	<u>3,072,740</u>
Current	1,222,481	1,083,281	1,222,497	1,083,289
Non-current	2,019,914	1,989,550	2,019,580	1,989,451
	<u>3,242,395</u>	<u>3,072,831</u>	<u>3,242,077</u>	<u>3,072,740</u>

The life insurance contract liabilities and its movements are further analysed as follows:

	Gross		Net	
	As at 30.06.2014 RM'000	As at 31.12.2013 RM'000	As at 30.06.2014 RM'000	As at 31.12.2013 RM'000
At 1 January	3,072,831	2,803,687	3,072,740	2,803,687
Inforce reserve movement	10,820	47,297	10,820	47,297
New business reserve	6,733	5,223	6,506	5,132
Discount rate and other changes	23,956	(103,181)	23,956	(103,181)
Unallocated surplus	9,243	139,363	9,243	139,363
Fair value reserve, net of tax	(9,902)	(54,396)	(9,902)	(54,396)
Asset revaluation reserve	-	641	-	641
Investment-linked policyholders' account	128,714	234,197	128,714	234,197
At 30 June/31 December	<u>3,242,395</u>	<u>3,072,831</u>	<u>3,242,077</u>	<u>3,072,740</u>

**MANULIFE INSURANCE BERHAD**

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
(CONTINUED)****16. FINANCIAL INSTRUMENTS AND FAIR VALUE OF ASSETS****(a) Categories of financial instruments**

The table below provides an analysis of financial instruments categorised as follows:

- i) Available-for-sale (“AFS”);
- ii) Fair value through profit or loss - designated upon initial recognition (“FVTPL”);
- iii) Loans and receivables excluding prepayments (“LAR”); and
- iv) Other financial liabilities measured at amortised cost (“OL”).

	<u>AFS</u> <u>RM'000</u>	<u>FVTPL</u> <u>RM'000</u>	<u>LAR</u> <u>RM'000</u>	<u>OL</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>
<b>30 June 2014</b>					
<b>Financial assets</b>					
AFS financial assets	2,591,907	-	-	-	2,591,907
FVTPL financial assets	-	950,931	-	-	950,931
Loans and receivables	-	-	447,300	-	447,300
Reinsurance assets	-	-	2,237	-	2,237
Insurance receivables	-	-	20,652	-	20,652
Cash and cash equivalents	-	-	49,196	-	49,196
	<u>2,591,907</u>	<u>950,931</u>	<u>519,385</u>	<u>-</u>	<u>4,062,223</u>
<b>Financial liabilities</b>					
Insurance contract liabilities	-	-	-	3,242,395	3,242,395
Insurance claims liabilities	-	-	-	46,804	46,804
Insurance payables	-	-	-	369,587	369,587
Other payables	-	-	-	80,544	80,544
	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,739,330</u>	<u>3,739,330</u>
<b>31 December 2013</b>					
<b>Financial assets</b>					
AFS financial assets	2,509,428	-	-	-	2,509,428
FVTPL financial assets	-	893,520	-	-	893,520
Loans and receivables	-	-	424,484	-	424,484
Reinsurance assets	-	-	1,731	-	1,731
Insurance receivables	-	-	26,969	-	26,969
Cash and cash equivalents	-	-	34,404	-	34,404
	<u>2,509,428</u>	<u>893,520</u>	<u>487,588</u>	<u>-</u>	<u>3,890,536</u>
<b>Financial liabilities</b>					
Insurance contract liabilities	-	-	-	3,072,831	3,072,831
Insurance claims liabilities	-	-	-	41,001	41,001
Insurance payables	-	-	-	364,488	364,488
Other payables	-	-	-	89,612	89,612
	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,567,932</u>	<u>3,567,932</u>

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### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

#### 16. FINANCIAL INSTRUMENTS AND FAIR VALUE OF ASSETS (CONTINUED)

##### (b) Determination of fair values and fair value hierarchy

The fair value and fair value hierarchy of the Company's assets and liabilities are determined using the methods consistent with those disclosed in note 4, note 5, note 31(b) and (c) to the audited financial statement for the financial year ended 31 December 2013.

The following table presents the Company's assets that are carried at fair value as at 30 June 2014.

	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
<b>30 June 2014</b>				
<b>Property</b>	9,107	-	9,107	-
<b>Investment Properties</b>	45,586	-	45,586	-
<b>AFS financial assets</b>				
Equity securities				
- Quoted in Malaysia	711,305	711,305	-	-
- Unquoted	1,944	-	-	1,944
Unit trust funds	216,312	216,312	-	-
Malaysian Government Securities	628,519	-	628,519	-
Government Investment Issues	178,880	-	178,880	-
Corporate debt securities				
- Unquoted	839,383	-	839,383	-
Accrued interest	15,564	-	15,564	-
	<u>2,591,907</u>	<u>927,617</u>	<u>1,662,346</u>	<u>1,944</u>
<b>FVTPL financial assets</b>				
Equity securities				
- Quoted in Malaysia	361,355	361,355	-	-
- Quoted outside Malaysia	1,729	1,729	-	-
Unit trust funds	2,080	2,080	-	-
Malaysian Government Securities	66,232	-	66,232	-
Government Investment Issues	19,476	-	19,476	-
Corporate debt securities				
- Unquoted	189,979	-	189,979	-
Mutual funds	307,699	307,699	-	-
Derivatives				
- Forward/spot currency contract	32	-	32	-
Accrued interest	2,349	-	2,349	-
	<u>950,931</u>	<u>672,863</u>	<u>278,068</u>	<u>-</u>
	<u>3,597,531</u>	<u>1,600,480</u>	<u>1,995,107</u>	<u>1,944</u>



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## MANULIFE INSURANCE BERHAD

(Incorporated in Malaysia)

### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

#### 16. FINANCIAL INSTRUMENTS AND FAIR VALUE OF ASSETS (CONTINUED)

##### (b) Determination of fair values and fair value hierarchy (continued)

The following table presents the Company's assets that are carried at fair value as at 31 December 2013.

	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
<b>31 December 2013</b>				
<b>Property</b>	9,243	-	9,243	-
<b>Investment Properties</b>	45,586	-	45,586	-
<b>AFS financial assets</b>				
Equity securities				
- Quoted in Malaysia	721,064	721,064	-	-
- Unquoted	1,944	-	-	1,944
Unit trust funds	230,197	230,197	-	-
Malaysian Government Securities	602,428	-	602,428	-
Government Investment Issues	165,768	-	165,768	-
Corporate debt securities				
- Unquoted	773,738	-	773,738	-
Accrued interest	14,289	-	14,289	-
	<u>2,509,428</u>	<u>951,261</u>	<u>1,556,223</u>	<u>1,944</u>
<b>FVTPL financial assets</b>				
Equity securities				
- Quoted in Malaysia	360,029	360,029	-	-
- Quoted outside Malaysia	1,236	1,236	-	-
Unit trust funds	1,554	1,554	-	-
Malaysian Government Securities	70,846	-	70,846	-
Government Investment Issues	20,809	-	20,809	-
Corporate debt securities				
- Unquoted	212,009	-	212,009	-
Mutual funds				
- Quoted outside Malaysia	224,527	224,527	-	-
Accrued interest	2,510	-	2,510	-
	<u>893,520</u>	<u>587,346</u>	<u>306,174</u>	<u>-</u>
	<u>3,457,777</u>	<u>1,538,607</u>	<u>1,917,226</u>	<u>1,944</u>

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the six-month period ended 30 June 2014.

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### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

#### 17. TOTAL CAPITAL ASSETS

The capital structure of the Company as prescribed under the Risk-Based Capital Framework is as below:

	<b>As at 30.06.2014</b>	<b>As at 31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Eligible Tier 1 Capital</b>		
Share capital (paid-up)	150,000	150,000
Retained earnings of the Company*	132,204	132,351
Eligible contract liabilities	865,562	854,190
	<u>1,147,766</u>	<u>1,136,541</u>
<b>Eligible Tier 2 Capital</b>		
Eligible reserves	127,294	132,253
Intangible asset	(37,192)	(28,627)
<b>Total Capital Available</b>	<u>1,237,868</u>	<u>1,240,167</u>

\* Only distributable retained earnings of the Company are included in the determination of Total Capital Available.

#### 18. CAPITAL COMMITMENT

	<b>As at 30.06.2014</b>	<b>As at 31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Exclusive bancassurance agreement</u>		
Contracted but not provided for	<u>27,000</u>	<u>40,000</u>

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## MANULIFE INSURANCE BERHAD

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### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

#### 19. INSURANCE FUNDS

The Company's activities are organised by funds and segregated into Life fund, Investment-linked funds and Shareholders' fund in accordance with the Financial Services Act 2013.

The Company's unaudited condensed statement of financial position and statement of profit or loss have been further analysed by funds as follows:

#### Interim Statement of Financial Position by Funds as at 30 June 2014

	<u>Insurance Funds</u>				<u>Total</u>
	<u>Shareholders'</u> <u>Fund</u>	<u>Life Fund</u>	<u>Investment</u> <u>-linked</u> <u>funds</u>	<u>Elimination</u>	
<b>Assets</b>	RM'000	RM'000	RM'000	RM'000	RM'000
Property and equipment	-	18,848	-	-	18,848
Investment properties	-	45,586	-	-	45,586
Intangible assets	37,192	-	-	-	37,192
Loans and receivables	124,911	343,593	96,936	(117,419)	448,021
Available-for-sale financial assets	230,350	2,374,958	-	(13,401)	2,591,907
Fair value through profit or loss financial assets	-	198,445	752,486	-	950,931
Reinsurance assets	-	2,237	-	-	2,237
Insurance receivables	-	20,652	-	-	20,652
Cash and cash equivalents	8,309	36,025	4,862	-	49,196
<b>Total assets</b>	<u>400,762</u>	<u>3,040,344</u>	<u>854,284</u>	<u>(130,820)</u>	<u>4,164,570</u>
<b>Equity, Policyholders' Funds and Liabilities</b>					
Share capital	150,000	-	-	-	150,000
Retained earnings	215,246	-	-	-	215,246
Other reserve	21,429	-	-	(2,551)	18,878
<b>Total equity</b>	<u>386,675</u>	<u>-</u>	<u>-</u>	<u>(2,551)</u>	<u>384,124</u>
Insurance contract liabilities	-	2,447,069	805,326	(10,000)	3,242,395
Insurance claim liabilities	-	46,804	-	-	46,804
Deferred tax liabilities	25,038	10,598	5,920	(850)	40,706
Insurance payables	-	369,587	-	-	369,587
Current tax liabilities	(4,220)	(2,669)	7,299	-	410
Other payables	(6,731)	168,955	35,739	(117,419)	80,544
<b>Total liabilities</b>	<u>14,087</u>	<u>3,040,344</u>	<u>854,284</u>	<u>(128,269)</u>	<u>3,780,446</u>
<b>Total equity, policyholders' funds and liabilities</b>	<u>400,762</u>	<u>3,040,344</u>	<u>854,284</u>	<u>(130,820)</u>	<u>4,164,570</u>

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## MANULIFE INSURANCE BERHAD

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### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

#### 19. INSURANCE FUNDS (CONTINUED)

##### Interim Statement of Financial Position by Funds as at 31 December 2013

	Shareholders' fund	Insurance funds		Elimination	Total
		Life fund	Investment- linked funds		
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Assets</b>					
Property and equipment	-	16,113	-	-	16,113
Investment properties	-	45,586	-	-	45,586
Intangible assets	28,627	-	-	-	28,627
Loans and receivables	178,830	352,749	65,332	(171,991)	424,920
Available-for-sale financial assets	187,274	2,334,076	-	(11,922)	2,509,428
Fair value through profit or loss financial assets	-	232,030	661,490	-	893,520
Reinsurance assets	-	1,731	-	-	1,731
Insurance receivables	-	26,969	-	-	26,969
Cash and cash equivalents	8,143	21,877	4,384	-	34,404
<b>Total assets</b>	<b>402,874</b>	<b>3,031,131</b>	<b>731,206</b>	<b>(183,913)</b>	<b>3,981,298</b>
<b>Equity, Policyholders' Funds and Liabilities</b>					
Share capital	150,000	-	-	-	150,000
Retained earnings	204,070	-	-	-	204,070
Other reserves	16,487	-	-	(1,442)	15,045
<b>Total equity</b>	<b>370,557</b>	<b>-</b>	<b>-</b>	<b>(1,442)</b>	<b>369,115</b>
Insurance contract liabilities	-	2,406,218	676,613	(10,000)	3,072,831
Insurance claims liabilities	-	41,001	-	-	41,001
Deferred tax liabilities	24,590	10,881	6,681	(480)	41,672
Insurance payables	-	364,488	-	-	364,488
Current tax liabilities	1,529	(2,877)	3,927	-	2,579
Other payables	6,198	211,420	43,985	(171,991)	89,612
<b>Total liabilities</b>	<b>32,317</b>	<b>3,031,131</b>	<b>731,206</b>	<b>(182,471)</b>	<b>3,612,183</b>
<b>Total equity, policyholders' funds and liabilities</b>	<b>402,874</b>	<b>3,031,131</b>	<b>731,206</b>	<b>(183,913)</b>	<b>3,981,298</b>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
(CONTINUED)****19. INSURANCE FUNDS (CONTINUED)****Statement of Profit or Loss by Funds for the six months period ended 30 June 2014**

	Shareholders' fund	Insurance funds		Elimination	Total
		Life fund	Investment- linked funds		
	RM'000	RM'000	RM'000	RM'000	RM'000
Premium income					
Gross premiums	-	215,901	159,725	-	375,626
Premiums ceded to reinsurers	-	(4,897)	-	-	(4,897)
Net premiums	-	211,004	159,725	-	370,729
Investment income	3,827	61,665	8,528	-	74,020
Net realised gains	635	31,460	-	-	32,095
Net fair value gains	-	167	29,956	-	30,123
Fee income	23	5,278	-	(4,007)	1,294
Other operating income	-	39	802	-	841
<b>Total revenue</b>	<b>4,485</b>	<b>309,613</b>	<b>199,011</b>	<b>(4,007)</b>	<b>509,102</b>
Gross benefits and claims paid	-	(165,134)	(60,554)	-	(225,688)
Claims ceded to reinsurers	-	2,601	-	-	2,601
Gross change in contract liabilities	-	(50,526)	(128,713)	-	(179,239)
<b>Net claims</b>	<b>-</b>	<b>(213,059)</b>	<b>(189,267)</b>	<b>-</b>	<b>(402,326)</b>
Fee and commission expenses	-	(33,850)	-	-	(33,850)
Investment expenses	(214)	(3,988)	-	-	(4,202)
Management expenses	(3,331)	(38,377)	(5,098)	4,007	(42,799)
Other operating expenses	(30)	(6,231)	(4,646)	-	(10,907)
<b>Other expenses</b>	<b>(3,575)</b>	<b>(82,446)</b>	<b>(9,744)</b>	<b>4,007</b>	<b>(91,758)</b>
Profit from operations	910	14,108	-	-	15,018
Transfer from/(to) revenue account	14,108	(14,108)	-	-	-
<b>Profit before taxation</b>	<b>15,018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,018</b>
Taxation	(3,842)	-	-	-	(3,842)
<b>Net profit for the   financial period</b>	<b>11,176</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,176</b>

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### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

#### 19. INSURANCE FUNDS (CONTINUED)

##### Statement of Profit or Loss by Funds for the six months period ended 30 June 2013

	Shareholders' fund	Insurance funds		Elimination	Total
		Life fund	Investment- linked funds		
	RM'000	RM'000	RM'000	RM'000	RM'000
Premium income					
Gross premiums	-	192,802	57,559	-	250,361
Premiums ceded to reinsurers	-	(5,101)	-	-	(5,101)
Net premiums	-	187,701	57,559	-	245,260
Investment income	5,771	60,621	6,340	-	72,732
Net realised gains	9,553	31,148	-	-	40,701
Net fair value (losses)/ gains	(15)	(1,509)	30,387	-	28,863
Fee income	-	2,885	-	(2,885)	-
Other operating income	-	19	455	-	474
<b>Total revenue</b>	<b>15,309</b>	<b>280,865</b>	<b>94,741</b>	<b>(2,885)</b>	<b>388,030</b>
Gross benefits and claims paid	-	(152,841)	(41,300)	-	(194,141)
Claims ceded to reinsurers	-	568	-	-	568
Gross change in contract liabilities	-	(45,601)	(47,529)	-	(93,130)
<b>Net claims</b>	<b>-</b>	<b>(197,874)</b>	<b>(88,829)</b>	<b>-</b>	<b>(286,703)</b>
Fee and commission expenses	-	(34,435)	-	-	(34,435)
Investment expenses	(304)	(3,721)	-	-	(4,025)
Management expenses	(314)	(34,114)	(3,853)	2,885	(35,396)
Other operating expenses	(1,135)	(2,556)	(2,059)	-	(5,750)
<b>Other expenses</b>	<b>(1,753)</b>	<b>(74,826)</b>	<b>(5,912)</b>	<b>2,885</b>	<b>(79,606)</b>
Profit from operations	13,556	8,165	-	-	21,721
Transfer from/(to) revenue account	8,165	(8,165)	-	-	-
<b>Profit before taxation</b>	<b>21,721</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,721</b>
Taxation	(5,029)	-	-	-	(5,029)
<b>Net profit for the financial period</b>	<b>16,692</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,692</b>