

GREAT EASTERN HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No 199903008M)



To Our Shareholders

The Board of Directors of Great Eastern Holdings Limited (“**GEH**”) has announced:

Unaudited Financial Results of GEH Group for the First Quarter Ended 31 March 2019

For the quarter ended 31 March 2019, profit attributable to shareholders was \$342.7 million. Details of the financial results are attached.

Unaudited Supplementary Information

Disclosure of operating and non-operating profit from insurance business is provided as supplementary information to the financial results.

Dividend

No interim dividend has been declared in the first quarter of 2019 (first quarter 2018: nil). The Company pays an interim dividend for the half year as may be recommended by the Board and a final dividend as may be recommended by the Board and approved by shareholders at the Annual General Meeting.

Confirmation by Directors pursuant to Rule 705(5) of the Listing Manual

The Directors of the Company confirm that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results of the Company and of the Group for the first quarter ended 31 March 2019 to be false or misleading in any material aspect.

By Order of the Board

Jennifer Wong Pakshong
Group Company Secretary
Singapore, 2 May 2019

The Group financial results are also available on the Company's website at www.greateasternlife.com.

FINANCIAL RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019

1. GROUP PROFIT AND LOSS STATEMENTS

in Singapore Dollars (millions)	Note	1st Quarter 2019	1st Quarter 2018	% + / (-)	4th Quarter 2018	% + / (-)
Income						
Gross premiums	9.2	2,592.2	2,434.4	6	2,996.2	(13)
less: Premiums ceded to reinsurers		110.8	77.4	43	91.7	21
less: Increase/(decrease) in premium liabilities		7.4	5.1	45	(1.8)	nm
Net premiums		2,474.0	2,351.9	5	2,906.3	(15)
Commissions received from reinsurers		21.3	20.1	6	16.1	32
Investment income, net	9.3	629.1	570.4	10	593.5	6
Rental income, net		14.3	14.4	(1)	11.3	27
Fees and other income	9.4	17.9	20.9	(14)	19.0	(6)
Gain/(loss) on sale of investments and changes in fair value	9.5	2,039.1	(722.7)	nm	(1,644.7)	nm
Change in third-party interests in consolidated investment funds		(6.3)	(1.0)	nm	5.3	nm
Loss on exchange differences	9.6	(15.1)	(42.6)	nm	(11.6)	nm
Total income		5,174.3	2,211.4	134	1,895.2	173
less: Expenses						
Gross claims, surrenders and annuities	9.7	1,483.9	1,446.8	3	1,712.9	(13)
Claims, surrenders and annuities recovered from reinsurers		(66.5)	(47.8)	39	(51.9)	28
Commissions and distribution expenses	9.8	249.3	228.2	9	284.7	(12)
Decrease in provision for impairment of assets		(0.8)	(1.4)	nm	(34.0)	nm
Management and other expenses	9.9	141.8	132.6	7	154.5	(8)
Interest expense		4.6	4.6	-	4.6	-
Agents' retirement benefits		17.1	13.4	28	4.1	317
Depreciation		15.3	12.7	20	16.6	(8)
Change in insurance contract liabilities	9.10	2,728.3	228.7	nm	(314.6)	nm
Tax attributable to policyholders' returns	9.11	179.9	8.4	nm	(50.1)	nm
Total expenses		4,752.9	2,026.2	135	1,726.8	175
Profit before share of loss of associates		421.4	185.2	128	168.4	150
Share of loss after income tax of associates		(0.1)	(0.1)	nm	(0.2)	nm
Profit before income tax		421.3	185.1	128	168.2	150
Income tax		(72.5)	(29.9)	142	(30.6)	137
Profit after income tax		348.8	155.2	125	137.6	153
Attributable to:						
Shareholders	9.1	342.7	152.9	124	136.9	150
Non-controlling interests		6.1	2.3	165	0.7	771
		348.8	155.2	125	137.6	153
Basic and diluted earnings per share attributable to shareholders of the Company (in Singapore Dollars)		0.72	0.32	124	0.29	150
Return on Equity (Average Shareholders' Fund) (%) (not annualised)		4.4%	2.0%	2.4 pp	1.9%	2.5 pp

nm – not meaningful / exceeding 1000%

2. GROUP STATEMENT OF COMPREHENSIVE INCOME

in Singapore Dollars (millions)	1st Quarter 2019	1st Quarter 2018	% +/(−)	4th Quarter 2018	% +/(−)
Profit after income tax for the period	348.8	155.2	125	137.6	153
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Exchange differences arising on translation of overseas entities attributable to non-controlling interests	0.1	0.5	(80)	-	nm
Revaluation gains/(losses) on equity instruments at fair value through other comprehensive income	113.9	(131.9)	nm	(252.7)	nm
Income tax related to the above	(19.0)	22.2	nm	44.6	nm
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of overseas entities	6.2	12.6	(51)	(1.8)	nm
Debt instruments at fair value through other comprehensive income:					
Changes in fair value	151.5	(178.0)	nm	36.5	315
Changes in allowance for expected credit losses	0.2	0.2	-	(0.2)	nm
Reclassification of realised (gain)/loss on disposal of investments to Profit and Loss Statement	(7.0)	(6.6)	nm	2.1	nm
Income tax related to the above	(24.9)	31.5	nm	(6.3)	nm
Other comprehensive income for the period, after tax	221.0	(249.5)	nm	(177.8)	nm
Total comprehensive income for the period	569.8	(94.3)	nm	(40.2)	nm
Total comprehensive income attributable to:					
Shareholders	563.5	(94.6)	nm	(40.9)	nm
Non-controlling interests	6.3	0.3	nm	0.7	800
	569.8	(94.3)	nm	(40.2)	nm

nm – not meaningful / exceeding 1000%

3. GROUP BALANCE SHEET

in Singapore Dollars (millions)	Note	Group		
		31 Mar 2019	31 Dec 2018	% + / (-)
Share capital		152.7	152.7	-
Reserves				
Currency translation reserve		13.6	7.4	84
Fair value reserve	9.12.1	78.2	(214.2)	nm
Other reserve		0.2	0.2	-
Retained earnings		7,755.7	7,490.8	4
SHAREHOLDERS' EQUITY		8,000.4	7,436.9	8
NON-CONTROLLING INTERESTS		90.9	84.6	7
TOTAL EQUITY		8,091.3	7,521.5	8
LIABILITIES				
Insurance payables		4,750.6	4,619.2	3
Other creditors		2,080.3	1,647.1	26
Derivative financial liabilities		273.0	294.7	(7)
Income tax payable		561.3	507.7	11
Provision for agents' retirement benefits		290.2	276.1	5
Deferred tax		1,338.1	1,132.1	18
Debt issued	9.12.2	399.8	399.8	-
Insurance contract liabilities		71,541.8	68,643.8	4
TOTAL EQUITY AND LIABILITIES		89,326.4	85,042.0	5
ASSETS				
Cash and cash equivalents		5,458.3	5,705.1	(4)
Other debtors		1,229.3	1,073.5	15
Insurance receivables		3,023.3	2,794.1	8
Loans		1,009.5	1,329.6	(24)
Derivative financial assets		188.2	226.9	(17)
Investments	9.12.3	75,962.6	71,521.3	6
Associates		1.5	1.7	(12)
Intangible assets		27.4	27.4	-
Investment properties		1,774.1	1,771.3	0
Property, plant and equipment		652.2	591.1	10
TOTAL ASSETS		89,326.4	85,042.0	5
Net Asset Value per share (in Singapore Dollars)		16.90	15.71	8

nm – not meaningful / exceeding 1000%

4. COMPANY BALANCE SHEET

	Company		
	31 Mar 2019	31 Dec 2018	%
			+ / (-)
Share capital	152.7	152.7	-
Reserves			
Merger reserve	419.2	419.2	-
Retained earnings	3,013.3	3,014.6	(0)
TOTAL EQUITY	3,585.2	3,586.5	(0)
LIABILITIES			
Other creditors	8.3	7.7	8
TOTAL EQUITY AND LIABILITIES	3,593.5	3,594.2	(0)
ASSETS			
Cash and cash equivalents	20.7	42.6	(51)
Other debtors	0.1	0.1	-
Amounts due from subsidiaries	2,678.6	2,657.5	1
Subsidiaries	893.9	893.9	-
Property, plant and equipment	0.2	0.1	100
TOTAL ASSETS	3,593.5	3,594.2	(0)
Net Asset Value per share (in Singapore Dollars)	7.57	7.58	(0)

5. SELECTED INCOME AND MANAGEMENT EXPENSES

	Group		
	1st Quarter 2019	1st Quarter 2018	4th Quarter 2018
in Singapore Dollars (millions)			
<u>Expenses</u>			
1. Staff costs and related expenses (including executive directors and key management personnel compensation)	86.5	83.9	92.1
2. Rental expense	5.7	5.7	6.0
3. Depreciation	15.3	12.7	16.6

6.1. GROUP STATEMENT OF CHANGES IN EQUITY for the period ended 31 March 2019

in Singapore Dollars (millions)	Attributable to Shareholders of the Company						Non-Controlling Interests	Total Equity
	Share Capital	Currency Translation Reserve	Fair Value Reserve	Other Reserve	Retained Earnings ⁽¹⁾	Total		
Balance at 31 December 2018	152.7	7.4	(214.2)	0.2	7,490.8	7,436.9	84.6	7,521.5
Profit for the period	-	-	-	-	342.7	342.7	6.1	348.8
Other comprehensive income								
Exchange differences arising on translation of overseas entities	-	6.2	-	-	-	6.2	0.1	6.3
Net revaluation gains on equity instruments at fair value through other comprehensive income	-	-	94.9	-	-	94.9	-	94.9
Debt instruments at FVOCI:								
Changes in fair value	-	-	151.4	-	-	151.4	0.1	151.5
Changes in allowance for expected credit losses	-	-	0.2	-	-	0.2	-	0.2
Reclassification of realised gain on disposal of investments to Profit and Loss Statement	-	-	(7.0)	-	-	(7.0)	-	(7.0)
Income tax related to the above	-	-	(24.9)	-	-	(24.9)	-	(24.9)
Other comprehensive income for the period, after tax	-	6.2	214.6	-	-	220.8	0.2	221.0
Total comprehensive income for the period	-	6.2	214.6	-	342.7	563.5	6.3	569.8
Reclassification of net change in fair value of equity instruments upon derecognition	-	-	77.8	-	(77.8)	-	-	-
Balance at 31 March 2019	152.7	13.6	78.2	0.2	7,755.7	8,000.4	90.9	8,091.3

6.2. GROUP STATEMENT OF CHANGES IN EQUITY for the period ended 31 March 2018

in Singapore Dollars (millions)	Attributable to Shareholders of the Company						Non-Controlling Interests	Total Equity
	Share Capital	Currency Translation Reserve	Fair Value Reserve	Other Reserve	Retained Earnings ⁽¹⁾	Total		
Balance as at 31 December 2017	152.7	12.9	365.9	0.2	6,997.0	7,528.7	86.1	7,614.8
Adoption of SFRS(I) 9	-	-	(135.5)	-	134.4	(1.1)	-	(1.1)
Balance at 1 January 2018, restated	152.7	12.9	230.4	0.2	7,131.4	7,527.6	86.1	7,613.7
Profit for the period	-	-	-	-	152.9	152.9	2.3	155.2
Other comprehensive income								
Exchange differences arising on translation of overseas entities	-	12.6	-	-	-	12.6	0.5	13.1
Net revaluation losses on equity instruments at fair value through other comprehensive income	-	-	(109.7)	-	-	(109.7)	-	(109.7)
Debt instruments at FVOCI:								
Changes in fair value	-	-	(175.4)	-	-	(175.4)	(2.6)	(178.0)
Changes in allowance for expected credit losses	-	-	0.2	-	-	0.2	-	0.2
Reclassification of realised gain on disposal of investments to Profit and Loss Statement	-	-	(6.6)	-	-	(6.6)	-	(6.6)
Income tax related to the above	-	-	31.4	-	-	31.4	0.1	31.5
Other comprehensive income for the period, after tax	-	12.6	(260.1)	-	-	(247.5)	(2.0)	(249.5)
Total comprehensive income for the period	-	12.6	(260.1)	-	152.9	(94.6)	0.3	(94.3)
Reclassification of net change in fair value of equity instruments upon derecognition	-	-	2.8	-	(2.8)	-	-	-
Balance at 31 March 2018	152.7	25.5	(26.9)	0.2	7,281.5	7,433.0	86.4	7,519.4

(1) Included in Retained Earnings are non-distributable reserves of \$2,282.2 million (31 December 2018: \$2,212.9 million), which arise from regulatory risk charges in Singapore and Malaysia.

7. COMPANY STATEMENT OF CHANGES IN EQUITY for the periods ended 31 March 2019 and 2018

in Singapore Dollars (millions)	Attributable to Shareholders of the Company			Total Equity
	Share Capital	Merger Reserve	Retained Earnings	
Balance at 1 January 2019	152.7	419.2	3,014.6	3,586.5
Loss for the period	-	-	(1.3)	(1.3)
Total comprehensive income for the period	-	-	(1.3)	(1.3)
Balance at 31 March 2019	152.7	419.2	3,013.3	3,585.2
Balance at 1 January 2018	152.7	419.2	2,816.2	3,388.1
Loss for the period	-	-	(1.3)	(1.3)
Total comprehensive income for the period	-	-	(1.3)	(1.3)
Balance at 31 March 2018	152.7	419.2	2,814.9	3,386.8

8. CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH

in Singapore Dollars (millions)	1st Quarter 2019	1st Quarter 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	421.3	185.1
Adjustments for non-cash items:		
Tax attributable to policyholders' returns	179.9	8.4
Share of loss of associates	0.1	0.1
(Gain)/loss on sale of investments and changes in fair value	(2,039.1)	722.7
Decrease in provision for impairment of assets	(0.8)	(1.4)
Increase in provision for agents' retirement benefits	17.1	13.4
Gain on disposal of property, plant and equipment	-	(0.1)
Depreciation	15.3	12.7
Unrealised loss on exchange differences	15.1	42.6
Change in insurance contract liabilities	2,728.3	228.7
Change in premium liabilities	7.4	5.1
Dividend income	(120.7)	(122.3)
Interest income	(542.3)	(473.6)
Interest expense	4.6	4.6
Interest expense on policy benefits and lease liabilities	45.5	42.0
Share-based payments	1.5	1.1
	733.2	669.1
Changes in working capital:		
Insurance receivables	(215.0)	(87.3)
Other debtors	(123.2)	438.1
Insurance payables	131.4	153.9
Other creditors	374.5	(653.0)
Cash generated from operations	900.9	520.8
Income tax paid	(195.4)	(57.7)
Interest paid	(45.5)	(42.0)
Agents' retirement benefits paid	(4.7)	(7.7)
Net cash flows from operating activities	655.3	413.4
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturities and sale of investments	10,412.7	7,884.3
Purchase of investments	(12,235.3)	(11,208.2)
Proceeds from sale of property, plant and equipment	0.3	0.2
Purchase of property, plant and equipment and investment properties	(12.4)	(12.5)
Interest income received	546.2	480.3
Interest expense paid	(9.3)	(9.2)
Dividends received	87.2	109.2
Net cash flows used in investing activities	(1,210.6)	(2,755.9)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal element of lease payments	(1.5)	-
Net cash flows used in financing activities	(1.5)	-
Net effect of currency translation reserve adjustment	310.0	585.9
Net decrease in cash and cash equivalents	(246.8)	(1,756.6)
Cash and cash equivalents at the beginning of the period	5,705.1	5,364.8
Cash and cash equivalents at the end of the period	5,458.3	3,608.2

9. REVIEW OF RESULTS

The Group Financial Statements for the first quarter ended 31 March 2019 (“Q1-19”) were prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)”) and SFRS(I) Interpretations.

9.1 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The Group reported profit attributable to shareholders of \$342.7 million for Q1-19, compared to \$152.9 million for Q1-18. The increase was due to strong financial market conditions.

9.2 GROSS PREMIUMS

Gross premiums increased 6% to \$2,592.2 million in Q1-19, from \$2,434.4 million in Q1-18, partly due to the contribution from the mySalam Scheme for the B40 household in Malaysia.

9.3 INVESTMENT INCOME, NET

Net investment income increased 10% to \$629.1 million in Q1-19, from \$570.4 million in Q1-18 due to higher interest income.

9.4 FEES AND OTHER INCOME

Fees and other income declined 14% to \$17.9 million in Q1-19, from \$20.9 million in Q1-18, mainly due to lower fee income from the Group’s asset management arm, Lion Global Investors Limited.

9.5 GAIN/LOSS ON SALE OF INVESTMENTS AND CHANGES IN FAIR VALUE

Sale of investments and changes in fair value resulted in a gain of \$2,039.1 million in Q1-19, compared to a loss of \$722.7 million in Q1-18, due to favourable market conditions.

9.6 GAIN/LOSS ON EXCHANGE DIFFERENCES

Exchange differences resulted in a loss of \$15.1 million in Q1-19, compared to a loss of \$42.6 million in Q1-18. The loss in Q1-19 arose mainly from US Dollar denominated investments.

9.7 GROSS CLAIMS, SURRENDERS AND ANNUITIES

Gross claims, surrenders and annuities increased 3% to \$1,483.9 million in Q1-19, from \$1,446.8 million in Q1-18, due to higher policy maturities and worsened medical claim experience.

9.8 COMMISSIONS AND DISTRIBUTION EXPENSES

Commissions and distribution expenses increased 9% to \$249.3 million in Q1-19, from \$228.2 million in Q1-18, largely due to higher sales of regular premium policies.

9.9 MANAGEMENT AND OTHER EXPENSES

Management and other expenses increased 7% to \$141.8 million in Q1-19, from \$132.6 million in Q1-18.

9.10 CHANGE IN INSURANCE CONTRACT LIABILITIES

Change in insurance contract liabilities of \$2,728.3 million in Q1-19 was higher compared to \$228.7 million in Q1-18. The higher valuation of insurance contract liabilities was a result of a decline in long term interest rates.

9.11 TAX ATTRIBUTABLE TO POLICYHOLDERS’ RETURNS

Tax attributable to policyholders’ returns increased to \$179.9 million in Q1-19 (Q1-18: \$8.4 million) in line with the increase in insurance contract liabilities.

9.12 BALANCE SHEET

9.12.1 Fair Value Reserve

As at 31 March 2019, fair value reserve was \$78.2 million, compared with negative \$214.2 million as at 31 December 2018. The increase in fair value reserve was due to unrealised fair value gains from investments.

9.12.2 Debt Issued

in SGD (millions)	31 March 2019	31 December 2018
Subordinated fixed rate notes (unsecured) - payable after one year	399.8	399.8

9.12.3 Investments

Investments increased by 6% to \$75,962.6 million as at 31 March 2019 (31 December 2018: \$71,521.3 million), mainly due to purchases and fair value gains. The split of investment assets was as follows:

	Investments		
	FVTPL	FVOCI	Total
Par and Unit Linked Funds	57,170.6	12.1	57,182.7
Other Funds	9,352.7	9,427.2	18,779.9
Balance at 31 Mar 2019	66,523.3	9,439.3	75,962.6

9.12.4 Asset allocation of life funds, excluding Investment-linked Funds, was as follows:

	SINGAPORE		MALAYSIA	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Fixed income & debt securities	67%	65%	64%	65%
Equities	21%	22%	29%	27%
Real estate & others	6%	6%	5%	4%
Cash & money market instruments	6%	7%	2%	4%
Market Value of Assets (in SGD billions)	50.5	48.1	23.8	23.6

9.13 REGULATORY CAPITAL

The Capital Adequacy Ratios of the Group's insurance subsidiaries in both Singapore and Malaysia remain strong and well above their respective minimum regulatory levels.

10. SHARE CAPITAL

The Company's issued and paid up share capital as at 31 March 2019 was unchanged at \$152.7 million compared with 31 December 2018. Total number of shares issued as at 31 March 2019 also remained unchanged at 473,319,069 compared with 31 December 2018.

11. ACCOUNTING POLICIES

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2018. The adoption of the new SFRS(I)s and amendments and interpretations of SFRS(I) which came into effect on 1 January 2019 did not have any material financial impact on the Group's results for Q1-19 except for the following:

SFRS(I) 16 Leases

The Group has adopted SFRS(I) 16 effective 1 January 2019. The Group has elected to apply the simplified transition approach without restating prior periods' information. On adoption, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of SFRS(I) 1-17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. On adoption, the Group recognised right-of-use assets of \$8.7 million and lease liabilities of \$7.4 million.

12. UNAUDITED RESULTS

The consolidated Group's financial results for the first quarter ended 31 March 2019 have not been audited or reviewed by the Group's auditor.

13. FACTORS THAT MAY AFFECT GROUP PERFORMANCE IN THE NEXT REPORTING AND/OR 12-MONTH PERIOD

The Group's performance may be affected by volatility in global financial markets. Over the longer term, the key indicators to watch are the direction of interest rates, equity prices and foreign exchange rates.

14. OTHER MATTERS

14.1 Rule 920(1) of the Listing Manual

Pursuant to Rule 920(1) of the Listing Manual, GEH has not obtained a general mandate from shareholders for Interested Person Transactions.

14.2 Rule 720(1) of the Listing Manual

Pursuant to Rule 720(1) of the Listing Manual, GEH confirms that it has procured undertakings from all its directors and executive officers.

14.3 Completion of Acquisition of PT QBE General Insurance Indonesia by Great Eastern General Insurance Limited

On 2 May 2019, GEH's wholly-owned subsidiary, Great Eastern General Insurance Limited ("GEG"), completed the transaction to acquire shares in PT QBE General Insurance Indonesia ("QBE Indonesia"). Following completion, 95% of the shares in QBE Indonesia are held by GEG, and the balance 5% is held by PT Suryasono Sentosa.

The aggregate consideration for the acquisition is USD31.5 million (approximately S\$42.9 million). GEG's proportionate share of the aggregate consideration is USD29.9 million (approximately S\$40.8 million).

Issued: 2 May 2019