

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 Second Quarter and Half Year Ended 30 June 2019

For the second quarter and half year ended 30 June 2019, profit attributable to shareholders was \$169.0 million and \$511.7 million respectively. 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.

Interim Dividend

The Board of Directors is pleased to declare an interim one-tier tax exempt dividend of 10 cents per ordinary share in respect of the financial year ending 31 December 2019, to be paid on 30 August 2019 (2018: interim one-tier tax exempt dividend of 10 cents per ordinary share).

Books Closure Date and Payment Date for Dividends

NOTICE IS HEREBY GIVEN that the Share Transfer Books and the Register of Members of the Company be closed on 16 August 2019 for the purpose of determining the entitlement of shareholders to the interim one-tier tax exempt dividend of 10 cents per ordinary share. Duly completed registrable transfers of shares received by the Company’s Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902 up to 5.00 p.m. on 15 August 2019 will be registered to determine shareholders’ entitlement to the interim one-tier tax exempt dividend. Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares as at 5.00 p.m. on 15 August 2019 will be entitled to the interim one-tier tax exempt dividend.

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 second quarter ended 30 June 2019 to be false or misleading in any material aspect.

By Order of the Board

Jennifer Wong Pakshong
Group Company Secretary
Singapore, 31 July 2019

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

FINANCIAL RESULTS FOR THE SECOND QUARTER AND FIRST HALF ENDED 30 JUNE 2019

1. GROUP PROFIT OR LOSS STATEMENTS

in Singapore Dollars (millions)	Note	1st Half 2019	1st Half 2018	% + / (-)	2nd Quarter 2019	2nd Quarter 2018	% + / (-)	1st Quarter 2019	% + / (-)
Income									
Gross premiums	9.2	5,463.6	5,698.2	(4)	2,871.4	3,263.8	(12)	2,592.2	11
less: Premiums ceded to reinsurers		321.2	166.3	93	210.4	88.9	137	110.8	90
less: Increase in premium liabilities		11.6	9.7	20	4.2	4.6	(9)	7.4	(43)
Net premiums		5,130.8	5,522.2	(7)	2,656.8	3,170.3	(16)	2,474.0	7
Commissions received from reinsurers		38.3	37.6	2	17.0	17.5	(3)	21.3	(20)
Investment income, net	9.3	1,337.3	1,274.2	5	708.2	703.8	1	629.1	13
Rental income, net		27.3	28.8	(5)	13.0	14.4	(10)	14.3	(9)
Fees and other income	9.4	36.7	40.1	(8)	18.8	19.2	(2)	17.9	5
Gain/(loss) on sale of investments and changes in fair value	9.5	3,072.2	(1,626.2)	289	1,033.1	(903.5)	214	2,039.1	(49)
Change in third-party interests in consolidated investment funds		(7.0)	5.1	(237)	(0.7)	6.1	(111)	(6.3)	89
(Loss)/gain on exchange differences	9.6	(21.2)	47.2	(145)	(6.1)	89.8	(107)	(15.1)	60
Total income		9,614.4	5,329.0	80	4,440.1	3,117.6	42	5,174.3	(14)
less: Expenses									
Gross claims, surrenders and annuities	9.7	3,161.0	3,076.2	3	1,677.1	1,629.4	3	1,483.9	13
Claims, surrenders and annuities recovered from reinsurers		(142.3)	(106.0)	(34)	(75.8)	(58.2)	(30)	(66.5)	(14)
Commissions and distribution expenses	9.8	504.0	473.1	7	254.7	244.9	4	249.3	2
Decrease in provision for impairment of assets		(1.0)	(7.5)	87	(0.2)	(6.1)	97	(0.8)	75
Management and other expenses	9.9	290.3	236.0	23	148.5	103.4	44	141.8	5
Interest expense		9.2	9.2	-	4.6	4.6	-	4.6	-
Agents' retirement benefits		26.4	16.9	56	9.3	3.5	166	17.1	(46)
Depreciation		31.0	26.4	17	15.7	13.7	15	15.3	3
Change in insurance contract liabilities	9.10	4,835.9	1,126.4	329	2,107.6	897.7	135	2,728.3	(23)
Tax attributable to policyholders' returns	9.11	277.1	3.0	nm	97.2	(5.4)	nm	179.9	(46)
Total expenses		8,991.6	4,853.7	85	4,238.7	2,827.5	50	4,752.9	(11)
Profit before share of loss of associates		622.8	475.3	31	201.4	290.1	(31)	421.4	(52)
Share of loss after income tax of associates		(0.2)	(0.2)	-	(0.1)	(0.1)	-	(0.1)	-
Profit before income tax		622.6	475.1	31	201.3	290.0	(31)	421.3	(52)
Income tax		(101.5)	(78.8)	(29)	(29.0)	(48.9)	41	(72.5)	60
Profit after income tax		521.1	396.3	31	172.3	241.1	(29)	348.8	(51)
Attributable to:									
Shareholders	9.1	511.7	390.5	31	169.0	237.6	(29)	342.7	(51)
Non-controlling interests		9.4	5.8	62	3.3	3.5	(6)	6.1	(46)
		521.1	396.3	31	172.3	241.1	(29)	348.8	(51)
Basic and diluted earnings per share attributable to shareholders of the Company (in Singapore Dollars)		1.08	0.83	30	0.36	0.51	(29)	0.72	(50)
Return on Equity (Average Shareholders' Fund) (%) (not annualised)		6.6%	5.3%	1.3 pp	2.2%	3.3%	-1 pp	4.4%	-2.2 pp

nm - not meaningful / exceeding 300%

nm - not meaningful / exceeding 1000%

2. GROUP STATEMENT OF COMPREHENSIVE INCOME

in Singapore Dollars (millions)	1st Half 2019	1st Half 2018	% + / (-)	2nd Quarter 2019	2nd Quarter 2018	% + / (-)	1st Quarter 2019	% + / (-)
Profit after income tax for the period	521.1	396.3	31	172.3	241.1	(29)	348.8	(51)
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	-	0.4	(100)	(0.1)	(0.1)	-	0.1	(200)
Revaluation gains/(losses) on equity instruments at fair value through other comprehensive income	173.3	(186.4)	193	59.4	(54.5)	209	113.9	(48)
Income tax related to the above	(29.0)	30.7	(194)	(10.0)	8.5	(218)	(19.0)	47
Items that may be reclassified subsequently to profit or loss:								
Exchange differences arising on translation of overseas entities	(4.8)	9.5	(151)	(11.0)	(3.1)	(255)	6.2	(277)
Debt instruments at fair value through other comprehensive income:								
Changes in fair value	290.8	(265.4)	210	139.3	(87.4)	259	151.5	(8)
Changes in allowance for expected credit losses	(0.3)	(4.6)	93	(0.5)	(4.8)	90	0.2	(350)
Reclassification of realised (gain)/loss on disposal of investments to Profit or Loss Statement	(33.1)	1.8	nm	(26.1)	8.4	(411)	(7.0)	(273)
Income tax related to the above	(43.8)	46.0	(195)	(18.9)	14.5	(230)	(24.9)	24
Other comprehensive income for the period, after tax	353.1	(368.0)	196	132.1	(118.5)	211	221.0	(40)
Total comprehensive income for the period	874.2	28.3	nm	304.4	122.6	148	569.8	(47)
Total comprehensive income attributable to:								
Shareholders	864.8	24.7	nm	301.3	119.3	153	563.5	(47)
Non-controlling interests	9.4	3.6	161	3.1	3.3	(6)	6.3	(51)
	874.2	28.3	nm	304.4	122.6	148	569.8	(47)

nm – not meaningful / exceeding 1000%

3. GROUP BALANCE SHEET

in Singapore Dollars (millions)	Note	Group		
		30 Jun 2019	31 Dec 2018	% + / (-)
Share capital		152.7	152.7	-
Reserves				
Currency translation reserve		2.6	7.4	(65)
Fair value reserve	9.12.1	228.7	(214.2)	207
Other reserve		0.2	0.2	-
Retained earnings		7,680.8	7,490.8	3
SHAREHOLDERS' EQUITY		8,065.0	7,436.9	8
NON-CONTROLLING INTERESTS		85.5	84.6	1
TOTAL EQUITY		8,150.5	7,521.5	8
LIABILITIES				
Insurance payables		4,821.2	4,619.2	4
Other creditors		1,983.9	1,647.1	20
Derivative financial liabilities		265.4	294.7	(10)
Income tax payable		515.2	507.7	1
Provision for agents' retirement benefits		289.2	276.1	5
Deferred tax		1,449.7	1,132.1	28
Debt issued	9.12.2	399.9	399.8	-
Insurance contract liabilities		73,379.4	68,643.8	7
TOTAL EQUITY AND LIABILITIES		91,254.4	85,042.0	7
ASSETS				
Cash and cash equivalents		4,659.8	5,705.1	(18)
Other debtors		1,215.0	1,073.5	13
Insurance receivables		3,017.2	2,794.1	8
Loans		1,089.5	1,329.6	(18)
Derivative financial assets		217.1	226.9	(4)
Investments	9.12.3	78,603.5	71,521.3	10
Associates		1.4	1.7	(18)
Intangible assets		27.4	27.4	-
Investment properties		1,769.1	1,771.3	-
Property, plant and equipment		654.4	591.1	11
TOTAL ASSETS		91,254.4	85,042.0	7
Net Asset Value per share (in Singapore Dollars)		17.04	15.71	8

nm – not meaningful / exceeding 1000%

4. COMPANY BALANCE SHEET

	Company		
	30 Jun 2019	31 Dec 2018	% + / (-)
Share capital	152.7	152.7	-
Reserves			
Merger reserve	419.2	419.2	-
Retained earnings	3,387.1	3,014.6	12
TOTAL EQUITY	3,959.0	3,586.5	10
LIABILITIES			
Other creditors	6.9	7.7	(10)
TOTAL EQUITY AND LIABILITIES	3,965.9	3,594.2	10
ASSETS			
Cash and cash equivalents	17.2	42.6	(60)
Other debtors	0.1	0.1	-
Amounts due from subsidiaries	3,054.6	2,657.5	15
Subsidiaries	893.9	893.9	-
Property, plant and equipment	0.1	0.1	-
TOTAL ASSETS	3,965.9	3,594.2	10
 Net Asset Value per share (in Singapore Dollars)	 8.36	 7.58	 10

nm – not meaningful / exceeding 1000%

5. SELECTED INCOME AND MANAGEMENT EXPENSES

	Group				
	1st Half 2019	1st Half 2018	2nd Quarter 2019	2nd Quarter 2018	1st Quarter 2019
in Singapore Dollars (millions)					
<u>Expenses</u>					
1. Staff costs and related expenses (including executive directors and key management personnel compensation)	168.9	131.3	82.4	47.4	86.5
2. Rental expense	12.3	11.4	6.6	5.7	5.7
3. Depreciation	31.0	26.4	15.7	13.7	15.3

6.1. GROUP STATEMENT OF CHANGES IN EQUITY for the half-year ended 30 June 2019

in Singapore Dollars (millions)	Attributable to Shareholders of the Company					Total	Non-Controlling Interests	Total Equity
	Share Capital	Currency Translation Reserve	Fair Value Reserve	Other Reserve	Retained Earnings ⁽¹⁾			
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	-	-	-	-	511.7	511.7	9.4	521.1
Other comprehensive income								
Exchange differences arising on translation of overseas entities	-	(4.8)	-	-	-	(4.8)	-	(4.8)
Net revaluation gains on equity instruments at fair value through other comprehensive income	-	-	144.3	-	-	144.3	-	144.3
Debt instruments at FVOCI:								
Changes in fair value	-	-	290.8	-	-	290.8	-	290.8
Changes in allowance for expected credit losses	-	-	(0.3)	-	-	(0.3)	-	(0.3)
Reclassification of realised gain on disposal of investments to Profit or Loss Statement	-	-	(33.1)	-	-	(33.1)	-	(33.1)
Income tax related to the above	-	-	(43.8)	-	-	(43.8)	-	(43.8)
Other comprehensive income for the period, after tax	-	(4.8)	357.9	-	-	353.1	-	353.1
Total comprehensive income for the period	-	(4.8)	357.9	-	511.7	864.8	9.4	874.2
Reclassification of net change in fair value of equity instruments upon derecognition	-	-	85.0	-	(85.0)	-	-	-
Distributions to shareholders								
Dividends paid during the period:								
Final one-tier tax exempt dividend for the previous year	-	-	-	-	(236.7)	(236.7)	-	(236.7)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(10.7)	(10.7)
Total distributions to shareholders	-	-	-	-	(236.7)	(236.7)	(10.7)	(247.4)
Changes in ownership interests in subsidiaries								
Acquisition of subsidiary	-	-	-	-	-	-	2.2	2.2
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	2.2	2.2
Total transactions with shareholders in their capacity as shareholders	-	-	-	-	(236.7)	(236.7)	(8.5)	(245.2)
Balance at 30 June 2019	152.7	2.6	228.7	0.2	7,680.8	8,065.0	85.5	8,150.5

6.2. GROUP STATEMENT OF CHANGES IN EQUITY for the half-year ended 30 June 2018

in Singapore Dollars (millions)	Attributable to Shareholders of the Company					Total	Non-Controlling Interests	Total Equity
	Share Capital	Currency Translation Reserve	Fair Value Reserve	Other Reserve	Retained Earnings ⁽¹⁾			
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	-	-	-	-	390.5	390.5	5.8	396.3
<u>Other comprehensive income</u>								
Exchange differences arising on translation of overseas entities	-	9.5	-	-	-	9.5	0.4	9.9
Net revaluation losses on equity instruments at fair value through other comprehensive income	-	-	(155.7)	-	-	(155.7)	-	(155.7)
<u>Debt instruments at FVOCI:</u>								
Changes in fair value	-	-	(262.7)	-	-	(262.7)	(2.7)	(265.4)
Changes in allowance for expected credit losses	-	-	(4.6)	-	-	(4.6)	-	(4.6)
Reclassification of realised loss on disposal of investments to Profit or Loss Statement	-	-	1.8	-	-	1.8	-	1.8
Income tax related to the above	-	-	45.9	-	-	45.9	0.1	46.0
Other comprehensive income for the period, after tax	-	9.5	(375.3)	-	-	(365.8)	(2.2)	(368.0)
Total comprehensive income for the period	-	9.5	(375.3)	-	390.5	24.7	3.6	28.3
Reclassification of net change in fair value of equity instruments upon derecognition	-	-	(8.7)	-	8.7	-	-	-
<u>Distributions to shareholders</u>								
Dividends paid during the period:								
Final and special one-tier tax exempt dividends for the previous year	-	-	-	-	(284.0)	(284.0)	-	(284.0)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(8.4)	(8.4)
Total distributions to shareholders	-	-	-	-	(284.0)	(284.0)	(8.4)	(292.4)
Total transactions with shareholders in their capacity as shareholders	-	-	-	-	(284.0)	(284.0)	(8.4)	(292.4)
Balance at 30 June 2018	152.7	22.4	(153.6)	0.2	7,246.6	7,268.3	81.3	7,349.6

(1) Included in Retained Earnings are non-distributable reserves of \$2,208.4 million (30 June 2018: \$2,260.8 million), which arise from regulatory risk charges in Singapore and Malaysia.

6.3. GROUP STATEMENT OF CHANGES IN EQUITY for the second quarter ended 30 June 2019

in Singapore Dollars (millions)	Attributable to Shareholders of the Company					Non-Controlling	Total	
	Share Capital	Currency Translation Reserve	Fair Value Reserve	Other Reserve	Accumulated Profit ⁽¹⁾	Interests	Equity	
Balance at 1 April 2019	152.7	13.6	78.2	0.2	7,755.7	8,000.4	90.9	8,091.3
Profit for the period	-	-	-	-	169.0	169.0	3.3	172.3
Other comprehensive income								
Exchange differences arising on translation of overseas entities	-	(11.0)	-	-	-	(11.0)	(0.1)	(11.1)
Net revaluation gains on equity instruments at fair value through other comprehensive income	-	-	49.4	-	-	49.4	-	49.4
Debt instruments at FVOCI:								
Changes in fair value	-	-	139.4	-	-	139.4	(0.1)	139.3
Changes in allowance for expected credit losses	-	-	(0.5)	-	-	(0.5)	-	(0.5)
Reclassification of realised gain on disposal of investments to Profit or Loss Statement	-	-	(26.1)	-	-	(26.1)	-	(26.1)
Income tax related to the above	-	-	(18.9)	-	-	(18.9)	-	(18.9)
Other comprehensive income for the period, after tax	-	(11.0)	143.3	-	-	132.3	(0.2)	132.1
Total comprehensive income for the period	-	(11.0)	143.3	-	169.0	301.3	3.1	304.4
Reclassification of net change in fair value of equity instruments upon derecognition	-	-	7.2	-	(7.2)	-	-	-
Distributions to shareholders								
Dividends paid during the period:								
Final one-tier tax exempt dividend for the previous year	-	-	-	-	(236.7)	(236.7)	-	(236.7)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(10.7)	(10.7)
Total distributions to shareholders	-	-	-	-	(236.7)	(236.7)	(10.7)	(247.4)
Changes in ownership interests in subsidiaries								
Acquisition of subsidiary	-	-	-	-	-	-	2.2	2.2
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	2.2	2.2
Total transactions with shareholders in their capacity as shareholders	-	-	-	-	(236.7)	(236.7)	(8.5)	(245.2)
Balance at 30 June 2019	152.7	2.6	228.7	0.2	7,680.8	8,065.0	85.5	8,150.5

6.4. GROUP STATEMENT OF CHANGES IN EQUITY for the second quarter ended 30 June 2018

in Singapore Dollars (millions)	Attributable to Shareholders of the Company					Total	Non-Controlling Interests	Total Equity
	Share Capital	Currency Translation Reserve	Fair Value Reserve	Other Reserve	Accumulated Profit ⁽¹⁾			
Balance at 1 April 2018	152.7	25.5	(26.9)	0.2	7,281.5	7,433.0	86.4	7,519.4
Profit for the period	-	-	-	-	237.6	237.6	3.5	241.1
<u>Other comprehensive income</u>								
Exchange differences arising on translation of overseas entities	-	(3.1)	-	-	-	(3.1)	(0.1)	(3.2)
Net revaluation losses on equity instruments at fair value through other comprehensive income	-	-	(46.0)	-	-	(46.0)	-	(46.0)
<u>Debt instruments at FVOCI:</u>								
Changes in fair value	-	-	(87.3)	-	-	(87.3)	(0.1)	(87.4)
Changes in allowance for expected credit losses	-	-	(4.8)	-	-	(4.8)	-	(4.8)
Reclassification of realised loss on disposal of investments to Profit or Loss Statement	-	-	8.4	-	-	8.4	-	8.4
Income tax related to the above	-	-	14.5	-	-	14.5	-	14.5
Other comprehensive income for the period, after tax	-	(3.1)	(115.2)	-	-	(118.3)	(0.2)	(118.5)
Total comprehensive income for the period	-	(3.1)	(115.2)	-	237.6	119.3	3.3	122.6
Reclassification of net change in fair value of equity instruments upon derecognition	-	-	(11.5)	-	11.5	-	-	-
<u>Distributions to shareholders</u>								
<u>Dividends paid during the period:</u>								
Final and special one-tier tax exempt dividends for the previous	-	-	-	-	(284.0)	(284.0)	-	(284.0)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(8.4)	(8.4)
Total distributions to shareholders	-	-	-	-	(284.0)	(284.0)	(8.4)	(292.4)
Total transactions with shareholders in their capacity as shareholders	-	-	-	-	(284.0)	(284.0)	(8.4)	(292.4)
Balance at 30 June 2018	152.7	22.4	(153.6)	0.2	7,246.6	7,268.3	81.3	7,349.6

(1) Included in Retained Earnings are non-distributable reserves of \$2,208.4 million (30 June 2018: \$2,260.8 million), which arise from regulatory risk charges in Singapore and Malaysia.

7.1. COMPANY STATEMENT OF CHANGES IN EQUITY for the half-years ended 30 June 2019 and 2018

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Retained Earnings	Total Equity
Balance at 1 January 2019	152.7	419.2	3,014.6	3,586.5
Profit for the period	-	-	609.2	609.2
Total comprehensive income for the period	-	-	609.2	609.2
<u>Distributions to shareholders</u>				
Dividends paid during the period:				
Final one-tier tax exempt dividend for the previous year	-	-	(236.7)	(236.7)
Total distributions to shareholders	-	-	(236.7)	(236.7)
Total transactions with shareholders in their capacity as shareholders	-	-	(236.7)	(236.7)
Balance at 30 June 2019	152.7	419.2	3,387.1	3,959.0
Balance at 1 January 2018	152.7	419.2	2,816.2	3,388.1
Profit for the period	-	-	531.6	531.6
Total comprehensive income for the period	-	-	531.6	531.6
<u>Distributions to shareholders</u>				
Dividends paid during the period:				
Final and special one-tier tax exempt dividends for the previous year	-	-	(284.0)	(284.0)
Total distributions to shareholders	-	-	(284.0)	(284.0)
Total transactions with shareholders in their capacity as shareholders	-	-	(284.0)	(284.0)
Balance at 30 June 2018	152.7	419.2	3,063.8	3,635.7

7.2. COMPANY STATEMENT OF CHANGES IN EQUITY for the second quarter ended 30 June 2019 and 2018

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Retained Earnings	Total Equity
Balance at 1 April 2019	152.7	419.2	3,013.3	3,585.2
Profit for the period	-	-	610.5	610.5
Total comprehensive income for the period	-	-	610.5	610.5
<u>Distributions to shareholders</u>				
Dividends paid during the period:				
Final one-tier tax exempt dividends for the previous year	-	-	(236.7)	(236.7)
Total distributions to shareholders	-	-	(236.7)	(236.7)
Total transactions with shareholders in their capacity as shareholders	-	-	(236.7)	(236.7)
Balance at 30 June 2019	152.7	419.2	3,387.1	3,959.0
Balance at 1 April 2018	152.7	419.2	2,814.9	3,386.8
Profit for the period	-	-	532.9	532.9
Total comprehensive income for the period	-	-	532.9	532.9
<u>Distributions to shareholders</u>				
Dividends paid during the period:				
Final and special one-tier tax exempt dividends for the previous year	-	-	(284.0)	(284.0)
Total distributions to shareholders	-	-	(284.0)	(284.0)
Total transactions with shareholders in their capacity as shareholders	-	-	(284.0)	(284.0)
Balance at 30 June 2018	152.7	419.2	3,063.8	3,635.7

8. CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE

in Singapore Dollars (millions)	1st Half 2019	1st Half 2018	2nd Quarter 2019	2nd Quarter 2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	622.6	475.1	201.3	290.0
Adjustments for non-cash items:				
Tax attributable to policyholders' returns	277.1	3.0	97.2	(5.4)
Share of loss of associates	0.2	0.2	0.1	0.1
(Gain)/loss on sale of investments and changes in fair value	(3,072.2)	1,626.2	(1,033.1)	903.5
Decrease in provision for impairment of assets	(1.0)	(7.5)	(0.2)	(6.1)
Increase in provision for agents' retirement benefits	26.4	16.9	9.3	3.5
Loss on disposal of property, plant and equipment	-	0.4	-	0.5
Depreciation	31.0	26.4	15.7	13.7
Unrealised loss/(gain) on exchange differences	21.2	(47.2)	6.1	(89.8)
Change in insurance contract liabilities	4,835.9	1,126.4	2,107.6	897.7
Change in premium liabilities	11.6	9.7	4.2	4.6
Amortisation of capitalised transaction fees	0.1	0.1	0.1	0.1
Dividend income	(304.7)	(359.0)	(184.0)	(236.7)
Interest income	(1,098.6)	(973.4)	(556.3)	(499.8)
Interest expense	9.2	9.2	4.6	4.6
Interest expense on policy benefits and lease liabilities	91.8	84.5	46.3	42.5
Share-based payments	3.2	2.6	1.7	1.5
	1,453.8	1,993.6	720.6	1,324.5
Changes in working capital:				
Insurance receivables	(187.0)	(87.6)	28.0	(0.3)
Other debtors	(101.3)	264.8	21.9	(173.3)
Insurance payables	194.6	217.0	63.2	63.1
Other creditors	271.6	(642.7)	(102.9)	10.3
Cash generated from operations	1,631.7	1,745.1	730.8	1,224.3
Income tax paid	(131.1)	(181.6)	64.3	(123.9)
Interest paid	(91.8)	(84.5)	(46.3)	(42.5)
Agents' retirement benefits paid	(10.7)	(15.3)	(6.0)	(7.6)
Net cash flows from operating activities	1,398.1	1,463.7	742.8	1,050.3
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from maturities and sale of investments	17,986.1	13,960.8	7,573.4	6,076.5
Purchase of investments	(21,352.8)	(19,059.6)	(9,117.5)	(7,851.4)
Net cash inflow from acquisition of subsidiary	14.5	-	14.5	-
Proceeds from sale of property, plant and equipment	0.3	0.3	-	0.1
Purchase of property, plant and equipment and investment properties	(32.1)	(25.3)	(19.7)	(12.8)
Interest income received	1,078.5	942.7	532.3	462.4
Interest expense paid	(9.2)	(9.2)	0.1	-
Dividends received	296.5	337.5	209.3	228.3
Net cash flows used in investing activities	(2,018.2)	(3,852.8)	(807.6)	(1,096.9)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(236.7)	(284.0)	(236.7)	(284.0)
Dividends paid to non-controlling interests	(10.7)	(8.4)	(10.7)	(8.4)
Principal element of lease payments	(2.2)	-	(0.7)	-
Net cash flows used in financing activities	(249.6)	(292.4)	(248.1)	(292.4)
Net effect of currency translation reserve adjustment	(175.6)	486.6	(485.6)	(99.3)
Net decrease in cash and cash equivalents	(1,045.3)	(2,194.9)	(798.5)	(438.3)
Cash and cash equivalents at the beginning of the period	5,705.1	5,364.8	5,458.3	3,608.2
Cash and cash equivalents at the end of the period	4,659.8	3,169.9	4,659.8	3,169.9

9. REVIEW OF RESULTS

The Group Financial Statements for the second quarter of 2019 (“Q2-19”) and for the half-year ended 30 June 2019 (“1H-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’s profit attributable to shareholders was \$169.0 million for Q2-19 and \$511.7 million for 1H-19 (Q2-18: \$237.6 million, 1H-18: \$390.5 million).

9.2 GROSS PREMIUMS

Gross premiums decreased 12% and 4% to \$2,871.4 million and \$5,463.6 million in Q2-19 and 1H-19 respectively (Q2-18: \$3,263.8 million, 1H-18: \$5,698.2 million) due to lower single premium sales in Singapore.

9.3 INVESTMENT INCOME, NET

Net investment income increased to \$708.2 million for Q2-19 and \$1,337.3 million for 1H-19 (Q2-18: \$703.8 million, 1H-18: \$1,274.2 million) mainly due to higher interest income, offset by lower dividend income.

9.4 FEES AND OTHER INCOME

Fees and other income decreased to \$18.8 million for Q2-19 and \$36.7 million for 1H-19 (Q2-18: \$19.2 million, 1H-18: \$40.1 million) 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 \$1,033.1 million in Q2-19 and \$3,072.2 million in 1H-19 compared with the same periods last year (Q2-18: loss of \$903.5 million, 1H-18: loss of \$1,626.2 million). The gain was mainly unrealised fair value gains from fair value through profit or loss (“FVTPL”) assets due to favourable market conditions.

9.6 GAIN/LOSS ON EXCHANGE DIFFERENCES

Exchange differences resulted in a loss of \$6.1 million in Q2-19 and \$21.2 million in 1H-19 (Q2-18: gain of \$89.8 million, 1H-18: gain of \$47.2 million). The loss arose mainly from US Dollar denominated investments.

9.7 GROSS CLAIMS, SURRENDERS AND ANNUITIES

Gross claims, surrenders and annuities increased to \$1,677.1 million for Q2-19 and \$3,161.0 million for 1H-19 (Q2-18: \$1,629.4 million, 1H-18: \$3,076.2 million).

9.8 COMMISSIONS AND DISTRIBUTION EXPENSES

Commissions and distribution expenses increased to \$254.7 million for Q2-19 and \$504.0 million for 1H-19 (Q2-18: \$244.9 million, 1H-18: \$473.1 million), largely due to higher sales of regular premium policies.

9.9 MANAGEMENT AND OTHER EXPENSES

Management and other expenses increased to \$148.5 million for Q2-19 and \$290.3 million for 1H-19 (Q2-18: \$103.4 million, 1H-18: \$236.0 million) mainly due to higher staff related expenses and professional fees.

9.10 CHANGE IN INSURANCE CONTRACT LIABILITIES

Change in insurance contract liabilities increased to \$2,107.6 million for Q2-19 and \$4,835.9 million for 1H-19 (Q2-18: \$897.7 million, 1H-18: \$1,126.4 million). The higher valuation of insurance contract liabilities in Q2-19 was a result of a decline in the discount rate used to value the insurance contract liabilities.

9.11 TAX ATTRIBUTABLE TO POLICYHOLDERS’ RETURNS

Tax attributable to policyholders’ returns increased to \$97.2 million for Q2-19 and \$277.1 million for 1H-19 (Q2-18: tax credit of \$5.4 million, 1H-18: tax expense of \$3.0 million) in line with the increase in insurance contract liabilities.

9.12 BALANCE SHEET

9.12.1 Fair Value Reserve

As at 30 June 2019, fair value reserve was \$228.7 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)	30 June 2019	31 December 2018
Subordinated fixed rate notes (unsecured) - payable after one year	399.9	399.8

9.12.3 Investments

Investments increased by 10% to \$78,603.5 million as at 30 June 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			Total
	FVTPL ⁽¹⁾	FVOCI ⁽²⁾	AC ⁽³⁾	
Par and Unit Linked Fund	58,835.4	13.0	-	58,848.4
Other Funds	10,107.8	9,541.0	106.3	19,755.1
Balance at 30 Jun 2019	68,943.2	9,554.0	106.3	78,603.5

⁽¹⁾ FVTPL - Fair Value Through Profit or Loss

⁽²⁾ FVOCI - Fair Value Through Other Comprehensive Income

⁽³⁾ AC - Amortised Cost

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

	SINGAPORE		MALAYSIA	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
Fixed income & debt securities	68%	65%	63%	65%
Equities	22%	22%	28%	27%
Real estate & others	5%	6%	4%	4%
Cash & money market instruments	5%	7%	5%	4%
Market Value of Assets (in SGD billions)	52.1	48.1	24.5	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 30 June 2019 was unchanged at \$152.7 million compared with 31 December 2018. Total number of shares issued as at 30 June 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 Q2-19 and 1H-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 second quarter and half-year ended 30 June 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.

Issued: 31 July 2019