

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 2016

For the second quarter and half year ended 30 June 2016, Group profit attributable to shareholders was \$102.2 million and \$199.1 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 2016 (2015: 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 Register of Members of the Company will be closed on 19 August 2016 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 pm on 18 August 2016 will be registered to determine shareholders’ entitlements to the interim one-tier tax exempt dividend. Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares as at 5.00pm on 18 August 2016 will be entitled to the interim one-tier tax exempt dividend.

The interim tax one-tier exempt dividend will be paid on 2 September 2016.

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 2016 to be false or misleading in any material aspect.

By Order of the Board

Jennifer Wong Pakshong
Group Company Secretary
Singapore, 26 July 2016

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 2016

1. GROUP PROFIT AND LOSS STATEMENTS

in Singapore Dollars (millions)	Note	1st Half 2016	1st Half 2015	% + / (-)	2nd Quarter 2016	2nd Quarter 2015	% + / (-)	1st Quarter 2016	% + / (-)
Gross Premiums	9.2	4,538.6	3,698.3	23	2,276.3	1,823.0	25	2,262.3	1
Life assurance profit from:									
Participating Fund		70.5	66.7	6	35.1	33.9	4	35.4	(1)
Non-participating Fund		27.8	172.8	(84)	27.1	56.9	(52)	0.7	nm
Investment-linked Fund		93.0	91.6	2	45.6	41.4	10	47.4	(4)
Profit from life assurance		191.3	331.1	(42)	107.8	132.2	(18)	83.5	29
Profit from general insurance		14.0	13.6	3	8.4	6.9	22	5.6	50
Profit from insurance business	9.3	205.3	344.7	(40)	116.2	139.1	(16)	89.1	30
Investment income, net		77.7	73.3	6	43.3	42.3	2	34.4	26
Gain/(loss) on sale of investments and changes in fair value		8.2	149.6	(95)	(2.4)	144.9	nm	10.6	nm
Loss on disposal of subsidiary		(18.7)	-	nm	(18.7)	-	nm	-	nm
Increase in provision for impairment of assets		(7.4)	(0.6)	nm	(3.5)	(0.3)	nm	(3.9)	nm
(Loss)/gain on exchange differences		(11.7)	3.6	nm	0.5	(6.6)	nm	(12.2)	nm
Profit from Shareholders' Fund's investments	9.4	48.1	225.9	(79)	19.2	180.3	(89)	28.9	(34)
Fees and other income	9.5	39.3	38.3	3	19.8	19.4	2	19.5	2
Profit before expenses		292.7	608.9	(52)	155.2	338.8	(54)	137.5	13
less:									
Management and other expenses	9.6	36.9	41.4	(11)	20.7	21.1	(2)	16.2	28
Interest expense		9.2	9.2	-	4.6	4.6	-	4.6	-
Depreciation		0.6	0.8	(25)	0.4	0.4	-	0.2	100
Expenses		46.7	51.4	(9)	25.7	26.1	(2)	21.0	22
Profit after expenses		246.0	557.5	(56)	129.5	312.7	(59)	116.5	11
Share of loss after income tax of associates	9.7	-	(0.8)	(100)	-	(1.6)	(100)	-	nm
Profit before income tax		246.0	556.7	(56)	129.5	311.1	(58)	116.5	11
Income tax		(42.1)	(54.0)	nm	(25.0)	(31.1)	nm	(17.1)	nm
Profit after income tax		203.9	502.7	(59)	104.5	280.0	(63)	99.4	5
Attributable to:									
Shareholders	9.1	199.1	498.2	(60)	102.2	277.7	(63)	96.9	5
Non-controlling interests		4.8	4.5	7	2.3	2.3	-	2.5	(8)
		203.9	502.7	(59)	104.5	280.0	(63)	99.4	5
Basic and diluted earnings per share attributable to shareholders of the Company (in Singapore Dollars)		0.42	1.05	(60)	0.22	0.58	(62)	0.20	10
Return on Equity (Average Shareholders' Fund) (%) (not annualised)		3.2%	8.3%	-5.1 pp	1.6%	4.7%	-3.1 pp	1.6%	-

nm – not meaningful / exceeding 300%

2. GROUP STATEMENT OF COMPREHENSIVE INCOME

in Singapore Dollars (millions)	1st Half 2016	1st Half 2015	% + / (-)	2nd Quarter 2016	2nd Quarter 2015	% + / (-)	1st Quarter 2016	% + / (-)
Profit after income tax for the period	203.9	502.7	(59)	104.5	280.0	(63)	99.4	5
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	0.5	(0.8)	nm	(0.1)	(0.6)	nm	0.6	nm
Items that may be reclassified subsequently to profit or loss:								
Exchange differences arising on translation of overseas entities	0.7	(32.8)	nm	(8.0)	(23.3)	nm	8.7	nm
Share of other comprehensive income of associates	-	1.5	(100)	-	0.3	(100)	-	nm
Available-for-sale financial assets:								
Changes in fair value	(55.3)	187.2	nm	27.2	14.1	93	(82.5)	nm
Reclassification of realised loss/(gain) on disposal of investments to Profit and Loss Statement	0.3	(151.3)	nm	1.9	(139.1)	nm	(1.6)	nm
Tax on changes in fair value	8.4	(5.8)	nm	(5.0)	21.4	nm	13.4	nm
Other comprehensive income for the period, after tax	(45.4)	(2.0)	nm	16.0	(127.2)	nm	(61.4)	nm
Total comprehensive income for the period	158.5	500.7	(68)	120.5	152.8	(21)	38.0	217
Total comprehensive income attributable to:								
Shareholders	154.8	496.5	(69)	118.2	151.4	(22)	36.6	223
Non-controlling interests	3.7	4.2	(12)	2.3	1.4	64	1.4	64
	158.5	500.7	(68)	120.5	152.8	(21)	38.0	217

nm – not meaningful / exceeding 300%

3. GROUP BALANCE SHEET

in Singapore Dollars (millions)	Note	Group		% +/(-)
		30 Jun 2016	31 Dec 2015	
Share capital	10	152.7	152.7	-
Reserves				
Currency translation reserve	9.8.1	(149.2)	(170.8)	nm
Fair value reserve	9.8.2	20.5	67.0	(69)
Accumulated profit		6,167.6	6,181.5	(0)
SHAREHOLDERS' FUND		6,191.6	6,230.4	(1)
NON-CONTROLLING INTERESTS		70.3	66.6	6
TOTAL EQUITY		6,261.9	6,297.0	(1)
LIABILITIES				
Insurance payables		3,578.0	3,391.6	5
Other creditors and interfund balances	9.8.3	2,284.1	2,562.3	(11)
Unexpired risk reserve		126.6	126.6	-
Derivative financial liabilities	9.8.4	372.6	521.4	(29)
Income tax	9.8.5	434.5	497.1	(13)
Provision for agents' retirement benefits		265.1	250.6	6
Deferred tax		1,040.7	1,068.3	(3)
Debt issued	9.8.6	399.6	399.5	0
General insurance fund		241.7	228.2	6
Life assurance fund		53,449.4	50,478.1	6
TOTAL EQUITY AND LIABILITIES		68,454.2	65,820.7	4
ASSETS				
Cash and cash equivalents	9.8.7	4,242.4	3,491.1	22
Other debtors and interfund balances	9.8.8	2,061.1	2,585.6	(20)
Insurance receivables		2,621.5	2,576.0	2
Loans		1,658.5	1,808.5	(8)
Derivative financial assets	9.8.4	153.0	38.1	nm
Investments		55,448.0	53,058.3	5
Associates		52.5	52.8	(1)
Intangible assets		32.4	32.1	1
Investment properties		1,571.4	1,568.1	0
Property, plant and equipment		613.4	610.1	1
TOTAL ASSETS		68,454.2	65,820.7	4
Net Asset Value per share (in Singapore Dollars)		13.08	13.16	(1)

nm – not meaningful / exceeding 300%

4. COMPANY BALANCE SHEET

in Singapore Dollars (millions)	Company		
	30 Jun 2016	31 Dec 2015	% + / (-)
Share capital	152.7	152.7	-
Reserves			
Merger reserve	419.2	419.2	-
Accumulated profit	2,712.9	2,264.2	20
TOTAL EQUITY	3,284.8	2,836.1	16
LIABILITIES			
Other creditors	6.6	8.7	(24)
Income tax	0.1	0.1	-
TOTAL EQUITY AND LIABILITIES	3,291.5	2,844.9	16
ASSETS			
Cash and cash equivalents	29.2	317.0	(91)
Other debtors	0.1	0.1	0
Amounts due from subsidiaries	2,575.6	1,841.1	40
Subsidiaries	686.1	686.1	-
Property, plant and equipment	0.5	0.6	(17)
TOTAL ASSETS	3,291.5	2,844.9	16
Net Asset Value per share (in Singapore Dollars)	6.94	5.99	16

5. SELECTED INCOME AND MANAGEMENT EXPENSES

in Singapore Dollars (millions)	Shareholders' Fund				
	1st Half 2016	1st Half 2015	2nd Quarter 2016	2nd Quarter 2015	1st Quarter 2016
<u>Expenses</u>					
1. Staff costs and related expenses (including executive directors and key management personnel compensation)	38.9	36.2	19.5	18.0	19.4
2. Rental expense	3.1	3.0	1.4	1.4	1.7
3. Depreciation	0.6	0.8	0.4	0.4	0.2
4. Changes in third-party interests in consolidated investment funds	0.4	-	0.4	-	-
Life Assurance and General Insurance Funds					
in Singapore Dollars (millions)	1st Half 2016	1st Half 2015	2nd Quarter 2016	2nd Quarter 2015	1st Quarter 2016
<u>Income</u>					
1. Investment income, net (excluding mark-to-market changes)	975.0	970.9	533.9	541.0	441.1
<u>Expenses</u>					
1. Staff costs and related expenses (including executive directors and key management personnel compensation)	111.2	105.9	59.0	53.9	52.2
2. Rental expense	9.0	8.5	4.5	4.3	4.5
3. Depreciation	24.4	22.5	12.7	11.4	11.7

6.1. GROUP STATEMENT OF CHANGES IN EQUITY for the half-year ended 30 June 2016

in Singapore Dollars (millions)	Attributable to Shareholders of the Company				Total	Non-Controlling Interests	Total Equity
	Share Capital	Currency Translation Reserve	Fair Value Reserve	Accumulated Profit ⁽¹⁾			
Balance at 1 January 2016	152.7	(170.8)	67.0	6,181.5	6,230.4	66.6	6,297.0
Profit for the period	-	-	-	199.1	199.1	4.8	203.9
Other comprehensive income							
Exchange differences arising on translation of overseas entities	-	0.7	-	-	0.7	0.5	1.2
Available-for-sale financial assets:							
Changes in fair value	-	-	(53.6)	-	(53.6)	(1.7)	(55.3)
Reclassification of realised loss on disposal of investments to Profit and Loss Statement	-	-	0.3	-	0.3	-	0.3
Tax on changes in fair value	-	-	8.3	-	8.3	0.1	8.4
Other comprehensive income for the period, after tax	-	0.7	(45.0)	-	(44.3)	(1.1)	(45.4)
Total comprehensive income for the period	-	0.7	(45.0)	199.1	154.8	3.7	158.5
Distributions to shareholders							
Dividends paid during the period:							
Final and special one-tier tax exempt dividends for the previous year	-	-	-	(213.0)	(213.0)	-	(213.0)
Total distributions to shareholders	-	-	-	(213.0)	(213.0)	-	(213.0)
Changes in ownership interests in subsidiaries							
Disposal of subsidiary	-	20.9	(1.5)	-	19.4	-	19.4
Total changes in ownership interests in subsidiaries	-	20.9	(1.5)	-	19.4	-	19.4
Total transactions with shareholders in their capacity as shareholders	-	20.9	(1.5)	(213.0)	(193.6)	-	(193.6)
Balance at 30 June 2016	152.7	(149.2)	20.5	6,167.6	6,191.6	70.3	6,261.9

6.2. GROUP STATEMENT OF CHANGES IN EQUITY for the half-year ended 30 June 2015

in Singapore Dollars (millions)	Attributable to Shareholders of the Company				Total	Non-Controlling Interests	Total Equity
	Share Capital	Currency Translation Reserve	Fair Value Reserve	Accumulated Profit ⁽¹⁾			
Balance at 1 January 2015	152.7	(96.4)	159.1	5,656.4	5,871.8	60.1	5,931.9
Profit for the period	-	-	-	498.2	498.2	4.5	502.7
<u>Other comprehensive income</u>							
Exchange differences arising on translation of overseas entities	-	(32.8)	-	-	(32.8)	(0.8)	(33.6)
Share of other comprehensive income of associates	-	0.5	1.0	-	1.5	-	1.5
Available-for-sale financial assets:							
Changes in fair value	-	-	186.7	-	186.7	0.5	187.2
Reclassification of realised gain on disposal of investments to Profit and Loss Statement	-	-	(151.3)	-	(151.3)	-	(151.3)
Tax on changes in fair value	-	-	(5.8)	-	(5.8)	-	(5.8)
Other comprehensive income for the period, after tax	-	(32.3)	30.6	-	(1.7)	(0.3)	(2.0)
Total comprehensive income for the period	-	(32.3)	30.6	498.2	496.5	4.2	500.7
<u>Distributions to shareholders</u>							
Dividends paid during the period:							
Final and special one-tier tax exempt dividends for the previous year	-	-	-	(213.0)	(213.0)	-	(213.0)
Total distributions to shareholders	-	-	-	(213.0)	(213.0)	-	(213.0)
Total transactions with shareholders in their capacity as shareholders	-	-	-	(213.0)	(213.0)	-	(213.0)
Balance at 30 June 2015	152.7	(128.7)	189.7	5,941.6	6,155.3	64.3	6,219.6

(1) Included in Accumulated Profit are non-distributable reserves of \$1,294.9 million (30 June 2015: \$1,176.4 million), which arise from regulatory risk charges in Singapore and Malaysia that are held out of the Group Shareholders' Accumulated Profit Account.

6.3. GROUP STATEMENT OF CHANGES IN EQUITY for the second quarter ended 30 June 2016

in Singapore Dollars (millions)	Attributable to Shareholders of the Company				Total	Non-Controlling Interests	Total Equity
	Share Capital	Currency Translation Reserve	Fair Value Reserve	Accumulated Profit ⁽¹⁾			
Balance at 1 April 2016	152.7	(162.1)	(2.0)	6,278.4	6,267.0	68.0	6,335.0
Profit for the period	-	-	-	102.2	102.2	2.3	104.5
<u>Other comprehensive income</u>							
Exchange differences arising on translation of overseas entities	-	(8.0)	-	-	(8.0)	(0.1)	(8.1)
Available-for-sale financial assets:							
Changes in fair value	-	-	27.1	-	27.1	0.1	27.2
Reclassification of realised loss on disposal of investments to Profit and Loss Statement	-	-	1.9	-	1.9	-	1.9
Tax on changes in fair value	-	-	(5.0)	-	(5.0)	-	(5.0)
Other comprehensive income for the period, after tax	-	(8.0)	24.0	-	16.0	-	16.0
Total comprehensive income for the period	-	(8.0)	24.0	102.2	118.2	2.3	120.5
<u>Distributions to shareholders</u>							
Dividends paid during the period:							
Final and special one-tier tax exempt dividends for the previous year	-	-	-	(213.0)	(213.0)	-	(213.0)
Total distributions to shareholders	-	-	-	(213.0)	(213.0)	-	(213.0)
<u>Changes in ownership interests in subsidiaries</u>							
Disposal of subsidiary	-	20.9	(1.5)	-	19.4	-	19.4
Total changes in ownership interests in subsidiaries	-	20.9	(1.5)	-	19.4	-	19.4
Total transactions with shareholders in their capacity as shareholders	-	20.9	(1.5)	(213.0)	(193.6)	-	(193.6)
Balance at 30 June 2016	152.7	(149.2)	20.5	6,167.6	6,191.6	70.3	6,261.9

6.4. GROUP STATEMENT OF CHANGES IN EQUITY for the second quarter ended 30 June 2015

in Singapore Dollars (millions)	Attributable to Shareholders of the Company				Total	Non-Controlling Interests	Total Equity
	Share Capital	Currency Translation Reserve	Fair Value Reserve	Accumulated Profit ⁽¹⁾			
Balance at 1 April 2015	152.7	(104.6)	291.9	5,876.9	6,216.9	62.9	6,279.8
Profit for the period	-	-	-	277.7	277.7	2.3	280.0
<u>Other comprehensive income</u>							
Exchange differences arising on translation of overseas entities	-	(23.3)	-	-	(23.3)	(0.6)	(23.9)
Share of other comprehensive income of associates	-	(0.8)	1.1	-	0.3	-	0.3
<u>Available-for-sale financial assets:</u>							
Changes in fair value	-	-	14.5	-	14.5	(0.4)	14.1
Reclassification of realised gain on disposal of investments to Profit and Loss Statement	-	-	(139.1)	-	(139.1)	-	(139.1)
Tax on changes in fair value	-	-	21.3	-	21.3	0.1	21.4
Other comprehensive income for the period, after tax	-	(24.1)	(102.2)	-	(126.3)	(0.9)	(127.2)
Total comprehensive income for the period	-	(24.1)	(102.2)	277.7	151.4	1.4	152.8
<u>Distributions to shareholders</u>							
<u>Dividends paid during the period:</u>							
Final and special one-tier tax exempt dividends for the previous year	-	-	-	(213.0)	(213.0)	-	(213.0)
Total distributions to shareholders	-	-	-	(213.0)	(213.0)	-	(213.0)
Total transactions with shareholders in their capacity as shareholders	-	-	-	(213.0)	(213.0)	-	(213.0)
Balance at 30 June 2015	152.7	(128.7)	189.7	5,941.6	6,155.3	64.3	6,219.6

(1) Included in Accumulated Profit are non-distributable reserves of \$1,294.9 million (30 June 2015: \$1,176.4 million), which arise from regulatory risk charges in Singapore and Malaysia that are held out of the Group Shareholders' Accumulated Profit Account.

7.1. COMPANY STATEMENT OF CHANGES IN EQUITY for the half-years ended 30 June 2016 and 2015

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Accumulated Profit	Total Equity
Balance at 1 January 2016	152.7	419.2	2,264.2	2,836.1
Profit for the period	-	-	661.7	661.7
Total comprehensive income for the period	-	-	661.7	661.7
<u>Distributions to shareholders</u>				
Dividends paid during the period:				
Final and special one-tier tax exempt dividends for the previous year	-	-	(213.0)	(213.0)
Total distributions to shareholders	-	-	(213.0)	(213.0)
Total transactions with shareholders in their capacity as shareholders	-	-	(213.0)	(213.0)
Balance at 30 June 2016	152.7	419.2	2,712.9	3,284.8
Balance at 1 January 2015	152.7	419.2	1,983.9	2,555.8
Profit for the period	-	-	494.0	494.0
Total comprehensive income for the period	-	-	494.0	494.0
<u>Distributions to shareholders</u>				
Dividends paid during the period:				
Final and special one-tier tax exempt dividends for the previous year	-	-	(213.0)	(213.0)
Total distributions to shareholders	-	-	(213.0)	(213.0)
Total transactions with shareholders in their capacity as shareholders	-	-	(213.0)	(213.0)
Balance at 30 June 2015	152.7	419.2	2,264.9	2,836.8

7.2. COMPANY STATEMENT OF CHANGES IN EQUITY for the second quarter ended 30 June 2016 and 2015

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Accumulated Profit	Total Equity
Balance at 1 April 2016	152.7	419.2	2,262.4	2,834.3
Profit for the period	-	-	663.5	663.5
Total comprehensive income for the period	-	-	663.5	663.5
<u>Distributions to shareholders</u>				
Dividends paid during the period:				
Final and special one-tier tax exempt dividends for the previous year	-	-	(213.0)	(213.0)
Total distributions to shareholders	-	-	(213.0)	(213.0)
Total transactions with shareholders in their capacity as shareholders	-	-	(213.0)	(213.0)
Balance at 30 June 2016	152.7	419.2	2,712.9	3,284.8
Balance at 1 April 2015	152.7	419.2	1,981.7	2,553.6
Profit for the period	-	-	496.2	496.2
Total comprehensive income for the period	-	-	496.2	496.2
<u>Distributions to shareholders</u>				
Dividends paid during the period:				
Final and special one-tier tax exempt dividends for the previous year	-	-	(213.0)	(213.0)
Total distributions to shareholders	-	-	(213.0)	(213.0)
Total transactions with shareholders in their capacity as shareholders	-	-	(213.0)	(213.0)
Balance at 30 June 2015	152.7	419.2	2,264.9	2,836.8

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

in Singapore Dollars (millions)	1st Half 2016	1st Half 2015	2nd Quarter 2016	2nd Quarter 2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	246.0	556.7	129.5	311.1
Life assurance (loss)/profit before income tax	(287.0)	658.3	(69.3)	948.2
General insurance profit before income tax	17.7	16.9	10.4	8.9
Adjustments for non-cash items:				
Surplus transferred from life assurance fund but not yet withdrawn	(191.3)	(331.1)	(107.8)	(132.2)
Profit transferred from general insurance fund but not yet withdrawn	(14.0)	(13.6)	(8.4)	(6.9)
Share of loss of associates	0.1	0.9	-	1.7
Gain on sale of investments and changes in fair value	(409.0)	(602.6)	(51.1)	(549.2)
Loss on disposal of subsidiary	18.7	-	18.7	-
Increase in provision for impairment of assets	116.8	3.1	61.7	0.4
Increase in provision for agents' retirement benefits	16.1	19.8	10.1	9.4
Depreciation	25.0	23.3	13.1	11.8
Unrealised loss/(gain) on exchange differences	678.7	(219.2)	162.6	246.4
Change in life assurance contract liabilities	2,471.3	1,417.0	1,278.9	110.1
Change in general insurance contract liabilities	0.4	4.4	(4.2)	3.1
Change in unexpired risk reserve	2.7	2.6	2.9	2.7
Amortisation of capitalised transaction fees	0.1	0.1	0.1	0.1
Dividend income	(257.8)	(272.4)	(174.6)	(193.8)
Interest income	(850.3)	(828.2)	(432.6)	(417.6)
Interest expense	9.2	9.6	4.6	4.7
Interest expense on policy benefits	73.7	68.6	38.2	34.5
Share-based payments	1.6	1.5	1.0	0.8
	1,668.7	515.6	883.8	394.2
Changes in working capital:				
Insurance receivables	(40.0)	59.7	49.2	52.8
Other debtors and interfund balances	527.9	136.9	354.5	568.3
Insurance payables	186.6	(49.1)	18.0	(45.5)
Other creditors and interfund balances	(266.3)	(460.5)	(230.4)	(478.3)
Cash generated from operations	2,076.9	202.6	1,075.1	491.5
Income tax paid	(174.5)	(109.1)	(128.1)	(59.9)
Interest paid on policy benefits	(73.7)	(68.6)	(38.2)	(34.5)
Agents' retirement benefits paid	(5.6)	(5.9)	(2.7)	(3.1)
Net cash flows from operating activities	1,823.1	19.0	906.1	394.0
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from maturities and sale of investments	11,096.1	11,259.2	5,606.7	5,643.2
Purchase of investments	(13,328.9)	(10,482.1)	(6,329.1)	(4,719.5)
Net cash inflow from disposal of subsidiary	23.6	-	23.6	-
Proceeds from sale of property, plant and equipment	-	0.4	-	(0.6)
Purchase of property, plant and equipment and investment properties	(25.9)	(20.7)	(11.0)	(10.8)
Interest income received	832.7	832.2	413.8	406.3
Interest expense paid	(9.3)	(9.9)	-	(0.2)
Dividends received	254.4	259.0	172.9	180.8
Net cash flows (used in)/from investing activities	(1,157.3)	1,838.1	(123.1)	1,499.2
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(213.0)	(213.0)	(213.0)	(213.0)
Repayment of loan	-	(41.2)	-	(41.2)
Net cash flows used in financing activities	(213.0)	(254.2)	(213.0)	(254.2)
Net effect of currency translation reserve adjustment	298.5	(1,204.2)	(522.9)	(831.1)
Net increase in cash and cash equivalents	751.3	398.7	47.1	807.9
Cash and cash equivalents at the beginning of the period	3,491.1	3,254.3	4,195.3	2,845.1
Cash and cash equivalents at the end of the period	4,242.4	3,653.0	4,242.4	3,653.0

9. REVIEW OF RESULTS

The Group Financial Statements for the second quarter of 2016 (Q2-16) and for the half-year ended 30 June 2016 (1H-16) were prepared in accordance with the Singapore Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS).

9.1 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The Group's profit attributable to shareholders of \$102.2 million for Q2-16 and \$199.1 million for 1H-16 were 63% and 60% lower compared with the same periods last year (Q2-15: \$277.7 million, 1H-15: \$498.2 million). This was brought about mainly by unrealised fair value losses from the valuation of assets and liabilities in the insurance business amid unfavourable financial market conditions. 2015's performance for Q2 and 1H was better than 2016's mainly because of a gain of \$119.9 million (post-tax) from the sale of part of the Group's investment in New China Life Insurance Company Ltd.

9.2 GROSS PREMIUMS

Q2-16 and 1H-16 gross premiums increased 25% and 23% compared with the same periods last year to \$2,276.3 million and \$4,538.6 million (Q2-15: \$1,823.0 million, 1H-15: \$3,698.3 million).

9.3 PROFIT FROM INSURANCE BUSINESS

The Group's profit from insurance business for Q2-16 was \$116.2 million (Q2-15: \$139.1 million), 16% lower than the same quarter last year, mainly because of unrealised losses from the widening of credit spreads and sharp decline of the long term interest rates. For 1H-16, profit from insurance business decreased by 40% to \$205.3 million (1H-15: \$344.7 million) for the same reasons above.

Profit from general insurance of \$8.4 million for Q2-16 and \$14.0 million for 1H-16 was higher than the same periods last year (Q2-15: \$6.9 million, 1H-15: \$13.6 million) due to a release of reserves in Malaysia.

9.4 PROFIT FROM SHAREHOLDERS' FUND'S INVESTMENTS

In Q2-16, Shareholders' Fund recorded a loss of \$18.7 million from disposal of its wholly-owned subsidiary, Great Eastern Life (Vietnam) Company Ltd ("GELV"). Realised gain from sale of investments and changes in fair value was also lower as there was a gain from sale of part of the Group's investment in New China Life Insurance Company Ltd in the same period last year. As a result, Profit from Shareholders' Fund's Investments for Q2-16 and 1H16 were lower at \$19.2 million and \$48.1 million compared with the same periods last year (Q2-15: \$180.3 million, 1H-15: \$225.9 million).

9.5 FEES AND OTHER INCOME

Fees and other income increased to \$19.8 million for Q2-16 and \$39.3 million for 1H-16 (Q2-15: \$19.4 million, 1H-15: \$38.3 million) from higher fee income from the Group's asset management arm, Lion Global Investors Limited.

9.6 MANAGEMENT AND OTHER EXPENSES

Management and other expenses were lower at \$20.7 million for Q2-16 and \$36.9 million for 1H-16 (Q2-15: \$21.1 million, 1H-15: \$41.4 million) mainly from revaluation gains from Malaysian Ringgit-denominated intercompany receivables.

9.7 SHARE OF LOSS / PROFIT AFTER INCOME TAX OF ASSOCIATES

There was no share of loss after income tax of associates for Q2-16 and 1H-16 as the Group's investment in China ceased to be accounted for as an associate from 1 December 2015 and has since been accounted for as available-for-sale.

9.8 BALANCE SHEET

9.8.1 Currency Translation Reserve

As at 30 June 2016, translation loss was \$149.2 million compared with a loss of \$170.8 million as at 31 December 2015. The reduction in the loss was mainly caused by the appreciation of the Malaysian Ringgit against the Singapore Dollar in 1H-16.

9.8.2 Fair Value Reserve

As at 30 June 2016, fair value reserve was \$20.5 million, compared with \$67.0 million as at 31 December 2015. The decrease was caused by unrealised fair value losses from Shareholders' Fund's Investments.

- 9.8.3 Other Creditors and Interfund Balances
Other creditors and interfund balances decreased by 11% to \$2,284.1 million as at 30 June 2016 (31 December 2015: \$2,562.3 million) mainly arising from settlement of interfund charges.
- 9.8.4 Derivative Financial Liabilities and Assets
Derivative financial liabilities and assets held by the Group are for hedging purposes. Derivative financial liabilities decreased to \$372.6 million as at 30 June 2016 (31 December 2015: \$521.4 million) and derivative financial assets increased to \$153.0 million (31 December 2015: \$38.1 million). The change in the net position mainly arose from movements in the fair value of currency forwards and swaps as a result of the weakening of the US Dollar against the Singapore Dollar.
- 9.8.5 Income Tax
Income tax decreased by 13% to \$434.5 million as at 30 June 2016 (31 December 2015: \$497.1 million), due to the net impact of settlement of prior years' tax liabilities and tax provision for 1H-16.
- 9.8.6 Debt Issued
- | in SGD (millions) | 30 June
2016 | 31 December
2015 |
|---|-----------------|---------------------|
| Subordinated fixed rate notes (unsecured)
- payable after one year | 399.6 | 399.5 |
- 9.8.7 Cash and Cash Equivalents
Cash and cash equivalents increased by 22% to \$4,242.4 million as at 30 June 2016 (31 December 2015: \$3,491.1 million), mainly due to net cash inflows from operating activities, offset by net cash outflows from investing activities for purchase of investments.
- 9.8.8 Other Debtors and Interfund Balances
Other debtors and interfund balances decreased by 20% to \$2,061.1 million as at 30 June 2016 (31 December 2015: \$2,585.6 million) mainly arising from settlement of interfund charges and investment.
- 9.8.9 Asset allocation of life funds, excluding Investment-linked Funds, was as follows:

	SINGAPORE		MALAYSIA	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Fixed income & debt securities	64%	62%	70%	72%
Equities	23%	25%	22%	23%
Real estate & others	6%	7%	3%	3%
Cash & money market instruments	7%	6%	5%	2%
Market Value of Assets (in SGD billions)	33.6	31.6	21.5	20.7

9.9 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 2016 was unchanged at \$152.7 million compared with 31 December 2015. Total number of shares issued as at 30 June 2016 also remained unchanged at 473,319,069 compared with 31 December 2015.

11. ACCOUNTING POLICIES

The accounting policies and methods of computation, adopted by the Group for the financial statements for Q2-16, were consistent with the audited financial statements for the year ended 31 December 2015.

The adoption of the other revised and new FRS and INT FRS which came into effect on 1 January 2016 did not have any material financial impact on the Group's results for Q2-16.

12. UNAUDITED RESULTS

The consolidated Group's financial results for the second quarter and half-year ended 30 June 2016 have not been audited or reviewed by the Group's auditors.

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

The Group's performance may be affected by the volatility in global financial markets in light of the UK's decision to leave the European Union and the presidential elections in the USA.

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: 26 July 2016