

# 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:

### **Audited Financial Results of GEH Group for the Fourth Quarter and Year Ended 31 December 2018**

For the fourth quarter and year ended 31 December 2018, Group profit attributable to shareholders was \$136.9 million and \$740.7 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.

### **Dividend**

The Board of Directors is pleased to recommend a final one-tier tax exempt dividend of 50 cents per ordinary share (2017: final one-tier tax exempt dividend of 50 cents per ordinary share and special one-tier tax exempt dividend of 10 cents per ordinary share). Including the interim one-tier tax exempt dividend of 10 cents per ordinary share paid in August 2018 (2017: interim one-tier tax exempt dividend of 10 cents per ordinary share), total dividends for financial year 2018 would amount to 60 cents per ordinary share (2017: 70 cents per ordinary share).

### **Books Closure Date and Payment Date for Dividend**

Subject to the approval of the shareholders to the final one-tier tax exempt dividend at the Annual General Meeting, the Share Transfer Books and Register of Members of the Company will be closed on 25 April 2019 for the purpose of determining the entitlement of shareholders to the recommended final one-tier tax exempt dividend of 50 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 24 April 2019 will be registered to determine shareholders’ entitlement to the proposed dividend. Subject to the aforesaid, Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares as at 5.00 pm on 24 April 2019 will be entitled to the proposed dividends.

The final one-tier tax exempt dividend, if approved by shareholders, will be paid on 8 May 2019.

By Order of the Board

Jennifer Wong Pakshong  
Group Company Secretary  
Singapore, 19 February 2019

*The Group financial results are also available on the Company’s website at [www.greasternlife.com](http://www.greasternlife.com).*

**FINANCIAL RESULTS FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2018**

**1. GROUP PROFIT AND LOSS STATEMENTS**

in Singapore Dollars (millions)	Note	Year ended 2018	Year ended 2017	% +/-	4th Quarter 2018	4th Quarter 2017	% +/-	3rd Quarter 2018	% +/-
<b>Income</b>									
Gross premiums	10.2	12,239.2	12,558.7	(3)	2,996.2	4,309.7	(30)	3,544.8	(15)
less: Premiums ceded to reinsurers		379.1	280.2	35	91.7	73.1	25	121.1	(24)
less: Increase/(decrease) in unexpired risk reserve		11.4	8.1	41	(1.8)	2.5	(172)	3.5	(151)
<b>Net premiums</b>		<b>11,848.7</b>	<b>12,270.4</b>	<b>(3)</b>	<b>2,906.3</b>	<b>4,234.1</b>	<b>(31)</b>	<b>3,420.2</b>	<b>(15)</b>
Commissions received from reinsurers		71.6	55.5	29	16.1	15.1	7	17.9	(10)
Investment income, net	10.3	2,624.3	2,225.0	18	593.5	545.6	9	756.6	(22)
Rental income, net		53.6	55.4	(3)	11.3	12.1	(7)	13.5	(16)
Fees and other income	10.4	77.5	77.1	1	19.0	19.9	(5)	18.4	3
(Loss)/gain on sale of investments and changes in fair value	10.5	(2,630.8)	3,187.1	(183)	(1,644.7)	980.5	(268)	640.1	nm
Change in third-party interests in consolidated investment funds		10.9	(22.6)	(148)	5.3	(7.2)	(174)	0.5	nm
Loss on disposal of interest in associate		-	(9.9)	(100)	-	-	nm	-	nm
Loss on disposal of subsidiary		-	(1.2)	(100)	-	-	nm	-	nm
Gain/(loss) on exchange differences	10.6	39.2	(652.5)	(106)	(11.6)	(185.4)	(94)	3.6	nm
<b>Total income</b>		<b>12,095.0</b>	<b>17,184.3</b>	<b>(30)</b>	<b>1,895.2</b>	<b>5,614.7</b>	<b>(66)</b>	<b>4,870.8</b>	<b>(61)</b>
<b>less: Expenses</b>									
Gross claims, surrenders and annuities	10.7	6,570.2	5,617.0	17	1,712.9	1,551.2	10	1,781.1	(4)
Claims, surrenders and annuities recovered from reinsurers		(218.0)	(200.1)	9	(51.9)	(61.8)	(16)	(60.1)	(14)
Commissions and agency expenses	10.8	1,012.0	937.7	8	284.7	288.0	(1)	254.2	12
(Decrease)/increase in provision for impairment of assets		(40.4)	251.9	(116)	(34.0)	104.6	(133)	1.1	nm
Management and other expenses	10.9	531.5	563.5	(6)	154.5	188.8	(18)	141.0	10
Interest expense		18.3	18.3	-	4.6	4.6	-	4.5	2
Agents' retirement benefits		27.8	37.9	(27)	4.1	5.9	(31)	6.8	(40)
Depreciation		56.7	70.7	(20)	16.6	23.2	(28)	13.7	21
Change in insurance contract liabilities	10.10	3,188.2	8,210.1	(61)	(314.6)	2,894.1	(111)	2,376.4	(113)
Tax attributable to policyholders' returns	10.11	40.1	410.6	(90)	(50.1)	103.6	(148)	87.2	(157)
<b>Total expenses</b>		<b>11,186.4</b>	<b>15,917.6</b>	<b>(30)</b>	<b>1,726.8</b>	<b>5,102.2</b>	<b>(66)</b>	<b>4,605.9</b>	<b>(63)</b>
<b>Profit before share of loss of associates</b>		<b>908.6</b>	<b>1,266.7</b>	<b>(28)</b>	<b>168.4</b>	<b>512.5</b>	<b>(67)</b>	<b>264.9</b>	<b>(36)</b>
Share of loss after income tax of associates		(0.5)	(0.5)	-	(0.2)	(0.1)	100	(0.1)	100
<b>Profit before income tax</b>		<b>908.1</b>	<b>1,266.2</b>	<b>(28)</b>	<b>168.2</b>	<b>512.4</b>	<b>(67)</b>	<b>264.8</b>	<b>(36)</b>
Income tax		(158.1)	(218.6)	(28)	(30.6)	(82.5)	(63)	(48.7)	(37)
<b>Profit after income tax</b>		<b>750.0</b>	<b>1,047.6</b>	<b>(28)</b>	<b>137.6</b>	<b>429.9</b>	<b>(68)</b>	<b>216.1</b>	<b>(36)</b>
<b>Attributable to:</b>									
<b>Shareholders</b>	10.1	<b>740.7</b>	<b>1,036.7</b>	<b>(29)</b>	<b>136.9</b>	<b>426.8</b>	<b>(68)</b>	<b>213.3</b>	<b>(36)</b>
<b>Non-controlling interests</b>		<b>9.3</b>	<b>10.9</b>	<b>(15)</b>	<b>0.7</b>	<b>3.1</b>	<b>(77)</b>	<b>2.8</b>	<b>(75)</b>
		<b>750.0</b>	<b>1,047.6</b>	<b>(28)</b>	<b>137.6</b>	<b>429.9</b>	<b>(68)</b>	<b>216.1</b>	<b>(36)</b>
Basic and diluted earnings per share attributable to shareholders of the Company (in Singapore Dollars)		1.56	2.19	(29)	0.28	0.90	(69)	0.45	(38)
Return on Equity (Average Shareholders' Fund) (%)		9.9%	14.7%	-4.8 pp	1.9%	5.8%	-3.9 pp	2.9%	-1 pp

nm – not meaningful / exceeding 300%

Comparative figures have been restated upon adoption of SFRS(I). Refer to Note 10 for details.

## 2. GROUP STATEMENT OF COMPREHENSIVE INCOME

in Singapore Dollars (millions)	Year ended 2018	Year ended 2017	% + / (-)	4th Quarter 2018	4th Quarter 2017	% + / (-)	3rd Quarter 2018	% + / (-)
<b>Profit after income tax for the year</b>	<b>750.0</b>	1,047.6	(28)	<b>137.6</b>	429.9	(68)	216.1	(36)
<b>Other comprehensive income:</b>								
<b>Items that will not be reclassified to profit or loss:</b>								
Exchange differences arising on translation of overseas entities attributable to non-controlling interests	0.2	0.1	100	-	0.3	(100)	(0.2)	(100)
Revaluation losses on equity instruments at fair value through other comprehensive income	(372.4)	-	nm	(252.7)	-	nm	66.7	nm
Income tax related to the above	66.5	-	nm	44.6	-	nm	(8.8)	nm
<b>Items that may be reclassified subsequently to profit or loss:</b>								
Exchange differences arising on translation of overseas entities	(5.5)	2.9	(290)	(1.8)	8.8	(120)	(13.2)	(86)
Share of other comprehensive income of associates	-	(0.1)	(100)	-	-	nm	-	nm
Debt instruments at fair value through other comprehensive income:								
Changes in fair value	(231.5)	-	nm	36.5	-	nm	(2.6)	nm
Changes in allowance for expected credit losses	(4.7)	-	nm	(0.2)	-	nm	0.1	(300)
Reclassification of realised loss on disposal of investments to Profit and Loss Statement	5.5	-	nm	2.1	-	nm	1.6	31
Income tax related to the above	39.4	-	nm	(6.3)	-	nm	(0.3)	nm
Available-for-sale financial assets:								
Changes in fair value	-	715.8	(100)	-	167.5	(100)	-	nm
Reclassification of realised gain on disposal of investments to Profit and Loss Statement	-	(529.8)	(100)	-	(290.9)	(100)	-	nm
Tax on changes in fair value	-	(31.8)	(100)	-	19.6	(100)	-	nm
<b>Other comprehensive income for the year, after tax</b>	<b>(502.5)</b>	157.1	nm	<b>(177.8)</b>	(94.7)	88	43.3	nm
<b>Total comprehensive income for the year</b>	<b>247.5</b>	1,204.7	(79)	<b>(40.2)</b>	335.2	(112)	259.4	(115)
<b>Total comprehensive income attributable to:</b>								
<b>Shareholders</b>	<b>240.6</b>	1,189.2	(80)	<b>(40.9)</b>	331.1	(112)	256.8	(116)
<b>Non-controlling interests</b>	<b>6.9</b>	15.5	(55)	<b>0.7</b>	4.1	(83)	2.6	(73)
	<b>247.5</b>	1,204.7	(79)	<b>(40.2)</b>	335.2	(112)	259.4	(115)

nm – not meaningful / exceeding 300%

Comparative figures have been restated upon adoption of SFRS(I). Refer to Note 10 for details.

### 3. GROUP BALANCE SHEET

in Singapore Dollars (millions)	Note	Group			
		31 Dec 2018	31 Dec 2017	% + / (-)	1 Jan 2017
<b>Share capital</b>		<b>152.7</b>	152.7	-	152.7
<b>Reserves</b>					
Currency translation reserve		7.4	12.9	(43)	-
Fair value reserve	10.12.1	(214.2)	365.9	(159)	216.2
Other reserve		0.2	0.2	-	-
Retained earnings		<b>7,490.8</b>	6,997.0	7	6,197.0
<b>SHAREHOLDERS' EQUITY</b>		<b>7,436.9</b>	7,528.7	(1)	6,565.9
<b>NON-CONTROLLING INTERESTS</b>		<b>84.6</b>	86.1	(2)	75.3
<b>TOTAL EQUITY</b>		<b>7,521.5</b>	7,614.8	(1)	6,641.2
<b>LIABILITIES</b>					
Insurance payables		4,619.2	4,124.1	12	3,670.8
Other creditors		1,647.1	2,125.6	(23)	1,267.5
Derivative financial liabilities		294.7	379.9	(22)	737.5
Income tax payable		507.7	539.9	(6)	451.6
Provision for agents' retirement benefits		276.1	276.0	0	263.3
Deferred tax		1,132.1	1,375.0	(18)	1,058.3
Debt issued	10.12.2	399.8	399.7	0	399.6
Insurance contract liabilities		68,643.8	65,512.3	5	55,247.0
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>85,042.0</b>	82,347.3	3	69,736.8
<b>ASSETS</b>					
Cash and cash equivalents		5,705.1	5,364.8	6	3,526.6
Other debtors		1,073.5	1,586.4	(32)	1,304.7
Insurance receivables		2,794.1	2,701.1	3	2,604.5
Loans		1,329.6	1,359.1	(2)	1,609.0
Derivative financial assets		226.9	238.9	(5)	84.9
Investments	10.12.3	71,521.3	68,918.9	4	58,383.3
Assets held for sale		-	3.9	(100)	-
Associates		1.7	2.2	(23)	47.4
Intangible assets		27.4	27.6	(1)	32.0
Investment properties		1,771.3	1,553.0	14	1,539.0
Property, plant and equipment		591.1	591.4	(0)	605.4
<b>TOTAL ASSETS</b>		<b>85,042.0</b>	82,347.3	3	69,736.8
Net Asset Value per share (in Singapore Dollars)		<b>15.71</b>	15.91	(1)	13.87

nm – not meaningful / exceeding 300%

Comparative figures have been restated upon adoption of SFRS(I). Refer to Note 10 for details.

#### 4. COMPANY BALANCE SHEET

	Company			
	31 Dec 2018	31 Dec 2017	% + / (-)	1 Jan 2017
<b>Share capital</b>	152.7	152.7	-	152.7
<b>Reserves</b>				
Merger reserve	419.2	419.2	-	419.2
Retained earnings	3,014.6	2,816.2	7	2,662.5
<b>TOTAL EQUITY</b>	<b>3,586.5</b>	3,388.1	6	3,234.4
<b>LIABILITIES</b>				
Other creditors	7.7	8.2	(6)	7.8
Income tax	-	0.1	(100)	0.1
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,594.2</b>	3,396.4	6	3,242.3
<b>ASSETS</b>				
Cash and cash equivalents	42.6	20.6	107	20.8
Other debtors	0.1	0.1	-	0.1
Amounts due from subsidiaries	2,657.5	2,681.5	(1)	2,534.9
Subsidiaries	893.9	693.9	29	686.1
Property, plant and equipment	0.1	0.3	(67)	0.4
<b>TOTAL ASSETS</b>	<b>3,594.2</b>	3,396.4	6	3,242.3
Net Asset Value per share (in Singapore Dollars)	7.58	7.16	6	6.83

#### 5.1 GROSS PREMIUMS AND PROFIT ATTRIBUTABLE TO SHAREHOLDERS FOR FIRST AND SECOND HALF OF 2018

in Singapore Dollars (millions)	Group					
	First Half			Second Half		
	2018	2017	%	2018	2017	%
Gross premiums	5,698.2	5,149.3	11	6,541.0	7,409.4	(12)
Profit attributable to shareholders	390.5	322.4	21	350.2	714.3	(51)

#### 5.2 SELECTED INCOME AND MANAGEMENT EXPENSES

in Singapore Dollars (millions)	Group				
	Year ended 2018	Year ended 2017	4th Quarter 2018	4th Quarter 2017	3rd Quarter 2018
<u>Expenses</u>					
1. Staff costs and related expenses (including executive directors and key management personnel compensation)	307.2	359.6	92.1	127.7	83.8
2. Rental expense	23.2	23.4	6.0	5.3	5.8
3. Depreciation	56.7	70.7	16.6	23.2	13.7

6.1. GROUP STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 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 <sup>(1)</sup>			
Balance at 31 December 2017 as previously reported	152.7	(137.0)	98.3	0.2	7,430.3	7,544.5	86.1	7,630.6
Effect of SFRS(I)	-	149.9	267.6	-	(433.3)	(15.8)	-	(15.8)
Balance at 31 December 2017 restated under SFRS(I)	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 year	-	-	-	-	740.7	740.7	9.3	750.0
<u>Other comprehensive income</u>								
Exchange differences arising on translation of overseas entities	-	(5.5)	-	-	-	(5.5)	0.2	(5.3)
Net revaluation losses on equity instruments at fair value through other comprehensive income	-	-	(305.9)	-	-	(305.9)	-	(305.9)
Debt instruments at FVOCI:								
Changes in fair value	-	-	(228.8)	-	-	(228.8)	(2.7)	(231.5)
Changes in allowance for expected credit losses	-	-	(4.7)	-	-	(4.7)	-	(4.7)
Reclassification of realised loss on disposal of investments to Profit and Loss Statement	-	-	5.5	-	-	5.5	-	5.5
Income tax related to the above	-	-	39.3	-	-	39.3	0.1	39.4
Other comprehensive income for the year, after tax	-	(5.5)	(494.6)	-	-	(500.1)	(2.4)	(502.5)
Total comprehensive income for the year	-	(5.5)	(494.6)	-	740.7	240.6	6.9	247.5
Reclassification of net change in fair value of equity instruments upon derecognition	-	-	50.0	-	(50.0)	-	-	-
<u>Distributions to shareholders</u>								
Dividends paid during the year:								
Final and special one-tier tax exempt dividends for the previous year	-	-	-	-	(284.0)	(284.0)	-	(284.0)
Interim one-tier tax exempt dividend	-	-	-	-	(47.3)	(47.3)	-	(47.3)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(8.4)	(8.4)
Total distributions to shareholders	-	-	-	-	(331.3)	(331.3)	(8.4)	(339.7)
Total transactions with shareholders in their capacity as shareholders	-	-	-	-	(331.3)	(331.3)	(8.4)	(339.7)
Balance at 31 December 2018	152.7	7.4	(214.2)	0.2	7,490.8	7,436.9	84.6	7,521.5

## 6.2. GROUP STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2017

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 <sup>(1)</sup>	Total		
Balance at 31 December 2016 as previously reported	152.7	(139.8)	65.5	-	6,510.5	6,588.9	75.3	6,664.2
Effect of SFRS(I)	-	139.8	150.7	-	(313.5)	(23.0)	-	(23.0)
Balance at 1 January 2017 restated under SFRS(I)	152.7	-	216.2	-	6,197.0	6,565.9	75.3	6,641.2
Profit for the year	-	-	-	-	1,036.7	1,036.7	10.9	1,047.6
<u>Other comprehensive income</u>								
Exchange differences arising on translation of overseas entities	-	2.9	-	-	-	2.9	0.1	3.0
Share of other comprehensive income of associates	-	(0.1)	-	-	-	(0.1)	-	(0.1)
Available-for-sale financial assets:								
Changes in fair value	-	-	711.1	-	-	711.1	4.7	715.8
Reclassification of realised gain on disposal of investments to Profit and Loss Statement	-	-	(529.8)	-	-	(529.8)	-	(529.8)
Tax on changes in fair value	-	-	(31.6)	-	-	(31.6)	(0.2)	(31.8)
Other comprehensive income for the year, after tax	-	2.8	149.7	-	-	152.5	4.6	157.1
Total comprehensive income for the year	-	2.8	149.7	-	1,036.7	1,189.2	15.5	1,204.7
<u>Distributions to shareholders</u>								
Dividends paid during the year:								
Final one-tier tax exempt dividend for the previous year	-	-	-	-	(189.3)	(189.3)	-	(189.3)
Interim one-tier tax exempt dividend	-	-	-	-	(47.4)	(47.4)	-	(47.4)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(7.5)	(7.5)
Total distributions to shareholders	-	-	-	-	(236.7)	(236.7)	(7.5)	(244.2)
<u>Changes in ownership interests in subsidiaries</u>								
Disposal of subsidiaries	-	10.1	-	-	-	10.1	(0.6)	9.5
Changes in non-controlling interests without a change in control	-	-	-	0.2	-	0.2	3.4	3.6
Total changes in ownership interests in subsidiaries	-	10.1	-	0.2	-	10.3	2.8	13.1
Total transactions with shareholders in their capacity as shareholders	-	10.1	-	0.2	(236.7)	(226.4)	(4.7)	(231.1)
Balance at 31 December 2017, restated	152.7	12.9	365.9	0.2	6,997.0	7,528.7	86.1	7,614.8

(1) Included in Retained Earnings are non-distributable reserves of \$2,212.9 million (31 December 2017: \$2,198.6 million), which arise from regulatory risk charges in Singapore and Malaysia.

### 6.3. GROUP STATEMENT OF CHANGES IN EQUITY for the fourth quarter ended 31 December 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	Accumulated Profit <sup>(1)</sup>	Total		
Balance at 1 October 2018	152.7	9.2	(81.5)	0.2	7,397.2	7,477.8	83.9	7,561.7
Profit for the period	-	-	-	-	136.9	136.9	0.7	137.6
<u>Other comprehensive income</u>								
Exchange differences arising on translation of overseas entities	-	(1.8)	-	-	-	(1.8)	-	(1.8)
Net revaluation losses on equity instruments at fair value through other comprehensive income	-	-	(208.1)	-	-	(208.1)	-	(208.1)
Debt instruments at FVOCI:								
Changes in fair value	-	-	36.5	-	-	36.5	-	36.5
Changes in allowance for expected credit losses	-	-	(0.2)	-	-	(0.2)	-	(0.2)
Reclassification of realised loss on disposal of investments to Profit and Loss Statement	-	-	2.1	-	-	2.1	-	2.1
Income tax related to the above	-	-	(6.3)	-	-	(6.3)	-	(6.3)
Other comprehensive income for the period, after tax	-	(1.8)	(176.0)	-	-	(177.8)	-	(177.8)
Total comprehensive income for the period	-	(1.8)	(176.0)	-	136.9	(40.9)	0.7	(40.2)
Reclassification of net change in fair value of equity instruments upon derecognition	-	-	43.3	-	(43.3)	-	-	-
Balance at 31 December 2018	152.7	7.4	(214.2)	0.2	7,490.8	7,436.9	84.6	7,521.5

### 6.4. GROUP STATEMENT OF CHANGES IN EQUITY for the fourth quarter ended 31 December 2017

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	Accumulated Profit <sup>(1)</sup>	Total		
Balance at 1 October 2017	152.7	(4.1)	470.4	-	6,570.2	7,189.2	82.0	7,271.2
Profit for the period	-	-	-	-	426.8	426.8	3.1	429.9
<u>Other comprehensive income</u>								
Exchange differences arising on translation of overseas entities	-	8.8	-	-	-	8.8	0.3	9.1
Available-for-sale financial assets:								
Changes in fair value	-	-	166.8	-	-	166.8	0.7	167.5
Reclassification of realised gain on disposal of investments to Profit and Loss Statement	-	-	(290.9)	-	-	(290.9)	-	(290.9)
Tax on changes in fair value	-	-	19.6	-	-	19.6	-	19.6
Other comprehensive income for the period, after tax	-	8.8	(104.5)	-	-	(95.7)	1.0	(94.7)
Total comprehensive income for the period	-	8.8	(104.5)	-	426.8	331.1	4.1	335.2
<u>Changes in ownership interests in subsidiaries</u>								
Disposal of subsidiaries	-	8.2	-	-	-	8.2	-	8.2
Changes in non-controlling interests without a change in control	-	-	-	0.2	-	0.2	-	0.2
Total changes in ownership interests in subsidiaries	-	8.2	-	0.2	-	8.4	-	8.4
Total transactions with shareholders in their capacity as shareholders	-	8.2	-	0.2	-	8.4	-	8.4
Balance at 31 December 2017, restated	152.7	12.9	365.9	0.2	6,997.0	7,528.7	86.1	7,614.8

(1) Included in Retained Earnings are non-distributable reserves of \$2,212.9 million (31 December 2017: \$2,198.6 million), which arise from regulatory risk charges in Singapore and Malaysia.

## 7.1 COMPANY STATEMENT OF CHANGES IN EQUITY for the years ended 31 December 2018 and 2017

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Retained Earnings	Total Equity
<b>Balance at 1 January 2018</b>	152.7	419.2	2,816.2	3,388.1
Profit for the year	-	-	529.7	529.7
<b>Total comprehensive income for the year</b>	-	-	529.7	529.7
<b><u>Distributions to shareholders</u></b>				
Dividends paid during the year:				
Final and special one-tier tax exempt dividends for the previous year	-	-	(284.0)	(284.0)
Interim one-tier tax exempt dividend	-	-	(47.3)	(47.3)
<b>Total distributions to shareholders</b>	-	-	(331.3)	(331.3)
<b>Total transactions with shareholders in their capacity as shareholders</b>	-	-	(331.3)	(331.3)
<b>Balance at 31 December 2018</b>	<b>152.7</b>	<b>419.2</b>	<b>3,014.6</b>	<b>3,586.5</b>
Balance at 1 January 2017	152.7	419.2	2,662.5	3,234.4
Profit for the year	-	-	390.4	390.4
<b>Total comprehensive income for the year</b>	-	-	390.4	390.4
<b><u>Distributions to shareholders</u></b>				
Dividends paid during the year:				
Final one-tier tax exempt dividend for the previous year	-	-	(189.3)	(189.3)
Interim one-tier tax exempt dividend	-	-	(47.4)	(47.4)
<b>Total distributions to shareholders</b>	-	-	(236.7)	(236.7)
<b>Total transactions with shareholders in their capacity as shareholders</b>	-	-	(236.7)	(236.7)
<b>Balance at 31 December 2017</b>	<b>152.7</b>	<b>419.2</b>	<b>2,816.2</b>	<b>3,388.1</b>

## 7.2. COMPANY STATEMENT OF CHANGES IN EQUITY for the fourth quarter ended 31 December 2018 and 2017

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Retained Earnings	Total Equity
<b>Balance at 1 October 2018</b>	152.7	419.2	3,015.2	3,587.1
Loss for the period	-	-	(0.6)	(0.6)
<b>Total comprehensive income for the period</b>	-	-	(0.6)	(0.6)
<b>Balance at 31 December 2018</b>	<b>152.7</b>	<b>419.2</b>	<b>3,014.6</b>	<b>3,586.5</b>
Balance at 1 October 2017	152.7	419.2	2,815.8	3,387.7
Profit for the period	-	-	0.4	0.4
<b>Total comprehensive income for the period</b>	-	-	0.4	0.4
<b>Balance at 31 December 2017</b>	<b>152.7</b>	<b>419.2</b>	<b>2,816.2</b>	<b>3,388.1</b>

## 8. CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER

in Singapore Dollars (millions)	Year ended 2018	Year ended 2017	4th Quarter 2018	4th Quarter 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before income tax	908.1	1,266.2	168.2	512.4
Adjustments for non-cash items:				
Tax attributable to policyholders' returns	40.1	410.6	(50.1)	103.6
Share of loss of associates	0.5	0.5	0.2	0.1
Loss/(gain) on sale of investments and changes in fair value	2,630.8	(3,187.1)	1,644.7	(980.5)
Loss on disposal of subsidiaries	-	1.2	-	-
Loss on disposal of interest in associate	-	9.9	-	-
(Decrease)/increase in provision for impairment of assets	(40.4)	251.9	(34.0)	104.6
Increase in provision for agents' retirement benefits	27.8	37.9	4.1	5.9
Gain on disposal of property, plant and equipment	(1.1)	-	-	-
Depreciation	56.7	70.7	16.6	23.2
Unrealised (gain)/loss on exchange differences	(39.2)	1,166.3	11.6	314.0
Change in insurance contract liabilities	3,188.2	8,210.1	(314.6)	2,894.1
Change in unexpired risk reserve	11.4	8.1	(1.8)	2.5
Amortisation of capitalised transaction fees	0.1	0.1	-	-
Dividend income	(701.0)	(563.3)	(85.4)	(114.6)
Interest income	(2,045.2)	(1,802.9)	(540.5)	(466.5)
Interest expense	18.3	18.3	4.6	4.6
Interest expense on policy benefits	173.4	152.1	45.1	40.4
Share-based payments	6.3	4.7	1.7	1.5
	<b>4,234.8</b>	<b>6,055.3</b>	<b>870.4</b>	<b>2,445.3</b>
Changes in working capital:				
Insurance receivables	(86.7)	(86.7)	(10.4)	(23.1)
Other debtors	545.8	(219.9)	234.2	(276.1)
Insurance payables	495.1	453.3	190.3	175.9
Other creditors	(484.9)	867.0	10.5	(90.7)
Cash generated from operations	<b>4,704.1</b>	<b>7,069.0</b>	<b>1,295.0</b>	<b>2,231.3</b>
Income tax paid	(367.2)	(313.8)	(59.8)	(125.1)
Interest paid on policy benefits	(173.4)	(152.1)	(45.1)	(40.4)
Agents' retirement benefits paid	(26.7)	(32.9)	(5.5)	(6.0)
<b>Net cash flows from operating activities</b>	<b>4,136.8</b>	<b>6,570.2</b>	<b>1,184.6</b>	<b>2,059.8</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from maturities and sale of investments	26,377.5	43,431.1	7,068.6	8,681.5
Purchase of investments	(32,233.6)	(50,688.1)	(6,657.6)	(12,282.6)
Proceeds from disposal of interests in associate	-	32.1	-	-
Net cash inflow from disposal of subsidiaries	-	14.9	-	-
Proceeds from sale of property, plant and equipment	6.3	1.3	0.6	0.9
Purchase of property, plant and equipment and investment properties	(236.9)	(58.9)	(15.7)	(11.8)
Interest income received	2,002.7	1,763.7	511.0	415.8
Interest expense paid	(18.2)	(18.1)	-	-
Dividends received	720.7	553.5	137.9	121.1
<b>Net cash flows (used in)/from investing activities</b>	<b>(3,381.5)</b>	<b>(4,968.5)</b>	<b>1,044.8</b>	<b>(3,075.1)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividends paid	(331.3)	(236.7)	-	-
Dividends paid to non-controlling interests	(8.4)	(7.5)	-	-
Changes in non-controlling interests	-	3.4	-	-
<b>Net cash flows used in financing activities</b>	<b>(339.7)</b>	<b>(240.8)</b>	<b>-</b>	<b>-</b>
<b>Net effect of currency translation reserve adjustment</b>	<b>(75.3)</b>	<b>477.3</b>	<b>(53.8)</b>	<b>538.6</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>340.3</b>	<b>1,838.2</b>	<b>2,175.6</b>	<b>(476.7)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>5,364.8</b>	<b>3,526.6</b>	<b>3,529.5</b>	<b>5,841.5</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>5,705.1</b>	<b>5,364.8</b>	<b>5,705.1</b>	<b>5,364.8</b>

**9. GROUP SEGMENTAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER**  
**9.1 By Business Segments**

in Singapore Dollars (millions)	Shareholders		Non-life Insurance		Life Insurance		Adjustments and Eliminations		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Premiums less reassurances	-	-	176.1	153.9	11,673.5	12,117.3	(0.9)	(0.8)	11,848.7	12,270.4
Commissions received from reinsurers	-	-	27.6	23.6	44.0	31.9	-	-	71.6	55.5
Investment and rental income (Including mark-to-market changes)	67.9	483.2	17.4	19.7	(49.0)	4,962.6	10.8	2.0	47.1	5,467.5
Fees and other income	89.2	88.5	-	-	-	-	(11.7)	(11.4)	77.5	77.1
Change in third-party interests in consolidated investment funds	10.9	(30.5)	-	-	-	-	-	7.9	10.9	(22.6)
Loss on disposal of interest in associate and subsidiary	-	(3.0)	-	-	-	(8.1)	-	-	-	(11.1)
Gain/(loss) on exchange differences	2.4	(9.2)	0.7	(3.2)	36.1	(640.1)	-	-	39.2	(652.5)
<b>Total income</b>	<b>170.4</b>	<b>529.0</b>	<b>221.8</b>	<b>194.0</b>	<b>11,704.6</b>	<b>16,463.6</b>	<b>(1.8)</b>	<b>(2.3)</b>	<b>12,095.0</b>	<b>17,184.3</b>
Claims less reassurances	-	-	86.6	77.6	6,265.6	5,339.3	-	-	6,352.2	5,416.9
Commissions and expenses (Decrease)/increase in provision for impairment of assets	78.3	117.4	107.6	92.9	1,462.2	1,420.1	(1.8)	(2.3)	1,646.3	1,628.1
Change in insurance contract liabilities	(2.1)	15.8	(0.5)	0.9	(37.8)	235.2	-	-	(40.4)	251.9
Tax attributable to policyholders' returns	-	-	4.8	(6.1)	3,183.4	8,216.2	-	-	3,188.2	8,210.1
<b>Total expenses</b>	<b>76.2</b>	<b>133.2</b>	<b>198.5</b>	<b>165.3</b>	<b>10,913.5</b>	<b>15,621.4</b>	<b>(1.8)</b>	<b>(2.3)</b>	<b>11,186.4</b>	<b>15,917.6</b>
<b>Profit before share of loss of associates</b>	<b>94.2</b>	<b>395.8</b>	<b>23.3</b>	<b>28.7</b>	<b>791.1</b>	<b>842.2</b>	<b>-</b>	<b>-</b>	<b>908.6</b>	<b>1,266.7</b>
Share of loss after income tax of associates	-	-	-	-	(0.5)	(0.5)	-	-	(0.5)	(0.5)
<b>Profit before income tax</b>	<b>94.2</b>	<b>395.8</b>	<b>23.3</b>	<b>28.7</b>	<b>790.6</b>	<b>841.7</b>	<b>-</b>	<b>-</b>	<b>908.1</b>	<b>1,266.2</b>
Income tax	(17.2)	(61.6)	(4.6)	(6.1)	(136.3)	(150.9)	-	-	(158.1)	(218.6)
<b>Profit after income tax</b>	<b>77.0</b>	<b>334.2</b>	<b>18.7</b>	<b>22.6</b>	<b>654.3</b>	<b>690.8</b>	<b>-</b>	<b>-</b>	<b>750.0</b>	<b>1,047.6</b>

	31 Dec 18	31 Dec 17	31 Dec 18	31 Dec 17	31 Dec 18	31 Dec 17	31 Dec 18	31 Dec 17	31 Dec 18	31 Dec 17
Segment assets	8,257.7	8,774.2	618.2	434.3	78,695.7	75,350.9	(2,531.3)	(2,214.3)	85,040.3	82,345.1
Investments in associates	-	-	-	-	1.7	2.2	-	-	1.7	2.2
<b>Total Assets</b>	<b>8,257.7</b>	<b>8,774.2</b>	<b>618.2</b>	<b>434.3</b>	<b>78,697.4</b>	<b>75,353.1</b>	<b>(2,531.3)</b>	<b>(2,214.3)</b>	<b>85,042.0</b>	<b>82,347.3</b>
Segment liabilities	494.6	834.9	613.9	429.5	77,303.5	73,767.5	(2,531.3)	(2,214.3)	75,880.7	72,817.6
Income tax and deferred tax liabilities	238.3	314.2	3.5	3.1	1,398.0	1,597.6	-	-	1,639.8	1,914.9
<b>Total Liabilities</b>	<b>732.9</b>	<b>1,149.1</b>	<b>617.4</b>	<b>432.6</b>	<b>78,701.5</b>	<b>75,365.1</b>	<b>(2,531.3)</b>	<b>(2,214.3)</b>	<b>77,520.5</b>	<b>74,732.5</b>
Additions to non-current assets	12.1	3.5	2.1	4.6	222.7	50.8	-	-	236.9	58.9

**9.2 By Geographical Segments**

in Singapore Dollars (millions)	Singapore		Malaysia		Other Asia		Adjustments and Eliminations		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Total revenue from external customers	8,709.4	12,820.7	3,195.1	4,183.4	192.4	183.1	(1.9)	(2.9)	12,095.0	17,184.3
Dividend from subsidiaries	187.0	147.5	-	-	-	-	(187.0)	(147.5)	-	-
<b>Total revenue</b>	<b>8,896.4</b>	<b>12,968.2</b>	<b>3,195.1</b>	<b>4,183.4</b>	<b>192.4</b>	<b>183.1</b>	<b>(188.9)</b>	<b>(150.4)</b>	<b>12,095.0</b>	<b>17,184.3</b>
Profit/(loss) after income tax	606.9	941.2	306.2	259.0	22.6	(3.8)	(185.7)	(148.8)	750.0	1,047.6
<u>As at 31 December:</u>										
Non-current assets	1,828.9	1,789.9	554.9	375.8	6.0	6.3	-	-	2,389.8	2,172.0

## 10. REVIEW OF RESULTS

The Group has adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) (“SFRS(I)”), on 1 January 2018. The Group Financial Statements for the fourth quarter of 2018 (“Q4-18”) and for the year ended 31 December 2018 (“FY-18”) were prepared in accordance with the SFRS(I).

### Change in basis of preparation

With the adoption of SFRS(I) on 1 January 2018, the Group has applied SFRS(I) 1 with 1 January 2017 as the date of transition for the Group and the Company. The Group is required to retrospectively apply all SFRS(I) effective at 1 January 2018, subject to the mandatory exemptions and optional exemptions under SFRS(I) 1.

The Group has elected for the optional exemption to reset its cumulative translation differences for foreign operations to nil at the date of transition at 1 January 2017. As a result, cumulative translation losses of \$139.8 million were reclassified from currency translation reserve to the opening retained earnings as at 1 January 2017. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

The Group has also changed its basis for the preparation of the financial statements from fund accounting basis to an enterprise wide basis for comparability to industry practices. Under the fund accounting basis, the Group presented the Shareholders’ Profit & Loss Statement, Life Assurance Revenue Statement and General Insurance Revenue Statement separately. The three Statements will be presented as a single income statement under enterprise wide basis. With the adoption of enterprise wide basis, the insurance fund profit will no longer be determined in accordance with the Insurance Regulations of the respective jurisdictions in which the insurance subsidiaries operates, but will align with SFRS(I) instead.

Arising from the adoption of SFRS(I), the impact to Group Profit and Loss Statements and Group Balance Sheet is as follows:

### Group Profit and Loss Statements

<b>in Singapore Dollars (millions)</b>	<b>Group Profit &amp; Loss Statements As previously reported</b>	<b>Effect of SFRS(I) + / (-)</b>	<b>Group Profit &amp; Loss Statements Restated under SFRS(I)</b>
<b>Profit attributable to shareholders</b>			
1st Quarter 2017	217.9	(127.1)	90.8 <sup>(a)</sup>
2nd Quarter 2017	279.5	(47.9)	231.6 <sup>(a)</sup>
3rd Quarter 2017	235.5	52.0	287.5 <sup>(a)</sup>
4th Quarter 2017	423.6	3.2	426.8 <sup>(a)</sup>
<b>Other comprehensive income attributable to shareholders</b>			
1st Quarter 2017	74.0	131.9	205.9
2nd Quarter 2017	33.9	46.3	80.2
3rd Quarter 2017	14.3	(52.2)	(37.9)
4th Quarter 2017	(84.7)	(11.0)	(95.7)
<b>Total comprehensive income attributable to shareholders</b>			
1st Quarter 2017	291.9	4.8	296.7
2nd Quarter 2017	313.4	(1.6)	311.8
3rd Quarter 2017	249.8	(0.2)	249.6
4th Quarter 2017	338.9	(7.8)	331.1

Group Balance Sheet

<b>in Singapore Dollars (millions)</b>	<b>31 Dec 2017 as previously reported</b>	<b>Effect of SFRS(I) + / (-)</b>	<b>31 Dec 2017 restated under SFRS(I)</b>
<b>Share capital</b>	152.7	-	152.7
<b>Reserves</b>			
Currency translation reserve	(137.0)	149.9	12.9 <sup>(b)</sup>
Fair value reserve	98.3	267.6	365.9 <sup>(c)</sup>
Other reserve	0.2	-	0.2
Retained earnings	7,430.3	(433.3)	6,997.0 <sup>(b),(c)</sup>
<b>SHAREHOLDERS' FUND</b>	7,544.5	(15.8)	7,528.7
<b>NON-CONTROLLING INTERESTS</b>	86.1	-	86.1
<b>TOTAL EQUITY</b>	7,630.6	(15.8)	7,614.8
<b>LIABILITIES</b>	76,931.0	(2,198.5)	74,732.5 <sup>(d)</sup>
<b>TOTAL EQUITY AND LIABILITIES</b>	84,561.6	(2,214.3)	82,347.3
<b>TOTAL ASSETS</b>	84,561.6	(2,214.3)	82,347.3 <sup>(d)</sup>
Net Asset Value per share (in Singapore Dollars)	15.94		15.91

Note:

- (a) The impact to Profit Attributable to Shareholders on adoption of SFRS(I) was mainly due to the different basis in determining insurance fund profit. Previously, insurance fund profit was determined in accordance with the Insurance Regulations of the respective jurisdictions in which the insurance subsidiaries operates. Under the Insurance Regulations, majority of the changes in fair value of assets are recognized in the income statement of the Insurance Funds; while under the Singapore Financial Reporting Standard, the insurance fund investments are mainly classified as available-for-sale with changes in fair value recognized through fair value reserve.
- (b) Reset cumulative translation differences for foreign operation to nil at 1 January 2017 and reclass to Retained Earnings.
- (c) The impact on Fair Value Reserve was mainly due to the different basis in determining insurance fund profit as explained in note (a) above, with the corresponding impact taken to Retained Earnings.
- (d) Mainly arose from the requirement to eliminate interfund balances due to adoption of enterprise wide basis.

**10.1 PROFIT ATTRIBUTABLE TO SHAREHOLDERS**

The Group's profit attributable to shareholders of \$136.9 million for Q4-18 and \$740.7 million for FY-18 was lower compared with the same period last year (Q4-17: \$426.8 million, FY-17: \$1,036.7 million). The decrease in FY-18 and Q4-18 was mainly due to lower non-operating profit from insurance business.

**10.2 GROSS PREMIUMS**

Q4-18 and FY-18 gross premiums decreased 30% and 3% compared with the same periods last year to \$2,996.2 million and \$12,239.2 million (Q4-17: \$4,309.7 million, FY-17: \$12,558.7 million) due to lower sales in Singapore.

**10.3 INVESTMENT INCOME, NET**

Investment income, net increased to \$593.5 million and \$2,624.3 million for Q4-18 and FY-18 respectively (Q4-17: \$545.6 million, FY-17: \$2,225.0 million) mainly due to higher dividend and interest income.

**10.4 FEES AND OTHER INCOME**

Fees and other income decreased to \$19.0 million for Q4-18 (Q4-17: \$19.9 million) and increased to \$77.5 million for FY-18 (FY-17: \$77.1 million). The decrease in Q4-18 was mainly due to lower fee income from the Group's asset management arm, Lion Global Investors Limited.

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

Q4-18 and FY-18 gain/loss on sale of investments and changes in fair value decreased 268% and 183% to a loss of \$1,644.7 million and \$2,630.8 million respectively compared with the same periods last year (Q4-17: gain of \$980.5 million, FY-17: gain of \$3,187.1 million) due to unrealised losses in fair value through profit or loss ("FVTPL") assets arising from unfavourable market conditions. In Q4-17, there were higher realised gains on disposal of available-for-sale ("AFS") investments.

#### 10.6 GAIN/LOSS ON EXCHANGE DIFFERENCES

Gain/loss on exchange differences was a loss of \$11.6 million for Q4-18 and a gain of \$39.2 million for FY-18 (Q4-17: loss of \$185.4 million, FY-17: loss of \$652.5 million). Gain in FY-18 is due to foreign exchange gains from US Dollar denominated investments. Loss in Q4-18 is due to foreign exchange losses from US Dollar denominated investments.

#### 10.7 GROSS CLAIMS, SURRENDERS AND ANNUITIES

Gross claims, surrenders and annuities increased to \$1,712.9 million for Q4-18 and \$6,570.2 million for FY-18 (Q4-17: \$1,551.2 million, FY-17: \$5,617.0 million) due to higher maturity, medical and living assurance claims.

#### 10.8 COMMISSIONS AND AGENCY EXPENSES

Commissions and agency expenses decreased to \$284.7 million for Q4-18 and increased to \$1,012.0 million for FY-18 (Q4-17: \$288.0 million, FY-17: \$937.7 million). The increase in FY-18 is mainly arising from reversal of unutilised accruals in the prior year.

#### 10.9 MANAGEMENT AND OTHER EXPENSES

Management and other expenses decreased to \$154.5 million for Q4-18 and \$531.5 million for FY-18 (Q4-17: \$188.8 million, FY-17: \$563.5 million) mainly due to lower staff related expenses.

#### 10.10 CHANGE IN INSURANCE CONTRACT LIABILITIES

Change in insurance contract liabilities was a credit of \$314.6 million for Q4-18 (Q4-17: expense of \$2,894.1 million) and an expense of \$3,188.2 million for FY-18 (FY-17: \$8,210.1 million). The credit in Q4-18 and decrease in FY-18 was mainly due to lower mark to market valuation of insurance contract liabilities as compared with the same period in the prior year.

#### 10.11 TAX ATTRIBUTABLE TO POLICYHOLDERS' RETURNS

Tax attributable to policyholders returns was a credit of \$50.1 million for Q4-18 (Q4-17: expense of \$103.6 million) and an expense of \$40.1 million for FY-18 (FY-17: \$410.6 million). The credit in Q4-18 and decrease in FY-18 was due to the lower provision for deferred tax for future policyholders' distribution.

#### 10.12 BALANCE SHEET

##### 10.12.1 Fair Value Reserve

As at 31 December 2018, fair value reserve was negative \$214.2 million, compared with \$365.9 million as at 31 December 2017. Excluding the impact from the adoption of SFRS(I) 9, the decline in fair value reserve was due to unrealised fair value losses from investments.

##### 10.12.2 Debt Issued

in SGD (millions)	31 December 2018	31 December 2017
Subordinated fixed rate notes (unsecured)		
- payable after one year	399.8	399.7

### 10.12.3 Investments

Investments increased by 4% to \$71,521.3 million as at 31 December 2018 (31 December 2017: \$68,918.9 million), mainly arising from purchases offset by fair value losses. The split of investment assets was as follows:

	Investments		Total
	FVTPL	FVOCI	
Par and Unit Linked Funds	54,690.9	9.2	<b>54,700.1</b>
Other Funds	5,920.8	8,302.7	<b>14,223.5</b>
<b>Balance at 1 Jan 2018, after adoption of SFRS(I) 9</b>	<b>60,611.7</b>	<b>8,311.9</b>	<b>68,923.6</b>
Par and Unit Linked Funds	53,585.1	12.3	<b>53,597.4</b>
Other Funds	9,125.3	8,798.6	<b>17,923.9</b>
<b>Balance at 31 Dec 2018, after adoption of SFRS(I) 9</b>	<b>62,710.4</b>	<b>8,810.9</b>	<b>71,521.3</b>

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

	SINGAPORE		MALAYSIA	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Fixed income & debt securities	65%	62%	65%	63%
Equities	22%	25%	27%	32%
Real estate & others	6%	6%	4%	3%
Cash & money market instruments	7%	7%	4%	2%
Market Value of Assets (in SGD billions)	48.1	45.0	23.6	23.2

## 10.13 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.

## 11. SHARE CAPITAL

The Company's issued and paid up share capital as at 31 December 2018 was unchanged at \$152.7 million compared with 31 December 2017. Total number of shares issued as at 31 December 2018 also remained unchanged at 473,319,069 compared with 31 December 2017.

## 12. ACCOUNTING POLICIES

Except as disclosed in paragraph 10 and the paragraph below, 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 2017.

### Adoption of SFRS(I)

The adoption of the new SFRS(I)s and amendments and interpretations of SFRS(I) which came into effect on 1 January 2018 did not have any material financial impact on the Group's results for Q4-18 and FY-18 except for the following:

### SFRS(I) 9 Financial Instruments

The Group has adopted SFRS(I) 9 effective 1 January 2018. The Group has elected to adopt the new standard without restating prior periods' information and has recognised any difference between the previous carrying amount and the carrying amount at 1 January 2018 in the opening retained earnings.

The impact of the adoption to opening retained earnings is \$134.4 million, resulting from the reversal of fair value reserve of \$135.5 million upon re-designation of AFS assets to FVTPL as well as provision for expected credit losses and related tax impact.

The impact on the Group's financial assets arising from the adoption of SFRS(l) 9 is as follows:

in Singapore Dollars (millions)	Investments				Total	Loans
	Available-for-sale ("AFS")	Fair value through profit or loss ("FVTPL")	Held-for-trading ("HFT")	Fair value through other comprehensive income ("FVOCI")		
<b>Balance as at 31 December 2017, before adoption of SFRS(l) 9</b>	61,117.9	6,147.1	1,653.9	-	68,918.9	1,359.1
Reclassify investments from AFS to FVTPL	(52,806.4)	52,806.4	-	-	-	-
Reclassify investments from AFS to FVOCI	(8,311.5)	-	-	8,311.5	-	-
Reclassify investments from HFT to FVTPL	-	1,653.9	(1,653.9)	-	-	-
Remeasurement of unquoted equities previously held at cost	-	4.3	-	0.4	4.7	-
Recognition of expected credit losses	-	-	-	-	-	(9.5)
<b>Balance as at 1 January 2018, after adoption of SFRS(l) 9</b>	<b>-</b>	<b>60,611.7</b>	<b>-</b>	<b>8,311.9</b>	<b>68,923.6</b>	<b>1,349.6</b>

### 13. AUDITED RESULTS

The consolidated Group's financial results for the financial year ended 31 December 2018 were audited by the Group's auditor. The Auditor's Report to the Members of Great Eastern Holdings Limited is appended.

### 14. 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.

### 15. OTHER MATTERS

#### 15.1 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.

#### 15.2 Rule 704(13) of the Listing Manual

As at the financial year ended 31 December 2018, there were no persons occupying a managerial position in GEH or in any of its principal subsidiaries who are relatives of a director, chief executive officer or substantial shareholder of GEH.

#### 15.3 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.

#### 15.4 Contribution to the B40 National Protection Scheme

On 9 November 2018, the Group announced that its subsidiary, Great Eastern Life Assurance (Malaysia) Berhad ("GELM") will make a contribution of RM2.0 billion (approximately S\$659.6 million) to the B40 National Protection Scheme ("the Scheme") as part of its corporate social responsibility efforts and in satisfaction of the local shareholding requirements applicable to insurance companies in Malaysia.

#### 15.5 Acquisition of PT QBE General Insurance Indonesia by Great Eastern General Insurance Limited

On 10 December 2018, the Group's subsidiary, Great Eastern General Insurance Limited ("GEG"), entered into a share purchase agreement to acquire shares in PT QBE General Insurance Indonesia ("QBE Indonesia") for a consideration of USD 28.0 million (approximately S\$38.4 million). The completion of the transaction is currently subject to regulatory and other relevant approvals and is expected to be completed in the first half of 2019. On completion of the transaction, PT Suryasono Sentosa ("PTSS"), a company registered in Indonesia, will simultaneously acquire 5% of the shares in QBE Indonesia to satisfy local shareholding requirements.

**15.6 Agreement to transfer of ElderShield policies**

On 7 January 2019, the Ministry of Health ("MOH") of Singapore issued a press release regarding the agreement with the Eldershiield insurers for the Singapore Government to take over administration of the ElderShield scheme in 2021. The Great Eastern Life Assurance Company Limited ("GEL"), a wholly-owned subsidiary of GEH, has entered into a binding agreement with MOH in respect of the transfer of the ElderShield 300 and/or ElderShield 400 basic policies currently managed by GEL under the existing ElderShield scheme, to MOH ("the Transfer").

The Group does not expect a material impact on the financial statement for the financial year ended 31 December 2018 and the financial year ending 31 December 2019.

Issued: 19 February 2019

# GREAT EASTERN HOLDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT

To the Members of Great Eastern Holdings Limited

### Report on the Audit of the Financial Statements

#### OPINION

We have audited the financial statements of Great Eastern Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2018, the Group's profit and loss statement, statement of comprehensive income and the statement of cash flows, and statements of changes in equity of the Group and the Company, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)s) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group, and changes in equity of the Company for the year ended on that date.

#### BASIS FOR OPINION

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

#### Adoption of SFRS(I) and change in basis of preparation of the financial statements

The Group adopted SFRS(I) on 1 January 2018, with 1 January 2017 as the date of transition. In adopting SFRS(I) on 1 January 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1, First-time Adoption of Singapore Financial Reporting Standards (International). The Group's opening balance sheet under SFRS(I) has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I) ("date of transition").

# GREAT EASTERN HOLDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT

To the Members of Great Eastern Holdings Limited

### KEY AUDIT MATTERS (CONTINUED)

#### Adoption of SFRS(I) and change in basis of preparation of the financial statements (continued)

With the adoption of SFRS(I), the Group has changed its basis for the preparation of the financial statements from fund accounting basis to an enterprise wide as disclosed in Note 2.2.1 (a) to (d), Note 2.2.1A and Note 2.2.1B of the financial statements. Under the fund accounting basis, the Group presented separately the Shareholders' Profit and Loss Statement, Life Assurance Revenue Statement and General Insurance Revenue Statement. The three statements will be presented as a single Profit and Loss Statement under an enterprise wide basis. The presentation of the Balance Sheet of the Group has also changed to reflect the life and non-life insurance contract liabilities and elimination of interfund balances. With the adoption of an enterprise wide basis of preparation of the financial statements, the insurance fund profit will no longer be determined in accordance with the Insurance Regulations of the respective jurisdictions in which the insurance subsidiaries operate, but will be based on the requirements of SFRS(I).

Due to the material impact of the change in basis of preparation of the financial statements to the Group's financial statements on the date of transition, 1 January 2017, we determined this matter to be significant to our audit.

Our audit procedures included, amongst others:

- ▶ assessing the appropriateness and reasonableness of the transition adjustments relating to the adoption of SFRS(I) and change in basis of preparation of the financial statements, including determination of insurance fund profit based on the requirements of SFRS(I);
- ▶ reviewing management's equity reconciliation; and
- ▶ assessing the adequacy and reasonableness of the Group's disclosures relating to the above changes.

Based on the work performed, we considered management's assessment of the impact due to the adoption of SFRS(I) and change in basis of preparation of the financial statements to be appropriate.

The Group's disclosures related to the impact of the adoption of SFRS(I) and change in basis of preparation of the financial statements are included in Note 2.2.1 (a) to (d), Note 2.2.1A (Change in basis for preparation of financial statements from fund accounting basis to an enterprise wide basis) and Note 2.2.1B (Adoption of SFRS(I)). Our review of the disclosures noted that they were in accordance with the relevant SFRS(I) disclosure requirements.

#### Adoption of SFRS(I) 9 and valuation of financial investments

SFRS(I) 9 introduces, among others, new requirements for classification and measurement ("C&M") of financial assets and liabilities which is further elaborated in Note 2.2.1C of the financial statements. As required by SFRS(I) 9, the Group reassessed the classification of its financial assets by conducting the business model test and solely payment of principal and interest ("SPPI") test. Following these tests to comply with the requirements of SFRS(I) 9, the Group reassessed its classification of investments as either Fair Value through Other Comprehensive Income ("FVOCI") financial assets or financial assets at fair value through profit or loss ("FVTPL"). The impact of reclassifications arising from the adoption of SFRS(I) 9 is included in Note 2.2.1C of the financial statements. Due to the material impact of the adoption of SFRS(I) 9 to the Group's financial assets on transition date, 1 January 2018, particularly on C&M and impairment assessment, we determined this matter to be significant to our audit.

**GREAT EASTERN HOLDINGS LIMITED**  
**INDEPENDENT AUDITOR'S REPORT**  
To the Members of Great Eastern Holdings Limited

**KEY AUDIT MATTERS (CONTINUED)**

Adoption of SFRS(I) 9 and valuation of financial investments (continued)

Our audit procedures focused on the adoption of SFRS(I) 9 include the following, amongst others:

C&M

- ▶ assessing the Group's SFRS(I) 9 C&M methodology and accounting policies including its tests relating to business model and solely payments of principal and interest, for consistency with SFRS(I) 9 requirements; and
- ▶ reviewing the impact of the changes in classification on the opening balance.

Impairment

- ▶ assessing the Group's expected credit loss ("ECL") methodology to evaluate whether this is consistent with SFRS(I) 9 requirements;
- ▶ evaluating the design of the ECL model based on the approved ECL methodology, including the model build, approval process, ongoing monitoring, validation, model governance as well as arithmetic accuracy; and
- ▶ reviewing the impact of adopting the ECL to the opening balance.

Disclosure

- ▶ assessing the adequacy and completeness of the Group's disclosures relating to the changes arising from the adoption of SFRS(I) 9.

Based on the work performed, we considered management's assessment of the impact due to the adoption of SFRS(I) 9 to be appropriate.

The Group's financial assets comprised mainly of debt and equity securities. These instruments are measured at fair value with the corresponding fair value changes recognized in either other comprehensive income or, profit or loss. The valuation is performed by the Group using inputs which have been classified in accordance with the fair value hierarchy stated in SFRS(I) 13, Fair Value Measurement. The fair value hierarchy is disclosed in Note 34.

The valuation of investments is inherently subjective and exercise of significant judgement in determining fair value is required, particularly for the Level 2 and Level 3 investments since these are valued based on inputs other than observable quoted prices. As such, we determined this to be significant to our audit. As at 31 December 2018, the Level 2 and Level 3 investments amounted to \$20.6 billion and \$1.5 billion respectively.

Our audit procedures, focused on the valuation of these financial investments, included the following, amongst others:

- ▶ assessing the processes and controls relating to valuation of these financial investments, including the methods and assumptions used to value the underlying investments, and their valuation review process;
- ▶ performing independent valuations using external quotes where available, or with reference to alternative valuation methods used by other market participants on a sample of investments; and
- ▶ ascertain that investments are properly classified, valued, and disclosed in the Group's financial statements in accordance with SFRS(I) 9, SFRS(I) 7 and SFRS(I) 13;

Overall, the results of our independent valuation are consistent with those of management's valuation.

# GREAT EASTERN HOLDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT

To the Members of Great Eastern Holdings Limited

### KEY AUDIT MATTERS (CONTINUED)

#### Adoption of SFRS(I) 9 and valuation of financial investments (continued)

We also assessed whether the related disclosures comply with the relevant SFRS(I) disclosure requirements, including valuation sensitivity analysis and fair value hierarchy. The Group's disclosures related to financial investments are included in Note 2.17 and 2.18 (Financial assets), Note 2.21 (Determination of fair value of financial instruments) and Note 34 (Fair value of assets and liabilities). Accordingly, our review of the disclosures noted that they were in compliance with the relevant disclosure requirements.

#### Valuation of life insurance contract liabilities

As at 31 December 2018, the Group has \$65.6 billion of life insurance contract liabilities, which represents 84.6% of the Group's total liabilities. The valuation of life insurance contract liabilities involves significant judgement over uncertain future outcomes, including primarily the timing and occurrence of ultimate full settlement of life insurance contract liabilities. The Group uses valuation models and assumptions to support the calculations of the life insurance contract liabilities. The complexity of the models may give rise to inaccurate calculations as a result of inappropriate and incomplete data, or assumptions used or inappropriate design or application of the models. Economic assumptions such as investment return and interest rates, and non-economic assumptions such as mortality, morbidity, expenses, policyholders' behavior and claims experience are some of the key inputs used to estimate these life insurance contract liabilities. Changes in assumptions used may result in material impact to the valuation of these life insurance contract liabilities. In addition to analyzing historical experiences, significant management judgement is also involved in setting these assumptions.

We used internal actuarial specialists to assist us in performing the following procedures. Our audit procedures included, amongst others:

- ▶ assessing the processes and tested specialist controls relating to the actuarial valuation process, including management's determination and approval process for setting of economic and non-economic actuarial assumptions;
- ▶ assessing the appropriateness of the actuarial valuation methodologies and assumptions used by management against regulatory requirements and industry practices, where applicable;
- ▶ comparing assumptions used by management against the Group's experiences and market observable data, where applicable;
- ▶ assessing whether changes made to the actuarial models are in line with our understanding of business developments, and our expectations derived from the Group's or market experience;
- ▶ reviewing reasonableness of the actuarial reserves being set up by performing an analytical review on the results; and
- ▶ reviewing a selection of the Group's independent testing of actuarial models used for reserve calculations.

Based on the work performed, we considered the valuation methodologies and the assumptions used to be appropriate.

We also considered whether the disclosures in relation to life insurance contract liabilities comply with the relevant SFRS(I) disclosure requirements. The Group's disclosures related to life insurance liabilities are included in Note 2.9.4 (Life insurance contract liabilities), Note 2.30.1(a) (Critical accounting estimates and assumptions on liabilities of insurance business), Note 15.1 (Life insurance contracts) and Note 33 (Insurance risk). Accordingly, our review of the disclosures noted that they were in accordance with the relevant disclosure requirements.

# GREAT EASTERN HOLDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT

To the Members of Great Eastern Holdings Limited

### KEY AUDIT MATTERS (CONTINUED)

#### Valuation of non-life insurance contract liabilities

As at 31 December 2018, the Group has \$212.0 million of non-life insurance contract liabilities, which represent 0.3% of the Group's total liabilities. Non-life insurance contract liabilities, which include the Group's claims liabilities and premium liabilities, are determined based on previous claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Estimates have to be made for both the expected ultimate cost of claims reported at the balance sheet date, and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the balance sheet date. The estimation of non-life insurance contract liabilities is sensitive to various factors and uncertainties. Significant management judgement is applied in setting these assumptions.

We used internal actuarial specialists to assist us in performing the following procedures. Our audit procedures included, amongst others:

- ▶ comparing the actuarial valuation methodologies and assumptions used by the management with industry data, and against recognized actuarial practices;
- ▶ reviewing the assumptions used by the Certifying Actuary and rationale for conclusions made thereon;
- ▶ assessing consistency of valuation methodologies applied against prior years;
- ▶ assessing whether changes made to the actuarial models are in line with our understanding of business developments, and our expectations derived from market experience; and
- ▶ performing independent analysis and re-computation of the non-life insurance contract liabilities of selected classes of business. We focused on the largest and most uncertain reserves. We compared our independent analysis to those performed by the management and enquired with management significant differences noted, if any.

Based on the work performed, we considered the methodology and assumptions used by management to be appropriate.

We considered whether the disclosures in relation to non-life insurance contract liabilities comply with the relevant disclosure requirements. The Group's disclosures related to non-life insurance liabilities are included in 2.9.5 (Non-life insurance contract liabilities), Note 2.30.1(a) (Critical accounting estimates and assumptions on liabilities of insurance business), Note 15.2 (Non-life insurance contracts) and Note 33 (Insurance Risk). Accordingly, our review of the disclosures noted that they were in compliance with the relevant requirements.

#### Valuation of provision for tax and deferred taxation

As at 31 December 2018, the Group has recognized provision for tax and deferred tax liabilities of \$507.7 million and \$1,132.1 million respectively. The taxation rules and regulations governing the insurance industry are complex and evolving. There are many transactions and calculations for which the ultimate tax determination is uncertain as it involved significant management judgment in determining the deductibility of certain expenses during the estimation of provision for income taxes. The final tax outcome for open years of assessment may therefore be different from the amounts that were initially recorded and result in either tax refunds or further taxes to be imposed. As such, the valuation of the income tax is significant to our audit.

# GREAT EASTERN HOLDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT

To the Members of Great Eastern Holdings Limited

### KEY AUDIT MATTERS (CONTINUED)

#### Valuation of provision for tax and deferred taxation (continued)

Our audit procedures included, amongst others:

- ▶ involving our internal tax experts in assessing the veracity of the bases used to determine the tax positions. We corroborated these bases with supporting evidence, historical accuracy of management's assumptions used and estimation process. We also assessed the historical accuracy of management's assumptions and estimation process;
- ▶ reviewing correspondences with the tax authorities to identify potential tax exposures; and
- ▶ assessing the adequacy of the Group's disclosures on provision for tax and deferred tax

Overall, the results of our evaluation of the Group's provision for tax and deferred tax are consistent with management's provision for tax and deferred tax.

The Group's disclosures related to provision for tax, and deferred taxation are included in Note 2.11 (Taxes), Note 8 (Income tax). Our review of the disclosures noted that they were in accordance with the relevant SFRS(I) disclosure requirements.

### OTHER INFORMATION

Management is responsible for the other information. The other information consists of information included in the annual report other than financial statements and our auditor's report thereon. We obtained all the other information prior to the date of our auditor's report except for the Key Figures, Letter to Shareholders, Financial Highlights, Embedded Value, Business Review – Singapore, Business Review – Malaysia, Business Review – Emerging Markets, Corporate Governance Report, Additional Information, Shareholding Statistics and Sustainability report, collectively, "Other Reports", which are expected to be made available to us after the date of our auditor's report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

### RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorized and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

# GREAT EASTERN HOLDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT

To the Members of Great Eastern Holdings Limited

### RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS (CONTINUED)

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

# GREAT EASTERN HOLDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT

To the Members of Great Eastern Holdings Limited

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

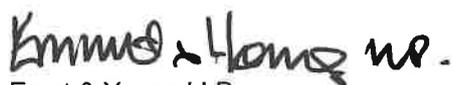
We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Shekaran K Krishnan.



Ernst & Young LLP

Public Accountants and

Chartered Accountants

Singapore

19 February 2019