

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 2018

For the second quarter and half year ended 30 June 2018, Group profit attributable to shareholders was \$237.6 million and \$390.5 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 2018 (2017: 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 17 August 2018 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 16 August 2018 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 16 August 2018 will be entitled to the interim one-tier tax exempt dividend.

The interim tax one-tier exempt dividend will be paid on 31 August 2018.

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 2018 to be false or misleading in any material aspect.

By Order of the Board

Jennifer Wong Pakshong
Group Company Secretary
Singapore, 31 July 2018

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 2018

1. GROUP PROFIT AND LOSS STATEMENTS

in Singapore Dollars (millions)	Note	1st Half 2018	1st Half 2017	% + / (-)	2nd Quarter 2018	2nd Quarter 2017	% + / (-)	1st Quarter 2018	% + / (-)
Income									
Gross premiums	9.2	5,698.2	5,149.3	11	3,263.8	2,458.3	33	2,434.4	34
less: Premiums ceded to reinsurers		166.3	125.8	32	88.9	66.5	34	77.4	15
less: Increase in unexpired risk reserve		9.7	5.2	87	4.6	2.9	59	5.1	(10)
Net premiums		5,522.2	5,018.3		3,170.3	2,388.9	33	2,351.9	35
Commissions received from reinsurers		37.6	25.0	50	17.5	14.7	19	20.1	(13)
Investment income, net	9.3	1,274.2	1,095.2	16	703.8	593.5	19	570.4	23
Rental income, net		28.8	29.6	(3)	14.4	15.2	(5)	14.4	-
Fees and other income	9.4	40.1	36.9	9	19.2	18.9	2	20.9	(8)
(Loss)/gain on sale of investments and changes in fair value	9.5	(1,626.2)	1,544.6	(205)	(903.5)	522.9	(273)	(722.7)	25
Change in third-party interests in consolidated investment funds		5.1	(9.5)	(154)	6.1		nm	(1.0)	(710)
Loss on disposal of subsidiary		-	(1.2)	(100)	-	0.8	(100)	-	nm
Gain/(loss) on exchange differences	9.6	47.2	(415.7)	(111)	89.8	(89.3)	(201)	(42.6)	(311)
Total income		5,329.0	7,323.2	(27)	3,117.6	3,464.4	(10)	2,211.4	41
less: Expenses									
Gross claims, surrenders and annuities	9.7	3,076.2	2,612.9	18	1,629.4	1,358.8	20	1,446.8	13
Claims, surrenders and annuities recovered from reinsurers		(106.0)	(92.4)	15	(58.2)	(45.0)	29	(47.8)	22
Commissions and agency expenses	9.8	473.1	412.1	15	244.9	216.0	13	228.2	7
(Decrease)/increase in provision for impairment of assets		(7.5)	65.1	(112)	(6.1)	43.7	(114)	(1.4)	nm
Management and other expenses	9.9	236.0	246.1	(4)	103.4	125.8	(18)	132.6	(22)
Interest expense		9.2	9.2	-	4.6	4.6	-	4.6	-
Agents' retirement benefits		16.9	23.8	(29)	3.5	10.8	(68)	13.4	(74)
Depreciation		26.4	26.4	-	13.7	13.9	(1)	12.7	8
Change in insurance contract liabilities	9.10	1,126.4	3,380.8	(67)	897.7	1,397.2	(36)	228.7	293
Tax attributable to policyholders' returns	9.11	3.0	235.6	(99)	(5.4)	53.1	(110)	8.4	(164)
Total expenses		4,853.7	6,919.6	(30)	2,827.5	3,178.9	(11)	2,026.2	40
Profit before share of loss of associates		475.3	403.6	18	290.1	285.5	2	185.2	57
Share of loss after income tax of associates		(0.2)	(0.4)	(50)	(0.1)	(0.3)	(67)	(0.1)	-
Profit before income tax		475.1	403.2	18	290.0	285.2	2	185.1	57
Income tax		(78.8)	(75.7)	4	(48.9)	(51.0)	(4)	(29.9)	64
Profit after income tax		396.3	327.5	21	241.1	234.2	3	155.2	55
Attributable to:									
Shareholders	9.1	390.5	322.4	21	237.6	231.6	3	152.9	55
Non-controlling interests		5.8	5.1	14	3.5	2.6	35	2.3	52
		396.3	327.5	21	241.1	234.2	3	155.2	55
Basic and diluted earnings per share attributable to shareholders of the Company (in Singapore Dollars)		0.83	0.68	22.1	0.51	0.49	4.1	0.32	58
Return on Equity (Average Shareholders' Fund) (%) (not annualised)		5.3%	4.8%	0.5 pp	3.3%	3.3%	0 pp	2.0%	1.3 pp

nm – not meaningful / exceeding 300%

Comparative figures have been restated upon adoption of SFRS(I). Refer to Note 9 for details.

2. GROUP STATEMENT OF COMPREHENSIVE INCOME

in Singapore Dollars (millions)	1st Half 2018	1st Half 2017	% +/(−)	2nd Quarter 2018	2nd Quarter 2017	% +/(−)	1st Quarter 2018	% +/(−)
Profit after income tax for the period	396.3	327.5	21	241.1	234.2	3	155.2	55
Other comprehensive income:								
Items that will not be reclassified to profit or loss:								
Exchange differences arising on translation of overseas entities attributable to non-controlling interests	0.4	(0.1)	nm	(0.1)	0.2	(150)	0.5	(120)
Revaluation losses on equity instruments at fair value through other comprehensive income	(186.4)	-	nm	(54.5)	-	nm	(131.9)	(59)
Income tax related to the above	30.7	-	nm	8.5	-	nm	22.2	(62)
Items that may be reclassified subsequently to profit or loss:								
Exchange differences arising on translation of overseas entities	9.5	(5.4)	(276)	(3.1)	6.2	(150)	12.6	(125)
Share of other comprehensive income of associates	-	(0.3)	(100)	-	(0.3)	(100)	-	nm
Debt instruments at fair value through other comprehensive income:								
Changes in fair value	(265.4)	-	nm	(87.4)	-	nm	(178.0)	(51)
Changes in allowance for expected credit losses	(4.6)	-		(4.8)	-	nm	0.2	nm
Reclassification of realised loss/(gain) on disposal of investments to Profit and Loss Statement	1.8	-	nm	8.4	-	nm	(6.6)	(227)
Income tax related to the above	46.0	-	nm	14.5	-	nm	31.5	(54)
Available-for-sale financial assets:								
Changes in fair value	-	481.4	(100)	-	174.3	(100)	-	nm
Reclassification of realised gain on disposal of investments to Profit and Loss Statement	-	(128.2)	(100)	-	(84.8)	(100)	-	nm
Tax on changes in fair value	-	(58.7)	(100)	-	(14.1)	(100)	-	nm
Other comprehensive income for the period, after tax	(368.0)	288.7	(227)	(118.5)	81.5	(245)	(249.5)	(53)
Total comprehensive income for the period	28.3	616.2	(95)	122.6	315.7	(61)	(94.3)	(230)
Total comprehensive income attributable to:								
Shareholders	24.7	608.5	(96)	119.3	311.8	(62)	(94.6)	(226)
Non-controlling interests	3.6	7.7	(53)	3.3	3.9	(15)	0.3	nm
	28.3	616.2	(95)	122.6	315.7	(61)	(94.3)	(230)

nm – not meaningful / exceeding 300%

Comparative figures have been restated upon adoption of SFRS(I). Refer to Note 9 for details.

3. GROUP BALANCE SHEET

in Singapore Dollars (millions)	Note	Group			1 Jan 2017
		30 Jun 2018	31 Dec 2017	% + / (-)	
Share capital		152.7	152.7	-	152.7
Reserves					
Currency translation reserve		22.4	12.9	74	-
Fair value reserve	9.12.1	(153.6)	365.9	(142)	216.2
Other reserve		0.2	0.2	-	-
Retained earnings		7,246.6	6,997.0	4	6,197.0
SHAREHOLDERS' EQUITY		7,268.3	7,528.7	(3)	6,565.9
NON-CONTROLLING INTERESTS		81.3	86.1	(6)	75.3
TOTAL EQUITY		7,349.6	7,614.8	(3)	6,641.2
LIABILITIES					
Insurance payables		4,341.1	4,124.1	5	3,670.8
Other creditors		1,485.5	2,125.6	(30)	1,267.5
Derivative financial liabilities		544.0	379.9	43	737.5
Income tax payable		556.3	539.9	3	451.6
Provision for agents' retirement benefits		283.7	276.0	3	263.3
Deferred tax		1,184.6	1,375.0	(14)	1,058.3
Debt issued	9.12.2	399.8	399.7	0	399.6
Insurance contract liabilities		67,140.0	65,512.3	2	55,247.0
TOTAL EQUITY AND LIABILITIES		83,284.6	82,347.3	1	69,736.8
ASSETS					
Cash and cash equivalents		3,169.9	5,364.8	(41)	3,526.6
Other debtors		1,378.9	1,586.4	(13)	1,304.7
Insurance receivables		2,810.0	2,701.1	4	2,604.5
Loans		1,277.4	1,359.1	(6)	1,609.0
Derivative financial assets		107.8	238.9	(55)	84.9
Investments	9.12.3	72,355.3	68,918.9	5	58,383.3
Assets held for sale		3.9	3.9	-	-
Associates		2.0	2.2	(9)	47.4
Intangible assets		27.7	27.6	0	32.0
Investment properties		1,558.6	1,553.0	0	1,539.0
Property, plant and equipment		593.1	591.4	0	605.4
TOTAL ASSETS		83,284.6	82,347.3	1	69,736.8
Net Asset Value per share (in Singapore Dollars)		15.36	15.91	(3)	13.87

nm – not meaningful / exceeding 300%

Comparative figures have been restated upon adoption of SFRS(I). Refer to Note 9 for details.

4. COMPANY BALANCE SHEET

	Company		
	30 Jun 2018	31 Dec 2017	%
			+ / (-)
Share capital	152.7	152.7	-
Reserves			
Merger reserve	419.2	419.2	-
Retained earnings	3,063.8	2,816.2	9
TOTAL EQUITY	3,635.7	3,388.1	7
LIABILITIES			
Other creditors	7.2	8.2	(12)
Income tax	-	0.1	(100)
TOTAL EQUITY AND LIABILITIES	3,642.9	3,396.4	7
ASSETS			
Cash and cash equivalents	53.3	20.6	159
Other debtors	0.1	0.1	-
Amounts due from subsidiaries	2,895.4	2,681.5	8
Subsidiaries	693.9	693.9	-
Property, plant and equipment	0.2	0.3	(33)
TOTAL ASSETS	3,642.9	3,396.4	7
Net Asset Value per share (in Singapore Dollars)	7.68	7.16	7

5. SELECTED INCOME AND MANAGEMENT EXPENSES

	Group				
	1st Half 2018	1st Half 2017	2nd Quarter 2018	2nd Quarter 2017	1st Quarter 2018
<i>in Singapore Dollars (millions)</i>					
<u>Expenses</u>					
1. Staff costs and related expenses (including executive directors and key management personnel compensation)	131.3	152.6	47.4	77.7	83.9
2. Rental expense	11.4	11.5	5.7	5.6	5.7
3. Depreciation	26.4	26.4	13.7	13.9	12.7

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

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

6.2. GROUP STATEMENT OF CHANGES IN EQUITY for the half-year ended 30 June 2017

in Singapore Dollars (millions)	Attributable to Shareholders of the Company					Total	Non-Controlling Interests	Total Equity
	Share Capital	Currency Translation Reserve	Fair Value Reserve	Other Reserve	Retained Earnings ⁽¹⁾			
Balance at 31 December 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 period	-	-	-	-	322.4	322.4	5.1	327.5
<u>Other comprehensive income</u>								
Exchange differences arising on translation of overseas entities	-	(5.4)	-	-	-	(5.4)	(0.1)	(5.5)
Share of other comprehensive income of associates	-	(0.3)	-	-	-	(0.3)	-	(0.3)
Available-for-sale financial assets:								
Changes in fair value	-	-	478.5	-	-	478.5	2.9	481.4
Reclassification of realised gain on disposal of investments to Profit and Loss Statement	-	-	(128.2)	-	-	(128.2)	-	(128.2)
Tax on changes in fair value	-	-	(58.5)	-	-	(58.5)	(0.2)	(58.7)
Other comprehensive income for the period, after tax	-	(5.7)	291.8	-	-	286.1	2.6	288.7
Total comprehensive income for the period	-	(5.7)	291.8	-	322.4	608.5	7.7	616.2
<u>Distributions to shareholders</u>								
Dividends paid during the period:								
Final one-tier tax exempt dividend for the previous year	-	-	-	-	(189.3)	(189.3)	-	(189.3)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(7.5)	(7.5)
Total distributions to shareholders	-	-	-	-	(189.3)	(189.3)	(7.5)	(196.8)
<u>Changes in ownership interests in subsidiaries</u>								
Disposal of subsidiaries	-	1.9	-	-	-	1.9	(0.6)	1.3
Changes in non-controlling interests without a change in control	-	-	-	-	-	-	3.4	3.4
Total changes in ownership interests in subsidiaries	-	1.9	-	-	-	1.9	2.8	4.7
Total transactions with shareholders in their capacity as shareholders	-	1.9	-	-	(189.3)	(187.4)	(4.7)	(192.1)
Balance at 30 June 2017, restated	152.7	(3.8)	508.0	-	6,330.1	6,987.0	78.3	7,065.3

(1) Included in Retained Earnings are non-distributable reserves of \$2,260.8 million (30 June 2017: \$1,799.2 million), which arise from regulatory risk charges in Singapore and Malaysia.

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

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

6.4. GROUP STATEMENT OF CHANGES IN EQUITY for the second quarter ended 30 June 2017

in Singapore Dollars (millions)	Attributable to Shareholders of the Company					Total	Non-Controlling Interests	Total Equity
	Share Capital	Currency Translation Reserve	Fair Value Reserve	Other Reserve	Accumulated Profit ⁽¹⁾			
Balance at 1 April 2017	152.7	(11.6)	433.7	-	6,287.8	6,862.6	79.1	6,941.7
Profit for the period	-	-	-	-	231.6	231.6	2.6	234.2
<u>Other comprehensive income</u>								
Exchange differences arising on translation of overseas entities	-	6.2	-	-	-	6.2	0.2	6.4
Share of other comprehensive income of associates	-	(0.3)	-	-	-	(0.3)	-	(0.3)
<u>Available-for-sale financial assets:</u>								
Changes in fair value	-	-	173.1	-	-	173.1	1.2	174.3
Reclassification of realised gain on disposal of investments to Profit and Loss Statement	-	-	(84.8)	-	-	(84.8)	-	(84.8)
Tax on changes in fair value	-	-	(14.0)	-	-	(14.0)	(0.1)	(14.1)
Other comprehensive income for the period, after tax	-	5.9	74.3	-	-	80.2	1.3	81.5
Total comprehensive income for the period	-	5.9	74.3	-	231.6	311.8	3.9	315.7
<u>Distributions to shareholders</u>								
Final one-tier tax exempt dividend for the previous year	-	-	-	-	(189.3)	(189.3)	-	(189.3)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(7.5)	(7.5)
Total distributions to shareholders	-	-	-	-	(189.3)	(189.3)	(7.5)	(196.8)
<u>Changes in ownership interests in subsidiaries</u>								
Disposal of subsidiaries	-	1.9	-	-	-	1.9	(0.6)	1.3
Changes in non-controlling interests without a change in control	-	-	-	-	-	-	3.4	3.4
Total changes in ownership interests in subsidiaries	-	1.9	-	-	-	1.9	2.8	4.7
Total transactions with shareholders in their capacity as shareholders	-	1.9	-	-	(189.3)	(187.4)	(4.7)	(192.1)
Balance at 30 June 2017, restated	152.7	(3.8)	508.0	-	6,330.1	6,987.0	78.3	7,065.3

(1) Included in Retained Earnings are non-distributable reserves of \$2,260.8 million (30 June 2017: \$1,799.2 million), which arise from regulatory risk charges in Singapore and Malaysia.

7.1 COMPANY STATEMENT OF CHANGES IN EQUITY for the half-years ended 30 June 2018 and 2017

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Retained Earnings	Total Equity
Balance at 1 January 2018	152.7	419.2	2,816.2	3,388.1
Profit for the period	-	-	531.6	531.6
Total comprehensive income for the period	-	-	531.6	531.6
<u>Distributions to shareholders</u>				
Dividends paid during the period:				
Final and special one-tier tax exempt dividends for the previous year	-	-	(284.0)	(284.0)
Total distributions to shareholders	-	-	(284.0)	(284.0)
Total transactions with shareholders in their capacity as shareholders	-	-	(284.0)	(284.0)
Balance at 30 June 2018	152.7	419.2	3,063.8	3,635.7
Balance at 1 January 2017	152.7	419.2	2,662.5	3,234.4
Profit for the period	-	-	341.3	341.3
Total comprehensive income for the period	-	-	341.3	341.3
<u>Distributions to shareholders</u>				
Dividends paid during the period:				
Final one-tier tax exempt dividends for the previous year	-	-	(189.3)	(189.3)
Total distributions to shareholders	-	-	(189.3)	(189.3)
Total transactions with shareholders in their capacity as shareholders	-	-	(189.3)	(189.3)
Balance at 30 June 2017	152.7	419.2	2,814.5	3,386.4

7.2. COMPANY STATEMENT OF CHANGES IN EQUITY for the second quarter ended 30 June 2018 and 2017

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Retained Earnings	Total Equity
Balance at 1 April 2018	152.7	419.2	2,814.9	3,386.8
Profit for the period	-	-	532.9	532.9
Total comprehensive income for the period	-	-	532.9	532.9
<u>Distributions to shareholders</u>				
Final and special one-tier tax exempt dividends for the previous year	-	-	(284.0)	(284.0)
Total distributions to shareholders	-	-	(284.0)	(284.0)
Total transactions with shareholders in their capacity as shareholders	-	-	(284.0)	(284.0)
Balance at 30 June 2018	152.7	419.2	3,063.8	3,635.7
Balance at 1 April 2017	152.7	419.2	2,661.4	3,233.3
Profit for the period	-	-	342.4	342.4
Total comprehensive income for the period	-	-	342.4	342.4
<u>Distributions to shareholders</u>				
Final one-tier tax exempt dividend for the previous year	-	-	(189.3)	(189.3)
Total distributions to shareholders	-	-	(189.3)	(189.3)
Total transactions with shareholders in their capacity as shareholders	-	-	(189.3)	(189.3)
Balance at 30 June 2017	152.7	419.2	2,814.5	3,386.4

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

in Singapore Dollars (millions)	1st Half 2018	1st Half 2017	2nd Quarter 2018	2nd Quarter 2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	475.1	403.2	290.0	285.2
Adjustments for non-cash items:				
Tax attributable to policyholders' returns	3.0	235.6	(5.4)	53.1
Share of loss of associates	0.2	0.4	0.1	0.3
Loss/(gain) on sale of investments and changes in fair value	1,626.2	(1,544.6)	903.5	(522.9)
Loss on disposal of subsidiaries	-	1.2	-	1.2
(Decrease)/increase in provision for impairment of assets	(7.5)	65.1	(6.1)	43.7
Increase in provision for agents' retirement benefits	16.9	23.8	3.5	10.8
Loss on disposal of property, plant and equipment	0.4	-	0.5	-
Depreciation	26.4	26.4	13.7	13.9
Unrealised loss on exchange differences	(47.2)	593.2	(89.8)	275.6
Change in insurance contract liabilities	1,126.4	3,380.8	897.7	1,397.2
Change in unexpired risk reserve	9.7	5.2	4.6	2.9
Amortisation of capitalised transaction fees	0.1	0.1	0.1	0.1
Dividend income	(359.0)	(278.7)	(236.7)	(180.4)
Interest income	(973.4)	(883.2)	(499.8)	(450.9)
Interest expense	9.2	9.2	4.6	4.6
Interest expense on policy benefits	84.5	73.2	42.5	37.1
Share-based payments	2.6	2.0	1.5	1.3
	1,993.6	2,112.9	1,324.5	972.8
Changes in working capital:				
Insurance receivables	(87.6)	(22.6)	(0.3)	(29.6)
Other debtors	264.8	200.7	(173.3)	(16.2)
Insurance payables	217.0	101.2	63.1	135.8
Other creditors	(642.7)	206.9	10.3	(275.6)
Cash generated from operations	1,745.1	2,599.1	1,224.3	787.2
Income tax paid	(181.6)	(120.2)	(123.9)	(73.3)
Interest paid on policy benefits	(84.5)	(73.2)	(42.5)	(37.1)
Agents' retirement benefits paid	(15.3)	(19.0)	(7.6)	(9.5)
Net cash flows from operating activities	1,463.7	2,386.7	1,050.3	667.3
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from maturities and sale of investments	13,960.8	19,088.9	6,076.5	8,669.1
Purchase of investments	(19,059.6)	(22,309.0)	(7,851.4)	(10,679.0)
Net cash inflow from disposal of subsidiaries	-	14.9	-	14.9
Proceeds from sale of property, plant and equipment	0.3	0.2	0.1	-
Purchase of property, plant and equipment and investment properties	(25.3)	(24.4)	(12.8)	(10.4)
Interest income received	942.7	860.7	462.4	404.6
Interest expense paid	(9.2)	(9.0)	-	0.4
Dividends received	337.5	271.5	228.3	181.9
Net cash flows used in investing activities	(3,852.8)	(2,106.2)	(1,096.9)	(1,418.5)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(284.0)	(189.3)	(284.0)	(189.3)
Dividends paid to non-controlling interests	(8.4)	(7.5)	(8.4)	(7.5)
Changes in non-controlling interests	-	3.4	-	3.4
Net cash flows used in financing activities	(292.4)	(193.4)	(292.4)	(193.4)
Net effect of currency translation reserve adjustment	486.6	(111.4)	(99.3)	288.1
Net decrease in cash and cash equivalents	(2,194.9)	(24.3)	(438.3)	(656.5)
Cash and cash equivalents at the beginning of the period	5,364.8	3,526.6	3,608.2	4,158.8
Cash and cash equivalents at the end of the period	3,169.9	3,502.3	3,169.9	3,502.3

9. 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 second quarter of 2018 ("Q2-18") and for the half-year ended 30 June 2018 ("1H-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

in Singapore Dollars (millions)	Group Profit & Loss Statements As previously reported	Effect of SFRS(I) + / (-)	Group Profit & Loss Statements Restated under SFRS(I)
Profit attributable to shareholders			
1st Quarter 2017	217.9	(127.1)	90.8 ^(a)
2nd Quarter 2017	279.5	(47.9)	231.6 ^(a)
3rd Quarter 2017	235.5	52.0	287.5 ^(a)
4th Quarter 2017	423.6	3.2	426.8 ^(a)
Other comprehensive income attributable to shareholders			
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)
Total comprehensive income attributable to shareholders			
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

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

9.1 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The Group's profit attributable to shareholders of \$237.6 million for Q2-18 and \$390.5 million for 1H-18 was higher compared with the same period last year (Q2-17: \$231.6 million, 1H-17: \$322.4 million). The increase in Q2-18 was mainly due to higher profit from Shareholder's Fund; offset by lower operating profit and non-operating profit from insurance business.

9.2 GROSS PREMIUMS

Q2-18 and 1H-18 gross premiums increased 33% and 11% compared with the same periods last year to \$3,263.8 million and \$5,698.2 million (Q2-17: \$2,458.3 million, 1H-17: \$5,149.3 million) due to higher Single Premium sales in Singapore.

9.3 INVESTMENT INCOME, NET

Investment income, net increased to \$703.8 million and \$1,274.2 million for Q2-18 and 1H-18 respectively (Q2-17: \$593.5 million, 1H-17: \$1,095.2 million) mainly due to higher dividend and interest income.

9.4 FEES AND OTHER INCOME

Fees and other income increased to \$19.2 million and \$40.1 million for Q2-18 and 1H-18 respectively (Q2-17: \$18.9 million, 1H-17: \$36.9 million) from higher fee income from the Group's asset management arm, Lion Global Investors Limited.

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

Q2-18 and 1H-18 gain/loss on sale of investments and changes in fair value decreased 205% and 273% to negative \$903.5 million and negative \$1,626.2 million respectively compared with the same periods last year (Q2-17: \$522.9 million, 1H-17: \$1,544.6 million) due to unrealised fair value losses in fair value through profit or loss ("FVTPL") assets arising from unfavourable market conditions. In Q2-17, there were higher realised gains on disposal of available-for-sale ("AFS") investments.

9.6 GAIN/LOSS ON EXCHANGE DIFFERENCES

Gain on exchange differences was \$89.8 million for Q2-18 and \$47.2 million for 1H-18 (Q1-17: negative \$89.3 million, 1H-17: negative \$415.7 million) due to higher foreign exchange gains from US Dollar denominated investments.

9.7 GROSS CLAIMS, SURRENDERS AND ANNUITIES

Gross claims, surrenders and annuities increased to \$1,629.4 million for Q2-18 and \$3,076.2 million for 1H-18 (Q2-17: \$1,358.8 million, 1H-17: \$2,612.9 million) due to higher maturity, medical and living assurance claims.

9.8 COMMISSIONS AND AGENCY EXPENSES

Commissions and agency expenses increased to \$244.9 million for Q2-18 and \$473.1 million for 1H-18 (Q2-17: \$216.0 million, 1H-17: \$412.1 million) mainly arising from reversal of unutilised accruals in the prior year.

9.9 MANAGEMENT AND OTHER EXPENSES

Management and other expenses decreased to \$103.4 million for Q2-18 and \$236.0 million for 1H-18 (Q2-17: \$125.8 million, 1H-17: \$246.1 million) mainly due to lower staff related expenses offset by higher professional fees.

9.10 CHANGE IN INSURANCE CONTRACT LIABILITIES

Change in insurance contract liabilities decreased to \$897.7 million for Q2-18 and \$1,126.4 million for 1H-18 (Q2-17: \$1,397.2 million, 1H-17: \$3,380.8 million). The decrease in Q2-18 was mainly due to mark to market valuation of insurance contract liabilities as compared with the same period in the prior year.

9.11 TAX ATTRIBUTABLE TO POLICYHOLDERS RETURNS

Tax attributable to policyholders returns decreased to negative \$5.4 million for Q2-18 and \$3.0 million for 1H-18 (Q2-17: \$53.1 million, 1H-17: \$235.6 million) mainly due to lower provision for deferred tax for future policyholders' distribution.

9.12 BALANCE SHEET

9.12.1 Fair Value Reserve

As at 30 June 2018, fair value reserve was negative \$153.6 million, compared with \$365.9 million as at 31 December 2017. Excluding the impact from the adoption of SFRS(I) 9 (negative \$135.5 million), the decline in fair value reserve was due to unrealised fair value losses from investments.

9.12.2 Debt Issued

in SGD (millions)	30 June 2018	31 December 2017
Subordinated fixed rate notes (unsecured)		
- payable after one year	399.8	399.7

- 9.12.3 Investments
Investments increased by 5% to \$72,355.3 million as at 30 June 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		
	FVTPL	FVOCI	Total
Par and Unit Linked Funds	54,690.9	9.2	54,700.1
Other Funds	5,920.8	8,302.7	14,223.5
Balance at 1 Jan 2018, after adoption of SFRS(I) 9	60,611.7	8,311.9	68,923.6
Par and Unit Linked Funds	55,380.0	8.7	55,388.7
Other Funds	7,609.1	9,357.5	16,966.6
Balance at 30 Jun 2018, after adoption of SFRS(I) 9	62,989.1	9,366.2	72,355.3

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

	SINGAPORE		MALAYSIA	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Fixed income & debt securities	65%	62%	65%	63%
Equities	26%	25%	29%	32%
Real estate & others	6%	6%	3%	3%
Cash & money market instruments	3%	7%	3%	2%
Market Value of Assets (in SGD billions)	45.8	45.0	23.6	23.2

9.13 REGULATORY CAPITAL

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

10. SHARE CAPITAL

The Company's issued and paid up share capital as at 30 June 2018 was unchanged at \$152.7 million compared with 31 December 2017. Total number of shares issued as at 30 June 2018 also remained unchanged at 473,319,069 compared with 31 December 2017.

11. ACCOUNTING POLICIES

Except as disclosed in paragraph 9 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 Q2-18 and 1H-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(I) 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")		
Balance as at 31 December 2017, before adoption of SFRS(I) 9	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)
Balance as at 1 January 2018, after adoption of SFRS(I) 9	-	60,611.7	-	8,311.9	68,923.6	1,349.6

12. UNAUDITED RESULTS

The consolidated Group's financial results for the second quarter and half-year ended 30 June 2018 have not been audited or reviewed by the Group's auditor.

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

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

14. OTHER MATTERS

14.1 Rule 920(1) of the Listing Manual

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

14.2 Rule 720(1) of the Listing Manual

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

Issued: 31 July 2018