

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 2015

For the second quarter and half year ended 30 June 2015, Group profit attributable to shareholders was S\$277.7 million and S\$498.2 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 tax exempt (one-tier) dividend of 10 cents per ordinary share in respect of the financial year ending 31 December 2015, to be paid on 2 September 2015 (2014: interim tax exempt (one-tier) dividend of 10 cents per ordinary share).

Closure of Books

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company be closed on 21 August 2015 for the purpose of determining the entitlement of shareholders to the interim tax exempt (one-tier) dividend of 10 cents per ordinary share. Duly completed registrable transfers of shares received by the Company’s Share Registrar, M & C Services Pte Ltd at 112 Robinson Road #05-01, Singapore 068902 up to 5.00 p.m. on 20 August 2015 will be registered to determine shareholders’ entitlement to the interim tax exempt (one-tier) dividend. Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares as at 5.00 p.m. on 20 August 2015 will be entitled to the interim tax exempt (one-tier) dividend.

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

The Directors of the Company confirm that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results of the Company and of the Group for the second quarter ended 30 June 2015 to be false or misleading in any material aspect.

By Order of the Board

Jennifer Wong Pakshong
Group Company Secretary
Singapore, 27 July 2015

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 2015

1. GROUP PROFIT AND LOSS STATEMENTS

in Singapore Dollars (millions)	1st Half 2015	1st Half 2014	% +/-	2nd Quarter 2015	2nd Quarter 2014	% +/-	1st Quarter 2015	% +/-
Gross Premiums	3,698.3	3,827.9	(3)	1,823.0	1,973.8	(8)	1,875.3	(3)
Life assurance profit from:								
Participating Fund	66.7	65.1	2	33.9	32.8	3	32.8	3
Non-participating Fund	172.8	232.1	(26)	56.9	134.3	(58)	115.9	(51)
Investment-linked Fund	91.6	106.1	(14)	41.4	53.7	(23)	50.2	(18)
Profit from life assurance	331.1	403.3	(18)	132.2	220.8	(40)	198.9	(34)
Profit from general insurance	13.6	17.6	(23)	6.9	8.0	(14)	6.7	3
Profit from insurance business	344.7	420.9	(18)	139.1	228.8	(39)	205.6	(32)
Investment income, net	73.3	62.3	18	42.3	35.6	19	31.0	36
Gain on sale of investments and changes in fair value	149.6	20.6	nm	144.9	8.3	nm	4.7	nm
Gain on disposal of interest in a joint venture	-	31.9	(100)	-	-	nm	-	nm
Increase in provision for impairment of assets	(0.6)	(0.3)	nm	(0.3)	(0.3)	nm	(0.3)	nm
Gain/(loss) on exchange differences	3.6	(3.0)	nm	(6.6)	(1.7)	nm	10.2	nm
Profit from Shareholders' Fund's investments	225.9	111.5	103	180.3	41.9	nm	45.6	295
Fees and other income	38.3	34.4	11	19.4	17.7	10	18.9	3
Profit before expenses	608.9	566.8	7	338.8	288.4	17	270.1	25
less:								
Management and other expenses	41.4	31.7	31	21.1	16.1	31	20.3	4
Interest expense	9.2	9.2	-	4.6	4.6	-	4.6	-
Depreciation	0.8	0.9	(11)	0.4	0.4	-	0.4	-
Expenses	51.4	41.8	23	26.1	21.1	24	25.3	3
Profit after expenses	557.5	525.0	6	312.7	267.3	17	244.8	28
Share of (loss)/profit after income tax of associates	(0.8)	(0.9)	nm	(1.6)	(0.9)	nm	0.8	nm
Profit before income tax	556.7	524.1	6	311.1	266.4	17	245.6	27
Income tax	(54.0)	(43.7)	nm	(31.1)	(19.5)	nm	(22.9)	nm
Profit after income tax	502.7	480.4	5	280.0	246.9	13	222.7	26
Attributable to:								
Shareholders	498.2	476.2	5	277.7	244.6	14	220.5	26
Non-controlling interests	4.5	4.2	7	2.3	2.3	-	2.2	5
	502.7	480.4	5	280.0	246.9	13	222.7	26
Basic and diluted earnings per share attributable to shareholders of the Company (in Singapore Dollars)	1.05	1.01	4	0.58	0.52	12	0.47	23
Return on Equity (Average Shareholders' Fund) (%) <i>(not annualised)</i>	8.3%	9.1%	-0.8 pp	4.7%	4.6%	0.1 pp	3.6%	1.1 pp

nm – not meaningful / exceeding 300%

2. GROUP STATEMENT OF COMPREHENSIVE INCOME

in Singapore Dollars (millions)	1st Half 2015	1st Half 2014	% + / (-)	2nd Quarter 2015	2nd Quarter 2014	% + / (-)	1st Quarter 2015	% + / (-)
Profit after income tax for the period	502.7	480.4	5	280.0	246.9	13	222.7	26
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	(0.8)	0.4	nm	(0.6)	(0.2)	nm	(0.2)	nm
Items that may be reclassified subsequently to profit or loss:								
Exchange differences arising on translation of overseas entities	(32.8)	3.0	nm	(23.3)	2.8	nm	(9.5)	nm
Share of other comprehensive income of associates	1.5	(0.4)	nm	0.3	-	nm	1.2	(75)
Available-for-sale financial assets:								
Changes in fair value	187.2	90.7	106	14.1	107.9	(87)	173.1	(92)
Reclassification of realised gain on disposal of investments to Profit and Loss Statement	(151.3)	(9.9)	nm	(139.1)	(4.2)	nm	(12.2)	nm
Tax on changes in fair value	(5.8)	(13.7)	nm	21.4	(17.7)	nm	(27.2)	nm
Other comprehensive income for the period, after tax	(2.0)	70.1	nm	(127.2)	88.6	nm	125.2	nm
Total comprehensive income for the period	500.7	550.5	(9)	152.8	335.5	(54)	347.9	(56)
Total comprehensive income attributable to:								
Shareholders	496.5	545.5	(9)	151.4	333.0	(55)	345.1	(56)
Non-controlling interests	4.2	5.0	(16)	1.4	2.5	(44)	2.8	(50)
	500.7	550.5	(9)	152.8	335.5	(54)	347.9	(56)

nm – not meaningful / exceeding 300%

3. GROUP BALANCE SHEET

in Singapore Dollars (millions)	Group		
	30 Jun 2015	31 Dec 2014	% + / (-)
Share capital	152.7	152.7	-
Reserves			
Currency translation reserve	(128.7)	(96.4)	nm
Fair value reserve	189.7	159.1	19
Accumulated profit	5,941.6	5,656.4	5
SHAREHOLDERS' FUND	6,155.3	5,871.8	5
NON-CONTROLLING INTERESTS	64.3	60.1	7
TOTAL EQUITY	6,219.6	5,931.9	5
LIABILITIES			
Insurance payables	3,391.2	3,440.3	(1)
Other creditors and interfund balances	2,173.8	2,633.1	(17)
Unexpired risk reserve	124.4	122.7	1
Derivative financial liabilities	349.0	341.4	2
Income tax	519.9	461.7	13
Provision for agents' retirement benefits	267.5	270.0	(1)
Deferred tax	1,173.4	1,136.2	3
Loan payable to holding company	-	41.2	(100)
Debt issued	399.5	399.4	0
General insurance fund	226.9	221.2	3
Life assurance fund	50,864.7	50,678.3	0
TOTAL EQUITY AND LIABILITIES	65,709.9	65,677.4	0
ASSETS			
Cash and cash equivalents	3,653.0	3,254.3	12
Other debtors and interfund balances	2,179.7	2,314.1	(6)
Insurance receivables	2,622.9	2,676.1	(2)
Loans	1,661.0	1,850.8	(10)
Derivative financial assets	65.8	113.4	(42)
Investments	53,161.7	53,077.3	0
Associates	90.4	89.5	1
Goodwill	32.5	33.3	(2)
Investment properties	1,620.1	1,632.0	(1)
Property, plant and equipment	622.8	636.6	(2)
TOTAL ASSETS	65,709.9	65,677.4	0
Net Asset Value per share (in Singapore Dollars)	13.00	12.41	5

For analysis of major variances, please refer to section 9.7 on pages 11 and 12.

nm – not meaningful / exceeding 300%

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

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

6.2. GROUP STATEMENT OF CHANGES IN EQUITY for the half-year ended 30 June 2014

in Singapore Dollars (millions)	Attributable to Shareholders of the Company					Non-Controlling Interests	Total Equity
	Share Capital	Currency Translation Reserve	Fair Value Reserve	Accumulated Profit ⁽¹⁾	Total		
Balance at 1 January 2014	152.7	(82.9)	(31.0)	5,038.1	5,076.9	50.4	5,127.3
Profit for the period	-	-	-	476.2	476.2	4.2	480.4
<u>Other comprehensive income</u>							
Exchange differences arising on translation of overseas entities	-	3.0	-	-	3.0	0.4	3.4
Share of other comprehensive income of associates	-	(0.9)	0.5	-	(0.4)	-	(0.4)
<u>Available-for-sale financial assets:</u>							
Changes in fair value	-	-	90.2	-	90.2	0.5	90.7
Reclassification of realised gain on disposal of investments to Profit and Loss Statement	-	-	(9.9)	-	(9.9)	-	(9.9)
Tax on changes in fair value	-	-	(13.6)	-	(13.6)	(0.1)	(13.7)
Other comprehensive income for the period, after tax	-	2.1	67.2	-	69.3	0.8	70.1
Total comprehensive income for the period	-	2.1	67.2	476.2	545.5	5.0	550.5
<u>Distributions to shareholders</u>							
<u>Dividends paid during the period:</u>							
Final and special tax exempt (one-tier) dividends for the previous year	-	-	-	(213.0)	(213.0)	-	(213.0)
Total distributions to shareholders	-	-	-	(213.0)	(213.0)	-	(213.0)
Total transactions with shareholders in their capacity as shareholders	-	-	-	(213.0)	(213.0)	-	(213.0)
Balance at 30 June 2014	152.7	(80.8)	36.2	5,301.3	5,409.4	55.4	5,464.8

(1) Included in Accumulated Profit are non-distributable reserves of \$1,176.4 million (30 June 2014: \$1,099.5 million), which arise from regulatory risk charges in Singapore and Malaysia that are held out of the Group Shareholders' Accumulated Profit Account.

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

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

6.4. GROUP STATEMENT OF CHANGES IN EQUITY for the second quarter ended 30 June 2014

in Singapore Dollars (millions)	Attributable to Shareholders of the Company				Total	Non-Controlling Interests	Total Equity
	Share Capital	Currency Translation Reserve	Fair Value Reserve	Accumulated Profit ⁽¹⁾			
Balance at 1 April 2014	152.7	(83.4)	(49.6)	5,269.7	5,289.4	52.9	5,342.3
Profit for the period	-	-	-	244.6	244.6	2.3	246.9
<u>Other comprehensive income</u>							
Exchange differences arising on translation of overseas entities	-	2.8	-	-	2.8	(0.2)	2.6
Share of other comprehensive income of associates	-	(0.2)	0.2	-	-	-	-
<u>Available-for-sale financial assets:</u>							
Changes in fair value	-	-	107.4	-	107.4	0.5	107.9
Reclassification of realised gain on disposal of investments to Profit and Loss Statement	-	-	(4.2)	-	(4.2)	-	(4.2)
Tax on changes in fair value	-	-	(17.6)	-	(17.6)	(0.1)	(17.7)
Other comprehensive income for the period, after tax	-	2.6	85.8	-	88.4	0.2	88.6
Total comprehensive income for the period	-	2.6	85.8	244.6	333.0	2.5	335.5
<u>Distributions to shareholders</u>							
<u>Dividends paid during the period:</u>							
Final and special tax exempt (one-tier) dividends for the previous year	-	-	-	(213.0)	(213.0)	-	(213.0)
Total distributions to shareholders	-	-	-	(213.0)	(213.0)	-	(213.0)
Total transactions with shareholders in their capacity as shareholders	-	-	-	(213.0)	(213.0)	-	(213.0)
Balance at 30 June 2014	152.7	(80.8)	36.2	5,301.3	5,409.4	55.4	5,464.8

(1) Included in Accumulated Profit are non-distributable reserves of \$1,176.4 million (30 June 2014: \$1,099.5 million), which arise from regulatory risk charges in Singapore and Malaysia that are held out of the Group Shareholders' Accumulated Profit Account.

7.1. COMPANY STATEMENT OF CHANGES IN EQUITY for the half-years ended 30 June 2015 and 2014

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Accumulated Profit	Total Equity
Balance at 1 January 2015	152.7	419.2	1,983.9	2,555.8
Profit for the period	-	-	494.0	494.0
Total comprehensive income for the period	-	-	494.0	494.0
<u>Distributions to shareholders</u>				
Dividends paid during the period:				
Final and special tax exempt (one-tier) dividends for the previous year	-	-	(213.0)	(213.0)
Total distributions to shareholders	-	-	(213.0)	(213.0)
Total transactions with shareholders in their capacity as shareholders	-	-	(213.0)	(213.0)
Balance at 30 June 2015	152.7	419.2	2,264.9	2,836.8
Balance at 1 January 2014	152.7	419.2	1,200.8	1,772.7
Profit for the period	-	-	887.5	887.5
Total comprehensive income for the period	-	-	887.5	887.5
<u>Distributions to shareholders</u>				
Dividends paid during the period:				
Final and special tax exempt (one-tier) dividends for the previous year	-	-	(213.0)	(213.0)
Total distributions to shareholders	-	-	(213.0)	(213.0)
Total transactions with shareholders in their capacity as shareholders	-	-	(213.0)	(213.0)
Balance at 30 June 2014	152.7	419.2	1,875.3	2,447.2

7.2. COMPANY STATEMENT OF CHANGES IN EQUITY for the second quarter ended 30 June 2015 and 2014

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Accumulated Profit	Total Equity
Balance at 1 April 2015	152.7	419.2	1,981.7	2,553.6
Profit for the period	-	-	496.2	496.2
Total comprehensive income for the period	-	-	496.2	496.2
<u>Distributions to shareholders</u>				
Dividends paid during the period:				
Final and special tax exempt (one-tier) dividends for the previous year	-	-	(213.0)	(213.0)
Total distributions to shareholders	-	-	(213.0)	(213.0)
Total transactions with shareholders in their capacity as shareholders	-	-	(213.0)	(213.0)
Balance at 30 June 2015	152.7	419.2	2,264.9	2,836.8
Balance at 1 April 2014	152.7	419.2	1,198.1	1,770.0
Profit for the period	-	-	890.2	890.2
Total comprehensive income for the period	-	-	890.2	890.2
<u>Distributions to shareholders</u>				
Dividends paid during the period:				
Final and special tax exempt (one-tier) dividends for the previous year	-	-	(213.0)	(213.0)
Total distributions to shareholders	-	-	(213.0)	(213.0)
Total transactions with shareholders in their capacity as shareholders	-	-	(213.0)	(213.0)
Balance at 30 June 2014	152.7	419.2	1,875.3	2,447.2

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

in Singapore Dollars (millions)	1st Half 2015	1st Half 2014	2nd Quarter 2015	2nd Quarter 2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	556.7	524.1	311.1	266.4
Life assurance profit/(loss) before income tax	658.3	78.6	948.2	(117.0)
General insurance profit before income tax	16.9	20.8	8.9	10.0
Adjustments for non-cash items:				
Surplus transferred from life assurance fund but not yet withdrawn	(331.1)	(403.3)	(132.2)	(220.8)
Profit transferred from general insurance fund but not yet withdrawn	(13.6)	(17.6)	(6.9)	(8.0)
Share of loss of associates	0.9	1.6	1.7	0.8
Gain on sale of investments and changes in fair value	(602.6)	(424.4)	(549.2)	(248.1)
Gain on disposal of interest in a joint venture	-	(31.9)	-	-
Increase/(decrease) in provision for impairment of assets	3.1	(41.7)	0.4	(46.1)
Increase in provision for agents' retirement benefits	19.8	18.8	9.4	9.1
Gain on disposal of property, plant and equipment	(0.1)	-	-	-
Depreciation	23.3	24.5	11.8	13.0
Unrealised (gain)/loss on exchange differences	(219.2)	71.7	246.4	120.3
Change in life assurance contract liabilities	1,417.0	1,837.3	110.1	1,208.5
Change in general insurance contract liabilities	4.4	1.0	3.1	(1.5)
Change in unexpired risk reserve	5.7	4.2	5.2	(2.5)
Amortisation of capitalised transaction fees	0.1	0.1	0.1	0.1
Dividend income	(272.4)	(243.2)	(193.8)	(167.4)
Interest income	(828.2)	(786.0)	(417.6)	(400.4)
Interest expense	9.6	9.5	4.7	4.8
Interest expense on policy benefits	68.6	62.5	34.5	32.0
Share-based payments	1.5	2.3	0.8	1.1
	518.7	708.9	396.7	454.3
Changes in working capital:				
Insurance receivables	56.6	(45.4)	50.3	(33.8)
Other debtors and interfund balances	136.9	63.5	568.3	291.1
Insurance payables	(49.1)	181.8	(45.5)	125.3
Other creditors and interfund balances	(460.5)	(195.9)	(478.3)	(387.0)
Cash generated from operations	202.6	712.9	491.5	449.9
Income tax paid	(109.1)	(204.0)	(59.9)	(104.2)
Interest paid on policy benefits	(68.6)	(62.5)	(34.5)	(32.0)
Agents' retirement benefits paid	(5.9)	(5.2)	(3.1)	(2.3)
Net cash flows from operating activities	19.0	441.2	394.0	311.4
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from maturities and sale of investments	11,259.2	10,502.4	5,643.2	6,388.8
Purchase of investments	(10,482.1)	(12,510.3)	(4,719.5)	(6,938.5)
Proceeds from reduction of interests in associates	-	64.8	-	64.8
Proceeds from disposal of interest in a joint venture	-	62.8	-	-
Proceeds from sale of property, plant and equipment	0.4	0.2	(0.6)	-
Purchase of property, plant and equipment and investment properties	(20.7)	(25.6)	(10.8)	(10.1)
Interest income received	832.2	767.5	406.3	369.5
Interest expense paid	(9.9)	(9.5)	(0.2)	(0.2)
Dividends received	259.0	236.0	180.8	164.3
Net cash flows from/(used in) investing activities	1,838.1	(911.7)	1,499.2	38.6
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(213.0)	(213.0)	(213.0)	(213.0)
(Repayment of)/proceeds from loan	(41.2)	41.2	(41.2)	-
Net cash flows used in financing activities	(254.2)	(171.8)	(254.2)	(213.0)
Net effect of currency translation reserve adjustment	(1,204.2)	146.6	(831.1)	114.9
Net increase/(decrease) in cash and cash equivalents	398.7	(495.7)	807.9	251.9
Cash and cash equivalents at the beginning of the period	3,254.3	3,727.1	2,845.1	2,979.5
Cash and cash equivalents at the end of the period	3,653.0	3,231.4	3,653.0	3,231.4

9. REVIEW OF RESULTS

The Group Financial Statements for the second quarter of 2015 (Q2-15) and for the half-year ended 30 June 2015 (1H-15) were prepared in accordance with the Singapore Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS).

9.1 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The Group's profit attributable to shareholders was \$277.7 million for Q2-15 and \$498.2 million for 1H-15, 14% and 5% higher than the respective periods last year (Q2-14: \$244.6 million, 1H-14: \$476.2 million). The increase for both periods was mainly because of a gain of \$119.9 million (post-tax) from the sale of part of the Group's investment in New China Life Insurance Company Ltd.

9.2 GROSS PREMIUMS

Q2-15 and 1H-15 gross premiums decreased 8% and 3% compared with the respective same periods last year to \$1,823.0 million and \$3,698.3 million (Q2-14: \$1,973.8 million, 1H-14: \$3,827.9 million).

9.3 PROFIT FROM INSURANCE BUSINESS

The Group's profit from insurance business for Q2-15 was \$139.1 million (Q2-14: \$228.8 million), 39% lower than for the same quarter last year, mainly due to unrealised mark-to-market losses from equity investments and a widening of swap spreads. In contrast, the same quarter last year benefited from net unrealised mark-to-market gains from the valuation of assets and liabilities, brought about by rising long term interest rates and a narrowing of credit and swap spreads then. Profit for Q2-14 was also boosted by a release of tax provisions in the Singapore Investment-linked Fund.

For 1H-15, profit from insurance business decreased by 18% to \$344.7 million (1H-14: \$420.9 million) for the same reasons above.

9.4 PROFIT FROM SHAREHOLDERS' FUND'S INVESTMENTS

The Group's profit from Shareholders' Fund's Investments of \$180.3 million for Q2-15 and \$225.9 million for 1H-15 were significantly higher than for the respective same periods last year (Q2-14: \$41.9 million, 1H-14: \$111.5 million), largely attributed to the gain from the sale of part of the Group's investment in New China Life Insurance Company Ltd.

9.5 FEES AND OTHER INCOME

Fees and other income amounted to \$19.4 million for Q2-15 (Q2-14: \$17.7 million) and \$38.3 million for 1H-15 (1H-14: \$34.4 million). This was a result of an increase in fee income from the Group's asset management arm, Lion Global Investors Limited.

9.6 MANAGEMENT AND OTHER EXPENSES

Management and other expenses were higher at \$21.1 million for Q2-15 (Q2-14: \$16.1 million) and \$41.4 million for 1H-15 (1H-14: \$31.7 million), mainly because of the levy incurred under the Takaful & Insurance Benefits Protection System in Malaysia and the weakening of the Malaysian Ringgit against the Singapore Dollar.

9.7 BALANCE SHEET

9.7.1 Currency Translation Reserve

As at 30 June 2015, translation loss was \$128.7 million compared with a loss of \$96.4 million as at 31 December 2014. This was mainly caused by the weakening of the Malaysian Ringgit against the Singapore Dollar.

9.7.2 Fair Value Reserve

As at 30 June 2015, fair value reserve was \$189.7 million, compared with \$159.1 million as at 31 December 2014. The increase was attributed to unrealised mark-to-market gains from Shareholders' Fund's investments.

9.7.3 Other Creditors and Interfund Balances

Other creditors and interfund balances decreased by 17% to \$2,173.8 million as at 30 June 2015 (31 December 2014: \$2,633.1 million) mainly arising from settlement of interfund charges.

9.7.4 Derivative Financial Liabilities and Assets

Derivative financial liabilities and assets held by the Group are for hedging purposes. Derivative financial liabilities increased to \$349.0 million as at 30 June 2015 (31 December 2014: \$341.4 million) and derivative financial assets decreased to \$65.8 million (31 December 2014: \$113.4 million). The change in the net position mainly arose from movements in the fair value of currency swaps as a result of the weakening of the Singapore Dollar against the United States Dollar.

9.7.5 Income Tax

Income tax increased by 13% to \$519.9 million as at 30 June 2015 (31 December 2014: \$461.7 million), in line with increase in profits.

9.7.6 Borrowings and Debt Issued

in SGD (millions)	30 June 2015	31 December 2014
Subordinated fixed rate notes (unsecured)		
- payable after one year	399.5	399.4
Loan payable to holding company (secured)		
- payable in one year or less	-	41.2
Total borrowings and debt issued	399.5	440.6

The loan payable to holding company was repaid in Q2-15.

9.7.7 Cash and Cash Equivalents

Cash and cash equivalents increased by 12% to \$3,653.0 million as at 30 June 2015 (31 December 2014: \$3,254.3 million), mainly resulting from higher proceeds from sales and maturities of investments as well as lower cash deployed for investments.

9.7.8 Loans

Loans decreased by 10% to \$1,661.0 million as at 30 June 2015 (31 December 2014: \$1,850.8 million), affected by the weakening of the Malaysian Ringgit against the Singapore Dollar as well as corporate loan maturities and redemptions.

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

	SINGAPORE		MALAYSIA	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Fixed income & debt securities	60%	59%	73%	68%
Equities	26%	27%	22%	22%
Real estate & others	8%	9%	3%	7%
Cash & money market instruments	6%	5%	2%	3%
Market Value of Assets (in SGD billions)	30.4	29.5	22.1	22.9

9.8 REGULATORY CAPITAL

The Capital Adequacy Ratios of the Group's insurance subsidiaries in both Singapore and Malaysia remain well above the minimum regulatory levels of 120% and 130% respectively.

10. SHARE CAPITAL

The Company's issued and paid up share capital as at 30 June 2015 was unchanged at \$152.7 million compared with 31 December 2014. Total number of shares issued as at 30 June 2015 also remained unchanged at 473,319,069 compared with 31 December 2014.

11. ACCOUNTING POLICIES

The Group adopted the accounting policies and methods of computation for the financial statements for Q2-15, consistent with the audited financial statements for the year ended 31 December 2014.

The adoption of the other revised and new FRS and INT FRS which came into effect on 1 January 2015 does not have any material financial impact on the Group's results for Q2-15.

12. UNAUDITED RESULTS

The consolidated Group's financial results for the second quarter and half-year ended 30 June 2015 have not been audited or reviewed by the Group's auditors.

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

The Group's performance may be affected by mark-to-market valuation of its assets and liabilities due to volatility in the global financial markets arising from uncertainties over the Greek crisis, US interest rate hike, and slowdown in the Chinese economy.

14. OTHER MATTERS

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

Issued: 27 July 2015