

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 2014

For the second quarter and half year ended 30 June 2014, Group profit attributable to shareholders was S\$244.6 million and S\$476.2 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 2014, to be paid on 3 September 2014 (2013: 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 22 August 2014 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 21 August 2014 will be registered to determine shareholders’ entitlements 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 21 August 2014 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 2014 to be false or misleading in any material aspect.

By Order of the Board

Jennifer Wong Pakshong
Group Company Secretary
Singapore, 30 July 2014

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

FINANCIAL RESULTS FOR THE SECOND QUARTER AND FIRST HALF ENDED 30 JUNE 2014

1. GROUP PROFIT AND LOSS STATEMENTS

in Singapore Dollars (millions)	1st Half 2014	1st Half 2013	% +/-	2nd Quarter 2014	2nd Quarter 2013	% +/-	1st Quarter 2014	% +/-
Gross Premiums	3,827.9	3,616.6	6	1,973.8	1,996.5	(1)	1,854.1	6
Life assurance profit from:								
Participating Fund	65.1	75.6	(14)	32.8	41.4	(21)	32.3	2
Non-participating Fund	232.1	38.1	nm	134.3	(63.4)	nm	97.8	37
Investment-linked Fund	106.1	80.3	32	53.7	37.8	42	52.4	2
Profit from life assurance	403.3	194.0	108	220.8	15.8	nm	182.5	21
Profit from general insurance	17.6	6.1	189	8.0	(0.6)	nm	9.6	(17)
Profit from insurance business	420.9	200.1	110	228.8	15.2	nm	192.1	19
Investment income, net	62.3	54.0	15	35.6	29.1	22	26.7	33
Gain on sale of investments and changes in fair value ⁽¹⁾	20.6	25.5	(19)	8.3	1.5	nm	12.3	(33)
Gain on disposal of joint venture	31.9	-	nm	-	-	nm	31.9	(100)
Increase in provision for impairment of assets	(0.3)	(0.3)	nm	(0.3)	(0.3)	nm	-	nm
(Loss)/gain on exchange differences ⁽¹⁾	(3.0)	9.3	nm	(1.7)	3.8	nm	(1.3)	nm
Profit from investments in Shareholders' Fund	111.5	88.5	26	41.9	34.1	23	69.6	(40)
Fees and other income	34.4	35.6	(3)	17.7	18.1	(2)	16.7	6
Profit before expenses	566.8	324.2	75	288.4	67.4	nm	278.4	4
less:								
Management and other expenses	31.7	33.4	(5)	16.1	17.7	(9)	15.6	3
Interest expense	9.2	9.2	-	4.6	4.6	-	4.6	-
Depreciation	0.9	1.0	(10)	0.4	0.5	(20)	0.5	(20)
Expenses	41.8	43.6	(4)	21.1	22.8	(7)	20.7	2
Profit after expenses	525.0	280.6	87	267.3	44.6	nm	257.7	4
Share of loss after income tax of associates	(0.9)	-	nm	(0.9)	-	nm	-	nm
Share of loss after income tax of joint ventures	-	(2.2)	(100)	-	(1.4)	(100)	-	nm
Profit before income tax	524.1	278.4	88	266.4	43.2	nm	257.7	3
Income tax	(43.7)	(48.3)	nm	(19.5)	(22.6)	nm	(24.2)	nm
Profit after income tax	480.4	230.1	109	246.9	20.6	nm	233.5	6
Attributable to:								
Shareholders	476.2	226.1	111	244.6	18.6	nm	231.6	6
Non-controlling interests	4.2	4.0	5	2.3	2.0	15	1.9	21
	480.4	230.1	109	246.9	20.6	nm	233.5	6
Basic and diluted earnings per share attributable to shareholders of the Company (in Singapore Dollars)	1.01	0.48	110	0.52	0.04	nm	0.49	6
Return on Equity (Average Shareholders' Fund) (%) <i>(not annualised)</i>	9.1%	4.8%	4.3 pp	4.6%	0.6%	4 pp	4.5%	0.1 pp

(1) Comparatives have been restated to conform to current year's presentation.

nm – not meaningful / exceeding 300%

2. GROUP STATEMENT OF COMPREHENSIVE INCOME

in Singapore Dollars (millions)	1st Half 2014	1st Half 2013	% + / (-)	2nd Quarter 2014	2nd Quarter 2013	% + / (-)	1st Quarter 2014	% + / (-)
Profit after income tax for the period	480.4	230.1	109	246.9	20.6	nm	233.5	6
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	-	nm	(0.2)	(0.2)	nm	0.6	nm
Items that may be reclassified subsequently to profit or loss:								
Exchange differences arising on translation of overseas entities	3.0	(0.2)	nm	2.8	(3.0)	nm	0.2	nm
Share of other comprehensive income of associates and joint ventures	(0.4)	2.9	nm	-	2.0	(100)	(0.4)	(100)
Available-for-sale financial assets:								
Changes in fair value	90.7	(91.3)	nm	107.9	(117.5)	nm	(17.2)	nm
Reclassification of realised gain on disposal of investments to Profit and Loss Statement	(9.9)	(22.3)	nm	(4.2)	(4.0)	nm	(5.7)	nm
Tax on changes in fair value	(13.7)	18.9	nm	(17.7)	20.1	nm	4.0	nm
Other comprehensive income for the period, after tax	70.1	(92.0)	nm	88.6	(102.6)	nm	(18.5)	nm
Total comprehensive income for the period	550.5	138.1	299	335.5	(82.0)	nm	215.0	56
Total comprehensive income attributable to:								
Shareholders	545.5	134.1	nm	333.0	(83.3)	nm	212.5	57
Non-controlling interests	5.0	4.0	25	2.5	1.3	92	2.5	0
	550.5	138.1	299	335.5	(82.0)	nm	215.0	56

nm – not meaningful / exceeding 300%

3. GROUP BALANCE SHEET

in Singapore Dollars (millions)	Group		
	30 Jun 2014	31 Dec 2013	% + / (-)
Share capital	152.7	152.7	-
Reserves			
Currency translation reserve	(80.8)	(82.9)	nm
Fair value reserve	36.2	(31.0)	nm
Accumulated profit	5,301.3	5,038.1	5
SHAREHOLDERS' FUND	5,409.4	5,076.9	7
NON-CONTROLLING INTERESTS	55.4	50.4	10
TOTAL EQUITY	5,464.8	5,127.3	7
 LIABILITIES			
Insurance payables	3,269.7	3,087.9	6
Other creditors and interfund balances	2,136.7	2,330.3	(8)
Unexpired risk reserve	126.7	121.8	4
Derivative financial liabilities	109.6	188.1	(42)
Income tax	505.1	599.8	(16)
Provision for agents' retirement benefits	274.7	258.6	6
Deferred tax	1,088.3	1,011.0	8
Loan payable to holding company	41.2	-	nm
Debt issued	399.4	399.3	0
General insurance fund	225.2	209.2	8
Life assurance fund	49,614.9	47,577.3	4
TOTAL EQUITY AND LIABILITIES	63,256.3	60,910.6	4
 ASSETS			
Cash and cash equivalents	3,231.4	3,727.1	(13)
Other debtors and interfund balances	1,859.8	1,908.1	(3)
Insurance receivables	2,662.4	2,604.3	2
Loans	1,848.9	1,863.6	(1)
Derivative financial assets	234.0	242.2	(3)
Investments	51,019.0	48,106.0	6
Associates and joint ventures	89.4	152.5	(41)
Goodwill	33.7	33.6	0
Investment properties	1,562.9	1,561.0	0
Property, plant and equipment	714.8	712.2	0
TOTAL ASSETS	63,256.3	60,910.6	4
 Net Asset Value per share (in Singapore Dollars)	11.43	10.73	7

For analysis of major variances, please refer to section 9.6 on page 12.

nm – not meaningful / exceeding 300%

4. COMPANY BALANCE SHEET

in Singapore Dollars (millions)	Company		
	30 Jun 2014	31 Dec 2013	% + / (-)
Share capital	152.7	152.7	-
Reserves			
Merger reserve	419.2	419.2	-
Accumulated profit	1,875.3	1,200.8	56
TOTAL EQUITY	2,447.2	1,772.7	38
LIABILITIES			
Other creditors	5.7	6.5	(12)
Income tax	0.1	0.1	-
TOTAL EQUITY AND LIABILITIES	2,453.0	1,779.3	38
ASSETS			
Cash and cash equivalents	12.2	32.5	(62)
Other debtors	0.2	-	nm
Amounts due from subsidiaries	1,754.3	1,060.5	65
Subsidiaries	686.1	686.1	-
Property, plant and equipment	0.2	0.2	-
TOTAL ASSETS	2,453.0	1,779.3	38
Net Asset Value per share (in Singapore Dollars)	5.17	3.75	38

5. SELECTED INCOME AND MANAGEMENT EXPENSES

in Singapore Dollars (millions)	Shareholders' Fund				
	1st Half 2014	1st Half 2013	2nd Quarter 2014	2nd Quarter 2013	1st Quarter 2014
<u>Expenses</u>					
1. Staff costs and related expenses (including executive directors and key management personnel compensation)	36.9	36.0	18.2	17.6	18.7
2. Rental expense	3.2	3.2	1.6	1.6	1.6
3. Depreciation	0.9	1.0	0.4	0.5	0.5
<u>Income</u>					
1. Investment income, net (excluding mark-to-market changes)	917.0	920.8	506.2	501.2	410.8
<u>Expenses</u>					
1. Staff costs and related expenses (including executive directors and key management personnel compensation)	95.6	96.2	48.7	50.1	46.9
2. Rental expense	8.3	7.8	4.3	4.0	4.0
3. Depreciation	23.6	29.8	12.6	18.2	11.0

6.1. 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
Other comprehensive income							
Exchange differences arising on translation of overseas entities	-	3.0	-	-	3.0	0.4	3.4
Share of other comprehensive income of associates and joint ventures	-	(0.9)	0.5	-	(0.4)	-	(0.4)
Available-for-sale financial assets:							
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
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 2014	152.7	(80.8)	36.2	5,301.3	5,409.4	55.4	5,464.8

6.2. GROUP STATEMENT OF CHANGES IN EQUITY for the half-year ended 30 June 2013

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 2013	152.7	(63.7)	41.8	4,666.2	4,797.0	42.5	4,839.5
Profit for the period	-	-	-	226.1	226.1	4.0	230.1
<u>Other comprehensive income</u>							
Exchange differences arising on translation of overseas entities	-	(0.2)	-	-	(0.2)	-	(0.2)
Share of other comprehensive income of associates and joint ventures	-	3.2	(0.3)	-	2.9	-	2.9
Available-for-sale financial assets:							
Changes in fair value	-	-	(91.3)	-	(91.3)	-	(91.3)
Reclassification of realised gain on disposal of investments to Profit and Loss Statement	-	-	(22.3)	-	(22.3)	-	(22.3)
Tax on changes in fair value	-	-	18.9	-	18.9	-	18.9
Other comprehensive income for the period, after tax	-	3.0	(95.0)	-	(92.0)	-	(92.0)
Total comprehensive income for the period	-	3.0	(95.0)	226.1	134.1	4.0	138.1
<u>Distributions to shareholders</u>							
Dividends paid during the period:							
Final and special tax exempt (one-tier) dividends for the previous year	-	-	-	(255.6)	(255.6)	-	(255.6)
Dividends paid to non-controlling interests	-	-	-	-	-	(3.8)	(3.8)
Total distributions to shareholders	-	-	-	(255.6)	(255.6)	(3.8)	(259.4)
<u>Changes in ownership interests in subsidiaries that do not result in a loss of control</u>							
Changes in non-controlling interests	-	-	-	-	-	3.8	3.8
Total changes in ownership interests in subsidiaries	-	-	-	-	-	3.8	3.8
Total transactions with shareholders in their capacity as shareholders	-	-	-	(255.6)	(255.6)	-	(255.6)
Balance at 30 June 2013	152.7	(60.7)	(53.2)	4,636.7	4,675.5	46.5	4,722.0

(1) Included in Accumulated Profit are non-distributable reserves of \$1,099.5 million (30 June 2013: \$1,062.8 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 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
Other comprehensive income							
Exchange differences arising on translation of overseas entities	-	2.8	-	-	2.8	(0.2)	2.6
Share of other comprehensive income of associates and joint ventures	-	(0.2)	0.2	-	-	-	-
Available-for-sale financial assets:	-	-	-	-	-	-	-
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)
Effect of reduction in tax rate on other comprehensive income	-	-	-	-	-	-	-
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
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 2014	152.7	(80.8)	36.2	5,301.3	5,409.4	55.4	5,464.8

6.4. GROUP STATEMENT OF CHANGES IN EQUITY for the second quarter ended 30 June 2013

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 2013	152.7	(63.7)	41.8	4,666.2	4,797.0	42.5	4,839.5
Profit for the period	-	-	-	226.1	226.1	4.0	230.1
<u>Other comprehensive income</u>							
Exchange differences arising on translation of overseas entities	-	(0.2)	-	-	(0.2)	-	(0.2)
Share of other comprehensive income of associates and joint ventures	-	3.2	(0.3)	-	2.9	-	2.9
Available-for-sale financial assets:							
Changes in fair value	-	-	(91.3)	-	(91.3)	-	(91.3)
Reclassification of realised gain on disposal of investments to Profit and Loss Statement	-	-	(22.3)	-	(22.3)	-	(22.3)
Tax on changes in fair value	-	-	18.9	-	18.9	-	18.9
Other comprehensive income for the period, after tax	-	3.0	(95.0)	-	(92.0)	-	(92.0)
Total comprehensive income for the period	-	3.0	(95.0)	226.1	134.1	4.0	138.1
<u>Distributions to shareholders</u>							
Dividends paid during the period:							
Final and special tax exempt (one-tier) dividends for the previous year	-	-	-	(255.6)	(255.6)	-	(255.6)
Dividends paid to non-controlling interests	-	-	-	-	-	(3.8)	(3.8)
Total distributions to shareholders	-	-	-	(255.6)	(255.6)	(3.8)	(259.4)
<u>Changes in ownership interests in subsidiaries that do not result in a loss of control</u>							
Changes in non-controlling interests	-	-	-	-	-	3.8	3.8
Total changes in ownership interests in subsidiaries	-	-	-	-	-	3.8	3.8
Total transactions with shareholders in their capacity as shareholders	-	-	-	(255.6)	(255.6)	-	(255.6)
Balance at 30 June 2013	152.7	(60.7)	(53.2)	4,636.7	4,675.5	46.5	4,722.0

(1) Included in Accumulated Profit are non-distributable reserves of \$1,099.5 million (30 June 2013: \$1,062.8 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 2014 and 2013

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Accumulated Profit	Total Equity
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
Balance at 1 January 2013	152.7	419.2	1,157.1	1,729.0
Profit for the period	-	-	305.9	305.9
Total comprehensive income for the period	-	-	305.9	305.9
<u>Distributions to shareholders</u>				
Dividends paid during the period:				
Final and special tax exempt (one-tier) dividends for the previous year	-	-	(255.6)	(255.6)
Total distributions to shareholders	-	-	(255.6)	(255.6)
Total transactions with shareholders in their capacity as shareholders	-	-	(255.6)	(255.6)
Balance at 30 June 2013	152.7	419.2	1,207.4	1,779.3

7.2. COMPANY STATEMENT OF CHANGES IN EQUITY for the second quarter ended 30 June 2014 and 2013

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Accumulated Profit	Total Equity
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
Balance at 1 April 2013	152.7	419.2	1,163.1	1,735.0
Profit for the period	-	-	299.9	299.9
Total comprehensive income for the period	-	-	299.9	299.9
<u>Distributions to shareholders</u>				
Dividends paid during the period:				
Final and special tax exempt (one-tier) dividends for the previous year	-	-	(255.6)	(255.6)
Total distributions to shareholders	-	-	(255.6)	(255.6)
Total transactions with shareholders in their capacity as shareholders	-	-	(255.6)	(255.6)
Balance at 30 June 2013	152.7	419.2	1,207.4	1,779.3

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

in Singapore Dollars (millions)	1st Half 2014	1st Half 2013	2nd Quarter 2014	2nd Quarter 2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	524.1	278.4	266.4	43.2
Life assurance profit/(loss) before income tax	78.6	1,024.0	(117.0)	756.9
General insurance profit before income tax	20.8	10.7	10.0	1.9
Adjustments for non-cash items:				
Surplus transferred from life assurance fund but not yet withdrawn	(403.3)	(194.0)	(220.8)	(15.8)
(Profit)/loss transferred from general insurance fund but not yet withdrawn	(17.6)	(6.1)	(8.0)	0.6
Share of loss/(profit) of associates and joint ventures	1.6	(3.7)	0.8	(1.3)
(Gain)/loss on sale of investments and changes in fair value	(412.7)	(235.3)	(162.9)	31.3
Gain on disposal of joint venture	(31.9)	-	-	-
(Decrease)/increase in provision for impairment of assets	(41.7)	2.3	(46.1)	2.1
Increase in provision for agents' retirement benefits	18.8	18.1	9.1	9.1
Gain on disposal of property, plant and equipment, assets held for sale and investment properties	-	(0.3)	-	-
Depreciation	24.5	30.8	13.0	18.7
Unrealised loss/(gain) on exchange differences	60.0	(278.6)	35.1	(187.9)
Change in life assurance contract liabilities	1,837.3	472.7	1,208.5	(213.5)
Change in general insurance contract liabilities	1.0	14.5	(1.5)	9.7
Change in unexpired risk reserve	4.2	5.7	(2.5)	1.1
Amortisation of capitalised transaction fees	0.1	0.1	0.1	0.1
Dividend income	(243.2)	(232.6)	(167.4)	(151.4)
Interest income	(786.0)	(794.3)	(400.4)	(406.0)
Interest expense	9.5	9.2	4.8	4.6
Interest expense on policy benefits	62.5	55.5	32.0	28.5
Share-based payments	2.3	1.7	1.1	0.8
	708.9	178.8	454.3	(67.3)
Changes in working capital:				
Insurance receivables	(45.4)	(34.0)	(33.8)	(24.8)
Other debtors and interfund balances	63.5	(84.4)	291.1	59.7
Insurance payables	181.8	165.6	125.3	100.3
Other creditors and interfund balances	(195.9)	(334.6)	(387.0)	(490.6)
Cash generated from/(used in) operations	712.9	(108.6)	449.9	(422.7)
Income tax paid	(204.0)	(112.9)	(104.2)	(41.9)
Interest paid on policy benefits	(62.5)	(55.5)	(32.0)	(28.5)
Agents' retirement benefits paid	(5.2)	(4.2)	(2.3)	(2.0)
Net cash flows from/(used in) operating activities	441.2	(281.2)	311.4	(495.1)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investments	10,502.4	11,588.8	6,388.8	5,595.1
Purchase of investments	(12,510.3)	(12,563.4)	(6,938.5)	(5,545.6)
Proceeds from reduction of interests in associates	64.8	36.7	64.8	36.7
Proceeds from disposal of joint venture	62.8	-	-	-
Proceeds from sale of property, plant and equipment, assets held for sale and investment properties	0.2	2.4	-	-
Purchase of property, plant and equipment and investment properties	(25.6)	(26.7)	(10.1)	(13.8)
Interest income received	767.5	774.5	369.5	373.4
Interest expense paid	(9.5)	(9.2)	(0.2)	0.1
Dividends received	236.0	216.1	164.3	145.4
Net cash flows (used in)/from investing activities	(911.7)	19.2	38.6	591.3
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(213.0)	(255.6)	(213.0)	(255.6)
Dividends paid to non-controlling interests	-	(3.8)	-	-
Changes in non-controlling interests	-	3.8	-	-
Proceeds from loan	41.2	-	-	-
Net cash flows used in financing activities	(171.8)	(255.6)	(213.0)	(255.6)
Net effect of currency translation reserve adjustment	146.6	27.1	114.9	(131.9)
Net (decrease)/increase in cash and cash equivalents	(495.7)	(490.5)	251.9	(291.3)
Cash and cash equivalents at the beginning of the period	3,727.1	4,212.6	2,979.5	4,013.4
Cash and cash equivalents at the end of the period	3,231.4	3,722.1	3,231.4	3,722.1

9. REVIEW OF RESULTS

The Group Financial Statements for the second quarter of 2014 (Q2-14) and for the half-year ended 30 June 2014 (1H-14) 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 in Q2-14 increased to \$244.6 million (Q2-13: \$18.6 million), largely a result of the significantly higher unrealised mark-to-market gains in the insurance business brought about by more favourable financial market conditions.

1H-14 profit attributable to shareholders was \$476.2 million, an increase of 111% compared with \$226.1 million in 1H-13, largely attributed to the same reason.

9.2 GROSS PREMIUMS

Q2-14 gross premiums decreased slightly to \$1,973.8 million (Q2-13: \$1,996.5 million). 1H-14 gross premiums increased by 6% to \$3,827.9 million (1H-13: \$3,616.6 million).

9.3 PROFIT FROM INSURANCE BUSINESS

In Q2-14, the Group's profit from insurance business rose to \$228.8 million (Q2-13: \$15.2 million) on higher profit from both life assurance and general insurance.

Q2-14 profit from life assurance grew to \$220.8 million from \$15.8 million in Q2-13, primarily from unrealised mark-to-market gains in the Singapore Non-participating Fund as the Group benefited from rising long term interest rates, as well as a narrowing of credit and swap spreads. In Q2-13, the rise in short to medium term interest rates led to unrealised market-to-market losses in fixed income investments, while a fall in long term interest rates adversely impacted the valuation of liabilities. The growing in-force business and a better product sales mix during the period also contributed to the growth in profit from the Non-participating Fund. At the same time, profits in the Investment-linked Fund were driven by lower claims in Malaysia.

Profit from general insurance of \$8.0 million was higher than the same period last year (Q2-14: loss of \$0.6 million), as it benefited from better claims experience in Singapore and Malaysia.

1H-14 profit from insurance business increased by 110% to \$420.9 million (1H-13: \$200.1 million).

9.4 PROFIT FROM INVESTMENTS IN SHAREHOLDERS' FUND

The Group's profit from investments in Shareholders' Fund of \$41.9 million in Q2-14 was 23% higher than \$34.1 million recorded in Q2-13. This was mainly attributed to higher dividend income received and unrealised mark-to-market gains in held-for-trading instruments. In Q2-14, the Group also recorded a foreign exchange loss of \$1.7 million (Q2-13: gain of \$3.8 million) from the revaluation of United States Dollar denominated assets as the United States Dollar weakened against the Singapore Dollar.

1H-14 profit from investments in Shareholders' Fund increased 26% to \$111.5 million (1H-13: \$88.5 million). This included a one-off gain of \$31.9 million from the partial divestment of a 25% stake in its joint venture, Great Eastern Life Assurance (China) Company, Ltd ("GELC") by the Group's subsidiary, The Great Eastern Life Assurance Company Limited ("GEL") in Q1-14. After the disposal, GEL continues to hold 25% of the paid up-capital of GELC.

9.5 FEES AND OTHER INCOME

Fees and other income amounted to \$17.7 million in Q2-14 (Q2-13: \$18.1 million) and \$34.4 million on 1H-14 (1H-13: \$35.6 million). This was mainly a result of a decrease in fee income by the Group's asset management arm, Lion Global Investors Limited and its subsidiary, Pacific Mutual Fund Berhad.

9.6 BALANCE SHEET

9.6.1 Fair Value Reserve
As at 30 June 2014, fair value reserve was \$36.2 million, compared with -\$31.0 million as at 31 December 2013. The increase was attributed to unrealised mark-to-market gains from investments in Shareholders' Fund.

9.6.2 Derivative Financial Liabilities and Assets
Derivative financial liabilities and assets held by the Group are for hedging purposes. Derivative financial liabilities decreased to \$109.6 million as at 30 June 2014 (31 December 2013: \$188.1 million) and derivative financial assets decreased to \$234.0 million (31 December 2013: \$242.2 million). The net increase largely arose from entering into new foreign exchange derivatives contracts as well as changes in the fair value of currency forwards as a result of the strengthening of the Singapore Dollar against the United States Dollar.

9.6.3 Income Tax
Income tax payable decreased 16% to \$505.1 million as at 30 June 2014 (31 December 2013: \$599.8m), mainly arising from settlement of prior years' tax liability.

9.6.4 Borrowings and Debt Issued

in SGD (millions)	30 June 2014	31 December 2013
Subordinated fixed rate notes (unsecured)		
- payable after one year	399.4	399.3
Loan payable to holding company (secured)		
- payable after one year	41.2	-
Total borrowings and debt issued	440.6	399.3

The loan payable to holding company is secured by a mortgage over the relevant property, and charges by way of a debenture and assignments of relevant construction contracts, performance bonds, insurance contracts, sale and purchase agreements and lease agreements.

9.6.5 Cash and Cash Equivalents
Cash and cash equivalents decreased 13% to \$3,231.4 million as at 30 June 2014 (31 December 2013: \$3,727.1 million), mainly resulting from deployment of cash for investments and payment of dividends.

9.6.6 Associates and Joint Ventures
Associates and joint ventures decreased by 41% to \$89.4 million as at 30 June 2014 (31 December 2013: \$152.5 million). The decrease arose from the partial disposal of its stake in GELC, a capital reduction exercise undertaken by an associated company, Lion Indian Real Estate Fund, as well as the full redemption of interest held in another associated company, Ascendas China Commercial Fund.

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

	SINGAPORE		MALAYSIA	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Fixed income & debt securities	58%	56%	67%	68%
Equities	26%	25%	23%	23%
Real estate & others	10%	10%	7%	7%
Cash & money market instruments	6%	9%	3%	2%
Market Value of Assets (in SGD billions)	28.1	26.9	22.8	22.1

9.7 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 2014 was unchanged at \$152.7 million compared with 31 December 2013. Total number of shares issued as at 30 June 2014 also remained unchanged at 473,319,069 compared with 31 December 2013.

11. ACCOUNTING POLICIES

The Group adopted the accounting policies and methods of computation for the financial statements for Q2-14, consistent with the audited financial statements for the year ended 31 December 2013.

The adoption of the other revised and new FRS and INT FRS which came into effect on 1 January 2014 does not have any material financial impact on the Group's results for Q2-14.

12. UNAUDITED RESULTS

The consolidated Group's financial results for the second quarter and half-year ended 30 June 2014 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 movements in interest rates, as well as credit and swap spreads due to volatility in the global financial markets.

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: 30 July 2014