

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 2011

For the second quarter and half year ended 30 June 2011, Group profit attributable to shareholders was S\$117.7 million and S\$276.4 million respectively. Details of the financial results are attached.

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 2011, to be paid on 6 September 2011 (2010: 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 24 August 2011 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 138 Robinson Road #17-00, The Corporate Office, Singapore 068906 up to 5.00 p.m. on 23 August 2011 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 23 August 2011 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 2011 to be false or misleading in any material aspect.

By Order of the Board

Jennifer Wong Pakshong
Group Company Secretary
Singapore, 2 August 2011

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

FINANCIAL RESULTS FOR THE SECOND QUARTER AND FIRST HALF 2011

1. GROUP PROFIT AND LOSS STATEMENTS

in Singapore Dollars (millions)	1st Half 2011	1st Half 2010	% + / (-)	2nd Quarter 2011	2nd Quarter 2010	% + / (-)	1st Quarter 2011	% + / (-)
Gross Premiums	3,049.1	2,710.3	13	1,587.2	1,367.3	16	1,461.9	9
Life assurance profit from:								
Participating Fund	60.9	46.6	31	30.2	23.7	27	30.7	(2)
Non-participating Fund	138.9	118.4	17	46.9	19.4	142	92.0	(49)
Investment-linked Fund	55.9	50.4	11	28.8	26.0	11	27.1	6
Profit from life assurance	255.7	215.4	19	105.9	69.1	53	149.8	(29)
Profit from general insurance	13.5	11.5	17	7.6	5.9	29	5.9	29
Profit from insurance operations	269.2	226.9	19	113.5	75.0	51	155.7	(27)
Investment income, net	51.0	54.7	(7)	25.7	26.6	(3)	25.3	2
Gain/(loss) on sale of investments and changes in fair value	12.2	10.6	15	12.7	(8.7)	nm	(0.5)	nm
Increase in provision for impairment of assets	(1.0)	(3.9)	nm	(1.0)	(1.7)	nm	-	nm
Gain/(loss) on exchange differences	-	0.7	(100)	(0.8)	(1.3)	nm	0.8	nm
Profit from investments in Shareholders' Fund	62.2	62.1	0	36.6	14.9	146	25.6	43
Fees and other income	41.8	35.3	18	24.7	18.4	34	17.1	44
Profit before expenses	373.2	324.3	15	174.8	108.3	61	198.4	(12)
less:								
Commissions and agency expenses	5.0	0.7	nm	4.9	0.4	nm	0.1	nm
Management and other expenses	38.5	26.6	45	23.7	14.4	65	14.8	60
Interest expense	9.2	-	nm	4.6	-	nm	4.6	-
Depreciation	0.6	0.6	-	0.3	0.2	50	0.3	-
Expenses	53.3	27.9	91	33.5	15.0	123	19.8	69
Profit after expenses	319.9	296.4	8	141.3	93.3	51	178.6	(21)
Share of loss after income tax of associates	-	(0.3)	(100)	-	-	nm	-	nm
Share of (loss)/profit after income tax of joint ventures	(0.4)	(3.6)	nm	(1.1)	(2.0)	nm	0.7	nm
Profit before income tax	319.5	292.5	9	140.2	91.3	54	179.3	(22)
Income tax	(38.2)	(33.7)	nm	(20.1)	(14.3)	nm	(18.1)	nm
Profit after income tax	281.3	258.8	9	120.1	77.0	56	161.2	(25)
Attributable to:								
Shareholders	276.4	253.5	9	117.7	74.4	58	158.7	(26)
Non-controlling interests	4.9	5.3	(8)	2.4	2.6	(8)	2.5	(4)
	281.3	258.8	9	120.1	77.0	56	161.2	(25)
Basic and diluted earnings per share attributable to shareholders of the Company (in Singapore Dollars)	0.58	0.54	7	0.24	0.16	50	0.34	(29)
Return on Equity (Average Shareholders' Fund) (%) (not annualised)	7.0%	6.9%	0.1 pp	3.1%	2.1%	1 pp	3.9%	-0.8 pp

nm – not meaningful / exceeding 300%

2. GROUP STATEMENT OF COMPREHENSIVE INCOME

in Singapore Dollars (millions)	1st Half 2011	1st Half 2010	% + / (-)	2nd Quarter 2011	2nd Quarter 2010	% + / (-)	1st Quarter 2011	% + / (-)
Profit after income tax for the period	281.3	258.8	9	120.1	77.0	56	161.2	(25)
Other comprehensive income:								
Exchange differences arising on translation of overseas entities	(19.1)	30.0	nm	(14.7)	2.3	nm	(4.4)	nm
Share of other comprehensive income of associates and joint ventures	(2.3)	0.5	nm	(1.4)	0.4	nm	(0.9)	nm
Available-for-sale financial assets:								
Changes in fair value	(16.1)	49.9	nm	(3.6)	(0.8)	nm	(12.5)	nm
Reclassification of realised (gain)/loss on disposal to Profit and Loss Statement	(9.8)	14.3	nm	(11.8)	8.2	nm	2.0	nm
Tax on changes in fair value	5.3	(11.3)	nm	3.3	(1.0)	nm	2.0	65
Other comprehensive income for the period, after tax	(42.0)	83.4	nm	(28.2)	9.1	nm	(13.8)	nm
Total comprehensive income for the period	239.3	342.2	(30)	91.9	86.1	7	147.4	(38)
Total comprehensive income attributable to:								
Shareholders	235.2	337.3	(30)	90.0	84.2	7	145.2	(38)
Non-controlling interests	4.1	4.9	(16)	1.9	1.9	0	2.2	(14)
	239.3	342.2	(30)	91.9	86.1	7	147.4	(38)

nm – not meaningful / exceeding 300%

3. BALANCE SHEET – GROUP

in Singapore Dollars (millions)	Group		%
	30 Jun 11	31 Dec 10	+ / (-)
Share capital	152.7	247.4	(38)
Reserves			
Currency translation reserve	(53.0)	(32.3)	nm
Fair value reserve	204.8	225.3	(9)
Accumulated profit	3,590.2	3,583.6	0
SHAREHOLDERS' FUND	3,894.7	4,024.0	(3)
NON-CONTROLLING INTERESTS	35.3	35.0	1
TOTAL EQUITY	3,930.0	4,059.0	(3)
LIABILITIES			
Insurance payables	2,415.8	2,372.6	2
Other creditors and interfund balances	1,594.2	1,892.1	(16)
Unexpired risk reserve	106.6	97.1	10
Derivative financial liabilities	20.0	25.9	(23)
Income tax	390.7	382.2	2
Provision for agents' retirement benefits	219.7	216.2	2
Amount due to joint venture	0.2	0.3	(33)
Deferred tax	958.7	949.8	1
Debts issued	399.1	-	nm
General insurance fund	184.0	109.9	67
Life assurance fund	43,944.7	43,267.9	2
TOTAL EQUITY AND LIABILITIES	54,163.7	53,373.0	1
ASSETS			
Cash and cash equivalents	5,384.0	2,830.4	90
Other debtors and interfund balances	1,485.6	1,788.7	(17)
Insurance receivables	2,495.1	2,519.3	(1)
Loans	1,360.1	1,579.7	(14)
Derivative financial assets	647.1	523.1	24
Investments	40,373.0	41,693.0	(3)
Associates and joint ventures	313.1	337.2	(7)
Goodwill	24.8	18.7	33
Investment properties	1,362.4	1,355.4	1
Property, plant and equipment	718.5	727.5	(1)
TOTAL ASSETS	54,163.7	53,373.0	1
Net Asset Value per share (in Singapore Dollars)	8.23	8.50	(3)

For analysis of major variances, please refer to section 9.10 on page 13.

nm – not meaningful / exceeding 300%

4. BALANCE SHEET – COMPANY

in Singapore Dollars (millions)	Company		
	30 Jun 11	31 Dec 10	% + / (-)
Share capital	152.7	247.4	(38)
Reserves			
Merger reserve	419.2	419.2	-
Accumulated profit	611.8	843.5	(27)
TOTAL EQUITY	1,183.7	1,510.1	(22)
LIABILITIES			
Other creditors and interfund balances	6.7	7.1	(6)
TOTAL EQUITY AND LIABILITIES	1,190.4	1,517.2	(22)
ASSETS			
Cash and cash equivalents	10.7	8.8	22
Income tax	0.7	0.8	(13)
Amounts due from subsidiaries	501.5	830.1	(40)
Subsidiaries	677.3	677.3	-
Property, plant and equipment	0.2	0.2	-
TOTAL ASSETS	1,190.4	1,517.2	(22)
Net Asset Value per share (in Singapore Dollars)	2.50	3.19	(22)

5. SELECTED MANAGEMENT EXPENSES

in Singapore Dollars (millions)	Shareholders' and General Insurance Funds				
	1st Half 2011	1st Half 2010	2nd Quarter 2011	2nd Quarter 2010	1st Quarter 2011
1 Directors' remuneration					
Directors of the Company	1.4	0.7	0.4	0.4	1.0
2 Staff costs and related expenses (including executive directors and key management personnel compensation)	44.1	27.7	24.1	12.9	20.0
3 Rental expense	3.2	2.3	1.7	1.1	1.5
4 Depreciation	1.0	0.8	0.5	0.3	0.5

in Singapore Dollars (millions)	Life Assurance Fund				
	1st Half 2011	1st Half 2010	2nd Quarter 2011	2nd Quarter 2010	1st Quarter 2011
1 Directors' remuneration					
Directors of the Company	0.2	1.3	-	0.9	0.2
2 Staff costs and related expenses (including executive directors and key management personnel compensation)	72.8	60.7	39.7	30.2	33.1
3 Rental expense	6.6	8.2	3.3	4.2	3.3
4 Depreciation	21.8	21.8	10.9	11.1	10.9

6.1. GROUP STATEMENT OF CHANGES IN EQUITY for the half-year ended 30 June 2011

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 2011	247.4	(32.3)	225.3	3,583.6	4,024.0	35.0	4,059.0
Profit for the period	-	-	-	276.4	276.4	4.9	281.3
Other comprehensive income							
Exchange differences arising on translation of overseas entities	-	(18.7)	-	-	(18.7)	(0.4)	(19.1)
Share of other comprehensive income of associates and joint ventures	-	(2.0)	(0.3)	-	(2.3)	-	(2.3)
Available-for-sale financial assets:							
Changes in fair value	-	-	(15.6)	-	(15.6)	(0.5)	(16.1)
Reclassification of realised gain on disposal to Profit and Loss Statement	-	-	(9.8)	-	(9.8)	-	(9.8)
Tax on changes in fair value	-	-	5.2	-	5.2	0.1	5.3
Other comprehensive income for the period, after tax	-	(20.7)	(20.5)	-	(41.2)	(0.8)	(42.0)
Total comprehensive income for the period	-	(20.7)	(20.5)	276.4	235.2	4.1	239.3
Contributions by and distributions to shareholders							
Capitalisation from accumulated profit	269.8	-	-	(269.8)	-	-	-
Cash distribution	(364.5)	-	-	-	(364.5)	-	(364.5)
Dividends paid to non-controlling interests	-	-	-	-	-	(3.8)	(3.8)
Total contributions by and distributions to shareholders	(94.7)	-	-	(269.8)	(364.5)	(3.8)	(368.3)
Total transactions with shareholders in their capacity as shareholders	(94.7)	-	-	(269.8)	(364.5)	(3.8)	(368.3)
Balance at 30 June 2011	152.7	(53.0)	204.8	3,590.2	3,894.7	35.3	3,930.0

6.2. GROUP STATEMENT OF CHANGES IN EQUITY for the half-year ended 30 June 2010

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 2010	247.4	(38.0)	67.5	3,289.4	3,566.3	26.7	3,593.0
Profit for the period	-	-	-	253.5	253.5	5.3	258.8
<u>Other comprehensive income</u>							
Exchange differences arising on translation of overseas entities	-	30.0	-	-	30.0	-	30.0
Share of other comprehensive income of associates and joint ventures	-	0.5	-	-	0.5	-	0.5
Available-for-sale financial assets:							
Changes in fair value	-	-	50.4	-	50.4	(0.5)	49.9
Reclassification of realised loss on disposal to Profit and Loss Statement	-	-	14.3	-	14.3	-	14.3
Tax on changes in fair value	-	-	(11.4)	-	(11.4)	0.1	(11.3)
Other comprehensive income for the period, after tax	-	30.5	53.3	-	83.8	(0.4)	83.4
Total comprehensive income for the period	-	30.5	53.3	253.5	337.3	4.9	342.2
<u>Contributions by and distributions to shareholders</u>							
Dividends paid during the period:							
Final and special final tax exempt (one-tier) dividends for the previous year	-	-	-	(165.7)	(165.7)	-	(165.7)
Dividends paid to non-controlling interests	-	-	-	-	-	(6.5)	(6.5)
Total contributions by and distributions to shareholders	-	-	-	(165.7)	(165.7)	(6.5)	(172.2)
Total transactions with shareholders in their capacity as shareholders	-	-	-	(165.7)	(165.7)	(6.5)	(172.2)
Balance at 30 June 2010	247.4	(7.5)	120.8	3,377.2	3,737.9	25.1	3,763.0

(1) Included in Accumulated Profit are non-distributable reserves of \$1,008.2 million (30 June 2010: \$862.6 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 2011

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 2011	247.4	(37.6)	217.1	3,742.3	4,169.2	33.4	4,202.6
Profit for the period	-	-	-	117.7	117.7	2.4	120.1
Other comprehensive income							
Exchange differences arising on translation of overseas entities	-	(14.3)	-	-	(14.3)	(0.4)	(14.7)
Share of other comprehensive income of associates and joint ventures	-	(1.1)	(0.3)	-	(1.4)	-	(1.4)
Available-for-sale financial assets:							
Changes in fair value	-	-	(3.5)	-	(3.5)	(0.1)	(3.6)
Reclassification of realised gain on disposal to Profit and Loss Statement	-	-	(11.8)	-	(11.8)	-	(11.8)
Tax on changes in fair value	-	-	3.3	-	3.3	-	3.3
Other comprehensive income for the period, after tax	-	(15.4)	(12.3)	-	(27.7)	(0.5)	(28.2)
Total comprehensive income for the period	-	(15.4)	(12.3)	117.7	90.0	1.9	91.9
Contributions by and distributions to shareholders							
Capitalisation from accumulated profit	269.8	-	-	(269.8)	-	-	-
Cash distribution	(364.5)	-	-	-	(364.5)	-	(364.5)
Total contributions by and distributions to shareholders	(94.7)	-	-	(269.8)	(364.5)	-	(364.5)
Total transactions with shareholders in their capacity as shareholders	(94.7)	-	-	(269.8)	(364.5)	-	(364.5)
Balance at 30 June 2011	152.7	(53.0)	204.8	3,590.2	3,894.7	35.3	3,930.0

6.4. GROUP STATEMENT OF CHANGES IN EQUITY for the second quarter ended 30 June 2010

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 2010	247.4	(10.2)	113.7	3,468.5	3,819.4	25.5	3,844.9
Profit for the period	-	-	-	74.4	74.4	2.6	77.0
<u>Other comprehensive income</u>							
Exchange differences arising on translation of overseas entities	-	2.3	-	-	2.3	-	2.3
Share of other comprehensive income of associates and joint ventures	-	0.4	-	-	0.4	-	0.4
<u>Available-for-sale financial assets:</u>							
Changes in fair value	-	-	-	-	-	(0.8)	(0.8)
Reclassification of realised loss on disposal to Profit and Loss Statement	-	-	8.2	-	8.2	-	8.2
Tax on changes in fair value	-	-	(1.1)	-	(1.1)	0.1	(1.0)
Other comprehensive income for the period, after tax	-	2.7	7.1	-	9.8	(0.7)	9.1
Total comprehensive income for the period	-	2.7	7.1	74.4	84.2	1.9	86.1
<u>Contributions by and distributions to shareholders</u>							
<u>Dividends paid during the period:</u>							
Final and special final tax exempt (one-tier) dividends for the previous year	-	-	-	(165.7)	(165.7)	-	(165.7)
Dividends paid to non-controlling interests	-	-	-	-	-	(2.3)	(2.3)
Total contributions by and distributions to shareholders	-	-	-	(165.7)	(165.7)	(2.3)	(168.0)
Total transactions with shareholders in their capacity as shareholders	-	-	-	(165.7)	(165.7)	(2.3)	(168.0)
Balance at 30 June 2010	247.4	(7.5)	120.8	3,377.2	3,737.9	25.1	3,763.0

(1) Included in Accumulated Profit are non-distributable reserves of \$1,008.2 million (30 June 2010: \$862.6 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-year ended 30 June 2011 and 2010

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Accumulated Profit	Total Equity
Balance at 1 January 2011	247.4	419.2	843.5	1,510.1
Profit for the period	-	-	38.1	38.1
Total comprehensive income for the period	-	-	38.1	38.1
<u>Contributions by and distributions to shareholders</u>				
Capitalisation from accumulated profit	269.8	-	(269.8)	-
Cash distribution	(364.5)	-	-	(364.5)
Total contributions by and distributions to shareholders	(94.7)	-	(269.8)	(364.5)
Total transactions with shareholders in their capacity as shareholders	(94.7)	-	(269.8)	(364.5)
Balance at 30 June 2011	152.7	419.2	611.8	1,183.7
Balance at 1 January 2010	247.4	419.2	653.6	1,320.2
Profit for the period	-	-	190.5	190.5
Total comprehensive income for the period	-	-	190.5	190.5
<u>Contributions by and distributions to shareholders</u>				
Dividends paid during the period:				
Final and special final tax exempt (one-tier) dividends for the previous year	-	-	(165.7)	(165.7)
Total contributions by and distributions to shareholders	-	-	(165.7)	(165.7)
Total transactions with shareholders in their capacity as shareholders	-	-	(165.7)	(165.7)
Balance at 30 June 2010	247.4	419.2	678.4	1,345.0

7.2. COMPANY STATEMENT OF CHANGES IN EQUITY for the second quarter ended 30 June 2011 and 2010

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Accumulated Profit	Total Equity
Balance at 1 April 2011	247.4	419.2	848.0	1,514.6
Profit for the period	-	-	33.6	33.6
Total comprehensive income for the period	-	-	33.6	33.6
<u>Contributions by and distributions to shareholders</u>				
Capitalisation from accumulated profit	269.8	-	(269.8)	-
Cash distribution	(364.5)	-	-	(364.5)
Total contributions by and distributions to shareholders	(94.7)	-	(269.8)	(364.5)
Total transactions with shareholders in their capacity as shareholders	(94.7)	-	(269.8)	(364.5)
Balance at 30 June 2011	152.7	419.2	611.8	1,183.7
Balance at 1 April 2010	247.4	419.2	661.9	1,328.5
Profit for the period	-	-	182.2	182.2
Total comprehensive income for the period	-	-	182.2	182.2
<u>Contributions by and distributions to shareholders</u>				
Dividends paid during the period:				
Final and special final tax exempt (one-tier) dividends for the previous year	-	-	(165.7)	(165.7)
Total contributions by and distributions to shareholders	-	-	(165.7)	(165.7)
Total transactions with shareholders in their capacity as shareholders	-	-	(165.7)	(165.7)
Balance at 30 June 2010	247.4	419.2	678.4	1,345.0

8. CONSOLIDATED STATEMENT OF CASH FLOWS

in Singapore Dollars (millions)	1st Half 2011	1st Half 2010	2nd Quarter 2011	2nd Quarter 2010
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	319.5	292.5	140.2	91.3
Life assurance profit before income tax	337.9	394.4	86.7	359.3
General insurance profit before income tax	17.1	12.5	9.7	7.3
Adjustments for non-cash items:				
Surplus transferred from life assurance fund but not yet withdrawn	(255.7)	(215.4)	(105.9)	(69.1)
Profit transferred from general insurance fund but not yet withdrawn	(13.5)	(11.5)	(7.6)	(5.9)
Share of loss/(profit) of associates and joint ventures	0.6	(16.3)	(2.5)	(0.1)
(Gain)/loss on sale of investments and changes in fair value	(310.8)	(128.9)	(106.2)	19.7
Increase in provision for impairment of assets	1.4	28.8	13.3	21.6
Increase in provision for agents' retirement benefits	15.4	15.9	7.6	7.1
Gain on disposal of property, plant and equipment and investment properties	(0.6)	-	(0.6)	-
Depreciation	22.8	22.6	11.4	11.4
Unrealised loss on exchange differences	63.5	58.1	59.5	30.4
Change in life assurance contract liabilities	976.2	944.1	490.7	198.7
Change in general insurance contract liabilities	(2.0)	14.4	(2.6)	3.1
Change in unexpired risk reserve	9.2	9.3	0.5	0.5
Amortisation of capitalised transaction fees	0.1	-	0.1	-
Dividend income	(245.6)	(169.6)	(150.8)	(96.7)
Interest income	(710.8)	(717.6)	(359.1)	(366.7)
Interest expense	9.2	-	4.6	-
Interest expense on policy benefits	44.0	40.9	22.2	21.0
Share-based payments	2.2	2.5	0.9	1.2
	280.1	576.7	112.1	234.1
Changes in working capital:				
Insurance receivables	45.8	(77.6)	45.1	7.8
Other debtors and interfund balances	308.2	98.4	488.9	382.2
Insurance payables	43.2	118.1	14.8	28.4
Other creditors and interfund balances	(322.3)	(129.7)	(711.2)	(340.9)
Cash generated from/(used in) operations	355.0	585.9	(50.3)	311.6
Income tax paid	(112.9)	(72.5)	(61.1)	(36.6)
Interest paid on policy benefits	(44.0)	(40.9)	(22.2)	(21.0)
Agents' retirement benefits paid	(6.3)	(4.6)	(3.9)	(2.3)
Net cash flows from/(used in) operating activities	191.8	467.9	(137.5)	251.7
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investments	9,753.1	7,263.6	6,448.6	4,424.1
Purchase of investments	(7,928.8)	(8,857.5)	(5,696.4)	(4,431.1)
Proceeds from reduction of interests in associates	19.1	28.4	19.1	-
Repayment of loans by joint ventures	(0.1)	5.9	(0.1)	(0.2)
Proceeds from sale of property, plant and equipment and investment properties	1.7	0.1	1.7	0.1
Purchase of property, plant and equipment and investment properties	(18.8)	(11.2)	(10.9)	(5.5)
Net cash inflow from acquisition of a business	9.9	-	1.2	-
Interest income received	690.0	672.5	345.3	333.6
Dividends received	227.8	206.3	140.1	90.8
Net cash flows from/(used in) investing activities	2,753.9	(691.9)	1,248.6	411.8
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	-	(165.7)	-	(165.7)
Dividends paid to non-controlling interests	(3.8)	(6.5)	-	(2.3)
Proceeds from debts issued	399.0	-	-	-
Cash distribution	(364.5)	-	(364.5)	-
Net cash flows from/(used in) financing activities	30.7	(172.2)	(364.5)	(168.0)
Net effect of currency translation reserve adjustment	(422.8)	803.4	(385.3)	70.6
Net increase in cash and cash equivalents	2,553.6	407.2	361.3	566.1
Cash and cash equivalents at the beginning of the period	2,830.4	3,215.9	5,022.7	3,057.0
Cash and cash equivalents at the end of the period	5,384.0	3,623.1	5,384.0	3,623.1

9. REVIEW OF RESULTS

The Group Financial Statements for the second quarter of 2011 (Q2-11) and for the half-year ended 30 June 2011 (1H-11) have been prepared in accordance with the Singapore Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS).

9.1 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Group profit attributable to shareholders in Q2-11 was \$117.7 million, an increase of 58% against \$74.4 million in Q2-10. The strong set of results was underpinned by healthy underwriting performance. Investment performance improved compared with 2010, amidst better market conditions.

In 1H-11, net profit amounted to \$276.4 million, an increase of 9% compared with \$253.5 million in 1H-10.

9.2 GROSS PREMIUMS

Q2-11 gross premiums increased by 16% year-on-year to \$1,587.2 million (Q2-10: \$1,367.3 million). 1H-11 gross premiums increased by 13% to \$3,049.1 million (1H-10: \$2,710.3 million).

9.3 NEW SALES

9.3.1 In 1H-11, total weighted new sales for the Group was \$363.6 million, an increase of 23% compared with \$296.2 million in 1H-10. The Singapore business registered strong growth in regular premium products distributed through the bancassurance channel, contributed by the increasingly successful penetration into the premier banking customer segment. The Group's business in Indonesia, China, and Vietnam continued to show steady progress.

in SGD (millions)	1H-11	1H-10	+ / (-)	Q2-11	Q2-10	+ / (-)	Q1-11	+ / (-)
SINGAPORE								
Single Premium	776.4	655.3	18%	404.6	289.2	40%	371.8	9%
New Regular Premium	136.9	89.2	53%	66.0	44.5	48%	70.9	-7%
Total Weighted New Sales	214.6	154.7	39%	106.5	73.4	45%	108.1	-1%
MALAYSIA								
Single Premium	53.3	41.4	29%	25.3	21.4	18%	28.0	-10%
New Regular Premium	122.2	120.6	1%	70.4	77.6	-9%	51.8	36%
Total Weighted New Sales	127.5	124.7	2%	72.9	79.7	-9%	54.6	34%
EMERGING MARKETS								
Single Premium	68.4	54.1	26%	34.4	22.1	56%	34.0	1%
New Regular Premium	14.7	11.4	29%	6.6	7.7	-14%	8.1	-19%
Total Weighted New Sales	21.5	16.8	28%	10.0	9.9	1%	11.5	-13%
TOTAL								
Single Premium	898.1	750.8	20%	464.3	332.7	40%	433.8	7%
New Regular Premium	273.8	221.2	24%	143.0	129.8	10%	130.8	9%
Total Weighted New Sales	363.6	296.2	23%	189.4	163.0	16%	174.2	9%

Note: a) Total Weighted New Sales = (Single Premium x 10%) + New Regular Premium
b) Premiums from Malaysia and Emerging Markets are converted using 2011 quarter-end and 2010 year-end exchange rates.
c) Emerging Markets include premiums from Brunei, Indonesia, Vietnam, and China. China results reflect the Group's share of 50% in the joint venture.

9.3.2 New Business Embedded Value (NBEV)

in SGD (millions)	1H-11	1H-10	+/(-)	Q2-11	Q2-10	+/(-)	Q1-11	+/(-)
Singapore	82.6	65.0	27%	43.1	31.4	37%	39.5	9%
Malaysia	69.7	56.3	24%	38.4	34.0	13%	31.3	23%
Emerging Markets	4.9	4.5	9%	2.4	2.8	-14%	2.5	-4%
Total	157.2	125.8	25%	83.9	68.2	23%	73.3	14%

Note: Emerging Markets include embedded value of Brunei, Indonesia, Vietnam and China. China results reflect the Group's share of 50% in the joint venture.

In 1H-11, NBEV grew strongly across markets by 25% to \$157.2 million. The steady growth in NBEV has been achieved through the disciplined strategy of growing the sales of regular premium and protection-based products.

9.4 PROFIT FROM INSURANCE OPERATIONS

Q2 performance

Q2-11 profit from insurance operations was \$113.5 million, a 51% increase over the same period last year (Q2-10: \$75.0 million). Underwriting performance was healthy, reflecting the long-term strength of Great Eastern's overall insurance business. Investment performance was better compared with the same quarter last year, during which investments fared worse as a result of the onset of credit concerns over sovereign debt issues in the Eurozone.

1H performance

1H-11 profit from insurance operations was \$269.2 million, 19% higher than the same period last year (1H-10: \$226.9 million).

9.5 PROFIT FROM INVESTMENTS IN SHAREHOLDERS' FUND

The Group sold investments to capitalise on favourable market movements during the quarter. As a result, profit from investments in Shareholders' Fund in Q2-11 came in higher at \$36.6 million (Q2-10: \$14.9 million).

9.6 FEES AND OTHER INCOME

Fees and other income amounted to \$24.7 million in Q2-11 (Q2-10: \$18.4 million) and \$41.8 million in 1H-11 (1H-10: \$35.3 million). The better performance in 2011 was largely contributed by fees earned by Lion Global Investors Limited, the Group's asset management arm.

9.7 MANAGEMENT AND OTHER EXPENSES

Management and other expenses were \$23.7 million in Q2-11 (Q2-10: \$14.4 million) and \$38.5 million in 1H-11 (1H-10: \$26.6 million). This was largely the result of the increase in headcount and higher staff costs to support business expansion.

9.8 INTEREST EXPENSE

Interest was accrued for the subordinated fixed rate notes ("Notes") issued by the Group on 19 January 2011. The Notes bear interest at the rate of 4.6% per annum, payable semi-annually in arrears. Refer to 9.10.5 for more details.

9.9 SHARE OF PROFIT / LOSS OF ASSOCIATES AND JOINT VENTURES

The share of loss of associates and joint ventures was \$1.1 million in Q2-11 (Q2-10: \$2.0 million) and \$0.4 million in 1H-11 (1H-10: \$3.9 million). The share of loss in 2011 declined as a result of lower management and distribution expenses incurred by the joint venture in China.

9.10 BALANCE SHEET

9.10.1 Currency Translation Reserve

As at 30 June 2011, translation loss was \$53.0 million, compared with \$32.3 million as at 31 December 2010. This was mainly caused by the weakening of the Malaysian Ringgit against the Singapore Dollar.

9.10.2 Other Creditors, Debtors and Interfund Balances

Other creditors and interfund balances decreased by 16% to \$1,594.2 million as at 30 June 2011 (31 December 2010: \$1,892.1 million); other debtors and interfund balances decreased by 17% to \$1,485.6 million as at 30 June 2011 (31 December 2010: \$1,788.7 million), mainly arising from the settlement of outstanding balances.

9.10.3 Unexpired Risk Reserve and General Insurance Fund

On 1 January 2011, the Group acquired the assets and liabilities of the general insurance business of Tahan Insurance Malaysia Berhad ("Tahan Insurance"). The increase in the Unexpired Risk Reserve and General Insurance Fund represents the policy liabilities of Tahan Insurance that were assumed.

9.10.4 Derivative Financial Liabilities and Assets

Derivative financial liabilities decreased by 23% to \$20.0 million as at 30 June 2011 (31 December 2010: \$25.9 million); derivative financial assets increased by 24% to \$647.1 million (31 December 2010: \$523.1 million). The net change in derivative financial liabilities and assets was largely caused by mark-to-market gains from currency swaps as a result of the appreciation of the Singapore Dollar against the United States Dollar.

9.10.5 Debts Issued

On 19 January 2011, the Group issued the Notes due 2026 and callable in 2021. The Notes and directly attributable transaction costs are measured at amortised cost using the effective interest method.

9.10.6 Cash and Cash Equivalents

As at 30 June 2011, cash and cash equivalents increased by 90% to \$5,384.0 million (31 December 2010: \$2,830.4 million). The increase was contributed by proceeds from the sale and maturity of investments, which are awaiting redeployment.

9.10.7 Goodwill

The increase in goodwill arose from the acquisition of the general insurance business as mentioned in 9.10.3 above. The fair values of the assets acquired, liabilities assumed, and goodwill recognised have been assessed on a provisional basis and will be finalised within 12 months from the acquisition date.

9.10.8 Investments

As at 30 June 2011, investments decreased by 3% to \$40,373.0 million (31 December 2010: \$41,693.0 million). The decrease was largely the result of the sale of and maturity of investments.

9.10.9 Asset allocation of life funds, excluding Investment-Linked Funds, was as follows:

	SINGAPORE		MALAYSIA	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
Fixed income & debt securities	55%	58%	67%	71%
Equities	23%	23%	25%	24%
Real estate & others	11%	11%	3%	4%
Cash & money market instruments	11%	8%	5%	1%
Market Value of Assets (in SGD billions)	25.1	25.2	19.5	19.1

9.11 REGULATORY CAPITAL

The Group continues to be strongly capitalised. In Singapore and Malaysia, the Capital Adequacy Ratios of the insurance subsidiaries both exceeded 200%, well above the minimum regulatory ratios of 120% and 130% respectively.

10. SHARE CAPITAL

The Company's issued and paid up share capital amounted to \$152.7 million as at 30 June 2011, a decrease of \$94.7 million compared with \$247.4 million as at 31 December 2010. The decrease was attributable to the capital reduction exercise in Q2-11 and the cash distribution of \$0.77 per ordinary share to all Shareholders. Total number of shares issued as at 30 June 2011 was 473,319,069, the same as 31 December 2010.

11. ACCOUNTING POLICIES

The Group adopted the accounting policies and methods of computation for the financial statements for Q2-11, consistent with the audited financial statements for the year ended 31 December 2010.

The adoption of the other revised and new FRS and INT FRS which came into effect on 1 January 2011 does not have any material financial impact on the Group's results for Q2-11.

12. UNAUDITED RESULTS

The consolidated Group's financial results for the second quarter and half-year ended 30 June 2011 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 interest rate and credit spread movements and volatility in the equity markets resulting from the ongoing global economic uncertainties, including the sovereign debt issues in the developed economies.

Issued: 2 August 2011