

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 2013

For the second quarter and half year ended 30 June 2013, Group profit attributable to shareholders was S\$18.6 million and S\$226.1 million respectively. Details of the financial results are attached.

Supplementary Information

To improve transparency and investor understanding of GEH’s business, 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 2013, to be paid on 4 September 2013 (2012: 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 23 August 2013 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 22 August 2013 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 22 August 2013 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 2013 to be false or misleading in any material aspect.

By Order of the Board

Jennifer Wong Pakshong
Group Company Secretary
Singapore, 30 July 2013

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 2013

1. GROUP PROFIT AND LOSS STATEMENTS

in Singapore Dollars (millions)	1st Half 2013	1st Half 2012	% + / (-)	2nd Quarter 2013	2nd Quarter 2012	% + / (-)	1st Quarter 2013	% + / (-)
Gross Premiums	3,616.6	3,004.8	20	1,996.5	1,534.8	30	1,620.1	23
Life assurance profit from:								
Participating Fund	75.6	70.6	7	41.4	34.9	19	34.2	21
Non-participating Fund	38.1	161.9	(76)	(63.4)	1.7	nm	101.5	nm
Investment-linked Fund	80.3	59.2	36	37.8	34.5	10	42.5	(11)
Profit from life assurance	194.0	291.7	(33)	15.8	71.1	(78)	178.2	(91)
Profit from general insurance	6.1	10.6	(42)	(0.6)	4.8	nm	6.7	nm
Profit from insurance business	200.1	302.3	(34)	15.2	75.9	(80)	184.9	(92)
Investment income, net	54.0	58.6	(8)	29.1	27.5	6	24.9	17
Gain on sale of investments and changes in fair value	30.3	45.0	(33)	2.3	4.6	(50)	28.0	(92)
Increase in provision for impairment of assets	(0.3)	(0.2)	nm	(0.3)	(0.2)	nm	-	nm
Gain on exchange differences	4.5	-	nm	3.0	2.3	30	1.5	100
Profit from investments in Shareholders' Fund	88.5	103.4	(14)	34.1	34.2	(0)	54.4	(37)
Fees and other income	35.6	31.0	15	18.1	15.7	15	17.5	3
Profit before expenses	324.2	436.7	(26)	67.4	125.8	(46)	256.8	(74)
less:								
Management and other expenses	33.4	37.3	(10)	17.7	20.6	(14)	15.7	13
Interest expense	9.2	9.2	-	4.6	4.6	-	4.6	-
Depreciation	1.0	1.0	-	0.5	0.5	-	0.5	-
Expenses	43.6	47.5	(8)	22.8	25.7	(11)	20.8	10
Profit after expenses	280.6	389.2	(28)	44.6	100.1	(55)	236.0	(81)
Share of (loss)/profit after income tax of joint ventures	(2.2)	0.4	nm	(1.4)	(0.7)	nm	(0.8)	nm
Profit before income tax	278.4	389.6	(29)	43.2	99.4	(57)	235.2	(82)
Income tax	(48.3)	(42.3)	nm	(22.6)	(16.9)	nm	(25.7)	nm
Profit after income tax	230.1	347.3	(34)	20.6	82.5	(75)	209.5	(90)
Attributable to:								
Shareholders	226.1	343.9	(34)	18.6	81.4	(77)	207.5	(91)
Non-controlling interests	4.0	3.4	18	2.0	1.1	82	2.0	-
	230.1	347.3	(34)	20.6	82.5	(75)	209.5	(90)
Basic and diluted earnings per share attributable to shareholders of the Company (in Singapore Dollars)	0.48	0.73	(34)	0.04	0.18	(78)	0.44	(91)
Return on Equity (Average Shareholders' Fund) (%) <i>(not annualised)</i>	4.8%	8.5%	-3.7 pp	0.6%	2.1%	-1.5 pp	4.2%	-3.7 pp

nm – not meaningful / exceeding 300%

2. GROUP STATEMENT OF COMPREHENSIVE INCOME

in Singapore Dollars (millions)	1st Half 2013	1st Half 2012	% + / (-)	2nd Quarter 2013	2nd Quarter 2012	% + / (-)	1st Quarter 2013	% + / (-)
Profit after income tax for the period	230.1	347.3	(34)	20.6	82.5	(75)	209.5	(90)
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	-	(0.2)	(100)	(0.2)	(0.3)	nm	0.2	nm
Items that may be reclassified subsequently to profit or loss:								
Exchange differences arising on translation of overseas entities	(0.2)	(15.8)	nm	(3.0)	(14.8)	nm	2.8	nm
Share of other comprehensive income of associates and joint ventures	2.9	(2.3)	nm	2.0	0.1	nm	0.9	122
Available-for-sale financial assets:								
Changes in fair value	(91.3)	120.5	nm	(117.5)	(15.6)	nm	26.2	nm
Reclassification of realised (gain)/loss on disposal to Profit and Loss Statement	(22.3)	(5.7)	nm	(4.0)	0.1	nm	(18.3)	nm
Tax on changes in fair value	18.9	(19.3)	nm	20.1	2.7	nm	(1.2)	nm
Other comprehensive income for the period, after tax	(92.0)	77.2	nm	(102.6)	(27.8)	nm	10.6	nm
Total comprehensive income for the period	138.1	424.5	(67)	(82.0)	54.7	nm	220.1	nm
Total comprehensive income attributable to:								
Shareholders	134.1	420.7	(68)	(83.3)	53.6	nm	217.4	nm
Non-controlling interests	4.0	3.8	5	1.3	1.1	18	2.7	(52)
	138.1	424.5	(67)	(82.0)	54.7	nm	220.1	nm

nm – not meaningful / exceeding 300%

3. GROUP BALANCE SHEET

in Singapore Dollars (millions)	Group		
	30 Jun 2013	31 Dec 2012	% + / (-)
Share capital	152.7	152.7	-
Reserves			
Currency translation reserve	(60.7)	(63.7)	nm
Fair value reserve	(53.2)	41.8	nm
Accumulated profit	4,636.7	4,666.2	(1)
SHAREHOLDERS' FUND	4,675.5	4,797.0	(3)
NON-CONTROLLING INTERESTS	46.5	42.5	9
TOTAL EQUITY	4,722.0	4,839.5	(2)
 LIABILITIES			
Insurance payables	2,956.8	2,791.2	6
Other creditors and interfund balances	2,128.6	2,461.5	(14)
Unexpired risk reserve	125.8	120.3	5
Derivative financial liabilities	142.5	42.0	239
Income tax	509.3	487.8	4
Provision for agents' retirement benefits	258.4	245.2	5
Deferred tax	1,004.9	1,069.9	(6)
Debt issued	399.3	399.2	0
General insurance fund	207.0	186.5	11
Life assurance fund	47,648.4	47,057.9	1
TOTAL EQUITY AND LIABILITIES	60,103.0	59,701.0	1
 ASSETS			
Cash and cash equivalents	3,722.1	4,212.6	(12)
Other debtors and interfund balances	2,011.5	1,902.6	6
Insurance receivables	2,626.5	2,582.4	2
Loans ⁽¹⁾	1,808.3	1,604.8	13
Derivative financial assets	269.8	490.7	(45)
Investments ⁽¹⁾	47,169.1	46,304.9	2
Assets held for sale	0.9	3.0	(70)
Associates and joint ventures	222.9	322.9	(31)
Goodwill	34.1	34.1	-
Investment properties	1,530.6	1,531.6	(0)
Property, plant and equipment	707.2	711.4	(1)
TOTAL ASSETS	60,103.0	59,701.0	1
 Net Asset Value per share (in Singapore Dollars)	9.88	10.13	(2)

For analysis of major variances, please refer to section 9.8 on page 12.

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

nm – not meaningful / exceeding 300%

4. COMPANY BALANCE SHEET

in Singapore Dollars (millions)	Company		
	30 Jun 2013	31 Dec 2012	% + / (-)
Share capital	152.7	152.7	-
Reserves			
Merger reserve	419.2	419.2	-
Accumulated profit	1,207.4	1,157.1	4
TOTAL EQUITY	1,779.3	1,729.0	3
LIABILITIES			
Other creditors	6.7	6.4	5
Income tax	0.1	0.1	-
TOTAL EQUITY AND LIABILITIES	1,786.1	1,735.5	3
ASSETS			
Cash and cash equivalents	11.1	57.8	(81)
Amounts due from subsidiaries	1,088.7	1,000.3	9
Subsidiaries	686.1	677.3	1
Property, plant and equipment	0.2	0.1	100
TOTAL ASSETS	1,786.1	1,735.5	3
Net Asset Value per share (in Singapore Dollars)	3.76	3.65	3

5. SELECTED INCOME AND MANAGEMENT EXPENSES

in Singapore Dollars (millions)	Shareholders' Fund				
	1st Half 2013	1st Half 2012	2nd Quarter 2013	2nd Quarter 2012	1st Quarter 2013
<u>Expenses</u>					
1. Staff costs and related expenses (including executive directors and key management personnel compensation)	36.0	33.9	17.6	17.0	18.4
2. Rental expense	3.2	2.9	1.6	1.5	1.6
3. Depreciation	1.0	1.0	0.5	0.5	0.5
<u>Income</u>					
1. Investment income, net (excluding mark-to-market changes)	920.8	870.8	501.2	457.3	419.6
<u>Expenses</u>					
1. Staff costs and related expenses (including executive directors and key management personnel compensation)	96.2	85.2	50.1	42.8	46.1
2. Rental expense	7.8	7.8	4.0	3.9	3.8
3. Depreciation	29.8	22.4	18.2	11.2	11.6

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

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 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
Other comprehensive income							
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 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
Contributions by and distributions to shareholders							
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 contributions by and distributions to shareholders	-	-	-	(255.6)	(255.6)	(3.8)	(259.4)
Changes in ownership interests in subsidiaries that do not result in a loss of control							
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

6.2. GROUP STATEMENT OF CHANGES IN EQUITY for the half-year ended 30 June 2012

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 2012	152.7	(42.6)	150.0	3,652.2	3,912.3	30.2	3,942.5
Profit for the period	-	-	-	343.9	343.9	3.4	347.3
<u>Other comprehensive income</u>							
Exchange differences arising on translation of overseas entities	-	(15.8)	-	-	(15.8)	(0.2)	(16.0)
Share of other comprehensive income of associates and joint ventures	-	(2.2)	(0.1)	-	(2.3)	-	(2.3)
Available-for-sale financial assets:							
Changes in fair value	-	-	120.0	-	120.0	0.5	120.5
Reclassification of realised gain on disposal to Profit and Loss Statement	-	-	(5.7)	-	(5.7)	-	(5.7)
Tax on changes in fair value	-	-	(19.4)	-	(19.4)	0.1	(19.3)
Other comprehensive income for the period, after tax	-	(18.0)	94.8	-	76.8	0.4	77.2
Total comprehensive income for the period	-	(18.0)	94.8	343.9	420.7	3.8	424.5
<u>Contributions by and distributions to shareholders</u>							
Dividends paid during the period:							
Final tax exempt (one-tier) dividend for the previous year	-	-	-	(127.8)	(127.8)	-	(127.8)
Dividends paid to non-controlling interests	-	-	-	-	-	(2.5)	(2.5)
Total contributions by and distributions to shareholders	-	-	-	(127.8)	(127.8)	(2.5)	(130.3)
Total transactions with shareholders in their capacity as shareholders	-	-	-	(127.8)	(127.8)	(2.5)	(130.3)
Balance at 30 June 2012	152.7	(60.6)	244.8	3,868.3	4,205.2	31.5	4,236.7

(1) Included in Accumulated Profit are non-distributable reserves of \$1,062.8 million (30 June 2012: \$1,072.0 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 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 April 2013	152.7	(59.8)	47.8	4,873.7	5,014.4	45.2	5,059.6
Profit for the period	-	-	-	18.6	18.6	2.0	20.6
Other comprehensive income							
Exchange differences arising on translation of overseas entities	-	(3.0)	-	-	(3.0)	(0.2)	(3.2)
Share of other comprehensive income of associates and joint ventures	-	2.1	(0.1)	-	2.0	-	2.0
Available-for-sale financial assets:							
Changes in fair value	-	-	(117.0)	-	(117.0)	(0.5)	(117.5)
Reclassification of realised gain on disposal to Profit and Loss Statement	-	-	(4.0)	-	(4.0)	-	(4.0)
Tax on changes in fair value	-	-	20.1	-	20.1	-	20.1
Other comprehensive income for the period, after tax	-	(0.9)	(101.0)	-	(101.9)	(0.7)	(102.6)
Total comprehensive income for the period	-	(0.9)	(101.0)	18.6	(83.3)	1.3	(82.0)
Contributions by and distributions to shareholders							
Dividends paid during the period:							
Final and special tax exempt (one-tier) dividends for the previous year	-	-	-	(255.6)	(255.6)	-	(255.6)
Total contributions by and distributions to shareholders	-	-	-	(255.6)	(255.6)	-	(255.6)
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

6.4. GROUP STATEMENT OF CHANGES IN EQUITY for the second quarter ended 30 June 2012

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 2012	152.7	(46.0)	258.0	3,914.7	4,279.4	30.4	4,309.8
Profit for the period	-	-	-	81.4	81.4	1.1	82.5
<u>Other comprehensive income</u>							
Exchange differences arising on translation of overseas entities	-	(14.8)	-	-	(14.8)	(0.3)	(15.1)
Share of other comprehensive income of associates and joint ventures	-	0.2	(0.1)	-	0.1	-	0.1
<u>Available-for-sale financial assets:</u>							
Changes in fair value	-	-	(15.7)	-	(15.7)	0.1	(15.6)
Reclassification of realised loss on disposal to Profit and Loss Statement	-	-	0.1	-	0.1	-	0.1
Tax on changes in fair value	-	-	2.5	-	2.5	0.2	2.7
Other comprehensive income for the period, after tax	-	(14.6)	(13.2)	-	(27.8)	-	(27.8)
Total comprehensive income for the period	-	(14.6)	(13.2)	81.4	53.6	1.1	54.7
<u>Contributions by and distributions to shareholders</u>							
<u>Dividends paid during the period:</u>							
Final tax exempt (one-tier) dividend for the previous year	-	-	-	(127.8)	(127.8)	-	(127.8)
Total contributions by and distributions to shareholders	-	-	-	(127.8)	(127.8)	-	(127.8)
Total transactions with shareholders in their capacity as shareholders	-	-	-	(127.8)	(127.8)	-	(127.8)
Balance at 30 June 2012	152.7	(60.6)	244.8	3,868.3	4,205.2	31.5	4,236.7

(1) Included in Accumulated Profit are non-distributable reserves of \$1,062.8 million (30 June 2012: \$1,072.0 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 2013 and 2012

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Accumulated Profit	Total Equity
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>Contributions by and 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 contributions by and 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
Balance at 1 January 2012	152.7	419.2	826.5	1,398.4
Profit for the period	-	-	40.5	40.5
Total comprehensive income for the period	-	-	40.5	40.5
<u>Contributions by and distributions to shareholders</u>				
Dividends paid during the period:				
Final tax exempt (one-tier) dividend for the previous year	-	-	(127.8)	(127.8)
Total contributions by and distributions to shareholders	-	-	(127.8)	(127.8)
Total transactions with shareholders in their capacity as shareholders	-	-	(127.8)	(127.8)
Balance at 30 June 2012	152.7	419.2	739.2	1,311.1

7.2. COMPANY STATEMENT OF CHANGES IN EQUITY for the second quarter ended 30 June 2013 and 2012

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Accumulated Profit	Total Equity
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>Contributions by and 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 contributions by and 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
Balance at 1 April 2012	152.7	419.2	829.9	1,401.8
Profit for the period	-	-	37.1	37.1
Total comprehensive income for the period	-	-	37.1	37.1
<u>Contributions by and distributions to shareholders</u>				
Dividends paid during the period:				
Final tax exempt (one-tier) dividend for the previous year	-	-	(127.8)	(127.8)
Total contributions by and distributions to shareholders	-	-	(127.8)	(127.8)
Total transactions with shareholders in their capacity as shareholders	-	-	(127.8)	(127.8)
Balance at 30 June 2012	152.7	419.2	739.2	1,311.1

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

in Singapore Dollars (millions)	1st Half 2013	1st Half 2012	2nd Quarter 2013	2nd Quarter 2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	278.4	389.6	43.2	99.4
Life assurance profit before income tax	1,024.0	89.2	756.9	242.6
General insurance profit before income tax	10.7	13.5	1.9	6.0
Adjustments for non-cash items:				
Surplus transferred from life assurance fund but not yet withdrawn	(194.0)	(291.7)	(15.8)	(71.1)
(Profit)/loss transferred from general insurance fund but not yet withdrawn	(6.1)	(10.6)	0.6	(4.8)
Share of profit of associates and joint ventures	(3.7)	(37.8)	(1.3)	(29.8)
(Gain)/loss on sale of investments and changes in fair value	(235.3)	(428.0)	31.3	87.6
Increase in provision for impairment of assets	2.3	3.9	2.1	3.0
Increase in provision for agents' retirement benefits	18.1	17.0	9.1	8.3
Gain on disposal of property, plant and equipment, assets held for sale and investment properties	(0.3)	(0.4)	-	(0.1)
Depreciation	30.8	23.4	18.7	11.7
Unrealised (gain)/loss on exchange differences	(278.6)	10.7	(187.9)	(98.9)
Change in life assurance contract liabilities	472.7	794.3	(213.5)	34.4
Change in general insurance contract liabilities	14.5	6.3	9.7	5.2
Change in unexpired risk reserve	5.7	15.7	1.1	(1.6)
Amortisation of capitalised transaction fees	0.1	0.1	0.1	-
Dividend income	(232.6)	(255.4)	(151.4)	(148.3)
Interest income	(794.3)	(719.6)	(406.0)	(359.4)
Interest expense	9.2	9.2	4.6	4.6
Interest expense on policy benefits	55.5	48.5	28.5	24.4
Share-based payments	1.7	1.0	0.8	0.5
	178.8	(321.1)	(67.3)	(186.3)
Changes in working capital:				
Insurance receivables	(34.0)	25.5	(24.8)	40.7
Other debtors and interfund balances	(84.4)	(0.4)	59.7	342.0
Insurance payables	165.6	75.3	100.3	23.6
Other creditors and interfund balances	(334.6)	(433.8)	(490.6)	(339.5)
Cash used in operations	(108.6)	(654.5)	(422.7)	(119.5)
Income tax paid	(112.9)	(98.6)	(41.9)	(62.1)
Interest paid on policy benefits	(55.5)	(48.5)	(28.5)	(24.4)
Agents' retirement benefits paid	(4.2)	(6.8)	(2.0)	(3.5)
Net cash flows used in operating activities	(281.2)	(808.4)	(495.1)	(209.5)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investments	11,588.8	6,896.4	5,595.1	3,497.7
Purchase of investments	(12,563.4)	(8,473.3)	(5,545.6)	(3,069.5)
Proceeds from reduction of interests in associates	36.7	14.1	36.7	14.1
Proceeds from sale of property, plant and equipment, assets held for sale and investment properties	2.4	5.1	-	3.1
Purchase of property, plant and equipment and investment properties	(26.7)	(19.5)	(13.8)	(8.8)
Interest income received	774.5	659.3	373.4	348.4
Interest expense paid	(9.2)	(9.2)	0.1	-
Dividends received	216.1	235.5	145.4	141.2
Net cash flows from/(used in) investing activities	19.2	(691.6)	591.3	926.2
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(255.6)	(127.8)	(255.6)	(127.8)
Dividends paid to non-controlling interests	(3.8)	(2.5)	-	-
Changes in non-controlling interests	3.8	-	-	-
Net cash flows used in financing activities	(255.6)	(130.3)	(255.6)	(127.8)
Net effect of currency translation reserve adjustment	27.1	(451.0)	(131.9)	(478.9)
Net (decrease)/increase in cash and cash equivalents	(490.5)	(2,081.3)	(291.3)	110.0
Cash and cash equivalents at the beginning of the period	4,212.6	7,248.9	4,013.4	5,057.6
Cash and cash equivalents at the end of the period	3,722.1	5,167.6	3,722.1	5,167.6

9. REVIEW OF RESULTS

The Group Financial Statements for the second quarter of 2013 (Q2-13) and for the half-year ended 30 June 2013 (1H-13) were 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 Q2-13 was \$18.6 million (Q2-12: \$81.4 million). The weaker year-on-year performance was mainly because of a significant unrealised mark-to-market loss as financial markets reacted to the potential tapering of the US quantitative easing programme. The Group continued to deliver healthy operating profit from insurance business.

In 1H-13, net profit amounted to \$226.1 million, a decrease of 34% compared with \$343.9 million in 1H-12.

9.2 GROSS PREMIUMS

Q2-13 gross premiums increased by 30% to \$1,996.5 million (Q2-12: \$1,534.8 million). 1H-13 gross premiums increased by 20% to \$3,616.6 million (1H-12: \$3,004.8 million).

9.3 PROFIT FROM INSURANCE BUSINESS

In Q2-13, the Group's profit from insurance business was \$15.2 million (Q2-12: \$75.9 million). Despite better underwriting performance and an increase in investment income, profit from insurance business declined as there was a significant unrealised mark-to-market loss in the Singapore Non-participating Fund. The rise in short to medium term interest rates led to an unrealised mark-to-market loss in fixed income investments. At the same time, long term interest rates fell towards the end of the quarter, adversely impacting the valuation of liabilities.

1H-13 profit from insurance business decreased by 34% to \$200.1 million (1H-12: \$302.3 million).

9.4 PROFIT FROM INVESTMENTS IN SHAREHOLDERS' FUND

Profit from investments in Shareholders' Fund was stable at \$34.1 million in Q2-13 (Q2-12: \$34.2 million).

1H-13 profit from investment in Shareholders' Fund decreased 14% to \$88.5 million (1H-12: \$103.4 million), largely arising from a lower unrealised mark-to-market gain in held-for-trading investments.

9.5 FEES AND OTHER INCOME

Fees and other income amounted to \$18.1 million in Q2-13 (Q2-12: \$15.7 million) and \$35.6 million in 1H-13 (1H-12: \$31.0 million). This was mainly the result of an increase in fee income by the Group's asset management arm, Lion Global Investors Limited and its subsidiary, Pacific Mutual Fund Berhad.

9.6 MANAGEMENT AND OTHER EXPENSES

Management and other expenses were lower at \$17.7 million in Q2-13 (Q2-12: \$20.6 million) and \$33.4 million in 1H-13 (1H-12: \$37.3 million), mainly attributed to the weakening of the Malaysian Ringgit against the Singapore Dollar.

9.7 SHARE OF PROFIT / LOSS OF JOINT VENTURE

The share of loss of the joint venture in China was \$1.4 million in Q2-13 (Q2-12: loss of \$0.7 million) and \$2.2 million in 1H-13 (1H-12: profit of \$0.4 million). The decline was mainly attributed to lower investment performance as well as a foreign exchange loss from a strengthening of the Chinese Renminbi.

9.8 BALANCE SHEET

9.8.1 Fair Value Reserve
As at 30 June 2013, fair value reserve stood at (\$53.2) million, compared with \$41.8 million as at 31 December 2012. The decrease was mainly attributed to an unrealised mark-to-market loss from investments in Shareholders' Fund.

9.8.2 Other Creditors and Interfund Balances
Other creditors and interfund balances decreased to \$2,128.6 million as at 30 June 2013 (31 December 2012: \$2,461.5 million), mainly arising from settlement of outstanding interfund balances and investment trades.

9.8.3 Derivative Financial Liabilities and Assets
Derivative financial liabilities and assets held by the Group are for hedging purposes. Derivative financial liabilities increased to \$142.5 million as at 30 June 2013 (31 December 2012: \$42.0 million) and derivative financial assets decreased to \$269.8 million (31 December 2012: \$490.7 million). The net decrease was largely caused by the changes in the fair value of currency forwards as the Singapore Dollar weakened against the US Dollar, as well as the exit of certain swap positions.

9.8.4 Debt Issued		30 June	31 December
	in SGD (millions)	2013	2012
	Subordinated fixed rate notes (unsecured)		
	- payable after one year	399.3	399.2

9.8.5 Cash and Cash Equivalents
Cash and cash equivalents decreased 12% to \$3,722.1 million as at 30 June 2013 (31 December 2012: \$4,212.6 million), mainly arising from the payment of final dividends to shareholders and settlement of investment trades.

9.8.6 Loans
Loans increased by 13% to \$1,808.3 million as at 30 June 2013 (31 December 2012: \$1,604.8 million), arising from a drawdown on loan commitments.

9.8.7 Assets Held for Sale
\$2.1 million assets held for sale as at 31 December 2012 were sold in 1H-13.

9.8.8 Associates and Joint Ventures
Associates and joint ventures decreased by 31% to \$222.9 million as at 30 June 2013 (31 December 2012: \$322.9 million). The decrease was mainly attributed to payment of dividends by an associate leading to a reduction in the Group's share of net assets in that associate.

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

	SINGAPORE		MALAYSIA	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Fixed income & debt securities	57%	58%	69%	71%
Equities	23%	21%	21%	21%
Real estate & others	11%	11%	8%	6%
Cash & money market instruments	9%	10%	2%	2%
Market Value of Assets (in SGD billions)	26.5	26.9	22.5	21.8

9.9 CONSOLIDATED STATEMENT OF CASH FLOWS

Net cash flow used in operating activities was \$281.2 million in 1H-13, mainly from an outflow of cash used in the settlement of investment trades.

9.10 REGULATORY CAPITAL

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

10. SHARE CAPITAL

The Company's issued and paid up share capital as at 30 June 2013 was unchanged at \$152.7 million compared with 31 December 2012. Total number of shares issued as at 30 June 2013 also remained unchanged at 473,319,069 compared with 31 December 2012.

11. ACCOUNTING POLICIES

The Group adopted the accounting policies and methods of computation for the financial statements for Q2-13, consistent with the audited financial statements for the year ended 31 December 2012.

The adoption of the other revised and new FRS and INT FRS which came into effect on 1 January 2013 does not have any material financial impact on the Group's results for Q2-13.

12. UNAUDITED RESULTS

The consolidated Group's financial results for the second quarter and half-year ended 30 June 2013 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 volatility in the financial markets arising from the ongoing global economic uncertainties and reactions to the US quantitative easing programme.

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 2013