

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 2012

For the second quarter and half year ended 30 June 2012, Group profit attributable to shareholders was S\$81.4 million and S\$343.9 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 2012, to be paid on 5 September 2012 (2011: 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 2012 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 2012 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 2012 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 2012 to be false or misleading in any material aspect.

By Order of the Board

Jennifer Wong Pakshong
Group Company Secretary
Singapore, 31 July 2012

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

FINANCIAL RESULTS FOR THE SECOND QUARTER AND FIRST HALF 2012

1. GROUP PROFIT AND LOSS STATEMENTS

in Singapore Dollars (millions)	1st Half 2012	1st Half 2011	% +/(-)	2nd Quarter 2012	2nd Quarter 2011	% +/(-)	1st Quarter 2012	% +/(-)
Gross Premiums	3,004.8	3,049.1	(1)	1,534.8	1,587.2	(3)	1,470.0	4
Life assurance profit from:								
Participating Fund	70.6	60.9	16	34.9	30.2	16	35.7	(2)
Non-participating Fund	161.9	138.9	17	1.7	46.9	(96)	160.2	(99)
Investment-linked Fund	59.2	55.9	6	34.5	28.8	20	24.7	40
Profit from life assurance	291.7	255.7	14	71.1	105.9	(33)	220.6	(68)
Profit from general insurance	10.6	13.5	(21)	4.8	7.6	(37)	5.8	(17)
Profit from insurance operations	302.3	269.2	12	75.9	113.5	(33)	226.4	(66)
Investment income, net	58.6	51.0	15	27.5	25.7	7	31.1	(12)
Gain on sale of investments and changes in fair value	45.0	12.2	269	4.6	12.7	(64)	40.4	(89)
Increase in provision for impairment of assets	(0.2)	(1.0)	nm	(0.2)	(1.0)	nm	-	nm
Gain/(loss) on exchange differences	-	-	nm	2.3	(0.8)	nm	(2.3)	nm
Profit from investments in Shareholders' Fund	103.4	62.2	66	34.2	36.6	(7)	69.2	(51)
Fees and other income	31.0	37.0	(16)	15.7	19.9	(21)	15.3	3
Profit before expenses	436.7	368.4	19	125.8	170.0	(26)	310.9	(60)
less:								
Management and other expenses	37.3	38.7	(4)	20.6	23.8	(13)	16.7	23
Interest expense	9.2	9.2	0	4.6	4.6	0	4.6	0
Depreciation	1.0	0.6	67	0.5	0.3	67	0.5	-
Expenses	47.5	48.5	(2)	25.7	28.7	(10)	21.8	18
Profit after expenses	389.2	319.9	22	100.1	141.3	(29)	289.1	(65)
Share of profit/(loss) after income tax of joint ventures	0.4	(0.4)	nm	(0.7)	(1.1)	nm	1.1	nm
Profit before income tax	389.6	319.5	22	99.4	140.2	(29)	290.2	(66)
Income tax	(42.3)	(38.2)	nm	(16.9)	(20.1)	nm	(25.4)	nm
Profit after income tax	347.3	281.3	23	82.5	120.1	(31)	264.8	(69)
Attributable to:								
Shareholders	343.9	276.4	24	81.4	117.7	(31)	262.5	(69)
Non-controlling interests	3.4	4.9	(31)	1.1	2.4	(54)	2.3	(52)
	347.3	281.3	23	82.5	120.1	(31)	264.8	(69)
Basic and diluted earnings per share attributable to shareholders of the Company (in Singapore Dollars)	0.73	0.58	26	0.18	0.24	(25)	0.55	(67)
Return on Equity (Average Shareholders' Fund) (%) (not annualised)	8.5%	7.0%	1.5 pp	2.1%	3.1%	-1 pp	6.4%	-4.3 pp

nm – not meaningful / exceeding 300%

2. GROUP STATEMENT OF COMPREHENSIVE INCOME

in Singapore Dollars (millions)	1st Half 2012	1st Half 2011	% + / (-)	2nd Quarter 2012	2nd Quarter 2011	% + / (-)	1st Quarter 2012	% + / (-)
Profit after income tax for the period	347.3	281.3	23	82.5	120.1	(31)	264.8	(69)
Other comprehensive income:								
Exchange differences arising on translation of overseas entities	(16.0)	(19.1)	nm	(15.1)	(14.7)	nm	(0.9)	nm
Share of other comprehensive income of associates and joint ventures	(2.3)	(2.3)	nm	0.1	(1.4)	nm	(2.4)	nm
Available-for-sale financial assets:								
Changes in fair value	120.5	(16.1)	nm	(15.6)	(3.6)	nm	136.1	nm
Reclassification of realised (gain)/loss on disposal to Profit and Loss Statement	(5.7)	(9.8)	nm	0.1	(11.8)	nm	(5.8)	nm
Tax on changes in fair value	(19.3)	5.3	nm	2.7	3.3	(18)	(22.0)	nm
Other comprehensive income for the period, after tax	77.2	(42.0)	nm	(27.8)	(28.2)	nm	105.0	nm
Total comprehensive income for the period	424.5	239.3	77	54.7	91.9	(40)	369.8	(85)
Total comprehensive income attributable to:								
Shareholders	420.7	235.2	79	53.6	90.0	(40)	367.1	(85)
Non-controlling interests	3.8	4.1	(7)	1.1	1.9	(42)	2.7	(59)
	424.5	239.3	77	54.7	91.9	(40)	369.8	(85)

nm – not meaningful / exceeding 300%

3. BALANCE SHEET – GROUP

in Singapore Dollars (millions)	Group		%
	30 Jun 12	31 Dec 11	
Share capital	152.7	152.7	-
Reserves			
Currency translation reserve	(60.6)	(42.6)	nm
Fair value reserve	244.8	150.0	63
Accumulated profit	3,868.3	3,652.2	6
SHAREHOLDERS' FUND	4,205.2	3,912.3	7
NON-CONTROLLING INTERESTS	31.5	30.2	4
TOTAL EQUITY	4,236.7	3,942.5	7
LIABILITIES			
Insurance payables	2,592.8	2,517.5	3
Other creditors and interfund balances	1,932.1	2,364.9	(18)
Unexpired risk reserve	116.9	111.8	5
Derivative financial liabilities	42.6	62.1	(31)
Income tax	471.9	417.9	13
Provision for agents' retirement benefits	235.5	231.3	2
Amount due to joint venture	0.1	0.1	-
Deferred tax	1,000.7	945.9	6
Debt issued	399.2	399.1	0
General insurance fund	198.1	188.7	5
Life assurance fund	45,094.0	44,420.8	2
TOTAL EQUITY AND LIABILITIES	56,320.6	55,602.6	1
ASSETS			
Cash and cash equivalents	5,167.6	7,248.9	(29)
Other debtors and interfund balances	1,577.0	1,517.7	4
Insurance receivables	2,527.2	2,558.1	(1)
Loans	987.8	1,202.5	(18)
Derivative financial assets	456.9	438.0	4
Investments	43,117.9	40,152.9	7
Assets held for sale	-	4.4	(100)
Associates and joint ventures	341.4	320.2	7
Goodwill	26.0	26.1	(0)
Investment properties	1,406.8	1,411.8	(0)
Property, plant and equipment	712.0	722.0	(1)
TOTAL ASSETS	56,320.6	55,602.6	1
Net Asset Value per share (in Singapore Dollars)	8.88	8.27	7

For analysis of major variances, please refer to section 9.9 on page 13.

nm – not meaningful / exceeding 300%

4. BALANCE SHEET – COMPANY

in Singapore Dollars (millions)	Company		
	30 Jun 12	31 Dec 11	% + / (-)
Share capital	152.7	152.7	(0)
Reserves			
Merger reserve	419.2	419.2	-
Accumulated profit	739.2	826.5	(11)
TOTAL EQUITY	1,311.1	1,398.4	(6)
LIABILITIES			
Other creditors and interfund balances	5.1	6.1	(16)
Income tax	0.1	-	nm
TOTAL EQUITY AND LIABILITIES	1,316.3	1,404.5	(6)
ASSETS			
Cash and cash equivalents	69.9	9.0	nm
Income tax	-	0.8	(100)
Amounts due from subsidiaries	569.0	717.3	(21)
Subsidiaries	677.3	677.3	-
Property, plant and equipment	0.1	0.1	-
TOTAL ASSETS	1,316.3	1,404.5	(6)
Net Asset Value per share (in Singapore Dollars)	2.77	2.95	(6)

5. SELECTED INCOME AND MANAGEMENT EXPENSES

in Singapore Dollars (millions)	Shareholders' Fund				
	1st Half 2012	1st Half 2011	2nd Quarter 2012	2nd Quarter 2011	1st Quarter 2012
Expenses					
1. Staff costs and related expenses (including executive directors and key management personnel compensation)	33.9	35.1	17.0	19.2	16.9
2. Rental expense	2.9	2.2	1.5	1.1	1.4
3. Depreciation	1.0	0.6	0.5	0.3	0.5
Life Assurance and General Insurance Funds					
Income					
1. Investment income, net (excluding mark-to-market changes)	870.8	860.3	457.3	461.3	413.5
Expenses					
1. Staff costs and related expenses (including executive directors and key management personnel compensation)	85.2	81.8	42.8	44.6	42.4
2. Rental expense	7.8	7.6	3.9	3.9	3.9
3. Depreciation	22.4	22.2	11.2	11.1	11.2

6.1. 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
Other comprehensive income							
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
Contributions by and distributions to shareholders							
Dividends paid during the period:							
Final tax exempt (one-tier) dividends 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

6.2. 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
<u>Other comprehensive income</u>							
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
<u>Contributions by and distributions to shareholders</u>							
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

(1) Included in Accumulated Profit are non-distributable reserves of \$1,072.0 million (30 June 2011: \$1,008.2 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 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
Other comprehensive income							
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
Available-for-sale financial assets:							
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)	0.0	(27.8)
Total comprehensive income for the period	-	(14.6)	(13.2)	81.4	53.6	1.1	54.7
Contributions by and distributions to shareholders							
Dividends paid during the period:							
Final tax exempt (one-tier) dividends 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

6.4. 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
<u>Other comprehensive income</u>							
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
<u>Contributions by and distributions to shareholders</u>							
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

(1) Included in Accumulated Profit are non-distributable reserves of \$1,072.0 million (30 June 2011: \$1,008.2 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 2012 and 2011

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Accumulated Profit	Total Equity
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) dividends 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
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

7.2. COMPANY STATEMENT OF CHANGES IN EQUITY for the second quarter ended 30 June 2012 and 2011

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Accumulated Profit	Total Equity
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) dividends 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
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

8. CONSOLIDATED STATEMENT OF CASH FLOWS

in Singapore Dollars (millions)	1st Half 2012	1st Half 2011	2nd Quarter 2012	2nd Quarter 2011
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	389.6	319.5	99.4	140.2
Life assurance profit before income tax	89.2	337.9	242.6	86.7
General insurance profit before income tax	13.5	17.1	6.0	9.7
Adjustments for non-cash items:				
Surplus transferred from life assurance fund but not yet withdrawn	(291.7)	(255.7)	(71.1)	(105.9)
Profit transferred from general insurance fund but not yet withdrawn	(10.6)	(13.5)	(4.8)	(7.6)
Share of (profit)/loss of associates and joint ventures	(37.8)	0.6	(29.8)	(2.5)
(Gain)/loss on sale of investments and changes in fair value	(428.0)	(310.8)	87.6	(106.2)
Increase in provision for impairment of assets	3.9	1.4	3.0	13.3
Increase in provision for agents' retirement benefits	17.0	15.4	8.3	7.6
Gain on disposal of property, plant and equipment, assets held for sale and investment properties	(0.4)	(0.6)	(0.1)	(0.6)
Depreciation	23.4	22.8	11.7	11.4
Unrealised loss/(gain) on exchange differences	10.7	63.5	(98.9)	59.5
Change in life assurance contract liabilities	794.3	976.2	34.4	490.7
Change in general insurance contract liabilities	6.3	(2.0)	5.2	(2.6)
Change in unexpired risk reserve	15.7	9.2	(1.6)	0.5
Amortisation of capitalised transaction fees	0.1	0.1	-	0.1
Dividend income	(255.4)	(245.6)	(148.3)	(150.8)
Interest income	(719.6)	(710.8)	(359.4)	(359.1)
Interest expense	9.2	9.2	4.6	4.6
Interest expense on policy benefits	48.5	44.0	24.4	22.2
Share-based payments	1.0	2.2	0.5	0.9
	(321.1)	280.1	(186.3)	112.1
Changes in working capital:				
Insurance receivables	25.5	45.8	40.7	45.1
Other debtors and interfund balances	(0.4)	308.2	342.0	488.9
Insurance payables	75.3	43.2	23.6	14.8
Other creditors and interfund balances	(433.8)	(322.3)	(339.5)	(711.2)
Cash (used in)/generated from operations	(654.5)	355.0	(119.5)	(50.3)
Income tax paid	(98.6)	(112.9)	(62.1)	(61.1)
Interest paid on policy benefits	(48.5)	(44.0)	(24.4)	(22.2)
Agents' retirement benefits paid	(6.8)	(6.3)	(3.5)	(3.9)
Net cash flows (used in)/ from operating activities	(808.4)	191.8	(209.5)	(137.5)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investments	6,896.4	9,753.1	3,497.7	6,448.6
Purchase of investments	(8,473.3)	(7,928.8)	(3,069.5)	(5,696.4)
Proceeds from reduction of interests in associates	14.1	19.1	14.1	19.1
Repayment of loans to joint ventures	-	(0.1)	-	(0.1)
Proceeds from sale of property, plant and equipment, assets held for sale and investment properties	5.1	1.7	3.1	1.7
Purchase of property, plant and equipment and investment properties	(19.5)	(18.8)	(8.8)	(10.9)
Net cash inflow from acquisition of a business	-	9.9	-	1.2
Interest income received	659.3	690.0	348.4	345.3
Interest expense paid	(9.2)	-	-	-
Dividends received	235.5	227.8	141.2	140.1
Net cash flows (used in)/from investing activities	(691.6)	2,753.9	926.2	1,248.6
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(127.8)	-	(127.8)	-
Dividends paid to non-controlling interests	(2.5)	(3.8)	-	-
Proceeds from debt issued	-	399.0	-	-
Cash distribution	-	(364.5)	-	(364.5)
Net cash flows (used in)/from financing activities	(130.3)	30.7	(127.8)	(364.5)
Net effect of currency translation reserve adjustment	(451.0)	(422.8)	(478.9)	(385.3)
Net (decrease)/increase in cash and cash equivalents	(2,081.3)	2,553.6	110.0	361.3
Cash and cash equivalents at the beginning of the period	7,248.9	2,830.4	5,057.6	5,022.7
Cash and cash equivalents at the end of the period	5,167.6	5,384.0	5,167.6	5,384.0

9. REVIEW OF RESULTS

The Group Financial Statements for the second quarter of 2012 (Q2-12) and for the half-year ended 30 June 2012 (1H-12) 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 Q2-12 was \$81.4 million, a decrease of 31% compared with \$117.7 million in Q2-11. Underwriting profit in Q2-12 achieved healthy growth over the same period last year, driven by the continued profitability of protection-based products in Singapore and investment-linked products in Malaysia. However, earnings were significantly impacted by weaker investment performance resulting from less favourable market conditions in the quarter.

In 1H-12, net profit amounted to \$343.9 million, an increase of 24% compared with \$276.4 million in 1H-11. The strong performance benefited from higher mark-to-market gains booked in Q1-12.

9.2 GROSS PREMIUMS

Q2-12 gross premiums decreased by 3% to \$1,534.8 million (Q2-11: \$1,587.2 million). 1H-12 gross premiums decreased by 1% to \$3,004.8 million (1H-11: \$3,049.1 million).

9.3 NEW SALES

9.3.1 In Q2-12, total weighted new sales for the Group rose 4% to \$197.4 million (Q2-11: \$190.0 million). On a half-year basis, total weighted new sales increased by 2% to \$372.7 million (1H-11: \$364.6 million) as the sales of single premium endowment products fell across the Group, resulting from the lack of appropriate underlying investments. In Singapore, sales growth was supported by sustained demand for regular premium products from all channels. In Malaysia, sales performance was anchored by the continued demand for regular premium investment-linked products as well as single premium credit-related products.

in SGD (millions)	1H-12	1H-11	+ / (-)	Q2-12	Q2-11	+ / (-)	Q1-12	+ / (-)
SINGAPORE								
Single Premium	519.0	776.4	-33%	242.7	404.6	-40%	276.3	-12%
New Regular Premium	177.0	136.9	29%	92.0	66.0	39%	85.0	8%
Total Weighted New Sales	228.9	214.6	7%	116.3	106.5	9%	112.6	3%
MALAYSIA								
Single Premium	60.3	53.6	13%	30.1	25.4	19%	30.2	0%
New Regular Premium	121.3	122.9	-1%	69.2	70.9	-2%	52.1	33%
Total Weighted New Sales	127.3	128.3	-1%	72.2	73.4	-2%	55.1	31%
EMERGING MARKETS								
Single Premium	45.9	69.2	-34%	22.4	34.5	-35%	23.5	-5%
New Regular Premium	11.9	14.8	-20%	6.7	6.6	2%	5.2	29%
Total Weighted New Sales	16.5	21.7	-24%	8.9	10.1	-12%	7.6	17%
TOTAL								
Single Premium	625.2	899.2	-30%	295.2	464.5	-36%	330.0	-11%
New Regular Premium	310.2	274.6	13%	167.9	143.5	17%	142.3	18%
Total Weighted New Sales	372.7	364.6	2%	197.4	190.0	4%	175.3	13%

Note: a) Total Weighted New Sales = (Single Premium x 10%) + New Regular Premium
b) Prior year figures have been restated based on last year-end exchange rates. Prior quarter figures have been restated based on current quarter-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 Q2-12, NBEV rose by 4% to \$87.3 million (Q2-11: \$84.2 million). On a half-year basis, NBEV grew by 8% to \$170.3 million (1H-11: \$157.8 million). The positive growth trend in NBEV was accomplished by meeting the needs of customers through the sales of regular premium protection-based products.

in SGD (millions)	1H-12	1H-11	+/(-) %	Q2-12	Q2-11	+/(-) %	Q1-12	+/(-) %
Singapore	98.0	82.6	19%	47.2	43.1	10%	50.8	-7%
Malaysia	68.6	70.2	-2%	38.1	38.6	-1%	30.5	25%
Emerging Markets	3.7	5.0	-26%	2.0	2.5	-20%	1.7	18%
Total	170.3	157.8	8%	87.3	84.2	4%	83.0	5%

Note: a) Emerging Markets include embedded value of Brunei, Indonesia, Vietnam and China. China results reflect the Group's share of 50% in the joint venture.
b) Prior year figures have been restated based on last year-end exchange rates. Prior quarter figures have been restated based on current quarter-end exchange rates.

9.4 PROFIT FROM INSURANCE OPERATIONS

Q2-12 profit from insurance operations decreased by 33% to \$75.9 million (Q2-11: \$113.5 million). During the quarter, falling interest rates, widening credit spreads and decreases in equity prices impacted both liability and asset valuations, resulting in overall mark-to-market losses. However, underwriting performance continued to be strong, offsetting these losses.

1H-12 profit from insurance operations increased by 12% to \$302.3 million (1H-11: \$269.2 million), benefitting from the strong performance in Q1-12.

9.5 PROFIT FROM INVESTMENTS IN SHAREHOLDERS' FUND

Q2-12 profit from investments in Shareholders' Fund decreased 7% to \$34.2 million (Q2-11: \$36.6 million) as Q2-11 benefited from gains from the sale of investments under more favourable market conditions then.

1H-12 profit from investments in Shareholders' Fund rose 66% to \$103.4 million (1H-11: \$62.2 million), largely arising from mark-to-market gains in held-for-trading investments recorded in Q1-12.

9.6 FEES AND OTHER INCOME

Fees and other income amounted to \$15.7 million in Q2-12 (Q2-11: \$19.9 million) and \$31.0 million in 1H-12 (1H-11: \$37.0m). This was largely caused by a decline in fee income by Lion Global Investors Limited, the Group's asset management arm.

9.7 MANAGEMENT AND OTHER EXPENSES

Management and other expenses were \$20.6 million in Q2-12 (Q2-11: \$23.8 million) and \$37.3 million in 1H-12 (1H-11: \$38.7 million).

9.8 SHARE OF PROFIT / LOSS OF JOINT VENTURE

The share of loss of the joint venture in China was \$0.7 million in Q2-12 (Q2-11: loss of \$1.1 million) and a profit of \$0.4 million in 1H-12 (1H-11: loss of \$0.4 million). The improvement in performance resulted from higher interest income from fixed deposits as well as gains from disposal of equities.

- 9.9.1 Currency Translation Reserve
As at 30 June 2012, translation loss was \$60.6 million, compared with a loss of \$42.6 million as at 31 December 2011. This was mainly caused by the strengthening of the Singapore Dollar against the Malaysian Ringgit.
- 9.9.2 Fair Value Reserve
As at 30 June 2012, fair value reserve increased to \$244.8 million from \$150.0 million as at 31 December 2011 as a result of mark-to-market gains.
- 9.9.3 Other Creditors and Interfund Balances
Other creditors and interfund balances decreased by 18% to \$1,932.1 million as at 30 June 2012 (31 December 2011: \$2,364.9 million), mainly arising from settlement of investment trades.
- 9.9.4 Derivative Financial Liabilities and Assets
Derivative financial liabilities decreased to \$42.6 million as at 30 June 2012 (31 December 2011: \$62.1 million) while derivative financial assets increased to \$456.9 million (31 December 2011: \$438.0 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 strengthening of the Singapore Dollar against the United States Dollar.
- 9.9.5 Income Tax
Provision for income tax increased by 13% to \$471.9 million as at 30 June 2012 (31 December 2011: \$417.9 million), in line with the increase in profits.
- 9.9.6 Cash and cash equivalents
Cash and cash equivalents decreased by 29% to \$5,167.6 million as at 30 June 2012 (31 December 2011: \$7,248.9 million), mainly resulting from the deployment of cash for investments and settlement of investment trades.
- 9.9.7 Loans
Loans decreased by 18% to \$987.8 million as at 30 June 2012 (31 December 2011: \$1,202.5 million) as a result of loan redemptions.
- 9.9.8 Investments
Investments increased by 7% to \$43,117.9 million as at 30 June 2012 (31 December 2011: \$40,152.9 million) as a result of more investments made and mark-to-market gains.
- 9.9.9 Assets held for sale
As at 30 June 2012, all assets held for sale have been sold off (31 December 2011: \$4.4 million).
- 9.9.10 Asset allocation of life funds, excluding Investment-Linked Funds, was as follows:

	SINGAPORE		MALAYSIA	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
Fixed income & debt securities	52%	50%	72%	65%
Equities	23%	22%	22%	23%
Real estate & others	11%	11%	3%	3%
Cash & money market instruments	14%	17%	3%	9%
Market Value of Assets (in SGD billions)	25.6	25.8	20.7	20.3

9.10 CONSOLIDATED STATEMENT OF CASH FLOWS

Net cash flow used in operating activities was \$808.4 million in 1H-12. This was mainly the result of an outflow of cash used in the settlement of investment trades.

9.11 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 2012 was unchanged at \$152.7 million, compared with 31 December 2011. Total number of shares issued as at 30 June 2012 also remained unchanged at 473,319,069, compared with 31 December 2011.

11. ACCOUNTING POLICIES

The Group adopted the accounting policies and methods of computation for the financial statements for Q2-12, consistent with the audited financial statements for the year ended 31 December 2011.

The adoption of the other revised and new FRS and INT FRS which came into effect on 1 January 2012 does not have any material financial impact on the Group's results for Q2-12.

12. UNAUDITED RESULTS

The consolidated Group's financial results for the second quarter and half-year ended 30 June 2012 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, credit and swap spread movements as well as volatility in the financial markets arising from the ongoing global economic uncertainties.

Additionally, as previously announced on 18 July 2012, the Group entered into two conditional sale and purchase agreements for the sale of its shareholdings in Asia Pacific Breweries Limited and Fraser and Neave, Limited. The divestment of the shareholdings would allow the Group to enhance financial returns from these investments, for policyholders and shareholders. The completion of the transactions is targeted to take place within 90 days from 18 July 2012.

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: 31 July 2012