

**SECOND QUARTER AND FIRST HALF 2004 FINANCIAL RESULTS**

The Board of Directors of Great Eastern Holdings Limited is pleased to announce the unaudited financial results of the Group and the Company for the second quarter and for the half year ended 30 June 2004:

**1 GROUP PROFIT AND LOSS STATEMENTS for the half year and the second quarter ("2nd Qtr") ended 30 June**

in Singapore Dollars (millions)	1st Half 2004	1st Half 2003	%	2nd Qtr 2004	2nd Qtr 2003	%
			+/( <sup>-</sup> )			+/( <sup>-</sup> )
Turnover <sup>(1.1)</sup>	4,261.4	2,198.1	94	2,294.1	1,314.7	74
Gross Premiums	2,437.9	2,050.1	19	1,153.5	1,083.0	7
Life assurance profit from:						
Participating Fund	42.8	40.9	5	21.6	21.4	1
Non-participating Fund	134.2	59.5	126	87.8	52.0	69
Investment-linked Fund	23.3	9.9	135	14.5	4.7	209
Profit from life assurance	200.3	110.3	82	123.9	78.1	59
Profit from general insurance	21.6	10.1	114	10.3	6.5	58
<b>Profit from insurance operations</b>	<b>221.9</b>	<b>120.4</b>	<b>84</b>	<b>134.2</b>	<b>84.6</b>	<b>59</b>
Investment income, net	36.8	20.0	84	25.5	13.2	93
Interest income	3.5	2.4	46	1.8	0.9	100
Gain/(loss) on sale of investments and changes in fair value	34.7	(4.3)	nm	21.2	(2.6)	nm
Exchange differences	(0.2)	20.0	(101)	2.0	8.4	(76)
<b>Profit from investments</b>	<b>74.8</b>	<b>38.1</b>	<b>96</b>	<b>50.5</b>	<b>19.9</b>	<b>154</b>
<b>Fees and other income</b>	<b>17.5</b>	<b>12.4</b>	<b>41</b>	<b>9.4</b>	<b>6.5</b>	<b>45</b>
<b>Profit before expenses</b>	<b>314.2</b>	<b>170.9</b>	<b>84</b>	<b>194.1</b>	<b>111.0</b>	<b>75</b>
less:						
Management expenses	9.1	5.3	72	6.4	3.2	100
Depreciation	0.3	0.1	200	0.2	-	-
<b>Expenses</b>	<b>9.4</b>	<b>5.4</b>	<b>74</b>	<b>6.6</b>	<b>3.2</b>	<b>106</b>
<b>Profit before income tax</b>	<b>304.8</b>	<b>165.5</b>	<b>84</b>	<b>187.5</b>	<b>107.8</b>	<b>74</b>
less: <b>Income tax</b>	<b>68.0</b>	<b>38.8</b>	<b>75</b>	<b>41.3</b>	<b>22.0</b>	<b>88</b>
<b>Profit after income tax</b>	<b>236.8</b>	<b>126.7</b>	<b>87</b>	<b>146.2</b>	<b>85.8</b>	<b>70</b>
less: <b>Minority interests</b>	<b>2.2</b>	<b>1.4</b>	<b>57</b>	<b>1.3</b>	<b>0.6</b>	<b>117</b>
<b>PROFIT ATTRIBUTABLE TO SHAREHOLDERS</b>	<b>234.6</b>	<b>125.3</b>	<b>87</b>	<b>144.9</b>	<b>85.2</b>	<b>70</b>
Basic earnings per share (in Singapore cents)	<b>50 cents</b>	27 cents		<b>31 cents</b>	18 cents	
Diluted earnings per share (in Singapore cents)	<b>50 cents</b>	27 cents		<b>31 cents</b>	18 cents	

<sup>(1.1)</sup> Turnover for the Group is derived from the summation of components as follows: (i) Investment income, Interest income, Gain/(loss) on sale of investments (excluding fair value changes on held-for-trading investments) and Fees and other income from the Profit and Loss Statement; (ii) Gross premiums, Investment income, Interest income, Rental income and Gain/(loss) on sale of investments (excluding fair value changes on held-for-trading investments) from the Life Assurance Revenue Statement and (iii) Gross premiums, Investment income, Interest income and Gain/(loss) on sale of investments (excluding fair value changes on held-for-trading investments) from the General Insurance Revenue Statement.

nm - not meaningful

2 BALANCE SHEETS as at 30 June 2004 and 31 December 2003

in Singapore Dollars (millions)	Group				Company			
	30 Jun 2004	31 Dec 2003	% +/(−)	30 Jun 2003	30 Jun 2004	31 Dec 2003	% +/(−)	30 Jun 2003
<b>SHAREHOLDERS' FUND</b>								
<b>Share capital</b>								
Authorised	1,000.0	1,000.0	-	1,000.0	1,000.0	1,000.0	-	1,000.0
Issued and fully paid	236.4	235.7	*	235.7	236.4	235.7	*	235.7
Share premium	8.0	0.8	nm	0.4	8.0	0.8	nm	0.4
<b>Reserves</b>								
Merger reserve	164.9	141.9	16	141.9	620.0	620.0	-	620.0
Translation reserve	(8.5)	(8.7)	2	(3.7)	-	-	-	-
Fair value reserve	89.4	110.2	(19)	10.6	-	-	-	(2.3)
Accumulated profit	1,710.8	1,544.1	11	1,379.3	818.7	890.1	(8)	706.3
<b>Total Shareholders' Fund</b>	<b>2,201.0</b>	<b>2,024.0</b>	<b>9</b>	<b>1,764.2</b>	<b>1,683.1</b>	<b>1,746.6</b>	<b>(4)</b>	<b>1,560.1</b>
<b>MINORITY INTERESTS</b>	<b>11.3</b>	<b>9.0</b>	<b>26</b>	<b>11.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>								
Income tax	249.8	115.2	117	124.0	(0.6)	(0.7)	14	(0.1)
Other creditors and interfund balances	997.1	835.2	19	789.2	3.8	1.2	217	0.9
Unexpired risk reserve	33.4	38.8	(14)	40.7	-	-	-	-
Policy benefits	1,153.3	1,093.9	5	1,054.2	-	-	-	-
Claims admitted or intimated	121.4	120.0	1	115.5	-	-	-	-
Agents' retirement benefits	142.9	136.1	5	135.1	-	-	-	-
Deferred tax	192.6	278.6	(31)	132.1	(0.1)	(0.1)	-	(0.7)
General Insurance Fund	138.6	144.8	(4)	135.8	-	-	-	-
Life Assurance Fund	29,024.0	27,556.1	5	25,286.8	-	-	-	-
<b>Total Liabilities and Shareholders' Fund</b>	<b>34,265.4</b>	<b>32,351.7</b>	<b>6</b>	<b>29,589.0</b>	<b>1,686.2</b>	<b>1,747.0</b>	<b>(3)</b>	<b>1,560.2</b>
<b>ASSETS</b>								
Cash and bank balances	669.3	393.0	70	412.8	8.8	3.6	144	11.1
Cash on deposit	4,699.7	3,747.0	25	2,926.0	400.3	367.4	9	246.5
Other debtors and interfund balances	921.8	829.9	11	738.5	0.3	0.2	50	0.9
Outstanding premiums	127.6	155.4	(18)	125.0	-	-	-	-
Development properties for sale	50.2	195.6	(74)	-	-	-	-	-
Investments	26,217.0	25,544.4	3	23,665.1	2.0	2.0	-	44.8
	<b>32,685.6</b>	<b>30,865.3</b>	<b>6</b>	<b>27,867.4</b>	<b>411.4</b>	<b>373.2</b>	<b>10</b>	<b>303.3</b>
Associated companies	151.2	147.9	2	178.3	-	-	-	-
Subsidiary companies	-	-	-	-	1,274.7	1,373.7	(7)	1,256.8
Property, plant and equipment	1,428.6	1,338.5	7	1,543.3	0.1	0.1	-	0.1
<b>Total Assets</b>	<b>34,265.4</b>	<b>32,351.7</b>	<b>6</b>	<b>29,589.0</b>	<b>1,686.2</b>	<b>1,747.0</b>	<b>(3)</b>	<b>1,560.2</b>
Net Asset Value per share (S\$)	4.65	4.29	8	3.74	3.56	3.70	(4)	3.31

\* the percentage change is less than 1%

nm - not meaningful

3 **SELECTED MANAGEMENT EXPENSES for the half year ended 30 June**

in Singapore Dollars (millions)	Shareholders' and General Insurance Funds		Life Assurance Fund	
	1st Half 2004	1st Half 2003	1st Half 2004	1st Half 2003
	Directors' remuneration	0.2	0.2	0.8
Fees paid to a director of the Company for professional services rendered	-	-	-	0.1
Auditors' remuneration				
Audit fees paid to auditors of the Company	0.2	0.2	0.2	0.2
Other fees paid to auditors of the Company	0.1	0.2	0.1	0.6
Staff costs and related expenses	6.9	6.8	45.5	39.3
Rental expense	0.7	0.6	5.9	7.0
Depreciation	0.6	0.8	15.6	10.3

4 **GROUP FINANCIAL HIGHLIGHTS for the half year ended 30 June**

	Group			% +/( -)
	1st Half 2004	1st Half 2003		
Turnover	(S\$millions) 4,261.4	2,198.1		94
Gross Premiums	(S\$millions) 2,437.9	2,050.1		19
Total Assets	(S\$millions) 34,265.4	29,589.0		16
Profit Attributable to Shareholders	(S\$millions) 234.6	125.3		87
Shareholders' Fund	(S\$millions) 2,201.0	1,764.2		25
Profit After Tax before Minority Interests as a % of Turnover	% 5.6%	5.8%		-0.2 pp
Return on Equity (average Shareholders' Fund)	% 11.1%	7.4%		3.7 pp
Gross Premium Growth	% 18.9%	-15.2%		34.1pp

5 GROUP STATEMENT OF CHANGES IN EQUITY for the half year ended 30 June

in Singapore Dollars (millions)	Share Capital	Share Premium	Merger Reserve	Translation Reserve	Fair Value Reserve	Accumulated Profit	TOTAL
<b>Balance at 1 January 2004</b>	<b>235.7</b>	<b>0.8</b>	<b>141.9</b>	<b>(8.7)</b>	<b>110.2</b>	<b>1,544.1</b>	<b>2,024.0</b>
Exchange differences arising on translation of overseas entities	-	-	-	0.2	-	-	0.2
Net profit for the period	-	-	-	-	-	234.6	234.6
<b>Current period movements in Fair Value Reserve:</b>							
Fair value changes on remeasuring available-for-sale investments	-	-	-	-	58.1	-	58.1
Fair value changes transferred to Profit and Loss Statement during the period	-	-	-	-	(91.8)	-	(91.8)
Deferred tax on fair value changes	-	-	-	-	31.2	-	31.2
Deferred tax - effect of change in tax rate	-	-	2.1	-	2.6	-	4.7
Transfer from Fair Value Reserve to Merger Reserve	-	-	20.9	-	(20.9)	-	-
<b>Dividends paid for the period:</b>							
Final dividend for the previous year (net of 20% Singapore Tax)	-	-	-	-	-	(67.9)	(67.9)
Issue of shares arising from exercise of share options	0.7	7.2	-	-	-	-	7.9
<b>Balance at 30 June 2004</b>	<b>236.4</b>	<b>8.0</b>	<b>164.9</b>	<b>(8.5)</b>	<b>89.4</b>	<b>1,710.8</b>	<b>2,201.0</b>
Balance at 1 January 2003	235.7	-	141.9	(6.5)	(50.2)	1,309.1	1,630.0
Exchange differences arising on translation of overseas entities	-	-	-	2.8	-	-	2.8
Net profit for the period	-	-	-	-	-	125.3	125.3
<b>Current period movements in Fair Value Reserve:</b>							
Fair value changes on remeasuring available-for-sale investments	-	-	-	-	65.8	-	65.8
Fair value changes transferred to Profit and Loss Statement during the period	-	-	-	-	12.1	-	12.1
Deferred tax on fair value changes	-	-	-	-	(17.1)	-	(17.1)
<b>Dividends paid for the period:</b>							
Final dividend for the previous year (net of 22% Singapore Tax)	-	-	-	-	-	(55.1)	(55.1)
Issue of shares arising from exercise of share options	*	0.4	-	-	-	-	0.4
<b>Balance at 30 June 2003</b>	<b>235.7</b>	<b>0.4</b>	<b>141.9</b>	<b>(3.7)</b>	<b>10.6</b>	<b>1,379.3</b>	<b>1,764.2</b>

\* amount is less than S\$0.1 million

5.1 GROUP STATEMENT OF CHANGES IN EQUITY for the quarter ended 30 June

in Singapore Dollars (millions)	Share Capital	Share Premium	Merger Reserve	Translation Reserve	Fair Value Reserve	Accumulated Profit	TOTAL
<b>Balance at 1 April 2004</b>	<b>235.8</b>	<b>1.4</b>	<b>144.0</b>	<b>(12.8)</b>	<b>143.4</b>	<b>1,633.8</b>	<b>2,145.6</b>
Exchange differences arising on translation of overseas entities	-	-	-	4.3	-	-	4.3
Net profit for the period	-	-	-	-	-	144.9	144.9
Current period movements in Fair Value Reserve:							
Fair value changes on remeasuring available-for-sale investments	-	-	-	-	5.3	-	5.3
Fair value changes transferred to Profit and Loss Statement during the period	-	-	-	-	(77.6)	-	(77.6)
Deferred tax on fair value changes	-	-	-	-	39.2	-	39.2
Transfer from Fair Value Reserve to Merger Reserve	-	-	20.9	-	(20.9)	-	-
Dividends paid for the period:							
Final dividend for the previous year (net of 20% Singapore Tax)	-	-	-	-	-	(67.9)	(67.9)
Issue of shares arising from exercise of share options	0.6	6.6	-	-	-	-	7.2
<b>Balance at 30 June 2004</b>	<b>236.4</b>	<b>8.0</b>	<b>164.9</b>	<b>(8.5)</b>	<b>89.4</b>	<b>1,710.8</b>	<b>2,201.0</b>
Balance at 1 April 2003	235.7	*	141.9	(3.4)	(61.4)	1,349.2	1,662.0
Exchange differences arising on translation of overseas entities	-	-	-	(0.3)	-	-	(0.3)
Net profit for the period	-	-	-	-	-	85.2	85.2
Current period movements in Fair Value Reserve:							
Fair value changes on remeasuring available-for-sale investments	-	-	-	-	81.6	-	81.6
Fair value changes transferred to Profit and Loss Statement during the period	-	-	-	-	10.6	-	10.6
Deferred tax on fair value changes	-	-	-	-	(20.2)	-	(20.2)
Dividends paid for the period:							
Final dividend for the previous year (net of 22% Singapore Tax)	-	-	-	-	-	(55.1)	(55.1)
Issue of shares arising from exercise of share options	*	0.4	-	-	-	-	0.4
<b>Balance at 30 June 2003</b>	<b>235.7</b>	<b>0.4</b>	<b>141.9</b>	<b>(3.7)</b>	<b>10.6</b>	<b>1,379.3</b>	<b>1,764.2</b>

\* amount is less than S\$0.1 million

in Singapore Dollars (millions)	Share Capital	Share Premium	Merger Reserve	Fair Value Reserve	Accumulated Profit	TOTAL
<b>Balance at 1 January 2004</b>	<b>235.7</b>	<b>0.8</b>	<b>620.0</b>	-	<b>890.1</b>	<b>1,746.6</b>
Net profit for the period	-	-	-	-	(3.5)	(3.5)
Dividends paid for the period:	-	-	-	-	-	-
Final dividend for the previous year (net of 20% Singapore Tax)	-	-	-	-	(67.9)	(67.9)
Issue of shares arising from exercise of share options	0.7	7.2	-	-	-	7.9
<b>Balance at 30 June 2004</b>	<b>236.4</b>	<b>8.0</b>	<b>620.0</b>	-	<b>818.7</b>	<b>1,683.1</b>
Balance at 1 January 2003	235.7	-	620.0	(7.5)	763.1	1,611.3
Net profit for the period	-	-	-	-	(1.7)	(1.7)
Current period movements in Fair Value Reserve:						
Fair value changes on remeasuring available-for-sale investments	-	-	-	(5.9)	-	(5.9)
Fair value changes transferred to Profit and Loss Statement during the period	-	-	-	12.6	-	12.6
Deferred tax on fair value changes	-	-	-	(1.5)	-	(1.5)
Dividends paid for the period:						
Final dividend for the previous year (net of 22% Singapore Tax)	-	-	-	-	(55.1)	(55.1)
Issue of shares arising from exercise of share options	*	0.4	-	-	-	0.4
<b>Balance at 30 June 2003</b>	<b>235.7</b>	<b>0.4</b>	<b>620.0</b>	<b>(2.3)</b>	<b>706.3</b>	<b>1,560.1</b>

## 6.1 COMPANY STATEMENT OF CHANGES IN EQUITY for the quarter ended 30 June

in Singapore Dollars (millions)	Share Capital	Share Premium	Merger Reserve	Fair Value Reserve	Accumulated Profit	TOTAL
<b>Balance at 1 April 2004</b>	<b>235.8</b>	<b>1.4</b>	<b>620.0</b>	-	<b>890.2</b>	<b>1,747.4</b>
Net profit for the period	-	-	-	-	(3.6)	(3.6)
Dividends paid for the period:						
Final dividend for the previous year (net of 20% Singapore Tax)	-	-	-	-	(67.9)	(67.9)
Issue of shares arising from exercise of share options	0.6	6.6	-	-	-	7.2
<b>Balance at 30 June 2004</b>	<b>236.4</b>	<b>8.0</b>	<b>620.0</b>	-	<b>818.7</b>	<b>1,683.1</b>
Balance at 1 April 2003	235.7	*	620.0	(9.8)	763.7	1,609.6
Net profit for the period	-	-	-	-	(2.3)	(2.3)
Current period movements in Fair Value Reserve:						
Fair value changes on remeasuring available-for-sale investments	-	-	-	(3.1)	-	(3.1)
Fair value changes transferred to Profit and Loss Statement during the period	-	-	-	12.7	-	12.7
Deferred tax on fair value changes	-	-	-	(2.1)	-	(2.1)
Dividends paid for the period:						
Final dividend for the previous year (net of 22% Singapore Tax)	-	-	-	-	(55.1)	(55.1)
Issue of shares arising from exercise of share options	*	0.4	-	-	-	0.4
<b>Balance at 30 June 2003</b>	<b>235.7</b>	<b>0.4</b>	<b>620.0</b>	<b>(2.3)</b>	<b>706.3</b>	<b>1,560.1</b>

\* amount is less than S\$0.1 million

7 **CONSOLIDATED STATEMENT OF CASH FLOWS for the half year and second quarter ended 30 June**

in Singapore Dollars (millions)	<b>1st Half 2004</b>	1st Half 2003	<b>2nd Qtr 2004</b>	2nd Qtr 2003
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before income tax	<b>304.8</b>	165.5	<b>187.5</b>	107.8
Excess of income over expenses before income tax from life assurance revenue statement	<b>2,319.7</b>	1,116.2	<b>1,354.3</b>	765.4
Excess of income over expenses before income tax from general insurance revenue statement	<b>17.6</b>	12.0	<b>3.5</b>	5.3
Adjustments for non-cash items:				
Surplus transferred from life assurance fund but not yet withdrawn	<b>(200.3)</b>	(110.3)	<b>(123.9)</b>	(78.1)
Profit transferred from general insurance fund but not yet withdrawn	<b>(21.6)</b>	(10.1)	<b>(10.3)</b>	(6.5)
Amortisation of difference in purchase consideration over nominal value of government securities, loan stocks and bonds	<b>8.9</b>	(4.8)	<b>5.7</b>	(2.8)
(Gain)/loss on sale of investments and changes in fair value	<b>(972.5)</b>	246.8	<b>(603.8)</b>	(29.4)
Increase in/(Write-back of) provision for impairment	<b>14.1</b>	(30.0)	<b>12.4</b>	(30.0)
Share of results of associated companies	<b>(0.3)</b>	-	<b>(0.2)</b>	-
Agents' retirement benefits	<b>7.1</b>	7.0	<b>3.8</b>	3.1
Increase in reserves during the period	<b>1.6</b>	1.3	<b>2.0</b>	0.5
Depreciation	<b>16.2</b>	11.1	<b>9.5</b>	5.6
Exchange difference	<b>4.6</b>	(84.9)	<b>(26.0)</b>	(46.5)
	<b>1,499.9</b>	1,319.8	<b>814.5</b>	694.4
Changes in working capital:				
Outstanding premiums	<b>27.8</b>	35.2	<b>(8.1)</b>	(1.6)
Other debtors	<b>(91.9)</b>	(61.4)	<b>22.2</b>	111.3
Claims admitted or intimated	<b>1.4</b>	19.2	<b>(4.9)</b>	6.2
Policy benefits	<b>59.4</b>	53.5	<b>50.0</b>	28.1
Unexpired risk reserve	<b>1.9</b>	6.6	<b>(0.4)</b>	3.0
Other creditors	<b>161.9</b>	(7.6)	<b>54.1</b>	(173.3)
Cash generated from operations	<b>1,660.4</b>	1,365.3	<b>927.4</b>	668.1
Income tax paid	<b>(73.0)</b>	(102.6)	<b>(36.0)</b>	(52.5)
Agents' retirement benefits paid	<b>(1.8)</b>	(2.4)	<b>(1.0)</b>	(1.2)
Net cash flows from operating activities	<b>1,585.6</b>	1,260.3	<b>890.4</b>	614.4
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sale of investments	<b>7,545.1</b>	4,845.7	<b>3,575.5</b>	2,279.6
Purchase of investments	<b>(7,976.2)</b>	(6,170.7)	<b>(4,166.5)</b>	(2,714.2)
Proceeds from sale of property, plant and equipment	<b>0.5</b>	-	<b>0.5</b>	-
Capital injection in associated company	-	(4.9)	-	-
(Additional)/Repayment of loan (to)/by associated company	<b>(3.1)</b>	17.4	<b>(3.1)</b>	17.4
Proceeds from sale of development properties held for sale	<b>141.0</b>	-	<b>141.0</b>	-
Purchase of property, plant and equipment	<b>(108.6)</b>	(44.9)	<b>(81.6)</b>	(21.7)
Net cash flows used in investing activities	<b>(401.3)</b>	(1,357.4)	<b>(534.2)</b>	(438.9)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividends paid	<b>(67.9)</b>	(55.1)	<b>(67.9)</b>	(55.1)
Issue of shares arising from exercise of share options	<b>7.9</b>	0.4	<b>7.2</b>	0.4
Net cash flows used in financing activities	<b>(60.0)</b>	(54.7)	<b>(60.7)</b>	(54.7)
<b>Net effect of translation reserve adjustment</b>	<b>104.7</b>	125.3	<b>246.2</b>	(16.0)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,229.0</b>	(26.5)	<b>541.7</b>	104.8
<b>Cash and cash equivalents at the beginning of the period</b>	<b>4,140.0</b>	3,365.3	<b>4,827.3</b>	3,234.0
<b>Cash and cash equivalents at the end of the period</b>	<b>5,369.0</b>	3,338.8	<b>5,369.0</b>	3,338.8

*Cash and cash equivalents consist of cash, bank balances and cash on deposit.*

8 GROUP SEGMENTAL INFORMATION for the half year ended 30 June

(1) By Geographical Segments

in Singapore Dollars (millions)	Singapore		Malaysia		Other ASEAN		Consolidated	
	1st Half 2004	1st Half 2003	1st Half 2004	1st Half 2003	1st Half 2004	1st Half 2003	1st Half 2004	1st Half 2003
<b>(a) Life Assurance Fund</b>								
Premium income (net)	1,579.1	1,222.8	747.1	722.9	8.2	8.7	2,334.4	1,954.4
Investment income	981.5	75.7	648.4	268.4	6.0	0.5	1,635.9	344.6
(Increase in)/write-back of provision for impairment	(14.1)	30.0	-	-	-	-	(14.1)	30.0
<b>Total income</b>	<b>2,546.5</b>	<b>1,328.5</b>	<b>1,395.5</b>	<b>991.3</b>	<b>14.2</b>	<b>9.2</b>	<b>3,956.2</b>	<b>2,329.0</b>
Claims, surrenders and annuities	1,010.8	654.9	344.7	312.3	4.9	6.5	1,360.4	973.7
Commissions and expenses	110.3	89.1	164.1	148.1	2.0	1.9	276.4	239.1
Income tax	77.8	(0.3)	57.4	21.5	0.6	(0.2)	135.8	21.0
<b>Total expenses</b>	<b>1,198.9</b>	<b>743.7</b>	<b>566.2</b>	<b>481.9</b>	<b>7.5</b>	<b>8.2</b>	<b>1,772.6</b>	<b>1,233.8</b>
Share of results of associated companies	0.3	-	-	-	-	-	0.3	-
<b>Excess of income over expenses</b>	<b>1,347.9</b>	<b>584.8</b>	<b>829.3</b>	<b>509.4</b>	<b>6.7</b>	<b>1.0</b>	<b>2,183.9</b>	<b>1,095.2</b>
<b>Total assets employed</b>	<b>20,502.1</b>	<b>17,529.0</b>	<b>10,865.9</b>	<b>9,646.2</b>	<b>189.3</b>	<b>167.6</b>	<b>31,557.3</b>	<b>27,342.8</b>
Property, plant and equipment	1,119.6	1,293.4	304.6	245.6	0.3	0.3	1,424.5	1,539.3
Investments:	16,022.6	13,818.9	8,848.0	8,488.7	154.3	114.8	25,024.9	22,422.4
i. Government securities, loan stocks and bonds	9,043.8	7,514.7	4,621.3	4,224.3	73.5	37.9	13,738.6	11,776.9
ii. Quoted equity in corporations	4,771.3	4,374.0	2,717.2	2,950.7	57.9	55.5	7,546.4	7,380.2
iii. Unquoted equity in corporations	604.8	440.4	26.7	17.0	4.1	1.5	635.6	458.9
iv. Derivatives and embedded derivatives	184.3	80.4	14.7	26.4	1.1	1.5	200.1	108.3
v. Policy loans	835.8	808.9	1,053.0	1,016.2	17.7	18.4	1,906.5	1,843.5
vi. Unsecured loans	0.4	0.2	0.1	0.1	-	-	0.5	0.3
vii. Secured loans	582.2	600.3	415.0	254.0	-	-	997.2	854.3
<b>Cash and bank balances</b>	<b>2,739.6</b>	<b>1,977.3</b>	<b>1,545.0</b>	<b>725.4</b>	<b>27.2</b>	<b>49.8</b>	<b>4,311.8</b>	<b>2,752.5</b>
<b>(b) General Insurance Fund</b>								
Premium income (net)	22.5	28.3	16.9	16.7	0.1	0.1	39.5	45.1
Increase in unexpired risk reserve during the period	(1.5)	(4.9)	(0.4)	(1.7)	-	-	(1.9)	(6.6)
Claims and increase in loss reserve	(9.9)	(9.9)	(9.6)	(8.9)	-	(0.1)	(19.5)	(18.9)
Commissions and expenses	(7.0)	(8.5)	(4.5)	(4.2)	(0.1)	(0.4)	(11.6)	(13.1)
<b>Net underwriting profit/(loss)</b>	<b>4.1</b>	<b>5.0</b>	<b>2.4</b>	<b>1.9</b>	<b>-</b>	<b>(0.4)</b>	<b>6.5</b>	<b>6.5</b>
Investment income	7.3	2.6	3.8	2.9	-	-	11.1	5.5
<b>Total assets employed</b>	<b>155.8</b>	<b>166.0</b>	<b>125.1</b>	<b>118.4</b>	<b>1.2</b>	<b>4.1</b>	<b>282.1</b>	<b>288.5</b>
<b>(c) Shareholders' Fund</b>								
Profit/(loss) from insurance operations	112.8	52.4	104.6	68.4	4.5	(0.4)	221.9	120.4
Profit from investments <sup>(8.1)</sup>	232.0	148.4	4.4	3.0	1.0	-	74.8	38.1
Fees and other income	17.5	12.4	-	-	-	-	17.5	12.4
<b>Profit before expenses <sup>(8.1)</sup></b>	<b>362.3</b>	<b>213.2</b>	<b>109.0</b>	<b>71.4</b>	<b>5.5</b>	<b>(0.4)</b>	<b>314.2</b>	<b>170.9</b>
<b>Profit/(loss) attributable to shareholders <sup>(8.2)</sup></b>	<b>267.1</b>	<b>157.2</b>	<b>79.1</b>	<b>51.4</b>	<b>5.5</b>	<b>(0.4)</b>	<b>234.6</b>	<b>125.3</b>
<b>Total assets employed <sup>(8.3)</sup></b>	<b>2,247.2</b>	<b>1,830.9</b>	<b>238.5</b>	<b>169.4</b>	<b>10.0</b>	<b>3.7</b>	<b>2,426.0</b>	<b>1,957.7</b>

(8.1) elimination of inter-segment transactions - 2004: \$162.6 million (2003: \$113.3 million)

(8.2) elimination of inter-segment transactions - 2004: \$117.1 million (2003: \$82.9 million)

(8.3) elimination of inter-segment transactions - 2004: \$69.7 million (2003: \$46.3 million)

(2) By Business Segments

in Singapore Dollars (millions)	Life Assurance Fund (Non-Linked)		Life Assurance Fund (Linked)		Consolidated	
	1st Half 2004	1st Half 2003	1st Half 2004	1st Half 2003	1st Half 2004	1st Half 2003
Premium income (net)	1,891.5	1,801.6	442.9	152.8	2,334.4	1,954.4
Investment, interest and rental income	1,639.5	210.3	(3.6)	134.3	1,635.9	344.6
(Increase in)/write-back of provision for impairment	(14.1)	30.0	-	-	(14.1)	30.0
<b>Total income</b>	<b>3,516.9</b>	<b>2,041.9</b>	<b>439.3</b>	<b>287.1</b>	<b>3,956.2</b>	<b>2,329.0</b>
Claims, surrenders and annuities	1,062.3	890.9	298.1	82.8	1,360.4	973.7
Commissions and expenses	234.4	232.5	42.0	6.6	276.4	239.1
Income tax	135.5	19.0	0.3	2.0	135.8	21.0
<b>Total expenses</b>	<b>1,432.2</b>	<b>1,142.4</b>	<b>340.4</b>	<b>91.4</b>	<b>1,772.6</b>	<b>1,233.8</b>
Share of results of associated companies	0.3	-	-	-	0.3	-
<b>Excess of income over expenses</b>	<b>2,085.0</b>	<b>899.5</b>	<b>98.9</b>	<b>195.7</b>	<b>2,183.9</b>	<b>1,095.2</b>
<b>Total assets employed</b>	<b>29,414.6</b>	<b>25,634.7</b>	<b>2,142.7</b>	<b>1,708.1</b>	<b>31,557.3</b>	<b>27,342.8</b>

## 9 REVIEW OF RESULTS

The financial statements of Great Eastern Holdings Limited (the "Company" or "GEH") and its subsidiaries for the second quarter of 2004 and six months ended 30 June 2004 have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The accounting policies and methods of computation applied are consistent with those used to prepare the Group's financial statements for 2003.

### 9.1 Profit attributable to shareholders

9.1.1 Group profit attributable to shareholders for the six months ended 30 June 2004 ("H1 04") increased 87% to S\$234.6 million over the S\$125.3 million for the corresponding period in 2003 ("H1 03"). The increase in the second quarter 2004 ("Q2 04") was 70%, or S\$144.9 million as against S\$85.2 million for the second quarter 2003 ("Q2 03").

9.1.2 Such improvement in profit, reflected mainly in three of the items shown in the Group profit and loss statements - the Non-Participating Fund, investment income and gain on sale of investments, included profit realised in Q2 04 from the disposal (the "Disposal") of investment in shares ("Disposal profit") as explained in paragraphs 10.1 and 10.2 below, totalling S\$71.0 million (post-tax) attributable to shareholders. Earnings per share for H1 04 rose 85% to 50 cents, from 27 cents in H1 03, or 72% in Q2 04 to 31 cents, from 18 cents in Q2 03. Return on equity improved 3.7 percentage points to 11.1% as at 30 June 2004, compared with 7.4% as at 30 June 2003.

9.1.3 If the above one-off investment profit from the Disposal was excluded, the overall performance in H1 04 would still be 31% higher than H1 03, but that of Q2 04 would be 13% below the results of Q2 03. However, Q2 03 profit included S\$26.6 million for a write-back of provision for diminution in value of investments.

### 9.2 Profit from insurance operations (pre-tax)

9.2.1 Pre-tax profit from the life assurance operations (from the Participating, Non-Participating and Investment-Linked Funds) for H1 04 rose 82% to S\$200.3 million, from S\$110.3 million for H1 03; for Q2 04 the increase was 59% to S\$123.9 million from S\$78.1 million in Q2 03. This was due substantially to increased profit of the Non-Participating Fund arising mainly from the Disposal. This boosted the Non-Participating Fund profit by 126% to S\$134.2 million in H1 04, from S\$59.5 million in H1 03; and for Q2 04 by 69% to S\$87.8 million, from S\$52.0 million in Q2 03. Profit from the Investment-Linked Fund surged 135% in H1 04 to S\$23.3 million and 209% in Q2 04 to S\$14.5 million, compared with the corresponding periods in 2003.

9.2.2 Pre-tax profit from the general insurance operations for H1 04 of S\$21.6 million doubled that for H1 03; for Q2 04 the increase was 58% to S\$10.3 million against S\$6.5 million for Q2 03. The increase was due to gain on sale of investments and higher dividend income including a one-time special cash dividend from Robinson and Company Limited ("Robinson") of S\$3.6 million (gross).

### 9.3 Profit from investments (pre-tax)

Pre-tax profit from investments in the Shareholders' Fund rose 96% to S\$74.8 million in H1 04, over the S\$38.1 million for H1 03; for Q2 04 the increase was 154% to S\$50.5 million, from S\$19.9 million in Q2 03. This was attributable mainly to substantial investment gain arising from the Disposal and to higher investment income (including a one-time special cash dividend from Robinson of S\$3.1 million (gross)).

### 9.4 Management Expenses

Management expenses increased 72% to S\$9.1 million in H1 04 from S\$5.3 million in H1 03; in Q2 04, the increase was 100% or S\$6.4 million. The increase arose mainly from professional and advisory fees incurred in relation to the Disposal and the voluntary unconditional offer by OCBC for GEH (please refer to paragraphs 10.1 to 10.3 below)

### 9.5 Group Assets

The Group's Balance Sheet as at 30 June 2004 showed an overall 6% growth in total Group assets to S\$34.3 billion, compared to S\$32.4 billion as at 31 December 2003. Net asset value per share increased to S\$4.65 from S\$4.29 as at 31 December 2003.

### 9.6 Factors that may affect Group performance in next reporting and/or 12-month period

The stronger economic growth and improved operating environment in Singapore and Malaysia in H1 04 are expected to continue in the second half of 2004. Amidst positive economic prospects and a relatively stable interest rate environment, the Group is expected to maintain its market leadership in Singapore and in Malaysia with growing profitability despite keener competition.

Growth in investment linked products will continue to be an important business focus. Being now a subsidiary of OCBC, the GEH Group will be working more closely with OCBC to leverage on each other's capabilities and strengths and capitalise on revenue synergies, in particular in areas such as cross-selling and wealth management, in Singapore and in the region.

Recent regulatory changes proposed, including private pension plan and national health plan, will affect product design and development but the impact is likely to be favourable to the Group. Risk based capital, which will be introduced on 1 January 2005 for life and non-life insurers in Singapore, will not be unfavourable to the Group as Great Eastern's Life funds do not have high guaranteed-return products.

The Group's existing business strategies that should enable it to achieve its 2008 Vision remain relevant, notwithstanding the fact that performance will continue to be affected by uncertainties in the equity, foreign exchange and money markets.

### 9.7 Results unaudited

The consolidated Group financial results for the second quarter and for the six months ended 30 June 2004 have not been audited or reviewed by the Group's auditors.

## 10 UPDATE ON THE GROUP'S DISPOSAL OF SHARES IN OCBC AND THE VOLUNTARY UNCONDITIONAL OFFER BY OCBC FOR GEH

- 10.1 Following approval by the shareholders at an extraordinary general meeting of the Company on 22 April 2004, the wholly-owned subsidiaries, The Great Eastern Life Assurance Company Limited, The Overseas Assurance Corporation Limited and Great Eastern Life Assurance (Malaysia) Berhad disposed (the "Disposal") of an aggregate of 80,192,220 stock units in the share capital of Oversea-Chinese Banking Corporation Limited ("OCBC") pursuant to a selective capital reduction (the "SCR") undertaken by OCBC, effected and completed on 28 May 2004.
- 10.2 The cash payment received from OCBC, of S\$12.3639 for each OCBC stock unit cancelled pursuant to the SCR, totalled S\$991.5 million of which about S\$126.0 million was received in the form of a deemed Singapore tax exempt dividend. The portion of the Disposal profit, including tax exempt dividend, attributable to the shareholders totalled S\$71.0 million (post-tax) and this has been duly included in the Q2 04 results.
- 10.3 OCBC issued an offer document ("Offer Document") dated 17 May 2004 containing the terms of the voluntary unconditional offer ("Offer") by OCBC for GEH. Included therein was a proposal (the "Options Proposal") to the holders ("GEH Optionholders") of the share options issued by GEH pursuant to Great Eastern Holdings Executives' Share Option Scheme ("Option Scheme"), to accept the Options Proposal and thereby waiving their rights to exercise those share options, so as to receive new OCBC shares on such terms as set out in the Offer Document. (Under the rules of the Option Scheme, in the event of a takeover offer being made for the shares of GEH and subject to certain additional requirements, all share options yet unexercised become vested and exercisable within a period of six months from the date such offer becomes unconditional. Thereafter any options remaining unexercised shall lapse).
- 10.4 Consequent to the Offer and the vesting of all the share options, as explained in above paragraph 10.3, the number of share options exercised during Q2 04 was considerably higher than in the previous quarter, but the total number of options exercisable was correspondingly reduced by acceptances of the Options Proposal by the GEH Optionholders. The remaining outstanding options as at 30 June 2004 is disclosed under paragraph 11.
- 10.5 On 28 May 2004, OCBC announced, *inter alia*, that GEH had become a 65.97%-owned subsidiary of OCBC. Upon the close of OCBC's Offer on 30 June 2004, OCBC's shareholding in GEH increased to 81.09%.

## 11 CHANGES IN ISSUED SHARE CAPITAL

The Company issued 1,344,900 new ordinary shares of 50 cents each in H1 04 including 1,197,200 shares in Q2 04, arising from the exercise of share options in accordance with Great Eastern Holdings Executives' Share Option Scheme.

Total issued and paid up shares in the share capital of the Company increased to 472,803,669 as at 30 June 2004 from 471,606,469 as at 31 March 2004 and 471,458,769 as at 31 December 2003.

As at 30 June 2004, there were outstanding options to subscribe for 574,100 (30 June 2003: 6,617,850) new ordinary shares of 50 cents each in the share capital of the Company. The reason for the substantial decrease in outstanding options is explained in above paragraphs 10.3 and 10.4.

## 12 BORROWINGS, CONTINGENT LIABILITIES AND LONG TERM LIABILITIES

There were no borrowings or contingent liabilities for the Group as at 30 June 2004 (30 June 2003: nil) as the Group has strong liquidity for its business operations.

Liabilities in relation to the provision of long term financial protection and financial services have been computed in accordance with provisions of the Insurance Regulations in the respective jurisdictions in which the Group operates. The long term liability reserves and fund surplus reserves in the insurance funds are as set out below:

in Singapore Dollars (millions)	Life Assurance Fund		General Insurance Fund	
	30 Jun 2004	31 Dec 2003	30 Jun 2004	31 Dec 2003
Long Term Liability Reserves	24,635.6	23,537.9	52.9	54.0
Fund Surplus Reserves	4,388.4	4,018.2	85.7	90.8
	29,024.0	27,556.1	138.6	144.8

## 13 DIVIDENDS

The Board of Directors is pleased to declare interim and special dividends, in respect of the year ending 31 December 2004, detailed as follows:

	2004		2003	
	Cents per ordinary share of 50 cents each (gross)	S\$ million (net)	Cents per ordinary share of 50 cents each (gross)	S\$ million (net)
i) First interim dividend, less 20% Singapore income tax (2003: less 22% income tax)	7.0	26.48	6.0	22.06
ii) Special interim dividend, less 20% Singapore income tax (2003: nil)	5.0	18.91	nil	nil
<b>Total Interim Dividends Payable</b>	<b>12.0</b>	<b>45.39</b>	6.0	22.06

The above dividends will be payable on 7 September 2004.

## 14 CLOSURE OF BOOKS

NOTICE IS HEREBY GIVEN that the Share Transfer Books and the Register of Members of the Company will be closed from 24 August 2004 to 25 August 2004 (both dates inclusive). Duly completed registrable transfers received by the Company's Share Registrar, KPMG at 138 Robinson Road #17-00, The Corporate Office, Singapore 068906 up to 5.00 p.m. on 23 August 2004 will be registered to determine shareholders' entitlements to the interim dividend. Subject as aforesaid, Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares as at 5.00 p.m. on 23 August 2004 will be entitled to the interim dividends.

BY ORDER OF THE BOARD

Elizabeth Teoh  
Group Company Secretary  
Singapore  
5 August 2004