

GREAT EASTERN HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199903008M)

FINANCIAL RESULTS FOR SECOND QUARTER AND FIRST HALF 2005

The Board of Directors of Great Eastern Holdings Limited is pleased to announce the unaudited financial results for the second quarter and for the half year ended 30 June 2005:

1 GROUP PROFIT AND LOSS STATEMENTS

in Singapore Dollars (millions)	1st Half 2005	1st Half 2004	%	2nd Qtr 2005	2nd Qtr 2004	%
			+ / (-)			
Turnover ^(1.1)	3,167.2	4,261.4	(26)	1,621.6	2,294.1	(29)
Gross Premiums	2,175.1	2,437.9	(11)	1,132.9	1,153.5	(2)
Life assurance profit from:						
Participating Fund	45.9	42.8	7	23.8	21.6	10
Non-participating Fund	106.6	134.2	(21)	54.6	87.8	(38)
Investment-linked Fund	16.9	23.3	(27)	4.0	14.5	(72)
Profit from life assurance	169.4	200.3	(15)	82.4	123.9	(33)
Profit from general insurance	25.0	21.6	16	19.3	10.3	87
Profit from insurance operations	194.4	221.9	(12)	101.7	134.2	(24)
Investment income, net	25.6	36.8	(30)	14.4	25.5	(44)
Interest income	6.4	3.5	83	2.9	1.8	61
Gain on sale of investments and changes in fair value	5.9	34.7	(83)	1.6	21.2	(92)
Exchange differences	(5.4)	(0.2)	nm	(2.4)	2.0	(220)
Profit from investments	32.5	74.8	(57)	16.5	50.5	(67)
Fees and other income	25.6	17.5	46	16.7	9.4	78
Profit before expenses	252.5	314.2	(20)	134.9	194.1	(30)
less:						
Management and other expenses	11.6	9.1	27	7.1	6.4	11
Depreciation and amortisation	0.4	0.3	33	0.2	0.2	-
Expenses	12.0	9.4	28	7.3	6.6	11
Profit before income tax	240.5	304.8	(21)	127.6	187.5	(32)
less: Income tax	44.9	68.0	(34)	23.4	41.3	(43)
Profit after income tax ^(1.2)	195.6	236.8	(17)	104.2	146.2	(29)
Profit attributable to:						
Shareholders	190.9	234.6	(19)	100.6	144.9	(31)
Minority interest	4.7	2.2	114	3.6	1.3	177
	195.6	236.8	(17)	104.2	146.2	(29)
Basic earnings per share (in Singapore cents)	40 cents	50 cents		21 cents	31 cents	
Diluted earnings per share (in Singapore cents)	40 cents	50 cents		21 cents	31 cents	

nm - not meaningful
^(1.1) Turnover for the Group is derived from the summation of components as follows: (i) Gross 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, Gross 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, Gross 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.

^(1.2) Profit after income tax for 1st Half 2004 and 2nd Quarter 2004 included a one-time gain of S\$71.0 million from the disposal of the Group's shareholdings in OCBC pursuant to OCBC's selective capital reduction exercise, completed on 28 May 2004.

2. BALANCE SHEETS

in Singapore Dollars (millions)	Group			Company		
	30 Jun 2005	31 Dec 2004	% + / (-)	30 Jun 2005	31 Dec 2004	% + / (-)
Share capital						
Authorised	1,000.0	1,000.0	-	1,000.0	1,000.0	-
Issued and fully paid	236.7	236.7	-	236.7	236.7	-
Share premium	10.7	10.7	-	10.7	10.7	-
Reserves						
Merger reserve	200.8	164.9	22	620.0	620.0	-
Translation reserve	(8.5)	(14.6)	42	-	-	-
Fair value reserve	116.3	94.3	23	-	-	-
Accumulated profit	1,936.5	1,832.7	6	904.8	991.7	(9)
SHAREHOLDERS' FUND	2,492.5	2,324.7	7	1,772.2	1,859.1	(5)
MINORITY INTERESTS	36.6	11.8	210	-	-	-
TOTAL EQUITY	2,529.1	2,336.5	8	1,772.2	1,859.1	(5)
LIABILITIES						
Income tax	191.5	232.1	(17)	(0.1)	(0.5)	80
Other creditors and interfund balances	997.0	968.2	3	2.3	2.3	-
Unexpired risk reserve	32.1	34.8	(8)	-	-	-
Policy benefits	1,283.5	1,207.3	6	-	-	-
Claims admitted or intimated	143.7	130.8	10	-	-	-
Agents' retirement benefits	150.2	139.6	8	-	-	-
Deferred tax	261.6	267.4	(2)	(0.1)	(0.1)	-
General insurance fund contract liabilities	79.2	135.1	(41)	-	-	-
Life assurance fund contract liabilities	32,059.2	30,804.8	4	-	-	-
TOTAL EQUITY AND LIABILITIES	37,727.1	36,256.6	4	1,774.3	1,860.8	(5)
ASSETS						
Cash and bank balances	434.3	657.4	(34)	2.8	2.7	4
Cash on deposit	3,111.2	4,212.4	(26)	227.9	271.7	(16)
Other debtors and interfund balances	976.8	976.4	-	0.2	0.3	(33)
Outstanding premiums	110.7	153.0	(28)	-	-	-
Properties held for sale	50.2	82.1	(39)	-	-	-
Investments	31,592.2	28,698.6	10	2.0	2.0	-
Associated companies	120.4	150.5	(20)	-	-	-
Subsidiary companies	-	-	-	1,541.4	1,584.1	(3)
Intangible assets	31.7	32.9	(4)	-	-	-
Property, plant and equipment	1,299.6	1,293.3	-	-	-	-
TOTAL ASSETS	37,727.1	36,256.6	4	1,774.3	1,860.8	(5)
Net Asset Value per share (S\$)	5.27	4.91	7	3.74	3.93	(5)

3. SELECTED MANAGEMENT EXPENSES

in Singapore Dollars (millions)	Shareholders' and General Insurance Funds		Life Assurance Fund	
	1st Half 2005	1st Half 2004	1st Half 2005	1st Half 2004
Directors' remuneration				
Directors of the Company	0.1	0.2	0.9	0.8
Auditors' remuneration				
Audit fees paid to auditors of the Company	0.1	0.2	0.3	0.2
Audit fees paid to other auditors	0.1	0.1	0.1	-
Other fees paid to auditors of the Company	0.1	0.1	0.1	0.1
Staff costs and related expenses	10.4	7.9	51.8	50.7
Rental expense	1.1	0.7	5.2	5.9
Loss/(gain) on disposal of property, plant and equipment	-	-	(0.1)	-
Depreciation and amortisation	0.6	0.6	14.7	15.6

4. GROUP FINANCIAL HIGHLIGHTS

		Group		
		1st Half 2005	1st Half 2004	% + / (-)
Turnover	(S\$ millions)	3,167.2	4,261.4	(26)
Gross Premiums	(S\$ millions)	2,175.1	2,437.9	(11)
Total Assets	(S\$ millions)	37,727.1	34,265.4	10
Profit Attributable to Shareholders	(S\$ millions)	190.9	234.6	(19)
Shareholders' Fund	(S\$ millions)	2,492.5	2,201.0	13
Profit After Tax before Minority Interests as a % of Turnover	%	6.2%	5.6%	0.6 pp
Return on Equity (average Shareholders' Fund)	%	7.9%	11.1%	-3.2 pp
Gross Premium Growth	%	-10.8%	18.9%	-29.7 pp

5. GROUP STATEMENT OF CHANGES IN EQUITY

in Singapore Dollars (millions)	Attributable to Shareholders of the Group						Total	Minority Interest	Total Equity
	Share Capital	Share Premium	Merger Reserve	Translation Reserve	Fair Value Reserve	Accumulated Profit			
Balance at 1 January 2005	236.7	10.7	164.9	(14.6)	94.3	1,832.7	2,324.7	11.8	2,336.5
Net profit/(loss) recognised directly in equity for period ended 30 June 2005:									
Exchange differences arising on translation of overseas entities	-	-	-	6.1	-	-	6.1	-	6.1
Current period movements in Fair Value Reserve:									
Fair value changes on remeasuring available-for-sale investments	-	-	-	-	36.9	-	36.9	-	36.9
Fair value changes transferred to Profit and Loss Statement during the period	-	-	-	-	(7.0)	-	(7.0)	-	(7.0)
Deferred tax on fair value changes	-	-	-	-	(7.9)	-	(7.9)	-	(7.9)
Net profit/(loss) recognised directly in equity	-	-	-	6.1	22.0	-	28.1	-	28.1
Net profit for the period	-	-	-	-	-	190.9	190.9	4.7	195.6
Total recognised profit/(loss) for the period	-	-	-	6.1	22.0	190.9	219.0	4.7	223.7
Dividends declared in the period:									
Final and special final dividends for the previous year (net of 20% Singapore Tax)	-	-	-	-	-	(87.1)	(87.1)	-	(87.1)
Release of reserve from General Insurance Fund	-	-	35.9	-	-	-	35.9	-	35.9
Dilution of shareholdings	-	-	-	-	-	-	-	20.1	20.1
Balance at 30 June 2005	236.7	10.7	200.8	(8.5)	116.3	1,936.5	2,492.5	36.6	2,529.1
Balance at 1 January 2004	235.7	0.8	141.9	(8.7)	110.2	1,544.1	2,024.0	9.0	2,033.0
Net profit/(loss) recognised directly in equity for period ended 30 June 2004:									
Exchange differences arising on translation of overseas entities	-	-	-	0.2	-	-	0.2	-	0.2
Current period movements in Fair Value Reserve:									
Fair value changes on remeasuring available-for-sale investments	-	-	-	-	58.1	-	58.1	-	58.1
Fair value changes transferred to Profit and Loss Statement during the period	-	-	-	-	(91.8)	-	(91.8)	-	(91.8)
Deferred tax on fair value changes	-	-	-	-	31.2	-	31.2	-	31.2
Transfer from Fair Value Reserve to Merger Reserve	-	-	20.9	-	(20.9)	-	-	-	-
Deferred tax - effect of change in tax rate	-	-	2.1	-	2.6	-	4.7	-	4.7
Net profit/(loss) recognised directly in equity	-	-	23.0	0.2	(20.8)	-	2.4	-	2.4
Net profit for the period	-	-	-	-	-	234.6	234.6	2.2	236.8
Total recognised profit/(loss) for the period	-	-	23.0	0.2	(20.8)	234.6	237.0	2.2	239.2
Dividends paid for the period:									
Final dividend for the previous year (net of 20% Singapore Tax)	-	-	-	-	-	(67.9)	(67.9)	-	(67.9)
Issue of shares arising from exercise of share options	0.7	7.2	-	-	-	-	7.9	-	7.9
Balance at 30 June 2004	236.4	8.0	164.9	(8.5)	89.4	1,710.8	2,201.0	11.2	2,212.2

5.1 GROUP STATEMENT OF CHANGES IN EQUITY

in Singapore Dollars (millions)	Attributable to Shareholders of the Group						Total	Minority Interest	Total Equity
	Share Capital	Share Premium	Merger Reserve	Translation Reserve	Fair Value Reserve	Accumulated Profit			
Balance at 1 April 2005	236.7	10.7	164.9	(12.1)	95.2	1,835.9	2,331.3	12.9	2,344.2
Net profit/(loss) recognised directly in equity for period ended 30 June 2005:									
Exchange differences arising on translation of overseas entities	-	-	-	3.6	-	-	3.6	-	3.6
Current period movements in Fair Value Reserve:									
Fair value changes on remeasuring available-for-sale investments	-	-	-	-	29.8	-	29.8	-	29.8
Fair value changes transferred to Profit and Loss Statement during the period	-	-	-	-	(2.2)	-	(2.2)	-	(2.2)
Deferred tax on fair value changes	-	-	-	-	(6.5)	-	(6.5)	-	(6.5)
Net profit/(loss) recognised directly in equity	-	-	-	3.6	21.1	-	24.7	-	24.7
Net profit for the period	-	-	-	-	-	100.6	100.6	3.6	104.2
Total recognised profit/(loss) for the period	-	-	-	3.6	21.1	100.6	125.3	3.6	128.9
Release of reserve from General Insurance Fund	-	-	35.9	-	-	-	35.9	-	35.9
Dilution of shareholdings	-	-	-	-	-	-	-	20.1	20.1
Balance at 30 June 2005	236.7	10.7	200.8	(8.5)	116.3	1,936.5	2,492.5	36.6	2,529.1
Balance at 1 April 2004	235.8	1.4	144.0	(12.8)	143.4	1,633.8	2,145.6	9.9	2,155.5
Net profit/(loss) recognised directly in equity for period ended 30 June 2004:									
Exchange differences arising on translation of overseas entities	-	-	-	4.3	-	-	4.3	-	4.3
Current period movements in Fair Value Reserve:									
Fair value changes on remeasuring available-for-sale investments	-	-	-	-	5.3	-	5.3	-	5.3
Fair value changes transferred to Profit and Loss Statement during the period	-	-	-	-	(77.6)	-	(77.6)	-	(77.6)
Deferred tax on fair value changes	-	-	-	-	39.2	-	39.2	-	39.2
Transfer from Fair Value Reserve to Merger Reserve	-	-	20.9	-	(20.9)	-	-	-	-
Net profit/(loss) recognised directly in equity	-	-	20.9	4.3	(54.0)	-	(28.8)	-	(28.8)
Net profit for the period	-	-	-	-	-	144.9	144.9	1.3	146.2
Total recognised profit/(loss) for the period	-	-	20.9	4.3	(54.0)	144.9	116.1	1.3	117.4
Dividends paid for the period:									
Final dividend for the previous year (net of 20% Singapore Tax)	-	-	-	-	-	(67.9)	(67.9)	-	(67.9)
Issue of shares arising from exercise of share options	0.6	6.6	-	-	-	-	7.2	-	7.2
Balance at 30 June 2004	236.4	8.0	164.9	(8.5)	89.4	1,710.8	2,201.0	11.2	2,212.2

6. COMPANY STATEMENT OF CHANGES IN EQUITY

in Singapore Dollars (millions)	Share Capital	Share Premium	Merger Reserve	Accumulated Profit	Total
Balance at 1 January 2005	236.7	10.7	620.0	991.7	1,859.1
Net profit for the period	-	-	-	0.2	0.2
Dividends declared in the period:					
Final and special final dividends for the previous year (net of 20% Singapore Tax)	-	-	-	(87.1)	(87.1)
Balance at 30 June 2005	236.7	10.7	620.0	904.8	1,772.2
Balance at 1 January 2004	235.7	0.8	620.0	890.1	1,746.6
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
Balance at 30 June 2004	236.4	8.0	620.0	818.7	1,683.1

6.1 COMPANY STATEMENT OF CHANGES IN EQUITY

in Singapore Dollars (millions)	Share Capital	Share Premium	Merger Reserve	Accumulated Profit	Total
Balance at 1 April 2005	236.7	10.7	620.0	904.8	1,772.2
Total recognised profit/(loss) for the period	-	-	-	-	-
Balance at 30 June 2005	236.7	10.7	620.0	904.8	1,772.2
Balance at 1 April 2004	235.8	1.4	620.0	890.2	1,747.4
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
Balance at 30 June 2004	236.4	8.0	620.0	818.7	1,683.1

7 CONSOLIDATED STATEMENT OF CASH FLOWS

in Singapore Dollars (millions)	1st Half 2005	1st Half 2004	2nd Qtr 2005	2nd Qtr 2004
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	240.5	304.8	127.6	187.5
Excess of income over expenses before income tax from life assurance revenue statement	1,254.0	2,319.7	665.6	1,354.3
Excess of income over expenses before income tax from general insurance revenue statement	10.7	17.6	5.3	3.5
Adjustments for non-cash items:				
Surplus transferred from life assurance fund but not yet withdrawn	(169.4)	(200.3)	(82.4)	(123.9)
Profit transferred from general insurance fund but not yet withdrawn	(25.0)	(21.6)	(19.3)	(10.3)
Share of results of associated companies	0.1	(0.3)	(0.2)	(0.2)
Amortisation of difference in purchase consideration over nominal value of government securities, loan stocks and bonds	5.6	8.9	(2.2)	5.7
Gain on sale of investments and changes in fair value	(205.2)	(972.5)	(109.0)	(603.8)
Loss on sale of properties held for sale	4.6	-	2.8	-
(Write-back of)/Increase in provision for impairment of assets	(3.1)	14.1	(2.3)	12.4
Agents' retirement benefits	8.7	7.1	4.8	3.8
Loss/(Gain) on disposal of property, plant and equipment	(0.1)	-	(0.1)	-
Increase in reserves during the period	3.0	1.6	1.7	2.0
Depreciation and amortisation	15.3	16.2	8.1	9.5
Exchange difference	15.4	4.6	3.4	(26.0)
	1,155.1	1,499.9	603.8	814.5
Changes in working capital:				
Outstanding premiums	42.3	27.8	14.8	(8.1)
Other debtors	2.5	(91.9)	145.0	22.2
Claims admitted or intimated	12.9	1.4	4.7	(4.9)
Policy benefits	76.2	59.4	53.3	50.0
Unexpired risk reserve	4.3	1.9	1.5	(0.4)
Other creditors	21.8	161.9	(270.1)	54.1
Cash generated from operations	1,315.1	1,660.4	553.0	927.4
Income tax paid	(120.5)	(73.0)	(69.8)	(36.0)
Agents' retirement benefits paid	(2.5)	(1.8)	(1.4)	(1.0)
Net cash flows from operating activities	1,192.1	1,585.6	481.8	890.4
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investments	6,442.8	7,545.1	3,407.0	3,575.5
Purchase of investments	(9,267.5)	(7,976.2)	(4,963.2)	(4,166.5)
Proceeds from sale of properties held for sale	30.1	0.5	19.2	0.5
Capital injection in associated company	(11.8)	-	(11.8)	-
Repayment of loan by associated company	12.0	(3.1)	12.0	(3.1)
Proceeds from liquidation of associated company	29.8	-	29.8	-
Acquisition of a subsidiary company, net of cash acquired	21.1	-	21.1	-
Proceeds from sale of property, plant and equipment	27.0	141.0	12.5	141.0
Purchase of property, plant and equipment	(37.1)	(108.6)	(19.6)	(81.6)
Net cash flows used in investing activities	(2,753.6)	(401.3)	(1,493.0)	(534.2)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(87.1)	(67.9)	(87.1)	(67.9)
Issue of shares arising from exercise of share options	-	7.9	-	7.2
Net cash flows used in financing activities	(87.1)	(60.0)	(87.1)	(60.7)
Net effect of translation reserve adjustment	324.3	104.7	224.7	246.2
Net (decrease)/increase in cash and cash equivalents	(1,324.3)	1,229.0	(873.6)	541.7
Cash and cash equivalents at the beginning of the period	4,869.8	4,140.0	4,419.1	4,827.3
Cash and cash equivalents at the end of the period	3,545.5	5,369.0	3,545.5	5,369.0

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

8 GROUP SEGMENTAL INFORMATION

(A) By Geographical Segments

in Singapore Dollars (millions)	Singapore		Malaysia		Other ASEAN		Consolidated	
	1st Half 2005	1st Half 2004	1st Half 2005	1st Half 2004	1st Half 2005	1st Half 2004	1st Half 2005	1st Half 2004
(a) Life Assurance Fund								
Premium income (net)	1,265.2	1,579.1	807.1	747.1	9.9	8.2	2,082.2	2,334.4
Investment, interest and rental income	452.2	981.5	356.5	648.4	3.6	6.0	812.3	1,635.9
Write-back of/(Increase in) provision for impairment of assets	3.1	(14.1)	-	-	-	-	3.1	(14.1)
Total income	1,720.5	2,546.5	1,163.6	1,395.5	13.5	14.2	2,897.6	3,956.2
Claims, surrenders and annuities	981.9	1,010.8	372.1	344.7	7.3	4.9	1,361.3	1,360.4
Depreciation and amortisation	11.1	11.1	3.5	4.5	0.1	-	14.7	15.6
Commissions and expenses	100.0	99.2	165.9	159.6	1.6	2.0	267.5	260.8
Income tax	1.2	77.8	27.1	57.4	0.1	0.6	28.4	135.8
Total expenses	1,094.2	1,198.9	568.6	566.2	9.1	7.5	1,671.9	1,772.6
Share of results of associated companies	(0.1)	0.3	-	-	-	-	(0.1)	0.3
Excess of income over expenses	626.2	1,347.9	595.0	829.3	4.4	6.7	1,225.6	2,183.9
Total assets employed	22,628.3	20,502.1	11,968.2	10,865.9	196.2	189.3	34,792.7	31,557.3
Capital expenditure	28.8	34.4	7.7	75.9	0.2	0.1	36.7	110.4
Property, plant and equipment	1,005.3	1,119.6	289.5	304.6	0.4	0.3	1,295.2	1,424.5
Intangible assets	13.4	-	18.3	-	-	-	31.7	-
Investments:	19,135.1	16,022.6	10,618.7	8,848.0	165.4	154.3	29,919.2	25,024.9
Government securities, loan stocks and bonds	10,899.5	9,043.8	6,084.4	4,621.3	90.7	73.5	17,074.6	13,738.6
i. Quoted equity in corporations	5,585.6	4,771.3	3,042.5	2,717.2	48.4	57.9	8,676.5	7,546.4
ii. Unquoted equity in corporations	19.9	19.3	40.5	18.2	0.5	0.5	60.9	38.0
iii. Collective investment schemes	1,078.8	585.5	7.7	8.5	7.2	3.6	1,093.7	597.6
iv. Derivatives and embedded derivatives	427.2	184.3	2.0	14.7	0.9	1.1	430.1	200.1
v. Policy loans	853.5	835.8	1,090.0	1,053.0	17.7	17.7	1,961.2	1,906.5
vi. Unsecured loans	0.2	0.4	0.1	0.1	-	-	0.3	0.5
vii. Secured loans	270.4	582.2	351.5	415.0	-	-	621.9	997.2
Cash and bank balances	1,870.5	2,739.6	858.8	1,545.0	26.7	27.2	2,756.0	4,311.8
(b) General Insurance Fund								
Premium income (net)	16.3	22.5	19.0	16.9	0.2	0.1	35.5	39.5
Increase in unexpired risk reserve during the period	(2.8)	(1.5)	(1.5)	(0.4)	-	-	(4.3)	(1.9)
Claims and increase in loss reserve	(8.8)	(9.9)	(9.0)	(9.6)	-	-	(17.8)	(19.5)
Depreciation and amortisation	(0.1)	(0.2)	(0.1)	(0.1)	-	-	(0.2)	(0.3)
Commissions and expenses	(5.1)	(6.8)	(5.6)	(4.4)	-	(0.1)	(10.7)	(11.3)
Net underwriting (loss)/profit	(0.5)	4.1	2.8	2.4	0.2	-	2.5	6.5
Investment and interest income	4.6	7.3	3.6	3.8	-	-	8.2	11.1
Total assets employed	111.4	155.8	117.7	125.1	1.0	1.2	230.1	282.1
Capital expenditure	-	0.1	0.1	0.1	-	-	0.1	0.2
(c) Shareholders' Fund								
Profit from insurance operations	106.0	112.8	88.2	104.6	0.2	4.5	194.4	221.9
Profit from investments ^(8.1)	245.5	232.0	4.1	4.4	-	1.0	32.5	74.8
Fees and other income	25.6	17.5	-	-	-	-	25.6	17.5
Profit before expenses^(8.1)	377.1	362.3	92.3	109.0	0.2	5.5	252.5	314.2
Depreciation and amortisation	0.4	0.3	-	-	-	-	0.4	0.3
Profit attributable to shareholders^(8.2)	281.1	267.1	66.1	79.1	0.2	5.5	190.9	234.6
Total assets employed^(8.3)	2,567.6	2,247.2	203.1	238.5	2.1	10.0	2,704.3	2,426.0
Capital expenditure	-	0.8	0.3	-	-	-	0.3	0.8

^(8.1) elimination of inter-segment transactions – 2005: \$217.1 million (2004: \$162.6 million)

^(8.2) elimination of inter-segment transactions – 2005: \$156.5 million (2004: \$117.1 million)

^(8.3) elimination of inter-segment transactions – 2005: \$68.5 million (2004: \$69.7 million)

8 GROUP SEGMENTAL INFORMATION

(B) By Business Segments

in Singapore Dollars (millions)	Life Assurance Fund (Non-Linked)		Life Assurance Fund (Linked)		Consolidated	
	1st Half 2005	1st Half 2004	1st Half 2005	1st Half 2004	1st Half 2005	1st Half 2004
Premium income (net)	1,801.2	1,891.5	281.0	442.9	2,082.2	2,334.4
Investment, interest and rental income	766.9	1,639.5	45.4	(3.6)	812.3	1,635.9
Write-back of/(Increase in) provision for impairment of assets	3.1	(14.1)	-	-	3.1	(14.1)
Total income	2,571.2	3,516.9	326.4	439.3	2,897.6	3,956.2
Claims, surrenders and annuities	1,119.6	1,062.3	241.7	298.1	1,361.3	1,360.4
Depreciation and amortisation	14.3	15.5	0.4	0.1	14.7	15.6
Commissions and expenses	205.3	218.9	62.2	41.9	267.5	260.8
Income tax	26.2	135.5	2.2	0.3	28.4	135.8
Total expenses	1,365.4	1,432.2	306.5	340.4	1,671.9	1,772.6
Share of results of associated companies	(0.1)	0.3	-	-	(0.1)	0.3
Excess of income over expenses	1,205.7	2,085.0	19.9	98.9	1,225.6	2,183.9
Total assets employed	32,413.0	29,414.6	2,379.7	2,142.7	34,792.7	31,557.3
Capital expenditure	36.7	110.4	-	-	36.7	110.4

9 REVIEW OF RESULTS

The financial statements of Great Eastern Holdings Limited ("GEH") and its subsidiaries for the second quarter of 2005 ("Q2 05") and for the half year ended 30 June 2005 ("H1 05") 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 2004, except as disclosed in paragraph 10 below.

9.1 Profit attributable to shareholders

9.1.1 Group profit attributable to shareholders in Q2 05 was S\$100.6 million, an increase of 36% over the same period last year, if the one-time gain of S\$71.0 million recorded in Q2 04 was excluded from the comparison. Similarly, the profit in H1 05 of S\$190.9 million would have shown an increase of 17% over H1 04.

9.1.2 This one-time gain arose from the disposal (the "Disposal") of the Group's shareholdings in OCBC pursuant to OCBC's selective capital reduction exercise completed on 28 May 2004. The profit from the Disposal was reflected in three items in the Group 2004 profit and loss statements i) life assurance profit from the Non-Participating Fund, (ii) investment income and (iii) gain on sale of investments and changes in fair value.

9.1.3 Including the one-time gain in the comparison, the profit for Q2 05 and for H1 05 showed a decrease of 31% and 19% respectively against the corresponding comparatives in 2004.

9.2 Pre-tax profit from insurance operations

9.2.1 Pre-tax profit from insurance operations totalled S\$101.7 million in Q2 05, an increase of 29%, without the Disposal gain in the comparison. Similarly, the growth in H1 05 was 17% to S\$194.4 million.

9.2.2 Pre-tax profit from life assurance operations (from the Participating, Non-Participating and Investment-Linked Funds) for Q2 05 of S\$82.4 million showed an increase of 20% over the corresponding period in 2004, without the Disposal gain in 2004. The increase in H1 05 was 17% to S\$169.4 million.

The Non-Participating Fund would have shown a pre-tax profit increase of 67% in Q2 05 (35% for H1 05) over the corresponding 2004 figures. The higher profit in 2005 was due to improved investment returns in both the equity and fixed income portfolios.

Pre-tax profit from the Investment-Linked Fund for Q2 05 decreased by 72% to S\$4.0 million (decreased by 27% to S\$16.9 million for H1 05), due primarily to a one-time understatement of certain commission expenses in the Malaysian operations in 2004 of S\$7.6 million, now recognised in Q2 05.

- 9.2.3 Pre-tax profit from the general insurance ("GI") operations for Q2 05 rose by 87% to S\$19.3 million (16% increase to S\$25.0 million for H1 05), due to the release of the fund solvency margin of S\$17.6 million, after the closure of the GI fund of one of the Group's Singapore insurance subsidiaries, Great Eastern Life Assurance Company Ltd ("GEL"), following the transfer of such operations to GEL's Non-Participating Fund in Q2 05.
- 9.3 Pre-tax profit from investments of Shareholders' Fund
- Pre-tax profit from investments of the Shareholders' Fund for Q2 05 amounted to S\$16.5 million, an increase of 5% over Q2 04, if the profit of S\$34.8 million from the Disposal was excluded. For H1 05, the pre-tax investment profit amounted to S\$32.5 million, a decline of 19% over the same period last year. However, including the Disposal gain in the comparison, the decrease was 57% compared to S\$74.8 million in H1 04.
- 9.4 Fees and other income, pre-tax
- The fees and other income, pre-tax, in the Shareholders' Fund for Q2 05 rose 78% to S\$16.7 million, as compared to S\$9.4 million in Q2 04. Increased fee income was contributed by the Group's asset management and financial advisory subsidiaries -- Straits Lion Asset Management Limited ("SLAM"), Fairfield Straits Lion Asset Management Limited ("FSL") and Alpha Financial Advisers Private Limited ("Alpha"). Fee income in June 2005 also included a contribution from OCBC Asset Management Limited ("OAM") upon its merger with SLAM.
- Fees and other income for H1 05 totalled S\$25.6 million, 46% higher than the S\$17.5 million in H1 04. The higher fee income was principally due to an increase of 34% in assets under management (including collateralised debt obligations) by SLAM and FSL, rising to S\$27.5 billion as at 30 June 2005 compared to S\$20.5 billion as at 30 June 2004.
- 9.5 Management and Other Expenses
- Management and other expenses for Q2 05 totalling S\$7.1 million and for H1 05 totalling S\$11.6 million increased by 11% and 27% respectively over expenses in the corresponding periods in 2004. This increase was due mainly to (a) expenses incurred in the Group's regional expansion including expenses in connection with the application for a life assurance operating licence and the proposed setting up of a joint venture life assurance company in Chongqing, China, (b) increased operating costs relating to the Group's asset management and financial advisory services, and (c) inclusion of a new subsidiary, OAM. The expenses in Q2 04 and H1 04 included expenses and fees incurred in connection with the Disposal and the voluntary unconditional offer by OCBC for GEH.
- 9.6 Income Tax
- The income tax expense of S\$23.4 million for Q2 05 amounted to an effective tax rate of 21%, excluding the release of the fund solvency margin from GI fund (set out in item 9.2.3 above) which does not attract tax, as compared to 22% for Q2 04.
- The tax expense for H1 05 of S\$44.9 million included a tax refund of S\$4.8 million arising from the settlement of prior years' tax in Q1 05. Excluding the tax refund and the release of fund solvency margin from GI fund, the effective tax rate would have been 22% for H1 05, similar to the 22% for H1 04. The corporate tax rate is 20% in Singapore and 28% in Malaysia.
- 9.7 Earnings per Share, Return on Equity and Net Asset Value
- Earnings per share ("EPS") for H1 05 was 40 cents, an increase of 14% over the EPS for H1 04 of 35 cents if the one-time Disposal gain in H1 04 (which amounted to an EPS of 15 cents) was excluded in the comparison. When the Disposal gain was included, compared against the H1 04 EPS of 50 cents, there was a decrease of 20%.
- Return on equity for H1 05 of 7.9% would have been higher by 0.2 percentage points over the H1 04 comparative excluding the one-time Disposal gain in H1 04. With the inclusion of the Disposal gain, the H1 05 return on equity was lower by 3.2 percentage points against the comparative.
- Net asset value per share was S\$5.27 as at 30 June 2005, 7% higher than S\$4.91 as at 31 December 2004.
- 9.8 Group Assets
- The Group's total assets as at 30 June 2005 rose 4% to S\$37.7 billion, from S\$36.3 billion as at 31 December 2004.

10 ACCOUNTING POLICIES AND IMPLEMENTATION OF RISK-BASED CAPITAL FRAMEWORK BY SINGAPORE INSURERS

10.1 The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for Q2 05 and H1 05, consistent with the Group's audited financial statements for the year ended 31 December 2004. The following new Financial Reporting Standards ("FRS") that are mandatory for financial years beginning on or after 1 January 2005 have been adopted, in addition to the adoption of revisions to several existing FRS, as appropriate, that became applicable from 1 January 2005:

- (a) FRS 102 - Share-based Payment
- (b) FRS 103 - Business Combinations
- (c) FRS 104 - Insurance Contracts
- (d) FRS 105 - Non-current Assets Held for Sale and Discontinued Operations

The Group has adopted FRS 39 on "Financial Instruments: Recognition and Measurement" since 1 January 2002, although it became mandatory only from 1 January 2005.

The adoption of FRS 102 resulted in a change in the accounting policy for share-based payments. The costs of the grant of share options to employees are recognised as part of staff costs in the Profit and Loss or Revenue Statements of the respective insurance funds, based on fair value of the share options measured at the date of grant. In accordance with the transitional provisions in FRS 102, the new standard is applied to share options granted after 22 November 2002 that are not vested by 1 January 2005. As there were no outstanding share options under the GEH Executives Share Option Scheme as at 1 January 2005, no restatement of the 2004 comparatives is required under FRS 102. In April 2005, senior executives of the GEH Group were nominated to participate in the OCBC Share Option Scheme 2001. The fair value of the share options granted has been charged to the Group and expensed in accordance with FRS 102.

The adoption of the new and revised FRS does not have any major financial impact on the Group's results for Q2 05 and H1 05.

10.2 The new Insurance Regulations 2004 (the "Regulations") governing risk-based capital framework for insurers in Singapore came into effect on 1 January 2005 and the Group's insurance subsidiaries in Singapore are in compliance with the regulatory provisions. Each of the insurance funds is required under the Regulations to maintain a minimum 100% of regulatory risk capital within the respective funds. A one-time adjustment due to revision of accounting estimates was incorporated in Q2 05 which resulted in a lower profit from insurance operations of S\$24.6 million (post-tax).

11 UNAUDITED RESULTS

The consolidated Group financial results for the second quarter ended 30 June 2005 have not been audited or reviewed by the Group's auditors.

12 FACTORS THAT MAY AFFECT GROUP PERFORMANCE IN NEXT REPORTING AND/OR 12-MONTH PERIOD

12.1 The Group's performance is affected by the local, regional and global economic conditions and growth. Overall, the economic outlook remains positive. Earnings from the Group's insurance operations will continue to be sensitive to any substantial movements in the equity and foreign exchange markets and in interest rates. Malaysia's recent decision to adopt a managed float for the Ringgit exchange rate is likely to have an impact on the Group's assets and earnings. Given the positive economic backdrop, the Group expects to grow its insurance, asset management and financial advisory operations.

12.2 The Group, while preparing for the establishment of a joint venture life assurance operations in China, will continue to incur start up expenses. It may take a few years for the joint venture company to start contributing profits to the Group. Approval was received recently from the China Insurance Regulatory Commission for the Group to commence preparatory work to establish a joint venture life assurance company with a Chinese partner in Chongqing, China.

12.3 On 15 March 2005, the CPF Board announced the appointment of GEL as one of two insurers to manage its Dependants' Protection Scheme ("DPS" or the "Scheme") with effect from 17 September 2005. There are currently some 1.6 million DPS members, of which half will be randomly assigned to GEL. GEL will receive a one-time lump-sum premium of approximately S\$218 million and an annual premium of approximately S\$73 million from managing this Scheme. The one-time new business strain is estimated to be about S\$8 million, post-tax.

13 MERGER OF ASSET MANAGEMENT OPERATIONS OF GEH AND OCBC

Following the announcement on 8 June 2005 by both GEH and OCBC of the merger of the asset management operations of GEH and OCBC, the following transactions were completed on 10 June 2005: (1) acquisition by SLAM of 100% of OAM for a consideration of approximately S\$15.95 million, satisfied by the issuance of 973,048 new shares in the capital of SLAM at a price of approximately S\$16.39 per SLAM share. The consideration was arrived at based on the latest audited net asset values of SLAM and OAM respectively; (2) acquisition by GEH's wholly-owned subsidiary, Great Eastern International Private Limited ("GEI") of SLAM's 34% stake in Alpha for a cash consideration of S\$623,313.69 based on the latest audited net asset value of Alpha, thereby making Alpha a wholly-owned subsidiary of GEI. These transactions did not have a material impact on the net tangible assets or earnings per share of the Group for Q2 05 or H1 05.

14 BORROWINGS, CONTINGENT LIABILITIES AND LONG TERM LIABILITIES

14.1 There were no borrowings or contingent liabilities for the Group as at 30 June 2005 (30 June 2004: nil) as the Group has strong liquidity for its business operations.

14.2 As disclosed in the Group's Annual Report 2004, the Group's insurance subsidiary companies in Singapore were issued a protective tax assessment by the Inland Revenue Authority of Singapore ("IRAS") in respect of Year of Assessment 1998, which would have become time barred after 31 December 2004. The protective tax assessment disallowed the deduction of the Life Assurance Participating Fund's cost of bonus, whereas the deduction had been granted in previous years. In the event that the cost of bonus is not allowed as an expense for tax purposes, the Singapore Life Assurance Fund would be liable for an additional tax payment of approximately S\$283.5 million for the open years of assessment from 1998 to 2005. As the life insurance industry is in discussion with IRAS on this issue, the Directors consider that it is premature to make any provision.

15 ISSUED SHARE CAPITAL

The Company's issued and paid up share capital remained at S\$236,659,534.50 as at 30 June 2005, no change from that of 31 December 2004.

16 DIVIDEND

The Board of Directors is pleased to declare an interim dividend of 12 cents per ordinary share of 50 cents each, less 20% Singapore income tax, in respect of the financial year ending 31 December 2005 (2004: first and special interim dividends of 7 cents and 5 cents respectively, less 20% Singapore income tax).

The interim dividend will be payable on 7 September 2005.

17 CLOSURE OF BOOKS

NOTICE IS HEREBY GIVEN that the Share Transfer Books and the Register of Members of the Company will be closed on 25 August 2005 for the purpose of determining the entitlement of shareholders to the interim dividend of 12 cents less 20% Singapore income tax for every share of 50 cents held. 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 24 August 2005 will be registered to determine the entitlement of shareholders to the interim dividend. Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares as at 5.00 p.m. on 24 August 2005 will be entitled to the interim dividend.

BY ORDER OF THE BOARD

Elizabeth Teoh
Group Company Secretary
Singapore
8 August 2005