

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”) wishes to announce the following:

Unaudited Financial Results of GEH Group for the Second Quarter Ended 30 June 2009

For the quarter ended 30 June 2009, GEH Group reported Group Profit Attributable to Shareholders of \$97.7 million, an increase from \$15.7 million for the second quarter of 2008. 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 5 cents per ordinary share in respect of the financial year ending 31 December 2009, to be paid on 2 September 2009. (2008: 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 20 August 2009 for the purpose of determining the entitlement of shareholders to the interim dividend; 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 19 August 2009 will be registered to determine the entitlement of shareholders to the interim dividend; shareholders whose shares are in the securities accounts with The Central Depository (Pte) Limited as at 5.00 p.m. on 19 August 2009 will be entitled to the interim 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 2009 to be false or misleading in any material aspect.

By Order of the Board

Jennifer Wong Pakshong
Group Company Secretary

Singapore, 31 July 2009

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

FINANCIAL RESULTS FOR THE SECOND QUARTER AND FIRST HALF 2009

1 GROUP PROFIT AND LOSS STATEMENTS

in Singapore Dollars (millions)	1st Half 2009	1st Half 2008	% + / (-)	2nd Quarter 2009	2nd Quarter 2008	% + / (-)
Gross Written Premiums	2,424.5	3,585.8	(32)	1,248.8	1,975.9	(37)
Life assurance profit from:						
Participating Fund	56.3	49.4	14	27.2	23.9	14
Non-participating Fund	268.8	(40.7)	nm	74.2	(11.0)	nm
Investment-linked Fund	65.1	31.4	107	23.3	20.3	15
Profit from life assurance	390.2	40.1	nm	124.7	33.2	276
Profit from general insurance	18.7	8.2	128	6.6	0.7	nm
Profit from insurance operations	408.9	48.3	nm	131.3	33.9	287
Investment income, net	47.6	60.3	(21)	22.8	29.3	(22)
Gain / (Loss) on sale of investments and changes in fair value	3.7	23.0	(84)	25.2	(14.1)	nm
Increase in provision for impairment of assets	(4.1)	(3.2)	nm	(1.8)	(0.2)	nm
Gain / (Loss) in exchange differences	2.7	(16.3)	nm	(2.5)	(13.0)	nm
Profit from investments	49.9	63.8	(22)	43.7	2.0	nm
Fees and other income	29.5	42.7	(31)	14.9	20.4	(27)
Profit before expenses	488.3	154.8	215	189.9	56.3	237
less:						
Management and other expenses	57.2	48.3	18	39.9	23.6	69
Depreciation	0.6	0.4	50	0.4	0.2	100
Expenses	57.8	48.7	19	40.3	23.8	69
Profit after expenses	430.5	106.1	nm	149.6	32.5	nm
Share of profit / (loss) of associates	0.9	(1.1)	nm	1.0	0.8	25
Share of loss of joint ventures	(2.8)	(1.4)	nm	(1.6)	(0.9)	nm
	428.6	103.6	nm	149.0	32.4	nm
Income tax	(89.6)	(36.4)	nm	(48.8)	(13.6)	nm
Net profit after income tax	339.0	67.2	nm	100.2	18.8	nm
Attributable to:						
Shareholders	334.7	60.7	nm	97.7	15.7	nm
Minority interest	4.3	6.5	(34)	2.5	3.1	(19)
	339.0	67.2	nm	100.2	18.8	nm
Basic and diluted earnings per share (in Singapore Dollars)	0.71	0.13	nm	0.21	0.03	nm

nm - not meaningful / exceeding 300%

2 GROUP STATEMENT OF COMPREHENSIVE INCOME for the half-year ended 30 June

in Singapore Dollars (millions)	2009	2008	% + / (-)
Profit for the period	339.0	67.2	nm
Other comprehensive income:			
Exchange differences arising on translation of overseas entities	(7.7)	(14.2)	nm
Share of translation reserves of associates and joint ventures	2.6	(4.2)	nm
Change in fair value of Available-For-Sale financial assets	97.6	(181.8)	nm
Income tax relating to components of other comprehensive income	(21.2)	33.5	nm
Other comprehensive income for the period, net of tax	71.3	(166.7)	nm
Total comprehensive income for the period	410.3	(99.5)	nm
Total comprehensive income attributable to:			
Shareholders	406.5	(106.7)	nm
Minority interests	3.8	7.2	(47)
	410.3	(99.5)	nm

2.1 GROUP STATEMENT OF COMPREHENSIVE INCOME for the second quarter ended 30 June

in Singapore Dollars (millions)	2nd Quarter 2009	2nd Quarter 2008	% + / (-)
Profit for the 2nd Quarter	100.2	18.8	nm
Other comprehensive income:			
Exchange differences arising on translation of overseas entities	(12.0)	(19.1)	nm
Share of translation reserves of associates and joint ventures	(1.0)	(0.8)	nm
Change in fair value of Available-for-sale financial assets	148.7	(71.4)	nm
Income tax relating to components of other comprehensive income	(24.0)	13.0	nm
Other comprehensive income for the 2nd Quarter, net of tax	111.7	(78.3)	nm
Total comprehensive income for the 2nd Quarter ended 30 June	211.9	(59.5)	nm
Total comprehensive income attributable to:			
Shareholders	210.1	(62.6)	nm
Minority interests	1.8	3.1	(42)
	211.9	(59.5)	nm

nm - not meaningful / exceeding 300%

3 BALANCE SHEETS

in Singapore Dollars (millions)	Group				Company		
	30 Jun 09	31 Dec 08	% + / (-)	1 Jan 08 ⁽¹⁾	30 Jun 09	31 Dec 08	% + / (-)
Share capital	247.4	247.4	-	247.4	247.4	247.4	-
Reserves							
Merger reserve	-	-	-	15.8	419.2	419.2	-
Translation reserve	(31.0)	(25.9)	nm	(17.4)	-	-	-
Fair value reserve	(5.5)	(82.4)	nm	210.0	-	-	-
Accumulated profit	3,131.1	2,872.1	9	2,830.0	669.4	735.7	(9)
SHAREHOLDERS' FUND	3,342.0	3,011.2	11	3,285.8	1,336.0	1,402.3	(5)
MINORITY INTEREST	26.9	28.5	(6)	32.9	-	-	-
TOTAL EQUITY	3,368.9	3,039.7	11	3,318.7	1,336.0	1,402.3	(5)
LIABILITIES							
Income tax	192.0	166.7	15	259.3	(0.3)	(0.7)	nm
Other creditors and interfund balances	1,730.4	2,036.9	(15)	1,443.9	5.2	4.9	6
Reinsurance liabilities	68.9	75.6	(9)	67.8	-	-	-
Unexpired risk reserve	76.7	67.1	14	59.7	-	-	-
Derivative financial liabilities	64.7	129.0	(50)	64.4	-	-	-
Policy benefits	1,873.6	1,839.6	2	1,645.2	-	-	-
Claims admitted or intimated	181.5	178.4	2	165.3	-	-	-
Agents' retirement benefits	185.8	183.2	1	183.6	-	-	-
Deferred tax	567.7	486.7	17	1,019.1	-	-	-
Amounts due to subsidiaries, associates and joint ventures	0.7	0.5	40	-	-	-	-
General insurance fund	92.5	96.0	(4)	109.1	-	-	-
Life assurance fund	36,916.9	35,855.8	3	38,243.7	-	-	-
TOTAL EQUITY AND LIABILITIES	45,320.3	44,155.2	3	46,579.8	1,340.9	1,406.5	(5)
ASSETS							
Cash and cash equivalents	4,402.5	4,030.4	9	2,768.3	126.3	17.8	nm
Other debtors and interfund balances	1,693.7	1,761.3	(4)	1,365.8	-	-	-
Outstanding premiums	141.2	177.2	(20)	168.7	-	-	-
Reinsurance assets	74.4	66.7	12	79.0	-	-	-
Deferred tax	-	22.1	(100)	-	-	-	-
Loans	3,909.8	3,809.5	3	3,469.2	-	-	-
Derivative financial assets	277.4	403.6	(31)	192.6	-	-	-
Investments	32,458.8	31,520.4	3	35,865.5	-	-	-
Amounts due from subsidiaries, associates and joint ventures	5.8	5.7	2	66.3	578.8	752.9	(23)
Associates and joint ventures	477.8	455.1	5	581.9	-	-	-
Subsidiaries	-	-	-	-	635.5	635.5	-
Goodwill	25.5	25.5	-	25.5	-	-	-
Investment properties	1,097.4	1,073.5	2	1,178.3	-	-	-
Property, plant and equipment	756.0	804.2	(6)	818.7	0.3	0.3	-
TOTAL ASSETS	45,320.3	44,155.2	3	46,579.8	1,340.9	1,406.5	(5)
Net Asset Value per share (in Singapore Dollars)	7.06	6.36	11	6.94	2.82	2.96	(5)

For analysis of major variances, please refer to section 9.12 on page 11.

⁽¹⁾ Comparative figures for derivative financial assets and financial liabilities were reclassified from investments to be consistent with the presentation requirements of FRS. As required by FRS 1, when there is a reclassification of items, three balance sheets must be presented - at end of current period, at end of the previous period and at the beginning of the earliest comparative period.

nm - not meaningful / exceeding 200%

4 SELECTED MANAGEMENT EXPENSES

in Singapore Dollars (millions)	Shareholders' and General Insurance Funds		Life Assurance Fund	
	1st Half 2009	1st Half 2008	1st Half 2009	1st Half 2008
1 Directors' remuneration				
Directors of the Company	0.5	0.3	1.4	1.4
2 Staff costs and related expenses (Including executive directors and key management personnel compensation)	25.5	33.1	56.8	62.8
3 Rental expense	2.7	1.4	8.6	8.2
4 Depreciation	0.8	0.6	22.1	25.9

5 GROUP FINANCIAL HIGHLIGHTS

		Group		
		1st Half 2009	1st Half 2008	% +/-
1 Gross Written Premiums	(\$millions)	2,424.5	3,585.8	(32)
2 Total Assets	(\$millions)	45,320.3	45,123.7	0
3 Profit Attributable to Shareholders	(\$millions)	334.7	60.7	nm
4 Shareholders' Fund	(\$millions)	3,342.0	2,980.3	12
5 Profit After Tax before Minority Interests as a % of Turnover	%	11.3%	1.3%	10 pp
6 Return on Equity (Average Shareholders' Fund)*	%	10.5%	1.9%	8.6 pp
7 Gross Written Premium Growth	%	-32.4%	30.0%	nm

* Return on Equity is calculated on quarterly earnings

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

in Singapore Dollars (millions)	Attributable to Shareholders of the Company					Total	Minority Interest	Total Equity
	Share Capital	Merger Reserves	Translation Reserves	Fair Value Reserves	Accumulated Profit ⁽¹⁾			
Balance at 1 January 2009	247.4	-	(25.9)	(82.4)	2,872.1	3,011.2	28.5	3,039.7
Total comprehensive income for the period	-	-	(5.1)	76.9	334.7	406.5	3.8	410.3
Dividends paid during the period:								
Final and special final tax exempt (one-tier) dividends for the previous year	-	-	-	-	(75.7)	(75.7)	-	(75.7)
Dividends paid to minority interest	-	-	-	-	-	-	(5.4)	(5.4)
Balance at 30 June 2009	247.4	-	(31.0)	(5.5)	3,131.1	3,342.0	26.9	3,368.9
Balance at 1 January 2008	247.4	15.8	(17.4)	210.0	2,830.0	3,285.8	32.9	3,318.7
Total comprehensive income for the period	-	-	(18.3)	(149.1)	60.7	(106.7)	7.2	(99.5)
Dividends paid during the year:								
Final and special final tax exempt (one-tier) dividends for the previous year	-	-	-	-	(198.8)	(198.8)	-	(198.8)
Liquidation distribution paid to minority interest	-	-	-	-	-	-	(7.1)	(7.1)
Balance at 30 June 2008	247.4	15.8	(35.7)	60.9	2,691.9	2,980.3	33.0	3,013.3

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

in Singapore Dollars (millions)	Attributable to Shareholders of the Company					Total	Minority Interest	Total Equity
	Share Capital	Merger Reserves	Translation Reserves	Fair Value Reserves	Accumulated Profit ⁽¹⁾			
Balance at 1 April 2009	247.4	-	(18.0)	(130.9)	3,109.1	3,207.6	25.1	3,232.7
Total comprehensive income for the period	-	-	(13.0)	125.4	97.7	210.1	1.8	211.9
Dividends paid during the period:								
Final and special final tax exempt (one-tier) dividends for the previous year	-	-	-	-	(75.7)	(75.7)	-	(75.7)
Balance at 30 June 2009	247.4	-	(31.0)	(5.5)	3,131.1	3,342.0	26.9	3,368.9
Balance at 1 April 2008	247.4	15.8	(15.8)	119.3	2,875.0	3,241.7	29.9	3,271.6
Total comprehensive income for the period	-	-	(19.9)	(58.4)	15.7	(62.6)	3.1	(59.5)
Dividends paid during the period:								
Final and special final tax exempt (one-tier) dividends for the previous year	-	-	-	-	(198.8)	(198.8)	-	(198.8)
Balance at 30 June 2008	247.4	15.8	(35.7)	60.9	2,691.9	2,980.3	33.0	3,013.3

(1) Included in Accumulated Profit is non-distributable reserves of \$787.3 million (H1-08: \$228.8 million). The increase in non-distributable profits arises from regulatory risk charges in Singapore and Malaysia that are held out of the Group Shareholders accumulated profits account.

7 COMPANY STATEMENT OF CHANGES IN EQUITY for the half-year ended 30 June

in Singapore Dollars (millions)	Share Capital	Merger Reserves	Accmulated Profit	Total
Balance at 1 January 2009	247.4	419.2	735.7	1,402.3
Total comprehensive income for the period	-	-	9.4	9.4
Dividends paid during the period:				
Final and special final tax exempt (one-tier) dividends for the previous year	-	-	(75.7)	(75.7)
Balance at 30 June 2009	247.4	419.2	669.4	1,336.0
Balance at 1 January 2008	247.4	435.0	709.6	1,392.0
Total comprehensive income for the period	-	-	29.0	29.0
Dividends paid during the period:				
Final and special final tax exempt (one-tier) dividends for the previous year	-	-	(198.8)	(198.8)
Balance at 30 June 2008	247.4	435.0	539.8	1,222.2

7.1 COMPANY STATEMENT OF CHANGES IN EQUITY for the second quarter ended 30 June

in Singapore Dollars (millions)	Share Capital	Merger Reserves	Accmulated Profit	Total
Balance at 1 April 2009	247.4	419.2	746.8	1,413.4
Total comprehensive income for the period	-	-	(1.7)	(1.7)
Dividends paid during the period:				
Final and special final tax exempt (one-tier) dividends for the previous year	-	-	(75.7)	(75.7)
Balance at 30 June 2009	247.4	419.2	669.4	1,336.0
Balance at 1 April 2008	247.4	435.0	707.8	1,390.2
Total comprehensive income for the period	-	-	30.8	30.8
Dividends paid during the period:				
Final and special final tax exempt (one-tier) dividends for the previous year	-	-	(198.8)	(198.8)
Balance at 30 June 2008	247.4	435.0	539.8	1,222.2

8 CONSOLIDATED STATEMENT OF CASH FLOWS

in Singapore Dollars (millions)	1st Half 2009	1st Half 2008	2nd Quarter 2009	2nd Quarter 2008
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	428.6	103.6	149.0	32.4
Amount from life assurance revenue statement	722.9	1,514.3	(536.6)	734.0
Excess of income over expenses before income tax from general insurance revenue	20.5	10.8	8.1	1.1
Adjustments for non-cash items:				
Surplus transferred from life assurance fund but not yet withdrawn	(390.2)	(40.1)	(124.7)	(33.2)
Profit transferred from general insurance fund but not yet withdrawn	(18.7)	(8.2)	(6.6)	(0.7)
Share of loss / (gain) of associates and joint ventures	35.2	7.9	5.3	(6.4)
(Gain) / loss on sale of investments and changes in fair value	(209.3)	265.1	(525.7)	170.0
Increase in provision for impairment of assets	48.8	4.8	17.2	1.8
Increase in provision for agents' retirement benefits	8.7	12.6	5.4	5.8
Gain on disposal of property, plant and equipment and investment properties	(6.3)	(9.1)	(6.2)	-
Depreciation	22.9	26.5	11.6	14.8
Unrealised (gain) / loss in exchange differences	(59.5)	97.6	86.9	23.5
Change in life assurance contract liabilities	251.6	105.2	1,365.5	343.3
Loss reserves	(10.4)	3.8	(3.3)	4.0
Unexpired risk reserve	10.0	8.3	(0.1)	0.9
Dividend income	(143.7)	(184.3)	(75.4)	(99.6)
Interest income	(663.0)	(659.1)	(330.2)	(318.9)
Interest expense on policy benefits	36.8	34.3	18.6	17.8
Share-based payments	2.3	1.8	0.7	1.7
	87.2	1,295.8	59.5	892.3
Changes in working capital:				
Reinsurance assets	(4.1)	(3.1)	13.2	11.1
Outstanding premiums	36.0	24.4	8.6	5.5
Other debtors and interfund balances	64.4	230.6	241.6	560.8
Claims admitted and intimated	3.1	19.5	8.2	18.8
Policy benefits	34.0	127.6	13.2	(7.4)
Reinsurance liabilities	(6.7)	25.5	(27.0)	(8.1)
Other creditors and interfund balances	(308.8)	97.6	(630.9)	(368.3)
Cash (used in) / generated from operations	(94.9)	1,817.9	(313.6)	1,104.7
Income tax paid	(57.2)	(100.5)	(14.7)	(51.3)
Interest paid on policy benefits	(36.8)	(34.3)	(18.6)	(17.8)
Agents' retirement benefits paid	(4.6)	(7.1)	(2.9)	(5.9)
Net cash flows (used in) / from operating activities	(193.5)	1,676.0	(349.8)	1,029.7
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investments	8,889.3	8,671.7	3,976.3	4,838.1
Purchase of investments	(8,852.4)	(9,441.8)	(3,865.5)	(5,796.5)
Proceeds from reduction of interests in associates	-	27.0	-	(41.8)
Purchase of interests in associates	(51.9)	-	(5.4)	-
Repayment of loan by joint ventures	0.1	-	0.2	-
Proceeds from sale of property, plant and equipment and investment properties	13.2	17.9	6.8	7.4
Purchase of property, plant and equipment and investment properties	(7.8)	(23.9)	(4.0)	(15.3)
Interest income received	632.3	655.2	286.6	282.6
Dividend received	137.8	184.3	75.4	102.0
Net cash flows from / (used in) investing activities	760.6	90.4	470.4	(623.5)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(75.7)	(198.8)	(75.7)	(198.8)
Dividends paid to minority interest	(5.4)	-	-	-
Liquidation distribution paid to minority interest	-	(7.1)	-	-
Net cash flows used in financing activities	(81.1)	(205.9)	(75.7)	(198.8)
Net effect of translation reserve adjustment	(113.9)	(641.7)	(196.0)	(596.6)
Net increase / (decrease) in cash and cash equivalents	372.1	918.8	(151.1)	(389.2)
Cash and cash equivalents at the beginning of the period	4,030.4	2,768.3	4,553.6	4,076.3
Cash and cash equivalents at the end of the period	4,402.5	3,687.1	4,402.5	3,687.1

9. REVIEW OF RESULTS

The Group Financial Statements for the second quarter of 2009 (Q2-09) and for the half-year ended 30 June 2009 (H1-09) have been prepared in accordance with Singapore Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS).

9.1 GROSS WRITTEN PREMIUMS

Total gross written premiums sales fell 37% in Q2-09 to \$1,248.8 million (Q2-08: \$1,975.9 million) due exclusively to the sharp drop in single premiums.

in SGD (million)	H1-09	H1-08	+ / (-)	Q2-09	Q2-08	+ / (-)
Single Premium	579.4	1,816.2	-68%	283.9	1,054.3	-73%
New Annual Premium	291.3	264.2	10%	146.3	129.0	13%
Renewal Premium	1,553.8	1,505.4	3%	818.6	792.6	3%
Gross Written Premiums	2,424.5	3,585.8	-32%	1,248.8	1,975.9	-37%

Note: Gross Written Premiums includes general insurance premiums (in New Annual Premium) and excludes premiums from China.

9.2 NEW SALES

9.2.1 Q2-09 new sales measured on a weighted basis for the life assurance operations fell 30% from \$201.4 million to \$140.3 million. For H1-09, weighted new sales fell 28% to \$270.2 million (H1-08: \$373.7 million). See table below:

in SGD (million)	H1-09	H1-08	+ / (-)	Q2-09	Q2-08	+ / (-)
SINGAPORE						
Single Premium	513.5	1,740.3	-70%	250.5	1,017.9	-75%
New Annual Premium	63.3	101.1	-37%	32.4	45.8	-29%
Total Weighted New Sales	114.7	275.1	-58%	57.5	147.6	-61%
MALAYSIA						
Single Premium	59.0	65.4	-10%	28.6	31.0	-8%
New Annual Premium	141.2	87.1	62%	75.9	48.5	56%
Total Weighted New Sales	147.2	93.6	57%	78.8	51.6	53%
OTHER ASIA						
Single Premium	18.5	11.6	59%	10.9	6.0	82%
New Annual Premium	6.5	3.9	67%	3.0	1.6	88%
Total Weighted New Sales	8.3	5.0	66%	4.0	2.2	82%
TOTAL						
Single Premium	591.0	1,817.3	-67%	290.0	1,054.9	-73%
New Annual Premium	211.0	192.1	10%	111.3	95.9	16%
Total Weighted New Sales	270.2	373.7	-28%	140.3	201.4	-30%

Note: a) Total Weighted New Sales = (Single Premium x 10%) + New Annual Premium
b) Premium from Malaysia and Other Asia are converted using actual exchange rate prevailing at transaction dates.
c) Other Asia includes premium from Indonesia, Vietnam and China. China results are based on equity accounting, but premiums are shown on 100% basis in the above table.

The decline was mainly due to a 61% drop in the Singapore weighted new sales, a result that was in line with market trends. Sales of single premium investment products registered a sharp fall of 75%, reflecting the less-than-buoyant Singapore market environment for such products in 2009. Moreover, Q2-08 had benefited from a special limited offer of a single premium product. Annual premium sales of \$32.4 million, however, registered a lower decline of 29% over last year. In view of the present difficult environment, the strategy of the Group was focused on developing and promoting new protection and long term saving products.

Malaysia has a lower proportion of single premium sales and therefore was less affected by the difficult investment market conditions. It enjoyed strong growth of 53% in Q2-09 due to the brisk sales of a new annual premium product in Q2-09 which boosted the tied agency's performance.

In China, the business operations continued to grow strongly in Q2-09, with sales nearly quadrupling year-on-year in terms of new business weighted premium, albeit from a small base. The growth was driven largely by a huge increase in the number of agents from under 500 a year ago to 2,100 as at end June 2009.

9.2.2 Embedded Value

New business embedded value (NBEV) in Q2-09 decreased 33% year-on-year to \$48.7 million. NBEV in H1-09 decreased by 31% to \$89.9 million.

in SGD (million)	H1-09	H1-08	+/(-)	Q2-09	Q2-08	+/(-)
Singapore	44.6	89.6	-50%	25.6	51.7	-50%
Malaysia	43.6	40.0*	9%	22.2	20.1*	10%
Other Asia	1.7	0.9	89%	0.9	0.5	80%
Total	89.9	130.5	-31%	48.7	72.3	-33%

NBEV decline for Singapore of 50% was lower than the weighted sales decline (61%) as a result of greater proportion of sales of higher margin annual premium products. Malaysia NBEV growth (10%) was however lower than the weighted sales growth (53%), reflecting lower profit margins on the newly launched product.

* Restated based on the new Risk Based Capital framework. Before restatement, the NBEV of H1-08 was \$45.0 million and the NBEV of Q2-08 was \$22.9 million.

9.3 **PROFIT ATTRIBUTABLE TO SHAREHOLDERS**

Group profit attributable to shareholders rose to \$97.7 million for the quarter (Q2-08: profit of \$15.7 million) and to \$334.7 million (H1-08: \$60.7 million) for the half-year.

9.4 **PROFITS FROM INSURANCE OPERATIONS**

H1-09 profit of \$408.9 million (H1-08: \$48.3 million) included \$213.1 million non-recurring profit contribution that was reported earlier in Q1-09 and a small loss of \$2.7 million in Q2-09. Both of these non-recurring contributions reflected the move to the new risk based regulatory capital framework in Malaysia and the exercise carried out to achieve portfolio matching of assets and liabilities in Singapore.

Excluding the non-recurring profit from the quarterly results (see table below), life and general insurance operations performed strongly with profit of \$134.0 million in Q2-09 (compared with \$33.9 million in Q2-08).

in SGD (million)	H1-09			Q2-09		
	Recurring Profit	Non-recurring Profit	Total Profit	Recurring Profit	Non-recurring Profit	Total Profit
Life assurance profit from:						
Participating Fund	56.3	-	56.3	27.2	-	27.2
Non-participating Fund	93.4	175.4	268.8	76.9	(2.7)	74.2
Investment-linked Fund	42.2	22.9	65.1	23.3	-	23.3
Profit from life assurance	191.9	198.3	390.2	127.4	(2.7)	124.7
Profit from general insurance	6.6	12.1	18.7	6.6	-	6.6
Profit from insurance operations	198.5	210.4	408.9	134.0	(2.7)	131.3

The strong performance in Q2-09 was attributable mainly to the Non Participating Fund. In Singapore, the Non Participating Fund benefited from a rebound of major stock market indices and the tightening of credit spreads for its fixed income portfolio. These gains more than offset marked to market losses from rising interest rates on Singapore government securities and swaps. In Malaysia, assets were also affected by rising interest rates but there was a compensating decrease in actuarial reserves. Overall, the Non Participating Fund achieved a profit of \$76.9 million in Q2-09.

9.5 PROFIT FROM INVESTMENTS OF SHAREHOLDERS' FUND

Q2-09 profit from investments in the Shareholders' Fund rose to \$43.7 million (Q2-08: \$2.0 million) as a result of realised profits from sale of equities and also marked to market gains on investments resulting from improving market conditions. H1-09 profit of \$49.9 million was, however, lower than last year (H1-08: \$63.8 million) as H1-08 profit had included a one-off gain of \$42.2 million from the sale of shares in The Straits Trading Company Ltd.

9.6 FEES AND OTHER INCOME

Fees and other income declined 27% year-on-year to \$14.9 million in Q2-09 (Q2-08: \$20.4 million) as a result of a decrease in the assets under management (\$25.9 billion on 30 June 2009 compared to \$32.8 billion on 30 June 2008). In H1-09, fees and other income was 31% lower at \$29.5 million (H1-08: \$42.7 million).

9.7 MANAGEMENT AND OTHER EXPENSES

Management and other expenses increased in Q2-09 to \$39.9 million (Q2-08: \$23.6 million) reflecting ongoing expenditure to develop insurance operations in the new markets. For H1-09, management and other expenses was 18% higher at \$57.2 million (H1-08: \$48.3 million).

9.8 SHARE OF LOSS OF ASSOCIATES AND JOINT VENTURES

Share of loss of associates (in hedge fund investments) and joint ventures (life insurance operations in China) for the quarter increased to \$0.6 million (Q2-08: \$0.1 million). Share of loss for H1-09 was \$1.9 million (H1-08: \$2.5 million).

9.9 INCOME TAX

Income tax increased to \$48.8 million in Q2-09 (Q2-08: \$13.6 million), in line with the higher profits recorded for the quarter. Income tax was \$89.6 million in H1-09 (H1-08: \$36.4 million). The non-recurring profit mentioned in paragraph 9.4 above and a one-time adjustment for prior year tax contributed to the increase. The effective tax rate for Q2-09 was 33% (Q2-08: 42%) and for H1-09 was 21% (H1-08: 35%).

9.10 EARNINGS PER SHARE AND RETURN ON EQUITY

	<u>H1-09</u>	<u>H1-08</u>	<u>+/(-)</u>
Earnings per share	\$0.71	\$0.13	nm
Return on Equity*	10.5%	1.9%	8.6 pp

* Return on Equity is calculated on quarterly earnings.

9.11 NET ASSET VALUE PER SHARE AND GROUP ASSETS

	<u>30 Jun 09</u>	<u>31 Dec 08</u>	<u>+/(-)</u>
Net asset value per share	\$7.06	\$6.36	11%
Group Assets	\$45.3 billion	\$44.2 billion*	3%

* Restated for reclassification of derivative financial assets and liabilities from investments to be consistent with presentation requirements of Financial Reporting Standards. Before restatement, Group Assets was \$44.0 billion.

9.12 BALANCE SHEETS

- 9.12.1 Translation Reserves
Translation loss increased to \$31.0 million as at 30 June 2009 (31 December 2008: \$25.9 million) mainly due to the weakening of MYR against SGD during H1-09.
- 9.12.2 Fair Value Reserves
Fair value reserves improved to negative reserves of \$5.5 million as at 30 June 2009 (31 December 2008: negative reserves of \$82.4 million) mainly due to marked to market recovery of the portfolio in line with the rebound of market indices.
- 9.12.3 Income Tax and Deferred Tax
Income tax provision increased 15% to \$192.0 million as at 30 June 2009 (31 December 2008: \$166.7 million) in line with the increase in profits. Deferred tax increased 22% to \$567.7 million as at 30 June 2009 (31 December 2008: \$464.6 million) due to the increase in fair value reserves.
- 9.12.4 Cash and cash equivalents
Cash and cash equivalents increased 9% to \$4,402.5 million as at 30 June 2009 (31 December 2008: \$4,030.4 million) in line with the Group's investment strategy.
- 9.12.5 Investments
Valuation of investments increased 3% to \$32,458.8 million as at 30 June 2009 (31 December 2008: \$31,520.4 million) due primarily to marked to market changes. Investments of the participating business constituted 74% as at 30 June 2009 (31 December 2008: 74%) and investments of the unit-linked business constituted 9% as at 30 June 2009 (31 December 2008: 9%).
- 9.12.6 Asset allocation of life funds, excluding investment-linked funds, is as follows:

	SINGAPORE		MALAYSIA	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
Fixed income & debt securities	60%	62%	73%	74%
Equities	21%	19%	18%	16%
Real estate & others	7%	8%	4%	5%
Cash & money market instruments	12%	11%	5%	5%
Market Value Assets (in SGD billion)	22.0	21.7	15.7	15.2

9.13 CONSOLIDATED STATEMENT OF CASH FLOWS

Net cash flow used in operating activities was \$193.5 million for H1-09, as compared to a net cash flow from operating activities of \$1,676.0 million for H1-08. The decrease was mainly due to reduction in new business premium sales. Net cash flow from investing activities of \$760.6 million in H1-09 was higher than the \$90.4 million in the same period last year. The increase was mainly due to net cash receipts from purchase and sales of investments. Net cash flow used in financing activities arose mainly from payment of dividends which was lower at \$75.7 million in H1-09 (H1-08: \$198.8 million).

9.14 REGULATORY CAPITAL

The insurance subsidiaries of the Group have complied with the capital ratios prescribed by the Insurance Regulations of the jurisdiction in which they operate. In Singapore and Malaysia, the Capital Adequacy Ratios of the insurance subsidiaries both exceeded 200%, well above the minimum regulatory ratios of 120% and 130% respectively in each country.

10. ACCOUNTING POLICIES

The Group adopted the accounting policies and methods of computation for the financial statements for Q2-09, consistent with the audited financial statements for the year ended 31 December 2008, except for FRS 1, Presentation of Financial Statements – Revised Presentation and FRS 108, Operating Segments which was effective from 1 January 2009.

FRS 1 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. The revised Standard also introduces the statement of comprehensive income which presents all items of income and expense recognized in profit or loss, together with all other items of comprehensive income, either in one single statement of comprehensive income, or in two linked statements. The Group has opted to present the comprehensive income in two linked statements.

FRS 108 requires an entity to present its segment performance based on the same segment information used by management internally for managing the entity's operations.

FRS 1 and 108 are both disclosure standards and would have no impact on the financial position and results of the Group. The adoption of the other revised and new FRS and INT FRS which came into effect on 1 January 2009 do not have any material financial impact on the Group's results for Q2-09.

11. UNAUDITED RESULTS

The consolidated Group's financial results for the second quarter and half-year ended 30 June 2009 have not been audited or reviewed by the Group's auditors.

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

12.1 Great Eastern ("GE") has announced on 31 July 2009 a one-time redemption offer to its GreatLink Choice ("GLC") policyholders. The offer will be open for acceptance from 3 August to 28 August 2009.

GLC is a series of investment linked insurance products with the underlying investments in CDO (collateralized debt obligations) instruments. The products were designed with built-in loss protection levels and wide diversification across various industries and geographical regions. However, the global financial crisis has created much uncertainty for investors and has badly affected many financial instruments. The market values of the GLC products are at steep discounts to par due to several credit events effectively eroding the loss protection cushion. To address GLC policyholders' concerns in these extraordinary times, GE has taken a decision to make this redemption offer as a gesture of goodwill, on a voluntary basis and without any admission of liability. The offer does not apply to any other GE products.

Under the offer, GLC policyholders can, if they choose, have their GLC units cancelled and receive a sum equal to \$1.00 per unit, less the total annual payouts received to-date. GE will take delivery of the underlying CDO instruments and will account for the fair value of these instruments at the close of the offer period. The financial impact of the offer on GE will be reflected in the Q3-09 financial results and is conservatively estimated to be in the region of \$250 million.

12.2 Although credit and equity markets have strengthened in Q2-09, economic recovery is still expected to be slow. Investment risks may therefore continue to affect the Group's future earnings.

13. SHARE CAPITAL

The Company's issued and paid up share capital amounted to \$247.4 million as at 30 June 2009, the same as 31 December 2008. Total number of shares issued as at 30 June 2009 was 473,319,069, the same as 31 December 2008.

Issued: 31 July 2009