

GREAT EASTERN HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No 199903008M)



To Our Shareholders

The Board of Directors of Great Eastern Holdings Limited (“GEH”) has announced:

Unaudited Financial Results of GEH Group for the Third Quarter and Nine Months Ended 30 September 2012

For the third quarter and nine months ended 30 September 2012, Group profit attributable to shareholders was S\$619.6 million and S\$963.5 million respectively. Details of the financial results are attached.

Dividend

No interim dividend has been declared in the third quarter of 2012 (third quarter 2011: nil).

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 third quarter ended 30 September 2012 to be false or misleading in any material aspect.

By Order of the Board

Jennifer Wong Pakshong
Group Company Secretary
Singapore, 1 November 2012

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

FINANCIAL RESULTS FOR THE THIRD QUARTER AND NINE MONTHS 2012

1. GROUP PROFIT AND LOSS STATEMENTS

in Singapore Dollars (millions)	9 Months 2012	9 Months 2011	% + / (-)	3rd Quarter 2012	3rd Quarter 2011	% + / (-)	2nd Quarter 2012	% + / (-)
Gross Premiums	4,682.3	4,754.8	(2)	1,677.5	1,705.7	(2)	1,534.8	9
Life assurance profit from:								
Participating Fund	104.5	89.8	16	33.9	28.9	17	34.9	(3)
Non-participating Fund	283.2	148.3	91	121.3	9.4	nm	1.7	nm
Investment-linked Fund	93.9	93.6	0	34.7	37.7	(8)	34.5	1
Profit from life assurance	481.6	331.7	45	189.9	76.0	150	71.1	167
Profit from general insurance	19.6	18.9	4	9.0	5.4	67	4.8	88
Profit from insurance operations	501.2	350.6	43	198.9	81.4	144	75.9	162
Investment income, net	87.6	76.4	15	29.0	25.4	14	27.5	5
Gain/(loss) on sale of investments and changes in fair value	559.5	(34.8)	nm	514.5	(47.0)	nm	4.6	nm
Increase in provision for impairment of assets	(0.2)	(1.3)	nm	-	(0.3)	(100)	(0.2)	(100)
(Loss)/gain on exchange differences	(3.5)	8.8	nm	(3.5)	8.8	nm	2.3	nm
Profit/(loss) from investments in Shareholders' Fund	643.4	49.1	nm	540.0	(13.1)	nm	34.2	nm
Fees and other income	46.3	53.3	(13)	15.3	16.3	(6)	15.7	(3)
Profit before expenses	1,190.9	453.0	163	754.2	84.6	nm	125.8	nm
less:								
Management and other expenses	55.5	56.5	(2)	18.2	17.8	2	20.6	(12)
Interest expense	13.7	13.7	0	4.5	4.5	0	4.6	(2)
Depreciation	1.6	1.3	23	0.6	0.7	(14)	0.5	20
Expenses	70.8	71.5	(1)	23.3	23.0	1	25.7	(9)
Profit after expenses	1,120.1	381.5	194	730.9	61.6	nm	100.1	nm
Share of profit/(loss) after income tax of joint ventures	0.3	(4.0)	nm	(0.1)	(3.6)	nm	(0.7)	nm
Profit before income tax	1,120.4	377.5	197	730.8	58.0	nm	99.4	nm
Income tax	(152.0)	(54.9)	nm	(109.7)	(16.7)	nm	(16.9)	nm
Profit after income tax	968.4	322.6	200	621.1	41.3	nm	82.5	nm
Attributable to:								
Shareholders	963.5	316.8	204	619.6	40.4	nm	81.4	nm
Non-controlling interests	4.9	5.8	(16)	1.5	0.9	67	1.1	36
	968.4	322.6	200	621.1	41.3	nm	82.5	nm
Basic and diluted earnings per share attributable to shareholders of the Company (in Singapore Dollars)	2.04	0.67	204	1.31	0.09	nm	0.18	nm
Return on Equity (Average Shareholders' Fund) (%) (not annualised)	23.0%	8.1%	14.9 pp	14.5%	1.1%	13.4 pp	2.1%	12.4 pp

nm – not meaningful / exceeding 300%

2. GROUP STATEMENT OF COMPREHENSIVE INCOME

in Singapore Dollars (millions)	9 Months 2012	9 Months 2011	% + / (-)	3rd Quarter 2012	3rd Quarter 2011	% + / (-)	2nd Quarter 2012	% + / (-)
Profit after income tax for the period	968.4	322.6	200	621.1	41.3	nm	82.5	nm
Other comprehensive income:								
Exchange differences arising on translation of overseas entities	(16.9)	(17.7)	nm	(0.9)	1.4	nm	(15.1)	nm
Share of other comprehensive income of associates and joint ventures	(4.7)	0.8	nm	(2.4)	3.1	nm	0.1	nm
Available-for-sale financial assets:								
Changes in fair value	263.3	(91.3)	nm	142.8	(75.2)	nm	(15.6)	nm
Reclassification of realised (gain)/loss on disposal to Profit and Loss Statement	(501.6)	(11.7)	nm	(495.9)	(1.9)	nm	0.1	nm
Tax on changes in fair value	40.9	18.1	126	60.2	12.8	nm	2.7	nm
Other comprehensive income for the period, after tax	(219.0)	(101.8)	nm	(296.2)	(59.8)	nm	(27.8)	nm
Total comprehensive income for the period	749.4	220.8	239	324.9	(18.5)	nm	54.7	nm
Total comprehensive income attributable to:								
Shareholders	743.8	216.2	244	323.1	(19.0)	nm	53.6	nm
Non-controlling interests	5.6	4.6	22	1.8	0.5	260	1.1	64
	749.4	220.8	239	324.9	(18.5)	nm	54.7	nm

nm – not meaningful / exceeding 300%

3. BALANCE SHEET – GROUP

in Singapore Dollars (millions)	Group		% + / (-)
	30 Sep 12	31 Dec 11	
Share capital	152.7	152.7	-
Reserves			
Currency translation reserve	(63.2)	(42.6)	nm
Fair value reserve	(49.1)	150.0	nm
Accumulated profit	4,440.6	3,652.2	22
SHAREHOLDERS' FUND	4,481.0	3,912.3	15
NON-CONTROLLING INTERESTS	33.3	30.2	10
TOTAL EQUITY	4,514.3	3,942.5	15
 LIABILITIES			
Insurance payables	2,705.7	2,517.5	7
Other creditors and interfund balances	2,170.7	2,364.9	(8)
Unexpired risk reserve	124.6	111.8	11
Derivative financial liabilities	190.1	62.1	206
Income tax	635.7	417.9	52
Provision for agents' retirement benefits	239.7	231.3	4
Amount due to joint venture	0.1	0.1	-
Deferred tax	961.0	945.9	2
Debt issued	399.2	399.1	0
General insurance fund	199.2	188.7	6
Life assurance fund	46,077.1	44,420.8	4
TOTAL EQUITY AND LIABILITIES	58,217.4	55,602.6	5
 ASSETS			
Cash and cash equivalents	4,436.7	7,248.9	(39)
Other debtors and interfund balances	1,710.7	1,517.7	13
Insurance receivables	2,616.0	2,558.1	2
Loans	1,112.5	1,202.5	(7)
Derivative financial assets	707.4	438.0	62
Investments	45,170.3	40,152.9	12
Assets held for sale	1.3	4.4	(70)
Associates and joint ventures	322.7	320.2	1
Goodwill	26.0	26.1	(0)
Investment properties	1,403.8	1,411.8	(1)
Property, plant and equipment	710.0	722.0	(2)
TOTAL ASSETS	58,217.4	55,602.6	5
 Net Asset Value per share (in Singapore Dollars)	9.47	8.27	15

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

nm – not meaningful / exceeding 300%

4. BALANCE SHEET – COMPANY

in Singapore Dollars (millions)	Company		
	30 Sep 12	31 Dec 11	% +/(–)
Share capital	152.7	152.7	(0)
Reserves			
Merger reserve	419.2	419.2	-
Accumulated profit	689.2	826.5	(17)
TOTAL EQUITY	1,261.1	1,398.4	(10)
LIABILITIES			
Other creditors and interfund balances	5.4	6.1	(11)
Income tax	0.1	-	nm
TOTAL EQUITY AND LIABILITIES	1,266.6	1,404.5	(10)
ASSETS			
Cash and cash equivalents	35.9	9.0	299
Income tax	-	0.8	(100)
Amounts due from subsidiaries	553.3	717.3	(23)
Subsidiaries	677.3	677.3	-
Property, plant and equipment	0.1	0.1	-
TOTAL ASSETS	1,266.6	1,404.5	(10)
Net Asset Value per share (in Singapore Dollars)	2.66	2.95	(10)

5. SELECTED INCOME AND MANAGEMENT EXPENSES

in Singapore Dollars (millions)	Shareholders' Fund				
	9 Months 2012	9 Months 2011	3rd Quarter 2012	3rd Quarter 2011	2nd Quarter 2012
<u>Expenses</u>					
1. Staff costs and related expenses (including executive directors and key management personnel compensation)	51.5	51.4	17.6	16.3	17.0
2. Rental expense	4.4	3.5	1.5	1.3	1.5
3. Depreciation	1.6	1.3	0.6	0.7	0.5
<u>Income</u>					
1. Investment income, net (excluding mark-to-market changes)	1,310.2	1,297.3	439.4	437.0	457.3
<u>Expenses</u>					
1. Staff costs and related expenses (including executive directors and key management personnel compensation)	130.1	122.5	44.9	40.7	42.8
2. Rental expense	11.9	11.5	4.1	3.9	3.9
3. Depreciation	34.5	33.2	12.1	11.0	11.2

6.1. GROUP STATEMENT OF CHANGES IN EQUITY for the 9 months ended 30 September 2012

in Singapore Dollars (millions)	Attributable to Shareholders of the Company				Total	Non-Controlling Interests	Total Equity
	Share Capital	Currency Translation Reserve	Fair Value Reserve	Accumulated Profit ⁽¹⁾			
Balance at 1 January 2012	152.7	(42.6)	150.0	3,652.2	3,912.3	30.2	3,942.5
Profit for the period	-	-	-	963.5	963.5	4.9	968.4
Other comprehensive income							
Exchange differences arising on translation of overseas entities	-	(16.6)	-	-	(16.6)	(0.3)	(16.9)
Share of other comprehensive income of associates and joint ventures	-	(4.0)	(0.7)	-	(4.7)	-	(4.7)
Available-for-sale financial assets:							
Changes in fair value	-	-	262.4	-	262.4	0.9	263.3
Reclassification of realised gain on disposal to Profit and Loss Statement	-	-	(501.6)	-	(501.6)	-	(501.6)
Tax on changes in fair value	-	-	40.8	-	40.8	0.1	40.9
Other comprehensive income for the period, after tax	-	(20.6)	(199.1)	-	(219.7)	0.7	(219.0)
Total comprehensive income for the period	-	(20.6)	(199.1)	963.5	743.8	5.6	749.4
Contributions by and distributions to shareholders							
Dividends paid during the period:							
Final tax exempt (one-tier) dividends for the previous year	-	-	-	(127.8)	(127.8)	-	(127.8)
Interim tax exempt (one-tier) dividend	-	-	-	(47.3)	(47.3)	-	(47.3)
Dividends paid to non-controlling interests	-	-	-	-	-	(2.5)	(2.5)
Total contributions by and distributions to shareholders	-	-	-	(175.1)	(175.1)	(2.5)	(177.6)
Total transactions with shareholders in their capacity as shareholders	-	-	-	(175.1)	(175.1)	(2.5)	(177.6)
Balance at 30 September 2012	152.7	(63.2)	(49.1)	4,440.6	4,481.0	33.3	4,514.3

6.2. GROUP STATEMENT OF CHANGES IN EQUITY for the 9 months ended 30 September 2011

in Singapore Dollars (millions)	Attributable to Shareholders of the Company				Total	Non-Controlling Interests	Total Equity
	Share Capital	Currency Translation Reserve	Fair Value Reserve	Accumulated Profit ⁽¹⁾			
Balance at 1 January 2011	247.4	(32.3)	225.3	3,583.6	4,024.0	35.0	4,059.0
Profit for the period	-	-	-	316.8	316.8	5.8	322.6
<u>Other comprehensive income</u>							
Exchange differences arising on translation of overseas entities	-	(17.5)	-	-	(17.5)	(0.2)	(17.7)
Share of other comprehensive income of associates and joint ventures	-	3.1	(2.3)	-	0.8	-	0.8
Available-for-sale financial assets:							
Changes in fair value	-	-	(90.1)	-	(90.1)	(1.2)	(91.3)
Reclassification of realised gain on disposal to Profit and Loss Statement	-	-	(11.7)	-	(11.7)	-	(11.7)
Tax on changes in fair value	-	-	17.9	-	17.9	0.2	18.1
Other comprehensive income for the period, after tax	-	(14.4)	(86.2)	-	(100.6)	(1.2)	(101.8)
Total comprehensive income for the period	-	(14.4)	(86.2)	316.8	216.2	4.6	220.8
<u>Contributions by and distributions to shareholders</u>							
Capitalisation from accumulated profit	269.8	-	-	(269.8)	-	-	-
Cash distribution	(364.5)	-	-	-	(364.5)	-	(364.5)
Dividends paid during the period:							
Interim tax exempt (one-tier) dividend	-	-	-	(47.3)	(47.3)	-	(47.3)
Dividends paid to non-controlling interests	-	-	-	-	-	(10.0)	(10.0)
Total contributions by and distributions to shareholders	(94.7)	-	-	(317.1)	(411.8)	(10.0)	(421.8)
Total transactions with shareholders in their capacity as shareholders	(94.7)	-	-	(317.1)	(411.8)	(10.0)	(421.8)
Balance at 30 September 2011	152.7	(46.7)	139.1	3,583.3	3,828.4	29.6	3,858.0

(1) Included in Accumulated Profit are non-distributable reserves of \$1,042.5 million (30 September 2011: \$1,064.6 million), which arise from regulatory risk charges in Singapore and Malaysia that are held out of the Group Shareholders' Accumulated Profit Account.

6.3. GROUP STATEMENT OF CHANGES IN EQUITY for the third quarter ended 30 September 2012

in Singapore Dollars (millions)	Attributable to Shareholders of the Company				Total	Non-Controlling Interests	Total Equity
	Share Capital	Currency Translation Reserve	Fair Value Reserve	Accumulated Profit ⁽¹⁾			
Balance at 1 July 2012	152.7	(60.6)	244.8	3,868.3	4,205.2	31.5	4,236.7
Profit for the period	-	-	-	619.6	619.6	1.5	621.1
Other comprehensive income							
Exchange differences arising on translation of overseas entities	-	(0.8)	-	-	(0.8)	(0.1)	(0.9)
Share of other comprehensive income of associates and joint ventures	-	(1.8)	(0.6)	-	(2.4)	-	(2.4)
Available-for-sale financial assets:							
Changes in fair value	-	-	142.4	-	142.4	0.4	142.8
Reclassification of realised gain on disposal to Profit and Loss Statement	-	-	(495.9)	-	(495.9)	-	(495.9)
Tax on changes in fair value	-	-	60.2	-	60.2	-	60.2
Other comprehensive income for the period, after tax	-	(2.6)	(293.9)	-	(296.5)	0.3	(296.2)
Total comprehensive income for the period	-	(2.6)	(293.9)	619.6	323.1	1.8	324.9
Contributions by and distributions to shareholders							
Dividends paid during the period:							
Interim tax exempt (one-tier) dividend	-	-	-	(47.3)	(47.3)	-	(47.3)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-
Total contributions by and distributions to shareholders	-	-	-	(47.3)	(47.3)	-	(47.3)
Total transactions with shareholders in their capacity as shareholders	-	-	-	(47.3)	(47.3)	-	(47.3)
Balance at 30 September 2012	152.7	(63.2)	(49.1)	4,440.6	4,481.0	33.3	4,514.3

6.4. GROUP STATEMENT OF CHANGES IN EQUITY for the third quarter ended 30 September 2011

in Singapore Dollars (millions)	Attributable to Shareholders of the Company				Total	Non-Controlling Interests	Total Equity
	Share Capital	Currency Translation Reserve	Fair Value Reserve	Accumulated Profit ⁽¹⁾			
Balance at 1 July 2011	152.7	(53.0)	204.8	3,590.2	3,894.7	35.3	3,930.0
Profit for the period	-	-	-	40.4	40.4	0.9	41.3
<u>Other comprehensive income</u>							
Exchange differences arising on translation of overseas entities	-	1.2	-	-	1.2	0.2	1.4
Share of other comprehensive income of associates and joint ventures	-	5.1	(2.0)	-	3.1	-	3.1
Available-for-sale financial assets:							
Changes in fair value	-	-	(74.5)	-	(74.5)	(0.7)	(75.2)
Reclassification of realised gain on disposal to Profit and Loss Statement	-	-	(1.9)	-	(1.9)	-	(1.9)
Tax on changes in fair value	-	-	12.7	-	12.7	0.1	12.8
Other comprehensive income for the period, after tax	-	6.3	(65.7)	-	(59.4)	(0.4)	(59.8)
Total comprehensive income for the period	-	6.3	(65.7)	40.4	(19.0)	0.5	(18.5)
<u>Contributions by and distributions to shareholders</u>							
Dividends paid during the period:							
Interim tax exempt (one-tier) dividend	-	-	-	(47.3)	(47.3)	-	(47.3)
Dividends paid to non-controlling interests	-	-	-	-	-	(6.2)	(6.2)
Total contributions by and distributions to shareholders	-	-	-	(47.3)	(47.3)	(6.2)	(53.5)
Total transactions with shareholders in their capacity as shareholders	-	-	-	(47.3)	(47.3)	(6.2)	(53.5)
Balance at 30 September 2011	152.7	(46.7)	139.1	3,583.3	3,828.4	29.6	3,858.0

(1) Included in Accumulated Profit are non-distributable reserves of \$1,042.5 million (30 September 2011: \$1,064.6 million), which arise from regulatory risk charges in Singapore and Malaysia that are held out of the Group Shareholders' Accumulated Profit Account.

7.1. COMPANY STATEMENT OF CHANGES IN EQUITY for the 9 months ended 30 September 2012 and 2011

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Accumulated Profit	Total Equity
Balance at 1 January 2012	152.7	419.2	826.5	1,398.4
Profit for the period	-	-	37.8	37.8
Total comprehensive income for the period	-	-	37.8	37.8
<u>Contributions by and distributions to shareholders</u>				
Dividends paid during the period:				
Final tax exempt (one-tier) dividends for the previous year	-	-	(127.8)	(127.8)
Interim tax exempt (one-tier) dividends	-	-	(47.3)	(47.3)
Total contributions by and distributions to shareholders	-	-	(175.1)	(175.1)
Total transactions with shareholders in their capacity as shareholders	-	-	(175.1)	(175.1)
Balance at 30 September 2012	152.7	419.2	689.2	1,261.1
Balance at 1 January 2011	247.4	419.2	843.5	1,510.1
Profit for the period	-	-	300.7	300.7
Total comprehensive income for the period	-	-	300.7	300.7
<u>Contributions by and distributions to shareholders</u>				
Capitalisation from accumulated profit	269.8	-	(269.8)	-
Cash distribution	(364.5)	-	-	(364.5)
Dividends paid during the period:				
Interim tax exempt (one-tier) dividends	-	-	(47.3)	(47.3)
Total contributions by and distributions to shareholders	(94.7)	-	(317.1)	(411.8)
Total transactions with shareholders in their capacity as shareholders	(94.7)	-	(317.1)	(411.8)
Balance at 30 September 2011	152.7	419.2	827.1	1,399.0

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

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Accumulated Profit	Total Equity
Balance at 1 July 2012	152.7	419.2	739.2	1,311.1
Loss for the period	-	-	(2.7)	(2.7)
Total comprehensive income for the period	-	-	(2.7)	(2.7)
<u>Contributions by and distributions to shareholders</u>				
Dividends paid during the period:				
Interim tax exempt (one-tier) dividends	-	-	(47.3)	(47.3)
Total contributions by and distributions to shareholders	-	-	(47.3)	(47.3)
Total transactions with shareholders in their capacity as shareholders	-	-	(47.3)	(47.3)
Balance at 30 September 2012	152.7	419.2	689.2	1,261.1
Balance at 1 July 2011	152.7	419.2	611.8	1,183.7
Profit for the period	-	-	262.6	262.6
Total comprehensive income for the period	-	-	262.6	262.6
<u>Contributions by and distributions to shareholders</u>				
Dividends paid during the period:				
Interim tax exempt (one-tier) dividends	-	-	(47.3)	(47.3)
Total contributions by and distributions to shareholders	-	-	(47.3)	(47.3)
Total transactions with shareholders in their capacity as shareholders	-	-	(47.3)	(47.3)
Balance at 30 September 2011	152.7	419.2	827.1	1,399.0

8. CONSOLIDATED STATEMENT OF CASH FLOWS

in Singapore Dollars (millions)	9 Months 2012	9 Months 2011	3rd Quarter 2012	3rd Quarter 2011
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	1,120.4	377.5	730.8	58.0
Life assurance profit before income tax	1,614.9	701.7	1,525.7	363.8
General insurance profit before income tax	24.7	24.5	11.2	7.4
Adjustments for non-cash items:				
Surplus transferred from life assurance fund but not yet withdrawn	(481.6)	(331.7)	(189.9)	(76.0)
Profit transferred from general insurance fund but not yet withdrawn	(19.6)	(18.9)	(9.0)	(5.4)
Share of (profit)/loss of associates and joint ventures	(36.8)	5.0	1.0	4.4
(Gain)/loss on sale of investments and changes in fair value	(2,895.6)	414.2	(2,467.6)	725.0
Increase in provision for impairment of assets	9.3	12.3	5.4	10.9
Increase in provision for agents' retirement benefits	25.3	22.9	8.3	7.5
Gain on disposal of property, plant and equipment, assets held for sale and investment properties	(0.4)	(0.6)	-	-
Depreciation	36.1	34.5	12.7	11.7
Unrealised loss/(gain) on exchange differences	118.9	(188.0)	108.2	(251.5)
Change in life assurance contract liabilities	1,509.2	879.2	714.9	(97.0)
Change in general insurance contract liabilities	9.0	(0.6)	2.7	1.4
Change in unexpired risk reserve	19.2	13.8	3.5	4.6
Amortisation of capitalised transaction fees	0.1	0.1	-	-
Dividend income	(375.7)	(371.1)	(120.3)	(125.5)
Interest income	(1,092.3)	(1,074.2)	(372.7)	(363.4)
Interest expense	13.7	13.7	4.5	4.5
Interest expense on policy benefits	73.9	66.9	25.4	22.9
Share-based payments	1.6	3.0	0.6	0.8
	(325.7)	584.2	(4.6)	304.1
Changes in working capital:				
Insurance receivables	(59.8)	(39.5)	(85.3)	(85.3)
Other debtors and interfund balances	(108.3)	234.7	(107.9)	(73.5)
Insurance payables	188.2	94.6	112.9	51.4
Other creditors and interfund balances	(191.2)	45.7	242.6	368.0
Cash (used in)/generated from operations	(496.8)	919.7	157.7	564.7
Income tax paid	(156.3)	(151.8)	(57.7)	(38.9)
Interest paid on policy benefits	(73.9)	(66.9)	(25.4)	(22.9)
Agents' retirement benefits paid	(11.1)	(9.0)	(4.3)	(2.7)
Net cash flows (used in)/ from operating activities	(738.1)	692.0	70.3	500.2
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investments	12,749.9	14,051.6	5,853.5	4,298.5
Purchase of investments	(15,542.8)	(12,929.1)	(7,069.5)	(5,000.3)
Proceeds from reduction of interests in associates	24.1	19.2	10.0	0.1
Repayment of loans to joint ventures	-	(0.1)	-	-
Proceeds from sale of property, plant and equipment, assets held for sale and investment properties	9.8	2.1	4.7	0.4
Purchase of property, plant and equipment and investment properties	(33.1)	(31.8)	(13.6)	(13.0)
Net cash inflow from acquisition of a business	-	9.9	-	-
Interest income received	1,007.9	1,018.3	348.6	328.3
Interest expense paid	(18.3)	(9.1)	(9.1)	(9.1)
Dividends received	346.8	357.2	111.3	129.4
Net cash flows (used in)/from investing activities	(1,455.7)	2,488.2	(764.1)	(265.7)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(175.1)	(47.3)	(47.3)	(47.3)
Dividends paid to non-controlling interests	(2.5)	(10.0)	-	(6.2)
Proceeds from debt issued	-	399.0	-	-
Cash distribution	-	(364.5)	-	-
Net cash flows used in financing activities	(177.6)	(22.8)	(47.3)	(53.5)
Net effect of currency translation reserve adjustment	(440.8)	(433.6)	10.2	(10.8)
Net (decrease)/increase in cash and cash equivalents	(2,812.2)	2,723.8	(730.9)	170.2
Cash and cash equivalents at the beginning of the period	7,248.9	2,830.4	5,167.6	5,384.0
Cash and cash equivalents at the end of the period	4,436.7	5,554.2	4,436.7	5,554.2

9. REVIEW OF RESULTS

The Group Financial Statements for the third quarter of 2012 (Q3-12) and for the 9 months ended 30 September 2012 (9M-12) were prepared in accordance with the Singapore Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS).

9.1 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Group profit attributable to shareholders in Q3-12 was \$619.6 million, compared with \$40.4 million in Q3-11. The increase included a \$421.6 million post-tax gain arising from the sale of the Group's shareholdings in Asia Pacific Breweries Limited ("APB") and Fraser and Neave, Limited ("F&N") during the quarter. Excluding this gain, the Group delivered strong performance for the quarter with profit attributable to shareholders of \$198.0 million, underpinned by continued growth in underwriting profit and mark-to-market gains on investments.

In 9M-12, profit attributable to shareholders increased to \$963.5 million (9M-11: \$316.8 million).

Please refer to section 15.1 on page 14 for details of the sale of APB and F&N shares.

9.2 GROSS PREMIUMS

Q3-12 gross premiums decreased by 2% to \$1,677.5 million (Q3-11: \$1,705.7 million). 9M-12 gross premiums decreased by 2% to \$4,682.3 million (9M-11: \$4,754.8 million).

9.3 NEW SALES

9.3.1 In Q3-12, total weighted new sales for the Group was stable at \$202.5 million (Q3-11: \$204.9 million). 9M-12 total weighted new sales was \$574.7 million, comparable to a year ago (9M-11: \$569.5 million). The steady sales performance reflected the overall higher demand for regular premium products, which was offset by the lower sales of single premium products resulting from a limited availability of appropriate underlying investments. In Singapore, the sales of regular premium policies increased across all channels, particularly those distributed through bancassurance. In Malaysia, there was healthy growth in the take-up of regular premium investment-linked and single premium credit-related products. The total sales performance in Malaysia was however dampened by aggressive pricing competition in traditional endowment products.

in SGD (millions)	9M-12	9M-11	+/(-)	Q3-12	Q3-11	+/(-)	Q2-12	+/(-)
SINGAPORE								
Single Premium	854.4	1,200.4	-29%	335.4	424.0	-21%	242.7	38%
New Regular Premium	266.3	214.6	24%	89.3	77.7	15%	92.0	-3%
Total Weighted New Sales	351.7	334.7	5%	122.8	120.1	2%	116.3	6%
MALAYSIA								
Single Premium	93.8	83.6	12%	33.1	30.0	10%	30.2	10%
New Regular Premium	190.3	197.8	-4%	68.9	74.9	-8%	69.2	0%
Total Weighted New Sales	199.7	206.2	-3%	72.2	77.9	-7%	72.2	0%
EMERGING MARKETS								
Single Premium	57.9	93.7	-38%	13.9	24.5	-43%	21.6	-36%
New Regular Premium	17.5	19.2	-9%	6.1	4.4	39%	6.4	-5%
Total Weighted New Sales	23.3	28.6	-19%	7.5	6.9	9%	8.6	-13%
TOTAL								
Single Premium	1,006.1	1,377.7	-27%	382.4	478.5	-20%	294.5	30%
New Regular Premium	474.1	431.6	10%	164.3	157.0	5%	167.6	-2%
Total Weighted New Sales	574.7	569.5	1%	202.5	204.9	-1%	197.1	3%

Note: a) Total Weighted New Sales = (Single Premium x 10%) + New Regular Premium
b) Prior year figures have been restated based on last year-end exchange rates. Prior quarter figures have been restated based on current quarter-end exchange rates.
c) Emerging Markets include premiums from Brunei, Indonesia, Vietnam, and China. China results reflect the Group's share of 50% in the joint venture.

9.3.2 New Business Embedded Value (NBEV)

In Q3-12, the Group recorded \$88.3 million in NBEV (Q3-11: \$87.0 million). For 9M-12, NBEV rose 6% to \$258.5 million (9M-11: \$244.8 million). This positive outcome was the result of sustained improvements in product mix across all channels towards regular premium and protection-based products.

in SGD (millions)	9M-12	9M-11	+/(-)	Q3-12	Q3-11	+/(-)	Q2-12	+/(-)
Singapore	150.0	131.0	15%	52.0	48.4	7%	47.2	10%
Malaysia	103.0	107.7	-4%	34.4	37.5	-8%	38.1	-10%
Emerging Markets	5.5	6.1	-10%	1.9	1.1	73%	2.0	-5%
Total	258.5	244.8	6%	88.3	87.0	1%	87.3	1%

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

9.4 PROFIT FROM INSURANCE OPERATIONS

Q3-12 profit from insurance operations rose 144% to \$198.9 million (Q3-11: \$81.4 million). The Group's underwriting profit from insurance operations continued to exhibit growth in the quarter. Profit from insurance operations was further boosted by strong investment performance due to improvements in market conditions. The Group recorded mark-to-market net gains in asset and liability valuations, as a result of narrowing credit and swap spreads as well as favourable interest rate movements. This compares against mark-to-market net losses in the same quarter last year.

9M-12 profit from insurance operations rose by 43% to \$501.2 million (9M-11: \$350.6 million), brought about by consistent growth in underwriting profit and a strong investment performance.

9.5 PROFIT FROM INVESTMENTS IN SHAREHOLDERS' FUND

Q3-12 profit from investments in Shareholders' Fund rose to \$540.0 million, against a net investment loss of \$13.1 million in the same quarter last year amid the adverse investment climate then. For 9M-12, profit from investments in Shareholders' Fund was \$643.4 million, compared with \$49.1 million last year. The significant increase this year was largely contributed by the gain from the sale of APB and F&N shares.

9.6 FEES AND OTHER INCOME

Fees and other income amounted to \$15.3 million in Q3-12 (Q3-11: \$16.3 million) and \$46.3 million in 9M-12 (9M-11: \$53.3m). This was the result of a decline in fee income by Lion Global Investors Limited, the Group's asset management arm.

9.7 SHARE OF PROFIT / LOSS OF JOINT VENTURE

The share of loss of the joint venture in China was \$0.1 million in Q3-12 (Q3-11: loss of \$3.6 million) and a profit of \$0.3 million in 9M-12 (9M-11: loss of \$4.0 million). The changes were mainly attributable to the impact of foreign exchange movements between the Singapore Dollar and the Renminbi ("RMB") on capital that remains in Singapore Dollars.

9.8 BALANCE SHEET

9.8.1 Currency Translation Reserve

As at 30 September 2012, translation loss was \$63.2 million, compared with a loss of \$42.6 million as at 31 December 2011. This was mainly caused by the strengthening of the Singapore Dollar against the Malaysian Ringgit.

- 9.8.2 **Fair Value Reserve**
As at 30 September 2012, fair value reserve stood at (\$49.1) million compared with \$150.0 million as at 31 December 2011. This was largely the result of the release of reserves to the Group Profit and Loss Statements upon the disposal of shares in APB and F&N. (Please refer to section 9.5 on page 12.)
- 9.8.3 **Derivative Financial Liabilities and Assets**
Derivative financial liabilities increased to \$190.1 million as at 30 September 2012 (31 December 2011: \$62.1 million) and derivative financial assets increased to \$707.4 million (31 December 2011: \$438.0 million). The net increase in derivative financial liabilities and assets was largely caused by mark-to-market gains from currency swaps and forwards as a result of the strengthening of the Singapore Dollar against the United States Dollar.
- 9.8.4 **Income Tax**
Provision for income tax increased by 52% to \$635.7 million as at 30 September 2012 (31 December 2011: \$417.9 million), in line with the increase in profit.
- 9.8.5 **Cash and Cash Equivalents**
Cash and cash equivalents decreased by 39% to \$4,436.7 million as at 30 September 2012 (31 December 2011: \$7,248.9 million), mainly as cash and cash equivalents were used for investments and settlement of investment trades.
- 9.8.6 **Other Debtors and Interfund Balances**
Other debtors and interfund balances increased by 13% to \$1,710.7 million as at 30 September 2012 (31 December 2011: \$1,517.7 million), arising from higher interest receivable from an increase in holdings of fixed income securities, as well as outstanding investment trades yet to be settled.
- 9.8.7 **Investments**
More cash was deployed for investments resulting in a 12% increase to \$45,170.3 million as at 30 September 2012 (31 December 2011: \$40,152.9 million).
- 9.8.8 **Assets Held for Sale**
\$4.4 million of assets held for sale as at 31 December 2011 were sold off during the current year. As at 30 September 2012, \$1.3 million of investment properties were designated for sale.
- 9.8.9 **Asset allocation of life funds, excluding Investment-Linked Funds, was as follows:**

	SINGAPORE		MALAYSIA	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
Fixed income & debt securities	58%	50%	75%	65%
Equities	20%	22%	20%	23%
Real estate & others	12%	11%	3%	3%
Cash & money market instruments	10%	17%	2%	9%
Market Value of Assets (in SGD billions)	26.2	25.8	21.5	20.3

9.9 CONSOLIDATED STATEMENT OF CASH FLOWS

Net cash flow used in operating activities was \$738.1 million for 9M-12. This was mainly the result of an outflow of cash used in the settlement of investment trades.

9.10 REGULATORY CAPITAL

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

10. SHARE CAPITAL

The Company's issued and paid up share capital as at 30 September 2012 was unchanged at \$152.7 million, compared with 31 December 2011. Total number of shares issued as at 30 September 2012 also remained unchanged at 473,319,069, compared with 31 December 2011.

11. ACCOUNTING POLICIES

The Group adopted the accounting policies and methods of computation for the financial statements for Q3-12, consistent with the audited financial statements for the year ended 31 December 2011.

The adoption of the other revised and new FRS and INT FRS which came into effect on 1 January 2012 does not have any material financial impact on the Group's results for Q3-12.

12. UNAUDITED RESULTS

The consolidated Group's financial results for the third quarter and nine months ended 30 September 2012 have not been audited or reviewed by the Group's auditors.

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

The Group's performance may be affected by interest rate, credit and swap spread movements as well as volatility in the financial markets arising from the ongoing global economic uncertainties.

14. SUBSEQUENT EVENT

On 30 October 2012, the Group's subsidiary, Lion Global Investors Limited, acquired 70% of the issued and paid-up share capital of Pacific Mutual Fund Berhad from OCBC Capital (Malaysia) Sdn Bhd.

15. OTHER MATTERS

15.1 Divestment of Shareholdings in APB and F&N

As announced during the quarter, the Group was approached with an offer to purchase its shareholdings in F&N and APB. The shares in these two companies were long-term investments of the Group, and most of the investments had been made during the 1960s and 1970s. The offer was assessed to be a value accretive opportunity that allowed the Group to enhance financial returns from these long-term investments in the interest of policyholders and shareholders. On completion, the Group realised a total pre-tax gain of \$2,183.7 million, computed based on historical book cost, of which \$516.2 million (post-tax: \$421.6 million) accrued to the Shareholders' Fund and \$1,667.5 million to the life assurance funds. For the life assurance funds, as the assets are valued on an ongoing mark-to-market basis, a large part of the gain has already been recognised and taken into account when determining the amount of bonus to policyholders in past periods.

15.2 Sale of 25% Stake in China Joint Venture

As announced on 27 August 2012, the Group's subsidiary, The Great Eastern Life Assurance Company Limited, entered into a conditional sale and purchase agreement with Chongqing City Construction Investment (Group) Co., Ltd to sell RMB250 million of the registered paid-up capital of Great Eastern Life Assurance (China) Company, Ltd, equivalent to a 25% stake, for an aggregate cash consideration of RMB303 million. The proposed sale is currently awaiting regulatory and other relevant approvals and conditions, and is not expected to have a material financial impact on the Group in the current financial year.

15.3 Rule 920(1) of the Listing Manual

Pursuant to Rule 920(1) of the Listing Manual, GEH has not obtained a general mandate from shareholders for Interested Person Transactions.

Issued: 1 November 2012