

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 2013

For the third quarter and nine months ended 30 September 2013, Group profit attributable to shareholders was S\$282.8 million and S\$508.9 million respectively. Details of the financial results are attached.

Supplementary Information

To improve transparency and investor understanding of GEH’s business, disclosure of operating and non-operating profit from insurance business is provided as supplementary information to the financial results.

Dividend

No interim dividend has been declared in the third quarter of 2013 (third quarter 2012: 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 2013 to be false or misleading in any material aspect.

By Order of the Board

Jennifer Wong Pakshong
Group Company Secretary
Singapore, 28 October 2013

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

FINANCIAL RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2013

1. GROUP PROFIT AND LOSS STATEMENTS

in Singapore Dollars (millions)	9 Months 2013	9 Months 2012	% +/(−)	3rd Quarter 2013	3rd Quarter 2012	% +/(−)	2nd Quarter 2013	% +/(−)
Gross Premiums	5,839.2	4,682.3	25	2,222.6	1,677.5	32	1,996.5	11
Life assurance profit from:								
Participating Fund	122.6	104.5	17	47.0	33.9	39	41.4	14
Non-participating Fund	191.3	283.2	(32)	153.2	121.3	26	(63.4)	nm
Investment-linked Fund	120.3	93.9	28	40.0	34.7	15	37.8	6
Profit from life assurance	434.2	481.6	(10)	240.2	189.9	26	15.8	nm
Profit from general insurance	17.9	19.6	(9)	11.8	9.0	31	(0.6)	nm
Profit from insurance business	452.1	501.2	(10)	252.0	198.9	27	15.2	nm
Investment income, net	88.2	87.6	1	34.2	29.0	18	29.1	18
Gain on sale of investments and changes in fair value	47.6	559.5	(91)	17.3	514.5	(97)	2.3	nm
Increase in provision for impairment of assets	(0.5)	(0.2)	nm	(0.2)	-	nm	(0.3)	nm
(Loss)/gain on exchange differences	(0.5)	(3.5)	nm	(5.0)	(3.5)	nm	3.0	nm
Profit from investments in Shareholders' Fund	134.8	643.4	(79)	46.3	540.0	(91)	34.1	36
Fees and other income	51.7	46.3	12	16.1	15.3	5	18.1	(11)
Profit before expenses	638.6	1,190.9	(46)	314.4	754.2	(58)	67.4	nm
less:								
Management and other expenses	26.0	55.5	(53)	(7.4)	18.2	nm	17.7	nm
Interest expense	13.7	13.7	-	4.5	4.5	-	4.6	(2)
Depreciation	1.5	1.6	(6)	0.5	0.6	(17)	0.5	-
Expenses	41.2	70.8	(42)	(2.4)	23.3	nm	22.8	nm
Profit after expenses	597.4	1,120.1	(47)	316.8	730.9	(57)	44.6	nm
Share of (loss)/profit after income tax of joint ventures	(2.4)	0.3	nm	(0.2)	(0.1)	nm	(1.4)	nm
Profit before income tax	595.0	1,120.4	(47)	316.6	730.8	(57)	43.2	nm
Income tax	(79.9)	(152.0)	nm	(31.6)	(109.7)	nm	(22.6)	nm
Profit after income tax	515.1	968.4	(47)	285.0	621.1	(54)	20.6	nm
Attributable to:								
Shareholders	508.9	963.5	(47)	282.8	619.6	(54)	18.6	nm
Non-controlling interests	6.2	4.9	27	2.2	1.5	47	2.0	10
	515.1	968.4	(47)	285.0	621.1	(54)	20.6	nm
Basic and diluted earnings per share attributable to shareholders of the Company (in Singapore Dollars)	1.08	2.04	(47)	0.60	1.31	(54)	0.04	nm
Return on Equity (Average Shareholders' Fund) (%) <i>(not annualised)</i>	10.5%	23.0%	-12.5 pp	5.7%	14.5%	-8.8 pp	0.6%	5.1 pp

nm – not meaningful / exceeding 300%

2. GROUP STATEMENT OF COMPREHENSIVE INCOME

in Singapore Dollars (millions)	9 Months 2013	9 Months 2012	% + / (-)	3rd Quarter 2013	3rd Quarter 2012	% + / (-)	2nd Quarter 2013	% + / (-)
Profit after income tax for the period	515.1	968.4	(47)	285.0	621.1	(54)	20.6	nm
Other comprehensive income:								
Items that will not be reclassified to profit or loss:								
Exchange differences arising on translation of overseas entities attributable to non-controlling interests	0.3	(0.3)	nm	0.3	(0.1)	nm	(0.2)	nm
Items that may be reclassified subsequently to profit or loss:								
Exchange differences arising on translation of overseas entities	(23.4)	(16.6)	nm	(23.2)	(0.8)	nm	(3.0)	nm
Share of other comprehensive income of associates and joint ventures	2.6	(4.7)	nm	(0.3)	(2.4)	nm	2.0	nm
Available-for-sale financial assets:								
Changes in fair value	(84.7)	263.3	nm	6.6	142.8	(95)	(117.5)	nm
Reclassification of realised gain on disposal to Profit and Loss Statement	(30.5)	(501.6)	nm	(8.2)	(495.9)	nm	(4.0)	nm
Tax on changes in fair value	19.9	40.9	(51)	1.0	60.2	(98)	20.1	(95)
Other comprehensive income for the period, after tax	(115.8)	(219.0)	nm	(23.8)	(296.2)	nm	(102.6)	nm
Total comprehensive income for the period	399.3	749.4	(47)	261.2	324.9	(20)	(82.0)	nm
Total comprehensive income attributable to:								
Shareholders	392.7	743.8	(47)	258.6	323.1	(20)	(83.3)	nm
Non-controlling interests	6.6	5.6	18	2.6	1.8	44	1.3	100
	399.3	749.4	(47)	261.2	324.9	(20)	(82.0)	nm

nm – not meaningful / exceeding 300%

3. GROUP BALANCE SHEET

in Singapore Dollars (millions)	Group		
	30 Sep 2013	31 Dec 2012	% + / (-)
Share capital	152.7	152.7	-
Reserves			
Currency translation reserve	(84.1)	(63.7)	nm
Fair value reserve	(54.0)	41.8	nm
Accumulated profit	4,872.2	4,666.2	4
SHAREHOLDERS' FUND	4,886.8	4,797.0	2
NON-CONTROLLING INTERESTS	49.1	42.5	16
TOTAL EQUITY	4,935.9	4,839.5	2
LIABILITIES			
Insurance payables	2,988.5	2,791.2	7
Other creditors and interfund balances	2,200.6	2,461.5	(11)
Unexpired risk reserve	126.9	120.3	5
Derivative financial liabilities	118.8	42.0	183
Income tax	573.2	487.8	18
Provision for agents' retirement benefits	258.7	245.2	6
Deferred tax	981.5	1,069.9	(8)
Debt issued	399.3	399.2	0
General insurance fund	194.7	186.5	4
Life assurance fund	46,755.2	47,057.9	(1)
TOTAL EQUITY AND LIABILITIES	59,533.3	59,701.0	(0)
ASSETS			
Cash and cash equivalents	3,712.9	4,212.6	(12)
Other debtors and interfund balances	1,870.6	1,902.6	(2)
Insurance receivables	2,613.6	2,582.4	1
Loans ⁽¹⁾	1,833.5	1,604.8	14
Derivative financial assets	313.2	490.7	(36)
Investments ⁽¹⁾	46,774.6	46,304.9	1
Assets held for sale	-	3.0	(100)
Associates and joint ventures	155.9	322.9	(52)
Goodwill	33.6	34.1	(1)
Investment properties	1,523.4	1,531.6	(1)
Property, plant and equipment	702.0	711.4	(1)
TOTAL ASSETS	59,533.3	59,701.0	(0)
Net Asset Value per share (in Singapore Dollars)	10.32	10.13	2

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

(1) Comparatives have been restated to conform to current year's presentation

nm – not meaningful / exceeding 300%

4. COMPANY BALANCE SHEET

in Singapore Dollars (millions)	Company		
	30 Sep 2013	31 Dec 2012	% + / (-)
Share capital	152.7	152.7	-
Reserves			
Merger reserve	419.2	419.2	-
Accumulated profit	1,202.5	1,157.1	4
TOTAL EQUITY	1,774.4	1,729.0	3
LIABILITIES			
Other creditors	7.0	6.4	9
Income tax	0.1	0.1	-
TOTAL EQUITY AND LIABILITIES	1,781.5	1,735.5	3
ASSETS			
Cash and cash equivalents	11.2	57.8	(81)
Amounts due from subsidiaries	1,084.0	1,000.3	8
Subsidiaries	686.1	677.3	1
Property, plant and equipment	0.2	0.1	100
TOTAL ASSETS	1,781.5	1,735.5	3
Net Asset Value per share (in Singapore Dollars)	3.75	3.65	3

5. SELECTED INCOME AND MANAGEMENT EXPENSES

in Singapore Dollars (millions)	Shareholders' Fund				
	9 Months 2013	9 Months 2012	3rd Quarter 2013	3rd Quarter 2012	2nd Quarter 2013
Expenses					
1. Staff costs and related expenses (including executive directors and key management personnel compensation)	54.0	51.5	18.0	17.6	17.6
2. Rental expense	4.8	4.4	1.6	1.5	1.6
3. Depreciation	1.5	1.6	0.5	0.6	0.5
Life Assurance and General Insurance Funds					
Income					
1. Investment income, net (excluding mark-to-market changes)	1,378.8	1,310.2	458.0	439.4	501.2
Expenses					
1. Staff costs and related expenses (including executive directors and key management personnel compensation)	142.9	130.1	46.7	44.9	50.1
2. Rental expense	11.6	11.9	3.8	4.1	4.0
3. Depreciation	41.9	34.5	12.1	12.1	18.2

6.1. GROUP STATEMENT OF CHANGES IN EQUITY for the period ended 30 September 2013

in Singapore Dollars (millions)	Attributable to Shareholders of the Company					Non-Controlling Interests	Total Equity
	Share Capital	Currency Translation Reserve	Fair Value Reserve	Accumulated Profit ⁽¹⁾	Total		
Balance at 1 January 2013	152.7	(63.7)	41.8	4,666.2	4,797.0	42.5	4,839.5
Profit for the period	-	-	-	508.9	508.9	6.2	515.1
Other comprehensive income							
Exchange differences arising on translation of overseas entities	-	(23.4)	-	-	(23.4)	0.3	(23.1)
Share of other comprehensive income of associates and joint ventures	-	3.0	(0.4)	-	2.6	-	2.6
Available-for-sale financial assets:							
Changes in fair value	-	-	(84.8)	-	(84.8)	0.1	(84.7)
Reclassification of realised gain on disposal to Profit and Loss Statement	-	-	(30.5)	-	(30.5)	-	(30.5)
Tax on changes in fair value	-	-	19.9	-	19.9	-	19.9
Other comprehensive income for the period, after tax	-	(20.4)	(95.8)	-	(116.2)	0.4	(115.8)
Total comprehensive income for the period	-	(20.4)	(95.8)	508.9	392.7	6.6	399.3
Contributions by and distributions to shareholders							
Dividends paid during the period:							
Final and special tax exempt (one-tier) dividends for the previous year	-	-	-	(255.6)	(255.6)	-	(255.6)
Interim tax exempt (one-tier) dividend	-	-	-	(47.3)	(47.3)	-	(47.3)
Dividends paid to non-controlling interests	-	-	-	-	-	(3.8)	(3.8)
Total contributions by and distributions to shareholders	-	-	-	(302.9)	(302.9)	(3.8)	(306.7)
Changes in ownership interests in subsidiaries that do not result in a loss of control							
Changes in non-controlling interests	-	-	-	-	-	3.8	3.8
Total changes in ownership interests in subsidiaries	-	-	-	-	-	3.8	3.8
Total transactions with shareholders in their capacity as shareholders	-	-	-	(302.9)	(302.9)	-	(302.9)
Balance at 30 September 2013	152.7	(84.1)	(54.0)	4,872.2	4,886.8	49.1	4,935.9

6.2. GROUP STATEMENT OF CHANGES IN EQUITY for the period ended 30 September 2012

in Singapore Dollars (millions)	Attributable to Shareholders of the Company					Non-Controlling Interests	Total Equity
	Share Capital	Currency Translation Reserve	Fair Value Reserve	Accumulated Profit ⁽¹⁾	Total		
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
<u>Other comprehensive income</u>							
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)
<u>Available-for-sale financial assets:</u>							
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
<u>Contributions by and distributions to shareholders</u>							
<u>Dividends paid during the period:</u>							
Final tax exempt (one-tier) dividend 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

(1) Included in Accumulated Profit are non-distributable reserves of \$1,052.2 million (30 September 2012: \$1,042.5 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 2013

in Singapore Dollars (millions)	Attributable to Shareholders of the Company					Non-Controlling Interests	Total Equity
	Share Capital	Currency Translation Reserve	Fair Value Reserve	Accumulated Profit ⁽¹⁾	Total		
Balance at 1 July 2013	152.7	(60.7)	(53.2)	4,636.7	4,675.5	46.5	4,722.0
Profit for the period	-	-	-	282.8	282.8	2.2	285.0
Other comprehensive income							
Exchange differences arising on translation of overseas entities	-	(23.2)	-	-	(23.2)	0.3	(22.9)
Share of other comprehensive income of associates and joint ventures	-	(0.2)	(0.1)	-	(0.3)	-	(0.3)
Available-for-sale financial assets:							
Changes in fair value	-	-	6.5	-	6.5	0.1	6.6
Reclassification of realised gain on disposal to Profit and Loss Statement	-	-	(8.2)	-	(8.2)	-	(8.2)
Tax on changes in fair value	-	-	1.0	-	1.0	-	1.0
Other comprehensive income for the period, after tax	-	(23.4)	(0.8)	-	(24.2)	0.4	(23.8)
Total comprehensive income for the period	-	(23.4)	(0.8)	282.8	258.6	2.6	261.2
Contributions by and distributions to shareholders							
Dividends paid during the period:							
Interim tax exempt (one-tier) dividend	-	-	-	(47.3)	(47.3)	-	(47.3)
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 2013	152.7	(84.1)	(54.0)	4,872.2	4,886.8	49.1	4,935.9

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

in Singapore Dollars (millions)	Attributable to Shareholders of the Company					Non-Controlling Interests	Total Equity
	Share Capital	Currency Translation Reserve	Fair Value Reserve	Accumulated Profit ⁽¹⁾	Total		
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
<u>Other comprehensive income</u>							
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
<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)
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

(1) Included in Accumulated Profit are non-distributable reserves of \$1,052.2 million (30 September 2012: \$1,042.5 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 periods ended 30 September 2013 and 2012

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Accumulated Profit	Total Equity
Balance at 1 January 2013	152.7	419.2	1,157.1	1,729.0
Profit for the period	-	-	348.3	348.3
Total comprehensive income for the period	-	-	348.3	348.3
<u>Contributions by and distributions to shareholders</u>				
Dividends paid during the period:				
Final and special tax exempt (one-tier) dividends for the previous year	-	-	(255.6)	(255.6)
Interim tax exempt (one-tier) dividend	-	-	(47.3)	(47.3)
Total contributions by and distributions to shareholders	-	-	(302.9)	(302.9)
Total transactions with shareholders in their capacity as shareholders	-	-	(302.9)	(302.9)
Balance at 30 September 2013	152.7	419.2	1,202.5	1,774.4
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) dividend for the previous year	-	-	(127.8)	(127.8)
Interim tax exempt (one-tier) dividend	-	-	(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

7.2. COMPANY STATEMENT OF CHANGES IN EQUITY for the third quarter ended 30 September 2013 and 2012

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Accumulated Profit	Total Equity
Balance at 1 July 2013	152.7	419.2	1,207.4	1,779.3
Profit for the period	-	-	42.4	42.4
Total comprehensive income for the period	-	-	42.4	42.4
<u>Contributions by and distributions to shareholders</u>				
Dividends paid during the period:				
Interim tax exempt (one-tier) dividend	-	-	(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 2013	152.7	419.2	1,202.5	1,774.4
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) dividend	-	-	(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

8. CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER

in Singapore Dollars (millions)	9 Months 2013	9 Months 2012	3rd Quarter 2013	3rd Quarter 2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	595.0	1,120.4	316.6	730.8
Life assurance profit before income tax	1,097.9	1,614.9	73.9	1,525.7
General insurance profit before income tax	23.7	24.7	13.0	11.2
Adjustments for non-cash items:				
Surplus transferred from life assurance fund but not yet withdrawn	(434.2)	(481.6)	(240.2)	(189.9)
Profit transferred from general insurance fund but not yet withdrawn	(17.9)	(19.6)	(11.8)	(9.0)
Share of loss/(profit) of associates and joint ventures	9.5	(36.8)	13.2	1.0
Gain on sale of investments and changes in fair value	(364.3)	(2,895.6)	(129.0)	(2,467.6)
Increase in provision for impairment of assets	3.3	9.3	1.0	5.4
Increase in provision for agents' retirement benefits	27.0	25.3	8.9	8.3
(Gain)/loss on disposal of property, plant and equipment, assets held for sale and investment properties	(0.2)	(0.4)	0.1	-
Depreciation	43.4	36.1	12.6	12.7
Unrealised (gain)/loss on exchange differences	(234.4)	118.9	44.2	108.2
Change in life assurance contract liabilities	601.0	1,509.2	128.3	714.9
Change in general insurance contract liabilities	14.3	9.0	(0.2)	2.7
Change in unexpired risk reserve	9.1	19.2	3.4	3.5
Amortisation of capitalised transaction fees	0.1	0.1	-	-
Dividend income	(360.2)	(375.7)	(127.6)	(120.3)
Interest income	(1,182.9)	(1,092.3)	(388.6)	(372.7)
Interest expense	13.7	13.7	4.5	4.5
Interest expense on policy benefits	84.6	73.9	29.1	25.4
Share-based payments	2.9	1.6	1.2	0.6
	(68.6)	(325.7)	(247.4)	(4.6)
Changes in working capital:				
Insurance receivables	(30.0)	(59.8)	4.0	(85.3)
Other debtors and interfund balances	33.2	(108.3)	117.6	(107.9)
Insurance payables	197.3	188.2	31.7	112.9
Other creditors and interfund balances	(259.2)	(191.2)	75.4	242.6
Cash (used in)/from operations	(127.3)	(496.8)	(18.7)	157.7
Income tax paid	(153.0)	(156.3)	(40.1)	(57.7)
Interest paid on policy benefits	(84.6)	(73.9)	(29.1)	(25.4)
Agents' retirement benefits paid	(3.7)	(11.1)	0.5	(4.3)
Net cash flows (used in)/from operating activities	(368.6)	(738.1)	(87.4)	70.3
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investments	16,348.7	12,749.9	4,759.9	5,853.5
Purchase of investments	(17,049.2)	(15,542.8)	(4,485.8)	(7,069.5)
Proceeds from reduction of interests in associates	59.8	24.1	23.1	10.0
Proceeds from sale of property, plant and equipment, assets held for sale and investment properties	3.4	9.8	1.0	4.7
Purchase of property, plant and equipment and investment properties	(41.5)	(33.1)	(14.8)	(13.6)
Interest income received	1,187.2	1,007.9	412.7	348.6
Interest expense paid	(18.3)	(18.3)	(9.1)	(9.1)
Dividends received	339.6	346.8	123.5	111.3
Net cash flows from/(used in) investing activities	829.7	(1,455.7)	810.5	(764.1)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(302.9)	(175.1)	(47.3)	(47.3)
Dividends paid to non-controlling interests	(3.8)	(2.5)	-	-
Changes in non-controlling interests	3.8	-	-	-
Net cash flows used in financing activities	(302.9)	(177.6)	(47.3)	(47.3)
Net effect of currency translation reserve adjustment	(657.9)	(440.8)	(685.0)	10.2
Net decrease in cash and cash equivalents	(499.7)	(2,812.2)	(9.2)	(730.9)
Cash and cash equivalents at the beginning of the period	4,212.6	7,248.9	3,722.1	5,167.6
Cash and cash equivalents at the end of the period	3,712.9	4,436.7	3,712.9	4,436.7

9. REVIEW OF RESULTS

The Group Financial Statements for the third quarter of 2013 (Q3-13) and for the nine months ended 30 September 2013 (9M-13) 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 Q3-13 was \$282.8 million (Q3-12: \$619.6 million). Excluding the one-off gain of \$421.6 million from the sale of the Group's shareholdings in Asia Pacific Breweries (APB) and Fraser and Neave (F&N) in Q3-12, Q3-13 net profit increased by 43%, underpinned by continued improvement in underwriting performance and unrealised mark-to-market gains on investments.

9M-13 net profit amounted to \$508.9 million, a decrease of 47% compared with \$963.5 million in 9M-12. Excluding the one-off gain of \$421.6 million as referred to above, 9M-13 net profit declined 6% as a result of the significant unrealised mark-to-market losses incurred in Q2-13.

9.2 GROSS PREMIUMS

Q3-13 gross premiums increased by 32% to \$2,222.6 million (Q3-12: \$1,677.5 million). 9M-13 gross premiums increased by 25% to \$5,839.2 million (9M-12: \$4,682.3 million).

9.3 PROFIT FROM INSURANCE BUSINESS

In Q3-13, the Group's profit from insurance business was \$252.0 million (Q3-12: \$198.9 million), supported by stronger underwriting performance and higher net investment income across all the insurance funds. The Group also recorded unrealised mark-to-market gains in the Singapore Non-participating Fund, brought about by the partial recovery in financial markets following the decision by the US Federal Reserve in September 2013 to maintain its quantitative easing programme.

9M-13 profit from insurance business decreased by 10% to \$452.1 million (9M-12: \$501.2 million), as a result of the significant unrealised mark-to-market losses incurred in Q2-13.

9.4 PROFIT FROM INVESTMENTS IN SHAREHOLDERS' FUND

Profit from investments in Shareholders' Fund was lower at \$46.3 million in Q3-13 (Q3-12: \$540.0 million), as there was a gain from the sale of APB and F&N shares in the prior year. However, net investment income from investments in Shareholders' Fund grew 18% to \$34.2 million in Q3-13 (Q3-12: \$29.0 million).

9M-13 profit from investment in Shareholders' Fund was 79% lower at \$134.8 million (9M-12: \$643.4 million), largely attributed to the gain from the sale of APB and F&N shares in the prior year as well as a lower unrealised mark-to-market gain in held-for-trading investments.

9.5 FEES AND OTHER INCOME

Fees and other income amounted to \$16.1 million in Q3-13 (Q3-12: \$15.3 million) and \$51.7 million in 9M-13 (9M-12: \$46.3 million). This was mainly the result of an increase in fee income by the Group's asset management arm, Lion Global Investors Limited and its subsidiary, Pacific Mutual Fund Berhad.

9.6 MANAGEMENT AND OTHER EXPENSES

Management and other expenses were negative \$7.4 million in Q3-13 (Q3-12: \$18.2 million) and \$26.0 million in 9M-13 (9M-12: \$55.5 million), mainly arising from the reversal of a provision made in 2008 to support insurance operations that is no longer required. Excluding the reversal, management and other expenses remained stable in Q3-13 and for 9M-13.

9.7 SHARE OF PROFIT / LOSS OF JOINT VENTURE

The share of loss of the joint venture in China was \$0.2 million in Q3-13 (Q3-12: loss of \$0.1 million) and \$2.4 million in 9M-13 (9M-12: profit of \$0.3 million). The 9M-13 decline was mainly attributed to a foreign exchange loss from a strengthening of the Chinese Renminbi against the Singapore Dollar.

9.8 BALANCE SHEET

- 9.8.1 Currency Translation Reserve
As at 30 September 2013, translation loss was \$84.1 million compared with a loss of \$63.7 million as at 31 December 2012. This was mainly caused by the weakening of the Malaysian Ringgit against the Singapore Dollar.
- 9.8.2 Fair Value Reserve
As at 30 September 2013, fair value reserve stood at (\$54.0) million, compared with \$41.8 million as at 31 December 2012. The decrease was mainly attributed to unrealised mark-to-market losses from investments in Shareholders' Fund.
- 9.8.3 Other Creditors and Interfund Balances
Other creditors and interfund balances decreased to \$2,200.6 million as at 30 September 2013 (31 December 2012: \$2,461.5 million), mainly arising from settlement of outstanding interfund balances and investment trades.
- 9.8.4 Derivative Financial Liabilities and Assets
Derivative financial liabilities and assets held by the Group are for hedging purposes. Derivative financial liabilities increased to \$118.8 million as at 30 September 2013 (31 December 2012: \$42.0 million) and derivative financial assets decreased to \$313.2 million (31 December 2012: \$490.7 million). The net decrease was largely caused by the exit of certain swap positions.
- 9.8.5 Income Tax
Provision for income tax increased by 18% to \$573.2 million as at 30 September 2013 (31 December 2012: \$487.8 million), in line with the increase in profit.
- 9.8.6 Debt Issued
- | | 30 September
2013 | 31 December
2012 |
|---|----------------------|---------------------|
| in SGD (millions) | | |
| Subordinated fixed rate notes (unsecured)
- payable after one year | 399.3 | 399.2 |
- 9.8.7 Cash and Cash Equivalents
Cash and cash equivalents decreased 12% to \$3,712.9 million as at 30 September 2013 (31 December 2012: \$4,212.6 million), mainly arising from the payment of final and interim dividends to shareholders and settlement of investment trades.
- 9.8.8 Loans
Loans increased by 14% to \$1,833.5 million as at 30 September 2013 (31 December 2012: \$1,604.8 million), arising from a drawdown on loan commitments.
- 9.8.9 Assets Held for Sale
\$3.0 million assets held for sale as at 31 December 2012 were sold in 9M-13.
- 9.8.10 Associates and Joint Ventures
Associates and joint ventures decreased by 52% to \$155.9 million as at 30 September 2013 (31 December 2012: \$322.9 million). The decrease was mainly attributed to payment of dividends by an associate leading to a reduction in the Group's share of net assets in that associate.

9.8.11 Asset allocation of life funds, excluding Investment-linked Funds, was as follows:

	SINGAPORE		MALAYSIA	
	30 September 2013	31 December 2012	30 September 2013	31 December 2012
Fixed income & debt securities	57%	58%	69%	71%
Equities	24%	21%	22%	21%
Real estate & others	12%	11%	7%	6%
Cash & money market instruments	7%	10%	2%	2%
Market Value of Assets (in SGD billions)	26.5	26.9	21.8	21.8

9.9 CONSOLIDATED STATEMENT OF CASH FLOWS

Net cash flow used in operating activities was \$368.6 million in 9M-13, mainly from 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 2013 was unchanged at \$152.7 million compared with 31 December 2012. Total number of shares issued as at 30 September 2013 also remained unchanged at 473,319,069 compared with 31 December 2012.

11. ACCOUNTING POLICIES

The Group adopted the accounting policies and methods of computation for the financial statements for Q3-13, consistent with the audited financial statements for the year ended 31 December 2012.

The adoption of the other revised and new FRS and INT FRS which came into effect on 1 January 2013 does not have any material financial impact on the Group's results for Q3-13.

12. UNAUDITED RESULTS

The consolidated Group's financial results for the third quarter and nine months ended 30 September 2013 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 volatility in the financial markets arising from global economic uncertainties.

14. OTHER MATTERS

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

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