

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:

Audited Financial Results of GEH Group for the Fourth Quarter and for the Year Ended 31 December 2014

For the fourth quarter and year ended 31 December 2014, Group profit attributable to shareholders was S\$207.8 million and S\$878.6 million respectively. Details of the financial results are attached.

Unaudited Supplementary Information

Disclosure of operating and non-operating profit from insurance business is provided as supplementary information to the financial results.

Dividend

The Board of Directors is pleased to recommend a final tax exempt (one-tier) dividend of 40 cents (2013: final tax exempt (one-tier) dividend of 40 cents per ordinary share) and a special tax exempt (one-tier) dividend of 5 cents (2013: special tax exempt (one-tier) dividend of 5 cents per ordinary share). Including the interim tax exempt (one-tier) dividend of 10 cents paid in September 2014, total dividends for financial year 2014 would amount to 55 cents per ordinary share (2013: 55 cents per ordinary share). The recommended final and special dividends will be payable on 7 May 2015, subject to shareholders’ approval at the Annual General Meeting.

Closure of Books

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company be closed on 24 April 2015 for the purpose of determining the entitlement of shareholders to the recommended final tax exempt (one-tier) dividend of 40 cents and special tax exempt (one-tier) dividend of 5 cents per ordinary share. Duly completed registrable transfers of shares received by the Company’s Share Registrar, M & C Services Pte Ltd at 112 Robinson Road #05-01, Singapore 068902 up to 5.00 p.m. on 23 April 2015 will be registered to determine shareholders’ entitlements to the proposed dividends. Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares as at 5.00 p.m. on 23 April 2015 will be entitled to the proposed dividends.

By Order of the Board

Jennifer Wong Pakshong
Group Company Secretary
Singapore, 5 February 2015

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

FINANCIAL RESULTS FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2014

1. GROUP PROFIT AND LOSS STATEMENTS

in Singapore Dollars (millions)	Year ended 2014	Year ended 2013	% +/(−)	4th Quarter 2014	4th Quarter 2013	% +/(−)	3rd Quarter 2014	% +/(−)
Gross Premiums	8,209.8	7,977.5	3	2,257.9	2,138.3	6	2,124.0	6
Life assurance profit from:								
Participating Fund	138.4	145.5	(5)	37.1	22.9	62	36.2	2
Non-participating Fund	422.9	279.2	51	98.7	87.9	12	92.1	7
Investment-linked Fund	206.5	174.0	19	54.3	53.7	1	46.1	18
Profit from life assurance	767.8	598.7	28	190.1	164.5	16	174.4	9
Profit from general insurance	37.3	25.5	46	13.4	7.6	76	6.3	113
Profit from insurance business	805.1	624.2	29	203.5	172.1	18	180.7	13
Investment income, net	132.5	112.0	18	30.1	23.8	26	40.1	(25)
Gain/(loss) on sale of investments and changes in fair value ⁽¹⁾	30.8	52.1	(41)	10.3	8.5	21	(0.1)	nm
Gain on disposal of interest in a joint venture	31.9	-	nm	-	-	nm	-	nm
Increase in provision for impairment of assets	(1.3)	(0.7)	nm	(0.8)	(0.2)	nm	(0.2)	nm
Gain on exchange differences ⁽¹⁾	10.6	5.7	86	9.0	2.2	nm	4.6	96
Profit from investments in Shareholders' Fund	204.5	169.1	21	48.6	34.3	42	44.4	9
Fees and other income	72.9	71.0	3	20.3	19.3	5	18.2	12
Profit before expenses	1,082.5	864.3	25	272.4	225.7	21	243.3	12
less:								
Management and other expenses	78.3	45.5	72	28.0	19.5	44	18.6	51
Interest expense	18.3	18.3	-	4.6	4.6	-	4.5	2
Depreciation	1.9	2.1	(10)	0.6	0.6	-	0.4	50
Expenses	98.5	65.9	49	33.2	24.7	34	23.5	41
Profit after expenses	984.0	798.4	23	239.2	201.0	19	219.8	9
Share of (loss)/profit after income tax of associates	(1.6)	-	nm	(0.9)	-	nm	0.2	nm
Share of loss after income tax of joint ventures	-	(7.9)	(100)	-	(5.5)	(100)	-	nm
Profit before income tax	982.4	790.5	24	238.3	195.5	22	220.0	8
Income tax	(94.4)	(106.7)	nm	(27.5)	(26.8)	nm	(23.2)	nm
Profit after income tax	888.0	683.8	30	210.8	168.7	25	196.8	7
Attributable to:								
Shareholders	878.6	674.8	30	207.8	165.9	25	194.6	7
Non-controlling interests	9.4	9.0	4	3.0	2.8	7	2.2	36
	888.0	683.8	30	210.8	168.7	25	196.8	7
Basic and diluted earnings per share attributable to shareholders of the Company (in Singapore Dollars)	1.86	1.43	30	0.44	0.35	26	0.41	7
Return on Equity (Average Shareholders' Fund) (%)	16.0%	13.7%	2.3 pp	3.4%	3.2%	0.2 pp	3.5%	-0.1 pp

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

nm – not meaningful / exceeding 300%

2. GROUP STATEMENT OF COMPREHENSIVE INCOME

in Singapore Dollars (millions)	Year ended 2014	Year ended 2013	% + / (-)	4th Quarter 2014	4th Quarter 2013	% + / (-)	3rd Quarter 2014	% + / (-)
Profit after income tax for the year	888.0	683.8	30	210.8	168.7	25	196.8	7
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	-	(0.4)	(100)	(0.4)	(0.7)	nm	-	nm
Items that may be reclassified subsequently to profit or loss:								
Exchange differences arising on translation of overseas entities	(14.4)	(23.4)	nm	(18.0)	-	nm	0.6	nm
Share of other comprehensive income of associates and joint ventures	1.7	3.5	(51)	1.1	0.9	22	1.0	10
Available-for-sale financial assets:								
Changes in fair value	260.4	(51.8)	nm	152.4	32.9	nm	17.3	nm
Reclassification of realised gain on disposal of investments to Profit and Loss Statement	(33.0)	(35.7)	nm	(19.0)	(5.2)	nm	(4.1)	nm
Tax on changes in fair value	(37.6)	14.9	nm	(21.7)	(5.0)	nm	(2.2)	nm
Other comprehensive income for the year, after tax	177.1	(92.9)	nm	94.4	22.9	nm	12.6	nm
Total comprehensive income for the year	1,065.1	590.9	80	305.2	191.6	59	209.4	46
Total comprehensive income attributable to:								
Shareholders	1,055.2	582.8	81	302.5	190.1	59	207.2	46
Non-controlling interests	9.9	8.1	22	2.7	1.5	80	2.2	23
	1,065.1	590.9	80	305.2	191.6	59	209.4	46

nm – not meaningful / exceeding 300%

3.1. GROUP BALANCE SHEET AS AT 31 DECEMBER

in Singapore Dollars (millions)	Group		% + / (-)
	2014	2013	
Share capital	152.7	152.7	-
Reserves			
Currency translation reserve	(96.4)	(82.9)	nm
Fair value reserve	159.1	(31.0)	nm
Accumulated profit	5,656.4	5,038.1	12
SHAREHOLDERS' FUND	5,871.8	5,076.9	16
NON-CONTROLLING INTERESTS	60.1	50.4	19
TOTAL EQUITY	5,931.9	5,127.3	16
LIABILITIES			
Insurance payables	3,440.3	3,087.9	11
Other creditors and interfund balances ⁽¹⁾	2,633.1	2,356.3	12
Unexpired risk reserve	122.7	121.8	1
Derivative financial liabilities	341.4	188.1	81
Income tax	461.7	599.8	(23)
Provision for agents' retirement benefits	270.0	258.6	4
Deferred tax	1,136.2	1,011.0	12
Loan payable to holding company	41.2	-	nm
Debt issued	399.4	399.3	0
General insurance fund	221.2	209.2	6
Life assurance fund	50,678.3	47,577.3	7
TOTAL EQUITY AND LIABILITIES	65,677.4	60,936.6	8
ASSETS			
Cash and cash equivalents	3,254.3	3,727.1	(13)
Other debtors and interfund balances ⁽¹⁾	2,314.1	1,934.1	20
Insurance receivables	2,676.1	2,604.3	3
Loans	1,850.8	1,863.6	(1)
Derivative financial assets	113.4	242.2	(53)
Investments	53,077.3	48,106.0	10
Associates and joint ventures	89.5	152.5	(41)
Goodwill	33.3	33.6	(1)
Investment properties	1,632.0	1,561.0	5
Property, plant and equipment	636.6	712.2	(11)
TOTAL ASSETS	65,677.4	60,936.6	8
Net Asset Value per share (in Singapore Dollars)	12.41	10.73	16

For analysis of major variances, please refer to section 9.7 on page 13.

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

nm – not meaningful / exceeding 300%

3.2. COMPANY BALANCE SHEET AS AT 31 DECEMBER

in Singapore Dollars (millions)	Company		
	2014	2013	% + / (-)
Share capital	152.7	152.7	-
Reserves			
Merger reserve	419.2	419.2	-
Accumulated profit	1,983.9	1,200.8	65
TOTAL EQUITY	2,555.8	1,772.7	44
LIABILITIES			
Other creditors	7.8	6.5	20
Income tax	-	0.1	(100)
TOTAL EQUITY AND LIABILITIES	2,563.6	1,779.3	44
ASSETS			
Cash and cash equivalents	69.8	32.5	115
Other debtors	0.2	-	nm
Amounts due from subsidiaries	1,807.2	1,060.5	70
Subsidiaries	686.1	686.1	-
Property, plant and equipment	0.3	0.2	50
TOTAL ASSETS	2,563.6	1,779.3	44
Net Asset Value per share (in Singapore Dollars)	5.40	3.75	44

4.1 GROSS PREMIUMS AND PROFIT ATTRIBUTABLE TO SHAREHOLDERS FOR FIRST AND SECOND HALF OF 2014

in Singapore Dollars (millions)	Group					
	First Half			Second Half		
	2014	2013	% + / (-)	2014	2013	% + / (-)
Gross premiums	3,827.9	3,616.6	6	4,381.9	4,360.9	0
Profit attributable to shareholders	476.2	226.1	111	402.4	448.7	(10)

4.2. SELECTED INCOME AND MANAGEMENT EXPENSES

in Singapore Dollars (millions)	Shareholders' Fund					
	Year ended 2014	Year ended 2013	4th Quarter 2014	4th Quarter 2013	3rd Quarter 2014	
Expenses						
1. Staff costs and related expenses (including executive directors and key management personnel compensation)	76.7	74.2	19.9	20.2	19.9	
2. Rental expense	6.4	6.4	1.6	1.6	1.6	
3. Depreciation	1.9	2.1	0.6	0.6	0.4	

in Singapore Dollars (millions)	Life Assurance and General Insurance Funds					
	Year ended 2014	Year ended 2013	4th Quarter 2014	4th Quarter 2013	3rd Quarter 2014	
Income						
1. Investment income, net (excluding mark-to-market changes)	1,875.6	1,804.4	456.9	425.6	501.7	
Expenses						
1. Staff costs and related expenses (including executive directors and key management personnel compensation)	201.8	193.6	52.4	50.7	53.8	
2. Rental expense	17.1	16.2	4.4	4.6	4.4	
3. Depreciation	48.8	56.4	14.2	14.5	11.0	

5.1. GROUP STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2014

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 2014	152.7	(82.9)	(31.0)	5,038.1	5,076.9	50.4	5,127.3
Profit for the year	-	-	-	878.6	878.6	9.4	888.0
Other comprehensive income							
Exchange differences arising on translation of overseas entities	-	(14.4)	-	-	(14.4)	-	(14.4)
Share of other comprehensive income of associates and joint ventures	-	0.9	0.8	-	1.7	-	1.7
Available-for-sale financial assets:							
Changes in fair value	-	-	259.9	-	259.9	0.5	260.4
Reclassification of realised gain on disposal of investments to Profit and Loss Statement	-	-	(33.0)	-	(33.0)	-	(33.0)
Tax on changes in fair value	-	-	(37.6)	-	(37.6)	-	(37.6)
Other comprehensive income for the year, after tax	-	(13.5)	190.1	-	176.6	0.5	177.1
Total comprehensive income for the year	-	(13.5)	190.1	878.6	1,055.2	9.9	1,065.1
Distributions to shareholders							
Dividends paid during the year:							
Final and special tax exempt (one-tier) dividends for the previous year	-	-	-	(213.0)	(213.0)	-	(213.0)
Interim tax exempt (one-tier) dividend	-	-	-	(47.3)	(47.3)	-	(47.3)
Dividends paid to non-controlling interests	-	-	-	-	-	(0.2)	(0.2)
Total distributions to shareholders	-	-	-	(260.3)	(260.3)	(0.2)	(260.5)
Total transactions with shareholders in their capacity as shareholders	-	-	-	(260.3)	(260.3)	(0.2)	(260.5)
Balance at 31 December 2014	152.7	(96.4)	159.1	5,656.4	5,871.8	60.1	5,931.9

5.2. GROUP STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2013

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 2013	152.7	(63.7)	41.8	4,666.2	4,797.0	42.5	4,839.5
Profit for the year	-	-	-	674.8	674.8	9.0	683.8
<u>Other comprehensive income</u>							
Exchange differences arising on translation of overseas entities	-	(23.4)	-	-	(23.4)	(0.4)	(23.8)
Share of other comprehensive income of associates and joint ventures	-	4.2	(0.7)	-	3.5	-	3.5
Available-for-sale financial assets:							
Changes in fair value	-	-	(51.3)	-	(51.3)	(0.5)	(51.8)
Reclassification of realised gain on disposal of investments to Profit and Loss Statement	-	-	(35.7)	-	(35.7)	-	(35.7)
Tax on changes in fair value	-	-	14.9	-	14.9	-	14.9
Other comprehensive income for the year, after tax	-	(19.2)	(72.8)	-	(92.0)	(0.9)	(92.9)
Total comprehensive income for the year	-	(19.2)	(72.8)	674.8	582.8	8.1	590.9
<u>Distributions to shareholders</u>							
Dividends paid during the year:							
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	-	-	-	-	-	(4.0)	(4.0)
Total distributions to shareholders	-	-	-	(302.9)	(302.9)	(4.0)	(306.9)
<u>Changes in ownership interests in subsidiaries that do not result in a loss of control</u>							
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)	(0.2)	(303.1)
Balance at 31 December 2013	152.7	(82.9)	(31.0)	5,038.1	5,076.9	50.4	5,127.3

(1) Included in Accumulated Profit are non-distributable reserves of \$1,176.3 million (31 December 2013: \$1,141.7 million), which arise from regulatory risk charges in Singapore and Malaysia that are held out of the Group Shareholders' Accumulated Profit Account.

5.3. GROUP STATEMENT OF CHANGES IN EQUITY for the fourth quarter ended 31 December 2014

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 October 2014	152.7	(79.3)	47.3	5,448.6	5,569.3	57.6	5,626.9
Profit for the period	-	-	-	207.8	207.8	3.0	210.8
Other comprehensive income							
Exchange differences arising on translation of overseas entities	-	(18.0)	-	-	(18.0)	(0.4)	(18.4)
Share of other comprehensive income of associates and joint ventures	-	0.9	0.2	-	1.1	-	1.1
Available-for-sale financial assets:							
Changes in fair value	-	-	152.4	-	152.4	-	152.4
Reclassification of realised gain on disposal of investments to Profit and Loss Statement	-	-	(19.0)	-	(19.0)	-	(19.0)
Tax on changes in fair value	-	-	(21.8)	-	(21.8)	0.1	(21.7)
Other comprehensive income for the period, after tax	-	(17.1)	111.8	-	94.7	(0.3)	94.4
Total comprehensive income for the period	-	(17.1)	111.8	207.8	302.5	2.7	305.2
Distributions to shareholders							
Dividends paid to non-controlling interests	-	-	-	-	-	(0.2)	(0.2)
Total distributions to shareholders	-	-	-	-	-	(0.2)	(0.2)
Total transactions with shareholders in their capacity as shareholders	-	-	-	-	-	(0.2)	(0.2)
Balance at 31 December 2014	152.7	(96.4)	159.1	5,656.4	5,871.8	60.1	5,931.9

5.4. GROUP STATEMENT OF CHANGES IN EQUITY for the fourth quarter ended 31 December 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 October 2013	152.7	(84.1)	(54.0)	4,872.2	4,886.8	49.1	4,935.9
Profit for the period	-	-	-	165.9	165.9	2.8	168.7
Other comprehensive income							
Exchange differences arising on translation of overseas entities	-	-	-	-	-	(0.7)	(0.7)
Share of other comprehensive income of associates and joint ventures	-	1.2	(0.3)	-	0.9	-	0.9
Available-for-sale financial assets:							
Changes in fair value	-	-	33.5	-	33.5	(0.6)	32.9
Reclassification of realised gain on disposal of investments to Profit and Loss Statement	-	-	(5.2)	-	(5.2)	-	(5.2)
Tax on changes in fair value	-	-	(5.0)	-	(5.0)	-	(5.0)
Other comprehensive income for the period, after tax	-	1.2	23.0	-	24.2	(1.3)	22.9
Total comprehensive income for the period	-	1.2	23.0	165.9	190.1	1.5	191.6
Distributions to shareholders							
Dividends paid to non-controlling interests	-	-	-	-	-	(0.2)	(0.2)
Total distributions to shareholders	-	-	-	-	-	(0.2)	(0.2)
Total transactions with shareholders in their capacity as shareholders	-	-	-	-	-	(0.2)	(0.2)
Balance at 31 December 2013	152.7	(82.9)	(31.0)	5,038.1	5,076.9	50.4	5,127.3

(1) Included in Accumulated Profit are non-distributable reserves of \$1,176.3 million (31 December 2013: \$1,141.7 million), which arise from regulatory risk charges in Singapore and Malaysia that are held out of the Group Shareholders' Accumulated Profit Account.

6.1. COMPANY STATEMENT OF CHANGES IN EQUITY for the years ended 31 December 2014 and 2013

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Accumulated Profit	Total Equity
Balance at 1 January 2014	152.7	419.2	1,200.8	1,772.7
Profit for the year	-	-	1,043.4	1,043.4
Total comprehensive income for the year	-	-	1,043.4	1,043.4
<u>Distributions to shareholders</u>				
Dividends paid during the year:				
Final and special tax exempt (one-tier) dividends for the previous year	-	-	(213.0)	(213.0)
Interim tax exempt (one-tier) dividend	-	-	(47.3)	(47.3)
Total distributions to shareholders	-	-	(260.3)	(260.3)
Total transactions with shareholders in their capacity as shareholders	-	-	(260.3)	(260.3)
Balance at 31 December 2014	152.7	419.2	1,983.9	2,555.8
Balance at 1 January 2013	152.7	419.2	1,157.1	1,729.0
Profit for the year	-	-	346.6	346.6
Total comprehensive income for the year	-	-	346.6	346.6
<u>Distributions to shareholders</u>				
Dividends paid during the year:				
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 distributions to shareholders	-	-	(302.9)	(302.9)
Total transactions with shareholders in their capacity as shareholders	-	-	(302.9)	(302.9)
Balance at 31 December 2013	152.7	419.2	1,200.8	1,772.7

6.2. COMPANY STATEMENT OF CHANGES IN EQUITY for the fourth quarter ended 31 December 2014 and 2013

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Accumulated Profit	Total Equity
Balance at 1 October 2014	152.7	419.2	1,875.6	2,447.5
Profit for the period	-	-	108.3	108.3
Total comprehensive income for the period	-	-	108.3	108.3
Balance at 31 December 2014	152.7	419.2	1,983.9	2,555.8
Balance at 1 October 2013	152.7	419.2	1,202.5	1,774.4
Loss for the period	-	-	(1.7)	(1.7)
Total comprehensive income for the period	-	-	(1.7)	(1.7)
Balance at 31 December 2013	152.7	419.2	1,200.8	1,772.7

7. CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER

in Singapore Dollars (millions)	Year ended 2014	Year ended 2013	4th Quarter 2014	4th Quarter 2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	982.4	790.5	238.3	195.5
Life assurance profit/(loss) before income tax	63.8	(38.0)	(220.5)	(1,135.9)
General insurance profit before income tax	45.8	34.1	16.1	10.4
Adjustments for non-cash items:				
Surplus transferred from life assurance fund but not yet withdrawn	(767.8)	(598.7)	(190.1)	(164.5)
Profit transferred from general insurance fund but not yet withdrawn	(37.3)	(25.5)	(13.4)	(7.6)
Share of loss of associates and joint ventures	3.9	13.6	2.1	4.1
(Gain)/loss on sale of investments and changes in fair value	(139.1)	(426.7)	261.9	(62.4)
Gain on disposal of interest in a joint venture	(31.9)	-	-	-
(Decrease)/increase in provision for impairment of assets	(37.4)	78.4	3.9	75.1
Increase in provision for agents' retirement benefits	31.2	29.4	2.4	2.4
Gain on disposal of property, plant and equipment	(0.8)	(0.2)	(0.7)	-
Depreciation	50.7	58.5	14.8	15.1
Unrealised gain on exchange differences	(483.4)	(359.9)	(352.4)	(125.5)
Change in life assurance contract liabilities	3,683.7	2,709.0	1,216.2	2,108.0
Change in general insurance contract liabilities	(3.5)	17.0	(5.3)	2.7
Change in unexpired risk reserve	2.2	(3.6)	(7.1)	(12.7)
Amortisation of capitalised transaction fees	0.1	0.1	-	-
Dividend income	(467.6)	(433.9)	(83.1)	(73.7)
Interest income	(1,645.6)	(1,583.5)	(431.4)	(400.6)
Interest expense	19.6	18.3	5.4	4.6
Interest expense on policy benefits	131.8	114.8	35.1	30.2
Share-based payments	3.4	4.1	(0.2)	1.2
	1,404.2	397.8	492.0	466.4
Changes in working capital:				
Insurance receivables	(55.4)	0.3	42.2	30.3
Other debtors and interfund balances	(346.2)	5.8	(181.4)	(27.4)
Insurance payables	352.4	296.7	(14.6)	99.4
Other creditors and interfund balances	273.2	(135.3)	167.0	123.9
Cash generated from operations	1,628.2	565.3	505.2	692.6
Income tax paid	(376.1)	(200.3)	(81.4)	(47.3)
Interest paid on policy benefits	(131.8)	(114.8)	(35.1)	(30.2)
Agents' retirement benefits paid	(14.1)	(6.4)	(4.2)	(2.7)
Net cash flows from operating activities	1,106.2	243.8	384.5	612.4
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from maturities and sale of investments	19,630.3	19,768.0	4,203.8	3,419.3
Purchase of investments	(22,666.4)	(21,507.2)	(4,790.9)	(4,458.0)
Proceeds from reduction of interests in associates	64.8	59.8	-	-
Proceeds from disposal of interest in a joint venture	62.8	-	-	-
Proceeds from sale of property, plant and equipment	4.6	3.5	1.0	0.1
Purchase of property, plant and equipment and investment properties	(61.7)	(71.1)	(23.5)	(29.6)
Interest income received	1,597.5	1,560.0	391.7	372.8
Interest expense paid	(19.4)	(18.3)	(0.7)	-
Dividends received	460.4	425.9	89.8	86.3
Net cash flows (used in)/from investing activities	(927.1)	220.6	(128.8)	(609.1)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(260.3)	(302.9)	-	-
Dividends paid to non-controlling interests	(0.2)	(4.0)	(0.2)	(0.2)
Changes in non-controlling interests	-	3.8	-	-
Proceeds from loan	41.2	-	-	-
Net cash flows used in financing activities	(219.3)	(303.1)	(0.2)	(0.2)
Net effect of currency translation reserve adjustment	(432.6)	(646.8)	(592.7)	11.1
Net (decrease)/increase in cash and cash equivalents	(472.8)	(485.5)	(337.2)	14.2
Cash and cash equivalents at the beginning of the year	3,727.1	4,212.6	3,591.5	3,712.9
Cash and cash equivalents at the end of the year	3,254.3	3,727.1	3,254.3	3,727.1

8. GROUP SEGMENTAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER

8.1 By Business Segments

(a) Shareholders' Fund

in Singapore Dollars (millions)	Fund Management and Financial		Others		Adjustments and Eliminations		Consolidated	
	Advisory Business							
	2014	2013	2014	2013	2014	2013	2014	2013
Profit/(loss) from investments in Shareholders' Fund	2.2	4.7	194.2	166.7	8.1	(2.3)	204.5	169.1
Fees and other income	79.0	75.5	2.0	2.0	(8.1)	(6.5)	72.9	71.0
Total expenses	(45.4)	(44.2)	(53.1)	(21.7)	-	-	(98.5)	(65.9)
Profit/(loss) after expenses	35.8	36.0	143.1	147.0	-	(8.8)	178.9	174.2
Share of loss of associates and joint ventures	-	-	(1.6)	(7.9)	-	-	(1.6)	(7.9)
Income tax	(5.3)	(5.5)	(89.1)	(101.2)	-	-	(94.4)	(106.7)
Segment profit/(loss) after income tax	30.5	30.5	52.4	37.9	-	(8.8)	82.9	59.6
Profit from insurance business							805.1	624.2
Profit per Profit & Loss Statement							888.0	683.8

	31 Dec 14	31 Dec 13						
Segment assets	174.0	138.3	6,462.7	5,680.6	14.3	14.3	6,651.0	5,833.2
Investments in associates and joint ventures	-	-	38.8	70.1	-	-	38.8	70.1
Shareholders' Fund Assets	174.0	138.3	6,501.5	5,750.7	14.3	14.3	6,689.8	5,903.3
Segment liabilities	21.3	18.7	458.1	503.5	-	-	479.4	522.2
Income tax and deferred tax liabilities	6.3	5.6	272.2	248.2	-	-	278.5	253.8
Shareholders' Fund Liabilities	27.6	24.3	730.3	751.7	-	-	757.9	776.0
Additions to non-current assets	0.4	1.2	0.2	0.6	-	-	0.6	1.8

(b) General Insurance Fund

in Singapore Dollars (millions)	Consolidated	
	2014	2013
Premiums less assurances	166.5	161.0
Investment income	14.0	15.4
(Decrease)/increase in provision for impairment of assets	(0.1)	0.1
Claims less reassurances	77.6	92.6
Commissions and expenses	83.3	77.0
General Insurance Profit	37.3	25.5
	31 Dec 14	31 Dec 13
General Insurance Fund Assets	422.3	414.1
General Insurance Fund Liabilities	422.3	414.1
Additions to non-current assets	2.0	2.3

(c) Life Assurance Fund

in Singapore Dollars (millions)	Participating Business		Non-Participating Business		Linked Business		Adjustments and Eliminations		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	Premiums less reassurances	5,197.7	5,135.3	1,266.7	1,190.1	1,343.7	1,274.6	-	-	7,808.1
Investment and rental income ⁽¹⁾ (including mark-to-market changes)	1,623.8	1,645.0	182.3	164.1	223.6	410.0	(0.4)	(0.4)	2,029.3	2,218.7
Increase in provision for impairment of assets	(28.7)	54.3	(9.9)	23.3	-	-	-	-	(38.6)	77.6
Claims less reassurances	3,930.2	4,879.6	687.5	461.6	691.3	793.4	-	-	5,309.0	6,134.6
Commissions and expenses	514.6	580.8	261.8	242.1	335.2	305.5	(0.4)	(0.4)	1,111.2	1,128.0
Life Assurance Profit	138.4	145.5	422.9	279.2	206.5	174.0	-	-	767.8	598.7
	31 Dec 14	31 Dec 13	31 Dec 14	31 Dec 13	31 Dec 14	31 Dec 13	31 Dec 14	31 Dec 13	31 Dec 14	31 Dec 13
Segment assets ⁽¹⁾	46,964.7	43,903.1	5,882.1	5,349.0	5,667.8	5,284.7	-	-	58,514.6	54,536.8
Investments in associates and joint ventures	49.2	78.7	1.5	3.7	-	-	-	-	50.7	82.4
Life Assurance Fund Assets ⁽¹⁾	47,013.9	43,981.8	5,883.6	5,352.7	5,667.8	5,284.7	-	-	58,565.3	54,619.2
Segment liabilities ⁽¹⁾	45,867.6	42,840.9	5,749.4	5,187.8	5,634.7	5,237.2	-	-	57,251.7	53,265.9
Income tax and deferred tax liabilities	1,146.3	1,140.9	134.2	164.9	33.1	47.5	-	-	1,313.6	1,353.3
Life Assurance Fund Liabilities ⁽¹⁾	47,013.9	43,981.8	5,883.6	5,352.7	5,667.8	5,284.7	-	-	58,565.3	54,619.2
Additions to non-current assets	55.1	62.9	3.6	3.9	0.4	0.2	-	-	59.1	67.0

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

8. GROUP SEGMENTAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER
8.2 By Geographical Segments

in Singapore Dollars (millions)	Singapore		Malaysia		Other Asia		Adjustments and Eliminations		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
(a) Shareholders' Fund										
Investment income, net	115.9	97.1	14.6	13.1	2.0	1.8	-	-	132.5	112.0
Gain on sale of investments and changes in fair value ⁽¹⁾	27.6	46.0	3.2	6.1	-	-	-	-	30.8	52.1
Fees and other income	67.1	64.7	5.8	6.3	-	-	-	-	72.9	71.0
Total revenue from external customers	210.6	207.8	23.6	25.5	2.0	1.8	-	-	236.2	235.1
Dividend from subsidiaries	201.3	224.7	-	-	-	-	(201.3)	(224.7)	-	-
Total revenue	411.9	432.5	23.6	25.5	2.0	1.8	(201.3)	(224.7)	236.2	235.1
Profit/(loss) after income tax	770.4	644.2	283.7	275.8	35.2	(11.5)	(201.3)	(224.7)	888.0	683.8
Non-current assets	21.1	22.2	15.0	15.3	0.6	0.8	-	-	36.7	38.3
(b) General Insurance Fund										
Total revenue from external customers	78.3	73.2	129.6	131.7	-	-	-	-	207.9	204.9
Non-current assets	0.9	0.7	8.2	7.9	-	-	-	-	9.1	8.6
(c) Life Assurance Fund										
Total revenue from external customers	6,312.2	6,002.5	3,700.0	3,927.6	168.0	142.1	-	-	10,180.2	10,072.2
Non-current assets	1,865.9	1,865.3	384.7	389.0	5.5	5.6	-	-	2,256.1	2,259.9

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

9. REVIEW OF RESULTS

The Group Financial Statements for the fourth quarter of 2014 (Q4-14) and for the year ended 31 December 2014 (FY-14) were prepared in accordance with the Singapore Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS).

9.1 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The Group's profit attributable to shareholders was \$878.6 million for FY-14 (FY-13: \$674.8 million), and \$207.8 million for Q4-14 (Q4-13: \$165.9 million), 30% and 25% higher respectively than for the same periods last year, largely a result of higher unrealised mark-to-market gains from favourable financial market conditions.

9.2 GROSS PREMIUMS

FY-14 gross premiums increased 3% to \$8,209.8 million (FY-13: \$7,977.5 million). Q4-14 gross premiums increased by 6% to \$2,257.9 million (Q4-13: \$2,138.3 million).

9.3 PROFIT FROM INSURANCE BUSINESS

The Group's profit from insurance business for FY-14 was \$805.1 million compared with \$624.2 million for FY-13 as a result of higher profit from both life assurance and general insurance.

In addition to higher profit contribution from a growing in-force business, FY-14 profit from life assurance also benefited from unrealised mark-to-market gains from lower interest rates and higher equity prices. In contrast, FY-13 was affected by significant unrealised mark-to-market losses in Q2-13 from an unusual inversion of the 30-year and 20-year interest rates.

Profit from general insurance of \$37.3 million for FY-14 was also higher than for the same period last year (FY-13: \$25.5 million), as a result of lower claims in Singapore and a release of reserves in Malaysia from better claims management.

For Q4-14, profit from insurance business of \$203.5 million was 18% higher than for the same period last year (Q4-13: \$172.1 million), mainly from higher unrealised mark-to-market gains and growing in-force business.

9.4 PROFIT FROM INVESTMENTS IN SHAREHOLDERS' FUND

The Group's profit from investments in Shareholders' Fund of \$204.5 million for FY-14 was 21% higher than \$169.1 million for FY-13. This included a one-off gain of \$31.9 million from the reduction of a stake in the Group's joint venture, Great Eastern Life Assurance (China) Company, Ltd ("GELC") from 50% to 25% in Q1-14.

Q4-14 profit from investments in Shareholders' Fund increased 42% to \$48.6 million (Q4-13: \$34.3 million), driven by higher investment income, gain from sale of investments and foreign exchange gains.

9.5 FEES AND OTHER INCOME

Fees and other income amounted to \$72.9 million for FY-14 (FY-13: \$71.0 million) and \$20.3 million for Q4-14 (Q4-13: \$19.3 million). This increase was mainly a result of higher fee income from the Group's asset management arm, Lion Global Investors Limited.

9.6 MANAGEMENT AND OTHER EXPENSES

Management and other expenses were higher at \$78.3 million for FY-14 (FY-13: 45.5 million), as there was a reversal of a provision to support insurance operations in 2013. Excluding the reversal, FY-14 management and other expenses remained stable compared with last year.

Management and other expenses were higher at \$28.0 million for Q4-14 (Q4-13: \$19.5 million) mainly attributable to the levy incurred under the Takaful & Insurance Benefits Protection System in Malaysia and the weakening of the Malaysia Ringgit against the Singapore Dollar.

9.7 BALANCE SHEET

- 9.7.1 Currency Translation Reserve
As at 31 December 2014, translation loss was \$96.4 million compared with a loss of \$82.9 million as at 31 December 2013. This was mainly caused by the depreciation of the Malaysian Ringgit against the Singapore Dollar.
- 9.7.2 Fair Value Reserve
As at 31 December 2014, fair value reserve was \$159.1 million, compared with -\$31.0 million as at 31 December 2013. The increase was attributed to unrealised mark-to-market gains from investments in Shareholders' Fund.
- 9.7.3 Other Creditors, Debtors and Interfund Balances
Other creditors and interfund balances increased by 12% to \$2,633.1 million as at 31 December 2014 (31 December 2013: \$2,356.3 million), other debtors and interfund balances increased by 20% to \$2,314.1 million as at 31 December 2014 (31 December 2013: \$1,934.1 million), mainly arising from investment trades and interfund charges which are pending settlement.
- 9.7.4 Derivative Financial Liabilities and Assets
Derivative financial liabilities and assets held by the Group are for hedging purposes. Derivative financial liabilities increased to \$341.4 million as at 31 December 2014 (31 December 2013: \$188.1 million) and derivative financial assets decreased to \$113.4 million (31 December 2013: \$242.2 million). The net decrease largely arose from changes in the fair value of currency swaps as a result of the weakening of the Singapore Dollar against the United States Dollar.
- 9.7.5 Income Tax and Deferred Tax
Income tax payable decreased 23% to \$461.7 million as at 31 December 2014 (31 December 2013: \$599.8 million), mainly arising from settlement of prior years' tax liabilities. Deferred tax increased by 12% to \$1,136.2 million as at 31 December 2014 (31 December 2013: \$1,011.0 million) as a result of unrealised mark-to-market gains from investments.
- 9.7.6 Borrowings and Debt Issued
- | | 31 December
2014 | 31 December
2013 |
|---|---------------------|---------------------|
| in SGD (millions) | | |
| Subordinated fixed rate notes (unsecured) | | |
| - payable after one year | 399.4 | 399.3 |
| Loan payable to holding company (secured) | | |
| - payable in one year or less | 41.2 | - |
| Total borrowings and debt issued | 440.6 | 399.3 |
- The loan payable to holding company is secured by a mortgage over the relevant property, and charges by way of a debenture and assignments of relevant construction contracts, performance bonds, insurance contracts, sale and purchase agreements and lease agreements.
- 9.7.7 Cash and Cash Equivalents
Cash and cash equivalents decreased by 13% to \$3,254.3 million as at 31 December 2014 (31 December 2013: \$3,727.1 million), mainly resulting from deployment of cash for investments.
- 9.7.8 Investments
Investments increased 10% to \$53,077.3 million as at 31 December 2014 (31 December 2013: \$48,106.0 million) as a result of more cash deployed for investments as well as mark-to-market gains.
- 9.7.9 Associates and Joint Ventures
Associates and joint ventures decreased by 41% to \$89.5 million as at 31 December 2014 (31 December 2013: \$152.5 million). The decrease arose from the partial disposal of its stake in GELC, a capital reduction exercise undertaken by an associated company, Lion Indian Real Estate Fund, as well as the full redemption of interest held in another associated company, Ascendas China Commercial Fund.

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

	SINGAPORE		MALAYSIA	
	31 December 2014	31 December 2013	32 December 2014	31 December 2013
Fixed income & debt securities	59%	56%	68%	68%
Equities	27%	25%	22%	23%
Real estate & others	9%	10%	7%	7%
Cash & money market instruments	5%	9%	3%	2%
Market Value of Assets (in SGD billions)	29.5	26.9	22.9	22.1

9.8 REGULATORY CAPITAL

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

10. SHARE CAPITAL

The Company's issued and paid up share capital as at 31 December 2014 was unchanged at \$152.7 million compared with 31 December 2013. Total number of shares issued as at 31 December 2014 also remained unchanged at 473,319,069 compared with 31 December 2013.

11. ACCOUNTING POLICIES

The Group adopted the accounting policies and methods of computation for the financial statements for FY-14, consistent with the audited financial statements for the year ended 31 December 2013.

The adoption of the other revised and new FRS and INT FRS which came into effect on 1 January 2014 does not have any material financial impact on the Group's results for FY-14.

12. AUDITED RESULTS

The consolidated Group's financial results for the financial year ended 31 December 2014 were audited by the Group's auditors. The Auditor's Report to the Members of Great Eastern Holdings Limited is appended.

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

The Group's performance may be affected by mark-to-market valuation of its assets and liabilities due to volatility in the global financial markets and uncertainties arising from an uneven recovery in global economies.

14. OTHER MATTERS

14.1 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.

14.2 Rule 704(13) of the Listing Manual

Pursuant to Rule 704(13) of the Listing Manual, as at the financial year ended 31 December 2014, there were no persons occupying a managerial position in GEH or in any of its principal subsidiaries who are relatives of a director, chief executive officer or substantial shareholder of GEH.

Issued: 5 February 2015

GREAT EASTERN HOLDINGS LIMITED
INDEPENDENT AUDITOR'S REPORT
To the Members of Great Eastern Holdings Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Great Eastern Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 7 to 94, which comprise the balance sheets of the Group and the Company as at 31 December 2014, the profit and loss statements, statements of comprehensive income and the statements of changes in equity of the Group and the Company, the consolidated statement of cash flows, the life assurance revenue statement and general insurance revenue statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements of the Group and the balance sheet, profit and loss statement, statement of comprehensive income and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity of the Group and of the Company and the cash flows of the Group and results of the insurance operations of the Group for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP

Ernst & Young LLP
Public Accountants and Chartered Accountants
Singapore
5 February 2015