

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 2015

For the third quarter and nine months ended 30 September 2015, Group profit attributable to shareholders was S\$68.4 million and S\$566.6 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

No interim dividend has been declared in the third quarter of 2015 (third quarter 2014: 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 2015 to be false or misleading in any material aspect.

By Order of the Board

Jennifer Wong Pakshong
Group Company Secretary
Singapore, 22 October 2015

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

FINANCIAL RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2015

1. GROUP PROFIT AND LOSS STATEMENTS

in Singapore Dollars (millions)	9 Months 2015	9 Months 2014	% + / (-)	3rd Quarter 2015	3rd Quarter 2014	% + / (-)	2nd Quarter 2015	% + / (-)
Gross Premiums	6,228.2	5,951.9	5	2,529.9	2,124.0	19	1,823.0	39
Life assurance profit from:								
Participating Fund	99.5	101.3	(2)	32.8	36.2	(9)	33.9	(3)
Non-participating Fund	167.1	324.2	(48)	(5.7)	92.1	nm	56.9	nm
Investment-linked Fund	126.7	152.2	(17)	35.1	46.1	(24)	41.4	(15)
Profit from life assurance	393.3	577.7	(32)	62.2	174.4	(64)	132.2	(53)
Profit from general insurance	19.6	23.9	(18)	6.0	6.3	(5)	6.9	(13)
Profit from insurance business	412.9	601.6	(31)	68.2	180.7	(62)	139.1	(51)
Investment income, net	116.3	102.4	14	43.0	40.1	7	42.3	2
Gain/(loss) on sale of investments and changes in fair value	130.1	20.5	nm	(19.5)	(0.1)	nm	144.9	nm
Gain on disposal of interest in a joint venture	-	31.9	(100)	-	-	nm	-	nm
Increase in provision for impairment of assets	(13.6)	(0.5)	nm	(13.0)	(0.2)	nm	(0.3)	nm
Gain/(loss) on exchange differences	31.7	1.6	nm	28.1	4.6	nm	(6.6)	nm
Profit from Shareholders' Fund's investments	264.5	155.9	70	38.6	44.4	(13)	180.3	(79)
Fees and other income	58.4	52.6	11	20.1	18.2	10	19.4	4
Profit before expenses	735.8	810.1	(9)	126.9	243.3	(48)	338.8	(63)
less:								
Management and other expenses	66.5	50.3	32	25.1	18.6	35	21.1	19
Interest expense	13.7	13.7	-	4.5	4.5	-	4.6	(2)
Depreciation	1.2	1.3	(8)	0.4	0.4	-	0.4	-
Expenses	81.4	65.3	25	30.0	23.5	28	26.1	15
Profit after expenses	654.4	744.8	(12)	96.9	219.8	(56)	312.7	(69)
Share of (loss)/profit after income tax of associates	(5.8)	(0.7)	nm	(5.0)	0.2	nm	(1.6)	nm
Profit before income tax	648.6	744.1	(13)	91.9	220.0	(58)	311.1	(70)
Income tax	(75.9)	(66.9)	nm	(21.9)	(23.2)	nm	(31.1)	nm
Profit after income tax	572.7	677.2	(15)	70.0	196.8	(64)	280.0	(75)
Attributable to:								
Shareholders	566.6	670.8	(16)	68.4	194.6	(65)	277.7	(75)
Non-controlling interests	6.1	6.4	(5)	1.6	2.2	(27)	2.3	(30)
	572.7	677.2	(15)	70.0	196.8	(64)	280.0	(75)
Basic and diluted earnings per share attributable to shareholders of the Company (in Singapore Dollars)	1.20	1.42	(15)	0.15	0.41	(63)	0.58	(74)
Return on Equity (Average Shareholders' Fund) (%) (not annualised)	9.6%	12.6%	-3 pp	1.3%	3.5%	-2.2 pp	4.7%	-3.4 pp

nm – not meaningful / exceeding 300%

2. GROUP STATEMENT OF COMPREHENSIVE INCOME

in Singapore Dollars (millions)	9 Months 2015	9 Months 2014	% +/(−)	3rd Quarter 2015	3rd Quarter 2014	% +/(−)	2nd Quarter 2015	% +/(−)
Profit after income tax for the period	572.7	677.2	(15)	70.0	196.8	(64)	280.0	(75)
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	(1.8)	0.4	nm	(1.0)	-	nm	(0.6)	nm
Items that may be reclassified subsequently to profit or loss:								
Exchange differences arising on translation of overseas entities	(84.5)	3.6	nm	(51.7)	0.6	nm	(23.3)	nm
Share of other comprehensive income of associates	1.0	0.6	67	(0.5)	1.0	nm	0.3	nm
Available-for-sale financial assets:								
Changes in fair value	(24.3)	108.0	nm	(211.5)	17.3	nm	14.1	nm
Reclassification of realised (gain)/loss on disposal of investments to Profit and Loss Statement	(139.9)	(14.0)	nm	11.4	(4.1)	nm	(139.1)	nm
Tax on changes in fair value	28.1	(15.9)	nm	33.9	(2.2)	nm	21.4	58
Other comprehensive income for the period, after tax	(221.4)	82.7	nm	(219.4)	12.6	nm	(127.2)	nm
Total comprehensive income for the period	351.3	759.9	(54)	(149.4)	209.4	nm	152.8	nm
Total comprehensive income attributable to:								
Shareholders	347.6	752.7	(54)	(148.9)	207.2	nm	151.4	nm
Non-controlling interests	3.7	7.2	(49)	(0.5)	2.2	nm	1.4	nm
	351.3	759.9	(54)	(149.4)	209.4	nm	152.8	nm

nm – not meaningful / exceeding 300%

3. GROUP BALANCE SHEET

in Singapore Dollars (millions)	Group		
	30 Sep 2015	31 Dec 2014	% + / (-)
Share capital	152.7	152.7	-
Reserves			
Currency translation reserve	(179.4)	(96.4)	nm
Fair value reserve	23.1	159.1	(85)
Accumulated profit	5,962.7	5,656.4	5
SHAREHOLDERS' FUND	5,959.1	5,871.8	1
NON-CONTROLLING INTERESTS	63.8	60.1	6
TOTAL EQUITY	6,022.9	5,931.9	2
 LIABILITIES			
Insurance payables	3,262.6	3,440.3	(5)
Other creditors and interfund balances	2,259.5	2,633.1	(14)
Unexpired risk reserve	115.6	122.7	(6)
Derivative financial liabilities	622.8	341.4	82
Income tax	528.3	461.7	14
Provision for agents' retirement benefits	247.9	270.0	(8)
Deferred tax	992.4	1,136.2	(13)
Loan payable to holding company	-	41.2	(100)
Debt issued	399.5	399.4	0
General insurance fund	211.5	221.2	(4)
Life assurance fund	48,516.7	50,678.3	(4)
TOTAL EQUITY AND LIABILITIES	63,179.7	65,677.4	(4)
 ASSETS			
Cash and cash equivalents	3,849.7	3,254.3	18
Other debtors and interfund balances	2,288.7	2,314.1	(1)
Insurance receivables	2,505.1	2,676.1	(6)
Loans	1,679.7	1,850.8	(9)
Derivative financial assets	39.2	113.4	(65)
Investments	50,494.0	53,077.3	(5)
Associates	85.2	89.5	(5)
Goodwill	31.4	33.3	(6)
Investment properties	1,601.9	1,632.0	(2)
Property, plant and equipment	604.8	636.6	(5)
TOTAL ASSETS	63,179.7	65,677.4	(4)
 Net Asset Value per share (in Singapore Dollars)	12.59	12.41	1

For analysis of major variances, please refer to section 9.8 on pages 11 and 12.

nm – not meaningful / exceeding 300%

4. COMPANY BALANCE SHEET

in Singapore Dollars (millions)	Company		
	30 Sep 2015	31 Dec 2014	% +/(-)
Share capital	152.7	152.7	-
Reserves			
Merger reserve	419.2	419.2	-
Accumulated profit	2,265.8	1,983.9	14
TOTAL EQUITY	2,837.7	2,555.8	11
LIABILITIES			
Other creditors	7.3	7.8	(6)
TOTAL EQUITY AND LIABILITIES	2,845.0	2,563.6	11
ASSETS			
Cash and cash equivalents	325.1	69.8	nm
Other debtors	0.3	0.2	50
Amounts due from subsidiaries	1,832.9	1,807.2	1
Subsidiaries	686.1	686.1	-
Property, plant and equipment	0.6	0.3	100
TOTAL ASSETS	2,845.0	2,563.6	11
Net Asset Value per share (in Singapore Dollars)	6.00	5.40	11

5. SELECTED INCOME AND MANAGEMENT EXPENSES

in Singapore Dollars (millions)	Shareholders' Fund				
	9 Months 2015	9 Months 2014	3rd Quarter 2015	3rd Quarter 2014	2nd Quarter 2015
<u>Expenses</u>					
1. Staff costs and related expenses (including executive directors and key management personnel compensation)	56.0	56.8	19.8	19.9	18.0
2. Rental expense	4.6	4.8	1.6	1.6	1.4
3. Depreciation	1.2	1.3	0.4	0.4	0.4
<u>Income</u>					
1. Investment income, net (excluding mark-to-market changes)	1,456.4	1,418.7	485.5	501.7	541.0
<u>Expenses</u>					
1. Staff costs and related expenses (including executive directors and key management personnel compensation)	158.2	149.4	52.3	53.8	53.9
2. Rental expense	12.9	12.7	4.4	4.4	4.3
3. Depreciation	34.3	34.6	11.8	11.0	11.4

6.1. GROUP STATEMENT OF CHANGES IN EQUITY for the period ended 30 September 2015

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 2015	152.7	(96.4)	159.1	5,656.4	5,871.8	60.1	5,931.9
Profit for the period	-	-	-	566.6	566.6	6.1	572.7
<u>Other comprehensive income</u>							
Exchange differences arising on translation of overseas entities	-	(84.5)	-	-	(84.5)	(1.8)	(86.3)
Share of other comprehensive income of associates	-	1.5	(0.5)	-	1.0	-	1.0
Available-for-sale financial assets:							
Changes in fair value	-	-	(23.6)	-	(23.6)	(0.7)	(24.3)
Reclassification of realised gain on disposal of investments to Profit and Loss Statement	-	-	(139.9)	-	(139.9)	-	(139.9)
Tax on changes in fair value	-	-	28.0	-	28.0	0.1	28.1
Other comprehensive income for the period, after tax	-	(83.0)	(136.0)	-	(219.0)	(2.4)	(221.4)
Total comprehensive income for the period	-	(83.0)	(136.0)	566.6	347.6	3.7	351.3
<u>Distributions to shareholders</u>							
Dividends paid during the period:							
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)
Total distributions to shareholders	-	-	-	(260.3)	(260.3)	-	(260.3)
Total transactions with shareholders in their capacity as shareholders	-	-	-	(260.3)	(260.3)	-	(260.3)
Balance at 30 September 2015	152.7	(179.4)	23.1	5,962.7	5,959.1	63.8	6,022.9

6.2. GROUP STATEMENT OF CHANGES IN EQUITY for the period ended 30 September 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 period	-	-	-	670.8	670.8	6.4	677.2
<u>Other comprehensive income</u>							
Exchange differences arising on translation of overseas entities	-	3.6	-	-	3.6	0.4	4.0
Share of other comprehensive income of associates	-	-	0.6	-	0.6	-	0.6
<u>Available-for-sale financial assets:</u>							
Changes in fair value	-	-	107.5	-	107.5	0.5	108.0
Reclassification of realised gain on disposal of investments to Profit and Loss Statement	-	-	(14.0)	-	(14.0)	-	(14.0)
Tax on changes in fair value	-	-	(15.8)	-	(15.8)	(0.1)	(15.9)
Other comprehensive income for the period, after tax	-	3.6	78.3	-	81.9	0.8	82.7
Total comprehensive income for the period	-	3.6	78.3	670.8	752.7	7.2	759.9
<u>Distributions to shareholders</u>							
<u>Dividends paid during the period:</u>							
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)
Total distributions to shareholders	-	-	-	(260.3)	(260.3)	-	(260.3)
Total transactions with shareholders in their capacity as shareholders	-	-	-	(260.3)	(260.3)	-	(260.3)
Balance at 30 September 2014	152.7	(79.3)	47.3	5,448.6	5,569.3	57.6	5,626.9

(1) Included in Accumulated Profit are non-distributable reserves of \$1,173.2 million (30 September 2014: \$1,135.0 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 2015

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 2015	152.7	(128.7)	189.7	5,941.6	6,155.3	64.3	6,219.6
Profit for the period	-	-	-	68.4	68.4	1.6	70.0
Other comprehensive income							
Exchange differences arising on translation of overseas entities	-	(51.7)	-	-	(51.7)	(1.0)	(52.7)
Share of other comprehensive income of associates	-	1.0	(1.5)	-	(0.5)	-	(0.5)
Available-for-sale financial assets:							
Changes in fair value	-	-	(210.3)	-	(210.3)	(1.2)	(211.5)
Reclassification of realised loss on disposal of investments to Profit and Loss Statement	-	-	11.4	-	11.4	-	11.4
Tax on changes in fair value	-	-	33.8	-	33.8	0.1	33.9
Other comprehensive income for the period, after tax	-	(50.7)	(166.6)	-	(217.3)	(2.1)	(219.4)
Total comprehensive income for the period	-	(50.7)	(166.6)	68.4	(148.9)	(0.5)	(149.4)
Distributions to shareholders							
Dividends paid during the period:							
Interim tax exempt (one-tier) dividend	-	-	-	(47.3)	(47.3)	-	(47.3)
Total 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 2015	152.7	(179.4)	23.1	5,962.7	5,959.1	63.8	6,022.9

6.4. GROUP STATEMENT OF CHANGES IN EQUITY for the third quarter ended 30 September 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 July 2014	152.7	(80.8)	36.2	5,301.3	5,409.4	55.4	5,464.8
Profit for the period	-	-	-	194.6	194.6	2.2	196.8
<u>Other comprehensive income</u>							
Exchange differences arising on translation of overseas entities	-	0.6	-	-	0.6	-	0.6
Share of other comprehensive income of associates	-	0.9	0.1	-	1.0	-	1.0
Available-for-sale financial assets:							
Changes in fair value	-	-	17.3	-	17.3	-	17.3
Reclassification of realised gain on disposal of investments to Profit and Loss Statement	-	-	(4.1)	-	(4.1)	-	(4.1)
Tax on changes in fair value	-	-	(2.2)	-	(2.2)	-	(2.2)
Other comprehensive income for the period, after tax	-	1.5	11.1	-	12.6	-	12.6
Total comprehensive income for the period	-	1.5	11.1	194.6	207.2	2.2	209.4
<u>Distributions to shareholders</u>							
Dividends paid during the period:							
Interim tax exempt (one-tier) dividend	-	-	-	(47.3)	(47.3)	-	(47.3)
Total 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 2014	152.7	(79.3)	47.3	5,448.6	5,569.3	57.6	5,626.9

(1) Included in Accumulated Profit are non-distributable reserves of \$1,173.2 million (30 September 2014: \$1,135.0 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 2015 and 2014

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Accumulated Profit	Total Equity
Balance at 1 January 2015	152.7	419.2	1,983.9	2,555.8
Profit for the period	-	-	542.2	542.2
Total comprehensive income for the period	-	-	542.2	542.2
<u>Distributions to shareholders</u>				
Dividends paid during the period:				
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 30 September 2015	152.7	419.2	2,265.8	2,837.7
Balance at 1 January 2014	152.7	419.2	1,200.8	1,772.7
Profit for the period	-	-	935.1	935.1
Total comprehensive income for the period	-	-	935.1	935.1
<u>Distributions to shareholders</u>				
Dividends paid during the period:				
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 30 September 2014	152.7	419.2	1,875.6	2,447.5

7.2. COMPANY STATEMENT OF CHANGES IN EQUITY for the third quarter ended 30 September 2015 and 2014

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Accumulated Profit	Total Equity
Balance at 1 July 2015	152.7	419.2	2,264.9	2,836.8
Profit for the period	-	-	48.2	48.2
Total comprehensive income for the period	-	-	48.2	48.2
<u>Distributions to shareholders</u>				
Dividends paid during the period:				
Interim tax exempt (one-tier) dividend	-	-	(47.3)	(47.3)
Total distributions to shareholders	-	-	(47.3)	(47.3)
Total transactions with shareholders in their capacity as shareholders	-	-	(47.3)	(47.3)
Balance at 30 September 2015	152.7	419.2	2,265.8	2,837.7
Balance at 1 July 2014	152.7	419.2	1,875.3	2,447.2
Profit for the period	-	-	47.6	47.6
Total comprehensive income for the period	-	-	47.6	47.6
<u>Distributions to shareholders</u>				
Dividends paid during the period:				
Interim tax exempt (one-tier) dividend	-	-	(47.3)	(47.3)
Total distributions to shareholders	-	-	(47.3)	(47.3)
Total transactions with shareholders in their capacity as shareholders	-	-	(47.3)	(47.3)
Balance at 30 September 2014	152.7	419.2	1,875.6	2,447.5

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

in Singapore Dollars (millions)	9 Months 2015	9 Months 2014	3rd Quarter 2015	3rd Quarter 2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	648.6	744.1	91.9	220.0
Life assurance profit before income tax	1,245.6	284.3	587.3	205.7
General insurance profit before income tax	24.7	29.7	7.8	8.9
Adjustments for non-cash items:				
Surplus transferred from life assurance fund but not yet withdrawn	(393.3)	(577.7)	(62.2)	(174.4)
Profit transferred from general insurance fund but not yet withdrawn	(19.6)	(23.9)	(6.0)	(6.3)
Share of loss of associates	5.9	1.8	5.0	0.2
Loss/(gain) on sale of investments and changes in fair value	275.6	(433.9)	878.2	(9.5)
Gain on disposal of interest in a joint venture	-	(31.9)	-	-
Increase/(decrease) in provision for impairment of assets	147.4	(41.3)	144.3	0.4
Increase in provision for agents' retirement benefits	28.8	28.8	9.0	10.0
(Gain)/loss on disposal of property, plant and equipment	-	(0.1)	0.1	(0.1)
Depreciation	35.5	35.9	12.2	11.4
Unrealised gain on exchange differences	(883.3)	(98.1)	(664.1)	(169.8)
Change in life assurance contract liabilities	1,350.2	2,467.5	(66.8)	630.2
Change in general insurance contract liabilities	6.5	1.8	2.1	0.8
Change in unexpired risk reserve	3.2	9.3	(2.5)	5.1
Amortisation of capitalised transaction fees	0.1	0.1	-	-
Dividend income	(409.9)	(384.5)	(137.5)	(141.3)
Interest income	(1,244.5)	(1,214.2)	(416.3)	(428.2)
Interest expense	14.1	14.2	4.5	4.7
Interest expense on policy benefits	102.3	96.7	33.7	34.2
Share-based payments	2.2	3.6	0.7	1.3
	940.1	912.2	421.4	203.3
Changes in working capital:				
Insurance receivables	164.7	(97.6)	108.1	(52.2)
Other debtors and interfund balances	(6.0)	(164.8)	(142.9)	(228.3)
Insurance payables	(177.7)	367.0	(128.6)	185.2
Other creditors and interfund balances	(371.0)	106.2	89.5	302.1
Cash generated from operations	550.1	1,123.0	347.5	410.1
Income tax paid	(154.1)	(294.7)	(45.0)	(90.7)
Interest paid on policy benefits	(102.3)	(96.7)	(33.7)	(34.2)
Agents' retirement benefits paid	(8.5)	(9.9)	(2.6)	(4.7)
Net cash flows from operating activities	285.2	721.7	266.2	280.5
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from maturities and sale of investments	15,329.8	15,426.5	4,070.6	4,924.1
Purchase of investments	(13,309.9)	(17,875.5)	(2,827.8)	(5,365.2)
Proceeds from reduction of interests in associates	-	64.8	-	-
Proceeds from disposal of interest in a joint venture	-	62.8	-	-
Proceeds from sale of property, plant and equipment	0.4	3.6	-	3.4
Purchase of property, plant and equipment and investment properties	(30.1)	(38.2)	(9.4)	(12.6)
Interest income received	1,265.6	1,205.8	433.4	438.3
Interest expense paid	(18.9)	(18.7)	(9.0)	(9.2)
Dividends received	411.2	370.6	152.2	134.6
Net cash flows from/(used in) investing activities	3,648.1	(798.3)	1,810.0	113.4
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(260.3)	(260.3)	(47.3)	(47.3)
(Repayment of)/proceeds from loan	(41.2)	41.2	-	-
Net cash flows used in financing activities	(301.5)	(219.1)	(47.3)	(47.3)
Net effect of currency translation reserve adjustment	(3,036.4)	160.1	(1,832.2)	13.5
Net increase/(decrease) in cash and cash equivalents	595.4	(135.6)	196.7	360.1
Cash and cash equivalents at the beginning of the period	3,254.3	3,727.1	3,653.0	3,231.4
Cash and cash equivalents at the end of the period	3,849.7	3,591.5	3,849.7	3,591.5

9. REVIEW OF RESULTS

The Group Financial Statements for the third quarter of 2015 (Q3-15) and for the nine months ended 30 September 2015 (9M-15) 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 \$68.4 million for Q3-15 (Q3-14: \$194.6 million), and \$566.6 million for 9M-15 (9M-14: \$670.8 million), mainly because of unrealised mark-to-market losses from the insurance business.

9.2 GROSS PREMIUMS

Q3-15 and 9M-15 gross premiums increased 19% and 5% compared with the respective same periods last year to \$2,529.9 million and \$6,228.2 million (Q3-14: \$2,124.0 million, 9M-14: \$5,951.9 million).

9.3 PROFIT FROM INSURANCE BUSINESS

The Group's profit from insurance business for Q3-15 was \$68.2 million (Q3-14: \$180.7 million), 62% lower than the same quarter last year, mainly due to unrealised losses from the valuation of assets and liabilities, brought about by a widening of credit spreads, decline in equity prices and fall in long term interest rates. The results were also affected by a few large death claims and higher medical claims in Singapore.

The Group's profit from insurance business for 9M-15 was \$412.9 million (9M-14: \$601.6 million), 31% lower than the same period last year, mainly due to unrealised losses from the valuation of assets and liabilities. In addition, 9M-14 benefited from a release of tax provisions.

The year-on-year comparisons of the Group's profit from insurance business for Q3 and 9M were also impacted by the further weakening of the Malaysian Ringgit against the Singapore Dollar.

9.4 PROFIT FROM SHAREHOLDERS' FUND'S INVESTMENTS

Despite higher net investment income and a foreign exchange gain from US Dollar denominated investments, the Group's profit from Shareholders' Fund's Investments of \$38.6 million for Q3-15 was 13% lower than the same quarter last year. This was partly caused by realised loss from the sale of investments. The Group also made an impairment provision of \$13.0 million for certain investments, in accordance with its accounting policy.

9M-15 profit from Shareholders' Fund's Investments increased 70% to \$264.5 million (9M-14: \$155.9 million), largely attributed to the gain from the sale of part of the Group's investment in New China Life Insurance Company Ltd in Q2-15.

9.5 FEES AND OTHER INCOME

Fees and other income increased to \$20.1 million for Q3-15 (Q3-14: \$18.2 million) and \$58.4 million for 9M-15 (9M-14: \$52.6 million) from 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 \$25.1 million for Q3-15 (Q3-14: \$18.6 million) and \$66.5 million for 9M-15 (9M-14: \$50.3 million). This was primarily because of a levy incurred under the Takaful & Insurance Benefits Protection System in Malaysia, and a revaluation loss from Malaysian Ringgit-denominated intercompany receivables.

9.7 SHARE OF LOSS / PROFIT AFTER INCOME TAX OF ASSOCIATES

The share of loss after income tax from the associate in China was \$5.0 million for Q3-15 (Q3-14: profit of \$0.2 million) and \$5.8 million for 9M-15 (9M-14: loss of \$0.7 million), mainly from higher operating costs and higher commission expenses.

9.8 BALANCE SHEET

9.8.1 Currency Translation Reserve

As at 30 September 2015, translation loss was \$179.4 million compared with a loss of \$96.4 million as at 31 December 2014. This was mainly caused by the further weakening of the Malaysian Ringgit against the Singapore Dollar.

- 9.8.2 **Fair Value Reserve**
As at 30 September 2015, fair value reserve was \$23.1 million, compared with \$159.1 million as at 31 December 2014. The decrease was caused by unrealised mark-to-market losses from Shareholders' Fund's Investments.
- 9.8.3 **Other Creditors and Interfund Balances**
Other creditors and interfund balances decreased by 14% to \$2,259.5 million as at 30 September 2015 (31 December 2014: \$2,633.1 million) mainly from settlement of interfund charges.
- 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 \$622.8 million as at 30 September 2015 (31 December 2014: \$341.4 million) and derivative financial assets decreased to \$39.2 million (31 December 2014: \$113.4 million). The change in the net position mainly arose from movements in the fair value of currency swaps as a result of the weakening of the Singapore Dollar against the United States Dollar.
- 9.8.5 **Income Tax and Deferred Tax**
Income tax increased by 14% to \$528.3 million as at 30 September 2015 (31 December 2014: \$461.7 million). This was the net impact of tax provision for 9M-15 and the settlement of prior years' tax liabilities. Deferred tax decreased by 13% to \$992.4 million as at 30 September 2015 (31 December 2014: \$1,136.2 million) as a result of unrealised mark-to-market losses from investments.

9.8.6 **Borrowings and Debt Issued**

in SGD (millions)	30 September 2015	31 December 2014
Subordinated fixed rate notes (unsecured)		
- payable after one year	399.5	399.4
Loan payable to holding company (secured)		
- payable in one year or less	-	41.2
Total borrowings and debt issued	399.5	440.6

9.8.7 **Cash and Cash Equivalents**

Cash and cash equivalents increased by 18% to \$3,849.7 million as at 30 September 2015 (31 December 2014: \$3,254.3 million), mainly from sales proceeds and maturities of investments.

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

	SINGAPORE		MALAYSIA	
	30 September 2015	31 December 2014	30 September 2015	31 December 2014
Fixed income & debt securities	62%	59%	74%	68%
Equities	24%	27%	21%	22%
Real estate & others	7%	9%	3%	7%
Cash & money market instruments	7%	5%	2%	3%
Market Value of Assets (in SGD billions)	30.6	29.5	19.7	22.9

9.9 REGULATORY CAPITAL

The Capital Adequacy Ratios of the Group's insurance subsidiaries in both Singapore and Malaysia remain strong and 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 30 September 2015 was unchanged at \$152.7 million compared with 31 December 2014. Total number of shares issued as at 30 September 2015 also remained unchanged at 473,319,069 compared with 31 December 2014.

11. ACCOUNTING POLICIES

The Group adopted the accounting policies and methods of computation for the financial statements for Q3-15, consistent with the audited financial statements for the year ended 31 December 2014.

The adoption of the other revised and new FRS and INT FRS which came into effect on 1 January 2015 did not have any material financial impact on the Group's results for Q3-15.

12. UNAUDITED RESULTS

The consolidated Group's financial results for the third quarter and nine months ended 30 September 2015 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 adverse valuation of its assets and liabilities due to the volatility in the financial markets and slower growth of the world economy.

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.

Issued: 22 October 2015