

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 2014

For the third quarter and nine months ended 30 September 2014, Group profit attributable to shareholders was S\$194.6 million and S\$670.8 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 2014 (third quarter 2013: 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 2014 to be false or misleading in any material aspect.

By Order of the Board

Jennifer Wong Pakshong
Group Company Secretary
Singapore, 28 October 2014

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 2014

1. GROUP PROFIT AND LOSS STATEMENTS

in Singapore Dollars (millions)	9 Months 2014	9 Months 2013	% +/-	3rd Quarter 2014	3rd Quarter 2013	% +/-	2nd Quarter 2014	% +/-
Gross Premiums	5,951.9	5,839.2	2	2,124.0	2,222.6	(4)	1,973.8	8
Life assurance profit from:								
Participating Fund	101.3	122.6	(17)	36.2	47.0	(23)	32.8	10
Non-participating Fund	324.2	191.3	69	92.1	153.2	(40)	134.3	(31)
Investment-linked Fund	152.2	120.3	27	46.1	40.0	15	53.7	(14)
Profit from life assurance	577.7	434.2	33	174.4	240.2	(27)	220.8	(21)
Profit from general insurance	23.9	17.9	34	6.3	11.8	(47)	8.0	(21)
Profit from insurance business	601.6	452.1	33	180.7	252.0	(28)	228.8	(21)
Investment income, net	102.4	88.2	16	40.1	34.2	17	35.6	13
Gain/(loss) on sale of investments and changes in fair value ⁽¹⁾	20.5	43.6	(53)	(0.1)	18.1	nm	8.3	nm
Gain on disposal of joint venture	31.9	-	nm	-	-	nm	-	nm
Increase in provision for impairment of assets	(0.5)	(0.5)	nm	(0.2)	(0.2)	nm	(0.3)	nm
Gain/(loss) on exchange differences ⁽¹⁾	1.6	3.5	(54)	4.6	(5.8)	nm	(1.7)	nm
Profit from investments in Shareholders' Fund	155.9	134.8	16	44.4	46.3	(4)	41.9	6
Fees and other income	52.6	51.7	2	18.2	16.1	13	17.7	3
Profit before expenses	810.1	638.6	27	243.3	314.4	(23)	288.4	(16)
less:								
Management and other expenses	50.3	26.0	93	18.6	(7.4)	nm	16.1	16
Interest expense	13.7	13.7	-	4.5	4.5	-	4.6	(2)
Depreciation	1.3	1.5	(13)	0.4	0.5	(20)	0.4	-
Expenses	65.3	41.2	58	23.5	(2.4)	nm	21.1	11
Profit after expenses	744.8	597.4	25	219.8	316.8	(31)	267.3	(18)
Share of (loss)/profit after income tax of associates	(0.7)	-	nm	0.2	-	nm	(0.9)	nm
Share of loss after income tax of joint ventures	-	(2.4)	(100)	-	(0.2)	(100)	-	nm
Profit before income tax	744.1	595.0	25	220.0	316.6	(31)	266.4	(17)
Income tax	(66.9)	(79.9)	nm	(23.2)	(31.6)	nm	(19.5)	nm
Profit after income tax	677.2	515.1	31	196.8	285.0	(31)	246.9	(20)
Attributable to:								
Shareholders	670.8	508.9	32	194.6	282.8	(31)	244.6	(20)
Non-controlling interests	6.4	6.2	3	2.2	2.2	-	2.3	(4)
	677.2	515.1	31	196.8	285.0	(31)	246.9	(20)
Basic and diluted earnings per share attributable to shareholders of the Company (in Singapore Dollars)	1.42	1.08	31	0.41	0.60	(32)	0.52	(21)
Return on Equity (Average Shareholders' Fund) (%) (not annualised)	12.6%	10.5%	2.1 pp	3.5%	5.7%	-2.2 pp	4.6%	-1.1 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)	9 Months 2014	9 Months 2013	% + / (-)	3rd Quarter 2014	3rd Quarter 2013	% + / (-)	2nd Quarter 2014	% + / (-)
Profit after income tax for the period	677.2	515.1	31	196.8	285.0	(31)	246.9	(20)
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	0.3	33	-	0.3	(100)	(0.2)	(100)
Items that may be reclassified subsequently to profit or loss:								
Exchange differences arising on translation of overseas entities	3.6	(23.4)	nm	0.6	(23.2)	nm	2.8	(79)
Share of other comprehensive income of associates and joint ventures	0.6	2.6	(77)	1.0	(0.3)	nm	-	nm
Available-for-sale financial assets:								
Changes in fair value	108.0	(84.7)	nm	17.3	6.6	162	107.9	(84)
Reclassification of realised gain on disposal of investments to Profit and Loss Statement	(14.0)	(30.5)	nm	(4.1)	(8.2)	nm	(4.2)	nm
Tax on changes in fair value	(15.9)	19.9	nm	(2.2)	1.0	nm	(17.7)	nm
Other comprehensive income for the period, after tax	82.7	(115.8)	nm	12.6	(23.8)	nm	88.6	(86)
Total comprehensive income for the period	759.9	399.3	90	209.4	261.2	(20)	335.5	(38)
Total comprehensive income attributable to:								
Shareholders	752.7	392.7	92	207.2	258.6	(20)	333.0	(38)
Non-controlling interests	7.2	6.6	9	2.2	2.6	(15)	2.5	(12)
	759.9	399.3	90	209.4	261.2	(20)	335.5	(38)

nm – not meaningful / exceeding 300%

3. GROUP BALANCE SHEET

in Singapore Dollars (millions)	Group		
	30 Sep 2014	31 Dec 2013	% + / (-)
Share capital	152.7	152.7	-
Reserves			
Currency translation reserve	(79.3)	(82.9)	nm
Fair value reserve	47.3	(31.0)	nm
Accumulated profit	5,448.6	5,038.1	8
SHAREHOLDERS' FUND	5,569.3	5,076.9	10
NON-CONTROLLING INTERESTS	57.6	50.4	14
TOTAL EQUITY	5,626.9	5,127.3	10
 LIABILITIES			
Insurance payables	3,454.9	3,087.9	12
Other creditors and interfund balances	2,435.6	2,330.3	5
Unexpired risk reserve	131.8	121.8	8
Derivative financial liabilities	183.0	188.1	(3)
Income tax	492.2	599.8	(18)
Provision for agents' retirement benefits	280.2	258.6	8
Deferred tax	1,114.5	1,011.0	10
Loan payable to holding company	41.2	-	nm
Debt issued	399.4	399.3	0
General insurance fund	219.9	209.2	5
Life assurance fund	50,308.6	47,577.3	6
TOTAL EQUITY AND LIABILITIES	64,688.2	60,910.6	6
 ASSETS			
Cash and cash equivalents	3,591.5	3,727.1	(4)
Other debtors and interfund balances	2,078.5	1,908.1	9
Insurance receivables	2,707.7	2,604.3	4
Loans	1,846.6	1,863.6	(1)
Derivative financial assets	174.2	242.2	(28)
Investments	51,890.1	48,106.0	8
Associates and joint ventures	90.2	152.5	(41)
Goodwill	33.7	33.6	0
Investment properties	1,563.2	1,561.0	0
Property, plant and equipment	712.5	712.2	0
TOTAL ASSETS	64,688.2	60,910.6	6
 Net Asset Value per share (in Singapore Dollars)	11.77	10.73	10

For analysis of major variances, please refer to section 9.7 on page 12.

nm – not meaningful / exceeding 300%

4. COMPANY BALANCE SHEET

in Singapore Dollars (millions)	Company		
	30 Sep 2014	31 Dec 2013	% + / (-)
Share capital	152.7	152.7	-
Reserves			
Merger reserve	419.2	419.2	-
Accumulated profit	1,875.6	1,200.8	56
TOTAL EQUITY	2,447.5	1,772.7	38
LIABILITIES			
Other creditors	7.5	6.5	15
Income tax	0.1	0.1	-
TOTAL EQUITY AND LIABILITIES	2,455.1	1,779.3	38
ASSETS			
Cash and cash equivalents	17.3	32.5	(47)
Amounts due from subsidiaries	1,751.4	1,060.5	65
Subsidiaries	686.1	686.1	-
Property, plant and equipment	0.3	0.2	50
TOTAL ASSETS	2,455.1	1,779.3	38
Net Asset Value per share (in Singapore Dollars)	5.17	3.75	38

5. SELECTED INCOME AND MANAGEMENT EXPENSES

in Singapore Dollars (millions)	Shareholders' Fund				
	9 Months 2014	9 Months 2013	3rd Quarter 2014	3rd Quarter 2013	2nd Quarter 2014
<u>Expenses</u>					
1. Staff costs and related expenses (including executive directors and key management personnel compensation)	56.8	54.0	19.9	18.0	18.2
2. Rental expense	4.8	4.8	1.6	1.6	1.6
3. Depreciation	1.3	1.5	0.4	0.5	0.4
<u>Income</u>					
1. Investment income, net (excluding mark-to-market changes)	1,418.7	1,378.8	501.7	458.0	506.2
<u>Expenses</u>					
1. Staff costs and related expenses (including executive directors and key management personnel compensation)	149.4	142.9	53.8	46.7	48.7
2. Rental expense	12.7	11.6	4.4	3.8	4.3
3. Depreciation	34.6	41.9	11.0	12.1	12.6

6.1. GROUP STATEMENT OF CHANGES IN EQUITY for the period ended 30 September 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 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
Other comprehensive income							
Exchange differences arising on translation of overseas entities	-	3.6	-	-	3.6	0.4	4.0
Share of other comprehensive income of associates and joint ventures	-	-	0.6	-	0.6	-	0.6
Available-for-sale financial assets:							
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
Distributions to shareholders							
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 2014	152.7	(79.3)	47.3	5,448.6	5,569.3	57.6	5,626.9

6.2. GROUP STATEMENT OF CHANGES IN EQUITY for the period ended 30 September 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 period	-	-	-	508.9	508.9	6.2	515.1
<u>Other comprehensive income</u>							
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 of investments 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
<u>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)	-	(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 distributions to shareholders	-	-	-	(302.9)	(302.9)	(3.8)	(306.7)
<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)	-	(302.9)
Balance at 30 September 2013	152.7	(84.1)	(54.0)	4,872.2	4,886.8	49.1	4,935.9

(1) Included in Accumulated Profit are non-distributable reserves of \$1,135.0 million (30 September 2013: \$1,052.2 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 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
Other comprehensive income							
Exchange differences arising on translation of overseas entities	-	0.6	-	-	0.6	-	0.6
Share of other comprehensive income of associates and joint ventures	-	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
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 2014	152.7	(79.3)	47.3	5,448.6	5,569.3	57.6	5,626.9

6.4. GROUP STATEMENT OF CHANGES IN EQUITY for the third quarter ended 30 September 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 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
<u>Other comprehensive income</u>							
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 of investments 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
<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 2013	152.7	(84.1)	(54.0)	4,872.2	4,886.8	49.1	4,935.9

(1) Included in Accumulated Profit are non-distributable reserves of \$1,135.0 million (30 September 2013: \$1,052.2 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 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 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
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>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 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

7.2. COMPANY STATEMENT OF CHANGES IN EQUITY for the third quarter ended 30 September 2014 and 2013

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Accumulated Profit	Total Equity
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
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>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 2013	152.7	419.2	1,202.5	1,774.4

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

in Singapore Dollars (millions)	9 Months 2014	9 Months 2013	3rd Quarter 2014	3rd Quarter 2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	744.1	595.0	220.0	316.6
Life assurance profit before income tax	284.3	1,097.9	205.7	73.9
General insurance profit before income tax	29.7	23.7	8.9	13.0
Adjustments for non-cash items:				
Surplus transferred from life assurance fund but not yet withdrawn	(577.7)	(434.2)	(174.4)	(240.2)
Profit transferred from general insurance fund but not yet withdrawn	(23.9)	(17.9)	(6.3)	(11.8)
Share of loss of associates and joint ventures	1.8	9.5	0.2	13.2
(Gain)/loss on sale of investments and changes in fair value	(401.0)	(364.3)	11.7	(129.0)
Gain on disposal of joint venture	(31.9)	-	-	-
(Decrease)/increase in provision for impairment of assets	(41.3)	3.3	0.4	1.0
Increase in provision for agents' retirement benefits	28.8	27.0	10.0	8.9
(Gain)/loss on disposal of property, plant and equipment, assets held for sale and investment properties	(0.1)	(0.2)	(0.1)	0.1
Depreciation	35.9	43.4	11.4	12.6
Unrealised (gain)/loss on exchange differences	(131.0)	(234.4)	(191.0)	44.2
Change in life assurance contract liabilities	2,467.5	601.0	630.2	128.3
Change in general insurance contract liabilities	1.8	14.3	0.8	(0.2)
Change in unexpired risk reserve	9.3	9.1	5.1	3.4
Amortisation of capitalised transaction fees	0.1	0.1	-	-
Dividend income	(384.5)	(360.2)	(141.3)	(127.6)
Interest income	(1,214.2)	(1,182.9)	(428.2)	(388.6)
Interest expense	14.2	13.7	4.7	4.5
Interest expense on policy benefits	96.7	84.6	34.2	29.1
Share-based payments	3.6	2.9	1.3	1.2
	912.2	(68.6)	203.3	(247.4)
Changes in working capital:				
Insurance receivables	(97.6)	(30.0)	(52.2)	4.0
Other debtors and interfund balances	(164.8)	33.2	(228.3)	117.6
Insurance payables	367.0	197.3	185.2	31.7
Other creditors and interfund balances	106.2	(259.2)	302.1	75.4
Cash generated from/(used in) operations	1,123.0	(127.3)	410.1	(18.7)
Income tax paid	(294.7)	(153.0)	(90.7)	(40.1)
Interest paid on policy benefits	(96.7)	(84.6)	(34.2)	(29.1)
Agents' retirement benefits paid	(9.9)	(3.7)	(4.7)	0.5
Net cash flows from/(used in) operating activities	721.7	(368.6)	280.5	(87.4)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investments	15,426.5	16,348.7	4,924.1	4,759.9
Purchase of investments	(17,875.5)	(17,049.2)	(5,365.2)	(4,485.8)
Proceeds from reduction of interests in associates	64.8	59.8	-	23.1
Proceeds from disposal of joint venture	62.8	-	-	-
Proceeds from sale of property, plant and equipment, assets held for sale and investment properties	3.6	3.4	3.4	1.0
Purchase of property, plant and equipment and investment properties	(38.2)	(41.5)	(12.6)	(14.8)
Interest income received	1,205.8	1,187.2	438.3	412.7
Interest expense paid	(18.7)	(18.3)	(9.2)	(9.1)
Dividends received	370.6	339.6	134.6	123.5
Net cash flows (used in)/from investing activities	(798.3)	829.7	113.4	810.5
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(260.3)	(302.9)	(47.3)	(47.3)
Dividends paid to non-controlling interests	-	(3.8)	-	-
Changes in non-controlling interests	-	3.8	-	-
Proceeds from loan	41.2	-	-	-
Net cash flows used in financing activities	(219.1)	(302.9)	(47.3)	(47.3)
Net effect of currency translation reserve adjustment	160.1	(657.9)	13.5	(685.0)
Net (decrease)/increase in cash and cash equivalents	(135.6)	(499.7)	360.1	(9.2)
Cash and cash equivalents at the beginning of the period	3,727.1	4,212.6	3,231.4	3,722.1
Cash and cash equivalents at the end of the period	3,591.5	3,712.9	3,591.5	3,712.9

9. REVIEW OF RESULTS

The Group Financial Statements for the third quarter of 2014 (Q3-14) and for the nine months ended 30 September 2014 (9M-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 for Q3-14 was \$194.6 million (Q3-13: \$282.8 million), largely a result of lower unrealised mark-to-market gains from the valuation of assets and liabilities in the Singapore Non-participating Fund.

9M-14 profit attributable to shareholders was \$670.8 million, an increase of 32% compared with \$508.9 million for 9M-13, mainly from significantly higher unrealised mark-to-market gains in Q2-14 brought about by more favourable financial market conditions compared with the same period last year.

9.2 GROSS PREMIUMS

Q3-14 gross premiums decreased slightly to \$2,124.0 million (Q3-13: \$2,222.6 million). 9M-14 gross premiums increased by 2% to \$5,951.9 million (9M-13: \$5,839.2 million).

9.3 PROFIT FROM INSURANCE BUSINESS

The Group's profit from insurance business for Q3-14 was \$180.7 million compared with \$252.0 million for Q3-13 as a result of lower profit from both life assurance and general insurance.

Despite higher profits from a growing in-force business and higher investment income, Q3-14 profit from life assurance fell to \$174.4 million from \$240.2 million for Q3-13 as a result of lower unrealised mark-to-market gains. For Q3-13, profit from life assurance benefitted from higher unrealised mark-to-market gains brought about by the partial recovery in financial markets following the US Federal Reserve's decision in September 2013 to maintain its quantitative easing programme. For Q3-14, while the narrowing of credit spreads and appreciation of US Dollar gave rise to unrealised mark-to-market gains, the magnitude of the gains was smaller.

Profit from general insurance of \$6.3 million was also lower than in the same period last year (Q3-13: \$11.8 million), as a result of higher claims in Malaysia.

For 9M-14, profit from insurance business of \$601.6 million was 33% higher than in the same period last year (9M-13: \$452.1 million). 9M-14 benefitted from mark-to-market gains in Q2-14 as a result of rising long term interest rates and narrowing credit and swap spreads. In contrast, 9M-13 was affected by significant mark-to-market losses in Q2-13 from an unusual inversion of the 30-year and 20-year interest rates.

9.4 PROFIT FROM INVESTMENTS IN SHAREHOLDERS' FUND

Despite higher investment income and unrealised foreign exchange gains, the Group's profit from investments in Shareholders' Fund of \$44.4 million for Q3-14 was slightly lower than \$46.3 million for Q3-13 as a result of lower gains from sale of investments.

9M-14 profit from investments in Shareholders' Fund increased 16% to \$155.9 million (9M-13: \$134.8 million). This included a one-off gain of \$31.9 million from the partial divestment of a stake in its joint venture, Great Eastern Life Assurance (China) Company, Ltd ("GELC") by the Group's subsidiary, The Great Eastern Life Assurance Company Limited ("GEL") in Q1-14. After the disposal, GEL continues to hold 25% of the paid up-capital of GELC.

9.5 FEES AND OTHER INCOME

Fees and other income amounted to \$18.2 million for Q3-14 (Q3-13: \$16.1 million) and \$52.6 million for 9M-14 (9M-13: \$51.7 million). This increase was mainly a 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 higher at \$18.6 million for Q3-14 and \$50.3 million for 9M-14 compared with the same periods last year (Q3-13: -\$7.4 million, 9M-13: \$26.0 million), as there was a reversal of a provision to support insurance operations in 2013. Excluding the reversal, management and other expenses remained stable for Q3-14 and 9M-14.

9.7 BALANCE SHEET

9.7.1 Fair Value Reserve
As at 30 September 2014, fair value reserve was \$47.3 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.

9.7.2 Derivative Financial Liabilities and Assets
Derivative financial liabilities and assets held by the Group are for hedging purposes. Derivative financial liabilities decreased to \$183.0 million as at 30 September 2014 (31 December 2013: \$188.1 million) and derivative financial assets decreased to \$174.2 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.

9.7.3 Income Tax and Deferred Tax
Income tax payable decreased 18% to \$492.2 million as at 30 September 2014 (31 December 2013: \$599.8 million), mainly arising from settlement of prior years' tax liability. Deferred tax increased by 10% to \$1,114.5 million as at 30 September 2014 (31 December 2013: \$1,011.0 million) as a result of unrealised mark-to-market gains from investments.

9.7.4 Borrowings and Debt Issued

in SGD (millions)	30 September 2014	31 December 2013
Subordinated fixed rate notes (unsecured)		
- payable after one year	399.4	399.3
Loan payable to holding company (secured)		
- payable after one year	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.

9.7.5 Associates and Joint Ventures
Associates and joint ventures decreased by 41% to \$90.2 million as at 30 September 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.

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

	SINGAPORE		MALAYSIA	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Fixed income & debt securities	58%	56%	66%	68%
Equities	26%	25%	23%	23%
Real estate & others	10%	10%	7%	7%
Cash & money market instruments	6%	9%	4%	2%
Market Value of Assets (in SGD billions)	28.5	26.9	23.3	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 30 September 2014 was unchanged at \$152.7 million compared with 31 December 2013. Total number of shares issued as at 30 September 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 Q3-14, 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 Q3-14.

12. UNAUDITED RESULTS

The consolidated Group's financial results for the third quarter and nine months ended 30 September 2014 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 movements in interest rates arising from uncertainties in the global 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: 28 October 2014