

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") announced today:

Unaudited Financial Results of GEH Group for the Third Quarter and for the Nine Months Ended 30 September 2010

For the third quarter and nine months ended 30 September 2010, Group profit attributable to shareholders was \$168.6 million and \$422.1 million respectively. Details of the financial results are attached.

Dividend

No interim dividend has been declared in the third quarter of 2010 (third quarter 2009: 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 2010 to be false or misleading in any material aspect.

By Order of the Board

Jennifer Wong Pakshong
Group Company Secretary
Singapore, 27 October 2010

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

FINANCIAL RESULTS FOR THE THIRD QUARTER 2010

1. GROUP PROFIT AND LOSS STATEMENTS

in Singapore Dollars (millions)	9 Months 2010	9 Months 2009	% + / (-)	3rd Quarter 2010	3rd Quarter 2009	% + / (-)	2nd Quarter 2010	% + / (-)
Gross Premiums	4,371.6	4,217.7	4	1,661.3	1,793.2	(7)	1,367.3	22
Life assurance profit from:								
Participating Fund	71.2	76.3	(7)	24.6	20.0	23	23.7	4
Non-participating Fund	223.5	431.6	(48)	105.1	162.8	(35)	19.4	nm
Investment-linked Fund	76.4	91.4	(16)	26.0	26.3	(1)	26.0	0
Profit from life assurance	371.1	599.3	(38)	155.7	209.1	(26)	69.1	125
Profit from general insurance	15.0	21.1	(29)	3.5	2.4	46	5.9	(41)
Profit from insurance operations	386.1	620.4	(38)	159.2	211.5	(25)	75.0	112
Investment income, net	75.6	66.7	13	20.9	19.1	9	26.6	(21)
Gain/(loss) on sale of investments and changes in fair value	25.6	6.0	nm	15.0	2.3	nm	(8.7)	nm
Increase in provision for impairment of assets	(4.0)	(6.3)	nm	(0.1)	(2.2)	nm	(1.7)	nm
(Loss)/gain on exchange differences	(0.7)	1.5	nm	(1.4)	(1.2)	nm	(1.3)	nm
Loss on redemption of GreatLink Choice	-	(213.3)	nm	-	(213.3)	nm	-	nm
Profit/(loss) from investments in Shareholders' Fund	96.5	(145.4)	nm	34.4	(195.3)	nm	14.9	131
Fees and other income	51.6	46.3	11	16.3	16.8	(3)	18.4	(11)
Profit before expenses	534.2	521.3	2	209.9	33.0	nm	108.3	94
less:								
Management and other expenses	40.3	71.4	(44)	13.0	14.2	(8)	14.8	(12)
Depreciation	1.1	1.1	-	0.5	0.5	-	0.2	150
Expenses	41.4	72.5	(43)	13.5	14.7	(8)	15.0	(10)
Profit after expenses	492.8	448.8	10	196.4	18.3	nm	93.3	111
Share of profit after income tax of associates	0.1	0.9	(89)	0.4	-	nm	-	nm
Share of loss after income tax of joint ventures	(4.9)	(3.8)	nm	(1.3)	(1.0)	nm	(2.0)	nm
Profit before income tax	488.0	445.9	9	195.5	17.3	nm	91.3	114
Income tax	(58.2)	(71.1)	nm	(24.5)	18.5	nm	(14.3)	nm
Profit after income tax	429.8	374.8	15	171.0	35.8	nm	77.0	122
Attributable to:								
Shareholders	422.1	368.3	15	168.6	33.6	nm	74.4	127
Non-controlling interests	7.7	6.5	18	2.4	2.2	9	2.6	(8)
	429.8	374.8	15	171.0	35.8	nm	77.0	122
Basic and diluted earnings per share attributable to shareholders of the Company (in Singapore Dollars)	0.89	0.78	14	0.35	0.07	nm	0.16	119
Return on Equity (Average Shareholders' Fund) (%) <i>(not annualised)</i>	11.2%	11.5%	-0.3 pp	4.3%	1.0%	3.3 pp	2.1%	2.2 pp

nm – not meaningful / exceeding 300%

2. GROUP STATEMENT OF COMPREHENSIVE INCOME

in Singapore Dollars (millions)	9 Months 2010	9 Months 2009	% + / (-)	3rd Quarter 2010	3rd Quarter 2009	% + / (-)	2nd Quarter 2010	% + / (-)
Profit after income tax for the period	429.8	374.8	15	171.0	35.8	nm	77.0	122
Other comprehensive income:								
Exchange differences arising on translation of overseas entities	22.2	(13.6)	nm	(7.8)	(5.9)	nm	2.3	nm
Share of currency translation reserves of associates and joint ventures	(3.2)	2.0	nm	(3.7)	(0.6)	nm	0.4	nm
Available-for-sale financial assets:								
Changes in fair value	178.8	132.3	35	128.9	37.5	244	(0.8)	nm
Reclassification of realised gains on disposal and impairment to Profit and Loss Statement	18.8	6.1	208	4.5	3.3	36	8.2	(45)
Tax on changes in fair value	(34.6)	(26.0)	nm	(23.3)	(6.0)	nm	(1.0)	nm
Effect of reduction in tax rate on other comprehensive income	-	(1.2)	(100)	-	-	-	-	-
Other comprehensive income for the period, after tax	182.0	99.6	83	98.6	28.3	248	9.1	nm
Total comprehensive income for the period	611.8	474.4	29	269.6	64.1	nm	86.1	213
Total comprehensive income attributable to:								
Shareholders	604.1	467.7	29	266.8	61.2	nm	84.2	217
Non-controlling interests	7.7	6.7	15	2.8	2.9	(3)	1.9	47
	611.8	474.4	29	269.6	64.1	nm	86.1	213

nm – not meaningful / exceeding 300%

3. BALANCE SHEET – GROUP

in Singapore Dollars (millions)	Group		% +/(–)
	30 Sep 10	31 Dec 09	
Share capital	247.4	247.4	-
Reserves			
Currency translation reserve	(19.0)	(38.0)	nm
Fair value reserve	230.5	67.5	241
Accumulated profit	3,498.5	3,289.4	6
SHAREHOLDERS' FUND	3,957.4	3,566.3	11
NON-CONTROLLING INTERESTS	21.0	26.7	(21)
TOTAL EQUITY	3,978.4	3,593.0	11
LIABILITIES			
Insurance payables	2,371.0	2,206.9	7
Other creditors and interfund balances	1,866.0	1,865.8	0
Unexpired risk reserve	98.0	79.5	23
Derivative financial liabilities	21.7	46.6	(53)
Income tax	329.7	299.1	10
Provision for agents' retirement benefits	215.6	192.0	12
Amount due to joint venture	0.1	-	nm
Deferred tax	948.5	766.3	24
General insurance fund	112.5	95.5	18
Life assurance fund	43,150.3	39,386.5	10
TOTAL EQUITY AND LIABILITIES	53,091.8	48,531.2	9
ASSETS			
Cash and cash equivalents	3,686.6	3,215.9	15
Other debtors and interfund balances	2,023.7	1,835.1	10
Insurance receivables	2,595.8	2,454.9	6
Amount due from joint venture	-	5.9	(100)
Loans	1,722.9	1,932.5	(11)
Derivative financial assets	515.5	322.8	60
Investments	40,326.1	36,558.9	10
Associates and joint ventures	337.7	323.9	4
Goodwill	18.7	18.7	-
Investment properties	1,128.1	1,118.9	1
Property, plant and equipment	736.7	743.7	(1)
TOTAL ASSETS	53,091.8	48,531.2	9
 Net Asset Value per share (in Singapore Dollars)	 8.36	 7.53	 11

For analysis of major variances, please refer to section 9.9 on page 10.

nm – not meaningful / exceeding 300%

4. BALANCE SHEET – COMPANY

in Singapore Dollars (millions)	Company		
	30 Sep 10	31 Dec 09	% +/(–)
Share capital	247.4	247.4	-
Reserves			
Merger reserve	419.2	419.2	-
Accumulated profit	644.9	653.6	(1)
TOTAL EQUITY	1,311.5	1,320.2	(1)
LIABILITIES			
Other creditors and interfund balances	6.8	5.9	15
TOTAL EQUITY AND LIABILITIES	1,318.3	1,326.1	(1)
ASSETS			
Cash and cash equivalents	9.0	11.1	(19)
Income tax	0.8	0.3	167
Amounts due from subsidiaries	672.8	678.9	(1)
Subsidiaries	635.5	635.5	-
Property, plant and equipment	0.2	0.3	(33)
TOTAL ASSETS	1,318.3	1,326.1	(1)
Net Asset Value per share (in Singapore Dollars)	2.77	2.79	(1)

5. SELECTED MANAGEMENT EXPENSES

in Singapore Dollars (millions)	Shareholders' and General Insurance Funds				
	9 Months 2010	9 Months 2009	3rd Quarter 2010	3rd Quarter 2009	2nd Quarter 2010
1 Directors' remuneration					
Directors of the Company	0.8	0.7	0.1	0.2	0.4
2 Staff costs and related expenses (including executive directors and key management personnel compensation)	42.4	38.0	14.7	12.5	12.9
3 Rental expense	3.4	4.1	1.1	1.4	1.1
4 Depreciation	1.4	1.4	0.6	0.6	0.3
in Singapore Dollars (millions)	Life Assurance Fund				
	9 Months 2010	9 Months 2009	3rd Quarter 2010	3rd Quarter 2009	2nd Quarter 2010
1 Directors' remuneration					
Directors of the Company	2.0	1.8	0.7	0.4	0.9
2 Staff costs and related expenses (including executive directors and key management personnel compensation)	93.2	86.5	32.5	29.7	30.2
3 Rental expense	12.3	12.8	4.1	4.2	4.2
4 Depreciation	33.9	33.2	12.1	11.1	11.1

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

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 2010	247.4	(38.0)	67.5	3,289.4	3,566.3	26.7	3,593.0
Total comprehensive income for the period	-	19.0	163.0	422.1	604.1	7.7	611.8
Dividends paid during the period:							
Final and special final tax exempt (one-tier) dividends for the previous year	-	-	-	(165.7)	(165.7)	-	(165.7)
Interim tax exempt (one-tier) dividend	-	-	-	(47.3)	(47.3)	-	(47.3)
Dividends paid to non-controlling interests	-	-	-	-	-	(13.4)	(13.4)
Balance at 30 September 2010	247.4	(19.0)	230.5	3,498.5	3,957.4	21.0	3,978.4
Balance at 1 January 2009	247.4	(25.9)	(82.4)	2,872.1	3,011.2	28.5	3,039.7
Total comprehensive income for the period	-	(11.6)	111.0	368.3	467.7	6.7	474.4
Dividends paid during the period:							
Final tax exempt (one-tier) dividends for the previous year	-	-	-	(75.7)	(75.7)	-	(75.7)
Interim tax exempt (one-tier) dividend	-	-	-	(23.7)	(23.7)	-	(23.7)
Dividends paid to non-controlling interests	-	-	-	-	-	(10.2)	(10.2)
Balance at 30 September 2009	247.4	(37.5)	28.6	3,141.0	3,379.5	25.0	3,404.5

6.2 GROUP STATEMENT OF CHANGES IN EQUITY for the third quarter ended 30 September

in Singapore Dollars (millions)	Attributable to Shareholders of the Company					Non-Controlling Interests	Total Equity
	Share Capital	Currency Translation Reserve	Fair Value Reserve	Accumulated Profit ⁽¹⁾	Total		
Balance at 1 July 2010	247.4	(7.5)	120.8	3,377.2	3,737.9	25.1	3,763.0
Total comprehensive income for the period	-	(11.5)	109.7	168.6	266.8	2.8	269.6
Dividends paid during the period:							
Interim tax exempt (one-tier) dividend	-	-	-	(47.3)	(47.3)	-	(47.3)
Dividends paid to non-controlling interests	-	-	-	-	-	(6.9)	(6.9)
Balance at 30 September 2010	247.4	(19.0)	230.5	3,498.5	3,957.4	21.0	3,978.4
Balance at 1 July 2009	247.4	(31.0)	(5.5)	3,131.1	3,342.0	26.9	3,368.9
Total comprehensive income for the period	-	(6.5)	34.1	33.6	61.2	2.9	64.1
Dividends paid during the period:							
Interim tax exempt (one-tier) dividend	-	-	-	(23.7)	(23.7)	-	(23.7)
Dividends paid to non-controlling interests	-	-	-	-	-	(4.8)	(4.8)
Balance at 30 September 2009	247.4	(37.5)	28.6	3,141.0	3,379.5	25.0	3,404.5

(1) Included in Accumulated Profit are non-distributable reserves of \$921.1 million (30 Sep 2009: \$827.5 million), which arise from regulatory risk charges in Singapore and Malaysia that are held out of the Group Shareholders' Accumulated Profit Account.

7.1 COMPANY STATEMENT OF CHANGES IN EQUITY for the 9 months ended 30 September

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Accumulated Profit	Total Equity
Balance at 1 January 2010	247.4	419.2	653.6	1,320.2
Total comprehensive income for the period	-	-	204.3	204.3
Dividends paid during the period:				
Final and special final tax exempt (one-tier) dividends for the previous year	-	-	(165.7)	(165.7)
Interim tax exempt (one-tier) dividend	-	-	(47.3)	(47.3)
Balance at 30 September 2010	247.4	419.2	644.9	1,311.5
Balance at 1 January 2009	247.4	419.2	735.7	1,402.3
Total comprehensive income for the period	-	-	18.8	18.8
Dividends paid during the period:				
Final tax exempt (one-tier) dividends for the previous year	-	-	(75.7)	(75.7)
Interim tax exempt (one-tier) dividend	-	-	(23.7)	(23.7)
Balance at 30 September 2009	247.4	419.2	655.1	1,321.7

7.2 COMPANY STATEMENT OF CHANGES IN EQUITY for the third quarter ended 30 September

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Accumulated Profit	Total Equity
Balance at 1 July 2010	247.4	419.2	678.4	1,345.0
Total comprehensive income for the period	-	-	13.8	13.8
Dividends paid during the period:				
Interim tax exempt (one-tier) dividend	-	-	(47.3)	(47.3)
Balance at 30 September 2010	247.4	419.2	644.9	1,311.5
Balance at 1 July 2009	247.4	419.2	669.4	1,336.0
Total comprehensive income for the period	-	-	9.4	9.4
Dividends paid during the period:				
Interim tax exempt (one-tier) dividend	-	-	(23.7)	(23.7)
Balance at 30 September 2009	247.4	419.2	655.1	1,321.7

8. CONSOLIDATED STATEMENT OF CASH FLOWS

in Singapore Dollars (millions)	9 Months 2010	9 Months 2009	3rd Quarter 2010	3rd Quarter 2009
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	488.0	445.9	195.5	17.3
Life assurance profit before income tax	216.8	427.9	(177.6)	(295.0)
General insurance profit before income tax	17.1	23.5	4.6	3.0
Adjustments for non-cash items:				
Surplus transferred from life assurance fund but not yet withdrawn	(371.1)	(599.3)	(155.7)	(209.1)
Profit transferred from general insurance fund but not yet withdrawn	(15.0)	(21.1)	(3.5)	(2.4)
Share of (profit)/loss of associates and joint ventures	(16.1)	36.8	0.2	1.6
Gain on sale of investments and changes in fair value	(672.8)	(958.5)	(543.9)	(749.2)
Loss on redemption of GreatLink Choice	-	213.3	-	213.3
Increase in provision for impairment of assets	29.4	50.6	0.6	1.8
Increase in provision for agents' retirement benefits	23.1	14.4	7.2	5.7
Gain on disposal of property, plant and equipment and investment properties	-	(18.1)	-	(11.8)
Depreciation	35.3	34.6	12.7	11.7
Unrealised loss/(gain) on exchange differences	251.8	(6.3)	193.7	53.2
Change in life assurance contract liabilities	2,194.4	1,738.3	1,250.3	1,486.7
Change in general insurance contract liabilities	16.9	(9.5)	2.5	0.9
Change in unexpired risk reserve	16.1	12.3	6.8	2.3
Dividend income	(266.1)	(230.7)	(96.5)	(87.0)
Interest income	(1,082.2)	(1,022.3)	(364.6)	(359.3)
Interest expense on policy benefits	62.5	55.9	21.6	19.1
Share-based payments	3.6	3.5	1.1	1.2
	931.7	191.2	355.0	104.0
Changes in working capital:				
Insurance receivables	(144.2)	(77.8)	(66.6)	(89.1)
Other debtors and interfund balances	(235.4)	(71.7)	(333.8)	(136.1)
Insurance payables	164.1	59.7	46.0	29.3
Other creditors and interfund balances	(3.4)	(43.9)	126.3	264.9
Cash generated from operations	712.8	57.5	126.9	173.0
Income tax paid	(141.3)	(98.8)	(68.8)	(41.6)
Interest paid on policy benefits	(62.5)	(55.9)	(21.6)	(19.1)
Agents' retirement benefits paid	(7.8)	(7.6)	(3.2)	(3.0)
Net cash flows from/(used in) operating activities	501.2	(104.8)	33.3	109.3
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investments	12,144.5	12,343.5	4,880.9	3,454.2
Purchase of investments	(13,915.6)	(13,618.7)	(5,058.1)	(4,786.9)
Proceeds from reduction of interests in associates	28.3	82.5	(0.1)	134.4
Capital injection in associates and joint ventures	(27.2)	-	(27.2)	-
Repayment of loans by/(to) joint ventures	6.0	(0.7)	0.1	(0.8)
Proceeds from sale of property, plant and equipment and investment properties	0.1	18.6	-	5.4
Purchase of property, plant and equipment and investment properties	(19.2)	(12.2)	(8.0)	(4.4)
Interest income received	1,034.6	991.9	362.1	359.6
Dividends received	304.3	222.1	98.0	84.3
Net cash flows (used in)/from investing activities	(444.2)	27.0	247.7	(754.2)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(213.0)	(99.4)	(47.3)	(23.7)
Dividends paid to non-controlling interests	(13.4)	(10.2)	(6.9)	(4.8)
Net cash flows used in financing activities	(226.4)	(109.6)	(54.2)	(28.5)
Net effect of currency translation reserve adjustment	640.1	(241.6)	(163.3)	(127.7)
Net increase/(decrease) in cash and cash equivalents	470.7	(429.0)	63.5	(801.1)
Cash and cash equivalents at the beginning of the period	3,215.9	4,030.4	3,623.1	4,402.5
Cash and cash equivalents at the end of the period	3,686.6	3,601.4	3,686.6	3,601.4

9. REVIEW OF RESULTS

The Group Financial Statements for the third quarter of 2010 (Q3-10) and for the 9 months ended 30 September 2010 (9M-10) have been prepared in accordance with the Singapore Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS).

9.1 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Group profit attributable to shareholders was \$168.6 million in Q3-10 compared to \$33.6 million in the same period last year.

Group profit attributable to shareholders in 9M-10 was \$422.1 million, an increase of 15% over the same period last year (9M-09: \$368.3 million). The improved performance was driven by strong underwriting profit from the Group's strategy to focus on regular premium and protection products in response to the needs of the market.

9.2 GROSS PREMIUMS

Q3-10 gross premiums decreased 7% year-on-year to \$1,661.3 million (Q3-09: \$1,793.2 million), in line with the Group's strategy. 9M-10 gross premiums increased 4% to \$4,371.6 million (9M-09: \$4,217.7 million).

9.3 NEW SALES

9.3.1 Total weighted new sales for the Group rose 12% to \$191.7 million in Q3-10 (Q3-09: \$171.9 million).

In Singapore, sales of regular premium products were 30% higher with both the agency and bancassurance channels performing strongly. In Malaysia, ongoing promotions of investment-linked products helped boost sales of regular premium products, which grew by 55% in Q3-10. Indonesia registered a six-fold growth from initiatives to increase the number and the productivity of agents.

in SGD (million)	9M-10	9M-09	+ / (-)	Q3-10	Q3-09	+ / (-)	Q2-10	+ / (-)
SINGAPORE								
Single Premium	1,141.8	1,315.4	-13%	486.5	757.0	-36%	289.2	68%
New Regular Premium	146.2	95.8	53%	57.0	43.7	30%	44.5	28%
Total Weighted New Sales	260.4	227.3	15%	105.7	119.4	-11%	73.4	44%
MALAYSIA								
Single Premium	61.4	91.5	-33%	19.0	36.4	-48%	22.0	-14%
New Regular Premium	192.7	166.3	16%	69.6	44.8	55%	79.1	-12%
Total Weighted New Sales	198.8	175.5	13%	71.5	48.4	48%	81.3	-12%
OTHER ASIA								
Single Premium	78.9	18.7	nm	23.9	7.4	223%	22.5	6%
New Regular Premium	23.7	7.8	204%	12.1	3.4	256%	7.7	57%
Total Weighted New Sales	31.6	9.7	226%	14.5	4.1	254%	10.0	45%
TOTAL								
Single Premium	1,282.1	1,425.6	-10%	529.4	800.8	-34%	333.7	59%
New Regular Premium	362.6	269.9	34%	138.7	91.9	51%	131.3	6%
Total Weighted New Sales	490.8	412.5	19%	191.7	171.9	12%	164.7	16%

- Note: a) Total Weighted New Sales = (Single Premium x 10%) + New Regular Premium
b) Figures have been restated to align the definition of new sales across all entities within the Group. Before restatement, the total weighted new sales for Q3-09 was \$188.9 million.
c) Premiums from Malaysia and Other Asia are converted using 2010 quarter-end and 2009 year-end exchange rates respectively.
d) Other Asia includes premiums from Indonesia, Vietnam and China. China results reflect the Group's share of 50% in the joint venture.

9.3.2 New Business Embedded Value (NBEV)

in SGD (million)	9M-10	9M-09	+/(%)	Q3-10	Q3-09	+/(%)	Q2-10	+/(%)
Singapore	105.3	84.6	24%	40.3	35.8	13%	31.4	28%
Malaysia	91.2	69.8	31%	33.6	23.5	43%	34.8	-3%
Other Asia	8.3	2.3	261%	3.7	1.0	270%	2.9	28%
Total	204.8	156.7	31%	77.6	60.3	29%	69.1	12%

Note: Other Asia includes embedded value of Indonesia, Vietnam and China. China results reflect the Group's share of 50% in the joint venture.

NBEV, a measure of the long term profitability of new sales, grew strongly by 29% or \$77.6 million in Q3-10 from \$60.3 million in Q3-09.

Year-on-year, NBEV grew 31% from \$156.7 million to \$204.8 million against sales growth of 19% for the same period.

9.4 PROFIT FROM INSURANCE OPERATIONS

Q3 performance

For Q3-10, profit from the Group's insurance operations registered \$159.2 million (Q3-09: \$211.5 million). Underwriting profit continued to grow at a healthy pace as a result of sales of protection products, better claims experience and lower management expenses. Investment returns in Q3-10 were the strongest in 2010 and more than compensated for the dip in financial markets during Q2-10. On the other hand, Q3-09 returns were much higher in comparison as the performance was skewed positively by strong recovery of credit markets after the financial turmoil in 2008.

9M performance

in SGD (million)	9M-10			9M-09		
	Recurring Profit	One-time Profit	Total Profit	Recurring Profit	One-time Profit	Total Profit
Life assurance profit from:						
Participating Fund	71.2	-	71.2	76.3	-	76.3
Non-participating Fund	223.5	-	223.5	256.2	175.4	431.6
Investment-linked Fund	76.4	-	76.4	68.5	22.9	91.4
Profit from life assurance	371.1	-	371.1	401.0	198.3	599.3
Profit from general insurance	15.0	-	15.0	9.0	12.1	21.1
Profit from insurance operations	386.1	-	386.1	410.0	210.4	620.4

9M-10 profit from insurance operations was \$386.1 million (9M-09: \$620.4 million). Excluding the one-time profit contribution (which was related to the move to the new risk-based regulatory capital framework in Malaysia and the portfolio matching exercise in Singapore), recurring profit from the Group's insurance operations was \$410.0 million for 9M-09. Underwriting performance was stronger across the Group in 9M-10. Investment performance in 9M-10 continued to show strong positive returns arising from improved credit and equity markets.

9.5 PROFIT FROM INVESTMENTS IN SHAREHOLDERS' FUND

Profit from investments in Shareholders' Fund in Q3-10 was \$34.4 million whereas in Q3-09, a loss of \$195.3 million was incurred which was largely due to a loss of \$213.3 million related to Great Eastern's one-time redemption offer to GreatLink Choice policyholders.

For 9M-10, profit from investments in Shareholders' Fund was \$96.5 million (9M-09: loss of \$145.4 million).

9.6 FEES AND OTHER INCOME

Fees and other income amounted to \$16.3 million in Q3-10, similar to Q3-09 (\$16.8 million). For 9M-10, fees and other income increased to \$51.6 million (9M-09: \$46.3 million) due to the growth in assets under management (AUM) of Lion Global Investors Limited.

9.7 MANAGEMENT AND OTHER EXPENSES

In Q3-10, management and other expenses decreased to \$13.0 million (Q3-09: \$14.2 million).

For 9M-10, the decrease was \$31.1 million (9M-10: \$40.3 million vs. 9M-09: \$71.4 million), which was mainly due to a provision for expenses made in Q2-09 which was subsequently reversed in Q4-09 when it was no longer required.

9.8 SHARE OF LOSS OF ASSOCIATES AND JOINT VENTURES

In Q3-10, the share of loss from associates and joint ventures of \$0.9 million remained at approximately the same level as Q3-09 (Q3-09: loss of \$1 million). Share of loss for 9M-10 was \$4.8 million (9M-09: \$2.9 million) due to higher management and distribution expenses to support the joint venture in China.

9.9 BALANCE SHEET

9.9.1 Currency Translation Reserve

As at 30 September 2010, translation loss was reduced to \$19.0 million compared to \$38.0 million as at 31 December 2009 mainly due to the strengthening of the Malaysian Ringgit against the Singapore Dollar.

9.9.2 Fair Value Reserve

As at 30 September 2010, fair value reserve increased to \$230.5 million from \$67.5 million as at 31 December 2009 from mark-to-market gains.

9.9.3 Income Tax and Deferred Tax

As at 30 September 2010, income tax provision increased by 10% to \$329.7 million, in line with the increase in profit. Deferred tax increased by 24% to \$948.5 million as a result of larger investment gains.

9.9.4 Cash and cash equivalents

As at 30 September 2010, cash and cash equivalents increased by 15% to \$3,686.6 million from \$3,215.9 million as at 31 December 2009.

9.9.5 Investments

As at 30 September 2010, the valuation of investments increased 10% to \$40,326.1 million from \$36,558.9 million as at 31 December 2009 from mark-to-market changes. Of the increase, 74% was from the Participating Fund and 9% from the Investment-Linked Fund.

9.9.6 Asset allocation of life funds, excluding Investment-Linked Funds, was as follows:

	SINGAPORE		MALAYSIA	
	30 September 2010	31 December 2009	30 September 2010	31 December 2009
Fixed income & debt securities	63%	63%	72%	72%
Equities	20%	23%	20%	19%
Real estate & others	8%	7%	5%	4%
Cash & money market instruments	9%	7%	3%	5%
Market Value of Assets (in SGD billion)	24.9	23.6	19.1	16.7

9.10 REGULATORY CAPITAL

In Singapore and Malaysia, the Capital Adequacy Ratios of the insurance subsidiaries both exceeded 200%, well above the minimum regulatory ratios of 120% and 130% respectively. In the emerging markets, the insurance subsidiaries of the Group have complied with the capital ratios prescribed by the insurance regulations of the respective jurisdictions.

10. SHARE CAPITAL

The Company's issued and paid up share capital amounted to \$247.4 million as at 30 September 2010, the same as 31 December 2009. Total number of shares issued as at 30 September 2010 was 473,319,069, the same as 31 December 2009.

11. ACCOUNTING POLICIES

The Group adopted the accounting policies and methods of computation for the financial statements for Q3-10, consistent with the audited financial statements for the year ended 31 December 2009.

The adoption of the other revised and new FRS and INT FRS which came into effect on 1 January 2010 does not have any material financial impact on the Group's results for Q3-10.

12. UNAUDITED RESULTS

The consolidated Group's financial results for the third quarter and nine months ended 30 September 2010 have not been audited or reviewed by the Group's auditors.

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

The Group's performance may be affected by volatility in the financial markets arising from concerns relating to Eurozone sovereign debt and global imbalances.

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