

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 2011

For the third quarter and nine months ended 30 September 2011, Group profit attributable to shareholders was S\$40.4 million and S\$316.8 million respectively. Details of the financial results are attached.

Dividend

No interim dividend has been declared in the third quarter of 2011 (third quarter 2010: 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 2011 to be false or misleading in any material aspect.

Information pursuant to Rule 920(1)(a)(ii) of the Listing Manual

GEH has not obtained a general mandate from shareholders for Interested Person Transactions.

By Order of the Board

Jennifer Wong Pakshong
Group Company Secretary
Singapore, 28 October 2011

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

FINANCIAL RESULTS FOR THE THIRD QUARTER 2011 AND FIRST NINE MONTHS 2011

1. GROUP PROFIT AND LOSS STATEMENTS

in Singapore Dollars (millions)	9 Months 2011	9 Months 2010	% + / (-)	3rd Quarter 2011	3rd Quarter 2010	% + / (-)	2nd Quarter 2011	% + / (-)
Gross Premiums	4,754.8	4,371.6	9	1,705.7	1,661.3	3	1,587.2	7
Life assurance profit from:								
Participating Fund	89.8	71.2	26	28.9	24.6	17	30.2	(4)
Non-participating Fund	148.3	223.5	(34)	9.4	105.1	(91)	46.9	(80)
Investment-linked Fund	93.6	76.4	23	37.7	26.0	45	28.8	31
Profit from life assurance	331.7	371.1	(11)	76.0	155.7	(51)	105.9	(28)
Profit from general insurance	18.9	15.0	26	5.4	3.5	54	7.6	(29)
Profit from insurance operations	350.6	386.1	(9)	81.4	159.2	(49)	113.5	(28)
Investment income, net	76.4	75.6	1	25.4	20.9	22	25.7	(1)
(Loss)/gain on sale of investments and changes in fair value	(34.8)	25.6	nm	(47.0)	15.0	nm	12.7	nm
Increase in provision for impairment of assets	(1.3)	(4.0)	nm	(0.3)	(0.1)	nm	(1.0)	nm
Gain/(loss) on exchange differences	8.8	(0.7)	nm	8.8	(1.4)	nm	(0.8)	nm
Profit/(loss) from investments in Shareholders' Fund	49.1	96.5	(49)	(13.1)	34.4	nm	36.6	nm
Fees and other income	53.0	50.6	5	16.2	16.2	(0)	19.9	(19)
Profit before expenses	452.7	533.2	(15)	84.5	209.8	(60)	170.0	(50)
less:								
Management and other expenses	56.2	39.3	43	17.7	12.9	37	23.8	(26)
Interest expense	13.7	-	nm	4.5	-	nm	4.6	(2)
Depreciation	1.3	1.1	18	0.7	0.5	40	0.3	133
Expenses	71.2	40.4	76	22.9	13.4	71	28.7	(20)
Profit after expenses	381.5	492.8	(23)	61.6	196.4	(69)	141.3	(56)
Share of profit after income tax of associates	-	0.1	(100)	-	0.4	(100)	-	nm
Share of loss after income tax of joint ventures	(4.0)	(4.9)	nm	(3.6)	(1.3)	nm	(1.1)	nm
Profit before income tax	377.5	488.0	(23)	58.0	195.5	(70)	140.2	(59)
Income tax	(54.9)	(58.2)	nm	(16.7)	(24.5)	nm	(20.1)	nm
Profit after income tax	322.6	429.8	(25)	41.3	171.0	(76)	120.1	(66)
Attributable to:								
Shareholders	316.8	422.1	(25)	40.4	168.6	(76)	117.7	(66)
Non-controlling interests	5.8	7.7	(25)	0.9	2.4	(63)	2.4	(63)
	322.6	429.8	(25)	41.3	171.0	(76)	120.1	(66)
Basic and diluted earnings per share attributable to shareholders of the Company (in Singapore Dollars)	0.67	0.89	(25)	0.09	0.35	(74)	0.24	(63)
Return on Equity (Average Shareholders' Fund) (%) (not annualised)	8.1%	11.2%	-3.1 pp	1.1%	4.3%	-3.2 pp	3.1%	-2 pp

nm – not meaningful / exceeding 300%

2. GROUP STATEMENT OF COMPREHENSIVE INCOME

in Singapore Dollars (millions)	9 Months 2011	9 Months 2010	% + / (-)	3rd Quarter 2011	3rd Quarter 2010	% + / (-)	2nd Quarter 2011	% + / (-)
Profit after income tax for the period	322.6	429.8	(25)	41.3	171.0	(76)	120.1	(66)
Other comprehensive income:								
Exchange differences arising on translation of overseas entities	(17.7)	22.2	nm	1.4	(7.8)	nm	(14.7)	nm
Share of other comprehensive income of associates and joint ventures	0.8	(3.2)	nm	3.1	(3.7)	nm	(1.4)	nm
Available-for-sale financial assets:								
Changes in fair value	(91.3)	178.8	nm	(75.2)	128.9	nm	(3.6)	nm
Reclassification of realised (gain)/loss on disposal to Profit and Loss Statement	(11.7)	18.8	nm	(1.9)	4.5	nm	(11.8)	nm
Tax on changes in fair value	18.1	(34.6)	nm	12.8	(23.3)	nm	3.3	288
Other comprehensive income for the period, after tax	(101.8)	182.0	nm	(59.8)	98.6	nm	(28.2)	nm
Total comprehensive income for the period	220.8	611.8	(64)	(18.5)	269.6	nm	91.9	nm
Total comprehensive income attributable to:								
Shareholders	216.2	604.1	(64)	(19.0)	266.8	nm	90.0	nm
Non-controlling interests	4.6	7.7	(40)	0.5	2.8	(82)	1.9	(74)
	220.8	611.8	(64)	(18.5)	269.6	nm	91.9	nm

nm – not meaningful / exceeding 300%

3. BALANCE SHEET – GROUP

in Singapore Dollars (millions)	Group		% + / (-)
	30 Sep 11	31 Dec 10	
Share capital	152.7	247.4	(38)
Reserves			
Currency translation reserve	(46.7)	(32.3)	nm
Fair value reserve	139.1	225.3	(38)
Accumulated profit	3,583.3	3,583.6	(0)
SHAREHOLDERS' FUND	3,828.4	4,024.0	(5)
NON-CONTROLLING INTERESTS	29.6	35.0	(15)
TOTAL EQUITY	3,858.0	4,059.0	(5)
LIABILITIES			
Insurance payables	2,467.2	2,372.6	4
Other creditors and interfund balances	1,962.2	1,892.1	4
Unexpired risk reserve	112.8	97.1	16
Derivative financial liabilities	126.8	25.9	nm
Income tax	393.1	382.2	3
Provision for agents' retirement benefits	224.2	216.2	4
Amount due to joint venture	0.2	0.3	(33)
Deferred tax	855.0	949.8	(10)
Debts issued	399.1	-	nm
General insurance fund	183.3	109.9	67
Life assurance fund	43,481.4	43,267.9	0
TOTAL EQUITY AND LIABILITIES	54,063.3	53,373.0	1
ASSETS			
Cash and cash equivalents	5,554.2	2,830.4	96
Other debtors and interfund balances	1,570.4	1,788.7	(12)
Insurance receivables	2,583.2	2,519.3	3
Loans	1,304.4	1,579.7	(17)
Derivative financial assets	532.9	523.1	2
Investments	40,100.8	41,693.0	(4)
Associates and joint ventures	310.8	337.2	(8)
Goodwill	24.8	18.7	33
Investment properties	1,362.3	1,355.4	1
Property, plant and equipment	719.5	727.5	(1)
TOTAL ASSETS	54,063.3	53,373.0	1
Net Asset Value per share (in Singapore Dollars)	8.09	8.50	(5)

For analysis of major variances, please refer to section 9.9 on page 13.

nm – not meaningful / exceeding 300%

4. BALANCE SHEET – COMPANY

in Singapore Dollars (millions)	Company		
	30 Sep 11	31 Dec 10	% + / (-)
Share capital	152.7	247.4	(38)
Reserves			
Merger reserve	419.2	419.2	-
Accumulated profit	827.1	843.5	(2)
TOTAL EQUITY	1,399.0	1,510.1	(7)
LIABILITIES			
Other creditors and interfund balances	7.3	7.1	3
TOTAL EQUITY AND LIABILITIES	1,406.3	1,517.2	(7)
ASSETS			
Cash and cash equivalents	12.1	8.8	38
Income tax	0.8	0.8	(0)
Amounts due from subsidiaries	715.9	830.1	(14)
Subsidiaries	677.3	677.3	-
Property, plant and equipment	0.2	0.2	-
TOTAL ASSETS	1,406.3	1,517.2	(7)
Net Asset Value per share (in Singapore Dollars)	2.96	3.19	(7)

5. SELECTED INCOME AND MANAGEMENT EXPENSES

in Singapore Dollars (millions)	Shareholders' and General Insurance Funds				
	9 Months 2011	9 Months 2010	3rd Quarter 2011	3rd Quarter 2010	2nd Quarter 2011
<u>Expenses</u>					
1 Directors' remuneration					
Directors of the Company	1.9	0.8	0.5	0.1	0.4
2 Staff costs and related expenses (including executive directors and key management personnel compensation)	64.8	42.4	20.7	14.7	24.1
3 Rental expense	5.1	3.4	1.9	1.1	1.7
4 Depreciation	1.8	1.4	0.8	0.6	0.5

in Singapore Dollars (millions)	Life Assurance Fund				
	9 Months 2011	9 Months 2010	3rd Quarter 2011	3rd Quarter 2010	2nd Quarter 2011
<u>Income</u>					
1 Investment income, net (excluding mark-to-market changes)	1,289.4	1,203.1	434.4	415.9	458.0
<u>Expenses</u>					
1 Directors' remuneration					
Directors of the Company	0.7	2.0	0.5	0.7	-
2 Staff costs and related expenses (including executive directors and key management personnel compensation)	109.1	93.2	36.3	32.5	39.7
3 Rental expense	9.9	12.3	3.3	4.1	3.3
4 Depreciation	32.7	33.9	10.9	12.1	10.9

6.1. GROUP STATEMENT OF CHANGES IN EQUITY for the 9 months ended 30 September 2011

in Singapore Dollars (millions)	Attributable to Shareholders of the Company					Non-Controlling	Total
	Share Capital	Currency Translation Reserve	Fair Value Reserve	Accumulated Profit ⁽¹⁾	Total	Interests	Equity
Balance at 1 January 2011	247.4	(32.3)	225.3	3,583.6	4,024.0	35.0	4,059.0
Profit for the period	-	-	-	316.8	316.8	5.8	322.6
Other comprehensive income							
Exchange differences arising on translation of overseas entities	-	(17.5)	-	-	(17.5)	(0.2)	(17.7)
Share of other comprehensive income of associates and joint ventures	-	3.1	(2.3)	-	0.8	-	0.8
Available-for-sale financial assets:							
Changes in fair value	-	-	(90.1)	-	(90.1)	(1.2)	(91.3)
Reclassification of realised gain on disposal to Profit and Loss Statement	-	-	(11.7)	-	(11.7)	-	(11.7)
Tax on changes in fair value	-	-	17.9	-	17.9	0.2	18.1
Other comprehensive income for the period, after tax	-	(14.4)	(86.2)	-	(100.6)	(1.2)	(101.8)
Total comprehensive income for the period	-	(14.4)	(86.2)	316.8	216.2	4.6	220.8
Contributions by and distributions to shareholders							
Capitalisation from accumulated profit	269.8	-	-	(269.8)	-	-	-
Cash distribution	(364.5)	-	-	-	(364.5)	-	(364.5)
Dividends paid during the period:							
Interim tax exempt (one-tier) dividend	-	-	-	(47.3)	(47.3)	-	(47.3)
Dividends paid to non-controlling interests	-	-	-	-	-	(10.0)	(10.0)
Total contributions by and distributions to shareholders	(94.7)	-	-	(317.1)	(411.8)	(10.0)	(421.8)
Total transactions with shareholders in their capacity as shareholders	(94.7)	-	-	(317.1)	(411.8)	(10.0)	(421.8)
Balance at 30 September 2011	152.7	(46.7)	139.1	3,583.3	3,828.4	29.6	3,858.0

6.2. GROUP STATEMENT OF CHANGES IN EQUITY for the 9 months ended 30 September 2010

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 2010	247.4	(38.0)	67.5	3,289.4	3,566.3	26.7	3,593.0
Profit for the period	-	-	-	422.1	422.1	7.7	429.8
<u>Other comprehensive income</u>							
Exchange differences arising on translation of overseas entities	-	22.2	-	-	22.2	-	22.2
Share of other comprehensive income of associates and joint ventures	-	(3.2)	-	-	(3.2)	-	(3.2)
<u>Available-for-sale financial assets:</u>							
Changes in fair value	-	-	178.8	-	178.8	-	178.8
Reclassification of realised loss on disposal to Profit and Loss Statement	-	-	18.8	-	18.8	-	18.8
Tax on changes in fair value	-	-	(34.6)	-	(34.6)	-	(34.6)
Other comprehensive income for the period, after tax	-	19.0	163.0	-	182.0	-	182.0
Total comprehensive income for the period	-	19.0	163.0	422.1	604.1	7.7	611.8
<u>Contributions by and distributions to shareholders</u>							
<u>Dividends paid during the period:</u>							
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)
Total contributions by and distributions to shareholders	-	-	-	(213.0)	(213.0)	(13.4)	(226.4)
Total transactions with shareholders in their capacity as shareholders	-	-	-	(213.0)	(213.0)	(13.4)	(226.4)
Balance at 30 September 2010	247.4	(19.0)	230.5	3,498.5	3,957.4	21.0	3,978.4

(1) Included in Accumulated Profit are non-distributable reserves of \$1,064.6 million (30 September 2010: \$921.1 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 2011

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 2011	152.7	(53.0)	204.8	3,590.2	3,894.7	35.3	3,930.0
Profit for the period	-	-	-	40.4	40.4	0.9	41.3
Other comprehensive income							
Exchange differences arising on translation of overseas entities	-	1.2	-	-	1.2	0.2	1.4
Share of other comprehensive income of associates and joint ventures	-	5.1	(2.0)	-	3.1	-	3.1
Available-for-sale financial assets:							
Changes in fair value	-	-	(74.5)	-	(74.5)	(0.7)	(75.2)
Reclassification of realised gain on disposal to Profit and Loss Statement	-	-	(1.9)	-	(1.9)	-	(1.9)
Tax on changes in fair value	-	-	12.7	-	12.7	0.1	12.8
Other comprehensive income for the period, after tax	-	6.3	(65.7)	-	(59.4)	(0.4)	(59.8)
Total comprehensive income for the period	-	6.3	(65.7)	40.4	(19.0)	0.5	(18.5)
Contributions by and distributions to shareholders							
Dividends paid during the period:							
Interim tax exempt (one-tier) dividend	-	-	-	(47.3)	(47.3)	-	(47.3)
Dividends paid to non-controlling interests	-	-	-	-	-	(6.2)	(6.2)
Total contributions by and distributions to shareholders	-	-	-	(47.3)	(47.3)	(6.2)	(53.5)
Total transactions with shareholders in their capacity as shareholders	-	-	-	(47.3)	(47.3)	(6.2)	(53.5)
Balance at 30 September 2011	152.7	(46.7)	139.1	3,583.3	3,828.4	29.6	3,858.0

6.4. GROUP STATEMENT OF CHANGES IN EQUITY for the third quarter ended 30 September 2010

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
Profit for the period	-	-	-	168.6	168.6	2.4	171.0
<u>Other comprehensive income</u>							
Exchange differences arising on translation of overseas entities	-	(7.8)	-	-	(7.8)	-	(7.8)
Share of other comprehensive income of associates and joint ventures	-	(3.7)	-	-	(3.7)	-	(3.7)
<u>Available-for-sale financial assets:</u>							
Changes in fair value	-	-	128.4	-	128.4	0.5	128.9
Reclassification of realised loss on disposal to Profit and Loss Statement	-	-	4.5	-	4.5	-	4.5
Tax on changes in fair value	-	-	(23.2)	-	(23.2)	(0.1)	(23.3)
Other comprehensive income for the period, after tax	-	(11.5)	109.7	-	98.2	0.4	98.6
Total comprehensive income for the period	-	(11.5)	109.7	168.6	266.8	2.8	269.6
<u>Contributions by and distributions to shareholders</u>							
<u>Dividends paid during the period:</u>							
Interim tax exempt (one-tier) dividend	-	-	-	(47.3)	(47.3)	-	(47.3)
Dividends paid to non-controlling interests	-	-	-	-	-	(6.9)	(6.9)
Total contributions by and distributions to shareholders	-	-	-	(47.3)	(47.3)	(6.9)	(54.2)
Total transactions with shareholders in their capacity as shareholders	-	-	-	(47.3)	(47.3)	(6.9)	(54.2)
Balance at 30 September 2010	247.4	(19.0)	230.5	3,498.5	3,957.4	21.0	3,978.4

(1) Included in Accumulated Profit are non-distributable reserves of \$1,064.6 million (30 September 2010: \$921.1 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 2011 and 2010

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Accumulated Profit	Total Equity
Balance at 1 January 2011	247.4	419.2	843.5	1,510.1
Profit for the period	-	-	300.7	300.7
Total comprehensive income for the period	-	-	300.7	300.7
<u>Contributions by and distributions to shareholders</u>				
Capitalisation from accumulated profit	269.8	-	(269.8)	-
Cash distribution	(364.5)	-	-	(364.5)
Dividends paid during the period:				
Interim tax exempt (one-tier) dividends	-	-	(47.3)	(47.3)
Total contributions by and distributions to shareholders	(94.7)	-	(317.1)	(411.8)
Total transactions with shareholders in their capacity as shareholders	(94.7)	-	(317.1)	(411.8)
Balance at 30 September 2011	152.7	419.2	827.1	1,399.0
Balance at 1 January 2010	247.4	419.2	653.6	1,320.2
Profit for the period	-	-	204.3	204.3
Total comprehensive income for the period	-	-	204.3	204.3
<u>Contributions by and distributions to shareholders</u>				
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) dividends	-	-	(47.3)	(47.3)
Total contributions by and distributions to shareholders	-	-	(213.0)	(213.0)
Total transactions with shareholders in their capacity as shareholders	-	-	(213.0)	(213.0)
Balance at 30 September 2010	247.4	419.2	644.9	1,311.5

7.2. COMPANY STATEMENT OF CHANGES IN EQUITY for the third quarter ended 30 September 2011 and 2010

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Accumulated Profit	Total Equity
Balance at 1 July 2011	152.7	419.2	611.8	1,183.7
Profit for the period	-	-	262.6	262.6
Total comprehensive income for the period	-	-	262.6	262.6
<u>Contributions by and distributions to shareholders</u>				
Dividends paid during the period:				
Interim tax exempt (one-tier) dividends	-	-	(47.3)	(47.3)
Total contributions by and distributions to shareholders	-	-	(47.3)	(47.3)
Total transactions with shareholders in their capacity as shareholders	-	-	(47.3)	(47.3)
Balance at 30 September 2011	152.7	419.2	827.1	1,399.0
Balance at 1 July 2010	247.4	419.2	678.4	1,345.0
Profit for the period	-	-	13.8	13.8
Total comprehensive income for the period	-	-	13.8	13.8
<u>Contributions by and distributions to shareholders</u>				
Dividends paid during the period:				
Interim tax exempt (one-tier) dividends	-	-	(47.3)	(47.3)
Total contributions by and distributions to shareholders	-	-	(47.3)	(47.3)
Total transactions with shareholders in their capacity as shareholders	-	-	(47.3)	(47.3)
Balance at 30 September 2010	247.4	419.2	644.9	1,311.5

8. CONSOLIDATED STATEMENT OF CASH FLOWS

in Singapore Dollars (millions)	9 Months 2011	9 Months 2010	3rd Quarter 2011	3rd Quarter 2010
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	377.5	488.0	58.0	195.5
Life assurance profit before income tax	701.7	216.8	363.8	(177.6)
General insurance profit before income tax	24.5	17.1	7.4	4.6
Adjustments for non-cash items:				
Surplus transferred from life assurance fund but not yet withdrawn	(331.7)	(371.1)	(76.0)	(155.7)
Profit transferred from general insurance fund but not yet withdrawn	(18.9)	(15.0)	(5.4)	(3.5)
Share of loss/(profit) of associates and joint ventures	5.0	(16.1)	4.4	0.2
Loss/(gain) on sale of investments and changes in fair value	414.2	(672.8)	725.0	(543.9)
Increase in provision for impairment of assets	12.3	29.4	10.9	0.6
Increase in provision for agents' retirement benefits	22.9	23.1	7.5	7.2
Gain on disposal of property, plant and equipment and investment properties	(0.6)	-	-	-
Depreciation	34.5	35.3	11.7	12.7
Unrealised (gain)/loss on exchange differences	(188.0)	251.8	(251.5)	193.7
Change in life assurance contract liabilities	879.2	2,194.4	(97.0)	1,250.3
Change in general insurance contract liabilities	(0.6)	16.9	1.4	2.5
Change in unexpired risk reserve	13.8	16.1	4.6	6.8
Amortisation of capitalised transaction fees	0.1	-	-	-
Dividend income	(371.1)	(266.1)	(125.5)	(96.5)
Interest income	(1,074.2)	(1,082.2)	(363.4)	(364.6)
Interest expense	13.7	-	4.5	-
Interest expense on policy benefits	66.9	62.5	22.9	21.6
Share-based payments	3.0	3.6	0.8	1.1
	584.2	931.7	304.1	355.0
Changes in working capital:				
Insurance receivables	(39.5)	(144.2)	(85.3)	(66.6)
Other debtors and interfund balances	234.7	(235.4)	(73.5)	(333.8)
Insurance payables	94.6	164.1	51.4	46.0
Other creditors and interfund balances	45.7	(3.4)	368.0	126.3
Cash generated from operations	919.7	712.8	564.7	126.9
Income tax paid	(151.8)	(141.3)	(38.9)	(68.8)
Interest paid on policy benefits	(66.9)	(62.5)	(22.9)	(21.6)
Agents' retirement benefits paid	(9.0)	(7.8)	(2.7)	(3.2)
Net cash flows from operating activities	692.0	501.2	500.2	33.3
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investments	14,051.6	12,144.5	4,298.5	4,880.9
Purchase of investments	(12,929.1)	(13,915.6)	(5,000.3)	(5,058.1)
Proceeds from reduction of interests in associates	19.2	28.3	0.1	(0.1)
Capital injection in associates and joint ventures	-	(27.2)	-	(27.2)
Repayment of loans (to)/by joint ventures	(0.1)	6.0	-	0.1
Proceeds from sale of property, plant and equipment and investment properties	2.1	0.1	0.4	-
Purchase of property, plant and equipment and investment properties	(31.8)	(19.2)	(13.0)	(8.0)
Net cash inflow from acquisition of a business	9.9	-	-	-
Interest income received	1,018.3	1,034.6	328.3	362.1
Interest expense paid	(9.1)	-	(9.1)	-
Dividends received	357.2	304.3	129.4	98.0
Net cash flows from/(used in) investing activities	2,488.2	(444.2)	(265.7)	247.7
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(47.3)	(213.0)	(47.3)	(47.3)
Dividends paid to non-controlling interests	(10.0)	(13.4)	(6.2)	(6.9)
Proceeds from debts issued	399.0	-	-	-
Cash distribution	(364.5)	-	-	-
Net cash flows used in financing activities	(22.8)	(226.4)	(53.5)	(54.2)
Net effect of currency translation reserve adjustment	(433.6)	640.1	(10.8)	(163.3)
Net increase in cash and cash equivalents	2,723.8	470.7	170.2	63.5
Cash and cash equivalents at the beginning of the period	2,830.4	3,215.9	5,384.0	3,623.1
Cash and cash equivalents at the end of the period	5,554.2	3,686.6	5,554.2	3,686.6

9. REVIEW OF RESULTS

The Group Financial Statements for the third quarter of 2011 (Q3-11) and for the 9 months ended 30 September 2011 (9M-11) 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 in Q3-11 was \$40.4 million, a decrease of 76% compared with \$168.6 million a year ago. Q3-10 was an exceptional quarter of high earnings as a result of good investment performance amidst favourable market conditions. In comparison, financial markets in Q3-11 were less favourable, brought about by adverse credit conditions in the Eurozone and concerns over slackening global economic growth. This affected investment performance and resulted in unrealised mark-to-market losses. Year-on-year underwriting profit continued to grow but overall insurance profit declined owing to the adverse market conditions as well as the net impact of falling interest rates on liability valuations. The investment portfolio of the insurance funds and the Shareholders' Fund remained sound and there were no significant impairment charges required. Most importantly, the Group's insurance business remained strong, as demonstrated by the healthy growth of weighted new sales and new business embedded value (NBEV), a measure of the long-term profitability of new sales.

In 9M-11, net profit amounted to \$316.8 million, a decrease of 25% compared with \$422.1 million in 9M-10.

9.2 GROSS PREMIUMS

Q3-11 gross premiums increased by 3% year-on-year to \$1,705.7 million (Q3-10: \$1,661.3 million). 9M-11 gross premiums increased by 9% to \$4,754.8 million (9M-10: \$4,371.6 million).

9.3 NEW SALES

9.3.1 In 9M-11, total weighted new sales for the Group was \$568.8 million, an increase of 17% compared with \$486.2 million in 9M-10. The Singapore business benefited from the continued growth momentum in bancassurance sales as well as agency sales of Accident & Health plans and government insurance schemes. In Malaysia, the ongoing efforts to market regular premium investment-linked products tailored for the young and affluent customer segments contributed to the increase in premiums. In Indonesia, there was a slowdown in sales, which was related to the reorganisation of the agency channel that took place recently in light of new market conduct regulations.

in SGD (millions)	9M-11	9M-10	+ / (-)	Q3-11	Q3-10	+ / (-)	Q2-11	+ / (-)
SINGAPORE								
Single Premium	1,200.4	1,141.8	5%	424.0	486.5	-13%	404.6	5%
New Regular Premium	214.6	146.2	47%	77.7	57.0	36%	66.0	18%
Total Weighted New Sales	334.7	260.4	29%	120.1	105.7	14%	106.5	13%
MALAYSIA								
Single Premium	84.0	60.0	40%	30.7	18.6	65%	25.3	21%
New Regular Premium	196.3	188.7	4%	74.3	68.1	9%	70.3	6%
Total Weighted New Sales	204.7	194.7	5%	77.4	70.0	11%	72.8	6%
EMERGING MARKETS								
Single Premium	95.9	77.5	24%	25.1	23.4	7%	35.5	-29%
New Regular Premium	19.8	23.3	-15%	4.6	11.9	-61%	6.7	-31%
Total Weighted New Sales	29.4	31.1	-5%	7.1	14.1	-50%	10.3	-31%
TOTAL								
Single Premium	1,380.3	1,279.3	8%	479.8	528.5	-9%	465.4	3%
New Regular Premium	430.7	358.2	20%	156.6	137.0	14%	143.0	10%
Total Weighted New Sales	568.8	486.2	17%	204.6	189.8	8%	189.6	8%

Note: a) Total Weighted New Sales = (Single Premium x 10%) + New Regular Premium
b) Prior year figures have been restated based on last year-end exchange rates. Prior quarter figures have been restated based on current quarter-end exchange rates.
c) Emerging Markets include premiums from Brunei, Indonesia, Vietnam, and China. China results reflect the Group's share of 50% in the joint venture.

9.3.2 New Business Embedded Value

in SGD (millions)	9M-11	9M-10	+/(-)	Q3-11	Q3-10	+/(-)	Q2-11	+/(-)
Singapore	131.0	105.3	24%	48.4	40.3	20%	43.1	12%
Malaysia	106.7	89.2	20%	37.1	32.9	13%	38.3	-3%
Emerging Markets	6.4	8.1	-21%	1.2	3.6	-67%	2.6	-54%
Total	244.1	202.6	20%	86.7	76.8	13%	84.0	3%

Note: a) Emerging Markets include embedded value of Brunei, Indonesia, Vietnam and China. China results reflect the Group's share of 50% in the joint venture.
b) Prior year figures have been restated based on last year-end exchange rates. Prior quarter figures have been restated based on current quarter-end exchange rates.

In 9M-11, NBEV grew by 20% to \$244.1 million (9M-10: \$202.6 million). The positive growth trend in NBEV has been accomplished by efforts to meet the needs of customers through the sales of regular premium and protection-based products.

9.4 PROFIT FROM INSURANCE OPERATIONS

Q3-11 profit from insurance operations was \$81.4 million, 49% lower than the same period last year (Q3-10: \$159.2 million). During the quarter, concerns about sovereign debts in the Eurozone and worries over slackening global economic growth sparked off a deterioration in the global credit markets and a significant widening of credit spreads. The values of financial assets were adversely impacted, resulting in unrealised mark-to-market investment losses. While year-on-year underwriting profit continued to grow, overall insurance profit declined owing to the adverse market conditions as well as the net impact of falling interest rates on liability valuations. The investment portfolio of the insurance funds remained sound and there were no significant impairment charges required.

To achieve a closer matching of the value of assets and liabilities against the backdrop of volatile interest rate movements over several quarters, the discount rate used to value the liabilities of the Singapore insurance funds, other than those liabilities valued on the Long Term Risk Free Discount Rate as specifically stipulated under the regulations, was changed from Singapore Government Securities (SGS) yields to zero-coupon SGS yields with effect from 1 July 2011. This change is in compliance with regulations, and its effect was a reduction in policy liabilities and an overall financial impact of \$88.6 million comprising \$38.2 million in the current quarter and \$50.4 million in respect of the periods prior to 1 July 2011.

9M-11 profit from insurance operations was \$350.6 million, 9% lower than the same period last year (9M-10: \$386.1 million).

9.5 PROFIT FROM INVESTMENTS IN SHAREHOLDERS' FUND

In Q3-11, there was a loss from investments in Shareholders' Fund of \$13.1 million, compared with a profit of \$34.4 million in Q3-10. This was mainly because of the declines in the fair value of our trading portfolio amidst the unfavourable investment climate during the quarter.

9.6 MANAGEMENT AND OTHER EXPENSES

Management and other expenses were \$17.7 million in Q3-11 (Q3-10: \$12.9 million) and \$56.2 million in 9M-11 (9M-10: \$39.3 million). This was largely the result of higher staff costs incurred to support business growth.

9.7 INTEREST EXPENSE

Interest was accrued for the subordinated fixed rate notes ("Notes") issued by the Group on 19 January 2011. The Notes bear interest at the rate of 4.6% per annum, payable semi-annually in arrears. Refer to 9.9.6 for more details.

9.8 SHARE OF LOSS OF JOINT VENTURE

The share of loss of the joint venture in China was \$3.6 million in Q3-11 (Q3-10: \$1.3 million) and \$4.0 million in 9M-11 (9M-10: \$4.9 million). The share of loss in Q3-11 increased as a result of foreign exchange translation losses incurred by the joint venture as part of the capital remains in Singapore Dollars.

9.9 BALANCE SHEET

9.9.1 Currency Translation Reserve

As at 30 September 2011, translation loss was \$46.7 million, compared with \$32.3 million as at 31 December 2010. This was mainly caused by the weakening of the Malaysian Ringgit against the Singapore Dollar.

9.9.2 Fair Value Reserve

As at 30 September 2011, fair value reserve decreased to \$139.1 million from \$225.3 million as at 31 December 2010 as a result of mark-to-market losses.

9.9.3 Unexpired Risk Reserve and General Insurance Fund

On 1 January 2011, the Group acquired the assets and liabilities of the general insurance business of Tahan Insurance Malaysia Berhad ("Tahan Insurance"). The increase in the Unexpired Risk Reserve and General Insurance Fund represents the policy liabilities of Tahan Insurance that were assumed.

9.9.4 Derivative Financial Liabilities and Assets

Derivative financial liabilities increased to \$126.8 million as at 30 September 2011 (31 December 2010: \$25.9 million) while derivative financial assets increased to \$532.9 million (31 December 2010: \$523.1 million). The net change in derivative financial liabilities and assets was largely caused by mark-to-market losses from currency forwards as a result of the depreciation of the Singapore Dollar against the United States Dollar.

9.9.5 Deferred Tax

As at 30 September 2011, deferred tax decreased by 10% to \$855.0 million as a result of investment losses.

9.9.6 Debts Issued

On 19 January 2011, the Group issued the Notes due 2026 and callable in 2021. The Notes and directly attributable transaction costs are accrued at amortised cost using the effective interest method.

9.9.7 Cash and cash equivalents

As at 30 September 2011, cash and cash equivalents increased by 96% to \$5,554.2 million (31 December 2010: \$2,830.4 million). The increase was the result of the Group's decision to maintain higher cash balances amidst heightened market volatility.

9.9.8 Other Debtors and Interfund Balances

Other debtors and interfund balances decreased by 12% to \$1,570.4 million as at 30 September 2011 (31 December 2010: \$1,788.7 million), arising from the settlement of outstanding balances and timing differences in investment trades.

9.9.9 Investments

As at 30 September 2011, investments decreased by 4% to \$40,100.8 million (31 December 2010: \$41,693.0 million). The decrease was a result of mark-to-market losses as well as the sale of and redemption on maturity of investments.

9.9.10 Goodwill

The increase in goodwill arose from the acquisition of the general insurance business as mentioned in 9.9.3 above. The fair values of the assets acquired, liabilities assumed, and goodwill recognised have been assessed on a provisional basis and will be finalised within 12 months from the acquisition date.

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

	SINGAPORE		MALAYSIA	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010
Fixed income & debt securities	55%	58%	72%	71%
Equities	20%	23%	22%	24%
Real estate & others	11%	11%	4%	4%
Cash & money market instruments	14%	8%	2%	1%
Market Value of Assets (in SGD billions)	25.4	25.2	19.4	19.1

9.10 REGULATORY CAPITAL

The Group continues to be strongly capitalised. 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.

10. SHARE CAPITAL

The Company's issued and paid up share capital amounted to \$152.7 million as at 30 September 2011, a decrease of \$94.7 million compared with \$247.4 million as at 31 December 2010. The decrease was attributable to the capital reduction exercise in Q2-11 and the cash distribution of \$0.77 per ordinary share to all Shareholders. Total number of shares issued as at 30 September 2011 was 473,319,069, the same as that as at 31 December 2010.

11. ACCOUNTING POLICIES

The Group adopted the accounting policies and methods of computation for the financial statements for Q3-11, consistent with the audited financial statements for the year ended 31 December 2010.

The adoption of the other revised and new FRS and INT FRS which came into effect on 1 January 2011 does not have any material financial impact on the Group's results for Q3-11.

12. UNAUDITED RESULTS

The consolidated Group's financial results for the third quarter and nine months ended 30 September 2011 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 interest rate and credit spread movements and volatility in the equity markets resulting from the ongoing global economic uncertainties, including the sovereign debt concerns in the Eurozone and the deteriorating economic outlook, especially in Europe and the United States.

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