

**GREAT EASTERN HOLDINGS LIMITED**

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 199903008M)

**FINANCIAL RESULTS FOR THIRD QUARTER 2005**

The Board of Directors of Great Eastern Holdings Limited is pleased to announce the unaudited financial results of the Group and the Company for the third quarter and for the nine months ended 30 September 2005:

**1 GROUP PROFIT AND LOSS STATEMENTS**

in Singapore Dollars (millions)	<b>9 Mths 2005</b>	9 Mths 2004	%	<b>3rd Qtr 2005</b>	3rd Qtr 2004	%
			+ / (-)			+ / (-)
Turnover <sup>(1.1)</sup>	<b>5,086.6</b>	6,100.6	(17)	<b>1,919.4</b>	1,839.2	4
Gross Premiums	<b>3,551.5</b>	3,937.7	(10)	<b>1,376.4</b>	1,499.8	(8)
Life assurance profit from:						
Participating Fund	<b>70.0</b>	64.9	8	<b>24.1</b>	22.1	9
Non-participating Fund	<b>154.3</b>	169.0	(9)	<b>47.7</b>	34.8	37
Investment-linked Fund	<b>36.4</b>	33.7	8	<b>19.5</b>	10.4	88
Profit from life assurance	<b>260.7</b>	267.6	(3)	<b>91.3</b>	67.3	36
Profit from general insurance	<b>36.1</b>	25.8	40	<b>11.1</b>	4.2	164
<b>Profit from insurance operations</b>	<b>296.8</b>	293.4	1	<b>102.4</b>	71.5	43
Investment income, net	<b>37.3</b>	44.5	(16)	<b>11.7</b>	7.7	52
Interest income	<b>8.9</b>	6.2	44	<b>2.5</b>	2.7	(7)
Gain on sale of investments and changes in fair value	<b>5.9</b>	37.9	(84)	<b>-</b>	3.2	(100)
Exchange differences	<b>(4.8)</b>	(4.8)	0	<b>0.6</b>	(4.6)	113
<b>Profit from investments</b>	<b>47.3</b>	83.8	(44)	<b>14.8</b>	9.0	64
<b>Fees and other income</b>	<b>41.5</b>	26.7	55	<b>15.9</b>	9.2	73
<b>Profit before expenses</b>	<b>385.6</b>	403.9	(5)	<b>133.1</b>	89.7	48
less:						
Management and other expenses	<b>24.4</b>	14.2	72	<b>12.8</b>	5.1	151
Depreciation and amortisation	<b>0.6</b>	0.4	50	<b>0.2</b>	0.1	100
<b>Expenses</b>	<b>25.0</b>	14.6	71	<b>13.0</b>	5.2	150
<b>Profit before income tax</b>	<b>360.6</b>	389.3	(7)	<b>120.1</b>	84.5	42
less: <b>Income tax</b>	<b>73.0</b>	87.0	(16)	<b>28.1</b>	19.0	48
<b>Profit after income tax</b>	<b>287.6</b>	302.3	(5)	<b>92.0</b>	65.5	40
Attributable to:						
<b>Shareholders</b>	<b>280.9</b>	299.1	(6)	<b>90.0</b>	64.5	40
<b>Minority interest</b>	<b>6.7</b>	3.2	109	<b>2.0</b>	1.0	100
	<b>287.6</b>	302.3	(5)	<b>92.0</b>	65.5	40
Basic earnings per share (in Singapore cents)	<b>59 cents</b>	63 cents		<b>19 cents</b>	13 cents	
Diluted earnings per share (in Singapore cents)	<b>59 cents</b>	63 cents		<b>19 cents</b>	13 cents	

<sup>(1.1)</sup> Turnover for the Group is derived from the summation of components as follows: (i) Gross investment income, Interest income, Gain/(loss) on sale of investments (excluding fair value changes on held-for-trading investments) and Fees and other income from the Profit and Loss Statement; (ii) Gross premiums, Gross investment income, Interest income, Rental income and Gain/(loss) on sale of investments (excluding fair value changes on held-for-trading investments) from the Life Assurance Revenue Statement and (iii) Gross premiums, Gross investment income, Interest income and Gain/(loss) on sale of investments (excluding fair value changes on held-for-trading investments) from the General Insurance Revenue Statement.

2 BALANCE SHEETS

in Singapore Dollars (millions)	Group			Company		
	30 Sep 2005	31 Dec 2004	% +/(-)	30 Sep 2005	31 Dec 2004	% +/(-)
<b>Share capital</b>						
Authorised	1,000.0	1,000.0	-	1,000.0	1,000.0	-
Issued and fully paid	236.7	236.7	-	236.7	236.7	-
Share premium	10.7	10.7	-	10.7	10.7	-
<b>Reserves</b>						
Merger reserve	200.8	164.9	22	620.0	620.0	-
Translation reserve	(6.9)	(14.6)	53	-	-	-
Fair value reserve	156.6	94.3	66	-	-	-
Accumulated profit	1,981.1	1,832.7	8	859.2	991.7	(13)
<b>SHAREHOLDERS' FUND</b>	<b>2,579.0</b>	<b>2,324.7</b>	<b>11</b>	<b>1,726.6</b>	<b>1,859.1</b>	<b>(7)</b>
<b>MINORITY INTERESTS</b>	<b>29.2</b>	<b>11.8</b>	<b>147</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL EQUITY</b>	<b>2,608.2</b>	<b>2,336.5</b>	<b>12</b>	<b>1,726.6</b>	<b>1,859.1</b>	<b>(7)</b>
<b>LIABILITIES</b>						
Income tax	146.4	232.1	(37)	-	(0.5)	100
Other creditors and interfund balances	1,015.4	968.2	5	2.5	2.3	9
Unexpired risk reserve	34.9	34.8	0	-	-	-
Policy benefits	1,323.7	1,207.3	10	-	-	-
Claims admitted or intimated	142.3	130.8	9	-	-	-
Agents' retirement benefits	155.7	139.6	12	-	-	-
Deferred tax	282.6	267.4	6	(0.1)	(0.1)	-
General insurance fund contract liabilities	75.1	135.1	(44)	-	-	-
Life assurance fund contract liabilities	33,262.2	30,804.8	8	-	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>39,046.5</b>	<b>36,256.6</b>	<b>8</b>	<b>1,729.0</b>	<b>1,860.8</b>	<b>(7)</b>
<b>ASSETS</b>						
Cash and bank balances	502.6	657.4	(24)	2.6	2.7	(4)
Cash on deposit	2,875.7	4,212.4	(32)	42.2	271.7	(84)
Other debtors and interfund balances	957.9	976.4	(2)	0.1	0.3	(67)
Outstanding premiums	204.3	153.0	34	-	-	-
Properties held for sale	34.7	82.1	(58)	-	-	-
Investments	32,996.1	28,698.6	15	2.0	2.0	-
Associated companies	120.8	150.5	(20)	-	-	-
Subsidiary companies	-	-	-	1,682.1	1,584.1	6
Goodwill and other intangible assets	49.6	32.9	51	-	-	-
Property, plant and equipment	1,304.8	1,293.3	1	-	-	-
<b>TOTAL ASSETS</b>	<b>39,046.5</b>	<b>36,256.6</b>	<b>8</b>	<b>1,729.0</b>	<b>1,860.8</b>	<b>(7)</b>
Net Asset Value per share (S\$)	5.45	4.91	11	3.65	3.93	(7)

### 3 SELECTED MANAGEMENT EXPENSES

in Singapore Dollars (millions)	Shareholders' and General Insurance Funds		Life Assurance Fund	
	9 Mths 2005	9 Mths 2004	9 Mths 2005	9 Mths 2004
	Directors' remuneration			
Directors of the Company	0.2	0.4	1.1	1.0
Auditors' remuneration				
Audit fees paid to Ernst & Young, Singapore	0.2	0.3	0.3	0.4
Audit fees paid to other auditors	0.2	0.1	0.1	0.1
Other fees paid to Ernst & Young, Singapore	0.1	0.1	0.2	0.1
Staff costs and related expenses	19.7	10.2	72.4	62.4
Rental expense	2.2	1.2	7.8	8.6
Loss on disposal of property, plant and equipment	0.1	-	0.7	5.4
Depreciation and amortisation	1.0	0.9	22.2	23.5

### 4 GROUP FINANCIAL HIGHLIGHTS

		Group		
		9 Mths 2005	9 Mths 2004	% + / (-)
Turnover	(S\$ millions)	5,086.6	6,100.6	(17)
Gross Premiums	(S\$ millions)	3,551.5	3,937.7	(10)
Total Assets	(S\$ millions)	39,046.5	35,178.0	11
Profit Attributable to Shareholders	(S\$ millions)	280.9	299.1	(6)
Shareholders' Fund	(S\$ millions)	2,579.0	2,213.4	17
Profit After Tax before Minority Interests as a % of Turnover	%	5.7%	5.0%	0.7 pp
Return on Equity (average Shareholders' Fund)	%	11.5%	14.1%	-2.6 pp
Gross Premium Growth	%	-9.8%	15.7%	-25.5 pp

5. GROUP STATEMENT OF CHANGES IN EQUITY

in Singapore Dollars (millions)	Attributable to Shareholders of the Group						Total	Minority Interest	Total Equity
	Share Capital	Share Premium	Merger Reserve	Translation Reserve	Fair Value Reserve	Accumulated Profit			
<b>Balance at 1 January 2005</b>	<b>236.7</b>	<b>10.7</b>	<b>164.9</b>	<b>(14.6)</b>	<b>94.3</b>	<b>1,832.7</b>	<b>2,324.7</b>	<b>11.8</b>	<b>2,336.5</b>
<b>Net profit/(loss) recognised directly in equity for period ended 30 September 2005:</b>									
Exchange differences arising on translation of overseas entities	-	-	-	7.7	-	-	7.7	-	7.7
<b>Current period movements in Fair Value Reserve:</b>									
Fair value changes on remeasuring available-for-sale investments	-	-	-	-	90.8	-	90.8	-	90.8
Fair value changes transferred to Profit and Loss Statement during the period	-	-	-	-	(9.1)	-	(9.1)	-	(9.1)
Deferred tax on fair value changes	-	-	-	-	(19.4)	-	(19.4)	-	(19.4)
<b>Net profit recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7.7</b>	<b>62.3</b>	<b>-</b>	<b>70.0</b>	<b>-</b>	<b>70.0</b>
<b>Net profit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>280.9</b>	<b>280.9</b>	<b>6.7</b>	<b>287.6</b>
<b>Total recognised profit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7.7</b>	<b>62.3</b>	<b>280.9</b>	<b>350.9</b>	<b>6.7</b>	<b>357.6</b>
<b>Dividends paid in the period:</b>									
Final and special final dividends for the previous year (net of 20% Singapore Tax)	-	-	-	-	-	(87.1)	(87.1)	-	(87.1)
Interim dividend (net of 20% Singapore Tax)	-	-	-	-	-	(45.4)	(45.4)	-	(45.4)
Release of reserve from General Insurance Fund	-	-	35.9	-	-	-	35.9	-	35.9
Dilution of shareholdings	-	-	-	-	-	-	-	20.1	20.1
Acquisition of additional interest in subsidiary company	-	-	-	-	-	-	-	(8.7)	(8.7)
Dividends from subsidiary companies	-	-	-	-	-	-	-	(0.7)	(0.7)
<b>Balance at 30 September 2005</b>	<b>236.7</b>	<b>10.7</b>	<b>200.8</b>	<b>(6.9)</b>	<b>156.6</b>	<b>1,981.1</b>	<b>2,579.0</b>	<b>29.2</b>	<b>2,608.2</b>
Balance at 1 January 2004	235.7	0.8	141.9	(8.7)	110.2	1,544.1	2,024.0	9.0	2,033.0
<b>Net profit/(loss) recognised directly in equity for period ended 30 September 2004:</b>									
Exchange differences arising on translation of overseas entities	-	-	-	(1.6)	-	-	(1.6)	-	(1.6)
<b>Current period movements in Fair Value Reserve:</b>									
Fair value changes on remeasuring available-for-sale investments	-	-	-	-	52.1	-	52.1	0.1	52.2
Fair value changes transferred to Profit and Loss Statement during the period	-	-	-	-	(94.0)	-	(94.0)	-	(94.0)
Deferred tax on fair value changes	-	-	-	-	32.1	-	32.1	-	32.1
Transfer from Fair Value Reserve to Merger Reserve	-	-	20.9	-	(20.9)	-	-	-	-
Deferred tax - effect of change in tax rate	-	-	2.1	-	2.6	-	4.7	-	4.7
<b>Net profit/(loss) recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>23.0</b>	<b>(1.6)</b>	<b>(28.1)</b>	<b>-</b>	<b>(6.7)</b>	<b>0.1</b>	<b>(6.6)</b>
<b>Net profit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>299.1</b>	<b>299.1</b>	<b>3.2</b>	<b>302.3</b>
<b>Total recognised profit/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>23.0</b>	<b>(1.6)</b>	<b>(28.1)</b>	<b>299.1</b>	<b>292.4</b>	<b>3.3</b>	<b>295.7</b>
<b>Dividends paid for the period:</b>									
Final dividend for the previous year (net of 20% Singapore Tax)	-	-	-	-	-	(67.9)	(67.9)	-	(67.9)
First interim dividend (net of 20% Singapore Tax)	-	-	-	-	-	(45.5)	(45.5)	-	(45.5)
Issue of shares arising from exercise of share options	0.9	9.5	-	-	-	-	10.4	-	10.4
Dividends from subsidiary companies	-	-	-	-	-	-	-	(2.0)	(2.0)
<b>Balance at 30 September 2004</b>	<b>236.6</b>	<b>10.3</b>	<b>164.9</b>	<b>(10.3)</b>	<b>82.1</b>	<b>1,729.8</b>	<b>2,213.4</b>	<b>10.3</b>	<b>2,223.7</b>

5.1 GROUP STATEMENT OF CHANGES IN EQUITY

in Singapore Dollars (millions)	Attributable to Shareholders of the Group						Total	Minority Interest	Total Equity
	Share Capital	Share Premium	Merger Reserve	Translation Reserve	Fair Value Reserve	Accumulated Profit			
<b>Balance at 1 July 2005</b>	<b>236.7</b>	<b>10.7</b>	<b>200.8</b>	<b>(8.5)</b>	<b>116.3</b>	<b>1,936.5</b>	<b>2,492.5</b>	<b>36.6</b>	<b>2,529.1</b>
<b>Net profit/(loss) recognised directly in equity for period ended 30 September 2005:</b>									
Exchange differences arising on translation of overseas entities	-	-	-	1.6	-	-	1.6	-	1.6
<b>Current period movements in Fair Value Reserve:</b>									
Fair value changes on remeasuring available-for-sale investments	-	-	-	-	53.9	-	53.9	-	53.9
Fair value changes transferred to Profit and Loss Statement during the period	-	-	-	-	(2.1)	-	(2.1)	-	(2.1)
Deferred tax on fair value changes	-	-	-	-	(11.5)	-	(11.5)	-	(11.5)
<b>Net profit/(loss) recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.6</b>	<b>40.3</b>	<b>-</b>	<b>41.9</b>	<b>-</b>	<b>41.9</b>
<b>Net profit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>90.0</b>	<b>90.0</b>	<b>2.0</b>	<b>92.0</b>
<b>Total recognised profit/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.6</b>	<b>40.3</b>	<b>90.0</b>	<b>131.9</b>	<b>2.0</b>	<b>133.9</b>
<b>Dividends paid in the period:</b>									
Interim dividend (net of 20% Singapore Tax)	-	-	-	-	-	(45.4)	(45.4)	-	(45.4)
<b>Acquisition of additional interest in subsidiary company</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8.7)</b>	<b>(8.7)</b>
<b>Dividends from subsidiary companies</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0.7)</b>	<b>(0.7)</b>
<b>Balance at 30 September 2005</b>	<b>236.7</b>	<b>10.7</b>	<b>200.8</b>	<b>(6.9)</b>	<b>156.6</b>	<b>1,981.1</b>	<b>2,579.0</b>	<b>29.2</b>	<b>2,608.2</b>
Balance at 1 July 2004	236.4	8.0	164.9	(8.5)	89.4	1,710.8	2,201.0	11.2	2,212.2
<b>Net profit/(loss) recognised directly in equity for period ended 30 September 2004:</b>									
Exchange differences arising on translation of overseas entities	-	-	-	(1.8)	-	-	(1.8)	-	(1.8)
<b>Current period movements in Fair Value Reserve:</b>									
Fair value changes on remeasuring available-for-sale investments	-	-	-	-	(6.0)	-	(6.0)	0.1	(5.9)
Fair value changes transferred to Profit and Loss Statement during the period	-	-	-	-	(2.2)	-	(2.2)	-	(2.2)
Deferred tax on fair value changes	-	-	-	-	0.9	-	0.9	-	0.9
<b>Net profit/(loss) recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1.8)</b>	<b>(7.3)</b>	<b>-</b>	<b>(9.1)</b>	<b>0.1</b>	<b>(9.0)</b>
<b>Net profit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>64.5</b>	<b>64.5</b>	<b>1.0</b>	<b>65.5</b>
<b>Total recognised profit/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1.8)</b>	<b>(7.3)</b>	<b>64.5</b>	<b>55.4</b>	<b>1.1</b>	<b>56.5</b>
<b>Dividends paid for the period:</b>									
First interim dividend (net of 20% Singapore Tax)	-	-	-	-	-	(45.5)	(45.5)	-	(45.5)
Issue of shares arising from exercise of share options	0.2	2.3	-	-	-	-	2.5	-	2.5
<b>Dividends from subsidiary companies</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2.0)</b>	<b>(2.0)</b>
<b>Balance at 30 September 2004</b>	<b>236.6</b>	<b>10.3</b>	<b>164.9</b>	<b>(10.3)</b>	<b>82.1</b>	<b>1,729.8</b>	<b>2,213.4</b>	<b>10.3</b>	<b>2,223.7</b>

6. COMPANY STATEMENT OF CHANGES IN EQUITY

in Singapore Dollars (millions)	Share Capital	Share Premium	Merger Reserve	Accumulated Profit	Total
<b>Balance at 1 January 2005</b>	<b>236.7</b>	<b>10.7</b>	<b>620.0</b>	<b>991.7</b>	<b>1,859.1</b>
<b>Dividends paid in the period:</b>					
<b>Final and special final dividends for the previous year (net of 20% Singapore Tax)</b>	-	-	-	(87.1)	(87.1)
<b>Interim dividend (net of 20% Singapore Tax)</b>	-	-	-	(45.4)	(45.4)
<b>Balance at 30 September 2005</b>	<b>236.7</b>	<b>10.7</b>	<b>620.0</b>	<b>859.2</b>	<b>1,726.6</b>
Balance at 1 January 2004	235.7	0.8	620.0	890.1	1,746.6
Net profit for the period	-	-	-	4.0	4.0
Dividends paid for the period:					
Final dividend for the previous year (net of 20% Singapore Tax)	-	-	-	(67.9)	(67.9)
First interim dividend (net of 20% Singapore Tax)	-	-	-	(45.5)	(45.5)
Issue of shares arising from exercise of share options	0.9	9.5	-	-	10.4
Balance at 30 September 2004	236.6	10.3	620.0	780.7	1,647.6

6.1 COMPANY STATEMENT OF CHANGES IN EQUITY

in Singapore Dollars (millions)	Share Capital	Share Premium	Merger Reserve	Accumulated Profit	Total
<b>Balance at 1 July 2005</b>	<b>236.7</b>	<b>10.7</b>	<b>620.0</b>	<b>904.8</b>	<b>1,772.2</b>
<b>Net profit for the period</b>	-	-	-	(0.2)	(0.2)
<b>Dividends paid in the period:</b>					
<b>Interim dividend (net of 20% Singapore Tax)</b>	-	-	-	(45.4)	(45.4)
<b>Balance at 30 September 2005</b>	<b>236.7</b>	<b>10.7</b>	<b>620.0</b>	<b>859.2</b>	<b>1,726.6</b>
Balance at 1 July 2004	236.4	8.0	620.0	818.7	1,683.1
Net profit for the period	-	-	-	7.5	7.5
Dividends paid for the period:					
First interim dividend (net of 20% Singapore Tax)	-	-	-	(45.5)	(45.5)
Issue of shares arising from exercise of share options	0.2	2.3	-	-	2.5
Balance at 30 September 2004	236.6	10.3	620.0	780.7	1,647.6

7 CONSOLIDATED STATEMENT OF CASH FLOWS

in Singapore Dollars (millions)	9 Mths 2005	9 Mths 2004	3rd Qtr 2005	3rd Qtr 2004
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before income tax	360.6	389.3	120.1	84.5
Excess of income over expenses before income tax from life assurance revenue statement	1,986.7	3,230.0	732.7	910.3
Excess of income over expenses before income tax from general insurance revenue statement	21.0	21.3	10.3	3.7
Adjustments for non-cash items:				
Surplus transferred from life assurance fund but not yet withdrawn	(260.7)	(267.6)	(91.3)	(67.3)
Profit transferred from general insurance fund but not yet withdrawn	(36.1)	(25.8)	(11.1)	(4.2)
Share of results of associated companies	0.1	(35.0)	-	(34.7)
Amortisation of difference in purchase consideration over nominal value of government securities, loan stocks and bonds	15.7	17.2	10.1	8.3
(Gain)/loss on sale of investments and changes in fair value	(427.2)	(970.8)	(222.0)	1.7
Loss on sale of properties held for sale	8.0	2.8	3.4	2.8
Increase/(Write-back of) in provision for impairment of assets	1.0	10.3	4.1	(3.8)
Increase in provision for agents' retirement benefits	13.3	10.9	4.6	3.8
Loss on disposal of property, plant and equipment	0.8	5.4	0.9	5.4
Increase in reserves during the period	3.1	3.3	0.1	1.7
Depreciation and amortisation	23.2	24.4	7.9	8.2
Unrealised loss/(gain) in exchange differences	12.9	40.6	(2.5)	36.0
	<b>1,722.4</b>	<b>2,456.3</b>	<b>567.3</b>	<b>956.4</b>
Changes in working capital:				
Outstanding premiums	(51.3)	(51.8)	(93.6)	(79.6)
Other debtors	21.4	(110.0)	18.9	(18.1)
Claims admitted or intimated	11.5	2.7	(1.4)	1.3
Policy benefits	116.4	87.5	40.2	28.1
Unexpired risk reserve	6.9	4.4	2.6	2.5
Other creditors	40.2	283.3	18.4	121.4
Cash generated from operations	<b>1,867.5</b>	<b>2,672.4</b>	<b>552.4</b>	<b>1,012.0</b>
Income tax paid	(215.9)	(100.4)	(95.4)	(27.4)
Agents' retirement benefits paid	(3.4)	(3.5)	(0.9)	(1.7)
<b>Net cash flows from operating activities</b>	<b>1,648.2</b>	<b>2,568.5</b>	<b>456.1</b>	<b>982.9</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sale of investments	10,260.2	10,218.5	3,817.4	2,673.4
Purchase of investments	(13,926.4)	(12,146.4)	(4,658.9)	(4,170.2)
Proceeds from sale of properties held for sale	42.0	79.4	11.9	78.9
Proceeds from CPF due to transfer of DPS	162.6	-	162.6	-
Capital injection in associated company	(11.8)	-	-	-
Repayment of loan by / (additional loan to) associated company	11.6	(0.9)	(0.4)	2.2
Proceeds from liquidation of associated company	29.8	-	-	-
Net cash acquired from acquisition of a subsidiary company	21.1	-	-	-
Net cash outflow from acquisition of additional interest in subsidiary	(27.4)	-	(27.4)	-
Proceeds from sale of property, plant and equipment	52.9	89.6	25.9	(51.4)
Purchase of property, plant and equipment	(75.6)	(119.8)	(38.5)	(11.2)
<b>Net cash flows used in investing activities</b>	<b>(3,461.0)</b>	<b>(1,879.6)</b>	<b>(707.4)</b>	<b>(1,478.3)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividends paid	(132.5)	(113.4)	(45.4)	(45.5)
Dividends paid to minority shareholder of a subsidiary	(0.7)	(2.0)	(0.7)	(2.0)
Issue of shares arising from exercise of share options	-	10.4	-	2.5
<b>Net cash flows used in financing activities</b>	<b>(133.2)</b>	<b>(105.0)</b>	<b>(46.1)</b>	<b>(45.0)</b>
<b>Net effect of translation reserve adjustment</b>	<b>454.5</b>	<b>(65.5)</b>	<b>130.2</b>	<b>(170.2)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,491.5)</b>	<b>518.4</b>	<b>(167.2)</b>	<b>(710.6)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>4,869.8</b>	<b>4,140.0</b>	<b>3,545.5</b>	<b>5,369.0</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>3,378.3</b>	<b>4,658.4</b>	<b>3,378.3</b>	<b>4,658.4</b>

Cash and cash equivalents consist of cash, bank balances and cash on deposit.

8 GROUP SEGMENTAL INFORMATION

(A) By Geographical Segments

in Singapore Dollars (millions)	Singapore		Malaysia		Other ASEAN		Consolidated	
	9 Mths 2005	9 Mths 2004	9 Mths 2005	9 Mths 2004	9 Mths 2005	9 Mths 2004	9 Mths 2005	9 Mths 2004
<b>(a) Life Assurance Fund</b>								
Premium income (net)	2,136.9	2,592.3	1,248.4	1,177.7	16.5	13.2	3,401.8	3,783.2
Investment, interest and rental income	771.0	1,086.5	556.3	776.7	5.9	8.3	1,333.2	1,871.5
Write-back of/(Increase in) provision for impairment of assets	(1.0)	(10.3)	-	-	-	-	(1.0)	(10.3)
<b>Total income</b>	<b>2,906.9</b>	<b>3,668.5</b>	<b>1,804.7</b>	<b>1,954.4</b>	<b>22.4</b>	<b>21.5</b>	<b>4,734.0</b>	<b>5,644.4</b>
Claims, surrenders and annuities	1,701.6	1,462.9	590.2	549.3	11.5	7.9	2,303.3	2,020.1
Depreciation and amortisation	16.6	16.6	5.5	6.8	0.1	0.1	22.2	23.5
Commissions and expenses	158.7	156.8	260.2	246.2	2.8	2.8	421.7	405.8
Income tax	6.6	74.4	44.1	66.9	0.3	0.7	51.0	142.0
<b>Total expenses</b>	<b>1,883.5</b>	<b>1,710.7</b>	<b>900.0</b>	<b>869.2</b>	<b>14.7</b>	<b>11.5</b>	<b>2,798.2</b>	<b>2,591.4</b>
Share of results of associated companies	(0.1)	35.0	-	-	-	-	(0.1)	35.0
<b>Excess of income over expenses</b>	<b>1,023.3</b>	<b>1,992.8</b>	<b>904.7</b>	<b>1,085.2</b>	<b>7.7</b>	<b>10.0</b>	<b>1,935.7</b>	<b>3,088.0</b>
Total assets employed	23,403.2	21,306.4	12,560.1	11,040.6	203.7	189.3	36,167.0	32,536.3
Capital expenditure	42.1	36.5	30.1	81.4	0.2	0.1	72.4	118.0
Property, plant and equipment	986.2	1,037.1	313.5	303.9	0.4	0.3	1,300.1	1,341.3
Intangible assets	13.0	-	17.9	-	-	-	30.9	-
Investments:	19,623.1	16,692.5	11,351.6	9,629.3	171.8	140.5	31,146.5	26,462.3
Government securities, loan stocks and bonds	11,175.3	9,762.3	6,549.5	5,362.7	94.6	61.1	17,819.4	15,186.1
i. Quoted equity in corporations	5,771.6	4,829.5	3,142.2	2,852.7	50.3	55.6	8,964.1	7,737.8
iii. Unquoted equity in corporations	19.8	18.5	85.8	17.9	0.5	0.5	106.1	36.9
iv. Collective investment schemes	1,006.1	566.8	11.8	8.4	7.7	4.4	1,025.6	579.6
v. Derivatives and embedded derivatives	497.3	172.2	31.9	8.6	0.9	1.1	530.1	181.9
vi. Policy loans	861.1	843.7	1,120.1	1,045.1	17.8	17.8	1,999.0	1,906.6
vii. Unsecured loans	0.1	0.4	0.4	0.1	-	-	0.5	0.5
viii. Secured loans	291.8	499.1	409.9	333.8	-	-	701.7	832.9
Cash and bank balances	2,112.0	2,799.6	683.5	928.4	27.6	41.8	2,823.1	3,769.8
<b>(b) General Insurance Fund</b>								
Premium income (net)	21.7	32.8	30.3	27.0	0.2	0.2	52.2	60.0
Increase in unexpired risk reserve during the period	(4.0)	(2.7)	(2.9)	(1.7)	-	-	(6.9)	(4.4)
Claims and increase in loss reserve	(10.8)	(16.5)	(14.2)	(14.2)	-	(0.1)	(25.0)	(30.8)
Depreciation and amortisation	(0.1)	(0.3)	(0.3)	(0.2)	-	-	(0.4)	(0.5)
Commissions and expenses	(7.0)	(10.7)	(9.4)	(7.6)	(0.1)	(0.1)	(16.5)	(18.4)
Net underwriting (loss)/profit	(0.2)	2.6	3.5	3.3	0.1	-	3.4	5.9
Investment and interest income	6.6	8.4	11.0	7.0	-	-	17.6	15.4
Total assets employed	62.8	157.2	71.6	122.4	0.7	0.8	135.1	280.4
Capital expenditure	-	0.1	0.1	0.3	-	-	0.1	0.4
<b>(c) Shareholders' Fund</b>								
Profit from insurance operations	163.9	148.8	133.2	139.8	(0.3)	4.8	296.8	293.4
Profit from investments <sup>(8.1)</sup>	259.4	239.0	5.0	6.6	-	0.9	47.3	83.8
Fees and other income	41.6	26.7	(0.1)	-	-	-	41.5	26.7
Profit before expenses <sup>(8.1)</sup>	464.9	414.5	138.1	146.4	(0.3)	5.7	385.6	403.9
Depreciation and amortisation	0.6	0.4	-	-	-	-	0.6	0.4
Profit attributable to shareholders <sup>(8.2)</sup>	338.4	305.1	99.2	105.4	(0.3)	5.7	280.9	299.1
Total assets employed <sup>(8.3)</sup>	2,573.4	2,167.3	238.7	252.3	1.6	10.2	2,744.4	2,361.3
Capital expenditure	3.1	1.4	-	-	-	-	3.1	1.4

<sup>(8.1)</sup> elimination of inter-segment transactions – 2005: \$217.1 million (2004: \$162.7 million)

<sup>(8.2)</sup> elimination of inter-segment transactions – 2005: \$156.4 million (2004: \$117.1 million)

<sup>(8.3)</sup> elimination of inter-segment transactions – 2005: \$69.3 million (2004: \$68.5 million)

## 8 GROUP SEGMENTAL INFORMATION

### (B) By Business Segments

in Singapore Dollars (millions)	Life Assurance Fund (Non-Linked)		Life Assurance Fund (Linked)		Consolidated	
	9 Mths 2005	9 Mths 2004	9 Mths 2005	9 Mths 2004	9 Mths 2005	9 Mths 2004
	Premium income (net)	<b>2,818.1</b>	3,209.9	<b>583.7</b>	573.3	<b>3,401.8</b>
Investment, interest and rental income	<b>1,174.6</b>	1,888.1	<b>158.6</b>	(16.6)	<b>1,333.2</b>	1,871.5
Write-back of/(Increase in) provision for impairment of assets	<b>(1.0)</b>	(10.3)	-	-	<b>(1.0)</b>	(10.3)
Total income	<b>3,991.7</b>	5,087.7	<b>742.3</b>	556.7	<b>4,734.0</b>	5,644.4
Claims, surrenders and annuities	<b>1,843.0</b>	1,652.4	<b>460.3</b>	367.7	<b>2,303.3</b>	2,020.1
Depreciation and amortisation	<b>21.6</b>	23.4	<b>0.6</b>	0.1	<b>22.2</b>	23.5
Commissions and expenses	<b>312.4</b>	333.7	<b>109.3</b>	72.1	<b>421.7</b>	405.8
Income tax	<b>47.5</b>	138.6	<b>3.5</b>	3.4	<b>51.0</b>	142.0
Total expenses	<b>2,224.5</b>	2,148.1	<b>573.7</b>	443.3	<b>2,798.2</b>	2,591.4
Share of results of associated companies	<b>(0.1)</b>	35.0	-	-	<b>(0.1)</b>	35.0
Excess of income over expenses	<b>1,767.1</b>	2,974.6	<b>168.6</b>	113.4	<b>1,935.7</b>	3,088.0
Total assets employed	<b>33,630.8</b>	30,376.2	<b>2,536.2</b>	2,160.1	<b>36,167.0</b>	32,536.3
Capital expenditure	<b>72.4</b>	118.0	-	-	<b>72.4</b>	118.0

## 9 REVIEW OF RESULTS

The financial statements of Great Eastern Holdings Limited ("GEH") and its subsidiaries for the third quarter of 2005 ("Q3-05") and for the 9 months ended 30 September 2005 ("9M-05") have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The accounting policies and methods of computation applied are consistent with those used to prepare the Group's financial statements for 2004, except as disclosed in paragraph 10 below.

### 9.1 Profit attributable to shareholders

- 9.1.1 Group profit attributable to shareholders in Q3-05 was \$90.0 million, 40% increase over the corresponding quarter last year. Profit for 9M-05 was \$280.9 million, 6% lower than the corresponding period last year.
- 9.1.2 A one-time gain of \$71.0 million was realised from the disposal of the Group's shareholdings in OCBC ("Disposal") pursuant to OCBC's selective capital reduction exercise completed on 28 May 2004. The profit from the Disposal was reflected in three items in the Group 2004 profit and loss statements (a) life assurance profit from the Non-Participating Fund, (b) investment income and (c) gain on sale of investments and changes in fair value.
- 9.1.3 If the one-time gain from Disposal last year was excluded, the profit for 9M-05 would have been 23% higher than the corresponding period last year.

### 9.2 Profit from insurance operations

- 9.2.1 Pre-tax profit from insurance operations in Q3-05 amounted to \$102.4 million, 43% increase over the corresponding quarter last year. Profit from Participating fund reported 9% increase, in line with expectations. Profit from Non-participating fund reported 37% increase due to a more diversified portfolio of products. Profit from investment-linked fund reported 88% increase contributed equally from both the Singapore and Malaysia segment due to continued focus and emphasis in this segment. Profit from general insurance fund reported 164% increase due to strong investment performance from the Malaysia segment.
- 9.2.2 Profit for 9M-05 was \$296.8 million, 1% higher than the corresponding period last year. Excluding the gain from Disposal last year, profit for 9M-05 would have been 25% higher than nine months last year.
- 9.2.3 The GEL General insurance fund contributed \$17.6 million arising from a release of fund solvency margin following the transfer of business from the General insurance fund to the Non-participating fund in April 2005, as reflected in the Company's Q2-05 results, reported last quarter. In that same Q2-05 announcement, it was also disclosed (in paragraph 12.3 therein) that the Company's subsidiary in Singapore, The Great Eastern Life Assurance Company Limited ("GEL") had in March 2005 been appointed by the CPF Board as one of the two insurers to manage CPF's Dependants' Protection Scheme ("DPS"). Accordingly, in September 2005 the CPF Board transferred approximately half of the DPS business to GEL. An initial estimate of a one-time new business strain of about \$8 million (post-tax) mentioned previously in the Q2-05 announcement did not materialise.

9.3 Profit from investments of Shareholders' Fund

9.3.1 Pre-tax profit from investments of the Shareholders' Fund for Q3-05 amounted to \$14.8 million, 64% increase over the corresponding quarter last year, due to higher dividend income from investments and foreign exchange gains.

9.3.2 The profit for 9M-05 would have been only 3% lower than the corresponding period last year if the gain from Disposal last year was excluded.

9.4 Fees and other income

9.4.1 Pre-tax fees and other income for Q3-05 amounted to \$15.9 million, 73% increase over the corresponding quarter last year. Increases were contributed by GEH's asset management and financial advisory subsidiaries, Straits Lion Asset Management Limited ("SLAM"), Fairfield Straits Lion Asset Management Limited, Alpha Financial Advisers Private Limited and a full quarter's contribution from OCBC Asset Management Limited ("OAM"), following the completion of the merger of OAM with SLAM in June 2005. Integration between SLAM and OAM including the transfer of business from SLAM to OAM was completed on 26 September 2005. Effective from 26 September 2005, OAM's name was changed to Lion Capital Management Limited ("LCM"). Assets under management by LCM was \$31.6 billion as at 30 September 2005.

9.4.2 Pre-tax fees and other income for 9M-05 reported \$41.5 million, 55% increase over the corresponding period last year; due to reasons mentioned in the preceding paragraph 9.4.1.

9.5 Management and Other Expenses

Management and other expenses for Q3-05 amounted to \$13.0 million and for 9M-05 amounted to \$25.0 million, increased by 150% and 71% respectively over expenses in the corresponding periods in 2004. This increase was due mainly to (a) expenses incurred in the Group's regional expansion including expenses in connection with the preparations for a life assurance operating licence and the formation of a joint venture life assurance company in Chongqing, China, (b) increased operating costs relating to the Group's asset management and financial advisory services, and (c) costs incurred to integrate the business operations between SLAM and OAM. The expenses in 9M-04 included expenses and fees incurred in connection with the Disposal and the voluntary unconditional offer by OCBC for GEH.

9.6 Income Tax

The income tax expense of \$28.1 million for Q3-05 amounted to an effective tax rate of 23.4%, higher than 22.5% of corresponding quarter last year. The tax expense for 9M-05 of \$73.0 million included a tax refund of \$4.8 million from prior years' tax. Excluding the tax refund and the release of fund solvency margin from the general insurance fund, the effective tax rate for 9M-05 would have been 22.7%, comparable to 22.3% for the corresponding period last year. The corporate tax rate is 20% in Singapore and 28% in Malaysia.

9.7 Earnings per Share ("EPS"), Return on Equity and Net Asset Value

EPS for 9M-05 was 59 cents, lower than 63 cents last year. Excluding the gain from Disposal which contributed 15 cents, EPS would have been 23% higher.

ROE for 9M-05 was 11.5%. Excluding the gain from Disposal, ROE for the corresponding period last year would have been 3.4% lower than the 14.1% reported, i.e. 10.7%.

NAV per share was \$5.45 as at 30 September 2005, 11% higher than \$4.91 as at 31 December 2004.

9.8 Group Assets

The Group's total assets as at 30 September 2005 rose 8% to \$39.0 billion, from \$36.3 billion as at 31 December 2004.

**10 ACCOUNTING POLICIES AND IMPLEMENTATION OF RISK-BASED CAPITAL FRAMEWORK BY SINGAPORE INSURERS**

10.1 The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for Q3-05 and 9M-05, consistent with the Group's audited financial statements for the year ended 31 December 2004. The following new Financial Reporting Standards ("FRS") that are mandatory for financial years beginning on or after 1 January 2005 have been adopted, in addition to the adoption of revisions to several existing FRS, as appropriate, that became applicable from 1 January 2005:

- (a) FRS 102 - Share-based Payment
- (b) FRS 103 - Business Combinations
- (c) FRS 104 - Insurance Contracts

(d) FRS 105 - Non-current Assets Held for Sale and Discontinued Operations

The Group has adopted FRS 39 on "Financial Instruments: Recognition and Measurement" since 1 January 2002, although it became mandatory only from 1 January 2005.

The adoption of FRS 102 resulted in a change in the accounting policy for share-based payments. The costs of the grant of share options to employees are recognised as part of staff costs in the Profit and Loss or Revenue Statements of the respective insurance funds, based on fair value of the share options measured at the date of grant. Transitional provisions in FRS 102 would apply to share options granted after 22 November 2002 but not vested by 1 January 2005. As there were no outstanding share options under the GEH Executives Share Option Scheme as at 1 January 2005, there would be no restatement of the 2004 comparatives, a requirement of FRS 102. In April 2005, senior executives of the GEH Group were nominated to participate in the OCBC Share Option Scheme 2001. On 6 May 2005, based on acceptances received, 1,344,000 OCBC share options were granted. The fair value of the share options granted has been charged to the Group and expensed in accordance with FRS 102. Payment to OCBC for these share options would be made on the respective vesting dates.

On 10 August 2005, GEH and OCBC completed the purchase of 15.1% in SLAM for cash consideration. With effect from that date, GEH held 70% of the merged entity (now known as LCM) and OCBC held 30%. This transaction had been accounted for in accordance with FRS 103.

Apart from that which has been disclosed, the adoption of the new and revised FRS does not have any major financial impact on the Group's results for Q3-05 and 9M-05.

- 10.2 The new Insurance Regulations 2004 (valuation and capital) governing risk-based capital framework for insurers in Singapore came into effect on 1 January 2005 and the Group's insurance subsidiaries in Singapore are in compliance with the regulatory provisions. Each of the insurance funds is required under the new framework to maintain a minimum 100% of regulatory risk capital within the respective funds.

## 11 UNAUDITED RESULTS

The consolidated Group financial results for the third quarter ended 30 September 2005 have not been audited but have been reviewed by the Group's auditors; the review report is attached.

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

- 12.1 The Group's performance is affected by the local, regional and global economic conditions and growth. Overall, the general view is that economic outlook remains positive. Earnings from the Group's insurance operations will continue to be sensitive to any substantial movements in the equity and foreign exchange markets and in interest rates.
- 12.2 Approval was received in August this year from the China Insurance Regulatory Commission for the Group to commence preparatory work for life insurance operating licence in China. A 50/50 joint venture life assurance company with a Chinese partner in Chongqing, China was formed on 18 August 2005. The Group, while preparing for life assurance operations in China will continue to incur start up expenses. The joint venture company is likely to take a few years before it would be able to start contributing profits to the Group.
- 12.3 In Singapore, the recent government announcement about changes to CPF Investment Scheme ("CPF IS"), particularly tightening of charges on CPF IS products, could have an impact on the sale of single premium products.
- 12.4 The increase in short term interest rates and flattening of yield curve are expected to continue to put downward pressure on savings-oriented insurance products.

## 13 BORROWINGS, CONTINGENT LIABILITIES AND LONG TERM LIABILITIES

- 13.1 There were no borrowings or contingent liabilities for the Group as at 30 September 2005 (30 September 2004: nil) as the Group has strong liquidity for its business operations.
- 13.2 As disclosed in the Group's Annual Report 2004, the Group's insurance subsidiary companies in Singapore were issued a protective tax assessment by the Inland Revenue Authority of Singapore ("IRAS") in respect of Year of Assessment 1998, which would have become time barred after 31 December 2004. The protective tax assessment disallowed the deduction of the Life Assurance Participating Fund's cost of bonus, whereas the deduction had been granted in previous years. In the event that the cost of bonus is not allowed as an expense for tax purposes, the Singapore Life Assurance Fund would be liable for an additional tax payment of approximately \$283.5 million for the open years of assessment from 1998 to 2005. As the life insurance industry is in discussion with IRAS on this issue, the Directors consider that it is premature to make any provision.

**14 ISSUED SHARE CAPITAL**

The Company's issued and paid up share capital remained at \$236,659,534.50 as at 30 September 2005, no change from that as at 31 December 2004.

**15 DIVIDEND**

No further interim dividend has been declared in the third quarter of 2005 (third quarter 2004: nil) in respect of the financial year ending 31 December 2005.

By Order of the Board

Elizabeth Teoh  
Group Company Secretary  
Singapore  
7 November 2005

22/60405/MKM

27 October 2005

Great Eastern Holdings Limited  
1 Pickering Street  
#13-01, Great Eastern Centre  
Singapore 048659

Attention: Chairman, Audit Committee

Dear Sir,

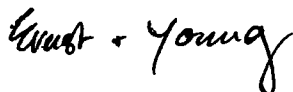
**Great Eastern Holdings Limited ('GEH')**  
**Review Report for the Period Ended 30 September 2005**

We have reviewed the quarterly announcement of GEH for the period ended 30 September 2005, comprising the group balance sheet as at 30 September 2005, the group profit and loss statement, and the group statements of changes in equity and cashflows for the period ended 30 September 2005. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on those financial statements based on our review.

We conducted our review in accordance with Singapore Standard on Review Engagements 2400. The standard requires that we plan and perform the review to obtain moderate assurance whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

During the course of our review, nothing came to our attention that causes us to believe that GEH's quarterly announcement is not presented fairly, in all material respects, in accordance with Financial Reporting Standards.

Yours faithfully,



ERNST & YOUNG  
Certified Public Accountants

Singapore