

GREAT EASTERN HOLDINGS LIMITED

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

FINANCIAL RESULTS FOR THIRD QUARTER 2006

The Board of Directors of Great Eastern Holdings Limited is pleased to announce its unaudited financial results of the Group and the Company for the third quarter ended 30 September 2006.

1 GROUP PROFIT AND LOSS STATEMENTS

in Singapore Dollars (millions)	9 Months 2006	9 Months 2005	%	3rd Quarter 2006	3rd Quarter 2005	%
			+/(−)			+/(−)
Turnover ⁽¹⁾	5,687.5	5,105.5	11	1,858.2	1,924.9	(3)
Gross Premiums	3,848.6	3,551.5	8	1,354.3	1,376.4	(2)
Life assurance profit from:						
Participating Fund	75.9	61.2	24	22.8	21.0	9
Non-participating Fund	135.3	139.1	(3)	72.1	41.0	76
Investment-linked Fund	39.4	32.7	20	11.1	17.1	(35)
Profit from life assurance	250.6	233.0	8	106.0	79.1	34
Profit from general insurance	12.2	30.6	(60)	2.7	8.4	(68)
Profit from insurance operations	262.8	263.6	(0)	108.7	87.5	24
Investment income, net	43.9	37.3	18	14.4	11.7	23
Interest income	17.1	8.9	92	5.4	2.5	116
Gain/(loss) on sale of investments and changes in fair value	33.8	-5.9	nm	(1.1)	-	nm
(Loss)/gain in exchange differences	(8.9)	(4.8)	(85)	-	0.6	nm
Profit from investments	85.9	47.3	82	18.7	14.8	26
Fees and other income	50.7	41.5	22	16.3	15.9	3
Profit before expenses	399.4	352.4	13	143.7	118.2	22
less:						
Management and other expenses	29.4	24.4	20	11.0	12.8	(14)
Depreciation and amortisation	0.8	0.6	33	0.2	0.2	0
Expenses	30.2	25.0	21	11.2	13.0	(14)
Profit after expenses	369.2	327.4	13	132.5	105.2	26
Share of loss of joint venture company	(1.9)	-	nm	(0.7)	-	nm
Profit before income tax	367.3	327.4	12	131.8	105.2	25
less: Income tax	57.5	39.8	44	16.5	13.2	25
Profit after income tax	309.8	287.6	8	115.3	92.0	25
Attributable to:						
Shareholders	301.0	280.9	7	112.4	90.0	25
Minority interest	8.8	6.7	31	2.9	2.0	45
	309.8	287.6	8	115.3	92.0	25
Basic earnings per share (in Singapore cents)	64 cents	59 cents		24 cents	19 cents	
Diluted earnings per share (in Singapore cents)	64 cents	59 cents		24 cents	19 cents	

nm - not meaningful / exceeding 200%

⁽¹⁾ 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, Commission Income, 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, Commission Income, 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 September 2006	31 December 2005	% +/(-)	30 September 2006	31 December 2005	% +/(-)
Share capital						
Issued and fully paid	247.4	236.7	5	247.4	236.7	5
Share premium	-	10.7	nm	-	10.7	nm
Reserves						
Merger reserve	200.8	200.8	-	620.0	620.0	-
Translation reserve	(13.1)	(10.1)	(30)	-	-	-
Fair value reserve	137.1	118.1	16	-	-	-
Accumulated profit	2,184.8	2,073.1	5	755.8	916.4	(18)
SHAREHOLDERS' FUND	2,757.0	2,629.3	5	1,623.2	1,783.8	(9)
MINORITY INTEREST	27.8	31.7	(12)	-	-	-
TOTAL EQUITY	2,784.8	2,661.0	5	1,623.2	1,783.8	(9)
LIABILITIES						
Income tax	288.7	229.7	26	-	-	-
Other creditors and interfund balances	784.9	914.9	(14)	2.3	2.5	(8)
Reinsurance liabilities	54.5	41.3	32	-	-	-
Unexpired risk reserve	57.6	51.6	12	-	-	-
Policy benefits	1,428.8	1,352.3	6	-	-	-
Claims admitted or intimated	136.4	146.7	(7)	-	-	-
Agents' retirement benefits	162.3	156.5	4	-	-	-
Deferred tax	266.3	271.7	(2)	-	-	-
General insurance fund	110.6	116.7	(5)	-	-	-
Life assurance fund	34,112.9	33,286.2	2	-	-	-
TOTAL EQUITY AND LIABILITIES	40,187.8	39,228.6	2	1,625.5	1,786.3	(9)
ASSETS						
Cash and bank balances	299.7	493.9	(39)	2.5	3.0	(17)
Cash on deposit	3,461.7	2,898.1	19	17.1	30.9	(45)
Other debtors and interfund balances	764.1	916.2	(17)	1.0	0.1	nm
Outstanding premiums	201.7	162.0	25	-	-	-
Reinsurance assets	64.2	71.5	(10)	-	-	-
Properties held for sale	-	5.5	nm	-	-	-
Investments	33,894.1	33,237.2	2	2.0	2.0	-
Deferred tax	-	-	-	0.1	0.1	-
Associated and joint venture companies ⁽¹⁾	36.5	120.7	(70)	-	-	-
Subsidiary companies	-	-	-	1,602.8	1,750.2	(8)
Goodwill and other intangible assets	100.1	93.8	7	-	-	-
Property, plant and equipment	1,365.7	1,229.7	11	-	-	-
TOTAL ASSETS	40,187.8	39,228.6	2	1,625.5	1,786.3	(9)
Net Asset Value per share (S\$)	5.82	5.56	5	3.43	3.77	(9)

⁽¹⁾ The decrease in investment in associated and joint venture companies from \$120.7 million as at 31 December 2005 to \$36.5 million as at 30 September 2006 was due to the reclassification of an associated company to a subsidiary, following the acquisition of additional stakes in the company during the year.

nm - not meaningful / exceeding 200%

3 SELECTED MANAGEMENT EXPENSES

in Singapore Dollars (millions)	Shareholders' and General Insurance Funds		Life Assurance Fund	
	9 Months 2006	9 Months 2005	9 Months 2006	9 Months 2005
Directors' remuneration				
Directors of the Company	0.4	0.2	1.6	1.1
Auditors' remuneration				
Audit fees paid to Ernst & Young, Singapore	0.2	0.2	0.3	0.3
Audit fees paid to other auditors	0.2	0.2	0.1	0.1
Staff costs and related expenses	23.5	19.7	80.8	72.4
Rental expense	2.0	2.2	11.4	7.8
Loss on disposal of property, plant and equipment	-	0.1	0.1	0.7
Depreciation and amortisation	1.1	1.0	29.4	22.2

4 GROUP FINANCIAL HIGHLIGHTS

	Group		
	9 Months 2006	9 Months 2005	% +/-
Turnover	(S\$millions) 5,687.5	5,105.5	11
Gross Premiums	(S\$millions) 3,848.6	3,551.5	8
Total Assets	(S\$millions) 40,187.8	39,120.3	3
Profit Attributable to Shareholders	(S\$millions) 301.0	280.9	7
Shareholders' Fund	(S\$millions) 2,757.0	2,579.0	7
Profit After Tax before Minority Interests as a % of Turnover	% 5.4%	5.7%	-0.3 pp
Return on Equity (average Shareholders' Fund)	% 11.2%	11.5%	-0.3 pp
Gross Premium Growth	% 8.4%	-9.8%	18.2 pp

5 GROUP STATEMENT OF CHANGES IN EQUITY

in Singapore Dollars (millions)	Attributable to shareholders of the Company						Minority Interest	Total Equity	
	Share Capital	Share Premium	Merger Reserve	Translation Reserve	Fair Value Reserve	Accumulated Profit			Total
Balance at 1 January 2006	236.7	10.7	200.8	(10.1)	118.1	2,073.1	2,629.3	31.7	2,661.0
Net profit/(loss) recognised directly in equity for period ended 30 September 2006:									
Exchange differences arising on translation of overseas entities	-	-	-	(3.0)	-	-	(3.0)	-	(3.0)
Current period movements in Fair Value Reserve:									
Fair value changes on remeasuring available-for-sale investments	-	-	-	-	58.5	-	58.5	-	58.5
Fair value changes transferred to Profit and Loss Statement during the period	-	-	-	-	(38.0)	-	(38.0)	-	(38.0)
Deferred tax on fair value changes	-	-	-	-	(1.5)	-	(1.5)	-	(1.5)
Net profit/(loss) recognised directly in equity	-	-	-	(3.0)	19.0	-	16.0	-	16.0
Net profit for the period	-	-	-	-	-	301.0	301.0	8.8	309.8
Total recognised profit/(loss) for the period	-	-	-	(3.0)	19.0	301.0	317.0	8.8	325.8
Dividends paid in the period:									
Final and special final dividends for the previous year (net of 20% Singapore Tax)	-	-	-	-	-	(143.9)	(143.9)	-	(143.9)
Interim dividend (net of 20% Singapore Tax)	-	-	-	-	-	(45.4)	(45.4)	-	(45.4)
Transfer of share premium to share capital	10.7	(10.7)	-	-	-	-	-	-	-
Dividends paid to minority interest	-	-	-	-	-	-	-	(12.7)	(12.7)
Balance at 30 September 2006	247.4	-	200.8	(13.1)	137.1	2,184.8	2,757.0	27.8	2,784.8
Balance at 1 January 2005	236.7	10.7	164.9	(14.6)	94.3	1,832.7	2,324.7	11.8	2,336.5
Net profit/(loss) recognised directly in equity for period ended 30 September 2005:									
Exchange differences arising on translation of overseas entities	-	-	-	7.7	-	-	7.7	-	7.7
Current period movements in Fair Value Reserve:									
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)
Net profit recognised directly in equity	-	-	-	7.7	62.3	-	70.0	-	70.0
Net profit for the period	-	-	-	-	-	280.9	280.9	6.7	287.6
Total recognised profit for the period	-	-	-	7.7	62.3	280.9	350.9	6.7	357.6
Dividends paid for the period:									
Final dividend 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)
Dividend from subsidiary company	-	-	-	-	-	-	-	(0.7)	(0.7)
Balance at 30 September 2005	236.7	10.7	200.8	(6.9)	156.6	1,981.1	2,579.0	29.2	2,608.2

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

in Singapore Dollars (millions)	Attributable to shareholders of the Company						Minority Interest	Total Equity	
	Share Capital	Share Premium	Merger Reserve	Translation Reserve	Fair Value Reserve	Accumulated Profit			Total
Balance at 1 July 2006	247.4	-	200.8	(12.9)	103.6	2,117.8	2,656.7	24.9	2,681.6
Net profit/(loss) recognised directly in equity for period ended 30 September 2006:									
Exchange differences arising on translation of overseas entities	-	-	-	(0.2)	-	-	(0.2)	-	(0.2)
Current period movements in Fair Value Reserve:									
Fair value changes on remeasuring available-for-sale investments	-	-	-	-	38.8	-	38.8	-	38.8
Deferred tax on fair value changes	-	-	-	-	(5.3)	-	(5.3)	-	(5.3)
Net profit/(loss) recognised directly in equity	-	-	-	(0.2)	33.5	-	33.3	-	33.3
Net profit for the period	-	-	-	-	-	112.4	112.4	2.9	115.3
Total recognised profit for the period	-	-	-	(0.2)	33.5	112.4	145.7	2.9	148.6
Dividends paid in the period:									
Interim dividend (net of 20% Singapore Tax)	-	-	-	-	-	(45.4)	(45.4)	-	(45.4)
Balance at 30 September 2006	247.4	-	200.8	(13.1)	137.1	2,184.8	2,757.0	27.8	2,784.8
Balance at 1 July 2005	236.7	10.7	200.8	(8.5)	116.3	1,936.5	2,492.5	36.6	2,529.1
Net profit/(loss) recognised directly in equity for period ended 30 September 2005:									
Exchange differences arising on translation of overseas entities	-	-	-	1.6	-	-	1.6	-	1.6
Current period movements in Fair Value Reserve:									
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)
Net profit recognised directly in equity	-	-	-	1.6	40.3	-	41.9	-	41.9
Net profit for the period	-	-	-	-	-	90.0	90.0	2.0	92.0
Total recognised profit) for the period	-	-	-	1.6	40.3	90.0	131.9	2.0	133.9
Dividends paid for the period:									
Interim dividend (net of 20% Singapore Tax)	-	-	-	-	-	(45.4)	(45.4)	-	(45.4)
Acquisition of additional interest in subsidiary company	-	-	-	-	-	-	-	(8.7)	(8.7)
Dividend from subsidiary company	-	-	-	-	-	-	-	(0.7)	(0.7)
Balance at 30 September 2005	236.7	10.7	200.8	(6.9)	156.6	1,981.1	2,579.0	29.2	2,608.2

6 COMPANY STATEMENT OF CHANGES IN EQUITY

in Singapore Dollars (millions)	Share Capital	Share Premium	Merger Reserve	Accumulated Profit	Total
Balance at 1 January 2006	236.7	10.7	620.0	916.4	1,783.8
Net profit for the period	-	-	-	28.7	28.7
Dividends paid in the period:					
Final and special final dividends for the previous year (net of 20% Singapore Tax)	-	-	-	(143.9)	(143.9)
Interim dividend (net of 20% Singapore Tax)	-	-	-	(45.4)	(45.4)
Transfer of share premium to share capital	10.7	(10.7)	-	-	-
Balance at 30 September 2006	247.4	-	620.0	755.8	1,623.2
Balance at 1 January 2005	236.7	10.7	620.0	991.7	1,859.1
Dividends paid for the period:					
Final dividend for the previous year (net of 20% Singapore Tax)	-	-	-	(87.1)	(87.1)
Interim dividend (net of 20% Singapore Tax)	-	-	-	(45.4)	(45.4)
Balance at 30 September 2005	236.7	10.7	620.0	859.2	1,726.6

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

in Singapore Dollars (millions)	Share Capital	Share Premium	Merger Reserve	Accumulated Profit	Total
Balance at 1 July 2006	247.4	-	620.0	800.4	1,667.8
Net profit for the period	-	-	-	0.8	0.8
Dividends paid in the period:					
Interim dividend (net of 20% Singapore Tax)	-	-	-	(45.4)	(45.4)
Balance at 30 September 2006	247.4	-	620.0	755.8	1,623.2
Balance at 1 July 2005	236.7	10.7	620.0	904.8	1,772.2
Net loss for the period	-	-	-	(0.2)	(0.2)
Dividends paid for the period:					
First interim dividend (net of 20% Singapore Tax)	-	-	-	(45.4)	(45.4)
Balance at 30 September 2005	236.7	10.7	620.0	859.2	1,726.6

7 CONSOLIDATED STATEMENT OF CASH FLOWS

in Singapore Dollars (millions)

	9 Months 2006	9 Months 2005	3rd Quarter 2006	3rd Quarter 2005
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	367.3	327.4	131.8	105.2
Excess of income over expenses before income tax from life assurance revenue statement	379.2	311.7	149.7	113.9
Excess of income over expenses before income tax from general insurance revenue statement	18.7	36.1	4.0	11.1
Adjustments for non-cash items:				
Surplus transferred from life assurance fund but not yet withdrawn	(250.6)	(233.0)	(106.0)	(79.1)
Profit transferred from general insurance fund but not yet withdrawn	(12.2)	(30.6)	(2.7)	(8.4)
Share of loss/(gain) of associated and joint venture companies	1.9	0.1	0.7	-
Amortisation of difference in purchase consideration over nominal value of government securities, loan stocks and bonds	20.4	15.7	5.1	10.1
Gain on sale of investments and changes in fair value	(649.6)	(427.2)	(145.7)	(222.0)
Loss/(gain) on sale of properties held for sale	4.5	8.0	2.7	3.4
Increase in provision for impairment of assets	(2.1)	1.0	-	4.1
Increase in provision for agents' retirement benefits	14.3	13.3	4.9	4.6
Loss/(gain) on disposal of property, plant and equipment	0.1	0.8	-	0.9
Depreciation and amortisation	30.5	23.2	10.0	7.9
Unrealised loss/(gain) in exchange differences	74.0	12.9	(25.1)	(2.5)
	(3.6)	59.4	29.4	(50.8)
Changes in working capital:				
Reinsurance assets	(1.5)	(0.5)	8.3	3.3
Outstanding premiums	(39.7)	(51.3)	(79.5)	(93.6)
Other debtors	152.4	21.4	23.1	18.9
Insurance contract liabilities	818.9	1,659.9	419.3	618.0
Loss reserves	2.5	3.1	-	0.1
Claims admitted or intimated	(10.3)	11.5	(3.9)	(1.4)
Policy benefits	76.5	116.4	34.7	40.2
Unexpired risk reserve	6.8	7.4	1.2	(0.7)
Reinsurance liabilities	13.2	19.9	3.2	5.7
Other creditors	(131.1)	20.3	15.6	12.7
Cash generated from operations	884.1	1,867.5	451.4	552.4
Income tax paid	(149.0)	(215.9)	(41.4)	(95.4)
Agents' retirement benefits paid	(5.0)	(3.4)	(1.3)	(0.9)
Net cash flows from operating activities	730.1	1,648.2	408.7	456.1
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investments	13,267.2	10,260.2	4,001.3	3,817.4
Purchase of investments	(13,214.4)	(13,926.4)	(4,442.0)	(4,658.9)
Proceeds from sale of properties held for sale	5.8	42.0	(2.2)	11.9
Proceeds from transfer of Dependents' Protection Scheme business from Central Provident Fund Board	124.1	162.6	-	162.6
Capital injection in associated and joint venture companies	(31.0)	(11.8)	-	-
Repayment of loan by associated company	-	11.6	-	(0.4)
Dividends from associated company	-	-	-	-
Proceeds from liquidation of associated company	-	29.8	-	-
Net cash outflow from acquisition of a subsidiary	(4.1)	21.1	-	21.1
Repayment of loan by subsidiary company	(13.6)	-	-	-
Net cash outflow from acquisition of additional interest in subsidiary	-	(27.4)	-	(48.5)
Proceeds from sale of property, plant and equipment	5.9	52.9	1.1	25.9
Purchase of property, plant and equipment	(49.1)	(75.6)	(16.1)	(38.5)
Net cash flows from/(used in) investing activities	90.8	(3,461.0)	(457.9)	(707.4)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(189.3)	(132.5)	(45.4)	(45.4)
Dividends paid to minority interest	(12.7)	(0.7)	-	(0.7)
Net cash flows used in financing activities	(202.0)	(133.2)	(45.4)	(46.1)
Net effect of translation reserve adjustment	(249.5)	454.5	(27.6)	130.2
Net increase/(decrease) in cash and cash equivalents	369.4	(1,491.5)	(122.2)	(167.2)
Cash and cash equivalents at the beginning of the period	3,392.0	4,869.8	3,883.6	3,545.5
Cash and cash equivalents at the end of the period	3,761.4	3,378.3	3,761.4	3,378.3

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

8 GROUP SEGMENTAL INFORMATION

(1) By Geographical Segments

in Singapore Dollars (millions)

	Singapore		Malaysia		Other Asia		Consolidated	
	9 Months 2006	9 Months 2005	9 Months 2006	9 Months 2005	9 Months 2006	9 Months 2005	9 Months 2006	9 Months 2005
(a) Life Assurance Fund								
Premium income (net)	2,473.1	2,136.9	1,218.6	1,248.4	22.7	16.5	3,714.4	3,401.8
Commissions received from reinsurers	3.0	3.5	2.9	2.2	-	-	5.9	5.7
Investment, interest and rental income	978.7	771.0	565.7	556.3	11.2	5.9	1,555.6	1,333.2
Decrease in provision for impairment of assets	2.1	(1.0)	-	-	-	-	2.1	(1.0)
Total income	3,456.9	2,910.4	1,787.2	1,806.9	33.9	22.4	5,278.0	4,739.7
Claims, surrenders and annuities	2,980.9	1,701.6	623.3	590.2	8.8	11.5	3,613.0	2,303.3
Depreciation and amortisation	21.0	16.6	8.3	5.5	0.1	0.1	29.4	22.2
Commissions and expenses	178.0	162.2	264.5	262.4	5.4	2.8	447.9	427.4
Increase in life assurance fund contract liabilities	68.5	885.9	720.9	786.5	19.1	2.6	808.5	1,675.0
Income tax	84.5	34.3	43.5	44.1	0.6	0.3	128.6	78.7
Total expenses	3,332.9	2,800.6	1,660.5	1,688.7	34.0	17.3	5,027.4	4,506.6
Share of results of associated companies	-	(0.1)	-	-	-	-	-	(0.1)
Profit from life insurance	124.0	109.7	126.7	118.2	(0.1)	5.1	250.6	233.0
Total assets employed	23,537.1	23,403.2	13,256.1	12,560.1	227.0	203.7	37,020.2	36,167.0
Capital expenditure	14.1	42.1	34.8	30.1	0.1	0.2	49.0	72.4
Property, plant and equipment	1,075.7	986.2	286.6	313.5	0.4	0.4	1,362.7	1,300.1
Intangible assets	32.1	13.0	49.3	17.9	-	-	81.4	30.9
Investments:	19,493.8	19,623.1	12,233.4	11,351.6	180.7	171.8	31,907.9	31,146.5
i. Government securities, loan stocks and bonds	10,846.1	11,175.3	7,153.4	6,549.5	109.0	94.6	18,108.5	17,819.4
ii. Quoted equity in corporations	5,081.1	5,771.6	3,346.9	3,142.2	43.3	50.3	8,471.3	8,964.1
iii. Unquoted equity in corporations	30.6	19.8	85.9	85.8	0.5	0.5	117.0	106.1
iv. Collective investment schemes	1,265.9	1,006.1	14.2	11.8	7.0	7.7	1,287.1	1,025.6
v. Derivatives and embedded derivatives	989.7	497.3	10.4	31.9	2.1	0.9	1,002.2	530.1
vi. Policy loans	868.2	861.1	1,142.0	1,120.1	18.8	17.8	2,029.0	1,999.0
vii. Unsecured loans	25.6	0.1	0.4	0.4	-	-	26.0	0.5
viii. Secured loans	386.6	291.8	480.2	409.9	-	-	866.8	701.7
Cash and bank balances	2,527.2	2,112.0	480.1	683.5	43.5	27.6	3,050.8	2,823.1

8 GROUP SEGMENTAL INFORMATION (continued)

(1) By Geographical Segments (continued)

in Singapore Dollars (millions)

	Singapore		Malaysia		Other Asia		Consolidated	
	9 Months 2006	9 Months 2005	9 Months 2006	9 Months 2005	9 Months 2006	9 Months 2005	9 Months 2006	9 Months 2005
(b) General Insurance Fund								
Premium income (net)	14.4	21.7	33.5	30.3	0.2	0.2	48.1	52.2
Increase in unexpired risk reserve during the period	(2.0)	(4.0)	(2.0)	(2.9)	-	-	(4.0)	(6.9)
Commissions received from reinsurers	5.7	6.4	6.6	6.8	-	-	12.3	13.2
Claims and increase in loss reserve	(6.6)	(10.8)	(17.7)	(14.2)	-	-	(24.3)	(25.0)
Depreciation and amortisation	(0.1)	(0.1)	(0.2)	(0.3)	-	-	(0.3)	(0.4)
Commissions and expenses	(10.7)	(13.4)	(16.4)	(16.2)	(0.1)	(0.1)	(27.2)	(29.7)
Net underwriting profit	0.7	(0.2)	3.8	3.5	0.1	0.1	4.6	3.4
Investment and interest income	16.1	6.6	8.4	11.0	-	-	24.5	17.6
Increase/(decrease) in life insurance fund contract liabilities	9.0	(14.6)	1.3	(0.5)	0.1	-	10.4	(15.1)
Income tax	3.4	1.0	3.1	4.5	-	-	6.5	5.5
Profit from general insurance	4.4	20.0	7.8	10.5	-	0.1	12.2	30.6
Total assets employed	90.2	89.4	109.2	118.8	0.5	0.7	199.9	208.9
Capital expenditure	-	-	0.3	0.1	-	-	0.3	0.1
(c) Shareholders' Fund								
Profit from insurance operations	128.0	130.7	134.4	133.2	0.4	(0.3)	262.8	263.6
Profit from investments ^(8.1)	271.1	259.4	5.4	5.0	-	-	85.9	47.3
Fees and other income	50.7	41.6	-	(0.1)	-	-	50.7	41.5
Profit before expenses ^(8.1)	449.8	431.7	139.8	138.1	0.4	(0.3)	399.4	352.4
Depreciation and amortisation	0.8	0.6	-	-	-	-	0.8	0.6
Share of loss of joint venture company	-	-	-	-	1.9	-	1.9	-
Management and other expenses	29.2	24.4	0.2	-	-	-	29.4	24.4
Income tax ^(8.2)	74.3	61.4	36.5	39.1	-	-	57.5	39.8
	104.3	86.4	36.7	39.1	1.9	-	89.6	64.8
Profit after income tax ^(8.3)	345.5	345.3	103.1	99.0	(1.5)	(0.3)	309.8	287.6
Total assets employed ^(8.4)	2,786.8	2,573.4	247.7	238.7	5.5	1.6	2,967.9	2,744.4
Capital expenditure	0.1	3.1	-	-	-	-	0.1	3.1

^(8.1) elimination of inter-segment transactions - 2006: \$190.6 million (2005: \$217.1 million)

^(8.2) elimination of inter-segment transactions - 2006: \$53.3 million (2005: \$60.7 million)

^(8.3) elimination of inter-segment transactions - 2006: \$137.3 million (2005: \$156.4 million)

^(8.4) elimination of inter-segment transactions - 2006: \$72.1 million (2005: \$69.3 million)

(2) By Business Segments

in Singapore Dollars (millions)

	Life Assurance Fund (Non-Linked)		Life Assurance Fund (Linked)		Consolidated	
	9 Months 2006	9 Months 2005	9 Months 2006	9 Months 2005	9 Months 2006	9 Months 2005
Premium income (net)	2,896.5	2,818.1	817.9	583.7	3,714.4	3,401.8
Commissions received from reinsurers	5.4	5.7	0.5	-	5.9	5.7
Investment, interest and rental income	1,381.7	1,174.6	173.9	158.6	1,555.6	1,333.2
Increase / (Decrease) in provision for impairment of assets	2.1	(1.0)	-	-	2.1	(1.0)
Total income	4,285.7	3,997.4	992.3	742.3	5,278.0	4,739.7
Claims, surrenders and annuities	3,091.9	1,843.0	521.1	460.3	3,613.0	2,303.3
Depreciation and amortisation	28.4	21.6	1.0	0.6	29.4	22.2
Commissions and expenses	321.8	318.1	126.1	109.3	447.9	427.4
Increase in life assurance fund contract liabilities	510.8	1,539.1	297.7	135.9	808.5	1,675.0
Income tax	121.6	75.2	7.0	3.5	128.6	78.7
Total	4,074.5	3,797.0	952.9	709.6	5,027.4	4,506.6
Share of results of associated companies	-	(0.1)	-	-	-	(0.1)
Profit from life insurance	211.2	200.3	39.4	32.7	250.6	233.0
Total assets employed	36,719.1	33,630.8	301.1	2,536.2	37,020.2	36,167.0
Capital expenditure	49.0	72.4	-	-	49.0	72.4

9. REVIEW OF RESULTS

The Group financial statements for the third quarter of 2006 (Q3-06) and for the 9 months ended 30 September 2006 (9M-06) have been prepared in accordance with Singapore Financial Reporting Standards (FRS). The Group has been consistent on the accounting policies adopted for its 2005 audited financial statements, except as disclosed in paragraph 10 below.

9.1 Profit attributable to shareholders

Group profit attributable to shareholders for Q3-06 was \$112.4 million, 25% higher than Q3-05. Profit for 9M-06 was \$301.0 million, 7% higher than 9M-05.

9.2 Profit from insurance operations

As reported in the announcement of financial results in the fourth quarter of 2005, profits from insurance funds in Singapore and general insurance fund in Malaysia are reported net of tax in the profit and loss statement. Accordingly, the Q3-05 and 9M-05 comparatives have been restated. The restated amount included income tax of \$14.9 million and \$33.2 million borne by the insurance funds for Q3-05 and 9M-05 respectively.

(a) Profit from life assurance operations for Q3-06 was \$106.0 million, 34% higher than \$79.1 million for Q3-05. For 9M-06, the profit increased by 8% to \$250.6 million.

(b) Profit from participating fund was \$22.8 million, 9% higher than Q3-05. For 9M-06, the profit increased by 24% to \$75.9 million, mainly due to higher maturity claims this year where the 90/10 distribution rule applies.

(c) Profit from non-participating fund was \$72.1 million, 76% higher than Q3-05. For 9M-06, the profit was \$135.3 million, a 3% decrease. This was due to the improved investment performance during Q3-06 as compared to the preceding two quarters and Q3-05.

(d) Profit from investment-linked fund was \$11.1 million, 35% lower than \$17.1 million in Q3-05. For 9M-06, the profit increased by 20% to \$39.4 million, due to the sustained efforts and focus in this product segment both in Singapore and Malaysia.

(e) Profit from general insurance operations for Q3-06 was \$2.7 million, 68% lower than \$8.4 million for Q3-05. Profit in Q3-05 included a one-off gain on sale of investments from the Malaysian operations. For 9M-06, the profit decreased by 60% to \$12.2 million. The higher profit for 9M-05 included the transfer of \$17.6 million released from the general insurance fund of one of the Singapore subsidiaries following its closure in April 2005.

9.3 Profit from investments of Shareholders' Fund

Pre-tax profit from investments in the shareholders' fund for Q3-06 was \$18.7 million, 26% higher than Q3-05. For 9M-06, the pre-tax investment profit amounted to \$85.9 million, an increase of 82% over the same period last year. The higher investment profit was mainly due to the realized gain of \$12 million on the sale of shares of Robinson And Company Limited and in The Straits Trading Company Limited held by the shareholders' fund during the preceding two quarters.

9.4 Fees and other income

Pre-tax fees and other income for Q3-06 was \$16.3 million, 3% higher than \$15.9 million for Q3-05. Fees and other income for 9M-06 totaled \$50.7 million, 22% higher than the \$41.5 million over 9M-05. Increase in fee income was contributed by GEH's asset management and financial advisory subsidiaries, Lion Capital Management Limited (Lion Capital), Lion Fairfield Capital Management Limited and Alpha Financial Advisers Private Limited.

Assets under management by Lion Capital amounted to \$29.6 billion as at 30 September 2006, lower than \$31.6 billion as at 30 September 2005, due largely to redemption of Collateralised Debt Obligations.

9.5 Management and Other Expenses

Management and other expenses for Q3-06 amounted to \$11.0 million, 14% lower than \$12.8 million for Q3-05. Management and other expenses for 9M-06 was \$29.4 million, an increase of 20% over expenses over 9M-05. The increase was due primarily to (a) expenses incurred in the Group's regional expansion including pre-operational expenses for the life assurance business in China and (b) increased operating costs of the Group's asset management and financial advisory services.

9.6 Share of loss of joint venture company

Joint venture company in China has been formed with capital injection of RMB300 million as at 14 Feb 2006, of which a wholly owned subsidiary's share is 50%. The company commenced life insurance operations in June 2006. Accordingly, this item reflected the 50% share of loss of the joint venture company.

9.7 Income Tax

Income tax expense for Q3-06 was \$16.5 million, 25% higher than \$13.2 million for Q3-05.

As reported in the announcement of results in the fourth quarter of 2005, profits from insurance funds in Singapore and general insurance fund in Malaysia are reported net of tax in the profit and loss statement. Excluding these items, the effective tax rate was 25% in Q3-06, comparable to 24% in the corresponding quarter 2005. The higher effective tax rate than Singapore corporate tax rate is mainly contributed by foreign tax rates.

Income tax expense for 9M-06 was \$57.5 million, an increase of 44% over 9M-05. Effective tax rate for 9M-06 was 25%, compared to 22% for 9M-05.

9.8 Earnings per Share, Return on Equity and Net Asset Value

Earnings per share for 9M-06 was 64 cents, 8% higher than 59 cents for 9M-05.

Non annualized Return on Equity for 9M-06 was 11.2%, as compared to 11.5% for 9M-05.

Net asset value as at 30 September 2006 was \$5.82 per share, 5% higher than \$5.56 per share as at 31 December 2005.

9.9 Group Assets

The Group's total assets as at 30 September 2006 increased to \$40.2 billion, 2% higher than \$39.2 billion as at 31 December 2005.

10 ACCOUNTING POLICIES

The Group has been consistent on the accounting policies adopted for its 2005 audited financial statements, except for the adoption of certain revisions to FRS that are applicable with effect from 1 January 2006. Such revisions do not have any material financial impact on the Group's results for Q3-06 and 9M-06.

11 UNAUDITED RESULTS

The consolidated Group financial results for the third quarter ended 30 September 2006 have not been audited by the Group's auditors.

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

The Group's performance is affected by the local, regional and global economic conditions and growth. Overall, the economic outlook remains largely positive. However, earnings from the Group's insurance operations and investments will continue to be sensitive to the changes in the commodities, interest rates and equity markets.

The Group has intensified efforts to expand its regional footprint particularly in the areas of key personnel recruitment and other business activities which would lead to higher management expenses. Regional focus includes Malaysia, China, Indonesia and Vietnam.

13 BORROWINGS, CONTINGENT LIABILITIES AND LONG TERM LIABILITIES

There were no borrowings or contingent liabilities for the Group as at 30 September 2006 (31 December 2005: nil) as the Group has strong liquidity for its business operations.

14 SHARE CAPITAL

In accordance with the provisions of the Companies (Amendment) Act which came into effect on 30 January 2006, (a) the share premium account of the Company has been closed out during 2006 with the transfer of the balance therein to the share capital account, and (b) authorised share capital is no longer shown on the Balance Sheet. Accordingly, the transfer of \$10,737,824 from the share premium account has increased the share capital of the Company to \$247,397,358.50 as at 30 September 2006.

15 DIVIDEND

No interim dividend has been declared in the third quarter of 2006 (third quarter 2005: nil) in respect of the financial year ending 31 December 2006.

16 CONFIRMATION BY DIRECTORS

The Directors of the Company confirm pursuant to Rule 705(4) of the Listing Manual that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results of the Company and of the Group for the third quarter and for the nine months ended 30 September 2006 to be false or misleading.

By Order of the Board

Elizabeth Teoh
Group Company Secretary
Singapore
9 November 2006