



GREAT EASTERN HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration Number: 199903008M)

FINANCIAL RESULTS FOR FIRST 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 first quarter ended 31 March 2006.

1 GROUP PROFIT AND LOSS STATEMENTS

in Singapore Dollars (millions)	First Quarter 2006	First Quarter 2005	% +/(-)
Turnover ⁽¹⁾	1,778.7	1,552.1	15
Gross Premiums	1,197.8	1,042.2	15
Life assurance profit from:			
Participating Fund	26.6	19.4	37
Non-participating Fund	40.5	48.1	(16)
Investment-linked Fund	13.9	11.6	20
Profit from life assurance	81.0	79.1	2
Profit from general insurance	3.4	4.0	(15)
Profit from insurance operations	84.4	83.1	2
Investment income, net	13.4	11.2	20
Interest income	5.1	3.5	46
Gain on sale of investments and changes in fair value	18.0	4.3	nm
Loss in exchange differences	(13.3)	(3.0)	nm
Profit from investments	23.2	16.0	45
Fees and other income	17.1	8.9	92
Profit before expenses	124.7	108.0	15
less:			
Management and other expenses	7.8	4.5	73
Depreciation and amortisation	0.3	0.2	50
Expenses	8.1	4.7	72
Profit after expenses	116.6	103.3	13
Share of loss of joint venture company ⁽²⁾	(0.7)	-	-
Profit before income tax	115.9	103.3	12
less: Income tax	17.5	11.9	47
Profit after income tax	98.4	91.4	8
Attributable to:			
Shareholders	95.3	90.3	6
Minority interest	3.1	1.1	182
	98.4	91.4	8
Basic earnings per share (in Singapore cents)	20 cents	19 cents	
Diluted earnings per share (in Singapore cents)	20 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⁾ Joint venture company in China, Chongqing has been formed with capital injection of RMB300 million as at 14 Feb 2006, of which The Great Eastern Life Assurance Co. Ltd's share is 50%. The incorporation of the joint venture company is pending receipt of final approval from China Insurance Regulatory Commission (CIRC) which is expected after full inspection. CIRC inspection was conducted on 18 April 2006.

2 BALANCE SHEETS

	Group			Company		
	31 Mar 2006	31 Dec 2005	% +/(−)	31 Mar 2006	31 Dec 2005	% +/(−)
in Singapore Dollars (millions)						
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	(9.9)	(10.1)	2	-	-	-
Fair value reserve	132.6	118.1	12	-	-	-
Accumulated profit	2,168.4	2,073.1	5	938.5	916.4	2
SHAREHOLDERS' FUND	2,739.3	2,629.3	4	1,805.9	1,783.8	1
MINORITY INTERESTS	25.1	31.7	(21)	-	-	-
TOTAL EQUITY	2,764.4	2,661.0	4	1,805.9	1,783.8	1
LIABILITIES						
Income tax	282.3	229.7	23	(0.1)	-	nm
Other creditors and interfund balances	794.9	914.9	(13)	2.5	2.5	-
Reinsurance liabilities	68.0	41.3	65	-	-	-
Unexpired risk reserve	57.1	51.6	11	-	-	-
Policy benefits	1,370.5	1,352.3	1	-	-	-
Claims admitted or intimated	140.5	146.7	(4)	-	-	-
Agents' retirement benefits	158.6	156.5	1	-	-	-
Deferred tax	281.6	271.7	4	(0.1)	(0.1)	-
General insurance fund	117.7	116.7	1	-	-	-
Life assurance fund	33,774.9	33,286.2	1	-	-	-
TOTAL EQUITY AND LIABILITIES	39,810.5	39,228.6	1	1,808.2	1,786.2	-
ASSETS						
Cash and bank balances	470.4	493.9	(5)	1.5	3.0	(50)
Cash on deposit	3,409.1	2,898.1	18	24.8	30.9	(20)
Other debtors and interfund balances	889.6	916.2	(3)	-	0.1	nm
Outstanding premiums	124.9	162.0	(23)	-	-	-
Reinsurance assets	88.2	71.5	23	-	-	1
Properties held for sale	-	5.5	nm	-	-	-
Investments	33,330.2	33,237.2	-	2.0	2.0	-
Associated and joint venture companies	37.6	120.7	(69)	-	-	-
Subsidiary companies	-	-	-	1,779.9	1,750.2	2
Goodwill and other intangible assets	92.5	93.8	(1)	-	-	-
Property, plant and equipment	1,368.0	1,229.7	11	-	-	-
TOTAL ASSETS	39,810.5	39,228.6	1	1,808.2	1,786.2	-
Net Asset Value per share (S\$)	5.79	5.56	4	3.82	3.77	1

nm - not meaningful / exceeding 200%

3 SELECTED MANAGEMENT EXPENSES

in Singapore Dollars (millions)	Shareholders' and General Insurance Funds		Life Assurance Fund	
	First Quarter 2006	First Quarter 2005	First Quarter 2006	First Quarter 2005
Directors' remuneration				
Directors of the Company	0.1	0.1	0.3	0.2
Auditors' remuneration				
Audit fees paid to Ernst & Young, Singapore	0.1	0.1	0.1	0.2
Audit fees paid to other auditors	0.1	0.1	0.1	-
Staff costs and related expenses	7.4	3.6	21.0	20.6
Rental expense	0.9	0.4	4.0	2.6
Loss on disposal of property, plant and equipment	-	-	1.5	-
Depreciation and amortisation	0.4	0.3	9.5	6.9

4 GROUP FINANCIAL HIGHLIGHTS

	Group			% +/-
	First Quarter 2006	First Quarter 2005		
Turnover	(S\$millions)	1,778.7	1,552.1	15
Gross Premiums	(S\$millions)	1,197.8	1,042.2	15
Total Assets	(S\$millions)	39,810.5	36,920.4	8
Profit Attributable to Shareholders	(S\$millions)	95.3	90.3	6
Shareholders' Fund	(S\$millions)	2,739.3	2,331.3	18
Profit After Tax before Minority Interests as a % of Turnover	%	5.5%	5.9%	-0.4 pp
Return on Equity (average Shareholders' Fund)	%	3.6%	3.9%	-0.3 pp
Gross Premium Growth	%	14.9%	-18.9%	33.8 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 31 March 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	-	-	-	-	35.7	-	35.7	-	35.7
Fair value changes transferred to Profit and Loss Statement during the period	-	-	-	-	(18.1)	-	(18.1)	-	(18.1)
Deferred tax on fair value changes	-	-	-	-	(3.1)	-	(3.1)	-	(3.1)
Net profit recognised directly in equity	-	-	-	0.2	14.5	-	14.7	-	14.7
Net profit for the period	-	-	-	-	-	95.3	95.3	3.1	98.4
Total recognised profit for the period	-	-	-	0.2	14.5	95.3	110.0	3.1	113.1
Transfer of share premium to share capital	10.7	(10.7)	-	-	-	-	-	-	-
Dividends paid to minority interest	-	-	-	-	-	-	-	(9.7)	(9.7)
Balance at 31 March 2006	247.4	-	200.8	(9.9)	132.6	2,168.4	2,739.3	25.1	2,764.4
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 31 March 2005:									
Exchange differences arising on translation of overseas entities	-	-	-	2.5	-	-	2.5	-	2.5
Current period movements in Fair Value Reserve:									
Fair value changes on remeasuring available-for-sale investments	-	-	-	-	7.1	-	7.1	-	7.1
Fair value changes transferred to Profit and Loss Statement during the period	-	-	-	-	(4.8)	-	(4.8)	-	(4.8)
Deferred tax on fair value changes	-	-	-	-	(1.4)	-	(1.4)	-	(1.4)
Net profit recognised directly in equity	-	-	-	2.5	0.9	-	3.4	-	3.4
Net profit for the period	-	-	-	-	-	90.3	90.3	1.1	91.4
Total recognised profit for the period	-	-	-	2.5	0.9	90.3	93.7	1.1	94.8
Dividends paid for the period:									
Final dividend for the previous year (net of 20% Singapore Tax)	-	-	-	-	-	(87.1)	(87.1)	-	(87.1)
Balance at 31 March 2005	236.7	10.7	164.9	(12.1)	95.2	1,835.9	2,331.3	12.9	2,344.2

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	-	-	-	22.1	22.1
Transfer of share premium to share capital	10.7	(10.7)	-	-	-
Balance at 31 March 2006	247.4	-	620.0	938.5	1,805.9
Balance at 1 January 2005	236.7	10.7	620.0	991.7	1,859.1
Net profit for the period	-	-	-	0.2	0.2
Dividends paid for the period:					
Final dividend for the previous year (net of 20% Singapore Tax)	-	-	-	(87.1)	(87.1)
Balance at 31 March 2005	236.7	10.7	620.0	904.8	1,772.2

7 CONSOLIDATED STATEMENT OF CASH FLOWS

in Singapore Dollars (millions)	First Quarter 2006	First Quarter 2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	115.9	103.3
Excess of income over expenses before income tax from life assurance revenue statement	124.4	101.8
Excess of income over expenses before income tax from general insurance revenue statement	4.9	5.7
Adjustments for non-cash items:		
Surplus transferred from life assurance fund but not yet withdrawn	(81.0)	(79.1)
Profit transferred from general insurance fund but not yet withdrawn	(3.4)	(4.0)
Share of loss of associated and joint venture companies	0.7	0.3
Amortisation of difference in purchase consideration over nominal value of government securities, loan stocks and bonds	7.4	7.8
Gain on sale of investments and changes in fair value	(261.9)	(96.2)
Loss on sale of properties held for sale	2.4	1.8
Increase in provision for impairment of assets	(1.2)	(0.8)
Increase in provision for agents' retirement benefits	5.2	3.9
Loss on disposal of property, plant and equipment	1.5	-
Depreciation and amortisation	9.9	7.2
Unrealised loss in exchange differences	103.6	12.0
	28.4	63.7
Changes in working capital:		
Reinsurance assets	(19.7)	6.3
Outstanding premiums	37.1	27.5
Other debtors	25.5	(142.5)
Insurance contract liabilities	98.2	486.3
Loss reserves	1.4	1.3
Claims admitted or intimated	(6.2)	8.2
Policy benefits	18.2	22.9
Unexpired risk reserve	5.7	(1.0)
Reinsurance liabilities	26.7	7.9
Other creditors	(121.1)	281.5
Cash generated from operations	94.2	762.1
Income tax paid	(30.7)	(50.7)
Agents' retirement benefits paid	(3.0)	(1.1)
Net cash flows from operating activities	60.5	710.3

7 CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

in Singapore Dollars (millions)	First Quarter 2006	First Quarter 2005
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	4,565.9	3,035.8
Purchase of investments	(4,189.1)	(4,304.3)
Proceeds from sale of properties held for sale	7.2	10.9
Proceeds from transfer of Dependents' Protection Scheme business from Central Provident Fund Board	123.8	-
Capital injection in joint venture company	(31.0)	-
Net cash outflow from acquisition of a subsidiary	(4.1)	-
Loan assigned from acquisition of a subsidiary	(13.6)	-
Proceeds from sale of property, plant and equipment	1.9	14.5
Purchase of property, plant and equipment	(18.6)	(17.5)
Net cash flows from/(used in) investing activities	442.4	(1,260.6)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to minority interest	(9.7)	-
Net cash flows used in financing activities	(9.7)	-
Net effect of translation reserve adjustment	(5.7)	99.6
Net increase/(decrease) in cash and cash equivalents	487.5	(450.7)
Cash and cash equivalents at the beginning of the period	3,392.0	4,869.8
Cash and cash equivalents at the end of the period	3,879.5	4,419.1

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 ASEAN		Consolidated	
	First Quarter 2006	First Quarter 2005	First Quarter 2006	First Quarter 2005	First Quarter 2006	First Quarter 2005	First Quarter 2006	First Quarter 2005
(a) Life Assurance Fund								
Premium income (net)	771.4	615.1	376.5	369.9	4.1	5.1	1,152.0	990.1
Commissions received from reinsurers	0.9	0.1	0.6	0.8	-	-	1.5	0.9
Investment, interest and rental income	280.2	193.8	188.2	162.9	1.8	2.6	470.2	359.3
Decrease in provision for impairment of assets	1.2	0.8	-	-	-	-	1.2	0.8
Total income	1,053.7	809.8	565.3	533.6	5.9	7.7	1,624.9	1,351.1
Claims, surrenders and annuities	1,066.5	465.7	188.4	163.6	2.0	2.7	1,256.9	632.0
Depreciation and amortisation	6.7	5.2	2.8	1.7	-	-	9.5	6.9
Commissions and expenses	56.2	44.0	79.8	78.5	1.8	1.0	137.8	123.5
Increase in life assurance fund contract liabilities	(146.8)	250.8	241.8	232.1	1.3	3.7	96.3	486.6
Income tax	28.7	12.2	14.6	10.4	0.1	0.1	43.4	22.7
Total expenses	1,011.3	777.9	527.4	486.3	5.2	7.5	1,543.9	1,271.7
Share of results of associated companies	-	(0.3)	-	-	-	-	-	(0.3)
Excess of income over expenses	42.4	31.6	37.9	47.3	0.7	0.2	81.0	79.1
Total assets employed	23,475.5	22,257.1	12,979.3	11,534.0	210.9	194.6	36,665.7	33,985.7
Capital expenditure	6.8	13.5	11.7	3.8	-	0.1	18.5	17.4
Property, plant and equipment	1,084.9	1,007.6	278.4	281.1	0.3	0.2	1,363.6	1,288.9
Intangible assets	26.8	13.8	47.0	18.4	-	-	73.8	32.2
Investments:	19,574.9	17,784.9	11,824.1	10,245.8	169.3	159.0	31,568.3	28,189.7
i. Government securities, loan stocks and bonds	10,650.7	10,166.4	6,708.0	5,798.1	91.1	86.4	17,449.8	16,050.9
ii. Quoted equity in corporations	6,017.1	5,148.1	3,366.1	3,005.5	51.2	46.6	9,434.4	8,200.2
iii. Unquoted equity in corporations	30.7	20.8	87.7	39.7	0.5	0.5	118.9	61.0
iv. Collective investment schemes	1,068.3	857.0	10.4	7.8	7.2	6.9	1,085.9	871.7
v. Derivatives and embedded derivatives	640.2	412.4	8.1	5.2	1.0	1.0	649.3	418.6
vi. Policy loans	864.6	846.1	1,129.2	1,046.6	18.3	17.6	2,012.1	1,910.3
vii. Unsecured loans	22.9	0.3	-	0.1	-	-	22.9	0.4
viii. Secured loans	280.4	333.8	514.6	342.8	-	-	795.0	676.6
Cash and bank balances	2,311.6	2,809.5	635.3	804.4	35.9	30.4	2,982.8	3,644.3

8 GROUP SEGMENTAL INFORMATION (continued)

(1) By Geographical Segments (continued)

in Singapore Dollars (millions)	Singapore		Malaysia		Other ASEAN		Consolidated	
	First Quarter 2006	First Quarter 2005	First Quarter 2006	First Quarter 2005	First Quarter 2006	First Quarter 2005	First Quarter 2006	First Quarter 2005
(b) General Insurance Fund								
Premium income (net)	4.7	11.4	11.7	9.6	0.1	0.1	16.5	21.1
Increase in unexpired risk reserve during the period	(0.6)	(2.0)	(1.3)	(0.8)	-	-	(1.9)	(2.8)
Commissions received from reinsurers	2.5	3.0	2.5	2.6	-	-	5.0	5.6
Claims and increase in loss reserve	(2.4)	(6.5)	(5.7)	(4.0)	-	-	(8.1)	(10.5)
Depreciation and amortisation	-	-	(0.1)	(0.1)	-	-	(0.1)	(0.1)
Commissions and expenses	(3.3)	(6.1)	(5.7)	(5.4)	-	-	(9.0)	(11.5)
Net underwriting profit	0.9	(0.2)	1.4	1.9	0.1	0.1	2.4	1.8
Investment and interest income	0.7	1.5	3.7	2.1	-	-	4.4	3.6
Total assets employed	97.1	153.5	126.3	123.0	0.3	0.9	223.7	277.4
Capital expenditure	-	-	-	-	-	-	-	-
(c) Shareholders' Fund								
Profit from insurance operations	42.6	32.7	41.2	50.3	0.6	0.1	84.4	83.1
Profit from investments	21.2	13.5	2.0	2.5	-	-	23.2	16.0
Fees and other income	17.1	8.9	-	-	-	-	17.1	8.9
Profit before expenses	80.9	55.1	43.2	52.8	0.6	0.1	124.7	108.0
Depreciation and amortisation	0.3	0.2	-	-	-	-	0.3	0.2
Share of loss of joint venture company	-	-	-	-	(0.7)	-	(0.7)	-
Profit/(loss) after income tax	66.0	52.5	32.5	38.8	(0.1)	0.1	98.4	91.4
Total assets employed ^(8.1)	2,680.2	2,355.9	307.7	366.2	3.4	2.1	2,921.1	2,657.3
Capital expenditure	0.1	-	-	0.1	-	-	0.1	0.1

^(8.1) elimination of inter-segment transactions - 2006: \$70.2 million (2005: \$66.9 million)

(2) By Business Segments

in Singapore Dollars (millions)	Life Assurance Fund (Non-Linked)		Life Assurance Fund (Linked)		Consolidated	
	First Quarter 2006	First Quarter 2005	First Quarter 2006	First Quarter 2005	First Quarter 2006	First Quarter 2005
Premium income (net)	934.1	859.3	217.9	130.8	1,152.0	990.1
Commissions received from reinsurers	1.3	0.9	0.2	-	1.5	0.9
Investment, interest and rental income	363.5	378.3	106.7	(19.0)	470.2	359.3
Decrease in provision for impairment of assets	1.2	0.7	-	0.1	1.2	0.8
Total income	1,300.1	1,239.2	324.8	111.9	1,624.9	1,351.1
Claims, surrenders and annuities	1,034.7	500.6	222.2	131.4	1,256.9	632.0
Depreciation and amortisation	9.2	6.7	0.3	0.2	9.5	6.9
Commissions and expenses	101.1	95.1	36.7	28.4	137.8	123.5
Increase in life assurance fund contract liabilities	47.2	425.7	49.1	60.9	96.3	486.6
Income tax	40.8	21.5	2.6	1.2	43.4	22.7
Total expenses	1,233.0	1,049.6	310.9	222.1	1,543.9	1,271.7
Share of results of associated companies	-	(0.3)	-	-	-	(0.3)
Excess of income over expenses	67.1	189.3	13.9	(110.2)	81.0	79.1
Total assets employed	34,035.0	31,644.8	2,630.7	2,340.9	36,665.7	33,985.7
Capital expenditure	18.5	17.4	-	-	18.5	17.4

9. REVIEW OF RESULTS

The financial statements of Great Eastern Holdings Limited (GEH) and its subsidiaries for the first quarter of 2006 (Q1-06) 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 2005, except as disclosed in paragraph 10 below.

9.1 Profit attributable to shareholders

Group profit attributable to shareholders for Q1-06 was \$95.3 million, 6% higher than the corresponding quarter in 2005.

9.2 Profit from insurance operations

As reported in the announcement of results last quarter, 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 Q1-05 comparatives have been restated. The restated amount included income tax of \$9.6 million borne by the insurance funds for Q1-05.

Profit from life assurance operations for Q1-06 was \$81.0 million, 2% higher than \$79.1 million for Q1-05. Profit from participating fund was \$26.6 million, 37% increase over Q1-05 due to higher maturity claims for which the corresponding 10% profit would accrue to the shareholders' funds. Profit from non-participating fund was \$40.5 million, 16% lower than Q1-05 due to relatively weaker investment performance principally from the Malaysian segment. Profit from investment linked fund was \$13.9 million, 20% increase over Q1-05 due to sustained efforts and focus in this product both in Singapore and Malaysia.

Profit from general insurance operations for Q1-06 reported \$3.4 million, 15% lower to \$4.0million for Q1-06.

9.3 Profit from investments of Shareholders' Fund

Pre-tax profit from investments in the shareholders' fund for Q1-06 was \$23.2 million, 45% higher than Q1-05. Investment and interest income reported increase by 20% and 46% respectively; and realised gains on sale of investments contributed strong performance for the quarter. However, the continued strengthening of the Singapore dollar against major currencies, including the Australian dollar and New Zealand dollar contributed to mark-to-market exchange losses. Since March 2006, action has been taken to hedge the foreign exposures in the fixed income portfolio of the Shareholders' funds.

9.4 Fees and other income

Pre-tax fees and other income for Q1-06 was \$17.1 million, 92% higher than \$8.9 million for Q1-05. Increases were contributed by GEH's asset management and financial advisory subsidiaries, Lion Capital Management Limited (Lion Capital), Lion Fairfield Asset Management and Alpha Financial Advisers Private Limited.

Assets under management by Lion Capital amounted to \$31 billion as at 31 March 2006, slightly lower than \$32 billion as at 31 December 2005.

9.5 Management and Other Expenses

Management and other expenses for Q1-06 amounted to \$8.1 million, 72% higher than \$4.7 million for the corresponding quarter last year. 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 Income Tax

The income tax expense for Q1-06 was \$17.5 million 47% higher than \$11.9 million for the corresponding quarter in 2005. As previously reported in Q1-05, there was a tax refund of \$4.8 million from final settlement of prior years' taxes.

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

Earnings per share for Q1-06 was 20 cents, higher than 19 cents in Q1-05. Non annualized return on equity for Q1-06 was 3.6%, as compared to 3.9% for Q1-05. Net asset value as at 31 March 2006 was \$5.79 per share, 4% higher than \$5.56 per share as at 31 December 2005.

9.8 Group Assets

The Group's total assets as at 31 March 2006 increased 1% to \$39.8 billion, from \$39.2 billion as at 31 December 2005.

10 ACCOUNTING POLICIES

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for Q1-06, consistent with the Group's audited financial statements for the year ended 31 December 2005, except for the adoption of revisions to several existing FRS that are applicable with effect from 1 January 2006.

On 20 March 2006, The Great Eastern Life Assurance Company Limited (GEL), a wholly owned subsidiary of GEH, purchased 51% interest in Straits Eastern Square Private Limited (SESPL) for cash consideration. SESPL was a 49%-held associated company of GEL as at 31 December 2005. On completion of the sale and purchase, SESPL became a 100% owned subsidiary of GEL. The transaction has been accounted for in accordance with FRS 103.

Apart from that which has been disclosed, the adoption of the revised FRS does not have any major financial impact on the Group's results for Q1-06.

11 UNAUDITED RESULTS

The consolidated Group financial results for the first quarter ended 31 March 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 positive. Earnings from the Group's insurance operations and investments will continue to be sensitive to any significant movements in the equity and foreign exchange markets, interest rates and oil prices.

The Group has intensified efforts to expand its regional footprint particularly in the areas of key personnel recruitment and local presence; these activities would translate into higher management expenses in the near to medium term. Regional focus presently (aside from Malaysia) includes China, Indonesia and Vietnam.

13 BORROWINGS, CONTINGENT LIABILITIES AND LONG TERM LIABILITIES

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

14 SHARE CAPITAL

The Company has not issued any shares during the quarter ended 31 March 2006. The Company's share capital has increased by \$10.7 million to \$247.4 million as at 31 March 2006 arising from the transfer of \$10.7 million from the share premium account, pursuant to the Companies (Amendment) Act (the "Act"). The Act came into effect on 30 January 2006, pursuant to which the concept of par value and authorised capital has been abolished. Accordingly, the Company's share premium account has been closed and its balance transferred to the share capital account.

15 DIVIDENDS

No interim dividend has been declared in the first quarter of 2006 (first quarter 2005: Nil).

By Order of the Board

Elizabeth Teoh
Group Company Secretary

Singapore
10 May 2006