

GREAT EASTERN HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 199903008M)

FINANCIAL RESULTS FOR FIRST QUARTER 2008

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 first quarter ended 31 March 2008.

1 GROUP PROFIT AND LOSS STATEMENTS

in Singapore Dollars (millions)	1st Quarter 2008	1st Quarter 2007	%
			+ / (-)
Turnover ⁽¹⁾	2,586.7	2,102.5	23
Gross Premiums	1,609.9	1,269.9	27
Life assurance profit from:			
Participating Fund	25.5	25.6	(0)
Non-participating Fund	(29.7)	53.4	(156)
Investment-linked Fund	11.1	19.9	(44)
Profit from life assurance	6.9	98.9	(93)
Profit from general insurance	7.5	11.0	(32)
Profit from insurance operations	14.4	109.9	(87)
Investment income, net	31.0	23.1	34
Gain on sale of investments and changes in fair value	37.1	14.7	152
Increase in provision for impairment of assets	(3.0)	-	nm
(Loss) / Gain in exchange differences	(3.3)	0.5	nm
Profit from investments	61.8	38.3	61
Fees and other income	22.3	30.6	(27)
Profit before expenses	98.5	178.8	(45)
less:			
Management and other expenses	24.7	20.1	23
Depreciation	0.2	0.2	0
Expenses	24.9	20.3	23
Profit after expenses	73.6	158.5	(54)
Share of (loss) / profit of associates	(1.9)	3.1	(161)
Share of loss of joint ventures	(0.5)	(0.7)	29
	71.2	160.9	(56)
less: Income tax	22.8	22.3	2
Net profit after income tax	48.4	138.6	(65)
Attributable to:			
Shareholders	45.0	134.5	(67)
Minority interest	3.4	4.1	(17)
	48.4	138.6	(65)
Basic and diluted earnings per share (in Singapore dollars)	\$0.10	\$0.28	(64)

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 fair value through profit and loss investments and investment properties) 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 fair value through profit and loss investments and investment properties) 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 fair value through profit and loss investments and investment properties) from the General Insurance Revenue Statement.

2 BALANCE SHEETS

in Singapore Dollars (millions)	Group			Company		
	31 March 2008	31 December 2007	% + / (-)	31 March 2008	31 December 2007	% + / (-)
Share capital	247.4	247.4	-	247.4	247.4	-
Reserves						
Merger reserve	15.8	15.8	-	435.0	435.0	-
Translation reserve	(15.8)	(17.4)	9	-	-	-
Fair value reserve	119.3	210.0	(43)	-	-	-
Accumulated profit	2,875.0	2,830.0	2	707.8	709.6	(0)
SHAREHOLDERS' FUND	3,241.7	3,285.8	(1)	1,390.2	1,392.0	(0)
MINORITY INTEREST	29.9	32.9	(9)	-	-	-
TOTAL EQUITY	3,271.6	3,318.7	(1)	1,390.2	1,392.0	(0)
LIABILITIES						
Income tax	288.9	259.3	11	(0.7)	(0.7)	-
Other creditors and interfund balances	1,909.9	1,443.9	32	5.3	4.5	18
Reinsurance liabilities	101.4	67.8	50	-	-	-
Unexpired risk reserve	67.1	59.7	12	-	-	-
Policy benefits	1,780.2	1,645.2	8	-	-	-
Claims admitted or intimated	166.0	165.3	0	-	-	-
Agents' retirement benefits	188.1	183.6	2	-	-	-
Deferred tax	847.8	1,019.1	(17)	-	-	-
General insurance fund	101.1	109.1	(7)	-	-	-
Life assurance fund	37,629.2	38,243.7	(2)	-	-	-
TOTAL EQUITY AND LIABILITIES	46,351.3	46,515.4	(0)	1,394.8	1,395.8	(0)
ASSETS						
Cash and cash equivalents	4,076.3	2,768.3	47	36.2	19.1	90
Other debtors and interfund balances	1,665.4	1,365.8	22	-	-	-
Outstanding premiums	149.8	168.7	(11)	-	-	-
Reinsurance assets	93.2	79.0	18	-	-	-
Loans	3,566.6	3,469.2	3	-	-	-
Investments	34,216.0	35,993.7	(5)	-	-	-
Associates and joint ventures	499.1	581.9	(14)	-	-	-
Subsidiaries	-	-	-	619.0	635.6	(3)
Amounts due from subsidiaries, associates and joint ventures	68.6	66.3	3	739.3	740.8	(0)
Goodwill	25.5	25.5	-	-	-	-
Property, plant and equipment	814.0	818.7	(1)	0.3	0.3	-
Investment properties	1,176.8	1,178.3	(0)	-	-	-
TOTAL ASSETS	46,351.3	46,515.4	(0)	1,394.8	1,395.8	(0)
Net Asset Value per share	6.85	6.94	(1)	2.94	2.94	-

nm - not meaningful / exceeding 200%

3 SELECTED MANAGEMENT EXPENSES

in Singapore Dollars (millions)		Shareholders' and General Insurance Funds		Life Assurance Fund	
		1st Quarter 2008	1st Quarter 2007	1st Quarter 2008	1st Quarter 2007
		1	Directors' remuneration - Directors of the Company	0.1	0.1
2	Auditors' remuneration - other fees paid to Ernst & Young, Singapore	-	-	-	0.1
3	Staff costs and related expenses (Including key management personnel compensation)	13.2	10.1	32.8	27.4
4	Rental expense	0.6	0.7	4.1	3.5
5	Gain on disposal of property, plant and equipment	-	-	(9.1)	(9.4)
6	Depreciation	0.3	0.3	11.4	9.2

4 GROUP FINANCIAL HIGHLIGHTS

		Group		
		1st Quarter 2008	1st Quarter 2007	% + / (-)
1	Turnover	(S\$millions) 2,586.7	2,102.5	23
2	Gross Premiums	(S\$millions) 1,609.9	1,269.9	27
3	Total Assets	(S\$millions) 46,351.3	43,887.1	6
4	Profit Attributable to Shareholders	(S\$millions) 45.0	134.5	(67)
5	Shareholders' Fund	(S\$millions) 3,241.7	3,100.5	5
6	Profit After Tax before Minority Interests as a % of Turnover	% 1.9%	6.6%	-4.7 pp
7	Return on Equity (Average Shareholders' Fund)	% 1.4%	4.5%	-3.1 pp
8	Gross Premium Growth	% 26.8%	6.0%	20.8 pp

5 GROUP STATEMENT OF CHANGES IN EQUITY

in Singapore Dollars (millions)	Attributable to shareholders of the Company						Minority Interest	Total Equity
	Share Capital	Merger Reserve	Translation Reserve	Fair Value Reserve	Accumulated Profit	Total		
Balance at 1 January 2008	247.4	15.8	(17.4)	210.0	2,830.0	3,285.8	32.9	3,318.7
Net profit/(loss) recognised directly in equity for period ended 31 March 2008:								
Exchange differences arising on translation of overseas entities	-	-	1.6	-	-	1.6	(0.1)	1.5
Current period movements in Fair Value Reserve:								
Fair value changes on remeasuring available-for-sale investments	-	-	-	(73.0)	-	(73.0)	1.1	(71.9)
Fair value changes transferred to Profit and Loss Statement during the period	-	-	-	(38.5)	-	(38.5)	-	(38.5)
Deferred tax on fair value changes	-	-	-	20.7	-	20.7	(0.3)	20.4
Deferred tax - effect of change in tax rate	-	-	-	0.1	-	0.1	-	0.1
Net profit recognised directly in equity	-	-	1.6	(90.7)	-	(89.1)	0.7	(88.4)
Net profit for the period	-	-	-	-	45.0	45.0	3.4	48.4
Total recognised profit for the period	-	-	1.6	(90.7)	45.0	(44.1)	4.1	(40.0)
Liquidation distribution	-	-	-	-	-	-	(7.1)	(7.1)
Balance at 31 March 2008	247.4	15.8	(15.8)	119.3	2,875.0	3,241.7	29.9	3,271.6

in Singapore Dollars (millions)	Attributable to shareholders of the Company						Minority Interest	Total Equity
	Share Capital	Merger Reserve	Translation Reserve	Fair Value Reserve	Accumulated Profit	Total		
Balance at 1 January 2007	247.4	125.8	(20.3)	146.8	2,435.7	2,935.4	33.0	2,968.4
Net profit/(loss) recognised directly in equity for period ended 31 March 2007:								
Exchange differences arising on translation of overseas entities	-	-	0.7	-	-	0.7	0.4	1.1
Current period movements in Fair Value Reserve:								
Fair value changes on remeasuring available-for-sale investments	-	-	-	45.3	-	45.3	-	45.3
Fair value changes transferred to Profit and Loss Statement during the period	-	-	-	(15.3)	-	(15.3)	-	(15.3)
Deferred tax on fair value changes	-	-	-	(5.2)	-	(5.2)	-	(5.2)
Deferred tax - effect of change in tax rate	-	-	-	5.1	-	5.1	-	5.1
Net profit recognised directly in equity	-	-	0.7	29.9	-	30.6	0.4	31.0
Net profit for the period	-	-	-	-	134.5	134.5	4.1	138.6
Total recognised profit for the period	-	-	0.7	29.9	134.5	165.1	4.5	169.6
Dividends paid to minority interest	-	-	-	-	-	-	(9.1)	(9.1)
Balance at 31 March 2007	247.4	125.8	(19.6)	176.7	2,570.2	3,100.5	28.4	3,128.9

6 COMPANY STATEMENT OF CHANGES IN EQUITY

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Accumulated Profit	Total
Balance at 1 January 2008	247.4	435.0	709.6	1,392.0
Net profit for the period	-	-	(1.8)	(1.8)
Balance at 31 March 2008	247.4	435.0	707.8	1,390.2
Balance at 1 January 2007	247.4	545.0	827.5	1,619.9
Net profit for the period	-	-	20.5	20.5
Balance at 31 March 2007	247.4	545.0	848.0	1,640.4

7 CONSOLIDATED STATEMENT OF CASH FLOWS

in Singapore Dollars (millions)	1st Quarter 2008	1st Quarter 2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	71.2	160.9
Amount from life assurance revenue statement	780.3	186.0
Retained in life assurance fund	(804.3)	(47.0)
Excess of income over expenses before income tax from general insurance revenue statement	9.7	15.7
Adjustments for non-cash items:		
Surplus transferred from life assurance fund but not yet withdrawn	(6.9)	(98.9)
Profit transferred from general insurance fund but not yet withdrawn	(7.5)	(11.0)
Share of loss / (profit) of associates and joint ventures	14.3	(20.3)
Amortisation of difference in purchase consideration over nominal value of government securities, loan stocks and bonds	(0.6)	2.9
Loss / (Gain) on sale of investments and changes in fair value	95.1	(449.0)
Increase / (decrease) in provision for impairment of assets	3.0	(1.7)
Increase in provision for agents' retirement benefits	6.8	5.3
Gain on disposal of property, plant and equipment and investment properties	(9.1)	(9.4)
Depreciation	11.7	9.5
Unrealised loss in exchange differences	74.1	16.3
Dividend income	(84.7)	(74.8)
Interest income	(339.6)	(312.7)
Interest on policy benefits	16.5	14.1
Shared-based payments	0.1	0.3
	(169.9)	(613.8)
Changes in working capital:		
Reinsurance assets	(14.2)	(19.8)
Outstanding premiums	18.9	26.6
Other debtors and interfund balances	(299.6)	(180.2)
Insurance contract liabilities	566.2	584.2
Loss reserves	(0.2)	4.7
Claims admitted and intimated	0.7	(6.8)
Policy benefits	135.0	32.7
Unexpired risk reserve	7.4	4.7
Reinsurance liabilities	33.6	16.8
Other creditors and interfund balances	465.9	280.1
Cash generated from operations	743.8	129.2
Income tax paid	(49.2)	(64.5)
Interest paid on policy benefits	(16.5)	(14.1)
Agents' retirement benefits paid	(1.2)	(1.7)
Net cash flows from operating activities	676.9	48.9
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	3,826.5	4,653.2
Purchase of investments	(3,645.3)	(4,658.4)
Proceeds from reduction of interests in associated company	68.8	10.1
Repayment of loan by subsidiary	-	14.7
Proceeds from sale of property, plant and equipment and investment properties	10.5	14.1
Purchase of property, plant and equipment and investment properties	(8.6)	(33.0)
Interest income received	339.6	312.7
Dividend received	84.7	74.8
Net cash flows from investing activities	676.2	388.2
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to minority interest	-	(9.1)
Net cash flows used in financing activities	-	(9.1)
Net effect of translation reserve adjustment	(45.1)	140.4
Net increase in cash and cash equivalents	1,308.0	568.4
Cash and cash equivalents at the beginning of the period	2,768.3	3,823.9
Cash and cash equivalents at the end of the period	4,076.3	4,392.3
Cash and cash equivalents comprise:		
Cash and bank balances	654.4	348.6
Cash on deposit	1,892.7	3,216.4
Short term instruments	1,529.2	827.3
	4,076.3	4,392.3

8 GROUP SEGMENTAL INFORMATION

(A) By Geographical Segments

in Singapore Dollars (millions)	Singapore		Malaysia		Other Asia		Consolidated	
	1st Quarter 2008	1st Quarter 2007	1st Quarter 2008	1st Quarter 2007	1st Quarter 2008	1st Quarter 2007	1st Quarter 2008	1st Quarter 2007
(a) Shareholders' Fund								
Profit/(loss) from insurance operations ^(8.1)	(43.9)	47.4	59.1	62.5	(0.8)	-	14.4	109.9
Profit from investments	59.1	35.1	2.4	3.2	0.3	-	61.8	38.3
Fees and other income	22.3	30.6	-	-	-	-	22.3	30.6
Profit/(loss) before expenses	37.5	113.1	61.5	65.7	(0.5)	-	98.5	178.8
	31 Mar 08	31 Dec 07	31 Mar 08	31 Dec 07	31 Mar 08	31 Dec 07	31 Mar 08	31 Dec 07
Segment assets ^(8.2)	3,425.6	3,493.8	545.6	511.0	57.7	9.0	3,890.9	3,928.2
Investments in associates and joint ventures	67.8	77.3	-	-	-	-	67.8	77.3
Total assets employed ^(8.2)	3,493.4	3,571.1	545.6	511.0	57.7	9.0	3,958.7	4,005.5
Segment liabilities	453.2	432.1	59.8	60.5	-	-	513.0	492.6
Income tax and deferred tax liabilities	141.6	152.5	32.5	41.7	-	-	174.1	194.2
Total liabilities	594.8	584.6	92.3	102.2	-	-	687.1	686.8
Capital expenditure	0.1	1.2	-	-	-	-	0.1	1.2
^(8.1) On a restated basis for all funds reported on net of tax, profit or loss from insurance operations would be as follows:								
Profit/(loss) before tax from insurance operations	(53.5)	57.8	60.3	64.8	(0.8)	-	6.0	122.6
less: Income tax	(9.6)	10.4	15.7	17.5	-	-	6.1	27.9
Profit/(loss) after tax from insurance	(43.9)	47.4	44.6	47.3	(0.8)	-	(0.1)	94.7
Profit transferred from Singapore insurance funds and Malaysia general funds are presented net of tax in the Profit and Loss Statement and Revenue Statements. This is done to reflect the substance that the tax liability is borne by the respective insurance funds.								
Profit transferred from Malaysia life funds are presented before tax in the Revenue Statements.								
^(8.2) elimination of inter-segment transactions - 2008: \$138.0 million (2007:\$85.6 million)								
(b) General Insurance Fund								
Premiums less reinsurances	7.6	5.3	14.7	12.9	-	-	22.3	18.2
Increase in unexpired risk reserve during the period	(1.7)	(0.6)	(2.7)	(1.6)	-	-	(4.4)	(2.2)
Commissions received from reinsurers	2.3	2.1	2.8	2.6	-	-	5.1	4.7
Net claims and increase in loss reserves	0.2	(1.4)	(7.2)	(5.8)	-	-	(7.0)	(7.2)
Depreciation	-	-	(0.1)	(0.1)	-	-	(0.1)	(0.1)
Commissions and expenses	(4.4)	(3.4)	(7.0)	(6.5)	-	-	(11.4)	(9.9)
Net underwriting profit	4.0	2.0	0.5	1.5	-	-	4.5	3.5
	31 Mar 08	31 Dec 07	31 Mar 08	31 Dec 07	31 Mar 08	31 Dec 07	31 Mar 08	31 Dec 07
Segment assets / Total assets employed	98.3	85.9	126.1	120.1	0.5	0.5	224.9	206.5
Segment liabilities	91.1	79.2	122.9	114.2	0.5	0.5	214.5	193.9
Income tax and deferred tax liabilities	7.2	6.7	3.2	5.9	-	-	10.4	12.6
Total liabilities	98.3	85.9	126.1	120.1	0.5	0.5	224.9	206.5
Capital expenditure	-	-	0.2	0.5	-	-	0.2	0.5
(c) Life Assurance Fund								
Premiums less reassurances	1,127.2	816.0	421.5	399.8	9.6	5.1	1,558.3	1,220.9
Commissions received from reinsurers	0.9	(1.3)	0.5	2.0	-	-	1.4	0.7
Investment and rental income	(364.3)	402.2	592.7	352.2	(3.8)	3.6	224.6	758.0
Decrease in provision for impairment of assets	-	1.7	-	-	-	-	-	1.7
	763.8	1,218.6	1,014.7	754.0	5.8	8.7	1,784.3	1,981.3
Claims less reassurances	669.0	874.0	350.0	243.9	3.1	2.6	1,022.1	1,120.5
Commissions and expenses	99.6	59.6	93.5	88.8	3.6	2.1	196.7	150.5
	31 Mar 08	31 Dec 07	31 Mar 08	31 Dec 07	31 Mar 08	31 Dec 07	31 Mar 08	31 Dec 07
Segment assets	25,031.1	24,995.5	16,415.4	16,504.3	289.9	299.0	41,736.4	41,798.8
Investments in associates and joint ventures	431.3	504.6	-	-	-	-	431.3	504.6
Total assets employed	25,462.4	25,500.1	16,415.4	16,504.3	289.9	299.0	42,167.7	42,303.4
Segment liabilities	24,705.0	24,656.2	16,221.8	16,277.9	288.7	297.7	41,215.5	41,231.8
Income tax and deferred tax liabilities	757.4	843.9	193.6	226.4	1.2	1.3	952.2	1,071.6
Total liabilities	25,462.4	25,500.1	16,415.4	16,504.3	289.9	299.0	42,167.7	42,303.4
Capital expenditure	5.8	32.0	2.5	69.6	-	4.2	8.3	105.8

8 GROUP SEGMENTAL INFORMATION (continued)

(B) By Business Segments

in Singapore Dollars (millions)	Life Assurance Fund (Non-Linked)		Life Assurance Fund (Linked)		Consolidated	
	1st Quarter 2008	1st Quarter 2007	1st Quarter 2008	1st Quarter 2007	1st Quarter 2008	1st Quarter 2007
Premiums less reassurances	1,189.4	859.1	368.9	361.8	1,558.3	1,220.9
Commissions received from reinsurers	1.2	0.4	0.2	0.3	1.4	0.7
Investment and rental income	744.5	642.4	(519.9)	115.6	224.6	758.0
Decrease in provision for impairment of assets	-	1.7	-	-	-	1.7
	1,935.1	1,503.6	(150.8)	477.7	1,784.3	1,981.3
Claims less reassurances	910.5	340.8	111.6	779.7	1,022.1	1,120.5
Commissions and expenses	139.1	61.7	57.6	88.8	196.7	150.5
	31 Mar 08	31 Dec 07	31 Mar 08	31 Dec 07	31 Mar 08	31 Dec 07
Segment assets	37,784.2	37,814.3	3,952.2	3,984.5	41,736.4	41,798.8
Investments in associates and joint ventures	431.3	504.6	-	-	431.3	504.6
Total assets employed	38,215.5	38,318.9	3,952.2	3,984.5	42,167.7	42,303.4
Capital expenditure	8.3	105.8	-	-	8.3	105.8

9 REVIEW OF RESULTS

The Group Financial Statements for the first quarter of 2008 (Q1-08) have been prepared in accordance with Singapore Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS).

9.1 GROSS BUSINESS PREMIUMS

Gross business premiums sales rose 27% in Q1-08 to \$1.61 billion (Q1-07: \$1.27 billion). The share of business premiums between Singapore and Malaysia was in the ratio of 70:30 (Q1-07 at 65:35). New business premiums from the life assurance operations rose 51% in Q1-08 to \$856.9 million (Q1-07: \$567.1 million). The increase was due to increased sale in a single premium product distributed through the bancassurance channel in Singapore.

9.2 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Group profit attributable to shareholders for Q1-08 fell by \$89.5 million or 67% to \$45.0 million compared with Q1-07 (\$134.5 million) due to:

(a)	Decrease in insurance profits	- \$95.5 million
(b)	Lower fee and income from Lion Capital	- \$ 8.3 million
(c)	Higher management and other expenses	- \$ 4.6 million
(d)	Lower profits from Associates and Joint Ventures	- \$ 4.8 million
(e)	Asset impairment provision and loss in exchange differences	- \$ 6.8 million
	and offset in part by	
(a)	Higher investment income from shareholders' fund	+ \$ 7.9 million
(b)	Higher realised gain on sale of investments from shareholders' fund	+ \$22.4 million

9.3 PROFIT FROM INSURANCE OPERATIONS

- (a) Profit from life assurance operations decreased 93% in Q1-08 to \$6.9 million (Q1-07: \$98.9 million) due mainly to net loss from non-participating fund of \$29.7 million (Q1-07: profit of \$53.4 million).
- (b) Profit from participating fund in Q1-08 was \$25.5 million, remained at about the same level as in Q1-07 (\$25.6 million).
- (c) Non-participating fund registered a net loss of \$29.7 million in Q1-08 compared with a profit of \$53.4 million in Q1-07, due primarily to a post-tax loss of \$59.0 million incurred by the Singapore non-participating funds. Two main factors were (a) debt and equity market volatility resulted in marked-to-market losses for the investments and (b) long term insurance contract liabilities increased following a decline in the applicable interest rate used to discount these liabilities.

The Malaysian segment reported a post-tax profit of \$21.7 million (Q1-07: \$23.6 million).

- (d) Profit from investment linked fund decreased by \$8.8 million (44%) in Q1-08 to \$11.1 million (Q1-07: \$19.9 million) due mainly to a post-tax loss of \$2.7 million incurred by the Singapore investment linked fund (Q1-07: profit of \$6.5 million). The loss arose from higher absorption of shared management expenses.
- (e) Profit from general insurance decreased 32% in Q1-08 to \$7.5 million (Q1-07: \$11.0 million) due to weaker investment performance in Singapore and Malaysia this year.
- (f) The underlying insurance business of the Group remains healthy, with gross premiums income, new business premiums and new business embedded value recording year-on-year increases of 27%, 51% and 18% respectively.

9.4 PROFIT FROM INVESTMENTS OF SHAREHOLDERS' FUND

Shareholders' fund registered a 61% increase in profit in Q1-08 to \$61.8 million (Q1-07: \$38.3 million) attributed to the gain on sale of shares in Straits Trading Company Limited (\$42.2 million) and higher investment income. Provision for assets impairment of \$3.0 million was due to a non performing loan. Loss in exchange differences of \$3.3 million because the USD weakened against SGD during the quarter.

9.5 FEES AND OTHER INCOME

Fees and other income declined 27% in Q1-08 to \$22.3 million (Q1-07: \$30.6 million) due mainly to lower unit trust income, lower fund management fees received on reduced marked-to-market valuation for Assets Under Management and lower performance incentive fees as compared to same quarter last year.

9.6 MANAGEMENT AND OTHER EXPENSES

Management and other expenses increased 23% in Q1-08 to \$24.7 million (Q1-07: \$20.1 million). The increase which was within expectations, comprised higher salaries and related costs incurred by Lion Capital due to increase in headcount and regional start-up costs and higher operating expenses of insurance operations in China, Indonesia and Vietnam.

9.7 SHARE OF LOSS OF ASSOCIATES

Share of loss of associates of \$1.9 million (Q1-07: profit of \$3.1 million) was due to decrease in net assets value (USD) of the associates and reversal of share of results in associates due to reduction in interest.

9.8 INCOME TAX

The Malaysian corporate tax rate dropped to 26% (from 27%) effective this year. Singapore corporate tax rate is 18%. Despite lower profits, income tax expense increased 2% in Q1-08 to \$22.8 million (Q1-07: \$22.3 million) due to tax on gain on sale of shares in Straits Trading Company Limited.

9.9 EARNINGS PER SHARE AND RETURN ON EQUITY

	<u>Q1-08</u>	<u>Q1-07</u>	<u>+/(-)</u>
Earnings per share	\$0.10	\$0.28	-64%
Return on equity	1.4%	4.5%	-3.1pp

9.10 NET ASSET VALUE PER SHARE AND GROUP ASSETS

	<u>31 Mar 08</u>	<u>31 Dec 07</u>	<u>+/(-)</u>
Net asset value per share	\$6.85	\$6.94	-1.3%
Group Assets	\$46.35 billion	\$46.51 billion	-0.3%

9.11 BALANCE SHEETS

(a) Other Creditors, Debtors and Interfund Balances.

Creditors and Interfund balances increased 32% from \$1,444 million to \$1,910 million due mainly to increase in amounts payable for investments trades. Debtors and Interfund balances increased 22% from \$1,366 million to \$1,665 million due to increase in amounts receivable from sale of investments.

- (b) Reinsurance Liabilities
Reinsurance liabilities increased 50% from \$68 million to \$101 million due mainly to the general insurance business.
- (c) Associates and Joint Ventures.
Associates and joint ventures decreased 14% from \$582 million to \$499 million due to ongoing reduction of interests in one of the associates (from 35% in Dec 07 to 30% in Mar 08).

10 ACCOUNTING POLICIES

The Group adopted the accounting policies and methods of computation for the financial statements for Q1-08, consistent with the audited financial statements for the year ended 31 December 2007.

The adoption of the other revised and new FRS and INT FRS which came into effect on 1 January 2008 did not have any material financial impact on the Group's results for Q1-08.

11 UNAUDITED RESULTS

The consolidated Group's financial results for the first quarter ended 31 March 2008 have not been audited by the Group's auditors.

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

12.1 The Group's overall performance is affected by local, regional and global economic conditions and growth. The volatility in interest rates / credit spreads and equity markets is expected to impact earnings of the non-participating funds in Singapore.

12.2 The Group continues to expand its operations in Singapore, Malaysia, China, Indonesia and Vietnam. The acceleration of activities in the regional markets will increase management expenses and breakeven is projected to take a few years for the operations in 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 2008 (31 December 2007: nil). The Group has maintained strong liquidity for its business operations.

14 SHARE CAPITAL

The Company's issued and paid up share capital amounted to \$247.4 million as at 31 March 2008, the same as 31 December 2007.

15 DIVIDEND

No interim dividend has been declared in the first quarter of 2008 (first quarter 2007: nil).

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 their attention which may render the unaudited financial results of the Company and of the Group for the first quarter ended 31 March 2008 to be false or misleading.

BY ORDER OF THE BOARD

Elizabeth Teoh
Group Company Secretary
Singapore
6 May 2008