

## **GREAT EASTERN HOLDINGS LIMITED**

(Incorporated in the Republic of Singapore)  
(Company Registration No 199903008M)



### **To Our Shareholders**

The Board of Directors of Great Eastern Holdings Limited ("GEH") wishes to announce the following:

#### **Unaudited Financial Results of GEH Group for the First Quarter Ended 31 March 2009**

For the quarter ended 31 March 2009, GEH Group reported Group Profit Attributable to Shareholders of \$237 million, an increase from \$45 million for the first quarter of 2008. Details of the financial results are attached.

#### **Dividend**

No interim dividend has been declared in the first quarter of 2009 (first quarter 2008: nil).

#### **Confirmation by Directors pursuant to Rule 705(4) of the Listing Manual**

The Directors of the Company confirm that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results of the Company and of the Group for the first quarter ended 31 March 2009 to be false or misleading in any material aspect.

By Order of the Board

Jennifer Wong Pakshong  
Group Company Secretary

Singapore, 5 May 2009

*The Group financial results are also available on the Company's website at [www.lifeisgreat.com.sg](http://www.lifeisgreat.com.sg).*

**FINANCIAL RESULTS FOR THE FIRST QUARTER 2009**

**1 GROUP PROFIT AND LOSS STATEMENTS**

| in Singapore Dollars (millions)                                | 1st Quarter<br>2009 | 1st Quarter<br>2008 | %<br>+/( -) |
|--|---------------------|---------------------|-------------|
| Gross Written Premiums   | 1,175.7             | 1,609.9             | (27)        |
| Life assurance profit from:                                    |                     |                     |             |
| Participating Fund   | 29.1                | 25.5                | 14          |
| Non-participating Fund   | 194.6               | (29.7)              | nm          |
| Investment-linked Fund   | 41.8                | 11.1                | 277         |
| Profit from life assurance                                     | 265.5               | 6.9                 | nm          |
| Profit from general insurance                                  | 12.1                | 7.5                 | 61          |
| <b>Profit from insurance operations</b>                        | <b>277.6</b>        | <b>14.4</b>         | <b>nm</b>   |
| Investment income, net   | 24.8                | 31.0                | (20)        |
| (Loss) / Gain on sale of investments and changes in fair value | (21.5)              | 37.1                | nm          |
| Increase in provision for impairment of assets                 | (2.3)               | (3.0)               | nm          |
| Gain / (Loss) in exchange differences                          | 5.2                 | (3.3)               | nm          |
| <b>Profit from investments</b>                                 | <b>6.2</b>          | <b>61.8</b>         | <b>(90)</b> |
| <b>Fees and other income</b>                                   | <b>14.6</b>         | <b>22.3</b>         | <b>(35)</b> |
| <b>Profit before expenses</b>                                  | <b>298.4</b>        | <b>98.5</b>         | <b>203</b>  |
| less:  |                     |                     |             |
| Management and other expenses                                  | 17.3                | 24.7                | (30)        |
| Depreciation   | 0.2                 | 0.2                 | -           |
| <b>Expenses</b>  | <b>17.5</b>         | <b>24.9</b>         | <b>(30)</b> |
| <b>Profit after expenses</b>                                   | <b>280.9</b>        | <b>73.6</b>         | <b>282</b>  |
| Share of loss of associates                                    | (0.1)               | (1.9)               | nm          |
| Share of loss of joint ventures                                | (1.2)               | (0.5)               | nm          |
|  | 279.6               | 71.2                | 293         |
| less: Income tax   | 40.8                | 22.8                | 79          |
| <b>Net profit after income tax</b>                             | <b>238.8</b>        | <b>48.4</b>         | <b>nm</b>   |
| <b>Attributable to:</b>  |                     |                     |             |
| Shareholders   | 237.0               | 45.0                | nm          |
| Minority interest  | 1.8                 | 3.4                 | (47)        |
|  | 238.8               | 48.4                | nm          |
| Basic and diluted earnings per share (in Singapore Dollars)    | 0.5                 | 0.1                 | nm          |

**2 GROUP STATEMENT OF COMPREHENSIVE INCOME for the period ended 31 March**

| in Singapore Dollars (millions)                                  | 2009          | 2008          | %<br>+/( -) |
|--|---------------|---------------|-------------|
| Profit for the period  | 238.8         | 48.4          | nm          |
| <b>Other comprehensive income:</b>                               |               |               |             |
| Exchange differences arising on translation of overseas entities | 4.3           | 4.9           | (12)        |
| Share of translation reserves of associates and joint ventures   | 3.6           | (3.4)         | nm          |
| Change in fair value of Available-For-Sale financial assets      | (51.1)        | (110.4)       | nm          |
| Income tax relating to components of other comprehensive income  | 2.8           | 20.5          | (86)        |
| <b>Other comprehensive income for the period, net of tax</b>     | <b>(40.4)</b> | <b>(88.4)</b> | <b>nm</b>   |
| <b>Total comprehensive income for the period</b>                 | <b>198.4</b>  | <b>(40.0)</b> | <b>nm</b>   |
| <b>Total comprehensive income attributable to:</b>               |               |               |             |
| Shareholders   | 196.4         | (44.1)        | nm          |
| Minority interests   | 2.0           | 4.1           | (51)        |
|  | 198.4         | (40.0)        | nm          |

nm - not meaningful / exceeding 300%

### 3 BALANCE SHEETS

| in Singapore Dollars (millions)                                 | Group           |           |              | Company        |           |              |
|---|-----------------|-----------|--------------|----------------|-----------|--------------|
|   | 31 Mar 09       | 31 Dec 08 | %<br>+ / (-) | 31 Mar 09      | 31 Dec 08 | %<br>+ / (-) |
| <b>Share capital</b>  | <b>247.4</b>    | 247.4     | -            | <b>247.4</b>   | 247.4     | -            |
| <b>Reserves</b>   |                 |           |              |                |           |              |
| Merger reserve  | -               | -         |              | <b>419.2</b>   | 419.2     | -            |
| Translation reserve   | <b>(18.0)</b>   | (25.9)    | nm           | -              | -         | -            |
| Fair value reserve  | <b>(130.9)</b>  | (82.4)    | nm           | -              | -         | -            |
| Accumulated profit  | <b>3,109.1</b>  | 2,872.1   | 8            | <b>746.8</b>   | 735.7     | 2            |
| <b>SHAREHOLDERS' FUND</b>                                       | <b>3,207.6</b>  | 3,011.2   | 7            | <b>1,413.4</b> | 1,402.3   | 1            |
| <b>MINORITY INTEREST</b>  | <b>25.1</b>     | 28.5      | (12)         | -              | -         | -            |
| <b>TOTAL EQUITY</b>   | <b>3,232.7</b>  | 3,039.7   | 6            | <b>1,413.4</b> | 1,402.3   | 1            |
| <b>LIABILITIES</b>  |                 |           |              |                |           |              |
| Income tax  | <b>167.5</b>    | 166.7     | -            | <b>(0.7)</b>   | (0.7)     | -            |
| Other creditors and interfund balances                          | <b>2,360.6</b>  | 2,036.9   | 16           | <b>5.7</b>     | 4.9       | 16           |
| Reinsurance liabilities   | <b>95.9</b>     | 75.6      | 27           | -              | -         | -            |
| Unexpired risk reserve  | <b>77.4</b>     | 67.1      | 15           | -              | -         | -            |
| Policy benefits   | <b>1,860.4</b>  | 1,839.6   | 1            | -              | -         | -            |
| Claims admitted or intimated                                    | <b>173.3</b>    | 178.4     | (3)          | -              | -         | -            |
| Agents' retirement benefits                                     | <b>185.8</b>    | 183.2     | 1            | -              | -         | -            |
| Deferred tax  | <b>430.7</b>    | 486.7     | (12)         | -              | -         | -            |
| Amounts due to subsidiaries,<br>associates and joint ventures   | <b>0.4</b>      | 0.5       | (20)         | -              | -         | -            |
| General insurance fund  | <b>91.0</b>     | 96.0      | (5)          | -              | -         | -            |
| Life assurance fund   | <b>35,556.6</b> | 35,855.8  | (1)          | -              | -         | -            |
| <b>TOTAL EQUITY AND LIABILITIES</b>                             | <b>44,232.3</b> | 44,026.2  | 0            | <b>1,418.4</b> | 1,406.5   | 1            |
| <b>ASSETS</b>   |                 |           |              |                |           |              |
| Cash and cash equivalents                                       | <b>4,553.6</b>  | 4,030.4   | 13           | <b>29.4</b>    | 17.8      | 65           |
| Other debtors and interfund balances                            | <b>1,918.8</b>  | 1,761.3   | 9            | -              | -         | -            |
| Outstanding premiums  | <b>149.8</b>    | 177.2     | (15)         | -              | -         | -            |
| Reinsurance assets  | <b>85.9</b>     | 66.7      | 29           | -              | -         | -            |
| Deferred tax  | -               | 22.1      | (100)        | -              | -         | -            |
| Loans   | <b>3,910.8</b>  | 3,809.5   | 3            | -              | -         | -            |
| Investments   | <b>31,222.9</b> | 31,795.0  | (2)          | -              | -         | -            |
| Amounts due from subsidiaries,<br>associates and joint ventures | <b>5.8</b>      | 5.7       | 2            | <b>753.1</b>   | 752.9     | -            |
| Associates and joint ventures                                   | <b>492.9</b>    | 455.1     | 8            | -              | -         | -            |
| Subsidiaries  | -               | -         | -            | <b>635.5</b>   | 635.5     | -            |
| Goodwill  | <b>25.5</b>     | 25.5      | -            | -              | -         | -            |
| Investment properties   | <b>1,068.5</b>  | 1,073.5   | -            | -              | -         | -            |
| Property, plant and equipment                                   | <b>797.8</b>    | 804.2     | (1)          | <b>0.4</b>     | 0.3       | 33           |
| <b>TOTAL ASSETS</b>   | <b>44,232.3</b> | 44,026.2  | 0            | <b>1,418.4</b> | 1,406.5   | 1            |
| Net Asset Value per share (in Singapore Dollars)                | <b>6.78</b>     | 6.36      | 7            | <b>2.99</b>    | 2.96      | 1            |

nm - not meaningful / exceeding 200%

#### 4 SELECTED MANAGEMENT EXPENSES

| in Singapore Dollars (millions)  | Shareholders' and General Insurance Funds |      |                  |      | Life Assurance Fund |  |
|--|---|------|------------------|------|---------------------|--|
|  | 1st Quarter 2009                          |      | 1st Quarter 2008 |      | 1st Quarter 2009    |  |
|  |   |      |                  |      |                     |  |
| 1 Directors' remuneration  |   |      |                  |      |                     |  |
| Directors of the Company   | 0.2                                       | 0.1  | 0.4              | 0.4  |                     |  |
| 2 Staff costs and related expenses (Including executive directors and key management personnel compensation) | 14.9                                      | 13.2 | 29.4             | 32.8 |                     |  |
| 3 Rental expense   | 1.3                                       | 0.6  | 4.3              | 4.1  |                     |  |
| 4 Depreciation   | 0.3                                       | 0.3  | 11.0             | 11.4 |                     |  |

#### 5 GROUP FINANCIAL HIGHLIGHTS

|   | Group        |                  |                  |        |
|---|--------------|------------------|------------------|--------|
|   |              | 1st Quarter 2009 | 1st Quarter 2008 | % +/-  |
| 1 Gross Written Premiums  | (\$millions) | 1,175.7          | 1,609.9          | (27)   |
| 2 Total Assets  | (\$millions) | 44,232.3         | 46,351.3         | (5)    |
| 3 Profit Attributable to Shareholders                           | (\$millions) | 237.0            | 45.0             | nm     |
| 4 Shareholders' Fund  | (\$millions) | 3,207.6          | 3,241.7          | (1)    |
| 5 Profit After Tax before Minority Interests as a % of Turnover | %            | 16.9%            | 1.9%             | 15 pp  |
| 6 Return on Equity (Average Shareholders' Fund)*                | %            | 7.6%             | 1.4%             | 6.2 pp |
| 7 Gross Written Premium Growth                                  | %            | -27.0%           | 26.8%            | nm     |

\* Return on Equity is calculated on quarterly earnings

#### 6 GROUP STATEMENT OF CHANGES IN EQUITY for the period ended 31 March

| in Singapore Dollars (millions)                    | Attributable to Shareholders of the Company |                 |                      |                     |                                   | Total   | Minority Interest | Total Equity |
|--|---|-----------------|----------------------|---------------------|-----------------------------------|---------|-------------------|--------------|
|  | Share Capital                               | Merger Reserves | Translation Reserves | Fair Value Reserves | Accumulated Profit <sup>(1)</sup> |         |                   |              |
|  | Balance at 1 January 2009                   | 247.4           | -                    | (25.9)              | (82.4)                            |         |                   |              |
| Total comprehensive income for the period          | -   | -               | 7.9                  | (48.5)              | 237.0                             | 196.4   | 2.0               | 198.4        |
| Dividends paid to minority interest                | -   | -               | -                    | -                   | -                                 | -       | (5.4)             | (5.4)        |
| Balance at 31 March 2009                           | 247.4                                       | -               | (18.0)               | (130.9)             | 3,109.1                           | 3,207.6 | 25.1              | 3,232.7      |
| Balance at 1 January 2008                          | 247.4                                       | 15.8            | (17.4)               | 210.0               | 2,830.0                           | 3,285.8 | 32.9              | 3,318.7      |
| Total comprehensive income for the period          | -   | -               | 1.6                  | (90.7)              | 45.0                              | (44.1)  | 4.1               | (40.0)       |
| Liquidation distribution paid to minority interest | -   | -               | -                    | -                   | -                                 | -       | (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      |

(1) Included in Accumulated Profit is non-distributable reserves of \$736 million (Q1-08: \$270 million). The increase in non-distributable profits arises from regulatory risk charges in Singapore and Malaysia that are held out of the Group Shareholders accumulated profits account

#### 7 COMPANY STATEMENT OF CHANGES IN EQUITY for the period ended 31 March

| in Singapore Dollars (millions)           | Share Capital | Merger Reserves | Accumulated Profit | Total   |
|---|---------------|-----------------|--------------------|---------|
| Balance at 1 January 2009                 | 247.4         | 419.2           | 735.7              | 1,402.3 |
| Total comprehensive income for the period | -             | -               | 11.1               | 11.1    |
| Balance at 31 March 2009                  | 247.4         | 419.2           | 746.8              | 1,413.4 |
| Balance at 1 January 2008                 | 247.4         | 435.0           | 709.6              | 1,392.0 |
| Total comprehensive income for the period | -             | -               | (1.8)              | (1.8)   |
| Balance at 31 March 2008                  | 247.4         | 435.0           | 707.8              | 1,390.2 |

## 8 CONSOLIDATED STATEMENT OF CASH FLOWS

| in Singapore Dollars (millions)  | 1st Quarter<br>2009 | 1st Quarter<br>2008 |
|--|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                     |                     |
| Profit before income tax   | 279.6               | 71.2                |
| Amount from life assurance revenue statement   | 1,259.5             | 780.3               |
| Excess of income over expenses before income tax<br>from general insurance revenue statement | 12.4                | 9.7                 |
| Adjustments for non-cash items:  |                     |                     |
| Surplus transferred from life assurance fund but not yet withdrawn                           | (265.5)             | (6.9)               |
| Profit transferred from general insurance fund but not yet withdrawn                         | (12.1)              | (7.5)               |
| Share of loss of associates and joint ventures   | 29.9                | 14.3                |
| Loss on sale of investments and changes in fair value  | 316.4               | 95.1                |
| Increase in provision for impairment of assets   | 31.6                | 3.0                 |
| Increase in provision for agents' retirement benefits  | 3.3                 | 6.8                 |
| Gain on disposal of property, plant and equipment<br>and investment properties               | (0.1)               | (9.1)               |
| Depreciation   | 11.3                | 11.7                |
| Unrealised (gain) / loss in exchange differences   | (146.4)             | 74.1                |
| Change in life assurance contract liabilities  | (1,113.9)           | (238.1)             |
| Loss reserves  | (7.1)               | (0.2)               |
| Unexpired risk reserve   | 10.1                | 7.4                 |
| Dividend income  | (68.3)              | (84.7)              |
| Interest income  | (332.8)             | (340.2)             |
| Interest expense on policy benefits  | 18.2                | 16.5                |
| Shared-based payments  | 1.6                 | 0.1                 |
|  | <u>27.7</u>         | <u>403.5</u>        |
| Changes in working capital:  |                     |                     |
| Reinsurance assets   | (17.3)              | (14.2)              |
| Outstanding premiums   | 27.4                | 18.9                |
| Other debtors and interfund balances   | (177.2)             | (330.2)             |
| Claims admitted and intimated  | (5.1)               | 0.7                 |
| Policy benefits  | 20.8                | 135.0               |
| Reinsurance liabilities  | 20.3                | 33.6                |
| Other creditors and interfund balances   | 322.1               | 465.9               |
| Cash generated from operations   | <u>218.7</u>        | <u>713.2</u>        |
| Income tax paid  | (42.5)              | (49.2)              |
| Interest paid on policy benefits   | (18.2)              | (16.5)              |
| Agents' retirement benefits paid   | (1.7)               | (1.2)               |
| <b>Net cash flows from operating activities</b>  | <u>156.3</u>        | <u>646.3</u>        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                     |                     |
| Proceeds from sale of investments  | 4,913.0             | 3,833.6             |
| Purchase of investments  | (4,986.9)           | (3,645.3)           |
| Proceeds from reduction of interests in associates   | (46.5)              | 68.8                |
| Repayment of loan by joint ventures  | (0.1)               | -                   |
| Proceeds from sale of property, plant and equipment<br>and investment properties             | 6.4                 | 10.5                |
| Purchase of property, plant and equipment and<br>investment properties                       | (3.8)               | (8.6)               |
| Interest income received   | 345.7               | 372.6               |
| Dividend received  | 62.4                | 82.3                |
| <b>Net cash flows from investing activities</b>  | <u>290.2</u>        | <u>713.9</u>        |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                     |                     |
| Dividends paid to minority interest  | (5.4)               | -                   |
| Liquidation distribution paid to minority interest   | -                   | (7.1)               |
| <b>Net cash flows used in financing activities</b>   | <u>(5.4)</u>        | <u>(7.1)</u>        |
| <b>Net effect of translation reserve adjustment</b>  | 82.1                | (45.1)              |
| <b>Net increase in cash and cash equivalents</b>   | 523.2               | 1,308.0             |
| <b>Cash and cash equivalents at the beginning of the period</b>                              | 4,030.4             | 2,768.3             |
| <b>Cash and cash equivalents at the end of the period</b>                                    | <u>4,553.6</u>      | <u>4,076.3</u>      |

## 9. REVIEW OF RESULTS

The Group Financial Statements for the first quarter of 2009 (Q1-09) have been prepared in accordance with Singapore Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS).

### 9.1 NEW BUSINESS PREMIUMS

9.1.1 New business sales measured on a weighted basis for the life assurance operations fell 25% from \$172.3 million to \$129.9 million. Most of the decline was registered by the Singapore operations (55% lower than last year) as a result of a sharp fall in the sales of savings and investment products in the current economic climate. Moreover, last year's Q1 had benefitted from a surge in sales activities ahead of new rules limiting withdrawals from the CPF Investment Scheme from 1 April 2008.

Malaysia, however, continued to enjoy a strong growth in Q1-09 with the launch of new products and a significant growth in the tied agency's performance. Malaysia's new business weighted premium grew 63% year-on-year.

In China, the business operations had a good quarter, with sales nearly quadrupling year-on-year in terms of new business weighted premium, albeit from a small base. The growth was driven largely by a huge increase in the number of agents from under 500 a year ago to 2,400 as at end March 2009.

| in SGD (million)                    | Q1-09 | Q1-08 | +/( -) |
|-------------------------------------|-------|-------|--------|
| <b>SINGAPORE</b>                    |       |       |        |
| Single Premium                      | 262.9 | 722.4 | -64%   |
| New Annual Premium                  | 30.9  | 55.2  | -44%   |
| Total Weighted New Business Premium | 57.2  | 127.5 | -55%   |
| <b>MALAYSIA</b>                     |       |       |        |
| Single Premium                      | 30.4  | 34.4  | -12%   |
| New Annual Premium                  | 65.3  | 38.6  | 69%    |
| Total Weighted New Business Premium | 68.4  | 42.0  | 63%    |
| <b>OTHER ASIA</b>                   |       |       |        |
| Single Premium                      | 7.6   | 5.6   | 36%    |
| New Annual Premium                  | 3.5   | 2.2   | 59%    |
| Total Weighted New Business Premium | 4.3   | 2.8   | 54%    |
| <b>TOTAL</b>                        |       |       |        |
| Single Premium                      | 300.9 | 762.4 | -61%   |
| New Annual Premium                  | 99.7  | 96.0  | 4%     |
| Total Weighted New Business Premium | 129.9 | 172.3 | -25%   |

Note: a) Total Weighted New Business Premium = (Single Premium x 10%) + New Annual Premium  
b) Premiums from other regions are converted using actual exchange rate prevailing at transaction dates.

#### 9.1.2 Embedded Value

New business embedded value (NBEV) in Q1-09 decreased 29% year-on-year to \$41.2 million.

| in SGD (million) | Q1-09 | Q1-08 | +/( -) |
|------------------|-------|-------|--------|
| Singapore        | 19.0  | 37.9  | -50%   |
| Malaysia         | 21.4  | 19.9* | 8%     |
| Other Asia       | 0.8   | 0.4   | 100%   |
| Total            | 41.2  | 58.2  | -29%   |

NBEV decline for Singapore is in line with the performance of the weighted sales. Malaysia NBEV growth was however lower than the weighted sales growth, reflecting lower profit margin on the newly launched product.

\* Restated based on the new Risk Based Capital framework. Before restatement, the NBEV of Q1-08 was \$22.1 million.

9.1.3 Market Share

The Group maintained its leadership position in the life insurance business in Singapore with a market share in excess of 22%. In Malaysia, the Group is also set to retain its pole position in the life insurance industry.

**9.2 PROFIT ATTRIBUTABLE TO SHAREHOLDERS**

Group profit attributable to shareholders rose to \$237.0 million for the quarter (Q1-08:\$45.0 million).

**9.3 PROFIT FROM INSURANCE OPERATIONS**

Profit from the life and general insurance operations registered a sharp increase to \$277.6 million (Q1-08: \$14.4 million). This included non-recurring profit of \$213.1 million principally arising out of the implementation of a new risk based regulatory capital framework in Malaysia (\$180.0 million). In Singapore, the Group commenced an exercise to achieve portfolio matching of the assets and liabilities of the Non Participating fund and this also contributed to the non-recurring profit.

Excluding the non-recurring profit, the insurance operations achieved a growth in profit to \$64.5 million, higher than \$14.4 million in Q1-08.

**9.4 PROFIT FROM INVESTMENTS OF SHAREHOLDERS' FUND**

Profit from investments in the Shareholders' Fund fell to \$6.2 million (Q1-08: \$61.8 million) as a result of realised and mark-to-market losses of \$21.5 million. Last year's profit had also included a one-off gain of \$42.2 million from the sale of shares in Straits Trading Company Ltd.

**9.5 FEES AND OTHER INCOME**

For Lion Global Investors Ltd, fees and other income declined 35% year-on-year to \$14.6 million (Q1-08: \$22.3 million) as a result of a decrease in the assets under management (\$26.5 billion on 31 March 2009 compared to \$34.3 billion on 31 March 2008).

**9.6 MANAGEMENT AND OTHER EXPENSES**

Management and other expenses in Q1-09 decreased 30% year-on-year to \$17.3 million (Q1-08: \$24.7 million).

**9.7 SHARE OF LOSS OF ASSOCIATES AND JOINT VENTURES**

Share of loss of associates (in hedge fund investments) and joint ventures (life insurance operations in China) for the quarter dropped 46% year-on-year to \$1.3 million (Q1-08: \$2.4 million loss).

**9.8 INCOME TAX**

The corporate tax rate was reduced to 17% and 25% for Singapore and Malaysia respectively with effect from Year of Assessment 2009. The financial effect on the Group Profit and Loss Statement for Q1-09 was \$0.1 million, and Group Statement of Changes in Equity was \$1.2 million.

Income tax in Q1-09 increased 79% year-on-year to \$40.8 million in Q1-09 (Q1-08: \$22.8 million). The effective tax rate for Q1-09 is 14% (Q1-08: 22.8%).

**9.9 EARNINGS PER SHARE AND RETURN ON EQUITY**

|                    | <u>Q1-09</u> | <u>Q1-08</u> | <u>+ / (-)</u> |
|--------------------|--------------|--------------|----------------|
| Earnings per share | \$0.50       | \$0.10       | nm             |
| Return on Equity*  | 7.6%         | 1.4%         | nm             |

\* Return on Equity is calculated on quarterly earnings.

## 9.10 NET ASSET VALUE PER SHARE AND GROUP ASSETS

|                           | <u>31 Mar 09</u> | <u>31 Dec 08</u> | <u>+ / (-)</u> |
|---------------------------|------------------|------------------|----------------|
| Net asset value per share | \$6.78           | \$6.36           | 7%             |
| Group Assets              | \$44.2 billion   | \$44.0 billion   | 1%             |

## 9.11 BALANCE SHEETS

### 9.11.1 Translation Reserves

Translation loss was reduced to \$18.0 million as at 31 March 2009 (31 December 2008: \$25.9 million) due mainly to the strengthening of MYR against SGD during the quarter.

### 9.11.2 Fair Value Reserves

Fair value reserves further deteriorated to negative reserves of \$130.9 million as at 31 March 2009 (31 December 2008: negative reserves of \$82.4 million) due to mark-to-market decline of the portfolio in line with the market volatility.

### 9.11.3 Cash & Cash Equivalents

Cash & cash equivalents increased 13% to \$4,554 million as at 31 March 2009 (31 December 2008: \$4,030 million) in line with the Group's investment strategy.

### 9.11.4 Investments

Valuation of investments decreased 2% to \$31,223 million as at 31 March 2009 (31 December 2008: \$31,795 million) due primarily to mark-to-market changes. Investments of the participating business constituted 73% as at 31 March 2009 (31 December 2008: 74%) and investments of the unit-linked business constituted 9% as at 31 March 2009 (31 December 2008: 9%).

### 9.11.5 Asset allocation of life funds, excluding investment-linked funds, is as follows:

|   | SINGAPORE        |                     | MALAYSIA         |                     |
|---|------------------|---------------------|------------------|---------------------|
|   | 31 March<br>2009 | 31 December<br>2008 | 31 March<br>2009 | 31 December<br>2008 |
| Fixed income & debt securities          | 60%              | 62%                 | 75%              | 74%                 |
| Equities                                | 19%              | 19%                 | 15%              | 16%                 |
| Real estate & others                    | 8%               | 8%                  | 5%               | 5%                  |
| Cash & money market instruments         | 13%              | 11%                 | 5%               | 5%                  |
| Market Value Assets<br>(in SGD billion) | 21.7             | 21.7                | 15.4             | 15.2                |

## 9.12 REGULATORY CAPITAL

The insurance subsidiaries of the Group have complied with the capital ratios prescribed by the Insurance Regulations of the jurisdiction in which they operate. In Singapore and Malaysia, the Capital Adequacy Ratios of the insurance subsidiaries both exceeded 200%, well above the minimum regulatory ratios of 120% and 130% respectively in each country.

## **10. ACCOUNTING POLICIES**

The Group adopted the accounting policies and methods of computation for the financial statements for Q1-09, consistent with the audited financial statements for the year ended 31 December 2008, except for FRS 1, Presentation of Financial Statements – Revised Presentation and FRS 108, Operating Segments which is effective from 1 January 2009.

FRS 1 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. The revised Standard also introduces the statement of comprehensive income which presents all items of income and expense recognized in profit or loss, together with all other items of comprehensive income, either in one single statement of comprehensive income, or in two linked statements. The Group has opted to present the comprehensive income in two linked statements.

FRS 108 requires an entity to present its segment performance based on the same segment information used by management internally for managing the entity's operations.

FRS 1 and 108 are both disclosure standards and would have no impact on the financial position and results of the Group. The adoption of the other revised and new FRS and INT FRS which came into effect on 1 January 2009 do not have any material financial impact on the Group's results for Q1-09.

## **11. UNAUDITED RESULTS**

The consolidated Group's financial results for the first quarter ended 31 March 2009 have not been audited or reviewed by the Group's auditors.

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

The ongoing financial crisis resulted in further declines in equity and tightening of credit markets in Q1-09. Continued volatility and deterioration of investment markets will affect the Group's future earnings.

The Group will therefore continue with the exercise to manage its portfolio of assets and liabilities to minimise the volatility of earnings.

## **13. SHARE CAPITAL**

The Company's issued and paid up share capital amounted to \$247.4 million as at 31 March 2009, the same as 31 December 2008. Total number of shares issued as at 31 March 2009 was 473,319,069, the same as 31 December 2008.

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