

ANNOUNCEMENT OF RESULTS

On consolidated results for the year ended 31 December 2003

The Board of Directors of Great Eastern Holdings Limited is pleased to announce the unaudited results of the Group and the Company for the year ended 31 December 2003:

1 PROFIT AND LOSS STATEMENTS for the year ended 31 December

	Group			Company		
	2003	2002	% +/(-)	2003	2002	% +/(-)
in Singapore Dollars (millions)						
Turnover ^(1.1)	6,052.4	6,555.4	(7.7)	-	-	-
Gross Premiums	5,055.9	5,271.7	(4.1)	-	-	-
Life assurance profit from:						
Participating Fund	84.8	91.4	(7.2)	-	-	-
Non-participating Fund	164.1	71.1	130.8	-	-	-
Investment-linked Fund	31.8	19.6	62.2	-	-	-
Profit from life assurance	280.7	182.1	54.1	-	-	-
Profit from general insurance	25.2	83.0	(69.6)	-	-	-
Profit from insurance operations	305.9	265.1	15.4	-	-	-
Dividend from subsidiaries	-	-	-	284.4	539.2	(47.3)
Investment income	49.2	33.1	48.6	1.1	4.5	(75.6)
Interest income	5.5	7.7	(28.6)	1.2	2.2	(45.5)
Gain/(loss) on sale of investments and changes in fair value	15.7	1.9	nm	(2.3)	1.8	nm
Provision for impairment in investments	(0.6)	-	nm	-	-	-
Exchange differences	24.3	(2.6)	nm	0.1	1.0	(90.0)
Profit from investments	94.1	40.1	134.7	284.5	548.7	(48.2)
Fees and other income	28.3	26.0	8.8	0.3	0.4	(25.0)
Profit before expenses	428.3	331.2	29.3	284.8	549.1	(48.1)
less:						
Management expenses	15.1	13.5	11.9	2.8	2.5	12.0
Depreciation	0.2	0.3	(33.3)	-	-	-
Expenses	15.3	13.8	10.9	2.8	2.5	12.0
Profit before income tax	413.0	317.4	30.1	282.0	546.6	(48.4)
less: Income tax	97.8	81.0	20.7	77.8	125.8	(38.2)
Profit after income tax	315.2	236.4	33.3	204.2	420.8	(51.5)
less: Minority interests	3.0	2.6	15.4	-	-	-
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	312.2	233.8	33.5	204.2	420.8	(51.5)
Basic earnings per share (in Singapore cents)	66 cents	49 cents				
Diluted earnings per share (in Singapore cents)	66 cents	49 cents				

^(1.1) Turnover for the Group is derived from the summation of components as follows: (i) 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, 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, 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.

nm - not meaningful / exceeding 200%

2 TURNOVER, GROSS PREMIUMS AND PROFIT ATTRIBUTABLE TO SHAREHOLDERS FOR FIRST AND SECOND HALF-YEAR for the year ended 31 December

In Singapore Dollars (millions)	Group					
	First Half			Second Half		
	2003	2002	% +/(-)	2003	2002	% +/(-)
Turnover	2,198.1	3,168.3	(30.6)	3,854.3	3,387.1	13.8
Gross Premiums	2,050.1	2,417.7	(15.2)	3,005.8	2,854.0	5.3
Profit Attributable to Shareholders	125.3	140.8	(11.0)	186.9	93.0	101.0

3 SELECTED MANAGEMENT EXPENSES for the year ended 31 December

in Singapore Dollars (millions)	Shareholders' and General Insurance Funds Life Assurance Fund			
	Year ended 31 December			
	2003	2002	2003	2002
Directors' remuneration	1.3	1.3	1.8	1.6
Fees paid to a director of the Company for professional services rendered	0.1	-	0.2	0.2
Auditors' remuneration				
Audit fees paid to auditors of the Company	0.3	0.3	0.3	0.3
Audit fees paid to other auditors	0.2	0.1	0.1	0.1
Other fees paid to auditors of the Company	0.2	0.1	1.0	0.1
Other fees paid to other auditors	-	-	0.2	-
Staff costs	15.5	12.5	79.6	69.6
Rental expense	1.4	1.6	11.5	14.0
Depreciation	1.5	1.7	25.1	21.5

4 GROUP FINANCIAL HIGHLIGHTS for the year ended 31 December

		Group		
		2003	2002	% +/(-)
Turnover	(S\$millions)	6,052.4	6,555.4	(7.7)
Gross Premiums	(S\$millions)	5,055.9	5,271.7	(4.1)
Total Assets	(S\$millions)	32,351.7	27,346.3	18.3
Profit Attributable to Shareholders	(S\$millions)	312.2	233.8	33.5
Shareholders' Fund	(S\$millions)	2,024.0	1,630.0	24.2
Profit After Tax before Minority Interests as a % of Turnover	%	5.2%	3.6%	1.6 pp
Return on Equity (average Shareholders' Fund)	%	17.1%	14.8%	2.3 pp
Gross Premium Growth	%	-4.1%	-7.2%	3.1 pp

5 BALANCE SHEETS as at 31 December 2003 and 31 December 2002

in Singapore Dollars (millions)	Group			Company		
	31 Dec 2003	31 Dec 2002	% +/(-)	31 Dec 2003	31 Dec 2002	% +/(-)
Property, plant and equipment	1,338.5	1,505.8	(11.1)	0.1	0.1	-
Investments	25,544.4	21,477.1	18.9	2.0	218.2	(99.1)
Subsidiary companies	-	-	-	1,373.7	1,217.5	12.8
Associated companies	147.9	160.8	(8.0)	-	-	-
Development properties for sale	195.6	-	nm	-	-	-
Outstanding premiums	155.4	160.2	(3.0)	-	-	-
Other debtors and interfund balances	829.9	677.1	22.6	0.2	1.5	(86.7)
Cash on deposit	3,747.0	3,129.2	19.7	367.4	169.5	116.8
Cash and bank balances	393.0	236.1	66.5	3.6	5.2	(30.8)
Total Assets	32,351.7	27,346.3	18.3	1,747.0	1,612.0	8.4
Represented by :						
Share capital	235.7	235.7	-	235.7	235.7	-
Share premium	0.8	-	nm	0.8	-	nm
Reserves						
Merger reserve	141.9	141.9	-	620.0	620.0	-
Translation reserve	(8.7)	(6.5)	(33.8)	-	-	-
Fair value reserve	110.2	(50.2)	nm	-	(7.5)	100.0
Accumulated profit	1,544.1	1,309.1	18.0	890.1	763.1	16.6
Shareholders' Fund	2,024.0	1,630.0	24.2	1,746.6	1,611.3	8.4
Life Assurance Fund	27,556.1	23,347.7	18.0	-	-	-
General Insurance Fund	144.8	123.6	17.2	-	-	-
Minority interests	9.0	10.2	(11.8)	-	-	-
Deferred tax	278.6	2.7	nm	(0.1)	(1.8)	94.4
Agents' retirement benefits	136.1	128.5	5.9	-	-	-
Claims admitted or intimated	120.0	96.3	24.6	-	-	-
Policy benefits	1,093.9	1,000.7	9.3	-	-	-
Unexpired risk reserve	38.8	34.1	13.8	-	-	-
Other creditors and interfund balances	835.2	796.8	4.8	1.2	1.0	20.0
Income tax	115.2	175.7	(34.4)	(0.7)	1.5	(146.7)
	32,351.7	27,346.3	18.3	1,747.0	1,612.0	8.4
Net Asset Value per share	(S\$) 4.29	3.46	24.0	3.70	3.42	8.2

6 GROUP STATEMENT OF CHANGES IN EQUITY for the year ended 31 December

in Singapore Dollars (millions)	Share Capital	Share Premium	General and Accident Reserve	Merger Reserve	Translation Reserve	Fair Value Reserve	Accumulated Profit	TOTAL
Balance at 1 January 2002	235.7	-	792.5	245.9	4.1	-	253.0	1,531.2
Effect of adopting FRS 39:								
Reversal of provision for diminution in value of investments and other adjustments	-	-	-	-	-	-	7.3	7.3
Fair value changes on remeasuring held-for-trading investments	-	-	-	-	-	-	0.7	0.7
Fair value changes on remeasuring available-for-sale investments	-	-	-	-	-	8.3	-	8.3
Effect of adopting FRS 12:								
Deferred tax on fair value changes	-	-	-	(25.6)	-	(0.5)	(0.1)	(26.2)
Balance at 1 January 2002, as restated	235.7	-	792.5	220.3	4.1	7.8	260.9	1,521.3
Exchange differences arising on translation of overseas entities	-	-	-	-	(10.6)	-	-	(10.6)
Net profit for the year	-	-	-	-	-	-	233.8	233.8
Current year movements in Fair Value Reserve:								
Fair value changes on remeasuring available-for-sale investments	-	-	-	-	-	(68.1)	-	(68.1)
Fair value changes transferred to Profit and Loss Statement during the year	-	-	-	-	-	(6.6)	-	(6.6)
Deferred tax on fair value changes	-	-	-	-	-	16.6	-	16.6
Deferred tax - effect of change in tax rate	-	-	-	2.6	-	0.1	-	2.7
Transfer from General Reserve, Accident Reserve and Merger Reserve to Accumulated Profit	-	-	(792.5)	(81.0)	-	-	873.5	-
Dividends paid for the year:								
Final dividend for the previous year (net of 28% Malaysian Tax)	-	-	-	-	-	-	(40.7)	(40.7)
Interim dividend paid (net of 22% Singapore Tax)	-	-	-	-	-	-	(18.4)	(18.4)
Balance at 31 December 2002	235.7	-	-	141.9	(6.5)	(50.2)	1,309.1	1,630.0
Exchange differences arising on translation of overseas entities	-	-	-	-	(2.2)	-	-	(2.2)
Net profit for the year	-	-	-	-	-	-	312.2	312.2
Current year movements in Fair Value Reserve:								
Fair value changes on remeasuring available-for-sale investments	-	-	-	-	-	207.5	-	207.5
Fair value changes transferred to Profit and Loss Statement during the year	-	-	-	-	-	(0.4)	-	(0.4)
Deferred tax on fair value changes	-	-	-	-	-	(46.7)	-	(46.7)
Dividends paid for the year:								
Final dividend for the previous year (net of 22% Singapore Tax)	-	-	-	-	-	-	(55.1)	(55.1)
Interim dividend paid (net of 22% Singapore Tax)	-	-	-	-	-	-	(22.1)	(22.1)
Issue of shares arising from exercise of share options	*	0.8	-	-	-	-	-	0.8
Balance at 31 December 2003	235.7	0.8	-	141.9	(8.7)	110.2	1,544.1	2,024.0

* amount is less than S\$0.1 million

7 COMPANY STATEMENT OF CHANGES IN EQUITY for the year ended 31 December

in Singapore Dollars (millions)	Share Capital	Share Premium	General Reserve	Merger Reserve	Fair Value Reserve	Accumulated Profit	TOTAL
Balance at 1 January 2002	235.7	-	152.8	701.0	-	167.6	1,257.1
Effect of adopting FRS 39:							
Fair value changes on remeasuring available-for-sale investments	-	-	-	-	2.7	-	2.7
Effect of adopting FRS 12:							
Deferred tax on fair value changes	-	-	-	-	(0.7)	-	(0.7)
Balance at 1 January 2002, as restated	235.7	-	152.8	701.0	2.0	167.6	1,259.1
Net profit for the year	-	-	-	-	-	420.8	420.8
Current year movements in Fair Value Reserve:							
Fair value changes on remeasuring available-for-sale investments	-	-	-	-	(10.1)	-	(10.1)
Fair value changes transferred to Profit and Loss Statement during the year	-	-	-	-	(2.2)	-	(2.2)
Deferred tax on fair value changes	-	-	-	-	2.8	-	2.8
Transfer from General Reserve and Merger Reserve to Accumulated Profit	-	-	(152.8)	(81.0)	-	233.8	-
Dividends paid for the year:							
Final dividend for the previous year (net of 28% Malaysian Tax)	-	-	-	-	-	(40.7)	(40.7)
Interim dividend paid (net of 22% Singapore Tax)	-	-	-	-	-	(18.4)	(18.4)
Balance at 31 December 2002	235.7	-	-	620.0	(7.5)	763.1	1,611.3
Net profit for the year	-	-	-	-	-	204.2	204.2
Current year movements in Fair Value Reserve:							
Fair value changes on remeasuring available-for-sale investments	-	-	-	-	(8.5)	-	(8.5)
Fair value changes transferred to Profit and Loss Statement during the year	-	-	-	-	18.1	-	18.1
Deferred tax on fair value changes	-	-	-	-	(2.1)	-	(2.1)
Dividends paid for the year:							
Final dividend for the previous year (net of 22% Singapore Tax)	-	-	-	-	-	(55.1)	(55.1)
Interim dividend paid (net of 22% Singapore Tax)	-	-	-	-	-	(22.1)	(22.1)
Issue of shares arising from exercise of share options	*	0.8	-	-	-	-	0.8
Balance at 31 December 2003	235.7	0.8	-	620.0	-	890.1	1,746.6

* amount is less than S\$0.1 million

Year ended 31 December

in Singapore Dollars (millions)

	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	413.0	317.4
Excess of income over expenses before income tax from life assurance revenue statement	3,079.4	3,435.3
Excess of income over expenses before income tax from general insurance revenue statement	26.4	82.2
Adjustments for non-cash items:		
Surplus transferred from life assurance fund but not yet withdrawn	(280.7)	(182.1)
Profit transferred from general insurance fund but not yet withdrawn	(25.2)	(83.0)
Amortisation of difference in purchase consideration over nominal value of government securities, loan stocks and bonds	(3.9)	(29.0)
Gain on sale of investments and changes in fair value	(154.0)	(31.6)
(Write-back)/increase in provision for impairment	(6.8)	119.2
Share of results of associated companies	(0.7)	-
Agents' retirement benefits	14.7	16.8
Increase in reserves during the year	2.6	1.1
(Gain)/loss on disposal of property, plant and equipment	(2.6)	0.1
Depreciation	26.6	23.2
Exchange difference	(56.9)	49.7
	3,031.9	3,719.3
Changes in working capital:		
Outstanding premiums	4.8	(6.4)
Other debtors	(152.8)	(244.8)
Claims admitted or intimated	23.7	(7.7)
Policy benefits	93.2	92.9
Unexpired risk reserve	5.0	6.7
Other creditors	38.4	210.9
Cash generated from operations	3,044.2	3,770.9
Income tax paid	(156.0)	(155.4)
Agents' retirement benefits paid	(4.3)	(5.7)
Net cash flows from operating activities	2,883.9	3,609.8
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	10,365.0	9,257.6
Purchase of investments	(12,183.9)	(12,018.9)
Proceeds from sale of property, plant and equipment	2.7	0.3
Capital injection in associated company	(4.9)	(9.8)
Repayment of loan by associated company	59.6	-
Dividends from associated company	0.3	-
Purchase of property, plant and equipment	(92.2)	(520.6)
Net cash flows used in investing activities	(1,853.4)	(3,291.4)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(77.2)	(59.1)
Dividends paid to minority shareholder of a subsidiary	(4.0)	(2.4)
Issue of shares arising from exercise of share options	0.8	-
Net cash flows used in financing activities	(80.4)	(61.5)
Net effect of translation reserve adjustment	(175.4)	(461.1)
Net increase/(decrease) in cash and cash equivalents	774.7	(204.2)
Cash and cash equivalents at the beginning of the year	3,365.3	3,569.5
Cash and cash equivalents at the end of the year	4,140.0	3,365.3

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

(1) By Geographical Segments

in Singapore Dollars (millions)	Group							
	Singapore		Malaysia		Other ASEAN		Consolidated	
	2003	2002	2003	2002	2003	2002	2003	2002
(a) Life Assurance Fund								
Premium income (net)	3,185.5	3,471.1	1,579.6	1,610.0	17.5	17.8	4,782.6	5,098.9
Investment, interest and rental income	607.3	507.2	481.6	422.7	5.6	4.7	1,094.5	934.6
Gain/(loss) on sale of investments and changes in fair value	49.8	(101.9)	87.7	64.7	(1.3)	(2.1)	136.2	(39.3)
Write-back of/(increase in) provision for impairment	19.4	(113.9)	(12.0)	(5.3)	-	-	7.4	(119.2)
Exchange difference	83.1	(10.4)	-	-	0.3	-	83.4	(10.4)
Total income	3,945.1	3,752.1	2,136.9	2,092.1	22.1	20.4	6,104.1	5,864.6
Claims, surrenders and annuities	1,733.1	1,215.6	709.7	661.6	14.8	13.0	2,457.6	1,890.2
Commissions and expenses	234.4	223.7	329.6	310.3	3.8	5.1	567.8	539.1
Income tax	(18.3)	38.4	51.0	46.2	-	(0.3)	32.7	84.3
Total expenses	1,949.2	1,477.7	1,090.3	1,018.1	18.6	17.8	3,058.1	2,513.6
Share of results of associated companies	0.7	-	-	-	-	-	0.7	-
Excess of income over expenses	1,996.6	2,274.4	1,046.6	1,074.0	3.5	2.6	3,046.7	3,351.0
Total assets employed	19,395.4	16,250.0	10,239.1	8,814.7	181.3	157.9	29,815.8	25,222.6
Property, plant and equipment	1,103.8	1,263.2	230.8	237.8	0.2	0.2	1,334.8	1,501.2
Investments:	15,470.0	12,900.9	8,680.4	7,393.0	126.3	106.0	24,276.7	20,399.9
i. Quoted government securities, loan stocks and bonds	6,361.1	5,638.7	1,707.7	2,214.4	22.7	22.3	8,091.5	7,875.4
ii. Quoted equity in corporations	5,501.2	4,316.1	3,367.5	2,587.4	64.7	49.7	8,933.4	6,953.2
iii. Unquoted equity in corporations	19.4	19.4	18.0	2.1	0.6	0.5	38.0	22.0
iv. Other unquoted investments	1,468.6	1,178.7	2,272.4	1,420.1	17.9	14.5	3,758.9	2,613.3
v. Unit trusts	590.8	327.8	8.5	-	1.9	-	601.2	327.8
vi. Derivatives and embedded derivatives	129.6	(8.2)	30.0	-	1.0	-	160.6	(8.2)
vii. Policy loans	811.1	791.8	1,008.6	961.9	17.5	18.9	1,837.2	1,772.6
viii. Unsecured loans	0.3	0.2	0.1	2.4	-	-	0.4	2.6
ix. Secured loans	587.9	636.4	267.6	204.7	-	0.1	855.5	841.2
Cash and bank balances	2,174.4	1,695.2	1,144.5	1,009.1	50.7	49.1	3,369.6	2,753.4
Life Assurance Fund	18,185.4	15,248.5	9,197.4	7,947.3	173.3	151.9	27,556.1	23,347.7
Provision for deferred tax	129.9	(49.1)	83.6	38.2	(0.3)	(0.5)	213.2	(11.4)
Provision for agents' retirement benefits	(0.1)	-	135.4	127.7	0.8	0.8	136.1	128.5
Claims admitted or intimated	48.6	29.1	71.2	66.2	0.2	0.7	120.0	96.0
Policy benefits	576.1	537.9	511.4	456.5	6.4	6.3	1,093.9	1,000.7
Other creditors and interfund balances	481.6	450.4	233.1	189.8	0.9	(1.7)	715.6	638.5
Provision for income tax	(26.1)	33.2	7.0	(11.0)	-	0.4	(19.1)	22.6
(b) General Insurance Fund								
Premium income (net)	51.1	46.6	33.4	28.7	0.2	0.6	84.7	75.9
Increase in unearned premium reserve during the year	(3.3)	(4.7)	(1.9)	(2.0)	-	-	(5.2)	(6.7)
Claims and increase in loss reserve	(22.4)	(27.4)	(17.8)	(13.7)	(0.1)	(0.1)	(40.3)	(41.2)
Commissions and expenses	(14.4)	(16.7)	(9.8)	(9.2)	(0.4)	(0.5)	(24.6)	(26.4)
Net underwriting profit/(loss)	11.0	(2.2)	3.9	3.8	(0.3)	-	14.6	1.6
Investment income	5.4	74.3	6.4	6.2	-	0.1	11.8	80.6
Total assets employed	177.4	202.2	122.0	111.1	5.1	4.1	304.5	317.4

9 GROUP SEGMENTAL INFORMATION for the year ended 31 December - continued

(1) By Geographical Segments

in Singapore Dollars (millions)	Singapore		Malaysia		Other ASEAN		Consolidated	
	2003	2002	2003	2002	2003	2002	2003	2002
(c) Shareholders' Fund								
Profit/(loss) from insurance operations	150.5	154.1	155.4	112.5	-	(1.5)	305.9	265.1
Profit from investments ^(9.1)	200.6	120.5	6.8	6.4	-	0.5	94.1	40.1
Fees and other income	28.3	26.0	-	-	-	-	28.3	26.0
Total income ^(9.1)	379.4	300.6	162.2	118.9	-	(1.0)	428.3	331.2
Profit/(loss) attributable to shareholders ^(9.2)	290.9	214.0	106.0	83.2	(0.1)	(0.5)	312.2	233.8
Total assets employed ^(9.3)	1,999.4	1,647.7	294.3	216.4	6.6	12.4	2,231.4	1,806.3

^(9.1) elimination of inter-segment transactions - 2003: \$113.3 million (2002: \$87.3 million)

^(9.2) elimination of inter-segment transactions - 2003: \$84.6 million (2002: \$62.9 million)

^(9.3) elimination of inter-segment transactions - 2003: \$68.9 million (2002: \$70.2 million)

(2) By Business Segments

in Singapore Dollars (millions)	Group					
	Life Assurance Fund (Non-Linked)		Life Assurance Fund (Linked)		Consolidated	
	2003	2002	2003	2002	2003	2002
Premium income (net)	4,163.6	4,677.0	619.0	421.9	4,782.6	5,098.9
Investment, interest and rental income	1,043.8	898.5	50.7	36.1	1,094.5	934.6
(Loss)/gain on sale of investments and changes in fair value	(196.6)	174.7	332.8	(214.0)	136.2	(39.3)
Write-back of/(increase in) provision for impairment	7.4	(119.2)	-	-	7.4	(119.2)
Exchange difference	63.5	(10.4)	19.9	-	83.4	(10.4)
Total income	5,081.7	5,620.6	1,022.4	244.0	6,104.1	5,864.6
Claims, surrenders and annuities	2,075.8	1,769.8	381.8	120.4	2,457.6	1,890.2
Commissions and expenses	489.7	478.7	78.1	60.4	567.8	539.1
Income tax	28.8	76.6	3.9	7.7	32.7	84.3
Total expenses	2,594.3	2,325.1	463.8	188.5	3,058.1	2,513.6
Share of results of associated companies	0.7	-	-	-	0.7	-
Excess of income over expenses	2,488.1	3,295.5	558.6	55.5	3,046.7	3,351.0

10 REVIEW OF RESULTS

The financial statements for 2003, including the Profit and Loss Statement for the year ended 31 December 2003 and the Balance Sheet as at 31 December 2003, are prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The accounting policies and methods of computation applied are not significantly different from those used to prepare the Group's financial statements for 2002, except as disclosed in paragraph 12 below.

- 10.1 Group profit attributable to shareholders for the year ended 31 December 2003 was S\$312.2 million, an increase of 33.5% over the profit of the preceding year of S\$233.8 million. This was due principally to higher profit from its overall insurance operations and from investments, resulting in higher return on equity and earnings per share. Return on equity for 2003 of 17.1% improved by 2.3 percentage points over preceding year's 14.8%; earnings per share at S\$0.66 improved 34.7% over preceding year's S\$0.49.
- 10.2 Pre-tax profit from the life assurance operations (from the Participating, Non-Participating and Investment-Linked funds) rose 54.1% to S\$280.7 million from S\$182.1 million in 2002. The main contribution was from the Non-Participating fund, with a 130.8% increase in its pre-tax profit to S\$164.1 million, compared to S\$71.1 million in 2002, due to its strong underwriting performance, improved investment returns especially in the second half of 2003 and a write-back of S\$26.6 million of provision for diminution in value of investments. Pre-tax profit from the Investment-Linked fund increased 62.2% to S\$31.8 million, compared to S\$19.6 million in the preceding year.
- 10.3 Pre-tax profit from the general insurance operations was S\$25.2 million against S\$83.0 million in 2002. Although this showed a decline of 69.6%, the profit last year included a one-off gain of S\$69.0 million from disposal of certain investments in the general insurance fund.
- 10.4 The Group's Balance Sheet as at 31 December 2003 reflected an 18.3% growth in total Group assets to S\$32.4 billion, over preceding year's S\$27.3 billion. Net asset value per share grew to S\$4.29 against S\$3.46 in 2002.
- 10.5 Improvement in the operating environment and the equity and foreign exchange markets in the region in the second half of 2003 contributed to the Group's improved performance for 2003. Stronger economic growth being forecast for 2004 for Singapore, Malaysia and several of the countries in the region would provide a favourable back-drop for the Group's performance. In the next twelve months the Group's performance would continue to be affected by factors such as volatility in the equity, foreign exchange, credit and interest rate markets. The performance might also be affected by severe environmental factors such as the spread of the avian flu currently afflicting a number of the countries in the region.
- 11 The consolidated Group financial results for the year ended 31 December 2003 have not been audited or reviewed by the Group's auditors.

12 CHANGES IN ACCOUNTING POLICIES AND STANDARDS

- 12.1 With effect from 1 January 2003, the Group adopted FRS which replaced the Singapore Statements of Accounting Standards ("SAS"). The change from SAS to FRS did not result in any significant change in accounting policies except for the following:
- 12.2 Accounting for investment in associated companies
- The Group accounted for its interest in associated companies in accordance with FRS 28 using the equity accounting method. There are two associated companies held in the insurance companies within the Group which were previously exempted from applying equity accounting under SAS 27. However such exemption is not available under FRS 28. The effect of adopting FRS 28 is a reclassification of an amount of S\$24.5 million from "provision for impairment of secured loans" to "share of losses of associated company" in 2003.
- 12.3 Translation of foreign currencies
- The adoption of FRS 21 required that the Group translate revenues and expenses of foreign entities at the average exchange rates ruling during the financial year. Previously, revenue and expense items of foreign entities were translated at the closing exchange rates as at the balance sheet date. The change in accounting policy has no material financial effect on the Profit and Loss or Revenue Statements of the previous financial year.

13 CHANGES IN ISSUED SHARE CAPITAL

During the year ended 31 December 2003, the Company issued 168,400 new ordinary shares of 50 cents each arising from the exercise of share options in accordance with the Great Eastern Holdings Executives' Share Option Scheme ("the Scheme").

As at 31 December 2003, there were unexercised options under the Scheme for 6,312,750 (31 December 2002: 5,125,000) unissued ordinary shares of 50 cents each.

14 BORROWINGS, CONTINGENT LIABILITIES AND LONG TERM LIABILITIES

There were no borrowings or contingent liabilities for the Group as at 31 December 2003 (31 December 2002: nil) as the Group has strong liquidity for its business operations.

Liabilities in relation to the provision of long term financial protection and financial services have been computed in accordance with provisions of the Insurance Regulations in the respective jurisdictions in which the Group operates. The long term liability reserves and fund surplus reserves in the insurance funds are as set out below:

	Life Assurance Fund		General Insurance Fund	
	31 Dec 2003	31 Dec 2002	31 Dec 2003	31 Dec 2002
in Singapore Dollars (millions)				
Long Term Liability Reserves	23,537.9	20,970.7	54.0	52.1
Fund Surplus Reserves	4,018.2	2,377.0	90.8	71.5
	27,556.1	23,347.7	144.8	123.6

15 DIVIDEND

An interim dividend of 6 cents (gross) per ordinary share was paid during 2003, as detailed below, in respect of the financial year ended 31 December 2003. The Directors are pleased to recommend the payment of a final dividend of 36% or 18 cents (gross) per ordinary share of 50 cents each, less 22% Singapore income tax, for approval at the Annual General Meeting and to be paid on 18 May 2004:

	2003			2002		
	Cents per ordinary share of 50 cents each (gross)	Dividend rate	S\$ million (net)	Cents per ordinary share of 50 cents each (gross)	Dividend rate	S\$ million (net)
Interim dividend paid, less 22% Singapore income tax (2002: less 22% Singapore income tax)	6	12%	22.1	5	10%	18.4
Final dividend proposed, less 22% Singapore income tax (2002: less 22% Singapore income tax)	18	36%	66.2	15	30%	55.1
Total annual dividend	24	48%	88.3	20	40%	73.5

16 CLOSURE OF BOOKS

NOTICE IS HEREBY GIVEN that the Share Transfer Books and the Register of Members of the Company will be closed from 4 May 2004 to 5 May 2004 (both dates inclusive). Duly completed registrable transfers received by the Company's Share Registrar, KPMG at 138 Robinson Road #17-00, The Corporate Office, Singapore 068906 up to 5.00 p.m. on 3 May 2004 will be registered to determine shareholders' entitlements to the Company's dividend. Subject as aforesaid, Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares in the Company as at 5.00 p.m. on 3 May 2004 will be entitled to the proposed dividend.

BY ORDER OF THE BOARD

Elizabeth Teoh
Group Secretary

Singapore, 9 February 2004

For more information in relation to the above announcement, visit our website at www.Lifeisgreat.com.sg.