

**GREAT EASTERN HOLDINGS LIMITED**

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

**FINANCIAL RESULTS FOR 2005**

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 fourth quarter and year ended 31 December 2005.

**1. GROUP PROFIT AND LOSS STATEMENTS**

in Singapore Dollars (millions)	2005	2004	% +/( -)	4th Qtr 2005	4th Qtr 2004	% +/( -)
Turnover <sup>(1)</sup>	<b>7,098.8</b>	7,904.9	-10	<b>2,012.2</b>	1,804.3	12
Gross Premiums	<b>5,030.2</b>	5,374.9	-6	<b>1,478.7</b>	1,437.2	3
Life assurance profit from:						
Participating Fund	<b>81.3</b>	92.4	-12	<b>20.1</b>	35.3	-43
Non-participating Fund	<b>148.8</b>	208.4	-29	<b>9.7</b>	54.3	-82
Investment-linked Fund	<b>50.4</b>	46.0	10	<b>17.7</b>	14.6	21
Profit from life assurance	<b>280.5</b>	346.8	-19	<b>47.5</b>	104.2	-54
Profit from general insurance	<b>35.9</b>	25.9	39	<b>5.3</b>	5.4	-2
<b>Profit from insurance operations</b>	<b>316.4</b>	372.7	-15	<b>52.8</b>	109.6	-52
Investment income, net	<b>73.6</b>	50.1	47	<b>36.3</b>	5.6	nm
Interest income	<b>12.0</b>	9.2	30	<b>3.1</b>	3.0	3
Gain on sale of investments and changes in fair value	<b>38.4</b>	34.4	12	<b>32.5</b>	(3.5)	nm
Gain/(loss) in exchange differences	<b>(19.8)</b>	0.1	nm	<b>(15.0)</b>	4.9	nm
<b>Profit from investments</b>	<b>104.2</b>	93.8	11	<b>56.9</b>	10.0	nm
<b>Fees and other income</b>	<b>57.7</b>	39.4	46	<b>16.2</b>	12.7	28
<b>Profit before expenses</b>	<b>478.3</b>	505.9	-5	<b>125.9</b>	132.3	-5
less:						
Management and other expenses	<b>34.0</b>	21.3	60	<b>9.6</b>	7.1	35
Depreciation and amortisation	<b>1.7</b>	0.6	183	<b>1.1</b>	0.2	nm
<b>Expenses</b>	<b>35.7</b>	21.9	63	<b>10.7</b>	7.3	47
<b>Profit after expenses</b>	<b>442.6</b>	484.0	-9	<b>115.2</b>	125.0	-8
Share of loss of joint venture company	<b>(0.4)</b>	-	nm	<b>(0.4)</b>	-	nm
<b>Profit before income tax</b>	<b>442.2</b>	484.0	-9	<b>114.8</b>	125.0	-8
less: <b>Income tax</b>	<b>60.4</b>	77.2	-22	<b>20.6</b>	20.5	0
<b>Profit after income tax</b>	<b>381.8</b>	406.8	-6	<b>94.2</b>	104.5	-10
<b>Attributable to:</b>						
<b>Shareholders</b>	<b>372.9</b>	402.0	-7	<b>92.0</b>	102.9	-11
<b>Minority interest</b>	<b>8.9</b>	4.8	85	<b>2.2</b>	1.6	38
	<b>381.8</b>	406.8	-6	<b>94.2</b>	104.5	-10
Basic earnings per share (in Singapore cents)	<b>79 cents</b>	85 cents		<b>20 cents</b>	22 cents	
Diluted earnings per share (in Singapore cents)	<b>79 cents</b>	85 cents		<b>20 cents</b>	22 cents	

nm - not meaningful / exceeding 200%

<sup>(1)</sup> Turnover for the Group is derived from the summation of components as follows: (i) Gross investment income, Interest income, Gain/(loss) on sale of investments (excluding fair value changes on held-for-trading investments) and Fees and other income from the Profit and Loss Statement; (ii) Gross premiums, Commission income, Gross investment income, Interest income, Rental income and Gain/(loss) on sale of investments (excluding fair value changes on held-for-trading investments) from the Life Assurance Revenue Statement and (iii) Gross premiums, Commission income, Gross investment income, Interest income and Gain/(loss) on sale of investments (excluding fair value changes on held-for-trading investments) from the General Insurance Revenue Statement.

## 2. BALANCE SHEETS

in Singapore Dollars (millions)	Group			Company		
	31 Dec 2005	31 Dec 2004	% + / (-)	31 Dec 2005	31 Dec 2004	% + / (-)
<b>Share capital</b>						
Authorised	1,000.0	1,000.0	-	1,000.0	1,000.0	-
Issued and fully paid	236.7	236.7	-	236.7	236.7	-
Share premium	10.7	10.7	-	10.7	10.7	-
<b>Reserves</b>						
Merger reserve	200.8	164.9	22	620.0	620.0	-
Translation reserve	(10.1)	(14.6)	31	-	-	-
Fair value reserve	118.1	94.3	25	-	-	-
Accumulated profit	2,073.1	1,832.7	13	916.4	991.7	(8)
<b>SHAREHOLDERS' FUND</b>	<b>2,629.3</b>	<b>2,324.7</b>	<b>13</b>	<b>1,783.8</b>	<b>1,859.1</b>	<b>(4)</b>
<b>MINORITY INTERESTS</b>	<b>31.7</b>	<b>11.8</b>	<b>169</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL EQUITY</b>	<b>2,661.0</b>	<b>2,336.5</b>	<b>14</b>	<b>1,783.8</b>	<b>1,859.1</b>	<b>(4)</b>
<b>LIABILITIES</b>						
Income tax	229.7	232.1	(1)	-	(0.5)	100
Other creditors and interfund balances	914.9	941.5	(3)	2.5	2.3	9
Reinsurance liabilities	41.3	29.2	41	-	-	-
Unexpired risk reserve	51.6	56.9	(9)	-	-	-
Policy benefits	1,352.3	1,207.3	12	-	-	-
Claims admitted or intimated	146.7	130.8	12	-	-	-
Agents' retirement benefits	156.5	139.6	12	-	-	-
Deferred tax	271.7	267.4	2	(0.1)	(0.1)	-
General insurance fund	116.7	177.2	(34)	-	-	-
Life assurance fund	33,286.2	30,804.8	8	-	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>39,228.6</b>	<b>36,323.3</b>	<b>8</b>	<b>1,786.2</b>	<b>1,860.8</b>	<b>(4)</b>
<b>ASSETS</b>						
Cash and bank balances	493.9	657.4	(25)	3.0	2.7	11
Cash on deposit	2,898.1	4,212.4	(31)	30.9	271.7	(89)
Other debtors and interfund balances	914.5	976.4	(6)	0.1	0.3	(67)
Outstanding premiums	162.0	153.0	6	-	-	-
Reinsurance assets	71.5	66.7	7	-	-	-
Properties held for sale	5.5	82.1	(93)	-	-	-
Investments	33,237.2	28,698.6	16	2.0	2.0	-
Associated and joint venture companies	122.4	150.5	(19)	-	-	-
Subsidiary companies	-	-	-	1,750.2	1,584.1	10
Goodwill and other intangible assets	93.8	32.9	185	-	-	-
Property, plant and equipment	1,229.7	1,293.3	(5)	-	-	-
<b>TOTAL ASSETS</b>	<b>39,228.6</b>	<b>36,323.3</b>	<b>8</b>	<b>1,786.2</b>	<b>1,860.8</b>	<b>(4)</b>
Net Asset Value per share (S\$)	5.56	4.91	13	3.77	3.93	(4)

**3. TURNOVER, GROSS PREMIUM 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		
	2005	2004	% + / (-)	2005	2004	% + / (-)
Turnover	<b>3,167.2</b>	4,261.4	(25.7)	<b>3,931.6</b>	3,643.5	7.9
Gross Premium	<b>2,175.1</b>	2,437.9	(10.8)	<b>2,855.1</b>	2,937.0	(2.8)
Profit Attributable to Shareholders	<b>190.9</b>	234.6	(18.6)	<b>182.0</b>	167.4	8.7

**4. SELECTED MANAGEMENT EXPENSES**

in Singapore Dollars (millions)	Shareholders' and General Insurance			
	Funds		Life Assurance Fund	
	2005	2004	2005	2004
Directors' remuneration				
Directors of the Company	<b>0.5</b>	0.4	<b>1.8</b>	1.7
Directors of subsidiaries	<b>2.5</b>	0.9	<b>0.6</b>	0.6
Key management personnel compensation (Including directors' remuneration)	<b>3.3</b>	1.7	<b>5.1</b>	4.5
Auditors' remuneration				
Audit fees paid to Ernst & Young, Singapore	<b>0.3</b>	0.4	<b>0.6</b>	0.6
Audit fees paid to other auditors	<b>0.3</b>	0.2	<b>0.1</b>	-
Other fees paid to Ernst & Young, Singapore	<b>0.1</b>	0.1	<b>0.2</b>	0.3
Other fees paid to other auditors	-	-	-	0.3
Staff costs and related expenses (Including key management personnel compensation)	<b>28.0</b>	19.0	<b>93.8</b>	90.3
Rental expense	<b>3.2</b>	1.7	<b>10.6</b>	11.5
Loss on disposal of property, plant and equipment	<b>0.1</b>	-	<b>1.0</b>	2.4
Depreciation and amortisation	<b>2.2</b>	1.3	<b>50.3</b>	30.5

**5. GROUP FINANCIAL HIGHLIGHTS**

		Group		
		2005	2004	% + / (-)
Turnover	(S\$ millions)	<b>7,098.8</b>	7,904.9	(10)
Gross Premiums	(S\$ millions)	<b>5,030.2</b>	5,374.9	(6)
Total Assets	(S\$ millions)	<b>39,228.6</b>	36,323.3	8
Profit Attributable to Shareholders	(S\$ millions)	<b>372.9</b>	402.0	(7)
Shareholders' Fund	(S\$ millions)	<b>2,629.3</b>	2,324.7	13
Profit After Tax before Minority Interests as a % of Turnover	%	<b>5.4%</b>	5.1%	0.3 pp
Return on Equity (average Shareholders' Fund)	%	<b>15.1%</b>	18.5%	-3.4 pp
Gross Premium Growth	%	<b>-6.4%</b>	6.3%	-12.7 pp

## 6. GROUP STATEMENT OF CHANGES IN EQUITY

### (A) For The Year Ended 31 December

in Singapore Dollars (millions)	Attributable to shareholders of the Company						Total	Minority Interest	Total Equity
	Share Capital	Share Premium	Merger Reserve	Translation Reserve	Fair Value Reserve	Accumulated Profit			
<b>Balance at 1 January 2005</b>	<b>236.7</b>	<b>10.7</b>	<b>164.9</b>	<b>(14.6)</b>	<b>94.3</b>	<b>1,832.7</b>	<b>2,324.7</b>	<b>11.8</b>	<b>2,336.5</b>
<b>Net profit/(loss) recognised directly in equity for year ended 31 December 2005:</b>									
Exchange differences arising on translation of overseas entities	-	-	-	4.5	-	-	4.5	-	4.5
<b>Current year movements in Fair Value Reserve:</b>									
Fair value changes on remeasuring available-for-sale investments	-	-	-	-	76.2	-	76.2	-	76.2
Fair value changes transferred to Profit and Loss Statement during the year	-	-	-	-	(35.9)	-	(35.9)	-	(35.9)
Deferred tax on fair value changes	-	-	-	-	(16.5)	-	(16.5)	-	(16.5)
<b>Net profit recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.5</b>	<b>23.8</b>	<b>-</b>	<b>28.3</b>	<b>-</b>	<b>28.3</b>
<b>Net profit for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>372.9</b>	<b>372.9</b>	<b>8.9</b>	<b>381.8</b>
<b>Total recognised profit for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.5</b>	<b>23.8</b>	<b>372.9</b>	<b>401.2</b>	<b>8.9</b>	<b>410.1</b>
<b>Dividends paid in the year:</b>									
Final and special final dividends for the previous year (net of 20% Singapore Tax)	-	-	-	-	-	(87.1)	(87.1)	-	(87.1)
Interim dividend (net of 20% Singapore Tax)	-	-	-	-	-	(45.4)	(45.4)	-	(45.4)
Release of reserve from General Insurance Fund	-	-	35.9	-	-	-	35.9	-	35.9
Dilution of shareholdings	-	-	-	-	-	-	-	20.1	20.1
Acquisition of additional interest in subsidiary company	-	-	-	-	-	-	-	(8.7)	(8.7)
Issue of shares of subsidiary company to minority interest	-	-	-	-	-	-	-	0.3	0.3
Dividends paid to minority interest	-	-	-	-	-	-	-	(0.7)	(0.7)
<b>Balance at 31 December 2005</b>	<b>236.7</b>	<b>10.7</b>	<b>200.8</b>	<b>(10.1)</b>	<b>118.1</b>	<b>2,073.1</b>	<b>2,629.3</b>	<b>31.7</b>	<b>2,661.0</b>
<b>Balance at 1 January 2004</b>	<b>235.7</b>	<b>0.8</b>	<b>141.9</b>	<b>(8.7)</b>	<b>110.2</b>	<b>1,544.1</b>	<b>2,024.0</b>	<b>9.0</b>	<b>2,033.0</b>
<b>Net profit/(loss) recognised directly in equity for year ended 31 December 2004:</b>									
Exchange differences arising on translation of overseas entities	-	-	-	(5.9)	-	-	(5.9)	-	(5.9)
<b>Current year movements in Fair Value Reserve:</b>									
Fair value changes on remeasuring available-for-sale investments	-	-	-	-	14.7	-	14.7	-	14.7
Fair value changes transferred to Profit and Loss Statement during the year	-	-	-	-	(42.2)	-	(42.2)	-	(42.2)
Deferred tax on fair value changes	-	-	-	-	29.9	-	29.9	-	29.9
Transfer from Fair Value Reserve to Merger Reserve	-	-	23.0	-	(23.0)	-	-	-	-
Deferred tax - effect of change in tax rate	-	-	-	-	4.7	-	4.7	-	4.7
<b>Net profit/(loss) recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>23.0</b>	<b>(5.9)</b>	<b>(15.9)</b>	<b>-</b>	<b>1.2</b>	<b>-</b>	<b>1.2</b>
<b>Net profit for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>402.0</b>	<b>402.0</b>	<b>4.8</b>	<b>406.8</b>
<b>Total recognised profit/(loss) for the year</b>	<b>-</b>	<b>-</b>	<b>23.0</b>	<b>(5.9)</b>	<b>(15.9)</b>	<b>402.0</b>	<b>403.2</b>	<b>4.8</b>	<b>408.0</b>
<b>Dividends paid for the year:</b>									
Final dividend for the previous year (net of 20% Singapore Tax)	-	-	-	-	-	(67.9)	(67.9)	-	(67.9)
First interim dividend (net of 20% Singapore Tax)	-	-	-	-	-	(26.5)	(26.5)	-	(26.5)
Special interim dividend paid (net of 20% Singapore Tax)	-	-	-	-	-	(19.0)	(19.0)	-	(19.0)
Issue of shares arising from exercise of share options	1.0	9.9	-	-	-	-	10.9	-	10.9
Dividends paid to minority interest	-	-	-	-	-	-	-	(2.0)	(2.0)
<b>Balance at 31 December 2004</b>	<b>236.7</b>	<b>10.7</b>	<b>164.9</b>	<b>(14.6)</b>	<b>94.3</b>	<b>1,832.7</b>	<b>2,324.7</b>	<b>11.8</b>	<b>2,336.5</b>

6. GROUP STATEMENT OF CHANGES IN EQUITY

(B) For The Quarter Ended 31 December

in Singapore Dollars (millions)	Attributable to shareholders of the Company								
	Share Capital	Share Premium	Merger Reserve	Translation Reserve	Fair Value Reserve	Accumulated Profit	Total	Minority Interest	Total Equity
Balance at 1 October 2005	236.7	10.7	200.8	(6.9)	156.6	1,981.1	2,579.0	29.2	2,608.2
Net profit/(loss) recognised directly in equity for period ended 31 December 2005:									
Exchange differences arising on translation of overseas entities	-	-	-	(3.2)	-	-	(3.2)	-	(3.2)
Current period movements in Fair Value Reserve:									
Fair value changes on remeasuring available-for-sale investments	-	-	-	-	(14.6)	-	(14.6)	-	(14.6)
Fair value changes transferred to Profit and Loss Statement during the period	-	-	-	-	(26.8)	-	(26.8)	-	(26.8)
Deferred tax on fair value changes	-	-	-	-	2.9	-	2.9	-	2.9
Net profit recognised directly in equity	-	-	-	(3.2)	(38.5)	-	(41.7)	-	(41.7)
Net profit for the period	-	-	-	-	-	92.0	92.0	2.2	94.2
Total recognised profit for the period	-	-	-	(3.2)	(38.5)	92.0	50.3	2.2	52.5
Issue of shares of subsidiary company to minority interest	-	-	-	-	-	-	-	0.3	0.3
Balance at 31 December 2005	236.7	10.7	200.8	(10.1)	118.1	2,073.1	2,629.3	31.7	2,661.0
Balance at 1 October 2004	236.6	10.3	164.9	(10.3)	82.1	1,729.8	2,213.4	10.3	2,223.7
Net profit/(loss) recognised directly in equity for period ended 31 December 2004:									
Exchange differences arising on translation of overseas entities	-	-	-	(4.3)	-	-	(4.3)	-	(4.3)
Current period movements in Fair Value Reserve:									
Fair value changes on remeasuring available-for-sale investments	-	-	-	-	(37.4)	-	(37.4)	(0.1)	(37.5)
Fair value changes transferred to Profit and Loss Statement during the period	-	-	-	-	51.8	-	51.8	-	51.8
Deferred tax on fair value changes	-	-	-	-	(2.2)	-	(2.2)	-	(2.2)
Transfer from Fair Value Reserve to Merger Reserve	-	-	2.1	-	(2.1)	-	-	-	-
Deferred tax - effect of change in tax rate	-	-	(2.1)	-	2.1	-	-	-	-
Net profit/(loss) recognised directly in equity	-	-	-	(4.3)	12.2	-	7.9	(0.1)	7.8
Net profit for the period	-	-	-	-	-	102.9	102.9	1.6	104.5
Total recognised profit/(loss) for the period	-	-	-	(4.3)	12.2	102.9	110.8	1.5	112.3
Issue of shares arising from exercise of share options	0.1	0.4	-	-	-	-	0.5	-	0.5
Balance at 31 December 2004	236.7	10.7	164.9	(14.6)	94.3	1,832.7	2,324.7	11.8	2,336.5

7. COMPANY STATEMENT OF CHANGES IN EQUITY

(A) For The Year Ended 31 December

in Singapore Dollars (millions)	Share Capital	Share Premium	Merger Reserve	Accumulated Profit	Total
<b>Balance at 1 January 2005</b>	<b>236.7</b>	<b>10.7</b>	<b>620.0</b>	<b>991.7</b>	<b>1,859.1</b>
<b>Net profit for the year</b>	-	-	-	<b>57.2</b>	<b>57.2</b>
<b>Dividends paid in the year:</b>					
<b>Final and special final dividends for the previous year (net of 20% Singapore Tax)</b>	-	-	-	<b>(87.1)</b>	<b>(87.1)</b>
<b>Interim dividend (net of 20% Singapore Tax)</b>	-	-	-	<b>(45.4)</b>	<b>(45.4)</b>
<b>Balance at 31 December 2005</b>	<b>236.7</b>	<b>10.7</b>	<b>620.0</b>	<b>916.4</b>	<b>1,783.8</b>
Balance at 1 January 2004	235.7	0.8	620.0	890.1	1,746.6
Net profit for the year	-	-	-	215.0	215.0
Dividends paid for the year:					
Final dividend for the previous year (net of 20% Singapore Tax)	-	-	-	(67.9)	(67.9)
First interim dividend (net of 20% Singapore Tax)	-	-	-	(26.5)	(26.5)
Special interim dividend paid (net of 20% Singapore Tax)	-	-	-	(19.0)	(19.0)
Issue of shares arising from exercise of share options	1.0	9.9	-	-	10.9
Balance at 31 December 2004	236.7	10.7	620.0	991.7	1,859.1

(B) For The Quarter Ended 31 December

in Singapore Dollars (millions)	Share Capital	Share Premium	Merger Reserve	Accumulated Profit	Total
<b>Balance at 1 October 2005</b>	<b>236.7</b>	<b>10.7</b>	<b>620.0</b>	<b>859.2</b>	<b>1,726.6</b>
<b>Net profit for the period</b>	-	-	-	<b>57.2</b>	<b>57.2</b>
<b>Balance at 31 December 2005</b>	<b>236.7</b>	<b>10.7</b>	<b>620.0</b>	<b>916.4</b>	<b>1,783.8</b>
Balance at 1 October 2004	236.6	10.3	620.0	780.7	1,647.6
Net profit for the period	-	-	-	211.0	211.0
Issue of shares arising from exercise of share options	0.1	0.4	-	-	0.5
Balance at 31 December 2004	236.7	10.7	620.0	991.7	1,859.1

8. CONSOLIDATED STATEMENT OF CASH FLOWS

in Singapore Dollars (millions)	2005	2004	4th Qtr 2005	4th Qtr 2004
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before income tax	442.2	484.0	114.8	125.0
Excess of income over expenses before income tax from life assurance revenue statement	454.6	523.5	142.9	113.9
Excess of income over expenses before income tax from general insurance revenue statement	43.3	32.8	7.2	7.0
Adjustments for non-cash items:				
Surplus transferred from life assurance fund but not yet withdrawn	(280.5)	(346.8)	(47.5)	(104.2)
Profit transferred from general insurance fund but not yet withdrawn	(35.9)	(25.9)	(5.3)	(5.4)
Share of (loss)/profits of associated companies	0.9	(29.2)	0.8	5.8
Amortisation of difference in purchase consideration over nominal value of government securities, loan stocks and bonds	25.5	31.4	9.8	14.2
Gain on sale of investments and changes in fair value	(520.2)	(1,160.2)	(93.0)	(192.2)
Loss on sale of properties held for sale	14.0	11.1	6.0	11.1
Increase in provision for impairment of assets	0.8	7.4	(0.2)	(2.9)
Increase in provision for agents' retirement benefits	17.8	13.6	4.5	2.7
Loss on disposal of property, plant and equipment	1.1	2.4	0.3	(3.0)
Depreciation and amortisation	52.5	31.8	29.3	7.4
Unrealised loss in exchange differences	104.4	30.2	91.5	(10.4)
	<b>320.5</b>	<b>(393.9)</b>	<b>261.1</b>	<b>(31.0)</b>
Changes in working capital:				
Reinsurance assets	(4.0)	(10.7)	(2.8)	(10.2)
Outstanding premiums	(9.0)	2.4	42.3	54.2
Other debtors	64.8	(146.5)	43.4	(36.5)
Insurance contract liabilities	2,055.3	3,598.8	395.4	782.9
Loss reserves	3.3	1.1	0.2	(2.2)
Claims admitted or intimated	15.9	10.8	4.4	8.1
Policy benefits	145.0	113.4	28.6	25.9
Unexpired risk reserve	2.4	4.9	(5.7)	-
Reinsurance liabilities	12.1	(5.6)	(4.3)	(7.9)
Other creditors	(33.6)	148.7	(57.4)	(132.3)
Cash generated from operations	<b>2,572.7</b>	<b>3,323.4</b>	<b>705.2</b>	<b>651.0</b>
Income tax paid	(254.8)	(130.5)	(38.9)	(30.1)
Agents' retirement benefits paid	(4.1)	(4.4)	(0.7)	(0.9)
<b>Net cash flows from operating activities</b>	<b>2,313.8</b>	<b>3,188.5</b>	<b>665.6</b>	<b>620.0</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sale of investments	13,608.9	11,197.4	3,348.7	978.9
Purchase of investments	(17,727.9)	(13,243.8)	(3,801.5)	(1,097.4)
Proceeds from sale of properties held for sale	78.0	110.0	36.0	20.4
Proceeds from transfer of Dependents' Protection Scheme business from Central Provident Fund Board	162.9	-	0.3	-
Capital injection in associated and joint venture companies	(13.8)	-	(2.0)	-
Repayment of loan by associated company	11.3	14.1	(0.3)	15.0
Dividends from associated company	-	6.7	-	6.7
Proceeds from liquidation of associated company	29.8	-	-	-
Net cash acquired from acquisition of a subsidiary company	21.1	-	-	-
Net cash outflow from acquisition of additional interest in subsidiary	(27.4)	-	-	-
Proceeds from sale of property, plant and equipment	70.3	86.5	17.4	7.1
Purchase of property, plant and equipment	(107.4)	(126.9)	(31.8)	(7.1)
<b>Net cash flows used in investing activities</b>	<b>(3,894.2)</b>	<b>(1,956.0)</b>	<b>(433.2)</b>	<b>(76.4)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividends paid	(132.5)	(113.4)	-	-
Dividends paid to minority interest	(0.7)	(2.0)	-	-
Issue of shares of subsidiary company to minority interest	0.3	-	0.3	-
Issue of shares arising from exercise of share options	-	10.9	-	0.5
<b>Net cash flows used in financing activities</b>	<b>(132.9)</b>	<b>(104.5)</b>	<b>0.3</b>	<b>0.5</b>
<b>Net effect of translation reserve adjustment</b>	<b>235.5</b>	<b>(398.2)</b>	<b>(219.0)</b>	<b>(332.7)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,477.8)</b>	<b>729.8</b>	<b>13.7</b>	<b>211.4</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>4,869.8</b>	<b>4,140.0</b>	<b>3,378.3</b>	<b>4,658.4</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>3,392.0</b>	<b>4,869.8</b>	<b>3,392.0</b>	<b>4,869.8</b>

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

## 9. GROUP SEGMENTAL INFORMATION

### (A) By Geographical Segments

in Singapore Dollars (millions)	Singapore		Malaysia		Other ASEAN		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004
<b>(a) Life Assurance Fund</b>								
Premium income (net)	3,026.9	3,510.6	1,789.8	1,646.8	21.5	17.8	4,838.2	5,175.2
Commissions received from reinsurers	5.7	8.0	4.7	3.0	-	-	10.4	11.0
Investment, interest and rental income	893.3	1,430.9	729.8	912.8	7.2	10.7	1,630.3	2,354.4
Increase in provision for impairment of assets	4.1	(7.4)	(4.9)	-	-	-	(0.8)	(7.4)
Total income	3,930.0	4,942.1	2,519.4	2,562.6	28.7	28.5	6,478.1	7,533.2
Claims, surrenders and annuities	2,443.8	2,043.9	840.1	774.1	16.0	11.8	3,299.9	2,829.8
Depreciation and amortisation	23.7	21.1	26.5	9.3	0.1	0.1	50.3	30.5
Commissions and expenses	229.5	220.6	368.5	351.1	5.0	4.0	603.0	575.7
Increase in life assurance fund contract liabilities	998.8	2,410.1	1,062.2	1,181.4	8.8	11.4	2,069.8	3,602.9
Income tax	117.1	126.2	56.9	49.8	0.1	0.7	174.1	176.7
Total expenses	3,812.9	4,821.9	2,354.2	2,365.7	30.0	28.0	6,197.1	7,215.6
Share of results of associated companies	(0.5)	29.2	-	-	-	-	(0.5)	29.2
Excess of income over expenses	116.6	149.4	165.2	196.9	(1.3)	0.5	280.5	346.8
Total assets employed	23,422.3	22,071.3	12,611.1	11,240.6	208.9	191.8	36,242.3	33,503.7
Capital expenditure	55.7	44.2	47.2	80.7	0.2	-	103.1	124.9
Property, plant and equipment	953.9	1,012.8	270.7	275.8	0.4	0.3	1,225.0	1,288.9
Intangible assets	27.6	14.2	47.5	18.7	-	-	75.1	32.9
Investments:	19,732.0	17,236.9	11,581.9	10,022.7	169.0	146.0	31,482.9	27,405.6
Government securities, loan stocks and								
i. bonds	11,013.5	9,775.1	6,500.4	5,571.2	91.0	71.5	17,604.9	15,417.8
ii. Quoted equity in corporations	5,910.8	5,114.7	3,291.3	3,075.6	51.4	49.6	9,253.5	8,239.9
iii. Unquoted equity in corporations	18.2	18.6	82.8	39.3	0.5	0.5	101.5	58.4
iv. Collective investment schemes	1,013.3	665.7	10.3	8.1	7.1	5.8	1,030.7	679.6
v. Derivatives and embedded derivatives	624.3	396.7	52.4	7.7	1.0	1.0	677.7	405.4
vi. Policy loans	858.9	845.4	1,112.1	1,017.9	18.0	17.6	1,989.0	1,880.9
vii. Unsecured loans	5.2	0.3	-	0.1	-	-	5.2	0.4
viii. Secured loans	287.8	420.4	532.6	302.8	-	-	820.4	723.2
Cash and bank balances	2,137.6	3,201.1	476.0	727.1	33.0	41.7	2,646.6	3,969.9
<b>(b) General Insurance Fund</b>								
Premium income (net)	25.9	41.1	39.4	34.7	0.3	0.2	65.6	76.0
Increase in unexpired risk reserve during the year	(1.7)	(2.9)	(2.0)	(1.4)	-	-	(3.7)	(4.3)
Commissions received from reinsurers	7.9	7.5	9.0	8.4	-	-	16.9	15.9
Claims and increase in loss reserve	(12.6)	(20.4)	(19.1)	(18.9)	-	(0.1)	(31.7)	(39.4)
Depreciation and amortisation	(0.2)	(0.4)	(0.3)	(0.3)	-	-	(0.5)	(0.7)
Commissions and expenses	(16.9)	(20.5)	(21.8)	(18.4)	(0.1)	(0.1)	(38.8)	(39.0)
Net underwriting (loss)/profit	2.4	4.4	5.2	4.1	0.2	-	7.8	8.5
Investment and interest income	8.7	11.6	12.3	8.4	-	0.2	21.0	20.2
Total assets employed	85.9	169.0	110.0	157.8	0.3	0.9	196.2	327.7
Capital expenditure	-	-	0.1	0.5	-	-	0.1	0.5
<b>(c) Shareholders' Fund</b>								
Profit/(loss) from insurance operations	139.8	169.6	178.2	205.8	(1.6)	(2.7)	316.4	372.7
Profit from investments <sup>(9.1)</sup>	315.8	247.4	5.4	8.3	-	0.8	104.2	93.8
Fees and other income	57.7	39.2	-	0.2	-	-	57.7	39.4
Profit before expenses <sup>(9.1)</sup>	513.3	456.2	183.6	214.3	(1.6)	(1.9)	478.3	505.9
Depreciation and amortisation	1.7	0.6	-	-	-	-	1.7	0.6
Profit/(loss) attributable to shareholders <sup>(9.2)</sup>	392.0	365.3	134.3	155.7	(1.4)	(1.9)	372.9	402.0
Total assets employed <sup>(9.3)</sup>	2,584.8	2,249.1	272.7	306.6	3.4	2.5	2,790.1	2,491.9
Capital expenditure	4.2	1.5	-	-	-	-	4.2	1.5
<sup>(9.1)</sup> elimination of inter-segment transactions – 2005: \$217.0 million (2004: \$162.7 million)								
<sup>(9.2)</sup> elimination of inter-segment transactions – 2005: \$152.0 million (2004: \$117.1 million)								
<sup>(9.3)</sup> elimination of inter-segment transactions – 2005: \$70.8 million (2004: \$66.3 million)								

## 9. GROUP SEGMENTAL INFORMATION

### (B) By Business Segments

in Singapore Dollars (millions)	Life Assurance Fund (Non-Linked)		Life Assurance Fund (Linked)		Consolidated	
	2005	2004	2005	2004	2005	2004
Premium income (net)	<b>3,887.8</b>	4,443.5	<b>950.4</b>	731.7	<b>4,838.2</b>	5,175.2
Commissions received from reinsurers	<b>10.0</b>	11.0	<b>0.4</b>	-	<b>10.4</b>	11.0
Investment, interest and rental income	<b>1,449.0</b>	2,215.6	<b>181.3</b>	138.8	<b>1,630.3</b>	2,354.4
Increase in provision for impairment of assets	<b>(0.8)</b>	(7.4)	-	-	<b>(0.8)</b>	(7.4)
Total income	<b>5,346.0</b>	6,662.7	<b>1,132.1</b>	870.5	<b>6,478.1</b>	7,533.2
Claims, surrenders and annuities	<b>2,680.5</b>	2,337.5	<b>619.4</b>	492.3	<b>3,299.9</b>	2,829.8
Depreciation and amortisation	<b>49.5</b>	29.6	<b>0.8</b>	0.9	<b>50.3</b>	30.5
Commissions and expenses	<b>443.2</b>	467.9	<b>159.8</b>	107.8	<b>603.0</b>	575.7
Increase in life assurance fund contract liabilities	<b>1,780.3</b>	3,384.1	<b>289.5</b>	218.8	<b>2,069.8</b>	3,602.9
Income tax	<b>162.5</b>	168.5	<b>11.6</b>	8.2	<b>174.1</b>	176.7
Total expenses	<b>5,116.0</b>	6,387.6	<b>1,081.1</b>	828.0	<b>6,197.1</b>	7,215.6
Share of results of associated companies	<b>(0.5)</b>	29.2	-	-	<b>(0.5)</b>	29.2
Excess of income over expenses	<b>229.5</b>	304.3	<b>51.0</b>	42.5	<b>280.5</b>	346.8
Total assets employed	<b>33,601.9</b>	31,354.4	<b>2,640.4</b>	2,149.3	<b>36,242.3</b>	33,503.7
Capital expenditure	<b>103.1</b>	124.9	-	-	<b>103.1</b>	124.9

## 10. REVIEW OF RESULTS

The financial statements of Great Eastern Holdings Limited (GEH) and its subsidiaries for the fourth quarter of 2005 (Q4-05) and for the financial year ended 31 December 2005 (FY-05) 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 2004, except as disclosed in paragraph 11 below.

### 10.1 Profit attributable to shareholders

10.1.1 Group profit attributable to shareholders for Q4-05 was \$92.0 million, 11% lower than the corresponding quarter in 2004. Despite a strong investment performance from the shareholders' fund during Q4-05, a decrease of 52% from the insurance profits during Q4-05 resulted in the 11% decrease. An explanation is given in paragraphs 10.2 and 10.3 below.

10.1.2 Profit for FY-05 was \$372.9 million, 7% lower than 2004. The profit for FY-05 would have been 13% higher than FY-04, if the one-off gain of \$71.0 million in FY-04 was excluded. The FY-04 one-off gain was realised from the disposal of the Group's shareholdings in OCBC (Disposal) pursuant to OCBC's selective capital reduction exercise completed on 28 May 2004. The profit from the Disposal was reflected in three items in the Group 2004 profit and loss statement, namely (a) life assurance profit from non-participating fund, (b) investment income and (c) gain on sale of investments and changes in fair value.

### 10.2 Profit from insurance operations

10.2.1 Effective 2005, profits from insurance funds in Singapore and general insurance fund in Malaysia are reported net of tax in the profit and loss statement. The comparatives have been restated. For easy reference, the amount of income tax borne by the insurance funds are \$4.3 million for Q4-05 (\$12.7 million for Q4-04) and \$35.7 million for FY-05 (\$43 million for FY-04).

10.2.2 Profit from life assurance operations for Q4-05 totaled \$47.5 million, 54% lower than \$104.2 million for Q4-04. The 43% decrease in profit from participating fund was due to the declaration of a one-off higher bonus to policyholders last year. The 82% decrease in profit from non-participating fund was due to (a) additional tax liability of \$35.7 million arising from the release of reserves following the implementation of RBC in Singapore in 2005, and (b) weaker insurance and investment performance from the Malaysian segment. Profit from investment-linked fund improved 21% as compared to the corresponding quarter in 2004.

10.2.3 Profit from life assurance operations for FY-05 totaled \$280.5 million, 19% lower than \$346.8 million for FY-04. If the one-off gain from the Disposal pertaining to the life assurance portion in 2004 was excluded, the profit from life assurance operations for FY-05 would have been 4% lower than FY-04.

10.2.4 Profit from general insurance operations for Q4-05 reported \$5.3 million, comparable to \$5.4 million for Q4-04. Profit from general insurance operations for FY-05 was \$35.9 million, 39% higher than \$25.9 million for FY-04. The main reason for the increase was the transfer of \$17.6 million released from the general insurance fund following its closure and a transfer of health business to the non-participating fund for one of the subsidiaries within the Group. This item was reported during the second quarter financial results.

### 10.3 Profit from investments of Shareholders' Fund

10.3.1 Pre-tax profit from investments in the shareholders' fund for Q4-05 was \$56.9 million, 469% higher than \$10.0 million for Q4-04. This was due to (a) receipt of one-off tax exempt dividend of \$24 million from one of its investments; and (b) realised gains on sale of investments of \$27 million arising from an initiative to restructure the shareholders' fund's investment portfolios. Unrealised losses on exchange differences were due to the strengthened Singapore dollar against major currencies during the quarter.

10.3.2 Pre-tax profit from investments in the shareholders' fund for FY-05 was \$104.2 million, 11% higher than \$93.8 million in 2004. If the one-off gain from the Disposal pertaining to the shareholders' fund portion was excluded, the profit from investments in the shareholders' fund for FY-05 would have been 77% higher than FY-04. Losses on exchange differences during Q4-05 accounted for 76% of the losses reported for FY-05.

### 10.4 Fees and other income

10.4.1 Pre-tax fees and other income for Q4-05 was \$16.2 million, 28% higher than \$12.7 million for Q4-04; and for FY-05 was \$57.7 million, 46% higher than \$39.4 million in FY-04.

10.4.2 Increases were contributed by GEH's asset management and financial advisory subsidiaries, Lion Capital Management Limited (LCM), Lion Fairfield Asset Management Limited (previously known as Fairfield Straits Lion Asset Management Limited) and Alpha Financial Advisers Private Limited. Integration of businesses between Straits Lion Asset Management Limited (SLAM) and OCBC Asset Management Limited (OAM), including the transfer of business from SLAM to OAM and the subsequent change of name of OAM to LCM, was effectively completed on 26 September 2005.

10.4.3 Assets under management by LCM amounted to \$32 billion as at 31 December 2005, 27% higher than \$27 billion as at 31 December 2004.

### 10.5 Management and Other Expenses

10.5.1 Management and other expenses for Q4-05 amounted to \$10.7 million, 47% higher than \$7.3 million for the corresponding quarter last year; for FY-05 amounted to \$35.7 million, 63% higher than \$21.9 million last year. The increase was due mainly to (a) expenses incurred in the Group's regional expansion including pre-operational expenses for the life assurance business borne by GEH and not shared with the joint venture partner in China; (b) increased operating costs of the Group's asset management and financial advisory services, and (c) costs incurred to integrate the business operations of SLAM and OAM.

10.5.2 Expenses last year included expenses and fees incurred in connection with the Disposal and voluntary unconditional offer by OCBC for GEH.

### 10.6 Income Tax

10.6.1 The income tax expense for Q4-05 was \$20.6 million, comparable to \$20.5 million for the corresponding quarter in 2004. The income tax expense for FY-05 was \$60.4 million, 22% lower than \$77.2 million in 2004.

10.6.2 During FY-05, there was a tax refund of \$4.8 million from prior years' tax and several items on the profit and loss statement were tax exempt income. After accounting for the various tax adjustments, the effective tax rate for FY-05 was 23%, comparable to that of 2004.

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

EPS for FY-05 was 79 cents, lower than 85 cents in 2004. Excluding the gain from the Disposal which contributed 15 cents, EPS would have been 13% higher.

ROE for FY-05 was 15.1%, lower than 18.5% in FY-04. The gain from Disposal contributed 3.3%.

NAV as at 31 December 2005 was \$5.56 per share, 13% higher than \$4.91 per share as at 31 December 2004.

10.8 Group Assets

The Group's total assets as at 31 December 2005 rose 8% to \$39.2 billion, from \$36.3 billion as at 31 December 2004.

**11 ACCOUNTING POLICIES AND IMPLEMENTATION OF RISK-BASED CAPITAL FRAMEWORK BY SINGAPORE INSURERS**

11.1 The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for Q405 and FY05, consistent with the Group's audited financial statements for the year ended 31 December 2004, except for the changes in accounting policies described below. The following new Financial Reporting Standards ("FRS") that are mandatory for financial years beginning on or after 1 January 2005 have been adopted, in addition to the adoption of revisions to several existing FRS, as appropriate, that became applicable from 1 January 2005:

- (a) FRS 102 - Share-based Payment
- (b) FRS 103 - Business Combinations
- (c) FRS 104 - Insurance Contracts
- (d) FRS 105 - Non-current Assets Held for Sale and Discontinued Operations

In August 2005, the China Insurance Regulatory Commission approved GEH's application to commence preparatory work for a life insurance operating licence in China. On 18 August 2005, one of GEH's subsidiaries entered into a 50/50 joint venture life insurance agreement with a Chinese partner in Chongqing, China. In accordance with FRS 31, GEH adopted equity accounting method to account for the initial start-up costs shared between the two joint venture partners.

The Group has adopted FRS 39 on "Financial Instruments: Recognition and Measurement" since 1 January 2002, although it became mandatory only from 1 January 2005.

The adoption of FRS 102 resulted in a change in the accounting policy for share-based payments. The costs of the grant of share options to employees are recognised as part of staff costs in the Profit and Loss or Revenue Statements of the respective insurance funds, based on fair value of the share options measured at the date of grant. Transitional provisions in FRS 102 would apply to share options granted after 22 November 2002 but not vested by 1 January 2005. As there were no outstanding share options under the GEH Executives Share Option Scheme as at 1 January 2005, there would be no restatement of the 2004 comparatives, a requirement of FRS 102. In April 2005, senior executives of the GEH Group were nominated to participate in the OCBC Share Option Scheme 2001. On 6 May 2005, based on acceptances received, 1,344,000 OCBC share options were granted. The fair value of the share options granted has been charged to the Group and expensed in accordance with FRS 102. Payment to OCBC for these share options would be made on the respective vesting dates.

On 10 August 2005, GEH and OCBC completed the purchase of 15.1% in SLAM for cash consideration. With effect from that date, GEH held 70% of the merged entity (now known as LCM) and OCBC held 30%.

The adoption of FRS 104 required the identification of insurance contracts which do not contain significant insurance risks to be reclassified as investment contracts. The Group defines insurance risk to be significant when the ratio of the insurance risk over the deposit component is not less than 105% of the deposit component at any point of the insurance contract in force. Accordingly, all policy contracts issued by insurance subsidiaries within the Group are insurance contracts as at the date of this balance sheet. For purposes of FRS 104, the Group adopts maximum policy benefits as the proxy for insurance risk and cash surrender value as the proxy for deposit component.

The designation of life assurance fund and general insurance fund as liabilities in the balance sheet necessitated the reclassification of a change in insurance liabilities as an expense. The comparatives have been restated accordingly.

Apart from that which has been disclosed, the adoption of the new and revised FRS does not have any major financial impact on the Group's results for Q4-05 and FY-05.

- 11.2 The new Insurance (Valuation and Capital) Regulations 2004 governing risk-based capital framework for insurers in Singapore came into effect on 1 January 2005 and the Group's insurance subsidiaries in Singapore are in compliance with the regulatory provisions. Each of the insurance funds is required under the new framework to maintain a minimum 100% of regulatory risk capital within the respective funds. The change in actuarial liabilities is accounted for as a change in accounting estimate.

## 12 UNAUDITED RESULTS

The consolidated Group financial results for the fourth quarter and year ended 31 December 2005 have not been audited by the Group's auditors.

## 13 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 will continue to be sensitive to any substantial movements in the equity and foreign exchange markets and in interest rates.

In Singapore, the recent Government announcement in changes to the CPF Investment Scheme is not expected to have any adverse impact on the Group's Singapore life insurance business. However, keen competition in Singapore for savings-oriented insurance products is likely to intensify in the near term with the continued increase in short term interest rates and flattening of the yield curve.

## 14 BORROWINGS, CONTINGENT LIABILITIES AND LONG TERM LIABILITIES

- 14.1 There were no borrowings or contingent liabilities for the Group as at 31 December 2005 (31 December 2004: nil) as the Group has strong liquidity for its business operations.
- 14.2 As disclosed in the Group's Annual Report 2004, the Group's insurance subsidiary companies in Singapore were issued a protective tax assessment by the Inland Revenue Authority of Singapore ("IRAS") in respect of Year of Assessment 1998 (YA 1998), which would have become time barred after 31 December 2004. The protective tax assessment disallowed the deduction of the Life Assurance Participating Fund's cost of bonus, whereas the deduction had been granted in previous years. In the event that the cost of bonus is not allowed as an expense for tax purposes, the Singapore Life Assurance Fund would be liable for an additional tax payment of approximately \$283.5 million for the open years of assessment from 1998 to 2005. As the life insurance industry is in discussion with IRAS on this issue, the Directors consider that it is premature to make any provision. IRAS, in its letter dated 8 December 2005 to the Life Insurance Association (LIA), informed the industry that it would withdraw the protective tax assessment for YA1998 from LIA members.

## 15 ISSUED SHARE CAPITAL

The Company's issued and paid up share capital remained at \$236,659,534.50 as at 31 December 2005, no change from that of 31 December 2004.

## 16 DIVIDENDS

In respect of the financial year ended 31 December 2005, an interim dividend of 12 cents (gross) per ordinary share was paid during 2005.

The Directors are pleased to recommend the payment of a final dividend of 20 cents (gross) per ordinary share, less 20% Singapore income tax. The Directors are pleased to further recommend the payment of a special final dividend of 18 cents (gross) per ordinary share, less 20% Singapore income tax, as the Company intends to efficiently utilise the Company's available Section 44 (of the Income Tax Act) balance. The recommended final and special final dividends for approval at the Annual General Meeting will, upon such approval, be paid on 11 May 2006, as summarised below:

	2005		2004	
	Cents per ordinary share (gross)	S\$ million (net)	Cents per ordinary share (gross)	S\$ million (net)
First interim dividend paid, less 20% Singapore income tax	12	45.44	7	26.5
Special interim dividend paid, less 20% Singapore income tax	-	-	5	18.93
Final dividend proposed, less 20% Singapore income tax	20	75.73	20	75.73
Special final dividend proposed, less 20% Singapore income tax	18	68.16	3	11.36
<b>Total dividend</b>	<b>50</b>	<b>189.33</b>	<b>35</b>	<b>132.52</b>

## 17 CLOSURE OF BOOKS

NOTICE IS HEREBY GIVEN that the Share Transfer Books and the Register of Members of the Company will be closed on 28 April 2006. Duly completed registrable transfers received by the Company's Share Registrar, M&C Services Pte Ltd at 138 Robinson Road #17-00, The Corporate Office, Singapore 068906 up to 5.00 p.m. on 27 April 2006 will be registered to determine shareholders' entitlements to the final dividend. Subject as aforesaid, Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares as at 5.00 p.m. on 27 April 2006 will be entitled to the final dividend.

BY ORDER OF THE BOARD

Elizabeth Teoh  
Group Company Secretary

Singapore  
24 February 2006