

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

FINANCIAL RESULTS FOR 2007

The Board of Directors of Great Eastern Holdings Limited is pleased to announce the audited financial results of the Group and the Company for the fourth quarter and year ended 31 December 2007.

1 GROUP PROFIT AND LOSS STATEMENTS

in Singapore Dollars (millions)	2007	2006	% + / (-)	4th Quarter 2007	4th Quarter 2006	% + / (-)
Turnover ⁽¹⁾	9,225.3	7,922.2	16	2,468.3	2,228.7	11
Gross Premiums	5,997.7	5,417.5	11	1,848.7	1,568.9	18
Life assurance profit from:						
Participating Fund	142.9	103.1	39	70.7	27.2	160
Non-participating Fund	302.0	218.5	38	94.1	83.2	13
Investment-linked Fund	64.3	54.6	18	15.2	15.2	0
Profit from life assurance	509.2	376.2	35	180.0	125.6	43
Profit from general insurance	28.1	27.3	3	4.3	15.1	(72)
Profit from insurance operations	537.3	403.5	33	184.3	140.7	31
Investment income, net	92.8	98.1	(5)	26.3	37.1	(29)
Gain on sale of investments and changes in fair value	36.2	45.7	(21)	0.4	11.9	(97)
(Increase) / decrease in provision for impairment of assets	(4.6)	0.6	nm	(4.7)	0.6	nm
Loss in exchange differences	(12.9)	(10.2)	(26)	(10.1)	(1.3)	nm
Profit from investments	111.5	134.2	(17)	11.9	48.3	(75)
Fees and other income	105.6	80.9	31	22.0	24.2	(9)
Profit before expenses	754.4	618.6	22	218.2	213.2	2
less:						
Management and other expenses	81.1	53.1	53	25.1	17.7	42
Depreciation	1.2	1.1	9	0.4	0.3	33
Expenses	82.3	54.2	52	25.5	18.0	42
Profit after expenses	672.1	564.4	19	192.7	195.2	(1)
Share of (loss) / profit of associates	(0.6)	9.0	(107)	(4.6)	9.0	(151)
Share of loss of joint ventures	(2.0)	(2.5)	20	(0.3)	(0.6)	50
	669.5	570.9	17	187.8	203.6	(8)
less: Income tax	106.3	80.2	33	39.8	22.7	75
Net profit after income tax	563.2	490.7	15	148.0	180.9	(18)
Attributable to:						
Shareholders	546.9	476.9	15	144.6	175.9	(18)
Minority interest	16.3	13.8	18	3.4	5.0	(32)
	563.2	490.7	15	148.0	180.9	(18)
Basic and diluted earnings per share (in Singapore dollars)	\$1.16	\$1.01	15	\$0.31	\$0.37	(16)

nm - not meaningful / exceeding 200%

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

2 BALANCE SHEETS

in Singapore Dollars (millions)	Group			Company		
	31 December 2007	31 December 2006	% + / (-)	31 December 2007	31 December 2006	% + / (-)
Share capital	247.4	247.4	-	247.4	247.4	-
Reserves						
Merger reserve	15.8	125.8	(87)	435.0	545.0	(20)
Translation reserve	(17.4)	(20.3)	14	-	-	-
Fair value reserve	210.0	146.8	43	-	-	-
Accumulated profit	2,830.0	2,435.7	16	709.6	827.5	(14)
SHAREHOLDERS' FUND	3,285.8	2,935.4	12	1,392.0	1,619.9	(14)
MINORITY INTEREST	32.9	33.0	(0)	-	-	-
TOTAL EQUITY	3,318.7	2,968.4	12	1,392.0	1,619.9	(14)
LIABILITIES						
Income tax	259.3	219.1	18	(0.7)	-	nm
Other creditors and interfund balances	1,443.9	996.9	45	4.5	2.5	80
Reinsurance liabilities	67.8	50.4	35	-	-	-
Unexpired risk reserve	59.7	55.6	7	-	-	-
Policy benefits	1,645.2	1,474.5	12	-	-	-
Claims admitted or intimated	165.3	148.8	11	-	-	-
Agents' retirement benefits	183.6	168.4	9	-	-	-
Deferred tax	1,019.1	834.2	22	-	-	-
General insurance fund	109.1	99.4	10	-	-	-
Life assurance fund	38,243.7	35,010.2	9	-	-	-
TOTAL EQUITY AND LIABILITIES	46,515.4	42,025.9	11	1,395.8	1,622.4	(14)
ASSETS						
Cash and cash equivalents	2,768.3	3,823.9	(28)	19.1	36.2	(47)
Other debtors and interfund balances	1,365.8	878.4	55	-	0.4	nm
Outstanding premiums	168.7	154.5	9	-	-	-
Reinsurance assets	79.0	57.2	38	-	-	-
Loans	3,469.2	2,977.9	16	-	-	-
Investments	36,060.0	32,067.2	12	-	2.0	nm
Associates and joint ventures	581.9	587.5	(1)	-	-	-
Subsidiaries	-	-	-	635.6	745.6	(15)
Amounts due from subsidiaries, associates and joint ventures	-	-	-	740.8	838.2	(12)
Goodwill	25.5	25.5	-	-	-	-
Property, plant and equipment	818.7	686.2	19	0.3	-	nm
Investment properties	1,178.3	767.6	54	-	-	-
TOTAL ASSETS	46,515.4	42,025.9	11	1,395.8	1,622.4	(14)
Net Asset Value per share	6.94	6.20	12	2.94	3.42	(14)

nm - not meaningful / exceeding 200%

3 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		
	2007	2006	% + / (-)	2007	2006	% + / (-)
Turnover	4,521.1	3,833.9	17.9	4,704.2	4,088.3	15.1
Gross Premiums	2,757.4	2,494.3	10.5	3,240.3	2,923.2	10.8
Profit Attributable to Shareholders	277.9	188.6	47.3	269.0	288.3	(6.7)

4 SELECTED MANAGEMENT EXPENSES

in Singapore Dollars (millions)	Shareholders' and			
	General Insurance Funds		Life Assurance Fund	
	2007	2006	2007	2006
Directors' remuneration				
Directors of the Company	0.7	0.6	3.0	2.4
Directors of subsidiaries	2.2	1.9	0.9	0.7
Auditors' remuneration				
Other fees paid to Ernst & Young, Singapore	0.1	0.1	0.2	0.3
Staff costs and related expenses (Including key management personnel compensation)	45.9	33.4	123.8	123.6
Rental expense	2.7	2.6	13.0	14.8
(Gain) / Loss on disposal of property, plant and equipment	(0.1)	0.1	(0.4)	(1.9)
Depreciation	1.7	1.6	43.1	40.3

5 GROUP FINANCIAL HIGHLIGHTS

	Group		
	2007	2006	% + / (-)
Turnover	(S\$millions) 9,225.3	7,922.2	16
Gross Premiums	(S\$millions) 5,997.7	5,417.5	11
Total Assets	(S\$millions) 46,515.4	42,025.9	11
Profit Attributable to Shareholders	(S\$millions) 546.9	476.9	15
Shareholders' Fund	(S\$millions) 3,285.8	2,935.4	12
Profit After Tax before Minority Interests as a % of Turnover	% 6.1%	6.2%	-0.1 pp
Return on Equity (average Shareholders' Fund)	% 17.6%	17.1%	0.5 pp
Gross Premium Growth	% 10.7%	7.7%	3 pp

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

in Singapore Dollars (millions)	Attributable to shareholders of the Company						Minority Interest	Total Equity	
	Share Capital	Share Premium	Merger Reserve	Translation Reserve	Fair Value Reserve	Accumulated Profit			
Balance at 1 January 2007	247.4	-	125.8	(20.3)	146.8	2,435.7	2,935.4	33.0	2,968.4
Net profit/(loss) recognised directly in equity for year ended 31 December 2007:									
Exchange differences arising on translation of overseas entities	-	-	-	2.9	-	-	2.9	(0.8)	2.1
Current year movements in Fair Value Reserve:									
Fair value changes on remeasuring available-for-sale investments	-	-	-	-	99.8	-	99.8	1.5	101.3
Fair value changes transferred to Profit and Loss Statement during the year	-	-	-	-	(28.5)	-	(28.5)	-	(28.5)
Deferred tax on fair value changes	-	-	-	-	(13.2)	-	(13.2)	(0.3)	(13.5)
Deferred tax - effect of change in tax rate	-	-	-	-	5.1	-	5.1	-	5.1
Net profit recognised directly in equity	-	-	-	2.9	63.2	-	66.1	0.4	66.5
Net profit for the year	-	-	-	-	-	546.9	546.9	16.3	563.2
Total recognised profit for the year	-	-	-	2.9	63.2	546.9	613.0	16.7	629.7
Transfer from Merger Reserve to Accumulated Profit	-	-	(110.0)	-	-	110.0	-	-	-
Dividends paid during the year:									
Final and special final dividends for the previous year (net of 18% Singapore Tax)	-	-	-	-	-	(186.3)	(186.3)	-	(186.3)
Interim dividend (net of 18% Singapore Tax)	-	-	-	-	-	(2.5)	(2.5)	-	(2.5)
Interim dividend (net of 27% Malaysia Tax)	-	-	-	-	-	(73.8)	(73.8)	-	(73.8)
Dividends paid to minority interest	-	-	-	-	-	-	-	(16.8)	(16.8)
Balance at 31 December 2007	247.4	-	15.8	(17.4)	210.0	2,830.0	3,285.8	32.9	3,318.7
Balance at 1 January 2006	236.7	10.7	200.8	(10.1)	118.1	2,073.1	2,629.3	31.7	2,661.0
Net profit/(loss) recognised directly in equity for year ended 31 December 2006:									
Exchange differences arising on translation of overseas entities	-	-	-	(10.2)	-	-	(10.2)	0.8	(9.4)
Current year movements in Fair Value Reserve:									
Fair value changes on remeasuring available-for-sale investments	-	-	-	-	79.6	-	79.6	-	79.6
Fair value changes transferred to Profit and Loss Statement during the year	-	-	-	-	(48.6)	-	(48.6)	-	(48.6)
Deferred tax on fair value changes	-	-	-	-	(2.3)	-	(2.3)	-	(2.3)
Net profit/(loss) recognised directly in equity	-	-	-	(10.2)	28.7	-	18.5	0.8	19.3
Net profit for the year	-	-	-	-	-	476.9	476.9	13.8	490.7
Total recognised profit/(loss) for the year	-	-	-	(10.2)	28.7	476.9	495.4	14.6	510.0
Transfer from Merger Reserve to Accumulated Profit	-	-	(75.0)	-	-	75.0	-	-	-
Dividends paid during the year:									
Final and special final dividends for the previous year (net of 20% Singapore Tax)	-	-	-	-	-	(143.9)	(143.9)	-	(143.9)
Interim dividend (net of 20% Singapore Tax)	-	-	-	-	-	(45.4)	(45.4)	-	(45.4)
Transfer of share premium to share capital	10.7	(10.7)	-	-	-	-	-	-	-
Dividends paid to minority interest	-	-	-	-	-	-	-	(13.3)	(13.3)
Balance at 31 December 2006	247.4	-	125.8	(20.3)	146.8	2,435.7	2,935.4	33.0	2,968.4

6.2 GROUP STATEMENT OF CHANGES IN EQUITY for the fourth quarter ended 31 December

in Singapore Dollars (millions)	Attributable to shareholders of the Company					Total	Minority Interest	Total Equity
	Share Capital	Merger Reserve	Translation Reserve	Fair Value Reserve	Accumulated Profit			
Balance at 1 October 2007	247.4	125.8	(18.8)	218.2	2,575.4	3,148.0	30.0	3,178.0
Net profit/(loss) recognised directly in equity for period ended 31 December 2007:								
Exchange differences arising on translation of overseas entities	-	-	1.4	-	-	1.4	0.2	1.6
Current period movements in Fair Value Reserve:								
Fair value changes on remeasuring available-for-sale investments	-	-	-	(9.5)	-	(9.5)	0.2	(9.3)
Fair value changes transferred to Profit and Loss Statement during the period	-	-	-	(0.1)	-	(0.1)	-	(0.1)
Deferred tax on fair value changes	-	-	-	1.4	-	1.4	(0.1)	1.3
Deferred tax - effect of change in tax rate	-	-	-	-	-	-	-	-
Net profit/(loss) recognised directly in equity	-	-	1.4	(8.2)	-	(6.8)	0.3	(6.5)
Net profit for the period	-	-	-	-	144.6	144.6	3.4	148.0
Total recognised profit for the period	-	-	1.4	(8.2)	144.6	137.8	3.7	141.5
Transfer from Merger Reserve to Accumulated Profit	-	(110.0)	-	-	110.0	-	-	-
Dividends paid to minority interest	-	-	-	-	-	-	(0.8)	(0.8)
Balance at 31 December 2007	247.4	15.8	(17.4)	210.0	2,830.0	3,285.8	32.9	3,318.7
Balance at 1 October 2006	247.4	200.8	(13.1)	137.1	2,184.8	2,757.0	27.8	2,784.8
Net profit/(loss) recognised directly in equity for period ended 31 December 2006:								
Exchange differences arising on translation of overseas entities	-	-	(7.2)	-	-	(7.2)	0.8	(6.4)
Current period movements in Fair Value Reserve:								
Fair value changes on remeasuring available-for-sale investments	-	-	-	21.1	-	21.1	-	21.1
Fair value changes transferred to Profit and Loss Statement during the period	-	-	-	(10.6)	-	(10.6)	-	(10.6)
Deferred tax on fair value changes	-	-	-	(0.8)	-	(0.8)	-	(0.8)
Net profit/(loss) recognised directly in equity	-	-	(7.2)	9.7	-	2.5	0.8	3.3
Net profit for the period	-	-	-	-	175.9	175.9	5.0	180.9
Total recognised profit/(loss) for the period	-	-	(7.2)	9.7	175.9	178.4	5.8	184.2
Transfer from Merger Reserve to Accumulated Profit	-	(75.0)	-	-	75.0	-	-	-
Dividends paid to minority interest	-	-	-	-	-	-	(0.6)	(0.6)
Balance at 31 December 2006	247.4	125.8	(20.3)	146.8	2,435.7	2,935.4	33.0	2,968.4

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

in Singapore Dollars (millions)	Share Capital	Share Premium	Merger Reserve	Accumulated Profit	Total
Balance at 1 January 2007	247.4	-	545.0	827.5	1,619.9
Net profit for the year	-	-	-	34.7	34.7
Transfer from Merger Reserve to Accumulated Profit	-	-	(110.0)	110.0	-
Dividends paid during the year:					
Final and special final dividends for the previous year (net of 18% Singapore Tax)	-	-	-	(186.3)	(186.3)
Interim dividend (net of 18% Singapore Tax)	-	-	-	(2.5)	(2.5)
Interim dividend (net of 27% Malaysia Tax)	-	-	-	(73.8)	(73.8)
Balance at 31 December 2007	247.4	-	435.0	709.6	1,392.0
Balance at 1 January 2006	236.7	10.7	620.0	916.4	1,783.8
Net profit for the year	-	-	-	25.4	25.4
Transfer from Merger Reserve to Accumulated Profit	-	-	(75.0)	75.0	-
Dividends paid during the year:					
Final and special final dividends for the previous year (net of 20% Singapore Tax)	-	-	-	(143.9)	(143.9)
Interim dividend (net of 20% Singapore Tax)	-	-	-	(45.4)	(45.4)
Transfer of share premium to share capital	10.7	(10.7)	-	-	-
Balance at 31 December 2006	247.4	-	545.0	827.5	1,619.9

7.2 COMPANY STATEMENT OF CHANGES IN EQUITY for the fourth quarter ended 31 December

in Singapore Dollars (millions)	Share Capital	Share Premium	Merger Reserve	Accumulated Profit	Total
Balance at 1 October 2007	247.4	-	545.0	601.6	1,394.0
Net profit for the period	-	-	-	(2.0)	(2.0)
Transfer from Merger Reserve to Accumulated Profit	-	-	(110.0)	110.0	-
Balance at 31 December 2007	247.4	-	435.0	709.6	1,392.0
Balance at 1 October 2006	247.4	-	620.0	755.8	1,623.2
Net profit for the period	-	-	-	(3.3)	(3.3)
Transfer from Merger Reserve to Accumulated Profit	-	-	(75.0)	75.0	-
Balance at 31 December 2006	247.4	-	545.0	827.5	1,619.9

8 CONSOLIDATED STATEMENT OF CASH FLOWS

in Singapore Dollars (millions)	2007	2006	4th Quarter 2007	4th Quarter 2006
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	669.5	570.9	187.8	203.6
Amount from life assurance revenue statement	1,319.1	1,054.6	350.2	475.3
Excess of income over expenses before income tax from general insurance revenue statement	38.5	35.2	5.6	16.5
Transfer (to)/from life assurance fund	(509.7)	24.0	(3.6)	224.1
Adjustments for non-cash items:				
Surplus transferred from life assurance fund but not yet withdrawn	(509.2)	(376.2)	(180.0)	(125.6)
Profit transferred from general insurance fund but not yet withdrawn	(28.1)	(27.3)	(4.3)	(15.1)
Share of (profit)/loss of associates and joint ventures	(27.1)	(50.3)	14.3	(52.2)
Amortisation of difference in purchase consideration over nominal value of government securities, loan stocks and bonds	(3.1)	25.5	(10.6)	5.1
Gain on sale of investments and changes in fair value	(1,711.7)	(1,027.8)	(329.6)	(378.2)
Loss on sale of properties held for sale	-	4.7	-	0.2
Increase / (decrease) in provision for impairment of assets	2.8	(5.5)	4.6	(3.4)
Increase in provision for agents' retirement benefits	22.7	19.9	6.3	5.6
Gain on disposal of property, plant and equipment and investment properties	(0.5)	(1.8)	2.0	(1.9)
Depreciation	44.8	41.9	12.0	11.4
Unrealised loss in exchange differences	65.5	97.8	72.7	23.8
Dividend income	(393.0)	(413.3)	(72.5)	(113.2)
Interest income	(1,253.2)	(1,180.0)	(325.6)	(319.4)
Interest on policy benefits	59.8	53.0	15.6	13.8
Share based payments	2.1	1.5	0.5	0.3
	(2,210.8)	(1,153.2)	(254.6)	(29.3)
Changes in working capital:				
Reinsurance assets	(21.9)	0.8	(14.4)	2.3
Outstanding premiums	(14.2)	7.5	29.7	47.2
Other debtors and interfund balances	(487.4)	38.1	(300.0)	(114.3)
Insurance contract liabilities	2,492.8	856.2	317.5	37.3
Loss reserves	18.0	1.2	12.8	(1.3)
Claims admitted and intimated	16.5	2.1	18.0	12.4
Policy benefits	170.7	122.2	51.7	45.7
Unexpired risk reserve	4.3	4.5	(0.9)	(2.3)
Reinsurance liabilities	17.4	9.1	2.2	(4.1)
Other creditors and interfund balances	430.2	79.4	348.8	211.7
Cash generated from/(used in) operations	415.6	(32.1)	210.8	205.3
Income tax paid	(235.0)	(187.1)	(33.7)	(38.1)
Interest paid on policy benefits	(59.8)	(53.0)	(15.6)	(13.8)
Agents' retirement benefits paid	(7.2)	(6.5)	(2.7)	(1.5)
Net cash flows from/(used in) operating activities	113.6	(278.7)	158.8	151.9
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investments	20,165.4	16,785.4	5,042.5	3,518.2
Purchase of investments	(22,604.4)	(16,819.5)	(6,099.6)	(3,605.1)
Proceeds from sale of properties held for sale	-	5.8	-	-
Proceeds from transfer of Dependents' Protection Scheme business from Central Provident Fund Board	-	124.1	-	-
Capital injection in associated and joint venture companies	(56.6)	(574.2)	(73.4)	(543.2)
Proceeds from disposal of associated company	64.7	-	59.9	-
Net cash outflow from acquisition of a subsidiary	-	(4.1)	-	-
Repayment of loan by subsidiary company	14.7	(13.6)	-	-
Proceeds from sale of property, plant and equipment and investment properties	9.9	58.0	0.4	52.1
Purchase of property, plant and equipment and investment properties	(107.5)	(119.3)	(18.4)	(70.2)
Interest income received	1,253.2	1,180.0	325.6	319.4
Dividend received	393.0	413.3	72.5	113.2
Net cash flows (used in)/from investing activities	(867.6)	1,035.9	(690.5)	(215.6)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(262.6)	(189.3)	-	-
Dividends paid to minority interest	(16.8)	(13.3)	(0.8)	(0.6)
Net cash flows used in financing activities	(279.4)	(202.6)	(0.8)	(0.6)
Net effect of translation reserve adjustment	(22.2)	(122.7)	(72.8)	126.8
Net (decrease) / increase in cash and cash equivalents	(1,055.6)	431.9	(605.3)	62.5
Cash and cash equivalents at the beginning of the year	3,823.9	3,392.0	3,373.6	3,761.4
Cash and cash equivalents at the end of the year	2,768.3	3,823.9	2,768.3	3,823.9
Cash and cash equivalents comprise:				
Cash and bank balances	427.0	318.5	427.0	318.5
Cash on deposit	1,539.6	3,281.5	1,539.6	3,281.5
Short term instruments	801.7	223.9	801.7	223.9
	2,768.3	3,823.9	2,768.3	3,823.9

9 GROUP SEGMENTAL INFORMATION

(A) By Geographical Segments

in Singapore Dollars (millions)	Singapore		Malaysia		Other Asia		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006
(a) Shareholders' Fund								
Profit/(loss) from insurance operations ^(9.1)	227.5	207.7	313.4	195.8	(3.6)	-	537.3	403.5
Profit from investments ^(9.2)	237.6	318.0	13.4	6.7	-	-	111.5	134.2
Fees and other income	105.6	80.8	-	0.1	-	-	105.6	80.9
Profit/(loss) before expenses	570.7	606.5	326.8	202.6	(3.6)	-	754.4	618.6
Segment assets ^(9.3)	3,493.8	2,761.5	511.0	294.4	9.0	7.4	3,928.2	3,032.5
Investments in associates and joint ventures	77.3	118.9	-	-	-	-	77.3	118.9
Total assets employed ^(9.3)	3,571.1	2,880.4	511.0	294.4	9.0	7.4	4,005.5	3,151.4
Segment liabilities	432.1	22.9	60.5	1.9	-	0.1	492.6	24.9
Income tax and deferred tax liabilities	152.5	139.8	41.7	22.0	-	-	194.2	161.8
Total liabilities	584.6	162.7	102.2	23.9	-	0.1	686.8	186.7
Capital expenditure	1.2	-	-	0.1	-	-	1.2	0.1

^(9.1) On a restated basis for all funds net of tax, profit or loss from insurance operations would be as follows:

Profit/(loss) before tax from insurance operations	277.4	259.6	319.9	199.7	(3.6)	-	593.7	459.3
Less: Income tax	49.9	51.9	86.4	55.9	-	-	136.3	107.8
Profit/(loss) after tax from insurance operations	227.5	207.7	233.5	143.8	(3.6)	-	457.4	351.5

Profit transferred from Singapore insurance funds and Malaysia general funds are presented net of tax in the Profit and Loss Statement and Revenue Statements. This is done to reflect the substance that the tax liability is borne by the respective insurance funds.

Profit transferred from Malaysia life funds are presented before tax in the Revenue Statements.

^(9.2) elimination of inter-segment transactions - 2007: \$139.5 million (2006:\$190.5 million)

^(9.3) elimination of inter-segment transactions - 2007: \$85.6 million (2006:\$30.8 million)

(b) General Insurance Fund

Premiums less reinsurances	23.4	18.9	47.1	43.5	-	0.3	70.5	62.7
Increase in unexpired risk reserve during the year	(2.6)	(1.3)	(0.9)	(1.5)	-	-	(3.5)	(2.8)
Commissions received from reinsurers	7.3	7.0	8.8	8.6	-	-	16.1	15.6
Net claims and increase in loss reserves	(14.1)	(7.4)	(24.6)	(22.4)	-	(0.1)	(38.7)	(29.9)
Depreciation	(0.1)	(0.1)	(0.4)	(0.4)	-	-	(0.5)	(0.5)
Commissions and expenses	(14.7)	(15.0)	(23.5)	(21.5)	-	(0.1)	(38.2)	(36.6)
Net underwriting profit	(0.8)	2.1	6.5	6.3	-	0.1	5.7	8.5
Segment assets / Total assets employed	85.9	76.3	120.1	111.9	0.5	0.6	206.5	188.8
Segment liabilities	79.2	66.6	114.2	105.9	0.5	0.7	193.9	173.2
Income tax and deferred tax liabilities	6.7	6.2	5.9	5.7	-	-	12.6	11.9
Total liabilities	85.9	72.8	120.1	111.6	0.5	0.7	206.5	185.1
Capital expenditure	-	0.1	0.5	0.3	-	-	0.5	0.4

(c) Life Assurance Fund

Premiums less reassurances	3,843.3	3,449.1	1,889.7	1,742.7	60.1	33.7	5,793.1	5,225.5
Commissions received from reinsurers	3.6	4.5	5.6	5.0	-	-	9.2	9.5
Investment and rental income	1,649.6	1,396.1	1,391.6	846.7	23.4	14.9	3,064.6	2,257.7
(Increase) / decrease in provision for impairment of assets	(0.9)	1.7	2.7	3.2	-	-	1.8	4.9
	5,495.6	4,851.4	3,289.6	2,597.6	83.5	48.6	8,868.7	7,497.6
Claims less reassurances	3,688.8	4,060.7	1,135.5	865.2	19.1	14.0	4,843.4	4,939.9
Commissions and expenses	295.4	258.8	404.0	359.2	10.3	8.4	709.7	626.4
Segment assets	24,995.5	23,677.8	16,504.3	14,303.5	299.0	235.8	41,798.8	38,217.1
Investments in associates and joint ventures	504.6	468.6	-	-	-	-	504.6	468.6
Total assets employed	25,500.1	24,146.4	16,504.3	14,303.5	299.0	235.8	42,303.4	38,685.7
Segment liabilities	24,656.2	23,414.5	16,277.9	14,156.6	297.7	235.0	41,231.8	37,806.1
Income tax and deferred tax liabilities	843.9	732.7	226.4	146.9	1.3	-	1,071.6	879.6
Total liabilities	25,500.1	24,147.2	16,504.3	14,303.5	299.0	235.0	42,303.4	38,685.7
Capital expenditure	32.0	26.5	69.6	92.3	4.2	-	105.8	118.8

9 GROUP SEGMENTAL INFORMATION (continued)

(B) By Business Segments

in Singapore Dollars (millions)	Life Assurance Fund (Non-Linked)		Life Assurance Fund (Linked)		Consolidated	
	2007	2006	2007	2006	2007	2006
Premiums less reassurances	3,977.6	4,032.6	1,815.5	1,192.9	5,793.1	5,225.5
Commissions received from reinsurers	8.8	8.1	0.4	1.4	9.2	9.5
Investment and rental income	2,776.4	1,901.9	288.2	355.8	3,064.6	2,257.7
(Increase) / decrease in provision for impairment of assets	1.8	4.9	-	-	1.8	4.9
	6,764.6	5,947.5	2,104.1	1,550.1	8,868.7	7,497.6
Claims less reassurances	3,967.1	4,160.2	876.3	779.7	4,843.4	4,939.9
Commissions and expenses	467.7	443.5	242.0	182.9	709.7	626.4
Segment assets	37,814.3	35,127.8	3,984.5	3,089.3	41,798.8	38,217.1
Investments in associates and joint ventures	504.6	468.6	-	-	504.6	468.6
Total assets employed	38,318.9	35,596.4	3,984.5	3,089.3	42,303.4	38,685.7
Capital expenditure	105.8	118.8	-	-	105.8	118.8

10 REVIEW OF RESULTS

The Group Financial Statements for the fourth quarter of 2007 (Q4-07) and for the year ended 31 December 2007 (FY-07) have been prepared in accordance with Singapore Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS).

10.1 GROSS BUSINESS PREMIUMS

Gross business premiums sales rose 18% in Q4-07 to \$1.85 billion (Q4-06: \$1.57 billion). The ratio of business premiums between Singapore and Malaysia remained at about the same as Q4 last year, i.e. 65:35. For the full year, gross premiums increased by 11% to \$6.00 billion (FY-06: \$5.42 billion).

10.2 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Group profit attributable to shareholders for Q4-07 was down by \$31.3 million or 18% compared with Q4-06 despite an increase in insurance profits of \$43.6 million, due mainly to:

- (a) Receipt of a one-time tax exempt dividend and capital reduction payment totalling \$31.5 million from an investment in Q4-06 not repeated in Q4-07.
- (b) Lower fee and income from Lion Capital (- \$2.2 million)
- (c) Higher management and other expense (+ \$7.5 million)
- (d) Lower profits from Associates and Joint Ventures (- \$13.3 million); and
- (e) Higher income tax (+ \$17.1 million).

For the full year, Group profit increased by 15% to \$547 million (FY-06: \$477 million). The improved performance was due to higher profit from insurance operations (+ \$134 million) and higher fees and other income from Lion Capital (+ \$25 million) offset, in part, by lower investment profits from Shareholders' Funds (- \$23 million), higher expenses (+ \$28 million), lower profit from Associates and Joint Ventures (- \$9 million) and higher income tax (+ \$26 million).

10.3 PROFIT FROM INSURANCE OPERATIONS

- (a) Profit from life assurance operations rose 43% in Q4-07 to \$180 million (Q4-06: \$125 million). For the full year, profit was up 35% to \$509 million (FY-06: \$376 million) from higher premium sales and gain on sale of investments.
- (b) Profit from participating fund increased 160% in Q4-07 to \$70.7 million (Q4-06: \$27.2 million) due mainly to a one-off special bonus for policyholders declared in Dec-07. Profit from non-participating fund increased 13% to \$94.1 million (Q4-06: \$83.2 million) due mainly to a sale of investments from the non-participating fund in Malaysia.
- (c) Profit from general insurance decreased 72% in Q4-07 to \$4.3 million (Q4-06: \$15.1 million). The higher profit in Q4-06 included an amount of \$5 million reserves released on expiry of a performance bond contract. For the full year, profit from general insurance stood at \$28 million, about the same as \$27 million in FY-06.

10.4 PROFIT FROM INVESTMENTS OF SHAREHOLDERS' FUND

Profit from investments of shareholders' fund decreased 75% in Q4-07 to \$11.9 million (Q4-06: \$48.3 million) due to a one-time tax exempt receipt of \$31.5 million referred to in paragraph 10.2(a) above. Correspondingly, profit from investment of shareholders' fund was lower in FY-07, \$112 million (FY-06: \$134 million).

10.5 FEES AND OTHER INCOME

In FY-07, fees and other income increased 31% to \$105.6 million (FY-06: \$80.9 million) due mainly to an increase in assets under management and performance incentive fees received from certain managed accounts.

10.6 MANAGEMENT AND OTHER EXPENSES

Management and other expenses increased 42% in Q4-07 to \$25.5 million (Q4-06: \$18.0 million) and 52% for the year to \$82.3 million (FY-06: \$54.2 million). The increase was budgeted for and due to:

- (a) higher salaries, wages and agency fees incurred by Lion Capital Management as a result of higher volume of trading activities; and
- (b) regional start-up costs and higher operating expenses of insurance operations in China, Indonesia and Vietnam.

10.7 INCOME TAX

The reduction in corporate tax rate with effect from 2007 for Singapore (18%) and Malaysia (27%), resulted in an improvement in Group Profit by \$1.9 million and an increase in Shareholders' Fund by \$5.1 million.

Income tax increased 75% in Q4-07 to \$39.8 million (Q4-06: \$22.7 million). For FY-07, income tax increased 33% to \$106.3 million (FY-06: \$80.2 million) due to higher taxable profit. Effective tax rate for FY-07 was 25% (FY-06: 23%) due to receipt of tax exempt income in FY-06.

10.8 EARNINGS PER SHARE AND RETURN ON EQUITY

	<u>FY-07</u>	<u>FY-06</u>	<u>+/(-)</u>
Earnings per share	\$1.16	\$1.01	15%
Return on equity	17.6%	17.1%	0.5pp

10.9 NET ASSET VALUE PER SHARE AND GROUP ASSETS

	<u>31 Dec 07</u>	<u>31 Dec 06</u>	<u>+/(-)</u>
Net asset value per share	\$6.94	\$6.20	12%
Group Assets	\$46.5 billion	\$42.0 billion	11%

10.10 BALANCE SHEETS

- (a) Merger Reserve.
Merger Reserve at year end was \$16 million compared with \$126 million last year following the transfer of \$110 million to the accumulated profit account by a subsidiary company which declared a dividend of the same amount from its pre-acquisition reserves in Q4-07.
- (b) Other Creditors, Debtors and Inter-fund Balances.
The change in the Creditors and Inter-fund account from \$997 million in FY-06 to \$1,444 million in FY-07 resulted mainly from the securitisation of existing unrated Singapore dollar denominated bonds held by the Group via a special purpose entity. The corresponding effect was an increase in the Debtors and Inter-fund account from \$878 million in FY-06 to \$1,366 million in FY-07.
- (c) Deferred Tax.
During the year, deferred tax of \$123 million has been provided on the estimated future bonus available for distribution to policyholders of the Singapore participating life fund. This follows from a change in the tax legislation which stipulated that with effect from 1 January 2005, participating life funds of insurance companies in Singapore would be taxed based on actual distributions to policyholders and shareholders.

(d) Investment properties.

Investment properties increased 54% from \$768 million to \$1,178 million, the bulk of which was due to a revaluation gain in the life assurance funds. With the adoption of FRS 40 on 1 January 2007, the Group's investment properties were recorded at fair value based on independent valuations.

11 ACCOUNTING POLICIES

The Group adopted the accounting policies and methods of computation for the financial statements for FY-07, consistent with the audited financial statements for the year ended 31 December 2006, except for FRS 40, Investment Property which was effective from 1 January 2007.

With the adoption of FRS 40, investment properties are stated at either fair value or cost less accumulated depreciation. Investment properties of the Group reside predominantly in the Participating Life Assurance Funds. On adoption of FRS 40, the Group measures all investment properties at fair value unless it cannot be reliably determined on an ongoing basis. The gains or losses arising from changes in the fair value of investment properties are included in the Life Assurance Revenue Statements in the year in which they arise. As permitted by the transitional provisions of FRS 40, the revaluation gain of \$147.7 million was recorded in the Life Assurance Fund on 1 January 2007.

Except as disclosed in the foregoing paragraph, the adoption of the other revised and new FRS and INT FRS which came into effect on 1 January 2007 did not have any material financial impact on the Group's results for Q4-07.

12 AUDITED RESULTS

The consolidated Group's financial results for the financial year ended 31 December 2007 have been audited by the Group's auditors.

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

The Group's overall performance is affected by local, regional and global economic conditions and growth. The current trend in interest rates is expected to impact earnings from the non-participating funds in Singapore.

The Group continues to expand its operations in Singapore, Malaysia, China, Indonesia and Vietnam. The acceleration of activities in the regional markets will increase management expenses and breakeven is projected to take a few years for the operations in China, Indonesia and Vietnam.

14 BORROWINGS, CONTINGENT LIABILITIES AND LONG TERM LIABILITIES

There were no borrowings or contingent liabilities for the Group as at 31 December 2007 (FY-06: nil). The Group has maintained strong liquidity for its business operations.

15 SHARE CAPITAL

The Company's issued and paid up share capital amounted to \$247.4 million as at 31 December 2007, the same as FY-06.

16 DIVIDEND

For the financial year ended 31 December 2007, an interim dividend of 16.12 cents net of tax per ordinary share was paid on 6 September 2007.

The Directors are pleased to recommend the payment of a final tax exempt (one-tier) dividend of 16 cents per ordinary share. The Directors are pleased to further recommend the payment of a special final tax exempt (one-tier) dividend of 26 cents per ordinary share. The recommended final and special final dividends for approval at the Annual General Meeting will, upon such approval be paid on 8 May 2008, as summarised below:

	2007		2006	
	Cents per ordinary share, net	S\$ million	Cents per ordinary share, net	S\$ million
Interim dividend paid, less 18% (2006: 20%) Singapore tax	0.54	2.5	9.60	45.44
Interim dividend paid, less 27% Malaysia tax	15.58	73.8	-	-
Final tax exempt (one-tier) dividend proposed (2006: net of 18% Singapore tax)	16.00	75.7	16.40	77.62
Special final tax exempt (one-tier) dividend proposed (2006: net of 18% Singapore tax)	26.00	123.1	22.96	108.67
Total dividends	58.12	275.1	48.96	231.73

17 CLOSURE OF BOOKS

NOTICE IS HEREBY GIVEN that the Share Transfer Books and the Register of Members of the Company be closed on 25 April 2008 for the purpose of determining the entitlement of shareholders to the recommended final tax exempt (one-tier) dividend of 16 cents and special final tax exempt (one-tier) dividend of 26 cents. Duly completed registrable transfers of shares 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 pm on 24 April 2008 will be registered to determine the shareholders' entitlements to the final and special final tax-exempt dividends. Subject to the aforesaid, Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares as at 5.00 pm on 24 April 2008 will be entitled to the recommended final and special final tax-exempt dividends.

18 CONFIRMATION BY DIRECTORS

The Directors of the Company confirm pursuant to Rule 705(4) of the Listing Manual that, to the best of their knowledge, nothing has come to their attention which may render the audited financial results of the Company and of the Group for the year ended 31 December 2007 to be false or misleading.

BY ORDER OF THE BOARD

Elizabeth Teoh
Group Company Secretary
Singapore
19 February 2008

GREAT EASTERN HOLDINGS LIMITED

AUDITORS' REPORT to the Members of Great Eastern Holdings Limited

We have audited the accompanying financial statements of Great Eastern Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and of the Company as at 31 December 2007, the profit and loss statements and the statements of changes in equity of the Group and of the Company and the statement of cash flows, the life assurance revenue statement and general insurance revenue statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion,

- (a) the accompanying financial statements are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2007, the results and changes in equity of the Group and of the Company and the cash flows and results of the insurance operations of the Group for the financial year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.


Ernst & Young
Certified Public Accountants

Singapore
19 February 2008