

# GREAT EASTERN HOLDINGS LIMITED

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



## To Our Shareholders

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

### Audited Financial Results of GEH Group for the Fourth Quarter and Year Ended 31 December 2008

GEH Group achieved Group profit attributable to shareholders of \$272.4 million for the year ended 31 December 2008 (2007: \$546.9 million). For the 4<sup>th</sup> quarter of 2008, the Group had a profit of \$76.5 million (4<sup>th</sup> quarter of 2007: \$144.6 million). Details of the financial results are attached.

### Dividend

The Directors are pleased to recommend a final one-tier tax exempt dividend of 16 cents per ordinary share. The final one-tier tax exempt dividend will be payable on 7 May 2009 subject to shareholders' approval at the Annual General Meeting.

Total dividends in respect of the financial year 2008 are as follows:

	2008		2007	
	Cents per ordinary share, net	\$ million	Cents per ordinary share, net	\$ million
Interim one-tier tax exempt dividend paid (2007: 0.655 cents less 18% Singapore income tax and 21.345 cents less 27% Malaysia income tax)	10.00	47.3	16.12	76.3
Final one-tier tax exempt dividend proposed	16.00	75.7	16.00	75.7
Special final one-tier tax exempt dividend	-	-	26.00	123.1
Total dividends	26.00	123.0	58.12	275.1

### Closure of Books

NOTICE IS HEREBY GIVEN that the Share Transfer Books and the Register of Members of the Company be closed on 24 April 2009 for the purpose of determining the entitlement of shareholders to the recommended final one-tier tax exempt dividend of 16 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 p.m. on 23 April 2009 will be registered to determine the shareholders' entitlements to the final one-tier tax exempt dividend. Subject to the aforesaid, Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares as at 5.00 p.m. on 23 April 2009 will be entitled to the recommended final one-tier tax exempt dividend.

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

The Directors of the Company confirm that, to the best of their knowledge, nothing has come to their attention which may render the audited financial results of the Company and of the Group for the year ended 31 December 2008 to be false or misleading in any material aspect.

By Order of the Board

Elizabeth Teoh  
Group Company Secretary  
Singapore, 17 February 2009

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

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

**FINANCIAL RESULTS FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2008**

**1 GROUP PROFIT AND LOSS STATEMENTS**

in Singapore Dollars (millions)	2008	2007	% +/(−)	4th Quarter 2008	4th Quarter 2007	% +/(−)
Gross Written Premiums	<b>7,029.7</b>	5,997.7	17	<b>1,307.8</b>	1,848.7	(29)
Life assurance profit from:						
Participating Fund	<b>102.0</b>	142.9	(29)	<b>27.1</b>	70.7	(62)
Non-participating Fund	<b>129.8</b>	302.0	(57)	<b>67.3</b>	94.1	(28)
Investment-linked Fund	<b>68.6</b>	64.3	7	<b>21.0</b>	15.2	38
Profit from life assurance	<b>300.4</b>	509.2	(41)	<b>115.4</b>	180.0	(36)
Profit from general insurance	<b>16.6</b>	28.1	(41)	<b>8.4</b>	4.3	95
<b>Profit from insurance operations</b>	<b>317.0</b>	537.3	(41)	<b>123.8</b>	184.3	(33)
Investment income, net	<b>109.6</b>	92.8	18	<b>21.0</b>	26.3	(20)
Gain/(loss) on sale of investments and changes in fair value	<b>2.8</b>	36.2	(92)	<b>(6.3)</b>	0.4	nm
Increase in provision for impairment of assets	<b>(52.4)</b>	(4.6)	nm	<b>(39.4)</b>	(4.7)	nm
Loss in exchange differences	<b>(19.1)</b>	(12.9)	(48)	<b>(3.8)</b>	(10.1)	62
<b>Profit from investments</b>	<b>40.9</b>	111.5	(63)	<b>(28.5)</b>	11.9	nm
<b>Fees and other income</b>	<b>79.5</b>	105.6	(25)	<b>16.8</b>	22.0	(24)
<b>Profit before expenses</b>	<b>437.4</b>	754.4	(42)	<b>112.1</b>	218.2	(49)
less:						
Management and other expenses	<b>125.2</b>	81.1	54	<b>56.2</b>	25.1	124
Depreciation	<b>1.0</b>	1.2	(17)	<b>0.3</b>	0.4	(25)
<b>Expenses</b>	<b>126.2</b>	82.3	53	<b>56.5</b>	25.5	122
<b>Profit after expenses</b>	<b>311.2</b>	672.1	(54)	<b>55.6</b>	192.7	(71)
Share of loss of associates	<b>(6.9)</b>	(0.6)	nm	<b>(4.2)</b>	(4.6)	9
Share of loss of joint ventures	<b>(4.4)</b>	(2.0)	(120)	<b>(1.9)</b>	(0.3)	nm
	<b>299.9</b>	669.5	(55)	<b>49.5</b>	187.8	(74)
less: Income tax	<b>15.2</b>	106.3	(86)	<b>(29.5)</b>	39.8	(174)
<b>Net profit after income tax</b>	<b>284.7</b>	563.2	(49)	<b>79.0</b>	148.0	(47)
<b>Attributable to:</b>						
<b>Shareholders</b>	<b>272.4</b>	546.9	(50)	<b>76.5</b>	144.6	(47)
<b>Minority interest</b>	<b>12.3</b>	16.3	(25)	<b>2.5</b>	3.4	(26)
	<b>284.7</b>	563.2	(49)	<b>79.0</b>	148.0	(47)
Basic and diluted earnings per share (in Singapore Dollars)	<b>\$0.58</b>	\$1.16	(50)	<b>\$0.17</b>	\$0.31	(45)

nm - not meaningful / exceeding 200%

## 2 BALANCE SHEETS

in Singapore Dollars (millions)	Group			Company		
	31 December 2008	31 December 2007	% +/(−)	31 December 2008	31 December 2007	% +/(−)
<b>Share capital</b>	<b>247.4</b>	247.4	-	<b>247.4</b>	247.4	-
<b>Reserves</b>						
Merger reserve	-	15.8	(100)	<b>419.2</b>	435.0	(4)
Translation reserve	<b>(25.9)</b>	(17.4)	(49)	-	-	-
Fair value reserve	<b>(82.4)</b>	210.0	(139)	-	-	-
Accumulated profit	<b>2,872.1</b>	2,830.0	1	<b>735.7</b>	709.6	4
<b>SHAREHOLDERS' FUND</b>	<b>3,011.2</b>	3,285.8	(8)	<b>1,402.3</b>	1,392.0	1
<b>MINORITY INTEREST</b>	<b>28.5</b>	32.9	(13)	-	-	-
<b>TOTAL EQUITY</b>	<b>3,039.7</b>	3,318.7	(8)	<b>1,402.3</b>	1,392.0	1
<b>LIABILITIES</b>						
Income tax	<b>166.7</b>	259.3	(36)	<b>(0.7)</b>	(0.7)	-
Other creditors and interfund balances	<b>2,036.9</b>	1,443.9	41	<b>4.9</b>	4.5	9
Reinsurance liabilities	<b>75.6</b>	67.8	12	-	-	-
Unexpired risk reserve	<b>67.1</b>	59.7	12	-	-	-
Policy benefits	<b>1,839.6</b>	1,645.2	12	-	-	-
Claims admitted or intimated	<b>178.4</b>	165.3	8	-	-	-
Agents' retirement benefits	<b>183.2</b>	183.6	(0)	-	-	-
Deferred tax	<b>486.7</b>	1,019.1	(52)	-	-	-
Amounts due to subsidiaries, associates and joint ventures	<b>0.5</b>	-	-	-	-	-
General insurance fund	<b>96.0</b>	109.1	(12)	-	-	-
Life assurance fund	<b>35,855.8</b>	38,243.7	(6)	-	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>44,026.2</b>	46,515.4	(5)	<b>1,406.5</b>	1,395.8	1
<b>ASSETS</b>						
Cash and cash equivalents	<b>4,030.4</b>	2,768.3	46	<b>17.8</b>	19.1	(7)
Other debtors and interfund balances	<b>1,761.3</b>	1,365.8	29	-	-	-
Outstanding premiums	<b>177.2</b>	168.7	5	-	-	-
Reinsurance assets	<b>66.7</b>	79.0	(16)	-	-	-
Deferred tax	<b>22.1</b>	-	-	-	-	-
Loans	<b>3,809.5</b>	3,469.2	10	-	-	-
Investments	<b>31,795.0</b>	35,993.7	(12)	-	-	-
Associates and joint ventures	<b>455.1</b>	581.9	(22)	-	-	-
Subsidiaries	-	-	-	<b>635.5</b>	635.6	(0)
Amounts due from subsidiaries, associates and joint ventures	<b>5.7</b>	66.3	(91)	<b>752.9</b>	740.8	2
Goodwill	<b>25.5</b>	25.5	-	-	-	-
Investment properties	<b>1,073.5</b>	1,178.3	(9)	-	-	-
Property, plant and equipment	<b>804.2</b>	818.7	(2)	<b>0.3</b>	0.3	-
<b>TOTAL ASSETS</b>	<b>44,026.2</b>	46,515.4	(5)	<b>1,406.5</b>	1,395.8	1
Net Asset Value per share (in Singapore Dollars)	<b>6.36</b>	6.94	(8)	<b>2.96</b>	2.94	1

nm - not meaningful / exceeding 200%

**3 GROSS WRITTEN 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		
	2008	2007	% + / (-)	2008	2007	% + / (-)
Gross Written Premiums	3,585.8	2,757.4	30	3,443.9	3,240.3	6
Profit Attributable to Shareholders	60.7	277.9	(78)	211.7	269.0	(21)

**4 SELECTED MANAGEMENT EXPENSES**

in Singapore Dollars (millions)	Shareholders' and General			
	Insurance Funds		Life Assurance Fund	
	2008	2007	2008	2007
1 Directors' remuneration				
Directors of the Company	1.6	0.7	2.5	3.0
Directors of subsidiaries	2.6	2.2	1.4	0.9
2 Auditors' remuneration				
Other fees paid to Ernst & Young, Singapore	0.1	0.1	0.2	0.2
3 Staff costs and related expenses (Including executive directors and key management personnel compensation)	61.5	56.9	127.1	105.0
4 Rental expense	4.6	2.7	15.4	13.0
5 Depreciation	1.5	1.7	52.6	43.1

**5 GROUP FINANCIAL HIGHLIGHTS**

		Group		
		2008	2007	% + / (-)
1 Gross Written Premiums	(\$\$millions)	7,029.7	5,997.7	17
2 Total Assets	(\$\$millions)	44,026.2	46,515.4	(5)
3 Profit Attributable to Shareholders	(\$\$millions)	272.4	546.9	(50)
4 Shareholders' Fund	(\$\$millions)	3,011.2	3,285.8	(8)
5 Profit After Tax before Minority Interests as a % of Turnover	%	3.2%	6.1%	-2.9 pp
6 Return on Equity (Average Shareholders' Fund)	%	8.7%	17.6%	-8.9 pp
7 Gross Written Premium Growth	%	17.2%	10.7%	6.5 pp

**6 GROUP STATEMENT OF CHANGES IN EQUITY for the year 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 January 2008	247.4	15.8	(17.4)	210.0	2,830.0	3,285.8	32.9	3,318.7
Net profit/(loss) recognised directly in equity for year ended 31 December 2008:								
Exchange differences arising on translation of overseas entities	-	-	(8.5)	-	-	(8.5)	(0.2)	(8.7)
Current year movements in Fair Value Reserve:								
Fair value changes on remeasuring available-for-sale investments	-	-	-	(330.3)	-	(330.3)	(1.1)	(331.4)
Fair value changes transferred to Profit and Loss Statement during the year	-	-	-	(29.0)	-	(29.0)	-	(29.0)
Deferred tax on fair value changes	-	-	-	66.8	-	66.8	0.2	67.0
Deferred tax - effect of change in tax rate	-	-	-	0.1	-	0.1	-	0.1
Net profit / (loss) recognised directly in equity	-	-	(8.5)	(292.4)	-	(300.9)	(1.1)	(302.0)
Net profit for the year	-	-	-	-	272.4	272.4	12.3	284.7
Total recognised profit / (loss) for the year	-	-	(8.5)	(292.4)	272.4	(28.5)	11.2	(17.3)
Transfer from Merger Reserve to Accumulated Profit	-	(15.8)	-	-	15.8	-	-	-
Dividends paid during the year:								
Final and special final tax exempt (one-tier) dividends for the previous year	-	-	-	-	(198.8)	(198.8)	-	(198.8)
Interim tax exempt (one-tier) dividend	-	-	-	-	(47.3)	(47.3)	-	(47.3)
Dividends paid to minority interest	-	-	-	-	-	-	(8.4)	(8.4)
Liquidation proceeds paid to minority interest	-	-	-	-	-	-	(7.2)	(7.2)
Balance at 31 December 2008	247.4	-	(25.9)	(82.4)	2,872.1	3,011.2	28.5	3,039.7
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

**6 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			
<b>Balance at 1 October 2008</b>	<b>247.4</b>	<b>15.8</b>	<b>(20.9)</b>	<b>(33.3)</b>	<b>2,779.8</b>	<b>2,988.8</b>	<b>27.2</b>	<b>3,016.0</b>
Net profit/(loss) recognised directly in equity for period ended 31 December 2008:								
Exchange differences arising on translation of overseas entities	-	-	(5.0)	-	-	(5.0)	(0.4)	(5.4)
Current period movements in Fair Value Reserve:								
Fair value changes on remeasuring available-for-sale investments	-	-	-	(62.0)	-	(62.0)	(1.0)	(63.0)
Fair value changes transferred to Profit and Loss Statement during the period	-	-	-	0.2	-	0.2	-	0.2
Deferred tax on fair value changes	-	-	-	12.7	-	12.7	0.2	12.9
Net profit/(loss) recognised directly in equity	-	-	(5.0)	(49.1)	-	(54.1)	(1.2)	(55.3)
Net profit for the period	-	-	-	-	76.5	76.5	2.5	79.0
Total recognised profit/(loss) for the period	-	-	(5.0)	(49.1)	76.5	22.4	1.3	23.7
Transfer from Merger Reserve to Accumulated Profit	-	(15.8)	-	-	15.8	-	-	-
<b>Balance at 31 December 2008</b>	<b>247.4</b>	<b>-</b>	<b>(25.9)</b>	<b>(82.4)</b>	<b>2,872.1</b>	<b>3,011.2</b>	<b>28.5</b>	<b>3,039.7</b>
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
Net profit 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)
<b>Balance at 31 December 2007</b>	<b>247.4</b>	<b>15.8</b>	<b>(17.4)</b>	<b>210.0</b>	<b>2,830.0</b>	<b>3,285.8</b>	<b>32.9</b>	<b>3,318.7</b>

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

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Accumulated Profit	Total
Balance at 1 January 2008	247.4	435.0	709.6	1,392.0
Net profit for the year	-	-	256.4	256.4
Transfer from Merger Reserve to Accumulated Profit	-	(15.8)	15.8	-
Dividends paid during the year:				-
Final and special final tax exempt (one-tier) dividends for the previous year	-	-	(198.8)	(198.8)
Interim tax exempt dividend	-	-	(47.3)	(47.3)
<b>Balance at 31 December 2008</b>	<b>247.4</b>	<b>419.2</b>	<b>735.7</b>	<b>1,402.3</b>
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

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

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Accumulated Profit	Total
Balance at 1 October 2008	247.4	435.0	508.6	1,191.0
Net profit for the period	-	-	211.3	211.3
Transfer from Merger Reserve to Accumulated Profit	-	(15.8)	15.8	-
<b>Balance at 31 December 2008</b>	<b>247.4</b>	<b>419.2</b>	<b>735.7</b>	<b>1,402.3</b>
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

## 8 CONSOLIDATED STATEMENT OF CASH FLOWS

in Singapore Dollars (millions)	2008	2007	4th Quarter 2008	4th Quarter 2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before income tax	299.9	669.5	49.5	187.8
Amount from life assurance revenue statement	2,536.7	1,319.1	351.0	350.2
Retained in life assurance fund	(2,491.4)	(509.7)	(414.9)	(129.6)
Excess of income over expenses before income tax from general insurance revenue statement	22.8	38.5	12.2	5.6
Adjustments for non-cash items:				
Surplus transferred from life assurance fund but not yet withdrawn	(300.4)	(509.2)	(115.4)	(180.0)
Profit transferred from general insurance fund but not yet withdrawn	(16.6)	(28.1)	(8.4)	(4.3)
Share of loss/(profit) of associates and joint ventures	42.7	(27.1)	26.1	14.3
Amortisation of difference in purchase consideration over nominal value of government securities, loan stocks and bonds	(17.0)	(3.1)	(5.3)	(10.6)
Loss/(gain) on sale of investments and changes in fair value	1,487.0	(1,711.7)	721.3	(329.6)
Increase in provision for impairment of assets	486.6	2.8	409.6	4.6
Increase in provision for agents' retirement benefits	25.0	22.7	6.4	6.3
Gain on disposal of property, plant and equipment and investment properties	(8.7)	(0.5)	0.4	2.0
Depreciation	54.1	44.8	14.8	12.0
Unrealised loss in exchange differences	21.6	65.5	-	72.7
Dividend income	(366.4)	(393.0)	(74.6)	(72.5)
Interest income	(1,335.2)	(1,253.2)	(359.0)	(325.6)
Interest expense on policy benefits	70.6	59.8	18.9	15.6
Shared-based payments	4.9	2.1	1.6	0.5
	516.2	(2,210.8)	634.2	(380.6)
Changes in working capital:				
Reinsurance assets	10.9	(21.9)	16.9	(14.4)
Outstanding premiums	(8.5)	(14.2)	51.7	29.7
Other debtors and interfund balances	(395.5)	(487.4)	(480.9)	(300.0)
Insurance contract liabilities	1,192.7	2,492.8	(945.8)	443.5
Loss reserves	0.3	18.0	(8.6)	12.8
Claims admitted and intimated	13.1	16.5	(12.9)	18.0
Policy benefits	194.4	170.7	35.1	51.7
Unexpired risk reserve	9.0	4.3	(2.5)	(0.9)
Reinsurance liabilities	7.8	17.4	(12.4)	2.2
Other creditors and interfund balances	588.1	430.2	485.2	348.8
Cash generated from operations	2,128.5	415.6	(240.0)	210.8
Income tax paid	(221.4)	(235.0)	(48.2)	(33.7)
Interest paid on policy benefits	(70.6)	(59.8)	(18.9)	(15.6)
Agents' retirement benefits paid	(16.4)	(7.2)	(1.7)	(2.7)
<b>Net cash flows from operating activities</b>	<b>1,820.1</b>	<b>113.6</b>	<b>(308.8)</b>	<b>158.8</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sale of investments	17,912.4	20,165.4	4,701.0	5,042.5
Purchase of investments	(19,259.4)	(22,604.4)	(4,801.7)	(6,099.6)
Proceeds from reduction of interests in associates	77.1	64.7	52.3	43.1
Repayment of loan by joint ventures	60.6	-	(0.5)	-
Capital injection in associates	(19.0)	(56.6)	(19.0)	(56.6)
Repayment of loan by subsidiary	-	14.7	-	-
Proceeds from sale of property, plant and equipment and investment properties	24.5	9.9	8.1	0.4
Purchase of property, plant and equipment and investment properties	(97.6)	(107.5)	(65.1)	(18.4)
Interest income received	1,335.2	1,253.2	359.0	325.6
Dividend received	366.4	393.0	74.6	72.5
<b>Net cash flows from/(used in) investing activities</b>	<b>400.2</b>	<b>(867.6)</b>	<b>308.7</b>	<b>(690.5)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividends paid	(246.1)	(262.6)	-	-
Dividends paid to minority interest	(8.4)	(16.8)	-	(0.8)
Liquidation distribution paid to minority interest	(7.2)	-	-	-
<b>Net cash flows used in financing activities</b>	<b>(261.7)</b>	<b>(279.4)</b>	<b>-</b>	<b>(0.8)</b>
<b>Net effect of translation reserve adjustment</b>	<b>(696.5)</b>	<b>(22.2)</b>	<b>(85.6)</b>	<b>(72.8)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,262.1</b>	<b>(1,055.6)</b>	<b>(85.7)</b>	<b>(605.3)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>2,768.3</b>	<b>3,823.9</b>	<b>4,116.1</b>	<b>3,373.6</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>4,030.4</b>	<b>2,768.3</b>	<b>4,030.4</b>	<b>2,768.3</b>
<b>Cash and cash equivalents comprise:</b>				
<b>Cash and bank balances</b>	<b>772.9</b>	<b>427.0</b>	<b>772.9</b>	<b>427.0</b>
<b>Cash on deposit</b>	<b>2,405.7</b>	<b>1,539.6</b>	<b>2,405.7</b>	<b>1,539.6</b>
<b>Short term instruments</b>	<b>851.8</b>	<b>801.7</b>	<b>851.8</b>	<b>801.7</b>
	<b>4,030.4</b>	<b>2,768.3</b>	<b>4,030.4</b>	<b>2,768.3</b>

## 9 GROUP SEGMENTAL INFORMATION

### 9.1 By Geographical Segments

in Singapore Dollars (millions)	Singapore		Malaysia		Other Asia		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007
<b>(a) Shareholders' Fund</b>								
Profit/(loss) from insurance operations <sup>(a1)</sup>	146.6	227.5	174.7	313.4	(4.3)	(3.6)	317.0	537.3
Profit from investments	265.5	237.6	8.6	13.4	2.9	-	277.0	251.0
Fees and other income	79.5	105.6	-	-	-	-	79.5	105.6
	<b>491.6</b>	<b>570.7</b>	<b>183.3</b>	<b>326.8</b>	<b>(1.4)</b>	<b>(3.6)</b>	<b>673.5</b>	<b>893.9</b>
Inter-segment elimination	(236.1)	(139.5)	-	-	-	-	(236.1)	(139.5)
Profit/(loss) before expenses	<b>255.5</b>	<b>431.2</b>	<b>183.3</b>	<b>326.8</b>	<b>(1.4)</b>	<b>(3.6)</b>	<b>437.4</b>	<b>754.4</b>
Segment assets	<b>3,179.7</b>	<b>3,493.8</b>	<b>362.2</b>	<b>511.0</b>	<b>51.5</b>	<b>9.0</b>	<b>3,593.4</b>	<b>4,013.8</b>
Investments in associates and joint ventures	57.4	77.3	-	-	-	-	57.4	77.3
	<b>3,237.1</b>	<b>3,571.1</b>	<b>362.2</b>	<b>511.0</b>	<b>51.5</b>	<b>9.0</b>	<b>3,650.8</b>	<b>4,091.1</b>
Inter-segment elimination	(134.5)	(85.6)	-	-	-	-	(134.5)	(85.6)
Shareholders' Fund Assets	<b>3,102.6</b>	<b>3,485.5</b>	<b>362.2</b>	<b>511.0</b>	<b>51.5</b>	<b>9.0</b>	<b>3,516.3</b>	<b>4,005.5</b>
Segment liabilities	344.6	432.1	57.5	60.5	0.7	-	402.8	492.6
Income tax and deferred tax liabilities	67.8	152.5	6.0	41.7	-	-	73.8	194.2
Shareholders' Fund Liabilities	<b>412.4</b>	<b>584.6</b>	<b>63.5</b>	<b>102.2</b>	<b>0.7</b>	<b>-</b>	<b>476.6</b>	<b>686.8</b>
Capital expenditure	1.9	1.2	-	-	-	-	1.9	1.2
<sup>(a1)</sup> Profit or loss from insurance operations restated for comparability is as follows:								
Profit/(loss) before tax from insurance operations	178.8	277.4	178.2	319.9	(4.3)	(3.6)	352.7	593.7
less: Income tax	32.2	49.9	37.9	86.4	-	-	70.1	136.3
Profit/(loss) after tax from insurance operations	<b>146.6</b>	<b>227.5</b>	<b>140.3</b>	<b>233.5</b>	<b>(4.3)</b>	<b>(3.6)</b>	<b>282.6</b>	<b>457.4</b>
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.								
<b>(b) General Insurance Fund</b>								
Premiums less reinsurances	30.3	23.4	53.7	47.1	-	-	84.0	70.5
Net underwriting profit	6.3	(0.8)	10.2	6.5	-	-	16.5	5.7
Profit from investments	1.5	14.9	4.8	17.9	-	-	6.3	32.8
General Insurance Profits	<b>6.8</b>	<b>10.6</b>	<b>9.8</b>	<b>17.5</b>	<b>-</b>	<b>-</b>	<b>16.6</b>	<b>28.1</b>
General Insurance Fund Assets	<b>100.3</b>	<b>85.9</b>	<b>101.8</b>	<b>120.1</b>	<b>-</b>	<b>0.5</b>	<b>202.1</b>	<b>206.5</b>
General Insurance Fund Liabilities	<b>100.3</b>	<b>85.9</b>	<b>101.8</b>	<b>120.1</b>	<b>-</b>	<b>0.5</b>	<b>202.1</b>	<b>206.5</b>
Capital expenditure	-	-	0.7	0.5	-	-	0.7	0.5

**9 GROUP SEGMENTAL INFORMATION (continued)**

in Singapore Dollars (millions)	Singapore		Malaysia		Other Asia		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007
<b>(c) Life Assurance Fund</b>								
Premiums less reassurances	4,746.3	3,843.3	2,023.2	1,889.7	36.2	60.1	6,805.7	5,793.1
Investment and rental income	(1,028.8)	1,749.6	1,129.8	1,391.6	(9.3)	24.0	91.7	3,165.2
(Increase)/decrease in provision for impairment of assets	(400.9)	(0.9)	(21.9)	2.7	(8.9)	-	(431.7)	1.8
Claims less reassurances	3,104.3	3,688.8	1,102.5	1,135.5	20.2	19.1	4,227.0	4,843.4
Commissions and expenses	420.5	295.4	420.0	404.0	16.4	10.3	856.9	709.7
Life Assurance Profit	139.9	216.9	164.8	295.9	(4.3)	(3.6)	300.4	509.2
Life Assurance Fund Assets	24,188.4	25,500.1	15,859.2	16,504.3	260.2	299.0	40,307.8	42,303.4
Life Assurance Fund Liabilities	24,188.4	25,500.1	15,859.2	16,504.3	260.2	299.0	40,307.8	42,303.4
Capital expenditure	54.1	32.0	30.8	69.6	2.7	4.2	87.6	105.8

**9.2 By Business Segments**

in Singapore Dollars (millions)	Life Assurance Fund (Non-Linked)		Life Assurance Fund (Linked)		Consolidated	
	2008	2007	2008	2007	2008	2007
Premiums less reassurances	5,722.8	3,977.6	1,082.9	1,815.5	6,805.7	5,793.1
Investment and rental income	1,569.2	2,871.5	(1,477.5)	293.7	91.7	3,165.2
(Increase)/decrease in provision for impairment of assets	(431.7)	1.8	-	-	(431.7)	1.8
Claims less reassurances	3,868.3	3,967.1	358.7	876.3	4,227.0	4,843.4
Commissions and expenses	635.3	467.7	221.6	242.0	856.9	709.7
Life Assurance Profit	231.8	444.9	68.6	64.3	300.4	509.2
Life Assurance Fund Assets	36,993.2	38,318.9	3,314.6	3,984.5	40,307.8	42,303.4
Life Assurance Fund Liabilities	36,993.2	38,318.9	3,314.6	3,984.5	40,307.8	42,303.4
Capital expenditure	87.6	105.8	-	-	87.6	105.8

## 10. REVIEW OF RESULTS

The Group Financial Statements for the fourth quarter of 2008 (Q4-08) and for the year ended 31 December 2008 (FY-08) have been prepared in accordance with Singapore Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS).

### 10.1 BUSINESS PREMIUMS

- 10.1.1 The underlying insurance business of the Group remained strong in FY-08, with gross premiums recording year-on-year increase of 17%. Onset of global economic downturn caused gross business premiums in Q4-08 to drop 29% to \$1,308 million (Q4-07: \$1,849 million) mainly in the investment-linked category. The ratio of business premiums between Singapore and Malaysia for Q4-08 was 55:45 (Q4-07: 65:35). Gross premiums for FY-08 rose 17% to \$7,030 million (FY-07: \$5,998 million).
- 10.1.2 New business premiums sales for life assurance operations dropped 57% in Q4-08 to \$416 million (Q4-07: \$976 million) mainly in the Singapore single premium sales. New business premiums sales for FY-08 rose 32% to \$3,669 million (FY-07: \$2,774 million).

in SGD (million)	FY-08	FY-07	+/( -)	Q4-08	Q4-07	+/( -)
<b>SINGAPORE</b>						
Single Premium	<b>2,971</b>	2,190	36%	<b>247</b>	791	-69%
Annual Premium	<b>191</b>	170	12%	<b>38</b>	51	-25%
	<b>3,162</b>	2,360	34%	<b>285</b>	842	-66%
<b>MALAYSIA</b>						
Single Premium	<b>240</b>	146	64%	<b>33</b>	42	-21%
Annual Premium	<b>228</b>	217	5%	<b>82</b>	78	5%
	<b>468</b>	363	29%	<b>115</b>	120	-4%
<b>OTHER ASIA</b>						
Single Premium	<b>30</b>	44	-32%	<b>14</b>	10	40%
Annual Premium	<b>9</b>	7	29%	<b>2</b>	4	-50%
	<b>39</b>	51	-24%	<b>16</b>	14	14%
<b>TOTAL</b>						
Single Premium	<b>3,241</b>	2,380	36%	<b>294</b>	843	-65%
Annual Premium	<b>428</b>	394	9%	<b>122</b>	133	-8%
	<b>3,669</b>	2,774	32%	<b>416</b>	976	-57%

#### 10.1.3 Market share

The Group maintained its leadership in the life insurance business both in Singapore and Malaysia. Share of weighted premium market for FY-08 was 29% (FY-07: 22.5%) in Singapore. In Malaysia, the Group is expected to retain its pole position with about 22% (FY-07: 22.5%) in market share. Bancassurance market share in Singapore for FY-08 was 46% (FY-07: 40.8%).

#### 10.1.4 Embedded Value

New business embedded value (NBEV) in Q4-08 decreased 28% year-on-year to \$63.1 million. NBEV for FY-08 decreased 1% year-on-year to \$264.1 million. There were no major changes of assumptions in the computation of NBEV between 2007 and 2008.

in SGD (million)	FY-08	FY-07	+/( -)	Q4-08	Q4-07	+/( -)
Singapore	<b>153.2</b>	149.8	2%	<b>27.6</b>	50.0	-45%
Malaysia	<b>109.4</b>	116.7	-6%	<b>35.4</b>	37.3	-5%
Other Asia	<b>1.5</b>	1.8	-17%	<b>0.1</b>	0.6	-83%
Total	<b>264.1</b>	268.3	-1%	<b>63.1</b>	87.9	-28%

Embedded value per share was \$ 12.229 at 31 December 2008, 8% lower than last year. NBEV per share was \$0.56 at 31 December 2008, lower than \$0.57 last year.

## 10.2 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Group profit attributable to shareholders fell 47% year-on-year to \$76.5 million for the quarter (Q4-07:\$144.6 million). The decrease was due mainly to:

- Lower profit from insurance operations (-\$60.5 million)
- Lower profit from investments, fees and other income (-\$40.4 million)
- Higher management and other expenses (-\$31.0 million)
- Lower tax expense (+\$69.3 million)

FY-08 profit fell 50% to \$272.4 million (FY-07: \$546.9 million) due mainly to mark-to-market changes on investments as a result of extreme volatile market conditions throughout the year.

## 10.3 PROFIT FROM INSURANCE OPERATIONS

Profit from insurance operations fell 33% year-on-year to \$123.8 million for the quarter (Q4-07: \$184.3 million). Profit for FY-08 fell 41% to \$317.0 million (FY-07: \$537.3 million)

10.3.1 Profit from participating fund in Q4-08 was 62% lower at \$27.1 million (Q4-07: \$70.7 million) due mainly to a one-off special bonus for policyholders reported in Q4-07. Profit for FY-08 was 29% lower at \$102.0 million (FY-07: \$142.9 million) due to special bonus mentioned above.

10.3.2 Profit from non-participating fund in Q4-08 was 28% lower at \$67.3 million (Q4-07: \$94.1 million). FY-08 profit fell 57% to \$129.8 million (FY-07: \$302.0 million).

The Singapore non-participating fund reported a profit of \$68.5 million in Q4-08 (Q4-07: \$18.1 million). Lower interest rates during the quarter contributed to mark-to-market gains in debt investments in the portfolio. The gain was partially offset by (a) mark-to-market losses and impairment provisions on the equity portfolio resulting from the drop in major market indices in Q4-08, (b) mark-to-market losses and impairment provisions on several asset classes, and (c) increase in long term insurance contract liabilities following a decrease in the applicable interest rate used to discount these liabilities. Profit for FY-08 fell 46% to \$70.7 million (FY-07: \$131.2 million) due to mark-to-market losses in the debt and equity investments suffered during the first half of the year.

The Malaysia non-participating fund reported a loss of \$1.2 million in Q4-08 (Q4-07: profit \$76.0 million) due to lower investment profits and higher impairment provisions. Profit for FY-08 fell 65% to \$59.1 million (FY-07: \$170.8 million) due to lower investment profits and higher impairment provisions.

10.3.3 Profit from investment-linked fund in Q4-08 rose 38% to \$21.0 million (Q4-07: \$15.2 million) due to tax recovery of \$10.0 million. Profit for FY-08 was 7% higher at \$68.6 million (FY-07: \$64.3 million).

10.3.4 Profit from general insurance fund in Q4-08 rose 95% to \$8.4 million (Q4-07: \$4.3 million) due to release of reserves from the Malaysia segment. Profit for FY-08 was 41% lower at \$16.6 million (FY-07: \$28.1 million) due to lower investment profits and higher impairment provisions.

## 10.4 PROFIT FROM INVESTMENTS OF SHAREHOLDERS' FUND

Investments of Shareholders' fund posted a loss of \$28.5 million in Q4-08 (Q4-07: \$11.9 million profit) due mainly to (a) impairment provisions of \$39.4 million (Q4-07: \$4.7 million), (b) realised and mark-to-market losses of \$6.3 million (Q4-07: \$0.4 million profit) from its investments, and (c) lower investment income of \$21 million (Q4-07: \$26.3 million).

Profit for FY-08 fell 63% year-on-year to \$40.9 million (FY-07: \$111.5 million). Impairment provisions amounted to \$52.4 million (FY-07: \$4.6 million). Realised and mark-to-market gain was \$2.8 million (FY2007: \$36.2 million). Mark-to-market loss on foreign exchange was \$19.1 million (FY-07: \$12.9 million).

## 10.5 FEES AND OTHER INCOME

Fees and other income declined 24% year-on-year to \$16.8 million for the quarter (Q4-07: \$22.0 million) due mainly to fund management fees on lower Asset Under Management in Lion Global Investors of \$27.3 billion on 31 December 2008 (31 December 2007: \$35.3 billion). Fees and other income for FY-08 was 25% lower at \$79.5 million (FY-07: \$105.6million) also due to lower fund management fees.

**10.6 MANAGEMENT AND OTHER EXPENSES**

Management and other expenses increased 122% in Q4-08 to \$56.5 million (Q4-07: \$25.5 million) due to a provision for higher expense to support insurance operations. Management and other expenses for FY-08 was 53% higher at \$126.2 million (FY-07: \$82.3 million).

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

Share of loss of associates (in hedge fund investments) and joint ventures (life insurance operations in China) for the quarter was at \$6.1 million (Q4-07: \$4.9 million). Share of loss for FY-08 was \$11.3 million (FY-07: \$2.6 million).

**10.8 INCOME TAX**

Income tax was a negative expense of \$29.5 million in Q4-08 (Q4-07: \$39.8 million tax expense) due to a write back of tax provisions amounting to \$32.7 million during the quarter. The write back of tax provision was mainly due to (1) over provision of tax expense in prior years' tax computation which had been time-barred; and (2) allowance of tax deductions for prior years' tax computations. Excluding the tax write back, the effective tax rate in Q4-08 was 25% (Q4-07: 26%) and FY-08 was 23% (FY-07: 22%). Income tax rates in Singapore and Malaysia are 18% and 26% respectively.

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

	<u>FY-08</u>	<u>FY-07</u>	<u>+/(-)</u>
Earnings per share	\$0.58	\$1.16	-50%
Return on equity	8.7%	17.6%	-8.9pp

**10.10 NET ASSET VALUE PER SHARE AND GROUP ASSETS**

	<u>31 Dec 08</u>	<u>31 Dec 07</u>	<u>+/(-)</u>
Net asset value per share	\$6.36	\$6.94	-8%
Group Assets	\$44.0 billion	\$46.5 billion	-5%

**10.11 BALANCE SHEETS****10.11.1 Translation Reserves**

Translation loss increased to \$25.9 million as at 31 December 2008 (31 December 2007: \$17.4 million) due mainly to weakening of MYR against SGD during the year.

**10.11.2 Fair Value Reserves**

Fair value reserves deteriorated to negative reserves of \$82.4 million as at 31 December 2008 (31 December 2007: \$210.0 million) due to mark-to-market changes caused by current market volatility.

**10.11.3 Income Tax and Deferred Tax**

Income tax provision decreased 36% to \$166.7 million as at 31 December 2008 (31 December 2007: \$259.3 million) due to lower profits and write back of prior years' tax provision as described under paragraph 9.8 above. Deferred tax decreased 52% to \$486.7 million as at 31 December 2008 (31 December 2007: \$1,019 million) due to the decrease in fair value reserves.

**10.11.4 Other Creditors, Debtors and Interfund Balances**

Creditors and Interfund balances increased 41% to \$2,037 million as at 31 December 2008 (31 December 2007: \$1,444 million) due mainly to increase in amount payable for investment trades. Debtors and Interfund balances increased 29% to \$1,761 million as at 31 December 2008 (31 December 2007: \$1,366 million) due to increase in amounts receivable from sale of investments.

**10.11.5 Cash & Cash Equivalents**

Cash & cash equivalents increased 46% to \$4,030 million as at 31 December 2008 (31 December 2007: \$2,768 million) due to investment strategy to remain uninvested but kept in government guaranteed deposits.

#### 10.11.6 Investments

Valuation of investments decreased 12% to \$31,795 million as at 31 December 2008 (31 December 2007: \$35,994 million) due primarily to mark-to-market changes. Investments of the participating business constituted 74% as at 31 Dec-08 (31 Dec-07: 72%) and investments of the unit-linked business constituted 9% as at 31 Dec-08 (31 Dec-07: 10%).

#### 10.11.7 Associates and Joint Ventures

Associates and joint ventures decreased 22% to \$455.1 million as at 31 December 2008 (31 December 2007: \$581.9 million) due mainly to fund redemptions and decrease in net asset value in the associates which invests in hedge funds.

#### 10.11.8 Investment Properties

Investment properties decreased 9% to \$1,074 million as at 31 December 2008 (31 December 2007: \$1,178 million) due to the drop in the market value of the property portfolio based on independent valuations.

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

	SINGAPORE		MALAYSIA	
	31 Dec-08	31 Dec-07	31 Dec-08	31 Dec-07
Fixed income & debt securities	62%	60%	74%	67%
Equities	19%	25%	16%	25%
Real estate & others	8%	9%	5%	4%
Cash & money market instruments	11%	6%	5%	4%
Market Value Assets (in SGD billion)	21.7	22.4	15.2	15.8

### 10.12 REGULATORY CAPITAL

The insurance subsidiaries of the Group are required to comply with capital ratios prescribed in the Insurance Regulations of the jurisdiction in which the subsidiary operates.

Capital Adequacy ratio of Singapore insurance subsidiaries was 227% at 31 December 2008 (31 December 2007: 252%). Available capital was \$6.0 billion (31 December 2007: \$7.4 billion) and risk capital requirement was \$2.6 billion (31 December 2007: \$2.9 billion). The decrease was due to mark-to-market changes. Including available capital at Great Eastern Holdings, Capital Adequacy ratio increases from 227% to 249% at 31 December 2008 (31 December 2007: from 252% to 272%). The regulatory requirement is 120%.

Mark-to-market fund surplus for the participating fund under margin of solvency requirement for the Malaysia insurance subsidiaries was \$2.9 billion as at 31 Dec 2008 (31 Dec 07: \$3.8 billion) representing 32.6% (31 Dec 07: 44.9%) of long term actuarial liability reserves. The decrease was due to mark-to-market changes in the equity portfolio. Regulatory requirements for the Malaysian insurance subsidiaries as at 31 December 2008 are fully met.

### 11. ACCOUNTING POLICIES

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

The adoption of the other revised and new FRS and INT FRS which came into effect on 1 January 2008 do not have any material financial impact on the Group's results for Q4-08 and FY-08.

### 12. AUDITED RESULTS

The consolidated Group's financial results for the financial year ended 31 December 2008 have been audited by the Group's auditors. The Auditors' Report to the Members of Great Eastern Holdings Limited is appended.

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

- 13.1 The Group's overall performance will continue to be affected by local, regional and global economic conditions. The current financial crisis and recessionary conditions portend a weak economic outlook for 2009. Continued volatility in the equity and debt markets will impact earnings of the insurance businesses of the Group. However, the capital and solvency positions of the Group remain strong. Ongoing stress tests demonstrate our ability to withstand further deterioration in the financial markets. We will continue to closely monitor the various risks within the portfolios and implement appropriate risk mitigation measures as and when needed.
- 13.2 Risk based capital framework for the insurance industry in Malaysia comes into effect on 1 January 2009. Profit from the Malaysian operations is expected to fluctuate with changes in values of insurance assets and liabilities which will be subject to mark-to-market rules under the new regulatory framework. The capital within the Group is more than adequate to support the insurance operations on the inception of the risk based capital framework in Malaysia.

**14. SHARE CAPITAL**

The Company's issued and paid up share capital amounted to \$247.4 million as at 31 December 2008, the same as 31 December 2007. Total number of shares issued at 31 December 2008 was 473,319,069, same as last year.

Issued: 17 February 2009

**INDEPENDENT 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 (the "Group") set out on pages 8 to 78, which comprise the balance sheets of the Group and of the Company as at 31 December 2008, 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.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

Management is 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 devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets; 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.

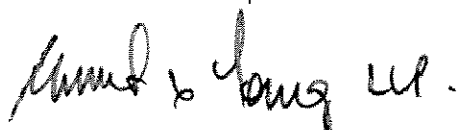
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 management, 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.

**OPINION**

In our opinion,

- (i) the accompanying financial statements are properly drawn up in accordance with the provisions of 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 2008, 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
- (ii) 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 LLP  
Public Accountants and Certified Public Accountants  
Singapore  
17 February 2009