

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**”) announced today:

Audited Financial Results of GEH Group for the Fourth Quarter and for the Year Ended 31 December 2010

For the fourth quarter and year ended 31 December 2010, Group profit attributable to shareholders of GEH (“**Shareholders**”) was S\$85.1 million and S\$507.2 million respectively. Details of the financial results are attached.

Proposed Capital Reduction and Cash Distribution

The Directors propose for Shareholders’ approval at the upcoming extraordinary general meeting, a capital reduction (the “Capital Reduction”) that will result in a cash distribution (the “Cash Distribution”) amounting to 77 cents per ordinary share to all shareholders.

Further details of the proposed Capital Reduction and Cash Distribution can be found in a separate announcement titled “Proposed Capital Reduction” dated 15 February 2011.

Dividend

The Directors do not propose a final dividend for the financial year 2010. Taking into account the interim dividend of 10 cents per ordinary share that has been paid for financial year 2010 and the Cash Distribution of 77 cents per ordinary share pursuant to the proposed Capital Reduction, the total payment to shareholders will amount to 87 cents per ordinary share.

By Order of the Board

Jennifer Wong Pakshong
Group Company Secretary
Singapore, 15 February 2011

The Group financial results are also available on the Company's website at www.lifeisgreat.com.sg.

FINANCIAL RESULTS FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2010

1. GROUP PROFIT AND LOSS STATEMENTS

in Singapore Dollars (millions)	2010	2009	% + / (-)	4th Quarter 2010	4th Quarter 2009	% + / (-)	3rd Quarter 2010	% + / (-)
Gross Premiums	6,155.8	5,833.6	6	1,784.2	1,615.9	10	1,661.3	7
Life assurance profit from:								
Participating Fund	103.8	96.2	8	32.6	19.9	64	24.6	33
Non-participating Fund	239.5	505.4	(53)	16.0	73.8	(78)	105.1	(85)
Investment-linked Fund	93.9	125.1	(25)	17.5	33.7	(48)	26.0	(33)
Profit from life assurance	437.2	726.7	(40)	66.1	127.4	(48)	155.7	(58)
Profit from general insurance	22.8	25.2	(10)	7.8	4.1	90	3.5	123
Profit from insurance operations	460.0	751.9	(39)	73.9	131.5	(44)	159.2	(54)
Investment income, net	94.3	89.0	6	18.7	22.3	(16)	20.9	(11)
Gain on sale of investments and changes in fair value	56.9	12.6	nm	31.3	6.6	nm	15.0	109
Increase in provision for impairment of assets	(4.0)	(16.2)	nm	-	(9.9)	(100)	(0.1)	(100)
(Loss)/gain on exchange differences	(2.9)	0.7	nm	(2.2)	(0.8)	nm	(1.4)	nm
Loss on redemption of GreatLink Choice	-	(213.3)	nm	-	-	-	-	-
Profit/(loss) from investments in Shareholders' Fund	144.3	(127.2)	nm	47.8	18.2	163	34.4	39
Fees and other income	69.1	63.7	8	17.5	17.4	1	16.3	7
Profit before expenses	673.4	688.4	(2)	139.2	167.1	(17)	209.9	(34)
less:								
Management and other expenses	66.3	64.7	2	26.0	(6.7)	nm	13.0	100
Depreciation	1.6	1.6	-	0.5	0.5	-	0.5	-
Expenses	67.9	66.3	2	26.5	(6.2)	nm	13.5	96
Profit after expenses	605.5	622.1	(3)	112.7	173.3	(35)	196.4	(43)
Share of profit/(loss) after income tax of associates	0.1	0.6	(83)	-	(0.3)	(100)	0.4	(100)
Share of loss after income tax of joint ventures	(5.6)	(6.2)	nm	(0.7)	(2.4)	nm	(1.3)	nm
Profit before income tax	600.0	616.5	(3)	112.0	170.6	(34)	195.5	(43)
Income tax	(83.7)	(91.9)	nm	(25.5)	(20.8)	nm	(24.5)	nm
Profit after income tax	516.3	524.6	(2)	86.5	149.8	(42)	171.0	(49)
Attributable to:								
Shareholders	507.2	516.7	(2)	85.1	148.4	(43)	168.6	(50)
Non-controlling interests	9.1	7.9	15	1.4	1.4	(0)	2.4	(42)
	516.3	524.6	(2)	86.5	149.8	(42)	171.0	(49)
Basic and diluted earnings per share attributable to shareholders of the Company (in Singapore Dollars)	1.07	1.09	(2)	0.18	0.31	(42)	0.35	(49)
Return on Equity (Average Shareholders' Fund) (%) <i>(not annualised for 3rd and 4th Quarter)</i>	13.4%	15.7%	-2.3 pp	2.2%	4.2%	-2 pp	4.3%	-2.1 pp

nm – not meaningful / exceeding 300%

2. GROUP STATEMENT OF COMPREHENSIVE INCOME

in Singapore Dollars (millions)	2010	2009	% + / (-)	4th Quarter 2010	4th Quarter 2009	% + / (-)	3rd Quarter 2010	% + / (-)
Profit after income tax for the year	516.3	524.6	(2)	86.5	149.8	(42)	171.0	(49)
Other comprehensive income:								
Exchange differences arising on translation of overseas entities	9.9	(13.9)	nm	(12.3)	(0.3)	nm	(7.8)	nm
Share of currency translation reserves of associates and joint ventures	(4.2)	1.8	nm	(1.0)	(0.2)	nm	(3.7)	nm
Available-for-sale financial assets:								
Changes in fair value	175.1	182.2	(4)	(3.7)	49.9	nm	128.9	nm
Reclassification of realised loss/(gain) on disposal and impairment to Profit and Loss Statement	16.5	2.7	nm	(2.3)	(3.4)	nm	4.5	nm
Tax on changes in fair value	(33.6)	(33.3)	nm	1.0	(7.3)	nm	(23.3)	nm
Effect of reduction in tax rate on other comprehensive income	-	(1.2)	(100)	-	-	-	-	-
Other comprehensive income for the year, after tax	163.7	138.3	18	(18.3)	38.7	nm	98.6	nm
Total comprehensive income for the year	680.0	662.9	3	68.2	188.5	(64)	269.6	(75)
Total comprehensive income attributable to:								
Shareholders	670.7	654.5	2	66.6	186.8	(64)	266.8	(75)
Non-controlling interests	9.3	8.4	11	1.6	1.7	(6)	2.8	(43)
	680.0	662.9	3	68.2	188.5	(64)	269.6	(75)

nm – not meaningful / exceeding 300%

3.1. BALANCE SHEET – GROUP

	Group		
in Singapore Dollars (millions)	31 Dec 10	31 Dec 09	% + / (-)
Share capital	247.4	247.4	-
Reserves			
Currency translation reserve	(32.3)	(38.0)	nm
Fair value reserve	225.3	67.5	234
Accumulated profit	3,583.6	3,289.4	9
SHAREHOLDERS' FUND	4,024.0	3,566.3	13
NON-CONTROLLING INTERESTS	35.0	26.7	31
TOTAL EQUITY	4,059.0	3,593.0	13
LIABILITIES			
Insurance payables	2,372.6	2,206.9	8
Other creditors and interfund balances	1,892.1	1,865.8	1
Unexpired risk reserve	97.1	79.5	22
Derivative financial liabilities	25.9	46.6	(44)
Income tax	382.2	299.1	28
Provision for agents' retirement benefits	216.2	192.0	13
Amount due to joint venture	0.3	-	nm
Deferred tax	949.8	766.3	24
General insurance fund	109.9	95.5	15
Life assurance fund	43,267.9	39,386.5	10
TOTAL EQUITY AND LIABILITIES	53,373.0	48,531.2	10
ASSETS			
Cash and cash equivalents	2,830.4	3,215.9	(12)
Other debtors and interfund balances	1,788.7	1,835.1	(3)
Insurance receivables	2,519.3	2,454.9	3
Amount due from joint venture	-	5.9	(100)
Loans	1,579.7	1,932.5	(18)
Derivative financial assets	523.1	322.8	62
Investments	41,693.0	36,558.9	14
Associates and joint ventures	337.2	323.9	4
Goodwill	18.7	18.7	-
Investment properties	1,355.4	1,118.9	21
Property, plant and equipment	727.5	743.7	(2)
TOTAL ASSETS	53,373.0	48,531.2	10
Net Asset Value per share (in Singapore Dollars)	8.50	7.53	13

For analysis of major variances, please refer to section 9.8 on page 14.

nm – not meaningful / exceeding 300%

3.2. BALANCE SHEET – COMPANY

in Singapore Dollars (millions)	Company		
	31 Dec 10	31 Dec 09	% +/(–)
Share capital	247.4	247.4	-
Reserves			
Merger reserve	419.2	419.2	-
Accumulated profit	843.5	653.6	29
TOTAL EQUITY	1,510.1	1,320.2	14
LIABILITIES			
Other creditors and interfund balances	7.1	5.9	20
TOTAL EQUITY AND LIABILITIES	1,517.2	1,326.1	14
ASSETS			
Cash and cash equivalents	8.8	11.1	(21)
Income tax	0.8	0.3	167
Amounts due from subsidiaries	830.1	678.9	22
Subsidiaries	677.3	635.5	7
Property, plant and equipment	0.2	0.3	(33)
TOTAL ASSETS	1,517.2	1,326.1	14
Net Asset Value per share (in Singapore Dollars)	3.19	2.79	14

4. SELECTED MANAGEMENT EXPENSES

in Singapore Dollars (millions)	Shareholders' and General Insurance Funds				
	2010	2009	4th Quarter 2010	4th Quarter 2009	3rd Quarter 2010
1 Directors' remuneration					
Directors of the Company	1.9	1.4	1.1	0.7	0.1
Directors of subsidiaries	2.5	1.9	2.5	1.9	-
2 Staff costs and related expenses (including executive directors and key management personnel compensation)	58.3	51.8	15.9	13.8	14.7
3 Rental expense	4.4	5.4	1.0	1.3	1.1
4 Depreciation	2.0	2.0	0.6	0.6	0.6

in Singapore Dollars (millions)	Life Assurance Fund				
	2010	2009	4th Quarter 2010	4th Quarter 2009	3rd Quarter 2010
1 Directors' remuneration					
Directors of the Company	2.1	2.9	0.1	1.1	0.7
Directors of subsidiaries	1.9	1.2	1.9	1.2	-
2 Staff costs and related expenses (including executive directors and key management personnel compensation)	126.6	120.5	33.4	34.0	32.5
3 Rental expense	17.0	16.8	4.7	4.0	4.1
4 Depreciation	46.9	45.0	13.0	11.8	12.1

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

in Singapore Dollars (millions)	Attributable to Shareholders of the Company					Non-Controlling Interests	Total Equity
	Share Capital	Currency Translation Reserve	Fair Value Reserve	Accumulated Profit ⁽¹⁾	Total		
Balance at 1 January 2010	247.4	(38.0)	67.5	3,289.4	3,566.3	26.7	3,593.0
Profit for the year	-	-	-	507.2	507.2	9.1	516.3
Other comprehensive income							
Exchange differences arising on translation of overseas entities	-	9.9	-	-	9.9	-	9.9
Share of currency translation reserves of associates and joint ventures	-	(4.2)	-	-	(4.2)	-	(4.2)
Available-for-sale financial assets:							
Changes in fair value	-	-	174.9	-	174.9	0.2	175.1
Reclassification of realised loss on disposal and impairment to Profit and Loss Statement	-	-	16.5	-	16.5	-	16.5
Tax on changes in fair value	-	-	(33.6)	-	(33.6)	-	(33.6)
Other comprehensive income for the year, after tax	-	5.7	157.8	-	163.5	0.2	163.7
Total comprehensive income for the year	-	5.7	157.8	507.2	670.7	9.3	680.0
Contributions by and distributions to shareholders							
Dividends paid during the year:							
Final and special final tax exempt (one-tier) dividends for the previous year	-	-	-	(165.7)	(165.7)	-	(165.7)
Interim tax exempt (one-tier) dividend	-	-	-	(47.3)	(47.3)	-	(47.3)
Dividends paid to non-controlling interests	-	-	-	-	-	(13.4)	(13.4)
Total contributions by and distributions to shareholders	-	-	-	(213.0)	(213.0)	(13.4)	(226.4)
Changes in ownership interests in subsidiaries that do not result in a loss of control							
Increase in non-controlling interests on incorporation of new subsidiary	-	-	-	-	-	12.4	12.4
Total changes in ownership interests in subsidiaries	-	-	-	-	-	12.4	12.4
Total transactions with shareholders in their capacity as shareholders	-	-	-	(213.0)	(213.0)	(1.0)	(214.0)
Balance at 31 December 2010	247.4	(32.3)	225.3	3,583.6	4,024.0	35.0	4,059.0

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

in Singapore Dollars (millions)	Attributable to Shareholders of the Company				Total	Non-Controlling Interests	Total Equity
	Share Capital	Currency Translation Reserve	Fair Value Reserve	Accumulated Profit ⁽¹⁾			
Balance at 1 January 2009	247.4	(25.9)	(82.4)	2,872.1	3,011.2	28.5	3,039.7
Profit for the year	-	-	-	516.7	516.7	7.9	524.6
<u>Other comprehensive income</u>							
Exchange differences arising on translation of overseas entities	-	(13.9)	-	-	(13.9)	-	(13.9)
Share of currency translation reserves of associates and joint ventures	-	1.8	-	-	1.8	-	1.8
<u>Available-for-sale financial assets:</u>							
Changes in fair value	-	-	181.3	-	181.3	0.9	182.2
Reclassification of realised loss on disposal and impairment to Profit and Loss Statement	-	-	2.7	-	2.7	-	2.7
Tax on changes in fair value	-	-	(32.9)	-	(32.9)	(0.4)	(33.3)
Effect of reduction in tax rate on other comprehensive income	-	-	(1.2)	-	(1.2)	-	(1.2)
Other comprehensive income for the year, after tax	-	(12.1)	149.9	-	137.8	0.5	138.3
Total comprehensive income for the year	-	(12.1)	149.9	516.7	654.5	8.4	662.9
<u>Contributions by and distributions to shareholders</u>							
<u>Dividends paid during the year:</u>							
Final tax exempt (one-tier) dividends for the previous year	-	-	-	(75.7)	(75.7)	-	(75.7)
Interim tax exempt (one-tier) dividend	-	-	-	(23.7)	(23.7)	-	(23.7)
Dividends paid to non-controlling interests	-	-	-	-	-	(10.2)	(10.2)
Total contributions by and distributions to shareholders	-	-	-	-	-	(10.2)	(10.2)
Total transactions with shareholders in their capacity as shareholders	-	-	-	(99.4)	(99.4)	(10.2)	(109.6)
Balance at 31 December 2009	247.4	(38.0)	67.5	3,289.4	3,566.3	26.7	3,593.0

(1) Included in Accumulated Profit are non-distributable reserves of \$973.5 million (31 Dec 2009: \$820.3 million), which arise from regulatory risk charges in Singapore and Malaysia that are held out of the Group Shareholders' Accumulated Profit Account.

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

in Singapore Dollars (millions)	Attributable to Shareholders of the Company					Non-Controlling Interests	Total Equity
	Share Capital	Currency Translation Reserve	Fair Value Reserve	Accumulated Profit ⁽¹⁾	Total		
Balance at 1 October 2010	247.4	(19.0)	230.5	3,498.5	3,957.4	21.0	3,978.4
Profit for the period	-	-	-	85.1	85.1	1.4	86.5
Other comprehensive income							
Exchange differences arising on translation of overseas entities	-	(12.3)	-	-	(12.3)	-	(12.3)
Share of currency translation reserves of associates and joint ventures	-	(1.0)	-	-	(1.0)	-	(1.0)
Available-for-sale financial assets:							
Changes in fair value	-	-	(3.9)	-	(3.9)	0.2	(3.7)
Reclassification of realised gain on disposal and impairment to Profit and Loss Statement	-	-	(2.3)	-	(2.3)	-	(2.3)
Tax on changes in fair value	-	-	1.0	-	1.0	-	1.0
Effect of reduction in tax rate on other comprehensive income	-	-	-	-	-	-	-
Other comprehensive income for the period, after tax	-	(13.3)	(5.2)	-	(18.5)	0.2	(18.3)
Total comprehensive income for the period	-	(13.3)	(5.2)	85.1	66.6	1.6	68.2
Changes in ownership interests in subsidiaries that do not result in a loss of control							
Increase in non-controlling interests on incorporation of new subsidiary	-	-	-	-	-	12.4	12.4
Total changes in ownership interests in subsidiaries	-	-	-	-	-	12.4	12.4
Total transactions with shareholders in their capacity as shareholders	-	-	-	-	-	12.4	12.4
Balance at 31 December 2010	247.4	(32.3)	225.3	3,583.6	4,024.0	35.0	4,059.0
Balance at 1 October 2009	247.4	(37.5)	28.6	3,141.0	3,379.5	25.0	3,404.5
Profit for the period	-	-	-	148.4	148.4	1.4	149.8
Other comprehensive income							
Exchange differences arising on translation of overseas entities	-	(0.3)	-	-	(0.3)	-	(0.3)
Share of currency translation reserves of associates and joint ventures	-	(0.2)	-	-	(0.2)	-	(0.2)
Available-for-sale financial assets:							
Changes in fair value	-	-	49.5	-	49.5	0.4	49.9
Reclassification of realised gain on disposal and impairment to Profit and Loss Statement	-	-	(3.4)	-	(3.4)	-	(3.4)
Tax on changes in fair value	-	-	(7.2)	-	(7.2)	(0.1)	(7.3)
Other comprehensive income for the period, after tax	-	(0.5)	38.9	-	38.4	0.3	38.7
Total comprehensive income for the period	-	(0.5)	38.9	148.4	186.8	1.7	188.5
Balance at 31 December 2009	247.4	(38.0)	67.5	3,289.4	3,566.3	26.7	3,593.0

(1) Included in Accumulated Profit are non-distributable reserves of \$973.5 million (31 Dec 2009: \$820.3 million), which arise from regulatory risk charges in Singapore and Malaysia that are held out of the Group Shareholders' Accumulated Profit Account.

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

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Accumulated Profit	Total Equity
Balance at 1 January 2010	247.4	419.2	653.6	1,320.2
Profit for the year	-	-	402.9	402.9
Total comprehensive income for the year	-	-	402.9	402.9
<u>Contributions by and distributions to shareholders</u>				
Dividends paid during the year:				
Final and special final tax exempt (one-tier) dividends for the previous year	-	-	(165.7)	(165.7)
Interim tax exempt (one-tier) dividend	-	-	(47.3)	(47.3)
Total contributions by and distributions to shareholders	-	-	(213.0)	(213.0)
Total transactions with shareholders in their capacity as shareholders	-	-	(213.0)	(213.0)
Balance at 31 December 2010	247.4	419.2	843.5	1,510.1
Balance at 1 January 2009	247.4	419.2	735.7	1,402.3
Profit for the year	-	-	17.3	17.3
Total comprehensive income for the year	-	-	17.3	17.3
<u>Contributions by and distributions to shareholders</u>				
Dividends paid during the year:				
Final tax exempt (one-tier) dividends for the previous year	-	-	(75.7)	(75.7)
Interim tax exempt (one-tier) dividend	-	-	(23.7)	(23.7)
Total contributions by and distributions to shareholders	-	-	(99.4)	(99.4)
Total transactions with shareholders in their capacity as shareholders	-	-	(99.4)	(99.4)
Balance at 31 December 2009	247.4	419.2	653.6	1,320.2

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

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Accumulated Profit	Total Equity
Balance at 1 October 2010	247.4	419.2	644.9	1,311.5
Profit for the period	-	-	198.6	198.6
Total comprehensive income for the period	-	-	198.6	198.6
Balance at 31 December 2010	247.4	419.2	843.5	1,510.1
Balance at 1 October 2009	247.4	419.2	655.1	1,321.7
Profit for the period	-	-	(1.5)	(1.5)
Total comprehensive income for the period	-	-	(1.5)	(1.5)
Balance at 31 December 2009	247.4	419.2	653.6	1,320.2

7. CONSOLIDATED STATEMENT OF CASH FLOWS

in Singapore Dollars (millions)	2010	2009	4th Quarter 2010	4th Quarter 2009
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	600.0	616.5	112.0	170.6
Life assurance profit before income tax	84.1	76.5	(132.7)	(351.4)
General insurance profit before income tax	28.2	28.6	11.1	5.1
Adjustments for non-cash items:				
Surplus transferred from life assurance fund but not yet withdrawn	(437.2)	(726.7)	(66.1)	(127.4)
Profit transferred from general insurance fund but not yet withdrawn	(22.8)	(25.2)	(7.8)	(4.1)
Share of (profit)/loss of associates and joint ventures	(20.1)	33.5	(4.0)	(3.3)
Gain on sale of investments and changes in fair value	(1,151.9)	(1,314.7)	(479.1)	(356.2)
Loss on redemption of GreatLink Choice	-	213.3	-	-
Increase in provision for impairment of assets	45.0	75.6	15.6	25.0
Impairment loss on goodwill	-	6.8	-	6.8
Increase in provision for agents' retirement benefits	30.7	20.7	7.6	6.3
(Gain)/loss on disposal of property, plant and equipment and investment properties	(1.4)	(1.8)	(1.4)	16.3
Depreciation	48.9	47.0	13.6	12.4
Unrealised loss on exchange differences	340.6	2.4	88.8	8.7
Change in life assurance contract liabilities	3,164.2	2,929.2	969.8	1,190.9
Change in general insurance contract liabilities	17.0	(11.4)	0.1	(1.9)
Change in unexpired risk reserve	16.2	12.7	0.1	0.4
Dividend income	(363.3)	(282.3)	(97.2)	(51.6)
Interest income	(1,448.9)	(1,354.1)	(366.7)	(331.8)
Interest expense on policy benefits	84.2	75.5	21.7	19.6
Share-based payments	5.0	4.8	1.4	1.3
	1,018.5	426.9	86.8	235.7
Changes in working capital:				
Insurance receivables	(67.6)	(27.3)	76.6	50.5
Other debtors and interfund balances	0.3	(70.7)	235.7	1.0
Insurance payables	165.7	113.3	1.6	53.6
Other creditors and interfund balances	21.3	(175.9)	24.7	(132.0)
Cash generated from operations	1,138.2	266.3	425.4	208.8
Income tax paid	(200.6)	(112.2)	(59.3)	(13.4)
Interest paid on policy benefits	(84.2)	(75.5)	(21.7)	(19.6)
Agents' retirement benefits paid	(10.1)	(9.3)	(2.3)	(1.7)
Net cash flows from operating activities	843.3	69.3	342.1	174.1
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investments	15,461.8	14,914.4	3,317.3	2,570.9
Purchase of investments	(18,504.5)	(17,196.8)	(4,588.9)	(3,578.1)
Proceeds from reduction of interests in associates	28.3	294.8	-	212.3
Capital injection in associates and joint ventures	(27.2)	(181.0)	-	(181.0)
Repayment of loans by/(to) joint ventures	6.2	(0.7)	0.2	-
Proceeds from sale of property, plant and equipment and investment properties	2.4	21.2	2.3	2.6
Purchase of property, plant and equipment and investment properties	(29.6)	(25.4)	(10.4)	(13.2)
Interest income received	1,371.9	1,307.5	337.3	315.6
Dividends received	408.2	283.8	103.9	61.7
Net cash flows used in investing activities	(1,282.5)	(582.2)	(838.3)	(609.2)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(213.0)	(99.4)	-	-
Dividends paid to non-controlling interests	(13.4)	(10.2)	-	-
Increase in non-controlling interests on incorporation of new subsidiary	12.4	-	12.4	-
Net cash flows (used in)/from financing activities	(214.0)	(109.6)	12.4	-
Net effect of currency translation reserve adjustment	267.7	(192.0)	(372.4)	49.6
Net decrease in cash and cash equivalents	(385.5)	(814.5)	(856.2)	(385.5)
Cash and cash equivalents at the beginning of the year	3,215.9	4,030.4	3,686.6	3,601.4
Cash and cash equivalents at the end of the year	2,830.4	3,215.9	2,830.4	3,215.9

8. GROUP SEGMENTAL INFORMATION

8.1 By Business Segments

(a) Shareholders' Fund

in Singapore Dollars (millions)	Fund Management and Financial Advisory				Adjustments and Eliminations		Consolidated	
	Business		Others					
	2010	2009	2010	2009	2010	2009	2010	2009
Profit/(loss) from investments	1.4	0.1	164.8	(106.7)	(21.9)	(20.6)	144.3	(127.2)
Fees and other income	71.8	64.5	1.2	2.5	(3.9)	(3.3)	69.1	63.7
Total expenses	(34.8)	(31.4)	(33.1)	(34.9)	-	-	(67.9)	(66.3)
Profit after expenses	38.4	33.2	132.9	(139.1)	(25.8)	(23.9)	145.5	(129.8)
Share of loss of associates and joint ventures	-	-	(5.5)	(5.6)	-	-	(5.5)	(5.6)
Income tax	(5.3)	(6.3)	(78.4)	(85.6)	-	-	(83.7)	(91.9)
Segment profit/(loss) after income tax	33.1	26.9	49.0	(230.3)	(25.8)	(23.9)	56.3	(227.3)
Profit from insurance operations							460.0	751.9
Profit per Profit & Loss Statement							516.3	524.6

	31 Dec 10	31 Dec 09	31 Dec 10	31 Dec 09	31 Dec 10	31 Dec 09	31 Dec 10	31 Dec 09
Segment assets	89.0	98.2	4,272.8	3,892.7	14.2	16.7	4,376.0	4,007.6
Investments in associates and joint ventures	-	-	85.4	98.0	-	-	85.4	98.0
Shareholders' Fund Assets	89.0	98.2	4,358.2	3,990.7	14.2	16.7	4,461.4	4,105.6
Segment liabilities	13.9	19.0	202.0	359.4	-	-	215.9	378.4
Income tax and deferred tax liabilities	7.3	8.2	179.2	126.0	-	-	186.5	134.2
Shareholders' Fund Liabilities	21.2	27.2	381.2	485.4	-	-	402.4	512.6
Capital expenditure	0.4	0.2	1.1	1.0	-	-	1.5	1.2

(b) General Insurance Fund

in Singapore Dollars (millions)	Consolidated	
	2010	2009
Premiums less assurances	108.2	83.7
Investment income	15.2	3.1
Increase in provision for impairment of assets	0.2	-
Claims less reassurances	62.4	29.0
Commissions and expenses	53.8	47.2
General Insurance Profit	22.8	25.2
	31 Dec 10	31 Dec 09
General Insurance Fund Assets	268.7	209.4
General Insurance Fund Liabilities	268.7	209.4
Capital expenditure	0.6	0.3

(c) Life Assurance Fund

in Singapore Dollars (millions)	Participating Business		Non-Participating Business		Linked Business		Adjustments and Eliminations		Consolidated	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	Premiums less reassurances	4,028.0	3,991.7	832.5	874.8	1,005.9	722.3	-	-	5,866.4
Investment and rental income	2,172.8	1,446.8	276.5	146.3	320.8	1,239.9	-	-	2,770.1	2,833.0
Increase/(decrease) in provision for impairment of assets	35.2	60.6	5.6	(1.2)	-	-	-	-	40.8	59.4
Claims less reassurances	3,070.1	2,991.8	588.6	703.4	522.5	775.9	-	-	4,181.2	4,471.1
Commissions and expenses	457.3	428.5	159.2	150.5	239.0	186.3	-	-	855.5	765.3
Life Assurance Profit	103.8	96.2	239.5	505.4	93.9	125.1	-	-	437.2	726.7
	31 Dec 10	31 Dec 09	31 Dec 10	31 Dec 09	31 Dec 10	31 Dec 09	31 Dec 10	31 Dec 09	31 Dec 10	31 Dec 09
Segment assets	39,264.7	35,709.6	4,737.2	4,486.1	4,389.2	3,794.6	-	-	48,391.1	43,990.3
Investments in associates and joint ventures	243.2	216.5	8.6	9.4	-	-	-	-	251.8	225.9
Life Assurance Fund Assets	39,507.9	35,926.1	4,745.8	4,495.5	4,389.2	3,794.6	-	-	48,642.9	44,216.2
Segment liabilities	38,552.6	35,129.1	4,569.3	4,358.0	4,385.2	3,805.3	-	-	47,507.1	43,292.4
Income tax and deferred tax liabilities	955.3	797.0	176.5	137.5	4.0	(10.7)	-	-	1,135.8	923.8
Life Assurance Fund Liabilities	39,507.9	35,926.1	4,745.8	4,495.5	4,389.2	3,794.6	-	-	48,642.9	44,216.2
Capital expenditure	25.1	19.6	2.4	4.3	-	-	-	-	27.5	23.9

8. GROUP SEGMENTAL INFORMATION

8.2 By Geographical Segments

in Singapore Dollars (millions)	Singapore		Malaysia		Other Asia		Adjustments and Eliminations		Consolidated	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
(a) Shareholders' Fund										
Investment income, net	76.7	75.9	13.6	10.2	4.0	2.9	-	-	94.3	89.0
Gain on sale of investments and changes in fair value	55.4	13.3	1.5	(0.7)	-	-	-	-	56.9	12.6
Fees and other income	69.1	63.7	-	-	-	-	-	-	69.1	63.7
Revenue from external customers	201.2	152.9	15.1	9.5	4.0	2.9	-	-	220.3	165.3
Inter-segment revenue	277.7	2.1	-	-	-	-	(277.7)	(2.1)	-	-
Total revenue	478.9	155.0	15.1	9.5	4.0	2.9	(277.7)	(2.1)	220.3	165.3
Profit / (loss) after income tax	629.2	215.3	193.3	327.5	(28.5)	(16.1)	(277.7)	(2.1)	516.3	524.6
Non-current assets	20.7	20.7	0.2	-	1.4	2.2	-	-	22.3	22.9
(b) General Insurance Fund										
Total revenue from external customers	58.6	40.3	86.4	64.9	-	-	-	-	145.0	105.2
Non-current assets	0.5	0.2	0.6	0.7	-	-	-	-	1.1	0.9
(c) Life Assurance Fund										
Total revenue from external customers	4,768.4	5,273.1	3,429.2	3,038.5	149.5	69.6	-	-	8,347.1	8,381.2
Non-current assets	1,631.5	1,414.8	442.3	438.1	4.4	4.6	-	-	2,078.2	1,857.5

9. REVIEW OF RESULTS

The Group Financial Statements for the fourth quarter of 2010 (Q4-10) and for the year ended 31 December 2010 (FY-10) have been prepared in accordance with the Singapore Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS).

9.1 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

For FY-10, Group profit attributable to shareholders was \$507.2 million which was comparable with FY-09 profits of \$516.7 million. Despite challenging investment conditions in 2010 caused by volatile interest rates, the results were underpinned by a strong growth in underwriting profits, healthy growth in new business sales from the Group's regional businesses and higher long term profitability of the Group's businesses as measured by new business embedded value.

Group profit attributable to shareholders was \$85.1 million in Q4-10 compared with \$148.4 million in the same period last year. This was due to lower investment returns on fixed interest assets as a result of rising interest rates in both Singapore and Malaysia. In contrast, investment returns in Q4-09 had benefited from a strong recovery in credit markets led by falling interest rates from various government initiatives to stimulate the economy after the global financial crisis.

9.2 GROSS PREMIUMS

FY-10 gross premiums increased 6% to \$6,155.8 million (FY-09: \$5,833.6 million). Q4-10 gross premiums increased 10% year-on-year to \$1,784.2 million (Q4-09: \$1,615.9 million).

9.3 NEW SALES

9.3.1 Year-on-year, total weighted new sales for the Group rose 20% to \$723.8 million, driven by the strong growth of 34% in regular premium products

In Q4-10, total weighted new sales for the Group rose 26% to \$237.9 million (Q4-09: \$188.9 million). This is a record in terms of sales in a single quarter. In Singapore, sales of regular premium products were 43% higher with strong growth in the bancassurance channel. The Malaysian business achieved 20% growth in sales in Q4-10 over Q4-09 with more than half the sales in Q4-10 comprising regular premium investment-linked products. Indonesia registered a seven-fold growth in regular premium sales from initiatives to increase the size and the productivity of its agency force. China registered 30% growth in regular premium sales and a two-fold increase in single premium sales in the bancassurance channel.

in SGD (million)	FY-10	FY-09	+/(-)	Q4-10	Q4-09	+/(-)	Q3-10	+/(-)
SINGAPORE								
Single Premium	1,620.5	1,813.1	-11%	478.7	497.7	-4%	486.5	-2%
New Regular Premium	221.7	148.7	49%	75.5	52.9	43%	57.0	32%
Total Weighted New Sales	383.8	330.0	16%	123.4	102.7	20%	105.7	17%
MALAYSIA								
Single Premium	99.3	159.1	-38%	39.2	67.6	-42%	18.6	111%
New Regular Premium	280.0	242.3	16%	91.4	76.0	20%	68.1	34%
Total Weighted New Sales	289.9	258.2	12%	95.3	82.8	15%	70.0	36%
EMERGING MARKETS								
Single Premium	119.9	26.6	nm	42.4	7.9	nm	23.4	81%
New Regular Premium	38.1	10.4	266%	14.9	2.6	nm	11.9	25%
Total Weighted New Sales	50.1	13.1	282%	19.2	3.4	nm	14.1	36%
TOTAL								
Single Premium	1,839.7	1,998.8	-8%	560.3	573.2	-2%	528.5	6%
New Regular Premium	539.8	401.4	34%	181.8	131.5	38%	137.0	33%
Total Weighted New Sales	723.8	601.3	20%	237.9	188.9	26%	189.8	25%

Note: a) Total Weighted New Sales = (Single Premium x 10%) + New Regular Premium
b) Premiums from Malaysia and Other Asia are converted using 2010 and 2009 year-end exchange rates.
c) Emerging Markets include premiums from Brunei, Indonesia, Vietnam and China. China results reflect the Group's share of 50% in the joint venture.

9.3.2 New Business Embedded Value (NBEV)

in SGD (million)	FY-10	FY-09	+ / (-)	Q4-10	Q4-09	+ / (-)	Q3-10	+ / (-)
Singapore	163.5	127.8	28%	58.2	43.2	35%	40.3	44%
Malaysia	128.6	103.7	24%	39.4	33.9	16%	32.9	20%
Emerging Markets	12.8	3.1	nm	4.7	0.8	nm	3.6	31%
Total	304.9	234.6	30%	102.3	77.9	31%	76.8	33%

Note: Emerging Markets include embedded value of Brunei, Indonesia, Vietnam and China. China results reflect the Group's share of 50% in the joint venture.

For the full year, NBEV, a measure of the long term profitability of new sales, grew 30% from \$234.6 million in FY-09 to \$304.9 million in FY-10.

In Q4-10, NBEV grew strongly by 31% to \$102.3 million. The increase in underlying profitability reflects the success of the Group's strategy to achieve higher sales of regular premium and protection products.

9.4 **PROFIT FROM INSURANCE OPERATIONS PROFIT FROM INVESTMENTS IN SHAREHOLDERS' FUND**

Full Year performance

FY-10 profit from insurance operations and investments in Shareholders' Fund were \$460.0 million and \$144.3 million respectively. The corresponding figures for 2009 were \$751.9 million and a loss of \$127.2 million.

In 2009, there was a one-time contribution of \$210.4 million to profit from insurance operations as a result of adopting the new risk-based regulatory capital framework in Malaysia and the portfolio matching exercise in Singapore. On the other hand, Great Eastern's one-time redemption offer to GreatLink Choice policyholders in 2009 incurred a loss of \$213.3 million which was reported under investment in the shareholders' fund. These two exceptional non-recurring items largely accounted for the profit variations between 2010 and 2009.

Q4 performance

Profit from the Group's insurance operations was \$73.9 million (Q4-09: \$131.5 million) due to the impact of rising interest rates on the valuation of fixed interest assets. However profit from investments in Shareholders' Fund in Q4-10 was \$47.8 million compared with \$18.2 million in Q4-09 due to favorable changes in the fair value of the Group's held-for-trading investments.

9.5 **FEES AND OTHER INCOME**

For FY-10, fees and other income increased to \$69.1 million (FY-09: \$63.7 million) due to the growth in assets being managed by Lion Global Investors Limited. Fees and other income amounted to \$17.5 million in Q4-10, similar to Q4-09 (\$17.4 million).

9.6 **MANAGEMENT AND OTHER EXPENSES**

For FY-10, management and other expenses totalled \$66.3 million, representing a small increase compared with FY-09 (\$64.7 million).

In Q4-10, management and other expenses were \$26.0 million (Q4-09: negative \$6.7 million). For Q4-09, there was a release in provision of expenses that was no longer required.

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

Share of loss for FY-10 was \$5.5 million, similar to FY-09 (\$5.6 million). The loss arose mainly from the joint-venture in China.

In Q4-10, the share of loss from associates and joint ventures of \$0.7 million was lower than the loss of \$2.7 million incurred in Q4-09.

9.8 BALANCE SHEET

- 9.8.1 Currency Translation Reserve
As at 31 December 2010, translation loss was \$32.3 million compared with \$38.0 million as at 31 December 2009 mainly due to the strengthening of the Malaysian Ringgit against the Singapore Dollar.
- 9.8.2 Fair Value Reserve
As at 31 December 2010, fair value reserve increased to \$225.3 million from \$67.5 million as at 31 December 2009 from mark-to-market gains.
- 9.8.3 Income Tax and Deferred Tax
As at 31 December 2010, income tax provision increased by 28% to \$382.2 million. Deferred tax increased by 24% to \$949.8 million as a result of larger investment gains.
- 9.8.4 Cash and cash equivalents
As at 31 December 2010, cash and cash equivalents decreased by 12% to \$2,830.4 million from \$3,215.9 million as at 31 December 2009.
- 9.8.5 Investments
As at 31 December 2010, the valuation of investments increased 14% to \$41,693.0 million from \$36,558.9 million as at 31 December 2009 from mark-to-market changes. Of the increase, 74% was from the Participating Fund and 10% from the Investment-Linked Fund.
- 9.8.6 Asset allocation of life funds, excluding Investment-Linked Funds, was as follows:

	SINGAPORE		MALAYSIA	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Fixed income & debt securities	58%	63%	71%	72%
Equities	23%	23%	24%	19%
Real estate & others	11%	7%	4%	4%
Cash & money market instruments	8%	7%	1%	5%
Market Value of Assets (in SGD billion)	25.2	23.6	19.1	16.7

9.9 REGULATORY CAPITAL

In Singapore and Malaysia, the Capital Adequacy Ratios of the insurance subsidiaries both exceeded 200%, well above the minimum regulatory ratios of 120% and 130% respectively. In the emerging markets, the insurance subsidiaries of the Group have complied with the capital ratios prescribed by the insurance regulations of the respective jurisdictions.

10. SHARE CAPITAL

The Company's issued and paid up share capital amounted to \$247.4 million as at 31 December 2010, the same as 31 December 2009. Total number of shares issued as at 31 December 2010 was 473,319,069, the same as 31 December 2009.

11. ACCOUNTING POLICIES

The Group adopted the accounting policies and methods of computation for the financial statements for FY-10, consistent with the audited financial statements for the year ended 31 December 2009.

The adoption of the other revised and new FRS and INT FRS which came into effect on 1 January 2010 does not have any material financial impact on the Group's results for FY-10.

12. AUDITED RESULTS

The consolidated Group's financial results for the financial year ended 31 December 2010 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

The Group's performance may be affected by continuing volatility in the financial markets arising from concerns relating to rising inflationary expectations and interest rate movements as well as the uncertain global economic recovery.

Issued: 15 February 2011

GREAT EASTERN HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT To the Members of Great Eastern Holdings Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Great Eastern Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 8 to 94, which comprise the balance sheets of the Group and of the Company as at 31 December 2010, the profit and loss statements, the statements of changes in equity of the Group and of the Company and the statements of comprehensive income 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 of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards, and for 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 accounts and balance sheets and to maintain accountability of assets.

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 about 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 of the financial statements that give a true and fair view 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, the consolidated financial statements of the Group and the balance sheet and statement changes in equity of the Company 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 2010 and the results, 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, 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

15 February 2011