

# 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”) has announced:

### **Audited Financial Results of GEH Group for the Fourth Quarter and for the Year Ended 31 December 2011**

For the fourth quarter and year ended 31 December 2011, Group profit attributable to shareholders was S\$68.9 million and S\$385.7 million respectively. Details of the financial results are attached.

### **Dividend**

The Board of Directors is pleased to declare a final tax exempt (one-tier) dividend of 27 cents per ordinary share in respect of the financial year ended 31 December 2011 (2010: nil). The recommended final dividend will be payable on 9 May 2012 subject to shareholders’ approval at the Annual General Meeting.

### **Closure of Books**

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company be closed on 26 April 2012 for the purpose of determining the entitlement of shareholders to the recommended final tax exempt (one-tier) dividend of 27 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 25 April 2012 will be registered to determine shareholders’ entitlements to the final dividend. Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares as at 5.00 p.m. on 25 April 2012 will be entitled to the recommended final tax exempt (one-tier) dividend.

By Order of the Board

Jennifer Wong Pakshong  
Group Company Secretary  
Singapore, 13 February 2012

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

**FINANCIAL RESULTS FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2011**

**1. GROUP PROFIT AND LOSS STATEMENTS**

in Singapore Dollars (millions)	2011	2010	% + / (-)	4th Quarter 2011	4th Quarter 2010	% + / (-)	3rd Quarter 2011	% + / (-)
Gross Premiums	6,430.7	6,155.8	4	1,675.9	1,784.2	(6)	1,705.7	(2)
Life assurance profit from:								
Participating Fund	121.5	103.8	17	31.7	32.6	(3)	28.9	10
Non-participating Fund	134.4	239.5	(44)	(13.9)	16.0	nm	9.4	nm
Investment-linked Fund	126.6	93.9	35	33.0	17.5	89	37.7	(12)
Profit from life assurance	382.5	437.2	(13)	50.8	66.1	(23)	76.0	(33)
Profit from general insurance	29.3	22.8	29	10.4	7.8	33	5.4	93
<b>Profit from insurance operations</b>	<b>411.8</b>	<b>460.0</b>	<b>(10)</b>	<b>61.2</b>	<b>73.9</b>	<b>(17)</b>	<b>81.4</b>	<b>(25)</b>
Investment income, net	96.4	94.3	2	20.0	18.7	7	25.4	(21)
(Loss)/gain on sale of investments and changes in fair value	(9.9)	56.9	nm	24.9	31.3	(20)	(47.0)	nm
Increase in provision for impairment of assets	(1.9)	(4.0)	nm	(0.6)	-	nm	(0.3)	nm
Gain/(loss) on exchange differences	0.4	(2.9)	nm	(8.4)	(2.2)	nm	8.8	nm
<b>Profit/(loss) from investments in Shareholders' Fund</b>	<b>85.0</b>	<b>144.3</b>	<b>(41)</b>	<b>35.9</b>	<b>47.8</b>	<b>(25)</b>	<b>(13.1)</b>	<b>nm</b>
<b>Fees and other income</b>	<b>69.0</b>	<b>68.6</b>	<b>1</b>	<b>16.0</b>	<b>18.0</b>	<b>(11)</b>	<b>16.2</b>	<b>(1)</b>
<b>Profit before expenses</b>	<b>565.8</b>	<b>672.9</b>	<b>(16)</b>	<b>113.1</b>	<b>139.7</b>	<b>(19)</b>	<b>84.5</b>	<b>34</b>
less:								
Management and other expenses	72.1	65.8	10	15.9	26.5	(40)	17.7	(10)
Interest expense	18.3	-	nm	4.6	-	nm	4.5	2
Depreciation	1.9	1.6	19	0.6	0.5	20	0.7	(14)
<b>Expenses</b>	<b>92.3</b>	<b>67.4</b>	<b>37</b>	<b>21.1</b>	<b>27.0</b>	<b>(22)</b>	<b>22.9</b>	<b>(8)</b>
<b>Profit after expenses</b>	<b>473.5</b>	<b>605.5</b>	<b>(22)</b>	<b>92.0</b>	<b>112.7</b>	<b>(18)</b>	<b>61.6</b>	<b>49</b>
Share of profit after income tax of associates	-	0.1	(100)	-	-	nm	-	nm
Share of loss after income tax of joint ventures	(8.4)	(5.6)	nm	(4.4)	(0.7)	nm	(3.6)	nm
<b>Profit before income tax</b>	<b>465.1</b>	<b>600.0</b>	<b>(22)</b>	<b>87.6</b>	<b>112.0</b>	<b>(22)</b>	<b>58.0</b>	<b>51</b>
Income tax	(73.3)	(83.7)	nm	(18.4)	(25.5)	nm	(16.7)	nm
<b>Profit after income tax</b>	<b>391.8</b>	<b>516.3</b>	<b>(24)</b>	<b>69.2</b>	<b>86.5</b>	<b>(20)</b>	<b>41.3</b>	<b>68</b>
Attributable to:								
Shareholders	385.7	507.2	(24)	68.9	85.1	(19)	40.4	71
Non-controlling interests	6.1	9.1	(33)	0.3	1.4	(79)	0.9	(67)
	391.8	516.3	(24)	69.2	86.5	(20)	41.3	68
Basic and diluted earnings per share attributable to shareholders of the Company (in Singapore Dollars)	0.81	1.07	(24)	0.14	0.18	(22)	0.09	56
Return on Equity (Average Shareholders' Fund) (%) <i>(not annualised for 3rd and 4th Quarter)</i>	9.7%	13.4%	-3.7 pp	1.6%	2.2%	-0.6 pp	1.1%	0.5 pp

nm – not meaningful / exceeding 300%

## 2. GROUP STATEMENT OF COMPREHENSIVE INCOME

in Singapore Dollars (millions)	2011	2010	% + / (-)	4th Quarter 2011	4th Quarter 2010	% + / (-)	3rd Quarter 2011	% + / (-)
<b>Profit after income tax for the year</b>	<b>391.8</b>	516.3	(24)	<b>69.2</b>	86.5	(20)	41.3	68
<b>Other comprehensive income:</b>								
Exchange differences arising on translation of overseas entities	(14.7)	9.9	nm	3.0	(12.3)	nm	1.4	114
Share of other comprehensive income of associates and joint ventures	4.1	(4.2)	nm	3.3	(1.0)	nm	3.1	6
Available-for-sale financial assets:								
Changes in fair value	(69.0)	175.1	nm	22.3	(3.7)	nm	(75.2)	nm
Reclassification of realised (gain)/loss on disposal to Profit and Loss Statement	(22.8)	16.5	nm	(11.1)	(2.3)	nm	(1.9)	nm
Tax on changes in fair value	15.9	(33.6)	nm	(2.2)	1.0	nm	12.8	nm
<b>Other comprehensive income for the year, after tax</b>	<b>(86.5)</b>	163.7	nm	<b>15.3</b>	(18.3)	nm	(59.8)	nm
<b>Total comprehensive income for the year</b>	<b>305.3</b>	680.0	(55)	<b>84.5</b>	68.2	24	(18.5)	nm
<b>Total comprehensive income attributable to:</b>								
<b>Shareholders</b>	<b>300.1</b>	670.7	(55)	<b>83.9</b>	66.6	26	(19.0)	nm
<b>Non-controlling interests</b>	<b>5.2</b>	9.3	(44)	<b>0.6</b>	1.6	(63)	0.5	20
	<b>305.3</b>	680.0	(55)	<b>84.5</b>	68.2	24	(18.5)	nm

nm – not meaningful / exceeding 300%

### 3.1. BALANCE SHEET – GROUP

in Singapore Dollars (millions)	Group		% + / (-)
	31 Dec 11	31 Dec 10	
<b>Share capital</b>	<b>152.7</b>	247.4	(38)
<b>Reserves</b>			
Currency translation reserve	<b>(42.6)</b>	(32.3)	nm
Fair value reserve	<b>150.0</b>	225.3	(33)
Accumulated profit	<b>3,652.2</b>	3,583.6	2
<b>SHAREHOLDERS' FUND</b>	<b>3,912.3</b>	4,024.0	(3)
<b>NON-CONTROLLING INTERESTS</b>	<b>30.2</b>	35.0	(14)
<b>TOTAL EQUITY</b>	<b>3,942.5</b>	4,059.0	(3)
<b>LIABILITIES</b>			
Insurance payables	<b>2,517.5</b>	2,372.6	6
Other creditors and interfund balances	<b>2,364.9</b>	1,892.1	25
Unexpired risk reserve	<b>111.8</b>	97.1	15
Derivative financial liabilities	<b>62.1</b>	25.9	140
Income tax	<b>417.9</b>	382.2	9
Provision for agents' retirement benefits	<b>231.3</b>	216.2	7
Amount due to joint venture	<b>0.1</b>	0.3	(67)
Deferred tax	<b>945.9</b>	949.8	(0)
Debts issued	<b>399.1</b>	-	nm
General insurance fund	<b>188.7</b>	109.9	72
Life assurance fund	<b>44,420.8</b>	43,267.9	3
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>55,602.6</b>	53,373.0	4
<b>ASSETS</b>			
Cash and cash equivalents	<b>7,248.9</b>	2,830.4	156
Other debtors and interfund balances	<b>1,517.7</b>	1,788.7	(15)
Insurance receivables	<b>2,558.1</b>	2,519.3	2
Loans	<b>1,202.5</b>	1,579.7	(24)
Derivative financial assets	<b>438.0</b>	523.1	(16)
Investments	<b>40,152.9</b>	41,693.0	(4)
Assets held for sale	<b>4.4</b>	-	nm
Associates and joint ventures	<b>320.2</b>	337.2	(5)
Goodwill	<b>26.1</b>	18.7	40
Investment properties	<b>1,411.8</b>	1,355.4	4
Property, plant and equipment	<b>722.0</b>	727.5	(1)
<b>TOTAL ASSETS</b>	<b>55,602.6</b>	53,373.0	4
Net Asset Value per share (in Singapore Dollars)	<b>8.27</b>	8.50	(3)

For analysis of major variances, please refer to section 9.9 on page 14.

nm – not meaningful / exceeding 300%

### 3.2. BALANCE SHEET – COMPANY

in Singapore Dollars (millions)	Company		
	31 Dec 11	31 Dec 10	% + / (-)
<b>Share capital</b>	<b>152.7</b>	247.4	(38)
<b>Reserves</b>			
Merger reserve	<b>419.2</b>	419.2	-
Accumulated profit	<b>826.5</b>	843.5	(2)
<b>TOTAL EQUITY</b>	<b>1,398.4</b>	1,510.1	(7)
<b>LIABILITIES</b>			
Other creditors and interfund balances	<b>6.1</b>	7.1	(14)
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,404.5</b>	1,517.2	(7)
<b>ASSETS</b>			
Cash and cash equivalents	<b>9.0</b>	8.8	2
Income tax	<b>0.8</b>	0.8	-
Amounts due from subsidiaries	<b>717.3</b>	830.1	(14)
Subsidiaries	<b>677.3</b>	677.3	-
Property, plant and equipment	<b>0.1</b>	0.2	(50)
<b>TOTAL ASSETS</b>	<b>1,404.5</b>	1,517.2	(7)
Net Asset Value per share (in Singapore Dollars)	<b>2.95</b>	3.19	(8)

### 4. SELECTED INCOME AND MANAGEMENT EXPENSES

in Singapore Dollars (millions)	Shareholders' and General Insurance Funds				
	2011	2010	4th Quarter 2011	4th Quarter 2010	3rd Quarter 2011
<u>Expenses</u>					
1 Directors' remuneration					
Directors of the Company	<b>1.7</b>	1.9	<b>(0.2)</b>	1.1	0.5
Directors of subsidiaries	<b>2.3</b>	2.5	<b>2.3</b>	2.5	-
2 Staff costs and related expenses (including executive directors and key management personnel compensation)	<b>84.6</b>	58.3	<b>19.8</b>	15.9	20.7
3 Rental expense	<b>7.0</b>	4.4	<b>1.9</b>	1.0	1.9
4 Depreciation	<b>2.6</b>	2.0	<b>0.8</b>	0.6	0.8

in Singapore Dollars (millions)	Life Assurance Fund				
	2011	2010	4th Quarter 2011	4th Quarter 2010	3rd Quarter 2011
<u>Income</u>					
1 Investment income, net (excluding mark-to-market changes)	<b>1,675.9</b>	1,622.5	<b>386.5</b>	419.4	434.4
<u>Expenses</u>					
1 Directors' remuneration					
Directors of the Company	<b>3.1</b>	2.1	<b>2.4</b>	0.1	0.5
Directors of subsidiaries	<b>1.3</b>	1.9	<b>1.3</b>	1.9	-
2 Staff costs and related expenses (including executive directors and key management personnel compensation)	<b>151.2</b>	126.6	<b>42.1</b>	33.4	36.3
3 Rental expense	<b>13.4</b>	17.0	<b>3.5</b>	4.7	3.3
4 Depreciation	<b>45.1</b>	46.9	<b>12.4</b>	13.0	10.9

## 5.1. GROUP STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2011

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 <sup>(1)</sup>			
Balance at 1 January 2011	247.4	(32.3)	225.3	3,583.6	4,024.0	35.0	4,059.0
Profit for the year	-	-	-	385.7	385.7	6.1	391.8
<b>Other comprehensive income</b>							
Exchange differences arising on translation of overseas entities	-	(14.5)	-	-	(14.5)	(0.2)	(14.7)
Share of other comprehensive income of associates and joint ventures	-	4.2	(0.1)	-	4.1	-	4.1
<b>Available-for-sale financial assets:</b>							
Changes in fair value	-	-	(68.2)	-	(68.2)	(0.8)	(69.0)
Reclassification of realised gain on disposal to Profit and Loss Statement	-	-	(22.8)	-	(22.8)	-	(22.8)
Tax on changes in fair value	-	-	15.8	-	15.8	0.1	15.9
Other comprehensive income for the year, after tax	-	(10.3)	(75.3)	-	(85.6)	(0.9)	(86.5)
Total comprehensive income for the year	-	(10.3)	(75.3)	385.7	300.1	5.2	305.3
<b>Contributions by and distributions to shareholders</b>							
Capitalisation from accumulated profit	269.8	-	-	(269.8)	-	-	-
Cash distribution	(364.5)	-	-	-	(364.5)	-	(364.5)
<b>Dividends paid during the year:</b>							
Interim tax exempt (one-tier) dividend	-	-	-	(47.3)	(47.3)	-	(47.3)
Dividends paid to non-controlling interests	-	-	-	-	-	(10.0)	(10.0)
Total contributions by and distributions to shareholders	(94.7)	-	-	(317.1)	(411.8)	(10.0)	(421.8)
Total transactions with shareholders in their capacity as shareholders	(94.7)	-	-	(317.1)	(411.8)	(10.0)	(421.8)
Balance at 31 December 2011	152.7	(42.6)	150.0	3,652.2	3,912.3	30.2	3,942.5

## 5.2. GROUP STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2010

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 <sup>(1)</sup>			
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
<u>Other comprehensive income</u>							
Exchange differences arising on translation of overseas entities	-	9.9	-	-	9.9	-	9.9
Share of other comprehensive income 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 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
<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)	-	(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)
<u>Changes in ownership interests in subsidiaries that do not result in a loss of control</u>							
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

(1) Included in Accumulated Profit are non-distributable reserves of \$1,122.7 million (31 December 2010: \$973.5 million), which arise from regulatory risk charges in Singapore and Malaysia that are held out of the Group Shareholders' Accumulated Profit Account.

### 5.3. GROUP STATEMENT OF CHANGES IN EQUITY for the fourth quarter ended 31 December 2011

in Singapore Dollars (millions)	Attributable to Shareholders of the Company					Non-Controlling Interests	Total Equity
	Share Capital	Currency	Fair Value Reserve	Accumulated Profit <sup>(1)</sup>	Total		
		Translation Reserve					
Balance at 1 October 2011	152.7	(46.7)	139.1	3,583.3	3,828.4	29.6	3,858.0
Profit for the period	-	-	-	68.9	68.9	0.3	69.2
<b>Other comprehensive income</b>							
Exchange differences arising on translation of overseas entities	-	3.0	-	-	3.0	-	3.0
Share of other comprehensive income of associates and joint ventures	-	1.1	2.2	-	3.3	-	3.3
<b>Available-for-sale financial assets:</b>							
Changes in fair value	-	-	21.9	-	21.9	0.4	22.3
Reclassification of realised gain on disposal to Profit and Loss Statement	-	-	(11.1)	-	(11.1)	-	(11.1)
Tax on changes in fair value	-	-	(2.1)	-	(2.1)	(0.1)	(2.2)
Other comprehensive income for the period, after tax	-	4.1	10.9	-	15.0	0.3	15.3
<b>Total comprehensive income for the period</b>	-	4.1	10.9	68.9	83.9	0.6	84.5
Balance at 31 December 2011	152.7	(42.6)	150.0	3,652.2	3,912.3	30.2	3,942.5

### 5.4. GROUP STATEMENT OF CHANGES IN EQUITY for the fourth quarter ended 31 December 2010

in Singapore Dollars (millions)	Attributable to Shareholders of the Company					Non-Controlling Interests	Total Equity
	Share Capital	Currency	Fair Value Reserve	Accumulated Profit <sup>(1)</sup>	Total		
		Translation Reserve					
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
<b>Other comprehensive income</b>							
Exchange differences arising on translation of overseas entities	-	(12.3)	-	-	(12.3)	-	(12.3)
Share of other comprehensive income of associates and joint ventures	-	(1.0)	-	-	(1.0)	-	(1.0)
<b>Available-for-sale financial assets:</b>							
Changes in fair value	-	-	(3.9)	-	(3.9)	0.2	(3.7)
Reclassification of realised gain on disposal to Profit and Loss Statement	-	-	(2.3)	-	(2.3)	-	(2.3)
Tax on changes in fair value	-	-	1.0	-	1.0	-	1.0
Other comprehensive income for the period, after tax	-	(13.3)	(5.2)	-	(18.5)	0.2	(18.3)
<b>Total comprehensive income for the period</b>	-	(13.3)	(5.2)	85.1	66.6	1.6	68.2
<b>Changes in ownership interests in subsidiaries that do not result in a loss of control</b>							
Increase in non-controlling interests on incorporation of new subsidiary	-	-	-	-	-	12.4	12.4
<b>Total changes in ownership interests in subsidiaries</b>	-	-	-	-	-	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

(1) Included in Accumulated Profit are non-distributable reserves of \$1,122.7 million (31 December 2010: \$973.5 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 years ended 31 December 2011 and 2010

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Accumulated Profit	Total Equity
<b>Balance at 1 January 2011</b>	247.4	419.2	843.5	1,510.1
<b>Profit for the year</b>	-	-	300.1	300.1
<b>Total comprehensive income for the year</b>	-	-	300.1	300.1
<b><u>Contributions by and distributions to shareholders</u></b>				
Capitalisation from accumulated profit	269.8	-	(269.8)	-
Cash distribution	(364.5)	-	-	(364.5)
Dividends paid during the year:				
Interim tax exempt (one-tier) dividends	-	-	(47.3)	(47.3)
<b>Total contributions by and distributions to shareholders</b>	<b>(94.7)</b>	<b>-</b>	<b>(317.1)</b>	<b>(411.8)</b>
<b>Total transactions with shareholders in their capacity as shareholders</b>	<b>(94.7)</b>	<b>-</b>	<b>(317.1)</b>	<b>(411.8)</b>
<b>Balance at 31 December 2011</b>	<b>152.7</b>	<b>419.2</b>	<b>826.5</b>	<b>1,398.4</b>
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
<b><u>Contributions by and distributions to shareholders</u></b>				
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) dividends	-	-	(47.3)	(47.3)
<b>Total contributions by and distributions to shareholders</b>	<b>-</b>	<b>-</b>	<b>(213.0)</b>	<b>(213.0)</b>
<b>Total transactions with shareholders in their capacity as shareholders</b>	<b>-</b>	<b>-</b>	<b>(213.0)</b>	<b>(213.0)</b>
<b>Balance at 31 December 2010</b>	<b>247.4</b>	<b>419.2</b>	<b>843.5</b>	<b>1,510.1</b>

## 6.2. COMPANY STATEMENT OF CHANGES IN EQUITY for the fourth quarter ended 31 December 2011 and 2010

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Accumulated Profit	Total Equity
<b>Balance at 1 October 2011</b>	152.7	419.2	827.1	1,399.0
<b>Loss for the period</b>	-	-	(0.6)	(0.6)
<b>Total comprehensive income for the period</b>	-	-	(0.6)	(0.6)
<b>Balance at 31 December 2011</b>	<b>152.7</b>	<b>419.2</b>	<b>826.5</b>	<b>1,398.4</b>
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
<b>Balance at 31 December 2010</b>	<b>247.4</b>	<b>419.2</b>	<b>843.5</b>	<b>1,510.1</b>

## 7. CONSOLIDATED STATEMENT OF CASH FLOWS

in Singapore Dollars (millions)	2011	2010	4th Quarter 2011	4th Quarter 2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before income tax	465.1	600.0	87.6	112.0
Life assurance profit/(loss) before income tax	615.6	84.1	(86.1)	(132.7)
General insurance profit before income tax	39.9	28.2	15.4	11.1
Adjustments for non-cash items:				
Surplus transferred from life assurance fund but not yet withdrawn	(382.5)	(437.2)	(50.8)	(66.1)
Profit transferred from general insurance fund but not yet withdrawn	(29.3)	(22.8)	(10.4)	(7.8)
Share of loss/(profit) of associates and joint ventures	11.6	(20.1)	6.6	(4.0)
Loss/(gain) on sale of investments and changes in fair value	183.1	(1,151.9)	(231.1)	(479.1)
Increase in provision for impairment of assets	17.6	45.0	5.3	15.6
Increase in provision for agents' retirement benefits	31.2	30.7	8.3	7.6
Gain on disposal of property, plant and equipment and investment properties	(0.6)	(1.4)	-	(1.4)
Depreciation	47.7	48.9	13.2	13.6
Unrealised (gain)/loss on exchange differences	(186.2)	340.6	1.8	88.8
Change in life assurance contract liabilities	1,613.5	3,164.2	734.3	969.8
Change in general insurance contract liabilities	(8.8)	17.0	(8.2)	0.1
Change in unexpired risk reserve	8.2	16.2	(5.6)	0.1
Amortisation of capitalised transaction fees	0.1	-	-	-
Dividend income	(442.8)	(363.3)	(71.7)	(97.2)
Interest income	(1,430.6)	(1,448.9)	(356.4)	(366.7)
Interest expense	18.3	-	4.6	-
Interest expense on policy benefits	90.4	84.2	23.5	21.7
Share-based payments	3.5	5.0	0.5	1.4
	<b>665.0</b>	<b>1,018.5</b>	<b>80.8</b>	<b>86.8</b>
Changes in working capital:				
Insurance receivables	(8.3)	(67.6)	31.2	76.6
Other debtors and interfund balances	246.3	0.3	11.6	235.7
Insurance payables	144.9	165.7	50.3	1.6
Other creditors and interfund balances	451.6	21.3	405.9	24.7
Cash generated from operations	<b>1,499.5</b>	<b>1,138.2</b>	<b>579.8</b>	<b>425.4</b>
Income tax paid	(199.1)	(200.6)	(47.3)	(59.3)
Interest paid on policy benefits	(90.4)	(84.2)	(23.5)	(21.7)
Agents' retirement benefits paid	(11.9)	(10.1)	(2.9)	(2.3)
<b>Net cash flows from operating activities</b>	<b>1,198.1</b>	<b>843.3</b>	<b>506.1</b>	<b>342.1</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sale of investments	17,852.7	15,461.8	3,801.1	3,317.3
Purchase of investments	(16,090.9)	(18,504.5)	(3,161.8)	(4,588.9)
Proceeds from reduction of interests in associates	19.1	28.3	(0.1)	-
Capital injection in associates and joint ventures	-	(27.2)	-	-
Repayment of loans (to)/by joint ventures	(0.2)	6.2	(0.1)	0.2
Proceeds from sale of property, plant and equipment and investment properties	3.4	2.4	1.3	2.3
Purchase of property, plant and equipment and investment properties	(46.8)	(29.6)	(15.0)	(10.4)
Net cash inflow from acquisition of a business	10.0	-	0.1	-
Interest income received	1,379.3	1,371.9	361.0	337.3
Interest expense paid	(9.1)	-	-	-
Dividends received	447.3	408.2	90.1	103.9
<b>Net cash flows from/(used in) investing activities</b>	<b>3,564.8</b>	<b>(1,282.5)</b>	<b>1,076.6</b>	<b>(838.3)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividends paid	(47.3)	(213.0)	-	-
Dividends paid to non-controlling interests	(10.0)	(13.4)	-	-
Proceeds from debts issued	399.0	-	-	-
Cash distribution	(364.5)	-	-	-
Increase in non-controlling interests on incorporation of new subsidiary	-	12.4	-	12.4
<b>Net cash flows (used in)/from financing activities</b>	<b>(22.8)</b>	<b>(214.0)</b>	<b>-</b>	<b>12.4</b>
<b>Net effect of currency translation reserve adjustment</b>	<b>(321.6)</b>	<b>267.7</b>	<b>112.0</b>	<b>(372.4)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>4,418.5</b>	<b>(385.5)</b>	<b>1,694.7</b>	<b>(856.2)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>2,830.4</b>	<b>3,215.9</b>	<b>5,554.2</b>	<b>3,686.6</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>7,248.9</b>	<b>2,830.4</b>	<b>7,248.9</b>	<b>2,830.4</b>

## 8. GROUP SEGMENTAL INFORMATION

### 8.1. By Business Segments

#### (a) Shareholders' Fund

in Singapore Dollars (millions)	Fund Management and Financial		Others		Adjustments and Eliminations		Consolidated	
	Advisory Business							
	2011	2010	2011	2010	2011	2010	2011	2010
Profit/(loss) from investments in Shareholders' Fund	0.5	1.4	103.9	164.8	(19.4)	(21.9)	85.0	144.3
Fees and other income	68.2	71.3	4.7	1.2	(3.9)	(3.9)	69.0	68.6
Total expenses	(37.3)	(34.3)	(55.0)	(33.1)	-	-	(92.3)	(67.4)
Profit/(loss) after expenses	31.4	38.4	53.6	132.9	(23.3)	(25.8)	61.7	145.5
Share of loss of associates and joint ventures	-	-	(8.4)	(5.5)	-	-	(8.4)	(5.5)
Income tax	(4.7)	(5.3)	(68.6)	(78.4)	-	-	(73.3)	(83.7)
Segment profit/(loss) after income tax	26.7	33.1	(23.4)	49.0	(23.3)	(25.8)	(20.0)	56.3
Profit from insurance operations							411.8	460.0
Profit per Profit & Loss Statement							391.8	516.3

	31 Dec 11	31 Dec 10	31 Dec 11	31 Dec 10	31 Dec 11	31 Dec 10	31 Dec 11	31 Dec 10
Segment assets	77.2	89.0	4,626.7	4,272.8	14.2	14.2	4,718.1	4,376.0
Investments in associates and joint ventures	-	-	81.1	85.4	-	-	81.1	85.4
Shareholders' Fund Assets	77.2	89.0	4,707.8	4,358.2	14.2	14.2	4,799.2	4,461.4
Segment liabilities	12.9	13.9	669.0	202.0	-	-	681.9	215.9
Income tax and deferred tax liabilities	5.4	7.3	169.4	179.2	-	-	174.8	186.5
Shareholders' Fund Liabilities	18.3	21.2	838.4	381.2	-	-	856.7	402.4
Additions to non-current assets	3.2	0.4	9.0	1.1	-	-	12.2	1.5

#### (b) General Insurance Fund

in Singapore Dollars (millions)	Consolidated	
	2011	2010
Premiums less assurances	128.1	108.2
Investment income	12.0	15.2
Increase in provision for impairment of assets	-	0.2
Claims less reassurances	58.0	62.4
Commissions and expenses	68.1	53.8
General Insurance Profit	29.3	22.8
	31 Dec 11	31 Dec 10
General Insurance Fund Assets	360.1	268.7
General Insurance Fund Liabilities	360.1	268.7
Additions to non-current assets	16.6	0.6

#### (c) Life Assurance Fund

in Singapore Dollars (millions)	Participating Business		Non-Participating Business		Linked Business		Adjustments and Eliminations		Consolidated	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Premiums less reassurances	3,901.1	4,028.0	1,083.2	832.5	1,122.0	1,005.9	-	-	6,106.3	5,866.4
Investment and rental income	1,540.9	2,172.8	221.3	276.5	(204.6)	320.8	-	-	1,557.6	2,770.1
Increase/(decrease) in provision for impairment of assets	20.2	35.2	(4.5)	5.6	-	-	-	-	15.7	40.8
Claims less reassurances	3,276.0	3,070.1	744.4	588.6	510.3	522.5	-	-	4,530.7	4,181.2
Commissions and expenses	525.7	457.3	186.6	159.2	261.3	239.0	-	-	973.6	855.5
Life Assurance Profit	121.5	103.8	134.4	239.5	126.6	93.9	-	-	382.5	437.2
	31 Dec 11	31 Dec 10	31 Dec 11	31 Dec 10	31 Dec 11	31 Dec 10	31 Dec 11	31 Dec 10	31 Dec 11	31 Dec 10
Segment assets	41,024.9	39,264.7	4,814.4	4,737.2	4,364.9	4,389.2	-	-	50,204.2	48,391.1
Investments in associates and joint ventures	234.2	243.2	4.9	8.6	-	-	-	-	239.1	251.8
Life Assurance Fund Assets	41,259.1	39,507.9	4,819.3	4,745.8	4,364.9	4,389.2	-	-	50,443.3	48,642.9
Segment liabilities	40,264.0	38,552.6	4,651.9	4,569.3	4,348.8	4,385.2	-	-	49,264.7	47,507.1
Income tax and deferred tax liabilities	995.1	955.3	167.4	176.5	16.1	4.0	-	-	1,178.6	1,135.8
Life Assurance Fund Liabilities	41,259.1	39,507.9	4,819.3	4,745.8	4,364.9	4,389.2	-	-	50,443.3	48,642.9
Additions to non-current assets	36.5	25.1	2.8	2.4	0.7	-	-	-	40.0	27.5

## 8. GROUP SEGMENTAL INFORMATION

### 8.2. By Geographical Segments

in Singapore Dollars (millions)	Singapore		Malaysia		Other Asia		Adjustments and Eliminations		Consolidated	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
<b>(a) Shareholders' Fund</b>										
Investment income, net	78.8	76.7	13.0	13.6	4.6	4.0	-	-	96.4	94.3
(Loss)/gain on sale of investments and changes in fair value	(11.9)	55.4	2.0	1.5	-	-	-	-	(9.9)	56.9
Fees and other income	69.0	68.6	-	-	-	-	-	-	69.0	68.6
Total revenue from external customers	135.9	200.7	15.0	15.1	4.6	4.0	-	-	155.5	219.8
Inter-segment revenue	172.7	277.7	-	-	-	-	(172.7)	(277.7)	-	-
Total revenue	308.6	478.4	15.0	15.1	4.6	4.0	(172.7)	(277.7)	155.5	219.8
Profit/(loss) after income tax	357.8	629.2	226.2	193.3	(19.5)	(28.5)	(172.7)	(277.7)	391.8	516.3
Non-current assets	23.2	20.7	7.2	0.2	1.3	1.4	-	-	31.7	22.3
<b>(b) General Insurance Fund</b>										
Total revenue from external customers	54.6	58.6	112.1	86.4	-	-	-	-	166.7	145.0
Non-current assets	0.7	0.5	12.2	0.6	-	-	-	-	12.9	1.1
<b>(c) Life Assurance Fund</b>										
Total revenue from external customers	4,158.2	4,768.4	3,492.9	3,429.2	146.3	149.5	-	-	7,797.4	8,347.1
Non-current assets	1,685.0	1,631.5	425.7	442.3	4.6	4.4	-	-	2,115.3	2,078.2

## 9. REVIEW OF RESULTS

The Group Financial Statements for the fourth quarter of 2011 (Q4-11) and for the year ended 31 December 2011 (FY-11) were prepared in accordance with the Singapore Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS).

### 9.1 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Group profit attributable to shareholders in FY-11 was \$385.7 million, a decrease of 24% compared with \$507.2 million in 2010. In Q4-11, net profit was \$68.9 million, a decrease of 19% compared with \$85.1 million in Q4-10. The decrease in 2011 was caused by unrealised mark-to-market losses as the investment climate deteriorated severely in 2H-11, a period which saw credit and swap spreads widening and equity prices declining. While falling interest rates provided some uplift to the prices of fixed income investments, liability valuations were also higher, offsetting the gains. Despite the challenging investment climate, the investment portfolios of the insurance funds and Shareholders' Fund remained sound with no significant impairment charges, and generated growth in net investment income for the full year.

### 9.2 GROSS PREMIUMS

FY-11 gross premiums increased by 4% to \$6,430.7 million (FY-10: \$6,155.8 million). Q4-11 gross premiums decreased by 6% year-on-year to \$1,675.9 million (Q4-10: \$1,784.2 million).

### 9.3 NEW SALES

9.3.1 In FY-11, total weighted new sales for the Group were \$798.3 million, an increase of 10% compared with \$723.8 million in FY-10. In Q4-11, total weighted new sales of \$228.8 million was marginally lower as compared with the same period last year (Q4-10: \$237.9 million). In Singapore, bancassurance sales registered strong growth from deeper penetration into the premier banking customer segment and a significant shift towards regular premium products. The agency business continued to be stable, with a successful shift in product mix towards regular premium, protection-based products. Sales performance in Malaysia remained resilient during the year and was supported by efforts to market regular premium, investment-linked products tailored for the young and affluent. In addition, the bancassurance tie-up with OCBC Malaysia registered steady progress, and expanded its reach to the Small & Medium Enterprise corporate clientele. The Group's takaful operation also reported an encouraging take-up of Shariah-compliant products since its launch in December 2010.

The Group continued to develop its regional businesses through a disciplined expansion strategy. In Indonesia, the bancassurance partnership with Bank OCBC NISP made good progress in 2H-11. In Vietnam, the Group continued to focus on building a highly productive agency force.

in SGD (millions)	FY-11	FY-10	+/(-) %	Q4-11	Q4-10	+/(-) %	Q3-11	+/(-) %
<b>SINGAPORE</b>								
Single Premium	1,476.7	1,620.5	-9%	276.3	478.7	-42%	424.0	-35%
New Regular Premium	312.9	221.7	41%	98.3	75.5	30%	77.7	27%
Total Weighted New Sales	460.6	383.8	20%	125.9	123.4	2%	120.1	5%
<b>MALAYSIA</b>								
Single Premium	127.1	99.3	28%	43.5	39.2	11%	30.0	45%
New Regular Premium	289.0	280.0	3%	91.2	91.4	0%	74.9	22%
Total Weighted New Sales	301.7	289.9	4%	95.6	95.3	0%	77.9	23%
<b>EMERGING MARKETS</b>								
Single Premium	112.0	119.9	-7%	18.3	42.4	-57%	24.5	-25%
New Regular Premium	24.8	38.1	-35%	5.6	14.9	-62%	4.4	27%
Total Weighted New Sales	36.0	50.1	-28%	7.3	19.2	-62%	6.9	6%
<b>TOTAL</b>								
Single Premium	1,715.8	1,839.7	-7%	338.1	560.3	-40%	478.5	-29%
New Regular Premium	626.7	539.8	16%	195.1	181.8	7%	157.0	24%
Total Weighted New Sales	798.3	723.8	10%	228.8	237.9	-4%	204.9	12%

- Note: a) Total Weighted New Sales = (Single Premium x 10%) + New Regular Premium  
 b) Prior year figures have been restated based on last year-end exchange rates. Prior quarter figures have been restated based on current quarter-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 FY-11, NBEV grew by 20% to \$364.8 million (FY-10: \$304.9 million) and in Q4-11, despite a marginal fall in total weighted new sales, NBEV grew 17% as compared with the same period last year. The consistent growth in NBEV in recent quarters reflected the Group's success in promoting the sales of regular premium and protection-based products to meet the needs of customers.

in SGD (millions)	FY-11	FY-10	+/(%)	Q4-11	Q4-10	+/(%)	Q3-11	+/(%)
Singapore	210.4	163.5	29%	79.4	58.2	36%	48.4	64%
Malaysia	146.2	128.6	14%	38.5	39.4	-2%	37.5	3%
Emerging Markets	8.2	12.8	-36%	2.1	4.7	-55%	1.1	91%
<b>Total</b>	<b>364.8</b>	<b>304.9</b>	<b>20%</b>	<b>120.0</b>	<b>102.3</b>	<b>17%</b>	<b>87.0</b>	<b>38%</b>

- Note: a) Emerging Markets include embedded value of Brunei, Indonesia, Vietnam and China. China results reflect the Group's share of 50% in the joint venture.  
 b) Prior year figures have been restated based on last year-end exchange rates. Prior quarter figures have been restated based on current quarter-end exchange rates.

## 9.4 PROFIT FROM INSURANCE OPERATIONS

FY-11 profit from insurance operations was \$411.8 million, 10% lower than 2010 (FY-10: \$460.0 million).

Despite strong underwriting performance, overall insurance profit declined as the global investment climate deteriorated severely in 2H-11. Specifically, credit and swap spreads widened, and equity prices fell, resulting in unrealised mark-to-market losses in asset valuations. The fall in asset valuations, coupled with the net impact of falling interest rates on the balance sheet, resulted in the decline in investment profit, which is a component of profit from insurance operations. Nonetheless, the investments in the insurance funds remained sound and there were no significant impairment charges.

Against the backdrop of volatile interest rate movements over several quarters, the discount rate used to value the liabilities of the Singapore insurance funds (other than those liabilities valued on the Long Term Risk Free Discount Rate as specifically stipulated by regulations) was changed from Singapore Government Securities (SGS) yields to zero-coupon SGS yields with effect from 1 July 2011. This change resulted in a closer matching of the value of assets and liabilities and had an overall positive financial impact of \$68.1 million, of which \$50.4 million related to periods prior to 1 July 2011.

Q4-11 profit from insurance operations was \$61.2 million, 17% lower than Q4-10 (Q4-10: \$73.9 million). This was largely the result of unrealised mark-to-market losses arising from widened swap spreads.

## 9.5 PROFIT FROM INVESTMENTS IN SHAREHOLDERS' FUND

Profit from investments in Shareholders' Fund was \$85.0 million in 2011, and \$35.9 million in Q4-11, lower than the corresponding periods in 2010 (FY-10: \$144.3 million; Q4-10: \$47.8 million). The declines were largely caused by the mark-to-market losses in held-for-trading investments as a result of the challenging investment climate in 2011, which stood in contrast to the mark-to-market gains recorded in 2010 amid better market conditions.

## 9.6 MANAGEMENT AND OTHER EXPENSES

In FY-11, management and other expenses were \$72.1 million, an increase of 10% compared with \$65.8 million in FY-10. This was largely the result of higher staff costs incurred to support business growth.

In Q4-11, management and other expenses were \$15.9 million, compared with \$26.5 million a year ago. Q4-10 expenses included non-recurring costs incurred for the acquisition of the business of Tahan Insurance Malaysia Berhad ("Tahan Insurance") (refer to 9.9.4 for details) and the pre-incorporation expenses for the Group's takaful subsidiary in Malaysia.

## 9.7 INTEREST EXPENSE

Interest was accrued for the subordinated fixed rate notes ("Notes") issued by the Group on 19 January 2011. The Notes bear interest at the rate of 4.6% per annum, payable semi-annually in arrears. Refer to 9.9.6 for more details.

## 9.8 SHARE OF LOSS OF JOINT VENTURE

The share of loss of the joint venture in China was \$8.4 million in FY-11 (FY-10: \$5.6 million) and \$4.4 million in Q4-11 (Q4-10: \$0.7 million). The share of loss increased as a result of impairment losses on equities held by the joint venture.

## 9.9 BALANCE SHEET

### 9.9.1 Currency Translation Reserve

As at 31 December 2011, translation loss was \$42.6 million, compared with \$32.3 million as at 31 December 2010. This was mainly caused by the strengthening of the Singapore Dollar against the Malaysian Ringgit.

### 9.9.2 Fair Value Reserve

As at 31 December 2011, fair value reserve decreased to \$150.0 million from \$225.3 million as at 31 December 2010 as a result of mark-to-market losses.

### 9.9.3 Other Creditors, Debtors and Interfund Balances

Other creditors and interfund balances increased by 25% to \$2,364.9 million as at 31 December 2011 (31 December 2010: \$1,892.1 million) while other debtors and interfund balances decreased by 15% to \$1,517.7 million as at 31 December 2011 (31 December 2010: \$1,788.7 million), mainly arising from timing differences in investment trades.

### 9.9.4 Unexpired Risk Reserve and General Insurance Fund

On 1 January 2011, the Group acquired the assets and liabilities of the general insurance business of Tahan Insurance. The increase in the Unexpired Risk Reserve and General Insurance Fund represented the policy liabilities of Tahan Insurance that were assumed.

### 9.9.5 Derivative Financial Liabilities and Assets

Derivative financial liabilities increased to \$62.1 million as at 31 December 2011 (31 December 2010: \$25.9 million) while derivative financial assets decreased to \$438.0 million (31 December 2010: \$523.1 million). The net change in derivative financial liabilities and assets was largely caused by mark-to-market losses from currency forwards as a result of the depreciation of the Singapore Dollar against the United States Dollar.

### 9.9.6 Debts Issued

On 19 January 2011, the Group issued the Notes due 2026 and callable in 2021. The Notes and directly attributable transaction costs are accrued at amortised cost using the effective interest method.

### 9.9.7 Cash and cash equivalents

As at 31 December 2011, cash and cash equivalents increased by 156% to \$7,248.9 million (31 December 2010: \$2,830.4 million). The increase was mainly the result of the Group's decision to hold more liquid investments, including cash, amid heightened market volatility.

### 9.9.8 Investments

As at 31 December 2011, investments decreased by 4% to \$40,152.9 million (31 December 2010: \$41,693.0 million). The decrease was a result of mark-to-market losses as well as redemption of investments upon maturity.

### 9.9.9 Goodwill

The increase in goodwill arose from the acquisition of the general insurance business as mentioned in 9.9.4 above. The fair values of the assets acquired, liabilities assumed,

and goodwill recognised would be subject to revision pending resolution of the valuation of the claims liabilities transferred from Tahan Insurance to the Group on 1 January 2011.

9.9.10 Asset allocation of life funds, excluding Investment-Linked Funds, was as follows:

	SINGAPORE		MALAYSIA	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Fixed income & debt securities	50%	58%	65%	71%
Equities	22%	23%	23%	24%
Real estate & others	11%	11%	3%	4%
Cash & money market instruments	17%	8%	9%	1%
Market Value of Assets (in SGD billions)	25.8	25.2	20.3	19.1

#### 9.10 REGULATORY CAPITAL

The Group continues to be strongly capitalised. 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.

#### 10. SHARE CAPITAL

The Company's issued and paid up share capital amounted to \$152.7 million as at 31 December 2011, a decrease of \$94.7 million compared with \$247.4 million as at 31 December 2010. The decrease was attributable to the capital reduction exercise in Q2-11 and the cash distribution of \$0.77 per ordinary share to all Shareholders. Total number of shares issued as at 31 December 2011 was 473,319,069, the same as that as at 31 December 2010.

#### 11. ACCOUNTING POLICIES

The Group adopted the accounting policies and methods of computation for the financial statements for FY-11, consistent with the audited financial statements for the year ended 31 December 2010.

The adoption of the other revised and new FRS and INT FRS which came into effect on 1 January 2011 does not have any material financial impact on the Group's results for FY-11.

#### 12. AUDITED RESULTS

The consolidated Group's financial results for the financial year ended 31 December 2011 were 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 interest rate, credit and swap spread movements as well as volatility in the financial markets arising from the ongoing global economic uncertainties, including sovereign debt concerns in Europe.

#### 14. OTHER MATTERS

Pursuant to Rule 920(1) of the Listing Manual, GEH has not obtained a general mandate from shareholders for Interested Person Transactions.

Pursuant to Rule 704(13) of the Listing Manual, as at the financial year ended 31 December 2011, there were no persons occupying a managerial position in GEH or in any of its principal subsidiaries who are relatives of a director or chief executive officer or substantial shareholder of GEH.

Issued: 13 February 2012



# 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 95, which comprise the balance sheets of the Group and of the Company as at 31 December 2011, the profit and loss statements, statements of comprehensive income 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 information.

### 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 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 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.

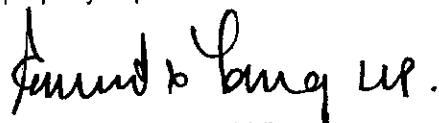
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### OPINION

In our opinion, the consolidated financial statements of the Group and the balance sheet, profit and loss statement, statement of comprehensive income and statement of 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 2011 and 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.

### 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  
13 February 2012