

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:

Unaudited Financial Results of GEH Group for the First Quarter Ended 31 March 2013

For the quarter ended 31 March 2013, Group profit attributable to shareholders was S\$207.5 million. Details of the financial results are attached.

Supplementary Information

To improve transparency and investor understanding of GEH’s business, disclosure of operating and non-operating profit from insurance business will be provided as supplementary information to the financial results starting from the first quarter ended 31 March 2013.

Dividend

No interim dividend has been declared in the first quarter of 2013 (first quarter 2012: nil).

Confirmation by Directors pursuant to Rule 705(5) 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 unaudited financial results of the Company and of the Group for the first quarter ended 31 March 2013 to be false or misleading in any material aspect.

By Order of the Board

Jennifer Wong Pakshong
Group Company Secretary
Singapore, 24 April 2013

The Group financial results are also available on the Company’s website at greateasternlife.com.

FINANCIAL RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2013

1. GROUP PROFIT AND LOSS STATEMENTS

in Singapore Dollars (millions)	1st Quarter 2013	1st Quarter 2012	% + / (-)	4th Quarter 2012	% + / (-)
Gross Premiums	1,620.1	1,470.0	10	1,932.2	(16)
Life assurance profit from:					
Participating Fund	34.2	35.7	(4)	39.5	(13)
Non-participating Fund	101.5	160.2	(37)	139.3	(27)
Investment-linked Fund	42.5	24.7	72	31.3	36
Profit from life assurance	178.2	220.6	(19)	210.1	(15)
Profit from general insurance	6.7	5.8	16	14.8	(55)
Profit from insurance business	184.9	226.4	(18)	224.9	(18)
Investment income, net	24.9	31.1	(20)	23.8	5
Gain on sale of investments and changes in fair value	28.0	40.4	(31)	3.4	nm
Gain/(loss) on exchange differences	1.5	(2.3)	nm	3.0	(50)
Profit from investments in Shareholders' Fund	54.4	69.2	(21)	30.2	80
Fees and other income	17.5	15.3	14	18.5	(5)
Profit before expenses	256.8	310.9	(17)	273.6	(6)
less:					
Management and other expenses	15.7	16.7	(6)	16.1	(2)
Interest expense	4.6	4.6	-	4.6	-
Depreciation	0.5	0.5	-	0.6	(17)
Expenses	20.8	21.8	(5)	21.3	(2)
Profit after expenses	236.0	289.1	(18)	252.3	(6)
Share of (loss)/profit after income tax of joint ventures	(0.8)	1.1	nm	(3.5)	nm
Profit before income tax	235.2	290.2	(19)	248.8	(5)
Income tax	(25.7)	(25.4)	nm	(21.9)	nm
Profit after income tax	209.5	264.8	(21)	226.9	(8)
Attributable to:					
Shareholders	207.5	262.5	(21)	225.6	(8)
Non-controlling interests	2.0	2.3	(13)	1.3	54
	209.5	264.8	(21)	226.9	(8)
Basic and diluted earnings per share attributable to shareholders of the Company (in Singapore Dollars)	0.44	0.55	(20)	0.47	(6)
Return on Equity (Average Shareholders' Fund) (%) <i>(not annualised)</i>	4.2%	6.4%	-2.2 pp	4.3%	-0.1 pp

nm – not meaningful / exceeding 300%

2. GROUP STATEMENT OF COMPREHENSIVE INCOME

in Singapore Dollars (millions)	1st Quarter 2013	1st Quarter 2012	% + / (-)	4th Quarter 2012	% + / (-)
Profit after income tax for the period	209.5	264.8	(21)	226.9	(8)
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of overseas entities	3.0	(0.9)	nm	1.4	114
Share of other comprehensive income of associates and joint ventures	0.9	(2.4)	nm	1.4	(36)
Available-for-sale financial assets:					
Changes in fair value	26.2	136.1	(81)	100.9	(74)
Reclassification of realised (gain)/loss on disposal to Profit and Loss Statement	(18.3)	(5.8)	nm	7.9	nm
Tax on changes in fair value	(1.2)	(22.0)	nm	(18.6)	nm
Other comprehensive income for the period, after tax	10.6	105.0	(90)	93.0	(89)
Total comprehensive income for the period	220.1	369.8	(40)	319.9	(31)
Total comprehensive income attributable to:					
Shareholders	217.4	367.1	(41)	316.0	(31)
Non-controlling interests	2.7	2.7	0	3.9	(31)
	220.1	369.8	(40)	319.9	(31)

nm – not meaningful / exceeding 300%

3. GROUP BALANCE SHEET

in Singapore Dollars (millions)	Group		
	31 Mar 2013	31 Dec 2012	% + / (-)
Share capital	152.7	152.7	-
Reserves			
Currency translation reserve	(59.8)	(63.7)	nm
Fair value reserve	47.8	41.8	14
Accumulated profit	4,873.7	4,666.2	4
SHAREHOLDERS' FUND	5,014.4	4,797.0	5
NON-CONTROLLING INTERESTS	45.2	42.5	6
TOTAL EQUITY	5,059.6	4,839.5	5
LIABILITIES			
Insurance payables	2,856.5	2,791.2	2
Other creditors and interfund balances	2,613.7	2,461.5	6
Unexpired risk reserve	126.1	120.3	5
Derivative financial liabilities	64.7	42.0	54
Income tax	504.7	487.8	3
Provision for agents' retirement benefits	253.0	245.2	3
Deferred tax	1,058.1	1,069.9	(1)
Debt issued	399.2	399.2	-
General insurance fund	189.3	186.5	2
Life assurance fund	47,832.2	47,057.9	2
TOTAL EQUITY AND LIABILITIES	60,957.1	59,701.0	2
ASSETS			
Cash and cash equivalents	4,013.4	4,212.6	(5)
Other debtors and interfund balances	2,039.4	1,902.6	7
Insurance receivables	2,591.2	2,582.4	0
Loans	1,140.9	1,084.0	5
Derivative financial assets	436.9	490.7	(11)
Investments	48,204.0	46,825.7	3
Assets held for sale	0.9	3.0	(70)
Associates and joint ventures	250.9	322.9	(22)
Goodwill	34.2	34.1	0
Investment properties	1,532.4	1,531.6	0
Property, plant and equipment	712.9	711.4	0
TOTAL ASSETS	60,957.1	59,701.0	2
Net Asset Value per share (in Singapore Dollars)	10.59	10.13	5

For analysis of major variances, please refer to section 9.7 on page 8.

nm – not meaningful / exceeding 300%

4. COMPANY BALANCE SHEET

in Singapore Dollars (millions)	Company		
	31 Mar 2013	31 Dec 2012	% + / (-)
Share capital	152.7	152.7	-
Reserves			
Merger reserve	419.2	419.2	-
Accumulated profit	1,163.1	1,157.1	1
TOTAL EQUITY	1,735.0	1,729.0	0
LIABILITIES			
Other creditors	6.8	6.4	6
Income tax	0.1	0.1	-
TOTAL EQUITY AND LIABILITIES	1,741.9	1,735.5	0
ASSETS			
Cash and cash equivalents	10.3	57.8	(82)
Amounts due from subsidiaries	1,045.4	1,000.3	5
Subsidiaries	686.1	677.3	1
Property, plant and equipment	0.1	0.1	-
TOTAL ASSETS	1,741.9	1,735.5	0
Net Asset Value per share (in Singapore Dollars)	3.67	3.65	1

5. SELECTED INCOME AND MANAGEMENT EXPENSES

in Singapore Dollars (millions)	Shareholders' Fund		
	1st Quarter 2013	1st Quarter 2012	4th Quarter 2012
<u>Expenses</u>			
1. Staff costs and related expenses (including executive directors and key management personnel compensation)	18.4	16.9	15.7
2. Rental expense	1.6	1.4	1.6
3. Depreciation	0.5	0.5	0.6
	Life Assurance and General Insurance		
in Singapore Dollars (millions)	1st Quarter 2013	1st Quarter 2012	4th Quarter 2012
<u>Income</u>			
1. Investment income, net (excluding mark-to-market changes)	419.6	413.5	420.9
<u>Expenses</u>			
1. Staff costs and related expenses (including executive directors and key management personnel compensation)	46.1	42.4	48.8
2. Rental expense	3.8	3.9	4.1
3. Depreciation	11.6	11.2	13.2

6.1. GROUP STATEMENT OF CHANGES IN EQUITY for the period ended 31 March 2013

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 2013	152.7	(63.7)	41.8	4,666.2	4,797.0	42.5	4,839.5
Profit for the period	-	-	-	207.5	207.5	2.0	209.5
Other comprehensive income							
Exchange differences arising on translation of overseas entities	-	2.8	-	-	2.8	0.2	3.0
Share of other comprehensive income of associates and joint ventures	-	1.1	(0.2)	-	0.9	-	0.9
Available-for-sale financial assets:							
Changes in fair value	-	-	25.7	-	25.7	0.5	26.2
Reclassification of realised gain on disposal to Profit and Loss Statement	-	-	(18.3)	-	(18.3)	-	(18.3)
Tax on changes in fair value	-	-	(1.2)	-	(1.2)	-	(1.2)
Other comprehensive income for the period, after tax	-	3.9	6.0	-	9.9	0.7	10.6
Total comprehensive income for the period	-	3.9	6.0	207.5	217.4	2.7	220.1
Contributions by and distributions to shareholders							
Dividends paid to non-controlling interests	-	-	-	-	-	(3.8)	(3.8)
Total contributions by and distributions to shareholders	-	-	-	-	-	(3.8)	(3.8)
Changes in ownership interests in subsidiaries that do not result in a loss of control							
Changes in non-controlling interests	-	-	-	-	-	3.8	3.8
Total changes in ownership interests in subsidiaries	-	-	-	-	-	3.8	3.8
Total transactions with shareholders in their capacity as shareholders	-	-	-	-	-	-	-
Balance at 31 March 2013	152.7	(59.8)	47.8	4,873.7	5,014.4	45.2	5,059.6

6.2. GROUP STATEMENT OF CHANGES IN EQUITY for the period ended 31 March 2012

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 2012	152.7	(42.6)	150.0	3,652.2	3,912.3	30.2	3,942.5
Profit for the period	-	-	-	262.5	262.5	2.3	264.8
Other comprehensive income							
Exchange differences arising on translation of overseas entities	-	(1.0)	-	-	(1.0)	0.1	(0.9)
Share of other comprehensive income of associates and joint ventures	-	(2.4)	-	-	(2.4)	-	(2.4)
Available-for-sale financial assets:							
Changes in fair value	-	-	135.7	-	135.7	0.4	136.1
Reclassification of realised gain on disposal to Profit and Loss Statement	-	-	(5.8)	-	(5.8)	-	(5.8)
Tax on changes in fair value	-	-	(21.9)	-	(21.9)	(0.1)	(22.0)
Other comprehensive income for the period, after tax	-	(3.4)	108.0	-	104.6	0.4	105.0
Total comprehensive income for the period	-	(3.4)	108.0	262.5	367.1	2.7	369.8
Contributions by and distributions to shareholders							
Dividends paid to non-controlling interests	-	-	-	-	-	(2.5)	(2.5)
Total contributions by and distributions to shareholders	-	-	-	-	-	(2.5)	(2.5)
Total transactions with shareholders in their capacity as shareholders	-	-	-	-	-	(2.5)	(2.5)
Balance at 31 March 2012	152.7	(46.0)	258.0	3,914.7	4,279.4	30.4	4,309.8

(1) Included in Accumulated Profit are non-distributable reserves of \$1,003.5 million (31 March 2012: \$1,033.3 million), which arise from regulatory risk charges in Singapore and Malaysia that are held out of the Group Shareholders' Accumulated Profit Account.

7. COMPANY STATEMENT OF CHANGES IN EQUITY for the periods ended 31 March 2013 and 2012

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Accumulated Profit	Total Equity
Balance at 1 January 2013	152.7	419.2	1,157.1	1,729.0
Profit for the period	-	-	6.0	6.0
Total comprehensive income for the period	-	-	6.0	6.0
Balance at 31 March 2013	152.7	419.2	1,163.1	1,735.0
Balance at 1 January 2012	152.7	419.2	826.5	1,398.4
Profit for the period	-	-	3.4	3.4
Total comprehensive income for the period	-	-	3.4	3.4
Balance at 31 March 2012	152.7	419.2	829.9	1,401.8

8. CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH

in Singapore Dollars (millions)	1st Quarter 2013	1st Quarter 2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	235.2	290.2
Life assurance profit/(loss) before income tax	267.1	(153.4)
General insurance profit before income tax	8.8	7.5
Adjustments for non-cash items:		
Surplus transferred from life assurance fund but not yet withdrawn	(178.2)	(220.6)
Profit transferred from general insurance fund but not yet withdrawn	(6.7)	(5.8)
Share of profit of associates and joint ventures	(2.4)	(8.0)
Gain on sale of investments and changes in fair value	(266.6)	(515.6)
Increase in provision for impairment of assets	0.2	0.9
Increase in provision for agents' retirement benefits	9.0	8.7
Gain on disposal of property, plant and equipment, assets held for sale and investment properties	(0.3)	(0.3)
Depreciation	12.1	11.7
Unrealised (gain)/loss on exchange differences	(90.7)	109.6
Change in life assurance contract liabilities	686.2	759.9
Change in general insurance contract liabilities	4.8	1.1
Change in unexpired risk reserve	4.6	17.3
Amortisation of capitalised transaction fees	-	0.1
Dividend income	(81.2)	(107.1)
Interest income	(388.3)	(360.2)
Interest expense	4.6	4.6
Interest expense on policy benefits	27.0	24.1
Share-based payments	0.9	0.5
	246.1	(134.8)
Changes in working capital:		
Insurance receivables	(9.2)	(15.2)
Other debtors and interfund balances	(144.1)	(342.4)
Insurance payables	65.3	51.7
Other creditors and interfund balances	156.0	(94.3)
Cash generated from/(used in) operations	314.1	(535.0)
Income tax paid	(71.0)	(36.5)
Interest paid on policy benefits	(27.0)	(24.1)
Agents' retirement benefits paid	(2.2)	(3.3)
Net cash flows generated from/(used in) operating activities	213.9	(598.9)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	5,993.7	3,398.7
Purchase of investments	(7,017.8)	(5,403.8)
Proceeds from sale of property, plant and equipment, assets held for sale and investment properties	2.4	2.0
Purchase of property, plant and equipment and investment properties	(12.9)	(10.7)
Interest income received	401.1	310.9
Interest expense paid	(9.3)	(9.2)
Dividends received	70.7	94.3
Net cash flows used in investing activities	(572.1)	(1,617.8)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to non-controlling interests	(3.8)	(2.5)
Changes in non-controlling interests	3.8	-
Net cash flows used in financing activities	-	(2.5)
Net effect of currency translation reserve adjustment	159.0	27.9
Net decrease in cash and cash equivalents	(199.2)	(2,191.3)
Cash and cash equivalents at the beginning of the period	4,212.6	7,248.9
Cash and cash equivalents at the end of the period	4,013.4	5,057.6

9. REVIEW OF RESULTS

The Group Financial Statements for the first quarter of 2013 (Q1-13) 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 Q1-13 was \$207.5 million (Q1-12: \$262.5 million). The weaker year-on-year performance was mainly because of the much higher mark-to-market investment gains in Non-participating Fund and Shareholders' Fund in Q1-12 during which there was a strong recovery in global financial markets following steep declines in 2011. Nonetheless, the Group continued to deliver healthy underwriting performance.

9.2 GROSS PREMIUMS

Q1-13 gross premiums increased by 10% to \$1,620.1 million (Q1-12: \$1,470.0 million).

9.3 PROFIT FROM INSURANCE BUSINESS

In Q1-13, the Group's profit from insurance business was \$184.9 million (Q1-12: \$226.4 million). The decline was the net result of lower mark-to-market investment gains in Non-participating Fund, partially offset by higher profit from Investment-linked business across various markets.

9.4 PROFIT FROM INVESTMENTS IN SHAREHOLDERS' FUND

Profit from investments in Shareholders' Fund was \$54.4 million in Q1-13 compared with \$69.2 million in Q1-12. This was mainly attributed to lower mark-to-market gains in held-for-trading investments. Net investment income for Shareholders' Fund was also lower in Q1-13, at \$24.9 million compared with \$31.1 million in Q1-12, arising from the sale of the Group's shareholdings in Asia Pacific Breweries Limited and Fraser and Neave, Limited in Q3-12.

9.5 FEES AND OTHER INCOME

Fees and other income amounted to \$17.5 million in Q1-13 (Q1-12: \$15.3 million). This was mainly the result of an increase in fee income by Lion Global Investors Limited, the Group's asset management arm, as well as its subsidiary, Pacific Mutual Fund Berhad, which was acquired on 30 October 2012.

9.6 SHARE OF PROFIT / LOSS OF JOINT VENTURE

The share of loss of the joint venture in China was \$0.8 million in Q1-13 (Q1-12: profit of \$1.1 million). The decline was mainly attributed to lower income from investments and adverse foreign exchange movements between the Singapore Dollar and the Chinese Renminbi.

9.7 BALANCE SHEET

9.7.1 Fair Value Reserve

As at 31 March 2013, fair value reserve stood at \$47.8 million, compared with \$41.8 million as at 31 December 2012. The increase was attributed to mark-to-market gains of investments.

9.7.2 Derivative Financial Liabilities and Assets

Derivative financial liabilities increased to \$64.7 million as at 31 March 2013 (31 December 2012: \$42.0 million) and derivative financial assets decreased to \$436.9 million (31 December 2012: \$490.7 million). The net decrease in derivative financial liabilities and assets was largely caused by mark-to-market movements from currency forwards and swaps as a result of the weakening of the Singapore Dollar against the United States Dollar.

9.7.3 Debt Issued

in SGD (millions)	31 March 2013	31 December 2012
Subordinated fixed rate notes (unsecured) - payable after one year	399.2	399.2

- 9.7.4 **Assets Held for Sale**
\$2.1 million assets held for sale as at 31 December 2012 were sold in Q1-13.
- 9.7.5 **Associates and Joint Ventures**
Associates and joint ventures decreased by 22% to \$250.9 million as at 31 March 2013 (31 December 2012: \$322.9 million). The decrease was mainly attributed to payment of dividend by an associate during the quarter which led to a reduction in the Group's share of net assets in the associate.
- 9.7.6 **Asset allocation of life funds, excluding Investment-Linked Funds, was as follows:**

	SINGAPORE		MALAYSIA	
	31 March 2013	31 December 2012	31 March 2013	31 December 2012
Fixed income & debt securities	58%	58%	72%	71%
Equities	22%	21%	20%	21%
Real estate & others	11%	11%	6%	6%
Cash & money market instruments	9%	10%	2%	2%
Market Value of Assets (in SGD billions)	27.4	26.9	22.3	21.8

9.8 REGULATORY CAPITAL

The Capital Adequacy Ratios of the Group's insurance subsidiaries in both Singapore and Malaysia remain well above the minimum regulatory ratios of 120% and 130% in Singapore and Malaysia respectively.

10. SHARE CAPITAL

The Company's issued and paid up share capital as at 31 March 2013 was unchanged at \$152.7 million compared with 31 December 2012. Total number of shares issued as at 31 March 2013 also remained unchanged at 473,319,069 compared with 31 December 2012.

11. ACCOUNTING POLICIES

The Group adopted the accounting policies and methods of computation for the financial statements for Q1-13, consistent with the audited financial statements for the year ended 31 December 2012.

The adoption of the other revised and new FRS and INT FRS which came into effect on 1 January 2013 does not have any material financial impact on the Group's results for Q1-13.

12. UNAUDITED RESULTS

The consolidated Group's financial results for the first quarter ended 31 March 2013 have not been audited or reviewed by the Group's auditors.

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

The Group's performance may be affected by volatility in the financial markets arising from the ongoing global economic uncertainties.

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.

Issued: 24 April 2013