

Full Year Financial Statements and Dividend Announcement For The Year Ended 31 December 2006

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

AUDITED CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

	GROUP		
	2006 S\$'000	2005 S\$'000	Incr/ (decr) %
Revenue	88,256	81,817	7.9
<b>Reinsurance operations :</b>			
Gross premiums	81,338	75,309	8.0
Reinsurance premiums	(40,715)	(40,039)	1.7
Net written premiums	40,623	35,270	15.2
Gross transfer (to)/from provision for unexpired risks	(3,081)	9,411	(132.7)
Reinsurance transfer from provision for unexpired risks	942	357	163.9
<b>Net earned premiums</b>	<b>38,484</b>	<b>45,038</b>	<b>(14.6)</b>
Gross claims incurred	(32,300)	(44,544)	(27.5)
Reinsurers' share of claims incurred	16,813	20,749	(19.0)
<b>Net claims incurred</b>	<b>(15,487)</b>	<b>(23,795)</b>	<b>(34.9)</b>
Commission expense	(30,710)	(26,688)	15.1
Commission income	15,035	13,209	13.8
<b>Net commission expense</b>	<b>(15,675)</b>	<b>(13,479)</b>	<b>16.3</b>
<b>Management expenses</b>	<b>(5,504)</b>	<b>(5,202)</b>	<b>5.8</b>
<b>Underwriting results</b>	<b>1,818</b>	<b>2,562</b>	<b>(29.0)</b>
<b>Net investment income</b>	<b>11,925</b>	<b>10,195</b>	<b>17.0</b>
<b>Net income from reinsurance operations (I)</b>	<b>13,743</b>	<b>12,757</b>	<b>7.7</b>
<b>Non-reinsurance operations :</b>			
Net investment income	9,823	7,767	26.5
Other operating income	7,286	6,759	7.8
Management expenses	(5,978)	(6,054)	(1.3)
<b>Net income from non-reinsurance operations (II)</b>	<b>11,131</b>	<b>8,472</b>	<b>31.4</b>
<b>Profit before income tax (I + II)</b>	<b>24,874</b>	<b>21,229</b>	<b>17.2</b>
Income tax expense	(4,176)	(3,283)	27.2
<b>Profit for the year</b>	<b>20,698</b>	<b>17,946</b>	<b>15.3</b>
<b>Attributable to:</b>			
Equity holders of the Company	20,463	17,797	15.0
Minority interests	235	149	57.7
<b>Profit for the year</b>	<b>20,698</b>	<b>17,946</b>	<b>15.3</b>
<b>Profit after taxation has been arrived at after crediting/(charging):</b>			
Income relating to subsidiaries non-reinsurance operations*	7,833	8,255	(5.1)
Operating expenses relating to subsidiaries non-reinsurance operations*	(5,219)	(5,306)	(1.6)
Foreign exchange (loss)/gain	(1,168)	125	nm
Profit on sale of investments and properties	10,149	6,015	68.7
Impairment losses on investments	(1,118)	(325)	244.0

nm not meaningful

\* included subsidiaries' revenue and costs on services rendered such as management, computer advisory and consultancy, publishing, organising of conferences and advertising

Note: certain comparative figures have been reclassified to conform with the current year's presentation

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	GROUP		COMPANY	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Assets</b>				
Property, plant and equipment	24,001	26,724	23,730	26,443
Reinsurers' share of insurance contract provisions for				
- outstanding claims	109,650	118,528	102,001	109,904
- unexpired risks	12,832	11,890	12,832	11,890
Interests in subsidiaries	-	-	6,436	6,499
Financial assets	224,150	210,396	215,687	201,864
Club membership	23	25	-	-
Insurance receivables	20,137	21,807	19,911	21,610
Other receivables	3,570	5,395	2,571	3,635
Cash and cash equivalents	102,882	90,604	94,084	83,731
<b>Total assets</b>	<b>497,245</b>	<b>485,369</b>	<b>477,252</b>	<b>465,576</b>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	112,296	101,855	112,296	101,855
Fair value reserve	11,638	9,443	11,660	9,399
Accumulated profits	61,731	56,444	57,510	53,186
	185,665	167,742	181,466	164,440
<b>Minority interests</b>	<b>588</b>	<b>365</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>186,253</b>	<b>168,107</b>	<b>181,466</b>	<b>164,440</b>
<b>Liabilities</b>				
Insurance contract provisions for				
- outstanding claims	234,321	250,912	222,584	237,701
- unexpired risks	28,264	25,183	28,264	25,183
Insurance payables	36,112	29,447	35,856	29,199
Other payables	4,537	5,142	1,892	2,918
Current tax payable	4,838	4,209	4,284	3,815
Deferred taxation	2,920	2,369	2,906	2,320
<b>Total liabilities</b>	<b>310,992</b>	<b>317,262</b>	<b>295,786</b>	<b>301,136</b>
<b>Total equity and liabilities</b>	<b>497,245</b>	<b>485,369</b>	<b>477,252</b>	<b>465,576</b>

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31.12.2006		As at 31.12.2005	
S\$'000			
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31.12.2006		As at 31.12.2005	
S\$'000			
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

Not Applicable.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	<b>GROUP</b>	
	<b>2006</b> S\$'000	<b>2005</b> S\$'000
<b>Operating activities</b>		
Profit before income tax	24,874	21,229
Adjustments for:		
Insurance contract provisions for net unexpired risks	2,139	(9,768)
Insurance contract provisions for net outstanding claims	(7,713)	4,751
Impairment losses/(write back) on leasehold land and buildings	(95)	271
Impairment losses on investments	1,118	325
Profit on sale of investments	(10,116)	(4,621)
Depreciation of property, plant and equipment	483	634
Interest income	(9,444)	(9,141)
Dividend income	(3,532)	(2,465)
Profit on sale of property, plant and equipment	(26)	(1,391)
Loss on partial disposal of subsidiary	9	-
Others	4	13
	<u>(2,299)</u>	<u>(163)</u>
Changes in working capital:		
Insurance receivables	1,670	(743)
Other receivables	2,149	(1,310)
Insurance payables	6,665	6,481
Other payables	(675)	(448)
Cash generated from operations	<u>7,510</u>	<u>3,817</u>
Income tax paid	<u>(3,537)</u>	<u>(2,524)</u>
<b>Cash flows from operating activities</b>	<u>3,973</u>	<u>1,293</u>
<b>Investing activities</b>		
Interest received	9,091	9,464
Dividends received	3,532	2,465
Purchase of investments	(58,749)	(57,233)
Proceeds from sale of investments	56,751	73,360
Purchase of property, plant and equipment	(214)	(243)
Proceeds from sale of property, plant and equipment	2,575	2,755
Net cash inflow on partial disposal of subsidiary	54	-
<b>Cash flows from investing activities</b>	<u>13,040</u>	<u>30,568</u>
<b>Financing activities</b>		
Dividends paid	(15,176)	(8,963)
Proceeds from issuance of share capital	10,441	-
<b>Cash flows from financing activities</b>	<u>(4,735)</u>	<u>(8,963)</u>
<b>Net increase in cash and cash equivalents</b>	<u>12,278</u>	<u>22,898</u>
<b>Cash and cash equivalents at beginning of the year</b>	<u>90,604</u>	<u>67,706</u>
<b>Cash and cash equivalents at end of the year</b>	<u>102,882</u>	<u>90,604</u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital S\$'000	Fair value reserve S\$'000	Accumulated profits S\$'000	Total attributable to equity holders of the Company S\$'000	Minority Interests S\$'000	Total Equity S\$'000
<b>GROUP</b>						
At 1 January 2006	101,855	9,443	56,444	167,742	365	168,107
Change in fair value of available-for-sale financial assets	-	2,195	-	2,195	(5)	2,190
Net profit for the year	-	-	20,463	20,463	235	20,698
Total recognised income and expense for the year	-	2,195	20,463	22,658	230	22,888
Issue of rights shares	10,441	-	-	10,441	63	10,504
Final and special dividend paid of 2.625 cents per share less tax at 20% in respect of year 2005	-	-	(10,695)	(10,695)	-	(10,695)
Interim dividend paid of 1 cent per share less tax at 20% in respect of year 2006	-	-	(4,481)	(4,481)	-	(4,481)
Dividend paid to minority interests	-	-	-	-	(75)	(75)
Minority interests' share	-	-	-	-	5	5
At 31 December 2006	112,296	11,638	61,731	185,665	588	186,253
At 1 January 2005	101,855	12,907	47,610	162,372	289	162,661
Change in fair value of available-for-sale financial assets	-	(3,464)	-	(3,464)	2	(3,462)
Net profit for the year	-	-	17,797	17,797	149	17,946
Total recognised income and expense for the year	-	(3,464)	17,797	14,333	151	14,484
Final dividend paid of 1 cent per share less tax at 20% in respect of year 2004	-	-	(4,074)	(4,074)	-	(4,074)
Interim dividend paid of 1.2 cents per share less tax at 20% in respect of year 2005	-	-	(4,889)	(4,889)	-	(4,889)
Dividend paid to minority interests	-	-	-	-	(75)	(75)
At 31 December 2005	101,855	9,443	56,444	167,742	365	168,107

	Share Capital S\$'000	Fair Value Reserve S\$'000	Accumulated Profits S\$'000	Total S\$'000
<b>COMPANY</b>				
At 1 January 2006	101,855	9,399	53,186	164,440
Change in fair value of available-for-sale financial assets	-	2,261	-	2,261
Net profit for the year	-	-	19,500	19,500
Total recognised income and expense for the year	-	2,261	19,500	21,761
Issue of rights shares	10,441	-	-	10,441
Final and special dividend paid of 2.625 cents per share less tax at 20% in respect of year 2005	-	-	(10,695)	(10,695)
Interim dividend paid of 1 cent per share less tax at 20% in respect of year 2006	-	-	(4,481)	(4,481)
At 31 December 2006	112,296	11,660	57,510	181,466
At 1 January 2005	101,855	12,884	45,943	160,682
Change in fair value of available-for-sale financial assets	-	(3,485)	-	(3,485)
Net profit for the year	-	-	16,206	16,206
Total recognised income and expense for the year	-	(3,485)	16,206	12,721
Final dividend paid of 1 cent per share less tax at 20% in respect of year 2004	-	-	(4,074)	(4,074)
Interim dividend paid of 1.2 cents per share less tax at 20% in respect of year 2005	-	-	(4,889)	(4,889)
At 31 December 2005	101,855	9,399	53,186	164,440

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

A rights issue of 50,927,555 shares at an issue price of S\$0.21 for each rights share on the basis of 1 rights share for every 10 shares held by the shareholder was effected on 6 June 2006, with the availability of an election option to use the net final and special dividend of S\$10,694,723 to subscribe for the rights shares. The Company has allotted and issued 50,927,255 new rights shares pursuant to the rights issue on 6 June 2006. The rights shares were listed and quoted on the Official List of the SGX-ST on 7 June 2006.

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

The financial figures have been audited in accordance with Singapore Standards on Auditing.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

A copy of the auditors' report is appended at the end of the Announcement.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

There were no changes to the accounting policies and methods of computation adopted in the preparation of the financial statements for the year ended 31 December 2006, which are consistent with the audited annual financial statements for the year ended 31 December 2005.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not Applicable

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	GROUP	
	2006	Re-stated 2005
Basic and Diluted earnings per share (cents)	3.79	3.43
Weighted number of ordinary shares issued ('000)	539,574	518,948

(a) For compliance with FRS 33 Earnings Per Share, the weighted average number of ordinary shares have been adjusted to take into account the issue of 50,927,255 new rights shares pursuant to the rights issue mentioned in Para 1(d)(ii).

(b) The basic and diluted earnings per share is calculated based on the weighted average number of shares in issue during the year of 539,574,267 (2005: 518,948,728) shares.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-

- (a) current financial period reported on; and  
(b) immediately preceding financial year.

	GROUP		COMPANY	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Net asset value per share (cents)	33.14	32.94	32.39	32.29

The net asset value per ordinary share is calculated after deducting minority interest and based on the number of ordinary shares in issue of 560,199,805 (2005: 509,272,550) shares of the Company as at 31 December 2006.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

For the year ended 31 December 2006, the Group's revenue rose 7.9% to S\$88.3 million, compared to S\$81.8 million in the previous year. The increase was largely attributed to higher premiums reported by some cedants, both domestically and overseas, notwithstanding the continued premium rate erosion triggered by the increasingly intense market competition. The underwriting profit, although lower at S\$1.8 million compared to the S\$2.6 million a year earlier, was satisfactory especially since there was a premium reserve strain in 2006 due to the higher premium income, whereas last year had benefited from an unexpired premium reserve release. Investment income rose significantly to S\$21.7 million, 21.1% higher than the preceding year, due mainly to the more pro-active trading stance in a buoyant stock market. With positive contributions from all subsidiaries, the Group's net profit before tax rose 17.2% to a record S\$24.9 million.

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the balance sheet date and the date of this announcement which is likely to affect substantially the results of the operations of the Company and of the Group for the current financial year.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not Applicable.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Looking ahead, a declining trend in premium growth is expected in the next reporting period, and possibly even next 12 months, given the continued excess supply of global insurance and reinsurance capacities and their resultant impact on premium rates, as well as the Company's preference to stay away from accounts that are under-priced or do not give a reasonable chance of profitability.

Barring unforeseen circumstances, the Company's profitability is expected to be satisfactory and will continue to rely largely on investment earnings.

11. DIVIDEND

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes

Name of Dividend	2006		
	Interim	Final and Special (Proposed)	
Dividend Type	Cash	Cash	Cash
Gross Dividend Amount per share (in cents)	1.00	0.80	0.30
Tax Rate	20%	18%	Tax Exempt(one-tier)

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	2005		
	Interim	Final and Special	
Dividend Type	Cash	Final	Special
Gross Dividend Amount per share (in cents)	1.20	Cash	Cash
Tax Rate	20%	0.80	1.825
		20%	20%

**(c) Date payable**

If approved at the Annual General Meeting, the proposed final dividend will be paid on 17 May 2007.

**(d) Books closure date**

Notice is hereby given that the Share Transfer Books and Register of Members will be closed from 8 May 2007 to 9 May 2007, for the preparation of dividend warrants. Duly completed transfers received by the Company's Share Registrar, M&C Services Private Limited, 138 Robinson Road, #17-00 The Corporate Office, Singapore 068906, up to 5.00 p.m. on 7 May 2007 will be registered before entitlements to the proposed final and special dividends are determined. Shareholders whose securities accounts with The Central Depository (Pte) Limited ("CDP") are credited with shares in the capital of the Company as at 5.00 p.m. on 7 May 2007 will be entitled to the dividends.

12. If no dividend has been declared/recommended, a statement to that effect.

Not Applicable.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

The Group is principally engaged in the business of underwriting general reinsurance business. No segmental information by geographical source has been presented as the Group's overseas operations are relatively insignificant.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not Applicable.

15. A breakdown of Revenue.

	GROUP		
	2006 S\$'000	2005 S\$'000	Incr/ (decr) %
(a) Revenue			
6 months ended 30 June	36,961	40,472	(8.7)
6 months ended 31 December	51,295	41,345	24.1
Total for the year	88,256	81,817	7.9
(b) Net profit after tax before deducting minority interest			
6 months ended 30 June	8,729	8,550	2.1
6 months ended 31 December	11,969	9,396	27.4
Total for the year	20,698	17,946	15.3

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total Annual Dividend

	Latest Full Year (S\$'000)	Previous Full Year (S\$'000)
Ordinary	15,176	8,963
Preference	-	-
Total:	15,176	8,963

**BY ORDER OF THE BOARD**

June Low Fui Sian  
Company Secretary  
28 February 2007

**NOTE:** This announcement can be accessed at our Corporate website at <http://www.singre.com.sg>

## **Independent auditors' report**

Members of  
Singapore Reinsurance Corporation Limited

We have audited the accompanying financial statements of Singapore Reinsurance Corporation Limited (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and the Company as at 31 December 2006, the income statements and statements of changes in equity of the Group and of the Company and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages FS1 to FS42.

### *Directors' responsibility for the financial statements*

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

### *Auditors' responsibility*

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

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

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

*Opinion*

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2006 and the results and changes in equity of the Group and of the Company and cash flows of the Group for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

**KPMG**

*Certified Public Accountants*

**Singapore**

28 February 2007