

SINGAPORE REINSURANCE CORPORATION LIMITED

(Company Registration No. 197300016C)

Third Quarter Financial Statements Announcement For The Period Ended 30 September 2008

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS
1(a) An income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2008

	GROUP					
	9 months	9 months	Incr/	3rd Qtr	3rd Qtr	Incr/
	2008	2007	(decr)	2008	2007	(decr)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	63,392	64,189	(1.2)	20,802	24,079	(13.6)
Reinsurance operations :						
Gross premiums	58,974	59,565	(1.0)	19,509	22,442	(13.1)
Reinsurance premiums	(29,963)	(30,550)	(1.9)	(10,187)	(11,720)	(13.1)
Net written premiums	29,011	29,015	(0.0)	9,322	10,722	(13.1)
Gross transfer from provision for unexpired risks	(1,575)	(345)	356.5	401	835	(52.0)
Reinsurance transfer from provision for unexpired risks	1,307	942	38.7	49	396	(87.6)
Net earned premiums	28,743	29,612	(2.9)	9,772	11,953	(18.2)
Gross claims incurred	(25,749)	(30,394)	(15.3)	(12,749)	(12,107)	5.3
Reinsurers' share of claims incurred	10,572	18,038	(41.4)	5,765	5,653	2.0
Net claims incurred	(15,177)	(12,356)	22.8	(6,984)	(6,454)	8.2
Commission expense	(21,907)	(20,084)	9.1	(5,538)	(7,374)	(24.9)
Commission income	11,006	9,069	21.4	2,949	3,752	(21.4)
Net commission expense	(10,901)	(11,015)	(1.0)	(2,589)	(3,622)	(28.5)
Management expenses	(4,362)	(4,118)	5.9	(1,090)	(1,274)	(14.4)
Underwriting results	(1,697)	2,123	(179.9)	(891)	603	(247.8)
Net investment income/(expense)	(451)	12,632	(103.6)	(1,206)	2,675	(145.1)
Net income/(expense) from reinsurance operations (I)	(2,148)	14,755	(114.6)	(2,097)	3,278	(164.0)
Non-reinsurance operations :						
Net investment income/(expense)	4,461	10,126	(55.9)	(1,188)	2,954	(140.2)
Other operating income	4,534	4,807	(5.7)	1,340	1,682	(20.3)
Management expenses	(4,380)	(4,198)	4.3	(1,312)	(1,395)	(5.9)
Net income/(expense) from non-reinsurance operations (II)	4,615	10,735	(57.0)	(1,160)	3,241	(135.8)
Profit/(Loss) before income tax (I + II)	2,467	25,490	(90.3)	(3,257)	6,519	(150.0)
Income tax expense	(331)	(3,952)	(91.6)	601	(999)	(160.2)
Profit/(Loss) for the period	2,136	21,538	(90.1)	(2,656)	5,520	(148.1)
Attributable to:						
Equity holders of the Company	2,014	21,423	(90.6)	(2,682)	5,496	(148.8)
Minority interests	122	115	6.1	26	24	8.3
Profit/(Loss) for the period	2,136	21,538	(90.1)	(2,656)	5,520	(148.1)
Profit after taxation has been arrived at after crediting/(charging):						
Income relating to subsidiaries non-reinsurance operations*	4,770	5,200	(8.3)	1,364	1,730	(21.2)
Operating expenses relating to subsidiaries non-reinsurance operations*	(3,836)	(3,707)	3.5	(1,154)	(1,264)	(8.7)
Foreign exchange gain/(loss)	(604)	115	(625.2)	8	(304)	(102.6)
Profit on sale of investments	4,297	12,746	(66.3)	152	2,671	(94.3)
Impairment losses on investments	(8,125)	-	na	(5,115)	-	na

na not applicable

* 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	
	30.9.2008	31.12.2007	30.9.2008	31.12.2007
	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Property, plant and equipment	19,409	19,383	19,236	19,165
Investment properties	10,464	10,383	10,464	10,383
Deferred taxation	860	-	862	-
Reinsurers' share of insurance contract provisions for				
- outstanding claims	113,327	114,312	108,521	109,455
- unexpired risks	14,685	13,378	14,685	13,378
Interests in subsidiaries	-	-	6,436	6,436
Financial assets	248,013	244,049	239,465	235,126
Club membership	30	30	-	-
Insurance receivables	29,305	26,571	29,072	26,444
Other receivables	4,256	3,451	2,639	2,657
Cash and cash equivalents	50,255	81,394	42,090	73,916
Total assets	490,604	512,951	473,470	496,960
Equity attributable to equity holders of the Company				
Share capital	123,300	112,296	123,300	112,296
Reserves	(2,199)	11,150	(2,001)	11,079
Accumulated profits	57,629	77,702	52,761	73,550
	178,730	201,148	174,060	196,925
Minority interests	764	695	-	-
Total equity	179,494	201,843	174,060	196,925
Liabilities				
Insurance contract provisions for				
- outstanding claims	237,171	238,801	229,667	231,208
- unexpired risks	29,824	28,249	29,824	28,249
Insurance payables	36,213	31,768	35,910	31,562
Other payables	5,803	4,910	2,260	2,172
Current tax payable	2,099	5,533	1,749	5,007
Deferred taxation	-	1,847	-	1,837
Total liabilities	311,110	311,108	299,410	300,035
Total equity and liabilities	490,604	512,951	473,470	496,960

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

Amount repayable in one year or less, or on demand

As at 30.9.2008		As at 31.12.2007	
S\$'000			
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 30.9.2008		As at 31.12.2007	
S\$'000			
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collaterals

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.

	GROUP	
	9 months 2008 S\$'000	9 months 2007 S\$'000
Operating activities		
Profit before income tax	2,467	25,490
Adjustments for:		
Insurance contract provisions for net unexpired risks	268	(597)
Insurance contract provisions for net outstanding claims	(645)	(1,592)
Impairment write back on leasehold land and buildings	-	(103)
Impairment losses on investments	8,125	-
Gain on sale of investments	(4,297)	(12,746)
Depreciation of property, plant and equipment	268	279
Interest income	(6,650)	(7,394)
Dividend income	(1,551)	(2,252)
Others	(74)	10
	<u>(2,089)</u>	<u>1,095</u>
Changes in working capital:		
Insurance receivables	(2,734)	1,211
Other receivables	(439)	(3,342)
Insurance payables	4,445	(2,851)
Other payables	893	793
Cash generated from operations	<u>76</u>	<u>(3,094)</u>
Income tax paid	<u>(3,757)</u>	<u>(3,216)</u>
Cash flows from operating activities	<u>(3,681)</u>	<u>(6,310)</u>
Investing activities		
Interest received	6,292	7,402
Dividends received	1,551	2,252
Purchase of investments	(53,341)	(54,331)
Proceeds from sale of investments	29,214	51,331
Purchase of property, plant and equipment	-	(276)
Proceeds from sale of property, plant and equipment	(91)	1
Cash flows from investing activities	<u>(16,375)</u>	<u>6,379</u>
Financing activities		
Dividends paid	(8,033)	(10,958)
Share Buyback	(3,050)	-
Reduction / (Increase) in deposits pledged	11	21
Cash flows from financing activities	<u>(11,072)</u>	<u>(10,937)</u>
Net increase/(decrease) in cash and cash equivalents	(31,128)	(10,868)
Cash and cash equivalents at beginning of the year	79,886	101,292
Cash and cash equivalents at end of the period	48,758	90,424
Pledged cash equivalents	1,497	1,569
Cash and cash equivalents at end of the period including pledged deposits	50,255	91,993

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 Reserves S\$'000	Revaluation Reserves S\$'000	Accumulated Profits S\$'000	Total attributable to equity holders of the Company S\$'000	Minority Interests S\$'000	Total Equity S\$'000
GROUP							
At 1 January 2008	112,296	7,252	3,898	77,702	201,148	695	201,843
Net surplus on revaluation net of tax - Property, plant and equipment	-	-	180	-	180	-	180
Net change in fair value of available-for-sale financial assets, net of tax	-	(13,529)	-	-	(13,529)	(53)	(13,582)
Net profit for the period	-	-	-	2,014	2,014	122	2,136
Total recognised income and expense for the period	-	(13,529)	180	2,014	(11,335)	69	(11,266)
Issue of bonus shares	11,004	-	-	(11,004)	-	-	-
Share buyback and cancelled	-	-	-	(3,050)	(3,050)	-	(3,050)
Final dividend paid of 0.8 cent tax exempt (one-tier) in respect of year 2007	-	-	-	(4,402)	(4,402)	-	(4,402)
Interim dividend paid of 0.6 cent tax exempt (one-tier) in respect of year 2008	-	-	-	(3,631)	(3,631)	-	(3,631)
At 30 September 2008	123,300	(6,277)	4,078	57,629	178,730	764	179,494
At 1 January 2007	112,296	11,638	-	61,731	185,665	588	186,253
Effect of adopting FRS 40	-	-	-	255	255	-	255
At 1 January 2007, restated	112,296	11,638	-	61,986	185,920	588	186,508
Net surplus on revaluation net of tax - Property, plant and equipment	-	-	724	-	724	-	724
Net change in fair value of available-for-sale financial assets, net of tax	-	88	-	-	88	8	96
Net profit for the period	-	-	-	21,423	21,423	115	21,538
Total recognised income and expense for the period	-	88	724	21,423	22,235	123	22,358
Final dividend paid of 0.8 cent per share less tax at 18% in respect of year 2006	-	-	-	(3,675)	(3,675)	-	(3,675)
Special dividend paid of 0.3 cent tax exempt (one-tier) in respect of year 2006	-	-	-	(1,681)	(1,681)	-	(1,681)
Interim dividend paid of 1 cent tax exempt (one-tier) in respect of year 2007	-	-	-	(5,602)	(5,602)	-	(5,602)
At 30 September 2007	112,296	11,726	724	72,451	197,197	711	197,908

	Share Capital S\$'000	Fair Value Reserves S\$'000	Revaluation Reserves S\$'000	Accumulated Profits S\$'000	Total S\$'000
COMPANY					
At 1 January 2008	112,296	7,181	3,898	73,550	196,925
Net surplus on revaluation net of tax - Property, plant and equipment	-	-	180	-	180
Net change in fair value of available-for-sale financial assets, net of tax	-	(13,260)	-	-	(13,260)
Net profit for the period	-	-	-	1,298	1,298
Total recognised income and expense for the period	-	(13,260)	180	1,298	(11,782)
Issue of bonus shares	11,004	-	-	(11,004)	-
Share buyback and cancelled	-	-	-	(3,050)	(3,050)
Final dividend paid of 0.8 cent tax exempt (one-tier) in respect of year 2007	-	-	-	(4,402)	(4,402)
Interim dividend paid of 0.6 cent tax exempt (one-tier) in respect of year 2008	-	-	-	(3,631)	(3,631)
At 30 September 2008	123,300	(6,079)	4,078	52,761	174,060
At 1 January 2007	112,296	11,660	-	57,510	181,466
Effect of adopting FRS 40	-	-	-	255	255
At 1 January 2007, restated	112,296	11,660	-	57,765	181,721
Net surplus on revaluation net of tax - Property, plant and equipment	-	-	724	-	724
Net change in fair value of available-for-sale financial assets, net of tax	-	(162)	-	-	(162)
Net profit for the period	-	-	-	19,252	19,252
Total recognised income and expense for the period	-	(162)	724	19,252	19,814
Final dividend paid of 0.8 cent per share less tax at 18% in respect of year 2006	-	-	-	(3,675)	(3,675)
Special dividend paid of 0.3 cent tax exempt (one-tier) in respect of year 2006	-	-	-	(1,681)	(1,681)
Interim dividend paid of 1 cent tax exempt (one-tier) in respect of year 2007	-	-	-	(5,602)	(5,602)
At 30 September 2007	112,296	11,498	724	66,059	190,577

- 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.

Share Buy Back

On 22 January 2008, the Company completed the buy back of 10,000,000 ordinary shares, representing 1.8% of the issued share capital on that date, under the terms of the Share Buy Back Mandate dated 27 March 2007. The total consideration for the shares bought back on the market was S\$3.05 million at S\$0.305 per share. The shares bought back were cancelled at a cost of S\$3.05 million which had been deducted from equity under accumulated profits.

Bonus Issue

In the second quarter ended 30 June 2008, the Company had issued and allotted 55,019,980 new ordinary shares of S\$0.20 each as Bonus shares.

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

The financial figures have not been audited or reviewed by the Group's auditors.

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

Not Applicable.

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

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited annual financial statements as at 31 December 2007.

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			
	9 months 2008	9 months 2007	3rd Qtr 2008	3rd Qtr 2007
Basic and Diluted earnings per share (cents)	0.33	3.82	(0.44)	0.98
Number of ordinary shares issued ('000)	605,220	560,200	605,220	560,200

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) immediate preceding financial year.

	GROUP		COMPANY	
	30.9.2008	31.12.2007	30.9.2008	31.12.2007
Net asset value per share (cents)	29.53	35.91	28.76	35.15

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.

Comparison of 3rd quarter 2008 vs 3rd quarter 2007

In 3rd quarter 2008, the Group's revenue of S\$20.8 million was 13.6% lower than the corresponding quarter in preceding year, partly due to timing difference in the receipt and booking of statement of accounts. An underwriting loss of S\$891,000 was recorded for the quarter, compared to S\$603,000 profit a year earlier, largely due to additional loss reserves set aside to cater for some deterioration in the winterfreeze losses in China and the Sichuan earthquake. An investment loss of S\$2.4 million was recorded compared to the S\$5.6 million investment profit achieved in the same quarter last year, and was attributed to lower profit on sale of investments and impairment write-down on investments. Overall, the Group reported a loss before income tax of S\$3.3 million in the 3rd quarter of 2008 as against the S\$6.5 million profit recorded in the corresponding quarter last year.

Comparison of 9 months 2008 vs 9 months 2007

For the nine months ended 30 September 2008, the Group's revenue declined by 1.2% to S\$63.4 million, partly due to continued softening in insurance premium rates and timing difference in receipt and booking of statement of accounts. However, net claims incurred rose 22.8% to S\$15.2 million attributed largely to additional loss reserves set aside for the snowstorms, Sichuan earthquake and flood losses which impacted China in 2008. Consequently, the Group recorded an underwriting loss of S\$1.7 million, compared to the S\$2.1 million underwriting profit in the corresponding period last year.

The deepening global financial debacle triggered by the US sub-prime mortgage problems, has escalated into a crisis of confidence and heightened fears of a prolonged global recession. The loss in investors' confidence and collapse of the stock markets resulted in the Group's investment income plunging 82.4% to S\$4 million in the period under review, compared to the exceptionally high investment income achieved in the corresponding period a year earlier. The much lower investment income was due to a lower profit on sale of investments and impairment write-down for the equity and bond investments. Overall, the Group's net profit before income tax slipped 90.3% to S\$2.5 million, compared to the S\$25.5 million in same period last year.

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 significant trends and 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.**

There are indications of a hardening in reinsurance rates possibly within the next 12 months, particularly in markets adversely impacted by natural disaster losses of catastrophic proportion. However, the prevailing excess reinsurance capacities would likely negate the benefit of any temporary premium rate increases. The threat of a prolonged global recession with weakening in corporate earnings and the unprecedented difficulties faced by the entire financial sector worldwide, will almost certainly continue to affect investment market sentiment. The achievability and the level of full year profitability will depend on the state of the underwriting portfolio as well as the extent of contribution that could be expected from the investment portfolio in a turbulent environment.

11. **DIVIDEND**

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. **If no dividend has been declared (recommended), a statement to that effect.**

There is no dividend declared for the period ended 30 September 2008.

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.**

Not Applicable.

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 Sales.**

Not Applicable.

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	-	-
Preference	-	-
Total:	-	-

Confirmation by Directors

The Board of Directors of the Company hereby confirm that, to the best of their knowledge and belief, nothing has come to the attention of the Board of Directors which may render the unaudited group financial results for the period ended 30 September 2008 to be false or misleading.

BY ORDER OF THE BOARD

Gerard Seah Jim Hong
Company Secretary
10 November 2008

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