

SINGAPORE REINSURANCE CORPORATION LIMITED

(Company Registration No. 197300016C)

First Quarter Financial Statements Announcement For The Period Ended 31 March 2009

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 31 MARCH 2009

	GROUP		
	31.3.2009 S\$'000	31.3.2008 S\$'000	Incr/(decr) %
Revenue	15,843	16,889	(6.2)
Income statement :			
<u>Reinsurance operations :</u>			
Gross premiums	14,407	15,303	(5.9)
Reinsurance premiums	(6,856)	(6,728)	1.9
Net written premiums	7,551	8,575	(11.9)
Gross transfer (to)/from provision for unexpired risks	1,393	192	nm
Reinsurance transfer from/(to) provision for unexpired risks	(911)	(280)	225.4
Net earned premiums	8,033	8,487	(5.3)
Gross claims incurred	(1,875)	4,882	(138.4)
Reinsurers' share of claims incurred	(732)	(6,672)	(89.0)
Net claims incurred	(2,607)	(1,790)	45.6
Commission expense	(4,949)	(7,170)	(31.0)
Commission income	1,951	3,127	(37.6)
Net commission expense	(2,998)	(4,043)	(25.8)
Management expenses	(1,218)	(2,087)	(41.6)
Underwriting results	1,210	567	113.4
Net investment income/(expenses)	196	(1,042)	118.8
Net income/(loss) from reinsurance operations (I)	1,406	(475)	396.0
<u>Non-reinsurance operations :</u>			
Net investment income	578	4,689	(87.7)
Other operating income	1,456	1,615	(9.8)
Management expenses	(1,193)	(1,499)	(20.4)
Net income from non-reinsurance operations (II)	841	4,805	(82.5)
Profit before income tax (I + II)	2,247	4,330	(48.1)
Income tax expense	(208)	(647)	(67.9)
Profit for the period	2,039	3,683	(44.6)
Profit attributable to:			
Equity holders of the Company	1,975	3,620	(45.4)
Minority interests	64	63	1.6
Profit for the period	2,039	3,683	(44.6)

Statement of comprehensive income:			
Profit for the period	2,039	3,683	(44.6)
Other comprehensive income:			
Surplus on revaluation of property, plant and equipment	95	33	187.9
Net change in fair value of available-for-sale financial assets	(1,040)	(4,178)	(75.1)
Income tax relating to components of other comprehensive income	39	792	(95.1)
Other comprehensive expenses for the period, net of tax	(906)	(3,353)	(73.0)
Total comprehensive income for the period	1,133	330	243.3
Total comprehensive income attributable to:			
Equity holders of the Company	1,068	295	262.0
Minority interests	65	35	85.7
Total comprehensive income for the period	1,133	330	243.3

Profit for the period has been arrived at after crediting/(charging):

Income relating to subsidiaries non-reinsurance operations*	1,463	1,793	(18.4)
Operating expenses relating to subsidiaries non-reinsurance operations*	(1,035)	(1,345)	(23.0)
Foreign exchange gain/(loss)	83	(314)	(126.4)
Profit on sale of investments	13	3,938	(99.7)
Impairment losses on investments	(1,195)	(2,605)	(54.1)

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	
	31.3.2009	31.12.2008	31.3.2009	31.12.2008
	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Property, plant and equipment	19,591	19,519	19,447	19,364
Investment properties	10,242	10,545	10,242	10,545
Deferred taxation	2,321	2,454	2,334	2,474
Reinsurers' share of insurance contract provisions for				
- outstanding claims	115,001	119,060	110,269	114,334
- unexpired risks	14,518	15,429	14,518	15,429
Interests in subsidiaries	-	-	6,436	6,436
Financial assets	217,219	227,056	208,630	218,454
Club membership	25	25	-	-
Insurance receivables	32,928	31,795	32,823	31,651
Other receivables	4,340	3,745	2,812	2,528
Cash and cash equivalents	70,172	61,356	63,934	55,189
Total assets	486,357	490,984	471,445	476,404
Equity attributable to equity holders of the Company				
Share capital	123,300	123,300	123,300	123,300
Reserves	(5,906)	(4,999)	(5,901)	(5,029)
Accumulated profits	54,672	52,697	51,154	49,518
	172,066	170,998	168,553	167,789
Minority interests	632	567	-	-
Total equity	172,698	171,565	168,553	167,789
Liabilities				
Insurance contract provisions for				
- outstanding claims	241,085	245,499	233,567	237,985
- unexpired risks	29,537	30,930	29,537	30,930
Insurance payables	37,625	37,655	37,424	37,435
Other payables	5,051	4,689	2,180	1,761
Current tax payable	361	646	184	504
Total liabilities	313,659	319,419	302,892	308,615
Total equity and liabilities	486,357	490,984	471,445	476,404

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 31.3.2009		As at 31.12.2008	
S\$'000			
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31.3.2009		As at 31.12.2008	
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	
	31.3.2009	31.3.2008
	S\$'000	S\$'000
Operating activities		
Profit before income tax	2,247	4,330
Adjustments for:		
Insurance contract provisions for net unexpired risks	(482)	88
Insurance contract provisions for net outstanding claims	(355)	(3,712)
Impairment losses on investments	1,195	2,605
Change in fair value of investment properties	(28)	-
Gain on sale of investments	(13)	(3,938)
Depreciation of property, plant and equipment	99	89
Interest income	(1,927)	(2,261)
Dividend income	(234)	(184)
Loss on sale of property, plant and equipment and investment properties	34	-
Others	(1)	(7)
	535	(2,990)
Changes in working capital:		
Insurance receivables	(1,133)	3,722
Other receivables	(438)	(3,763)
Insurance payables	(30)	408
Other payables	362	727
Cash generated from operations	(704)	(1,896)
Income tax paid	(317)	(452)
Cash flows from operating activities	(1,021)	(2,348)
Investing activities		
Interest received	1,768	1,611
Dividends received	234	184
Purchase of investments	(7,823)	(16,899)
Proceeds from sale of investments	15,439	10,198
Purchase of property, plant and equipment	(78)	(42)
Proceeds from sale of investment properties, and property, plant and equipment	297	-
Cash flows from investing activities	9,837	(4,948)
Financing activities		
Share Buyback and cancelled shares	-	(3,050)
(Increase) / Decrease in deposits pledged	2	33
Cash flows from financing activities	2	(3,017)
Net decrease in cash and cash equivalents	8,818	(10,313)
Cash and cash equivalents at beginning of the year	59,795	79,886
Cash and cash equivalents at end of the period	68,613	69,573
Pledged cash equivalents	1,559	1,475
Cash and cash equivalents at end of the period including pledged deposits	70,172	71,048

- 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 2009	123,300	(9,340)	4,341	52,697	170,998	567	171,565
Total comprehensive income/(expense) for the period	-	(994)	87	1,975	1,068	65	1,133
At 31 March 2009	123,300	(10,334)	4,428	54,672	172,066	632	172,698
At 1 January 2008	112,296	7,252	3,898	77,702	201,148	695	201,843
Total comprehensive income/(expense) for the period	-	(3,356)	31	3,620	295	35	330
Share buyback and cancelled shares	-	-	-	(3,050)	(3,050)	-	(3,050)
At 31 March 2008	112,296	3,896	3,929	78,272	198,393	730	199,123

	Share Capital S\$'000	Fair Value Reserves S\$'000	Revaluation Reserves S\$'000	Accumulated Profits S\$'000	Total S\$'000
COMPANY					
At 1 January 2009	123,300	(9,370)	4,341	49,518	167,789
Total comprehensive income/(expense) for the period	-	(959)	87	1,636	764
At 31 March 2009	123,300	(10,329)	4,428	51,154	168,553
At 1 January 2008	112,296	7,181	3,898	73,550	196,925
Total comprehensive income/(expense) for the period	-	(3,374)	31	3,297	(46)
Share buyback and cancelled shares	-	-	-	(3,050)	(3,050)
At 31 March 2008	112,296	3,807	3,929	73,797	193,829

- 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.

Not Applicable.

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 2008. The new or revised Financial Reporting Standards (FRS) which became effective on 1 January 2009 and are applicable for the current reporting period have no material effect on the financial statements.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standards, 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	
	31.3.2009	31.3.2008
Basic and Diluted earnings per share (cents)	0.33	0.66
Number of ordinary shares issued ('000)	605,220	550,200

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	
	31.3.2009	31.12.2008	31.3.2009	31.12.2008
Net asset value per share (cents)	28.43	28.25	27.85	27.72

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 first quarter ended 31 March 2009, the Group's revenue declined by 6.2% to \$S15.8 million, attributed to lower premiums arisen partly from timing difference but mainly from lack of growth organically and otherwise. The net claims incurred rose 45.6% to \$S2.6 million year-on-year, representing an incurred loss ratio (of net written premium) of 34.5%. In comparison, the lower net claims incurred of \$S1.8 million, equivalent to an incurred loss ratio of 20.9% in the same quarter last year, was mainly due to a claim which had been finalised with substantial reserve savings and reduction in case reserves for various losses. Notwithstanding the foregoing, the underwriting surplus increased to \$S1.2 million, compared to \$S567,000 in the corresponding quarter last year, due to the negative premium reserve strain on account of the reduction in revenue and lower commission and management expenses.

In light of the continued weak financial market conditions within the first quarter of 2009, an additional impairment write-down of \$S1.2 million for equity investments, coupled with a lower profit on sale of investments, resulted in investment income declining by 78.8% to \$S774,000. Overall, with positive albeit marginally reduced contribution from the subsidiaries, the Group's net profit before income tax fell 48.1% to \$S2.2 million, compared to \$S4.3 million in the same quarter a year earlier.

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.**

Excluding territories affected by relatively sizeable natural peril losses during the past year, the global excess of insurance and reinsurance capacities would continue to depress insurance rates and adversely impact profitability of markets generally, despite evidence of sporadic resistance of no great consequence. The threat of a prolonged economic downturn and weaker corporate earnings will continue to influence investor sentiment. Profitability will depend on the state of the business underwritten as well as the extent of contribution achievable from the investment portfolio in a highly challenging operating 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.**

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.**

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 the Group's revenue and profit after tax for first half year and second half year.**

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 31 March 2009 to be false or misleading.

BY ORDER OF THE BOARD

Gerard Seah Jim Hong
Company Secretary
23 April 2009

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