

SINGAPORE REINSURANCE CORPORATION LIMITED

(Company Registration No. 197300016C)

First Quarter Financial Statement Announcement For The Period Ended 31 March 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.

UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 MARCH 2006

	GROUP		
	31.3.2006 S\$'000	31.3.2005 S\$'000	Incr/ (decr) %
Revenue	17,708	18,448	(4.0)
Revenue from Reinsurance Operations : (I)			
Gross premiums	15,949	17,226	(7.4)
Reinsurance premiums	(6,652)	(5,357)	24.2
Net written premiums	9,297	11,869	(21.7)
Gross transfer from/(to) provision for unexpired risks	1,587	124	nm
Reinsurance transfer from/(to) provision for unexpired risks	(442)	(120)	268.3
Net earned premiums	10,442	11,873	(12.1)
Gross claims incurred	(9,185)	(1,949)	371.3
Reinsurers' share	3,631	(4,720)	(176.9)
Net claims incurred	(5,554)	(6,669)	(16.7)
Commission payable	(5,309)	(4,661)	13.9
Commission receivable	2,636	1,444	82.5
Net commission expense	(2,673)	(3,217)	(16.9)
Staff costs	(701)	(836)	(16.1)
Depreciation of property, plant and equipment	(61)	(96)	(36.5)
Other operating expenses	(708)	(523)	35.4
Management expenses	(1,470)	(1,455)	1.0
Underwriting results	745	532	40.0
Investment income from Reinsurance Operations	3,001	2,411	24.5
Investment expenses from Reinsurance Operations	(528)	(76)	nm
Net income from Reinsurance Operations	3,218	2,867	12.2
Revenue from Non-Reinsurance Operations : (II)			
Investment income from non-reinsurance business #	1,284	1,838	(30.1)
Investment expenses from non-reinsurance business #	(128)	(86)	48.8
Other income relating to non-reinsurance business	1,783	1,526	16.8
Staff costs	(472)	(507)	(6.9)
Depreciation of property, plant and equipment	(74)	(77)	(3.9)
Other operating expenses relating to non-reinsurance business	(991)	(758)	30.8
Net income from Non-Reinsurance Operations	1,402	1,936	(27.6)
Profit before taxation (I + II)	4,620	4,803	(3.8)
Income tax expense	(864)	(841)	2.7
Profit after taxation	3,756	3,962	(5.2)
Attributable to:			
Equity holders of the Parent	3,703	3,924	(5.6)
Minority interests	53	38	39.5
	3,756	3,962	(5.2)
Profit after taxation has been arrived at after crediting/(charging):			
Income relating to subsidiaries non-reinsurance operations*	1,823	1,586	14.9
Operating expenses relating to subsidiaries non-reinsurance operations*	(1,304)	(1,155)	12.9
Loss on sale of fixed assets	(9)	0	nm
Profit on sale of investments	1,277	1,422	(10.2)

nm not meaningful

included investment income and expenses from Non-Reinsurance's Funds

* 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	
	31.3.2006	31.12.2005	31.3.2006	31.12.2005
	S\$'000	S\$'000	S\$'000	S\$'000
Share Capital	101,855	101,855	101,855	101,855
Reserves				
Fair value reserve	9,035	9,443	9,178	9,399
Accumulated profits	60,147	56,444	56,222	53,186
Total Shareholders' Equity	171,037	167,742	167,255	164,440
Minority Interests	420	365	-	-
Total Equity	171,457	168,107	167,255	164,440
LIABILITIES				
Technical provisions for outstanding claims	246,043	250,912	233,437	237,701
Technical provisions for unexpired risks	23,597	25,183	23,597	25,183
Reinsurance payables	27,986	29,447	27,739	29,199
Other payables	5,571	5,142	2,001	2,918
Provision for taxation	5,047	4,209	4,560	3,815
Deferred Taxation	2,673	2,369	2,639	2,320
Total Equity and Liabilities	482,374	485,369	461,228	465,576
ASSETS				
Property, plant and equipment	26,631	26,724	26,359	26,443
Reinsurers' share of technical provisions for outstanding claims	112,956	118,528	104,766	109,904
Reinsurers' share of technical provisions for unexpired risks	11,449	11,890	11,449	11,890
Interests in subsidiaries	-	-	6,499	6,499
Reinsurance receivables	22,555	21,807	22,273	21,610
Other receivables	4,537	5,395	2,527	3,635
Financial assets	211,780	210,396	203,450	201,864
Club membership	25	25	-	-
Cash and cash equivalents	92,441	90,604	83,905	83,731
Total Assets	482,374	485,369	461,228	465,576

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

Amount repayable in one year or less, or on demand

As at 31.3.2006		As at 31.12.2005	
S\$'000			
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31.3.2006		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.**

	GROUP	
	31.3.2006 S\$'000	31.3.2005 S\$'000
Operating activities		
Profit from ordinary activities before taxation	4,620	4,803
Adjustments for:		
Technical provisions for unexpired risks	(1,145)	(4)
Technical provisions for outstanding claims	703	701
Profit on sale of investments	(1,277)	(1,422)
Depreciation of property, plant and equipment	136	174
Interest income	(2,475)	(2,312)
Dividend income	(243)	(156)
Others	91	23
Operating profit before working capital changes	410	1,807
Changes in working capital:		
Reinsurance receivables	(748)	474
Other receivables	1,140	(368)
Reinsurance payables	(1,461)	861
Other payables	429	190
Cash generated from operations	(230)	2,964
Interest paid	(6)	(17)
Income tax paid	(25)	(414)
Cash flows from operating activities	(261)	2,533
Investing activities		
Interest received	2,191	1,718
Dividends received	243	156
Purchase of investments	(14,976)	(15,987)
Proceeds from sale of investments	14,692	10,983
Purchase of property, plant and equipment	(56)	(106)
Proceeds from sale of property, plant and equipment	4	622
Cash flows from investing activities	2,098	(2,614)
Net increase in cash and cash equivalents	1,837	(81)
Cash and cash equivalents at beginning of the year	90,604	72,706
Cash and cash equivalents at end of the period	92,441	72,625

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.

	Attributable to Shareholders of the Company				Minority Interests SS'000	Total Equity SS'000
	Share Capital SS'000	Fair Value Reserve SS'000	Accumulated Profits SS'000	Total SS'000		
GROUP						
At 1 January 2006	101,855	9,443	56,444	167,742	365	168,107
Net profit for the period	-	-	3,703	3,703	53	3,756
Fair value changes on revaluation of available-for-sale investments	-	(408)	-	(408)	2	(406)
At 31 March 2006	101,855	9,035	60,147	171,037	420	171,457
At 1 January 2005 as previously reported	101,855	-	47,610	149,465	282	149,747
Effect of adopting FRS 39	-	12,907	-	12,907	7	12,914
At 1 January 2005, restated	101,855	12,907	47,610	162,372	289	162,661
Net profit for the period	-	-	3,924	3,924	37	3,961
Fair value changes on revaluation of available-for-sale investments	-	(4,337)	-	(4,337)	-	(4,337)
At 31 March 2005	101,855	8,570	51,534	161,959	326	162,285

	Share Capital	Fair Value Reserve	Accumulated Profits	Total	Minority Interests SS'000	Total Equity SS'000
	SS'000	SS'000	SS'000	SS'000		
COMPANY						
At 1 January 2006	101,855	9,399	53,186	164,440		
Net profit for the period	-	-	3,036	3,036		
Fair value changes on revaluation of available-for-sale investments	-	(221)	-	(221)		
At 31 March 2006	101,855	9,178	56,222	167,255		
At 1 January 2005 as previously reported	101,855	-	45,943	147,798		
Effect of adopting FRS 39	-	12,884	-	12,884		
At 1 January 2005, restated	101,855	12,884	45,943	160,682		
Net profit for the period	-	-	3,484	3,484		
Fair value changes on revaluation of available-for-sale investments	-	(4,165)	-	(4,165)		
At 31 March 2005	101,855	8,719	49,427	160,001		

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.

There were no changes to the accounting policies and methods of computation adopted in the preparation of the financial statements for the period ended 31 March 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.

	<u>GROUP</u>	
	31.3.2006	31.3.2005
Basic and Diluted earnings per share (cents)	0.73	0.77
Number of ordinary shares issued ('000)	509,273	509,273

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.

	<u>GROUP</u>		<u>COMPANY</u>	
	31.3.2006	31.12.2005	31.3.2006	31.12.2005
Net asset value per share (cents)	33.58	32.94	32.84	32.29

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 2006, the Group's revenue declined 4% to S\$17.7 million, largely due to the cessation of the Voluntary Cession market agreement effective 1 January 2005 and continued competitive operating conditions as explained in recent announcements. Notwithstanding the lower turnover, the underwriting surplus increased to S\$745,000, compared to the S\$532,000 in the corresponding quarter last year, due to improved claims experience and negative premium reserve strain on account of lower revenue. However, it should be pointed out that as the period under review is the first quarter of the year, which traditionally includes a fair volume of business derived from the preceding year, the figures as reported are therefore not indicative of the actual trend developing in the current year. Investment income declined by 11.2% to S\$3.6 million, mainly due to unrealised exchange losses on revaluation of foreign-denominated investments. With positive contribution from all subsidiaries, the Group's net profit before tax amounted to S\$4.6 million, 3.8% lower compared to the S\$4.8 million in the same period 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 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.**

As mentioned in the 2005 year-end announcement, the impact of the cessation of the Voluntary Cession collective agreement is expected to continue to be felt over the next 12 months. For 2006, the Company has successfully negotiated renewal with the majority of participating companies on a bilateral basis and the final percentage support is expected to be around 55%, consistent with last year.

The Company will continue to actively cultivate business opportunities in the regional markets and niche areas. However, the pace of premium growth will be dictated by the availability of business of acceptable quality in line with the Company's judicious underwriting standards, bearing in mind the downward pressures in premium rates, fuelled by excess insurance and reinsurance capacities, still evident in regional markets.

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? 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/recommendeded, 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 Revenue.

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:	-	-

BY ORDER OF THE BOARD

June Low Fui Sian
Company Secretary
25 April 2006

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