

SINGAPORE REINSURANCE CORPORATION LIMITED
(Company Registration No. 197300016C)

First Quarter Financial Statements Announcement For The Period Ended 31 March 2007

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 2007

	GROUP		
	31.3.2007	31.3.2006	Incr/ (decr)
	S\$'000	S\$'000	%
Revenue	17,002	17,708	(4.0)
Reinsurance operations :			
Gross premiums	15,627	15,949	(2.0)
Reinsurance premiums	(7,292)	(6,652)	9.6
Net written premiums	8,335	9,297	(10.3)
Gross transfer (to)/from provision for unexpired risks	837	1,587	(47.3)
Reinsurance transfer from provision for unexpired risks	(410)	(442)	(7.2)
Net earned premiums	8,762	10,442	(16.1)
Gross claims incurred	(9,749)	(9,185)	6.1
Reinsurers' share of claims incurred	6,681	3,631	84.0
Net claims incurred	(3,068)	(5,554)	(44.8)
Commission expense	(5,682)	(5,309)	7.0
Commission income	2,008	2,636	(23.8)
Net commission expense	(3,674)	(2,673)	37.4
Management expenses	(1,418)	(1,470)	(3.5)
Underwriting results	602	745	(19.2)
Net investment income	4,942	2,473	99.8
Net income from reinsurance operations (I)	5,544	3,218	72.3
Non-reinsurance operations :			
Net investment income	3,459	1,156	199.2
Other operating income	1,429	1,783	(19.9)
Management expenses	(1,251)	(1,537)	(18.6)
Net income from non-reinsurance operations (II)	3,637	1,402	159.4
Profit before income tax (I + II)	9,181	4,620	98.7
Income tax expense	(1,447)	(864)	67.5
Profit for the period	7,734	3,756	105.9
Attributable to:			
Equity holders of the Company	7,688	3,703	107.6
Minority interests	46	53	(13.2)
Profit for the period	7,734	3,756	105.9
Profit after taxation has been arrived at after crediting/(charging):			
Income relating to subsidiaries non-reinsurance operations*	1,710	1,823	(6.2)
Operating expenses relating to subsidiaries non-reinsurance operations*	(1,080)	(1,304)	(17.2)
Foreign exchange gain/(loss)	20	(665)	103.0
Profit on sale of investments and properties	5,661	1,277	343.3

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	
	31.3.2007	31.12.2006	31.3.2007	31.12.2006
	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Property, plant and equipment	16,068	24,001	15,820	23,730
Investment properties	9,079	-	9,079	-
Reinsurers' share of insurance contract provisions for				
- outstanding claims	113,444	109,650	106,130	102,001
- unexpired risks	12,422	12,832	12,422	12,832
Interests in subsidiaries	-	-	6,436	6,436
Financial assets	219,873	224,150	211,030	215,687
Club membership	23	23	-	-
Insurance receivables	21,788	20,137	21,572	19,911
Other receivables	3,959	3,570	2,209	2,571
Cash and cash equivalents	115,596	102,882	106,806	94,084
Total assets	512,252	497,245	491,504	477,252
Equity attributable to equity holders of the Company				
Share capital	112,296	112,296	112,296	112,296
Fair value and revaluation reserves	14,468	11,638	14,348	11,660
Accumulated profits	69,674	61,731	64,988	57,510
	196,438	185,665	191,632	181,466
Minority interests	636	588	-	-
Total equity	197,074	186,253	191,632	181,466
Liabilities				
Insurance contract provisions for				
- outstanding claims	237,595	234,321	226,314	222,584
- unexpired risks	27,427	28,264	27,427	28,264
Insurance payables	35,633	36,112	35,398	35,856
Other payables	5,110	4,537	1,939	1,892
Current tax payable	6,237	4,838	5,665	4,284
Deferred taxation	3,176	2,920	3,129	2,906
Total liabilities	315,178	310,992	299,872	295,786
Total equity and liabilities	512,252	497,245	491,504	477,252

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

Amount repayable in one year or less, or on demand

As at 31.3.2007		As at 31.12.2006	
S\$'000			
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31.3.2007		As at 31.12.2006	
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	
	31.3.2007	31.3.2006
	SS'000	SS'000
Operating activities		
Profit before income tax	9,181	4,620
Adjustments for:		
Insurance contract provisions for net unexpired risks	(427)	(1,145)
Insurance contract provisions for net outstanding claims	(520)	703
Profit on sale of investments	(5,661)	(1,277)
Depreciation of property, plant and equipment	87	136
Interest income	(2,556)	(2,475)
Dividend income	(132)	(243)
Others	(21)	95
	(49)	414
Changes in working capital:		
Insurance receivables	1,011	(748)
Other receivables	(3,085)	1,140
Insurance payables	(479)	(1,461)
Other payables	573	423
Cash generated from operations	(2,029)	(232)
Income tax paid	(29)	(25)
Cash flows from operating activities	(2,058)	(257)
Investing activities		
Interest received	2,558	2,191
Dividends received	132	243
Purchase of investments	(13,160)	(14,976)
Proceeds from sale of investments	25,310	14,692
Purchase of property, plant and equipment	(68)	(56)
Cash flows from investing activities	14,772	2,094
Net increase in cash and cash equivalents	12,714	1,837
Cash and cash equivalents at beginning of the year	102,882	90,604
Cash and cash equivalents at end of the period	115,596	92,441

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 and 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 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
Change in fair value of available-for-sale financial assets	-	2,144	-	2,144	2	2,146
Net surplus on revaluation of property, plant and equipment	-	686	-	686	-	686
Net profit for the period	-	-	7,688	7,688	46	7,734
Total recognised income and expense for the period	-	2,830	7,688	10,518	48	10,566
At 31 March 2007	112,296	14,468	69,674	196,438	636	197,074
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	-	(408)	-	(408)	2	(406)
Net profit for the period	-	-	3,703	3,703	53	3,756
Total recognised income and expense for the period	-	(408)	3,703	3,295	55	3,350
At 31 March 2006	101,855	9,035	60,147	171,037	420	171,457

	Share Capital S\$'000	Fair Value and Revaluation Reserves S\$'000	Accumulated Profits S\$'000	Total S\$'000
COMPANY				
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
Change in fair value of available-for-sale financial assets	-	2,002	-	2,002
Net surplus on revaluation of property, plant and equipment	-	686	-	686
Net profit for the period	-	-	7,223	7,223
Total recognised income and expense for the period	-	2,688	7,223	9,911
At 31 March 2007	112,296	14,348	64,988	191,632
At 1 January 2006	101,855	9,399	53,186	164,440
Change in fair value of available-for-sale financial assets	-	(221)	-	(221)
Net profit for the period	-	-	3,036	3,036
Total recognised income and expense for the period	-	(221)	3,036	2,815
At 31 March 2006	101,855	9,178	56,222	167,255

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 2006, except for the following changes in accounting policies:

(I) Investment Property

With the adoption of FRS 40, investment properties are measured at fair value and changes in fair value are taken to the income statement for the period in which the changes arise, except for this transitional period where the changes are reflected by adjusting the opening retained earnings.

In accordance with the transitional provisions, there is no restatement of the income statement of the Group and the Company for the corresponding periods.

(II) Property, Plant and Equipment

The Group has changed its accounting policy to measure all owner-occupied properties at fair value and the revaluation surplus is taken directly to the revaluation reserve.

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.

Please refer to paragraph 4.

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>	
	31.3.2007	31.3.2006
Basic and Diluted earnings per share (cents)	1.37	0.73
Number of ordinary shares issued ('000)	560,200	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>	
	31.3.2007	31.12.2006	31.3.2007	31.12.2006
Net asset value per share (cents)	35.07	33.14	34.21	32.39

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 2007, the Group's revenue declined by 4% to S\$17 million and underwriting profit was lower at S\$602,000 compared to the S\$745,000 in the corresponding quarter last year. The decline in revenue was attributed to lower premiums reported by some domestic and overseas clients and continued premium rate erosion triggered by the intense market competition. Taking advantage of the extremely exuberant condition of the equity markets, trading activities were stepped up. Consequently, investment income climbed 131.5% or S\$4.8 million to S\$8.4 million. With positive contribution from all subsidiaries, albeit reduced, the Group's net profit before income tax rose substantially to S\$9.2 million, 98.7% higher compared to the S\$4.6 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 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 unavoidable in the next reporting period, and possibly even next 12 months, given the excess global insurance and reinsurance capacity and continued premium rate softening, as well as the Company's preference to stay away from businesses that are commercially not considered to be viable.

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/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 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:	-	-

Confirmation by Directors

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, 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 2007 to be false or misleading.

BY ORDER OF THE BOARD

Gerard Seah Jim Hong
Company Secretary
26 April 2007

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