

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

Second Quarter Financial Statements Announcement For The Period Ended 30 June 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 JUNE 2008

	GROUP					
	1st Half 2008 S\$'000	1st Half 2007 S\$'000	Incr/ (decr) %	2nd Qtr 2008 S\$'000	2nd Qtr 2007 S\$'000	Incr/ (decr) %
Revenue	42,590	40,110	6.2	25,701	23,108	11.2
<b>Reinsurance operations :</b>						
Gross premiums	39,465	37,123	6.3	24,162	21,496	12.4
Reinsurance premiums	(19,776)	(18,830)	5.0	(13,048)	(11,538)	13.1
Net written premiums	19,689	18,293	7.6	11,114	9,958	11.6
Gross transfer from provision for unexpired risks	(1,976)	(1,180)	67.5	(2,168)	(2,017)	7.5
Reinsurance transfer from provision for unexpired risks	1,258	546	130.4	1,538	956	60.9
Net earned premiums	18,971	17,659	7.4	10,484	8,897	17.8
Gross claims incurred	(13,000)	(18,287)	(28.9)	(17,882)	(8,538)	(109.4)
Reinsurers' share of claims incurred	4,807	12,385	(61.2)	11,479	5,704	(101.2)
Net claims incurred	(8,193)	(5,902)	38.8	(6,403)	(2,834)	125.9
Commission expense	(16,369)	(12,710)	28.8	(9,199)	(7,028)	30.9
Commission income	8,057	5,317	51.5	4,930	3,309	49.0
Net commission expense	(8,312)	(7,393)	12.4	(4,269)	(3,719)	14.8
Management expenses	(3,272)	(2,844)	15.0	(1,185)	(1,426)	(16.9)
Underwriting results	(806)	1,520	(153.0)	(1,373)	918	(249.6)
Net investment income	755	9,957	(92.4)	1,797	5,015	(64.2)
Net income from reinsurance operations (I)	(51)	11,477	(100.4)	424	5,933	(92.9)
<b>Non-reinsurance operations :</b>						
Net investment income	5,649	7,172	(21.2)	960	3,713	(74.1)
Other operating income	3,194	3,125	2.2	1,579	1,696	(6.9)
Management expenses	(3,068)	(2,803)	9.5	(1,569)	(1,552)	1.1
Net income from non-reinsurance operations (II)	5,775	7,494	(22.9)	970	3,857	(74.9)
Profit before income tax (I + II)	5,724	18,971	(69.8)	1,394	9,790	(85.8)
Income tax expense	(932)	(2,953)	(68.4)	(285)	(1,506)	(81.1)
Profit for the period	4,792	16,018	(70.1)	1,109	8,284	(86.6)
<b>Attributable to:</b>						
Equity holders of the Company	4,696	15,927	(70.5)	1,076	8,239	(86.9)
Minority interests	96	91	5.5	33	45	(26.7)
Profit for the period	4,792	16,018	(70.1)	1,109	8,284	(86.6)
<b>Profit after taxation has been arrived at after crediting/(charging):</b>						
Income relating to subsidiaries non-reinsurance operations*	3,406	3,470	(1.8)	1,613	1,760	(8.4)
Operating expenses relating to subsidiaries non-reinsurance operations*	(2,682)	(2,443)	9.8	(1,337)	(1,363)	(1.9)
Foreign exchange gain/(loss)	(612)	419	(246.1)	(298)	399	(174.7)
Profit on sale of investments	4,145	10,075	(58.9)	207	4,414	(95.3)
Impairment losses on investments	(3,010)	-	na	(405)	-	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)(f) 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	
	30.6.2008	31.12.2007	30.6.2008	31.12.2007
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Assets</b>				
Property, plant and equipment	19,353	19,383	19,163	19,165
Investment properties	10,389	10,383	10,389	10,383
Reinsurers' share of insurance contract provisions for				
- outstanding claims	111,186	114,312	106,339	109,455
- unexpired risks	14,636	13,378	14,636	13,378
Interests in subsidiaries	-	-	6,436	6,436
Financial assets	250,534	244,049	241,996	235,126
Club membership	30	30	-	-
Insurance receivables	30,378	26,571	30,142	26,444
Other receivables	5,773	3,451	4,400	2,657
Cash and cash equivalents	56,552	81,394	48,772	73,916
<b>Total assets</b>	<b>498,831</b>	<b>512,951</b>	<b>482,273</b>	<b>496,960</b>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	123,300	112,296	123,300	112,296
Reserves	1,496	11,150	1,704	11,079
Accumulated profits	63,942	77,702	59,227	73,550
	188,738	201,148	184,231	196,925
Minority interests	757	695	-	-
<b>Total equity</b>	<b>189,495</b>	<b>201,843</b>	<b>184,231</b>	<b>196,925</b>
<b>Liabilities</b>				
Insurance contract provisions for				
- outstanding claims	233,687	238,801	226,136	231,208
- unexpired risks	30,225	28,249	30,225	28,249
Insurance payables	36,158	31,768	35,858	31,562
Other payables	4,920	4,910	1,848	2,172
Current tax payable	4,075	5,533	3,697	5,007
Deferred taxation	271	1,847	278	1,837
<b>Total liabilities</b>	<b>309,336</b>	<b>311,108</b>	<b>298,042</b>	<b>300,035</b>
<b>Total equity and liabilities</b>	<b>498,831</b>	<b>512,951</b>	<b>482,273</b>	<b>496,960</b>

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 30.6.2008		As at 31.12.2007	
S\$'000			
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 30.6.2008		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.

	<b>GROUP</b>	
	<b>1st Half 2008 S\$'000</b>	<b>1st Half 2007 S\$'000</b>
<b>Operating activities</b>		
Profit before income tax	5,724	18,971
Adjustments for:		
Insurance contract provisions for net unexpired risks	718	634
Insurance contract provisions for net outstanding claims	(1,988)	(3,025)
Impairment losses on investments	3,010	-
Gain on sale of investments	(4,145)	(10,075)
Depreciation of property, plant and equipment	180	187
Interest income	(4,486)	(4,977)
Dividend income	(1,148)	(1,523)
Others	(3)	4
	<u>(2,138)</u>	<u>149</u>
Changes in working capital:		
Insurance receivables	(3,806)	1,006
Other receivables	(214)	(2,995)
Insurance payables	4,390	(511)
Other payables	10	548
Cash generated from operations	<u>(1,758)</u>	<u>(1,803)</u>
Income tax paid	<u>(2,399)</u>	<u>(1,954)</u>
<b>Cash flows from operating activities</b>	<u>(4,157)</u>	<u>(3,757)</u>
<b>Investing activities</b>		
Interest received	2,379	4,872
Dividends received	1,148	1,523
Purchase of investments	(34,629)	(33,933)
Proceeds from sale of investments	17,946	40,282
Purchase of property, plant and equipment	(77)	(175)
<b>Cash flows from investing activities</b>	<u>(13,233)</u>	<u>12,569</u>
<b>Financing activities</b>		
Dividends paid	(4,402)	(5,356)
Share Buyback	(3,050)	-
Reduction / (Increase) in deposits pledged	55	15
<b>Cash flows from financing activities</b>	<u>(7,397)</u>	<u>(5,341)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>(24,787)</u>	<u>3,471</u>
Cash and cash equivalents at beginning of the year	79,886	101,292
Cash and cash equivalents at end of the period	55,099	104,763
Pledged cash equivalents	1,453	1,575
Cash and cash equivalents at end of the period including pledged deposits	<u>56,552</u>	<u>106,338</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 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
<b>GROUP</b>							
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	-	-	69	-	69	-	69
Net change in fair value of available-for-sale financial assets, net of tax	-	(9,723)	-	-	(9,723)	(34)	(9,757)
Net profit for the period	-	-	-	4,696	4,696	96	4,792
Total recognised income and expense for the period	-	(9,723)	69	4,696	(4,958)	62	(4,896)
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)
At 30 June 2008	123,300	(2,471)	3,967	63,942	188,738	757	189,495
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	-	-	708	-	708	-	708
Net change in fair value of available-for-sale financial assets, net of tax	-	3,126	-	-	3,126	11	3,137
Net profit for the period	-	-	-	15,927	15,927	91	16,018
Total recognised income and expense for the period	-	3,126	708	15,927	19,761	102	19,863
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)
At 30 June 2007	112,296	14,764	708	72,557	200,325	690	201,015

	Share Capital S\$'000	Fair Value Reserves S\$'000	Revaluation Reserves S\$'000	Accumulated Profits S\$'000	Total S\$'000
<b>COMPANY</b>					
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	-	-	69	-	69
Net change in fair value of available-for-sale financial assets, net of tax	-	(9,444)	-	-	(9,444)
Net profit for the period	-	-	-	4,133	4,133
Total recognised income and expense for the period	-	(9,444)	69	4,133	(5,242)
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)
At 30 June 2008	123,300	(2,263)	3,967	59,227	184,231
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	-	-	708	-	708
Net change in fair value of available-for-sale financial assets, net of tax	-	2,889	-	-	2,889
Net profit for the period	-	-	-	14,567	14,567
Total recognised income and expense for the period	-	2,889	708	14,567	18,164
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)
At 30 June 2007	112,296	14,549	708	66,976	194,529

- 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			
	1st Half 2008	1st Half 2007	2nd Qtr 2008	2nd Qtr 2007
Basic and Diluted earnings per share (cents)	0.78	2.84	0.18	1.47
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	
	30.6.2008	31.12.2007	30.6.2008	31.12.2007
Net asset value per share (cents)	31.19	35.91	30.44	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 2nd quarter 2008 vs 2nd quarter 2007

In 2nd quarter 2008, the Group's revenue of S\$25.7 million was 11.2% higher 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\$1.4 million was recorded for the quarter, compared to S\$918,000 profit a year earlier, largely due to additional loss reserves set aside for the exceptional winterfreeze and flood losses experienced in China, as well as Sichuan earthquake. Investment income slipped 68.4% to S\$2.8 million, compared to the record S\$8.7 million achieved in the same quarter last year, and was attributed mainly to lower profit on sale of investments and impairment write-down for some equity investments. Overall, the Group's net profit before income tax was S\$1.4 million in the 2nd quarter of 2008, a 85.8% decline from the S\$9.8 million recorded in the corresponding quarter last year.

Comparison of 6 months 2008 vs 6 months 2007

For the half year ended 30 June 2008, the Group's revenue increased 6.2% to S\$42.6 million, due largely to timing difference in the receipt and booking of statement of accounts. However, net claims incurred rose 38.8% to S\$8.2 million attributed mainly to additional loss reserves set aside for the unprecedented magnitude and spread of the snowstorms, Sichuan earthquake and flood losses which hit China. As a result, the Group recorded an underwriting loss of S\$806,000, compared to the S\$1.5 million profit in the corresponding period last year. The deepening credit crunch triggered by the US sub-prime mortgage problems, coupled with rising inflationary pressures and record high oil prices, have depressed global economic outlook and stock market sentiment. Compared to the exceptionally high investment income achieved in the six months ended 30 June 2007, investment income slid 62.6% to S\$6.4 million in the period under review due to lower profit on sale of investments and impairment write-down for the equity portfolio. Overall, the Group's net profit before income tax declined by 69.8% to S\$5.7 million, compared to the S\$19 million in the first half of 2007.

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.

Excessive global insurance and reinsurance capacities would cause premium rates to remain soft and premium revenue is expected to slide in the next reporting period, and possibly the next 12 months. The many uncertainties in the world economy will likely continue to have an adverse impact on investments. The full-year financial result is unlikely to reach the level achieved in preceding year, but it is expected to be profitable barring unforeseen circumstances.

11. **DIVIDEND**

*(a) Current Financial Period Reported On*

Any dividend declared for the current financial period reported on? Yes

Name of Dividend	Interim
Dividend Type	Cash
Gross Dividend Amount per share (in cents)	0.6
Tax Rate	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	Interim
Dividend Type	Cash
Gross Dividend Amount per share (in cents)	1.00
Tax Rate	Tax Exempt(one-tier)

*(c) Date payable*

The proposed interim dividend will be paid on 2 September 2008.

*(d) Books closure date*

Notice is hereby given that the Share Transfer Books and Register of Members will be closed on 22 August 2008 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 21 August 2008 will be registered before entitlements to the proposed dividend 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 21 August 2008 will be entitled to the dividend.

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 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 June 2008 to be false or misleading.

**BY ORDER OF THE BOARD**

Gerard Seah Jim Hong  
Company Secretary  
6 August 2008

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