

**SINGAPORE REINSURANCE CORPORATION LIMITED**

(Company Registration No. 197300016C)

Second Quarter Financial Statement Announcement For The Period Ended 30 June 2006

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

**I(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 2006

	<b>GROUP</b>					
	<b>1st Half 2006</b>	<b>1st Half 2005</b>	<b>Incr/ (decr)</b>	<b>2nd Qtr 2006</b>	<b>2nd Qtr 2005</b>	<b>Incr/ (decr)</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Revenue	36,961	40,472	(8.7)	19,253	22,024	(12.6)
<b>Revenue from Reinsurance Operations : (I)</b>						
Gross premiums	33,715	37,840	(10.9)	17,766	20,614	(13.8)
Reinsurance premiums	(16,762)	(18,596)	(9.9)	(10,110)	(13,239)	(23.6)
<b>Net written premiums</b>	<b>16,953</b>	<b>19,244</b>	<b>(11.9)</b>	<b>7,656</b>	<b>7,375</b>	<b>3.8</b>
Gross transfer from/(to) provision for unexpired risks	648	2,530	(74.4)	(939)	2,406	(139.0)
Reinsurance transfer from/(to) provision for unexpired risks	107	1,218	(91.2)	549	1,338	(59.0)
<b>Net earned premiums</b>	<b>17,708</b>	<b>22,992</b>	<b>(23.0)</b>	<b>7,266</b>	<b>11,119</b>	<b>(34.7)</b>
Gross claims incurred	(20,427)	(14,193)	43.9	(11,242)	(12,244)	(8.2)
Reinsurers' share	12,018	3,482	245.1	8,387	8,202	2.3
<b>Net claims incurred</b>	<b>(8,409)</b>	<b>(10,711)</b>	<b>(21.5)</b>	<b>(2,855)</b>	<b>(4,042)</b>	<b>(29.4)</b>
Commission payable	(11,416)	(14,297)	(20.2)	(6,107)	(9,636)	(36.6)
Commission receivable	5,807	6,287	(7.6)	3,171	4,843	(34.5)
<b>Net commission expense</b>	<b>(5,609)</b>	<b>(8,010)</b>	<b>(30.0)</b>	<b>(2,936)</b>	<b>(4,793)</b>	<b>(38.7)</b>
Staff costs	(1,409)	(1,664)	(15.3)	(708)	(828)	(14.5)
Depreciation of property, plant and equipment	(120)	(181)	(33.7)	(59)	(85)	(30.6)
Other operating expenses	(1,182)	(844)	40.0	(474)	(321)	47.7
<b>Management expenses</b>	<b>(2,711)</b>	<b>(2,689)</b>	<b>0.8</b>	<b>(1,241)</b>	<b>(1,234)</b>	<b>0.6</b>
<b>Underwriting results</b>	<b>979</b>	<b>1,582</b>	<b>(38.1)</b>	<b>234</b>	<b>1,050</b>	<b>(77.7)</b>
Investment income from Reinsurance Operations	6,764	5,139	31.6	3,763	2,728	37.9
Investment expenses from Reinsurance Operations	(864)	(282)	206.4	(336)	(206)	63.1
<b>Income from investments</b>	<b>5,900</b>	<b>4,857</b>	<b>21.5</b>	<b>3,427</b>	<b>2,522</b>	<b>35.9</b>
<b>Net income from Reinsurance Operations</b>	<b>6,879</b>	<b>6,439</b>	<b>6.8</b>	<b>3,661</b>	<b>3,572</b>	<b>2.5</b>
<b>Revenue from Non-Reinsurance Operations : (II)</b>						
Investment income from non-reinsurance business	3,852	3,566	8.0	2,568	1,728	48.6
Investment expenses from non-reinsurance business	(302)	(74)	308.1	(174)	12	nm
Other income relating to non-reinsurance business	3,369	3,239	4.0	1,586	1,713	(7.4)
Staff costs	(1,065)	(1,039)	2.5	(593)	(532)	11.5
Depreciation of property, plant and equipment	(147)	(153)	(3.9)	(73)	(76)	(3.9)
Other operating expenses relating to non-reinsurance business	(1,914)	(1,613)	18.7	(923)	(855)	8.0
<b>Net income from Non-Reinsurance Operations</b>	<b>3,793</b>	<b>3,926</b>	<b>(3.4)</b>	<b>2,391</b>	<b>1,990</b>	<b>20.1</b>
<b>Profit before taxation (I + II)</b>	<b>10,672</b>	<b>10,365</b>	<b>3.0</b>	<b>6,052</b>	<b>5,562</b>	<b>8.8</b>
Income tax expense	(1,943)	(1,815)	7.1	(1,079)	(974)	10.8
<b>Profit after taxation</b>	<b>8,729</b>	<b>8,550</b>	<b>2.1</b>	<b>4,973</b>	<b>4,588</b>	<b>8.4</b>
<b>Attributable to:</b>						
Equity holders of the Parent	8,621	8,450	2.0	4,918	4,526	8.7
Minority interests	108	100	8.2	55	62	(11.0)
	<b>8,729</b>	<b>8,550</b>	<b>2.1</b>	<b>4,973</b>	<b>4,588</b>	<b>8.4</b>
Profit after taxation has been arrived at after crediting/(charging):						
Income relating to subsidiaries non-reinsurance operations*	3,620	3,363	7.6	1,797	1,777	1.1
Operating expenses relating to subsidiaries non-reinsurance operations*	(2,658)	(2,418)	9.9	(1,354)	(1,263)	7.2
Foreign exchange loss	(1,007)	(165)	nm	(342)	(121)	182.6
Profit on sale of investments	3,322	2,122	56.6	2,045	700	nm

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	
	30.6.2006	31.12.2005	30.6.2006	31.12.2005
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Share Capital</b>	<b>112,322</b>	<b>101,855</b>	<b>112,322</b>	<b>101,855</b>
<b>Reserves</b>				
Fair value reserve	4,368	9,443	4,648	9,399
Accumulated profits	54,370	56,444	50,095	53,186
<b>Total Shareholders' Equity</b>	<b>171,060</b>	<b>167,742</b>	<b>167,065</b>	<b>164,440</b>
<b>Minority Interests</b>	<b>516</b>	<b>365</b>	<b>-</b>	<b>-</b>
<b>Total Equity</b>	<b>171,576</b>	<b>168,107</b>	<b>167,065</b>	<b>164,440</b>
<b>LIABILITIES</b>				
Technical provisions for outstanding claims	246,969	250,912	234,708	237,701
Technical provisions for unexpired risks	24,535	25,183	24,535	25,183
Reinsurance payables	28,742	29,447	28,492	29,199
Other payables	5,637	5,142	1,664	2,918
Provision for taxation	4,506	4,209	4,053	3,815
Deferred Taxation	1,574	2,369	1,575	2,320
<b>Total Equity and Liabilities</b>	<b>483,539</b>	<b>485,369</b>	<b>462,092</b>	<b>465,576</b>
<b>ASSETS</b>				
Property, plant and equipment	26,594	26,724	26,335	26,443
Reinsurers' share of technical provisions for outstanding claims	115,816	118,528	107,914	109,904
Reinsurers' share of technical provisions for unexpired risks	11,997	11,890	11,997	11,890
Interests in subsidiaries	-	-	6,449	6,499
Reinsurance receivables	20,505	21,807	20,285	21,610
Other receivables	3,785	5,395	2,129	3,635
Financial assets	217,205	210,396	209,202	201,864
Club membership	25	25	-	-
Cash and cash equivalents	87,612	90,604	77,781	83,731
<b>Total Assets</b>	<b>483,539</b>	<b>485,369</b>	<b>462,092</b>	<b>465,576</b>

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

Amount repayable in one year or less, or on demand

As at 30.6.2006		As at 31.12.2005	
S\$'000			
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 30.6.2006		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.

	<b>GROUP</b>	
	<b>1st Half 2006 S\$'000</b>	<b>1st Half 2005 S\$'000</b>
<b>Operating activities</b>		
Profit from ordinary activities before taxation	10,672	10,365
Adjustments for:		
Technical provisions for unexpired risks	(755)	(3,748)
Technical provisions for outstanding claims	(1,231)	2,753
Impairment losses written back on leasehold land and buildings	(47)	-
Impairment losses written back on investments	-	(21)
Profit on sale of investments	(3,322)	(2,122)
Depreciation of property, plant and equipment	268	336
Interest income	(4,585)	(4,657)
Dividend income	(1,937)	(1,285)
Others	155	237
<b>Operating profit before working capital changes</b>	<b>(782)</b>	<b>1,858</b>
Changes in working capital:		
Reinsurance receivables	1,302	(2,431)
Other receivables	1,602	(578)
Reinsurance payables	(705)	4,974
Other payables	495	(234)
Cash generated from operations	1,912	3,589
Interest paid	(26)	(26)
Income tax paid	(1,648)	(1,236)
<b>Cash flows from operating activities</b>	<b>238</b>	<b>2,327</b>
<b>Investing activities</b>		
Interest received	4,587	4,496
Dividends received	1,937	1,285
Purchase of investments	(30,958)	(32,123)
Proceeds from sale of investments	21,485	29,724
Purchase of property, plant and equipment	(108)	(191)
Proceeds from sale of property, plant and equipment	5	617
Net cash inflow on disposal of subsidiary	50	-
<b>Cash flows from investing activities</b>	<b>(3,002)</b>	<b>3,808</b>
<b>Financing activities</b>		
Dividends paid	(10,695)	(4,074)
Proceeds from issuance of share capital	10,467	-
<b>Cash flows from financing activities</b>	<b>(228)</b>	<b>(4,074)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(2,992)</b>	<b>2,061</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>90,604</b>	<b>72,706</b>
<b>Cash and cash equivalents at end of the period</b>	<b>87,612</b>	<b>74,767</b>

- 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	Total Equity
	Share Capital	Fair Value Reserve	Accumulated Profits	Total		
<u>GROUP</u>	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2006	101,855	9,443	56,444	167,742	365	168,107
Increase of Share Capital	10,467	-	-	10,467	50	10,517
Net profit for the period	-	-	8,621	8,621	108	8,729
Final and Special dividend paid of 13.125% less tax at 20% in respect of year 2005	-	-	(10,695)	(10,695)	-	(10,695)
Fair value changes on revaluation of available-for-sale investments	-	(5,075)	-	(5,075)	(7)	(5,082)
At 30 June 2006	112,322	4,368	54,370	171,060	516	171,576
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	-	-	8,450	8,450	100	8,550
Final dividend paid of 5% less tax at 20% in respect of year 2004	-	-	(4,074)	(4,074)	-	(4,074)
Fair value changes on revaluation of available-for-sale investments	-	175	-	175	(2)	173
At 30 June 2005	101,855	13,082	51,986	166,923	387	167,310

	Share Capital	Fair Value Reserve	Accumulated Profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000
<u>COMPANY</u>				
At 1 January 2006	101,855	9,399	53,186	164,440
Increase of Share Capital	10,467	-	-	10,467
Net profit for the period	-	-	7,604	7,604
Final and Special dividend paid of 13.125% less tax at 20% in respect of year 2005	-	-	(10,695)	(10,695)
Fair value changes on revaluation of available-for-sale investments	-	(4,751)	-	(4,751)
At 30 June 2006	112,322	4,648	50,095	167,065
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	-	-	7,610	7,610
Final dividend paid of 5% less tax at 20% in respect of year 2004	-	-	(4,074)	(4,074)
Fair value changes on revaluation of available-for-sale investments	-	(54)	-	(54)
At 30 June 2005	101,855	12,830	49,479	164,164

- 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.

Following the Company's announcement in respect of the renounceable non-underwritten rights issue ("Rights Issue") of new ordinary shares of S\$0.21 each ("Rights Shares") in the capital of the Company, with the availability of an election option to use the net bonus dividend of S\$0.21 per share to subscribe for the Rights Shares, the Company has allotted and issued 50,927,255 new Rights Shares pursuant to the Rights Issue on 6 June 2006. The Rights Shares were listed and quoted on the Official List of the SGX-ST on 7 June 2006.

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 30 June 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.**

	GROUP			
	1st Half 2006	1st Half 2005	2nd Qtr 2006	2nd Qtr 2005
Basic and Diluted earnings per share (cents)	1.54	1.66	0.89	0.90
Number of ordinary shares issued ('000)	560,200	509,273	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.

	GROUP		COMPANY	
	30.6.2006	31.12.2005	30.6.2006	31.12.2005
Net asset value per share (cents)	30.54	32.94	29.82	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.

In line with expectations, for the half-year ended 30 June 2006, the Group's revenue declined 8.7% to S\$37 million partly due to the cessation of the Voluntary Cession market agreement effective 1 January 2005. Premium growth had also been inhibited by rate erosion resulting from intensified competition in both the domestic and regional markets. The period under review had also not benefited to the same extent, as the corresponding period in the previous year, from the negative premium reserve strain. Consequently, underwriting profit was lower at S\$979,000 compared to the S\$1.6 million in the corresponding period last year. On the other hand, investment income rose 13.2% to S\$9.5 million due to higher profit on sale of investments despite the more challenging environment. With positive contribution from all subsidiaries, the Group's net profit before tax amounted to S\$10.7 million, 3% higher than the S\$10.4 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 first quarter 2006 announcement, the impact of the cessation of the Voluntary Cession collective agreement is expected to continue to be felt in the ensuing months. Indeed for the year 2006 to date, revenue has suffered a fall notwithstanding the fact that the Company successfully negotiated renewal with the majority of participating companies on a bilateral basis, with firm support level of approximately 50% of historical gross premiums reported by insurers under the previous collective agreement. This declining trend in premium growth will likely continue into the next reporting period, if not the next 12 months, given the present state of competition and the many uncertainties in the global operating environment.

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? Yes

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per share (in cents)	1.00
Tax Rate	20%

**(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
Dividend Amount per share (in cents)	1.20
Tax Rate	20%

**(c) Date payable**

The proposed interim dividend will be paid on 4 September 2006.

**(d) Books closure date**

Notice is hereby given that the Share Transfer Books and Register of Members will be closed from 23 August 2006 to 24 August 2006, 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 22 August 2006 will be registered before entitlements to the proposed dividends 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 22 August 2006 will be entitled to the dividends.

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:	-	-

**BY ORDER OF THE BOARD**

June Low Fui Sian  
Company Secretary  
7 August 2006

**Confirmation by the Board**

We, Hwang Soo Jin and Ramaswamy Athappan being two directors of Singapore Reinsurance Corporation Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the 20061H financial results to be false or misleading.

On behalf of the board of directors

**Hwang Soo Jin**  
Director

**Ramaswamy Athappan**  
Director

Singapore, 7 August 2006

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