

Full Year Financial Statements Announcement For The Year Ended 31 December 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.

**AUDITED CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008**

	<b>GROUP</b>					
	2008	2007	Incr/ (decr)	4th Qtr 2008	4th Qtr 2007	Incr/ (decr)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	89,298	85,868	4.0	25,906	21,679	19.5
<b>Reinsurance operations:</b>						
Gross premiums	83,190	79,333	4.9	24,216	19,768	22.5
Reinsurance premiums	(43,266)	(40,903)	5.8	(13,303)	(10,353)	28.5
Net written premiums	39,924	38,430	3.9	10,913	9,415	15.9
Gross transfer (to)/from provision for unexpired risks	(2,681)	15	nm	(1,106)	360	(407.2)
Reinsurance transfer from/(to) provision for unexpired risks	2,051	546	275.6	744	(396)	(287.9)
Net earned premiums	39,294	38,991	0.8	10,551	9,379	12.5
Gross claims incurred	(44,304)	(39,573)	12.0	(18,555)	(9,179)	102.1
Reinsurers' share of claims incurred	20,537	20,586	(0.2)	9,965	2,548	291.1
Net claims incurred	(23,767)	(18,987)	25.2	(8,590)	(6,631)	29.5
Commission expense	(28,651)	(25,877)	10.7	(6,744)	(5,793)	16.4
Commission income	16,833	14,141	19.0	5,827	5,072	14.9
Net commission expense	(11,818)	(11,736)	0.7	(917)	(721)	27.2
Management expenses	(5,372)	(5,299)	1.4	(1,010)	(1,181)	(14.5)
Underwriting results	(1,663)	2,969	(156.0)	34	846	(96.0)
Net investment (loss)/income	(6,893)	14,379	(147.9)	(6,442)	1,747	(468.7)
Net (loss)/income from reinsurance operations (I)	(8,556)	17,348	(149.3)	(6,408)	2,593	(347.1)
<b>Non-reinsurance operations:</b>						
Net investment income/(loss)	3,998	13,178	(69.7)	(463)	3,052	(115.2)
Other operating income	6,285	6,791	(7.5)	1,751	1,984	(11.7)
Management expenses	(6,039)	(6,132)	(1.5)	(1,659)	(1,934)	(14.2)
Net income/(loss) from non-reinsurance operations (II)	4,244	13,837	(69.3)	(371)	3,102	(112.0)
(Loss)/Profit before income tax (I + II)	(4,312)	31,185	(113.8)	(6,779)	5,695	(219.0)
Income tax credit/(expense)	1,524	(4,331)	(135.2)	1,855	(379)	(589.4)
(Loss)/Profit for the year	(2,788)	26,854	(110.4)	(4,924)	5,316	(192.6)
<b>Attributable to:</b>						
Equity holders of the Company	(2,918)	26,674	(110.9)	(4,932)	5,251	(193.9)
Minority interests	130	180	(27.8)	8	65	(87.7)
(Loss)/Profit for the year	(2,788)	26,854	(110.4)	(4,924)	5,316	(192.6)
<b>Profit/(Loss) after taxation has been arrived at after crediting/(charging):</b>						
Income relating to subsidiaries non-reinsurance operations*	7,232	7,361	(1.8)	2,462	2,161	13.9
Operating expenses relating to subsidiaries non-reinsurance operations*	(5,350)	(5,474)	(2.3)	(1,514)	(1,767)	(14.3)
Foreign exchange loss	(812)	(380)	113.7	(208)	(495)	(58.0)
Profit on sale of investments	4,354	14,101	(69.1)	57	1,355	(95.8)
Change in fair value of investment properties	162	1,860	(91.3)	81	1,860	(95.6)
Impairment losses on investments	(17,801)	(376)	nm	(9,676)	(376)	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	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Assets</b>				
Property, plant and equipment	19,519	19,383	19,364	19,165
Investment properties	10,545	10,383	10,545	10,383
Deferred taxation	2,454	-	2,474	-
Reinsurers' share of insurance contract provisions for				
- outstanding claims	119,060	114,312	114,334	109,455
- unexpired risks	15,429	13,378	15,429	13,378
Interests in subsidiaries	-	-	6,436	6,436
Financial assets	227,056	244,049	218,454	235,126
Club membership	25	30	-	-
Insurance receivables	31,795	26,571	31,651	26,444
Other receivables	3,745	3,451	2,528	2,657
Cash and cash equivalents	61,356	81,394	55,189	73,916
<b>Total assets</b>	<b>490,984</b>	<b>512,951</b>	<b>476,404</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	(4,999)	11,150	(5,029)	11,079
Accumulated profits	52,697	77,702	49,518	73,550
	170,998	201,148	167,789	196,925
Minority interests	567	695	-	-
<b>Total equity</b>	<b>171,565</b>	<b>201,843</b>	<b>167,789</b>	<b>196,925</b>
<b>Liabilities</b>				
Insurance contract provisions for				
- outstanding claims	245,499	238,801	237,985	231,208
- unexpired risks	30,930	28,249	30,930	28,249
Insurance payables	37,655	31,768	37,435	31,562
Other payables	4,689	4,910	1,761	2,172
Current tax payable	646	5,533	504	5,007
Deferred taxation	-	1,847	-	1,837
<b>Total liabilities</b>	<b>319,419</b>	<b>311,108</b>	<b>308,615</b>	<b>300,035</b>
<b>Total equity and liabilities</b>	<b>490,984</b>	<b>512,951</b>	<b>476,404</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 31.12.2008		As at 31.12.2007	
S\$'000			
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31.12.2008		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>2008</b> S\$'000	<b>2007</b> S\$'000
<b>Operating activities</b>		
(Loss)/Profit before income tax	(4,312)	31,185
Adjustments for:		
Insurance contract provisions for net unexpired risks	630	(561)
Insurance contract provisions for net outstanding claims	1,950	(182)
Impairment write back on leasehold land and buildings	-	(121)
Impairment losses on investments	17,801	376
Change in fair value of investment properties	(162)	(1,860)
Gain on sale of investments	(4,354)	(14,101)
Depreciation of property, plant and equipment	358	369
Interest income	(8,844)	(9,816)
Dividend income	(2,038)	(2,567)
Others	2	73
	<u>1,031</u>	<u>2,795</u>
Changes in working capital:		
Insurance receivables	(5,224)	(6,434)
Other receivables	(63)	(66)
Insurance payables	5,887	(4,344)
Other payables	(446)	294
Cash generated from operations	<u>1,185</u>	<u>(7,755)</u>
Income tax paid	(4,439)	(3,655)
<b>Cash flows from operating activities</b>	<u>(3,254)</u>	<u>(11,410)</u>
<b>Investing activities</b>		
Interest received	8,638	9,861
Dividends received	2,038	2,567
Purchase of investments	(54,648)	(71,785)
Proceeds from sale of investments	38,381	60,054
Purchase of property, plant and equipment	(110)	(312)
Proceeds from sale of investment properties, and property, plant and equipment	-	495
<b>Cash flows from investing activities</b>	<u>(5,701)</u>	<u>880</u>
<b>Financing activities</b>		
Dividends paid	(8,033)	(10,958)
Share Buyback and cancelled shares	(3,050)	-
(Increase) / Decrease in deposits pledged	(53)	82
<b>Cash flows from financing activities</b>	<u>(11,136)</u>	<u>(10,876)</u>
Net decrease in cash and cash equivalents	(20,091)	(21,406)
Cash and cash equivalents at beginning of the year	79,886	101,292
Cash and cash equivalents at end of the year	<u>59,795</u>	<u>79,886</u>
Pledged cash equivalents	1,561	1,508
Cash and cash equivalents at end of the year including pledged deposits	<u>61,356</u>	<u>81,394</u>

I(d)(f) 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	-	-	443	-	443	-	443
Net change in fair value of available-for-sale financial assets, net of tax	-	(16,592)	-	-	(16,592)	(33)	(16,625)
Net (loss)/profit for the year	-	-	-	(2,918)	(2,918)	130	(2,788)
Total recognised income and expense for the year	-	(16,592)	443	(2,918)	(19,067)	97	(18,970)
Issue of bonus shares	11,004	-	-	(11,004)	-	-	-
Share buyback and cancelled shares	-	-	-	(3,050)	(3,050)	-	(3,050)
Final dividend paid of 0.8 cent per share tax exempt (one-tier) in respect of year 2007	-	-	-	(4,402)	(4,402)	-	(4,402)
Interim dividend paid of 0.6 cent per share tax exempt (one-tier) in respect of year 2008	-	-	-	(3,631)	(3,631)	-	(3,631)
Dividend paid to minority interests	-	-	-	-	-	(225)	(225)
At 31 December 2008	123,300	(9,340)	4,341	52,697	170,998	567	171,565
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	-	-	3,898	-	3,898	-	3,898
Net change in fair value of available-for-sale financial assets, net of tax	-	(4,386)	-	-	(4,386)	6	(4,380)
Net profit for the year	-	-	-	26,674	26,674	180	26,854
Total recognised income and expense for the year	-	(4,386)	3,898	26,674	26,186	186	26,372
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 per share tax exempt (one-tier) in respect of year 2006	-	-	-	(1,681)	(1,681)	-	(1,681)
Interim dividend paid of 1 cent per share tax exempt (one-tier) in respect of year 2007	-	-	-	(5,602)	(5,602)	-	(5,602)
Dividend paid to minority interests	-	-	-	-	-	(79)	(79)
At 31 December 2007	112,296	7,252	3,898	77,702	201,148	695	201,843

	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	-	-	443	-	443
Net change in fair value of available-for-sale financial assets, net of tax	-	(16,551)	-	-	(16,551)
Net loss for the year	-	-	-	(1,945)	(1,945)
Total recognised income and expense for the year	-	(16,551)	443	(1,945)	(18,053)
Issue of bonus shares	11,004	-	-	(11,004)	-
Share buyback and cancelled shares	-	-	-	(3,050)	(3,050)
Final dividend paid of 0.8 cent per share tax exempt (one-tier) in respect of year 2007	-	-	-	(4,402)	(4,402)
Interim dividend paid of 0.6 cent per share tax exempt (one-tier) in respect of year 2008	-	-	-	(3,631)	(3,631)
Dividend paid to minority interests	-	-	-	-	-
At 31 December 2008	123,300	(9,370)	4,341	49,518	167,789
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	-	-	3,898	-	3,898
Net change in fair value of available-for-sale financial assets, net of tax	-	(4,479)	-	-	(4,479)
Net profit for the year	-	-	-	26,743	26,743
Total recognised income and expense for the year	-	(4,479)	3,898	26,743	26,162
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 per share tax exempt (one-tier) in respect of year 2006	-	-	-	(1,681)	(1,681)
Interim dividend paid of 1 cent per share tax exempt (one-tier) in respect of year 2007	-	-	-	(5,602)	(5,602)
At 31 December 2007	112,296	7,181	3,898	73,550	196,925

- 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 buyback 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 fully paid in the capital of the Company ("Bonus Shares") at an issue price of S\$0.20 each on the basis of one Bonus Share for every ten existing ordinary shares held.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The financial figures have been audited in accordance with Singapore Standards on Auditing.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

A copy of the auditors' report is appended at the end of the Announcement.

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			
	2008	2007 (restated)*	4th Qtr 2008	4th Qtr 2007 (restated)*
Basic and Diluted (loss)/earnings per share (cents)	(0.48)	4.33	(0.81)	0.85
Number of ordinary shares issued ('000)	605,220	616,220	605,220	616,220

\* Restated due to bonus issue of shares on 7 May 2008

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	
	31.12.2008	31.12.2007 (restated)*	31.12.2008	31.12.2007 (restated)*
Net asset value per share (cents)	28.25	32.64	27.72	31.96

\* Restated due to bonus issue of shares on 7 May 2008

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 4th quarter 2008 vs 4th quarter 2007

In 4th quarter 2008, the Group's revenue of S\$25.9 million was 19.5% higher than the corresponding quarter in preceding year, in large part due to timing difference in the receipt and booking of statement of accounts. A lower underwriting profit of S\$34,000 was recorded for the quarter, compared to S\$846,000 profit a year earlier, largely due to additional loss reserves set aside to cater for potential deterioration in the winterfreeze and flood losses in China. The unprecedented scale and depth of the financial crisis resulted in global stock prices plunging sharply in the quarter. Consequently, the Group sustained an investment loss of S\$6.9 million, compared to the S\$4.8 million investment profit achieved in the corresponding quarter a year earlier, attributed largely to an impairment write-down on investments of S\$9.3 million and lower profit on sale of investments. Overall, the Group reported a loss before income tax of S\$6.8 million in the 4th quarter of 2008 as against the S\$5.7 million profit recorded in the same quarter in previous year.

Comparison of 12 months 2008 vs 12 months 2007

For the year ended 31 December 2008, the Group's revenue rose 4% to S\$89.3 million, attributed in large part to timing difference in receipt and booking of statement of accounts and new business written. However, the net claims incurred of S\$23.8 million, 25.2% higher than the preceding year, was due mainly to the case reserves set aside for the snowstorms, Sichuan earthquake and flood losses which affected various parts of China in 2008. Consequently, the Group recorded an underwriting loss of S\$1.7 million, compared to the S\$3 million underwriting profit in the preceding year.

Fears of a prolonged global recession, coupled with the worsening financial market conditions, led to a meltdown in global equity prices from a high in 2007. Because of the defensive investment strategy and prudential approach, the Group was able to limit its net investment loss for the year to S\$2.9 million, which was less than 1% of the Group's investment funds, despite an impairment write-down of S\$17.8 million for equities and bonds, as well as a lower profit on sale of investments. Overall, the Group reported a loss before income tax of S\$4.3 million, compared to the record profit before income tax of S\$31.2 million in previous year.

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.**

In spite of the spate of catastrophic natural disasters which affected the reinsurance markets worldwide, with the exception of a few territories, the early signs of hardening of reinsurance rates fizzled out relatively quickly due to the excessive capacities worldwide. The reinsurance market cycle has yet to bottom out and the continued slide in primary insurance rates would continue to adversely impact underwriting. The threat of a prolonged global recession and the repercussion on corporate earnings, as well as the unprecedented financial turmoil worldwide, will continue to erode investor confidence. The level of profitability will depend on the state of the underwriting portfolio as well as the extent of contribution from the investment portfolio in a highly uncertain operating environment.

11. **DIVIDEND**

*(a) Current Financial Period Reported On*

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

Name of Dividend	2008	
	<u>Interim</u>	<u>Final (Proposed)</u>
Dividend Type	Cash	Cash
Gross Dividend Amount per share (in cents)	0.60	0.40
Tax Rate	Tax Exempt(one-tier)	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	2007	
	<u>Interim</u>	<u>Final (Proposed)</u>
Dividend Type	Cash	Cash
Gross Dividend Amount per share (in cents)	1.00	0.80
Tax Rate	Tax Exempt(one-tier)	Tax Exempt(one-tier)

*(c) Date payable*

The proposed final dividend will be paid on 14 May 2009.

*(d) Books closure date*

Notice is hereby given that the Share Transfer Books and Register of Members will be closed on 5 May 2009 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 4 May 2009 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 4 May 2009 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.**

The Group is principally engaged in the business of underwriting general reinsurance business. No segmental information by geographical source has been presented as the Group's operations are predominantly in Singapore. It also carries on business in other Asian countries.

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.

	<b>GROUP</b>		
	2008 S\$'000	2007 S\$'000	Incr/ (decr) %
(a) Revenue			
6 months ended 30 June	42,590	40,110	6.2
6 months ended 31 December	46,708	45,758	2.1
Total for the year	<u>89,298</u>	<u>85,868</u>	<u>4.0</u>
(b) Net profit/(loss) after tax before deducting minority interest			
6 months ended 30 June	4,792	16,018	(70.1)
6 months ended 31 December	(7,580)	10,836	(170.0)
Total for the year	<u>(2,788)</u>	<u>26,854</u>	<u>(110.4)</u>

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	8,033	10,958
Preference	-	-
Total:	8,033	10,958

**BY ORDER OF THE BOARD**

Gerard Seah Jim Hong  
Company Secretary  
27 February 2009

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

## **Independent auditors' report**

Members of  
Singapore Reinsurance Corporation Limited

We have audited the financial statements of Singapore Reinsurance Corporation Limited (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and the Company as at 31 December 2008, the income statements and statements of changes in equity of the Group and of the Company and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages FS1 to FS53.

### *Management's responsibility for the financial statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

### *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion:

- (a) the consolidated financial statements of the Group and the balance sheet, income statement and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008 and the results and changes in equity of the Group and of the Company and cash flows of the Group for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

**KPMG LLP**  
*Public Accountants and*  
*Certified Public Accountants*

**Singapore**  
27 February 2009