

SINGAPORE REINSURANCE CORPORATION LIMITED

(Company Registration No. 197300016C)

Full Year Financial Statements Announcement For The Year Ended 31 December 2007

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

I(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 2007

	GROUP					
	2007 S\$'000	2006 S\$'000	Incr/ (decr) %	4th Qtr 2007 S\$'000	4th Qtr 2006 S\$'000	Incr/ (decr) %
Revenue	85,868	88,256	(2.7)	21,679	21,603	0.4
Reinsurance operations :						
Gross premiums	79,333	81,338	(2.5)	19,768	20,379	(3.0)
Reinsurance premiums	(40,903)	(40,715)	0.5	(10,353)	(10,975)	(5.7)
Net written premiums	38,430	40,623	(5.4)	9,415	9,404	0.1
Gross transfer (to)/from provision for unexpired risks	15	(3,081)	100.5	360	185	94.6
Reinsurance transfer from provision for unexpired risks	546	942	(42.0)	(396)	(1,015)	(61.0)
Net earned premiums	38,991	38,484	1.3	9,379	8,574	9.4
Gross claims incurred	(39,573)	(32,300)	22.5	(9,179)	838	na
Reinsurers' share of claims incurred	20,586	16,813	22.4	2,548	(4,519)	156.4
Net claims incurred	(18,987)	(15,487)	22.6	(6,631)	(3,681)	80.1
Commission expense	(25,877)	(30,710)	(15.7)	(5,793)	(7,206)	(19.6)
Commission income	14,141	15,035	(5.9)	5,072	4,328	17.2
Net commission expense	(11,736)	(15,675)	(25.1)	(721)	(2,878)	(74.9)
Management expenses	(5,299)	(5,504)	(3.7)	(1,181)	(1,384)	(14.7)
Underwriting results	2,969	1,818	63.3	846	631	34.1
Net investment income	14,379	11,925	20.6	1,747	3,016	(42.1)
Net income from reinsurance operations (I)	17,348	13,743	26.2	2,593	3,647	(28.9)
Non-reinsurance operations :						
Net investment income	13,178	9,823	34.2	3,052	4,606	(33.7)
Other operating income	6,791	7,286	(6.8)	1,984	1,427	39.0
Management expenses	(6,132)	(5,978)	2.6	(1,934)	(746)	159.2
Net income from non-reinsurance operations (II)	13,837	11,131	24.3	3,102	5,287	(41.3)
Profit before income tax (I + II)	31,185	24,874	25.4	5,695	8,934	(36.3)
Income tax expense	(4,331)	(4,176)	3.7	(379)	(1,122)	(66.2)
Profit for the year	26,854	20,698	29.7	5,316	7,812	(32.0)
Attributable to:						
Equity holders of the Company	26,674	20,463	30.4	5,251	7,763	(32.4)
Minority interests	180	235	(23.4)	65	49	32.7
Profit for the year	26,854	20,698	29.7	5,316	7,812	(32.0)
Profit after taxation has been arrived at after crediting/(charging):						
Income relating to subsidiaries non-reinsurance operations*	7,361	7,833	(6.0)	2,161	1,664	29.9
Operating expenses relating to subsidiaries non-reinsurance operations*	(5,474)	(5,219)	4.9	(1,767)	(607)	191.1
Foreign exchange loss	(380)	(1,168)	(67.5)	(495)	80	na
Profit on sale of investments	14,101	10,116	39.4	1,355	5,199	(73.9)
Change in fair value of investment properties	1,860	-	na	1,860	-	na
Impairment losses on investments	(383)	(1,118)	(65.7)	(383)	(1,118)	(65.7)

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)(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	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Property, plant and equipment	19,383	24,001	19,165	23,730
Investment properties #	10,383	-	10,383	-
Reinsurers' share of insurance contract provisions for				
- outstanding claims	114,312	109,650	109,455	102,001
- unexpired risks	13,378	12,832	13,378	12,832
Interests in subsidiaries	-	-	6,436	6,436
Financial assets	244,049	224,150	235,126	215,687
Club membership	30	23	-	-
Insurance receivables	26,571	20,137	26,444	19,911
Other receivables	3,451	3,570	2,657	2,571
Cash and cash equivalents	81,394	102,882	73,916	94,084
Total assets	512,951	497,245	496,960	477,252
Equity attributable to equity holders of the Company				
Share capital	112,296	112,296	112,296	112,296
Reserves	11,150	11,638	11,079	11,660
Accumulated profits	77,702	61,731	73,550	57,510
	201,148	185,665	196,925	181,466
Minority interests	695	588	-	-
Total equity	201,843	186,253	196,925	181,466
Liabilities				
Insurance contract provisions for				
- outstanding claims	238,801	234,321	231,208	222,584
- unexpired risks	28,249	28,264	28,249	28,264
Insurance payables	31,768	36,112	31,562	35,856
Other payables	4,910	4,537	2,172	1,892
Current tax payable	5,533	4,838	5,007	4,284
Deferred taxation	1,847	2,920	1,837	2,906
Total liabilities	311,108	310,992	300,035	295,786
Total equity and liabilities	512,951	497,245	496,960	477,252

Investment properties were included under Property, plant and equipment in 2006, prior to the adoption of FRS 40.

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 31.12.2007		As at 31.12.2006	
S\$'000			
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31.12.2007		As at 31.12.2006	
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.

	GROUP	
	2007	2006
	S\$'000	S\$'000
Operating activities		
Profit before income tax	31,185	24,874
Adjustments for:		
Insurance contract provisions for net unexpired risks	(561)	2,139
Insurance contract provisions for net outstanding claims	(182)	(7,713)
Impairment write back on leasehold land and buildings	(121)	(95)
Impairment losses on investments	383	1,118
Change in fair value of investment properties	(1,860)	-
Gain on sale of investments	(14,101)	(10,116)
Depreciation of property, plant and equipment	369	483
Interest income	(9,816)	(9,444)
Dividend income	(2,567)	(3,532)
Loss / (Profit) on sale of property, plant and equipment and investment properties	75	(26)
Loss on partial disposal of subsidiary	-	9
Others	(9)	4
	<u>2,795</u>	<u>(2,299)</u>
Changes in working capital:		
Insurance receivables	(6,434)	1,670
Other receivables	(66)	2,149
Insurance payables	(4,344)	6,665
Other payables	294	(675)
Cash generated from operations	<u>(7,755)</u>	<u>7,510</u>
Income tax paid	<u>(3,655)</u>	<u>(3,537)</u>
Cash flows from operating activities	<u>(11,410)</u>	<u>3,973</u>
Investing activities		
Interest received	9,861	9,091
Dividends received	2,567	3,532
Purchase of investments	(71,785)	(58,749)
Proceeds from sale of investments	60,054	56,751
Proceeds from sale of investment properties, and property, plant and equipment	495	2,575
Purchase of property, plant and equipment	(312)	(214)
Net cash inflow on partial disposal of subsidiary	-	54
Cash flows from investing activities	<u>880</u>	<u>13,040</u>
Financing activities		
Dividends paid	(10,958)	(15,176)
Proceeds from issuance of share capital	-	10,441
Reduction / (Increase) in deposits pledged	82	(1,590)
Cash flows from financing activities	<u>(10,876)</u>	<u>(6,325)</u>
Net increase/(decrease) in cash and cash equivalents	<u>(21,406)</u>	<u>10,688</u>
Cash and cash equivalents at beginning of the year	<u>101,292</u>	<u>90,604</u>
Cash and cash equivalents at end of the year	<u>79,886</u>	<u>101,292</u>
Pledged cash equivalents	<u>1,508</u>	<u>1,590</u>
Cash and cash equivalents at end of the year including pledged deposits	<u>81,394</u>	<u>102,882</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	Company S\$'000	Minority Interests S\$'000	Total attributable to equity holders of the Company S\$'000	Total Equity S\$'000
GROUP								
At 1 January 2007	112,296	11,638	-	61,731	185,665	588	186,253	186,253
Effect of adopting FRS 40	-	-	-	255	255	-	255	255
At 1 January 2007, restated	112,296	11,638	-	61,986	185,920	588	186,508	186,508
Net surplus on revaluation of property, plant and equipment, net of tax	-	-	3,898	-	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)	(4,380)
Net profit for the year	-	-	-	26,674	26,674	180	26,854	26,854
Total recognised income and expense for the year	-	(4,386)	3,898	26,674	26,186	186	26,372	26,372
Final dividend of 0.8 cent per share less tax at 18% and special dividend of 0.3 cent per share tax exempt (one-tier) paid in respect of year 2006	-	-	-	(5,356)	(5,356)	-	(5,356)	(5,356)
Interim dividend of 1 cent per share tax exempt (one-tier) paid in respect of year 2007	-	-	-	(5,602)	(5,602)	-	(5,602)	(5,602)
Dividend paid to minority interests	-	-	-	-	-	(79)	(79)	(79)
At 31 December 2007	112,296	7,252	3,898	77,702	201,148	695	201,843	201,843
At 1 January 2006	101,855	9,443	-	56,444	167,742	365	168,107	168,107
Net change in fair value of available-for-sale financial assets, net of tax	-	2,195	-	-	2,195	(5)	2,190	2,190
Net profit for the year	-	-	-	20,463	20,463	235	20,698	20,698
Total recognised income and expense for the year	-	2,195	-	20,463	22,658	230	22,888	22,888
Issue of rights shares	10,441	-	-	-	10,441	63	10,504	10,504
Final and special dividend of 2.625 cents per share less tax at 20% paid in respect of year 2005	-	-	-	(10,695)	(10,695)	-	(10,695)	(10,695)
Interim dividend of 1 cent per share less tax at 20% paid in respect of year 2006	-	-	-	(4,481)	(4,481)	-	(4,481)	(4,481)
Dividend paid to minority interests	-	-	-	-	-	(75)	(75)	(75)
Minority interests' share	-	-	-	-	-	5	5	5
At 31 December 2006	112,296	11,638	-	61,731	185,665	588	186,253	186,253

COMPANY

At 1 January 2007

Effect of adopting FRS 40

At 1 January 2007, restated

Net surplus on revaluation of property, plant and equipment, net of tax
Net change in fair value of available-for-sale financial assets, net of tax
Net profit for the year

Total recognised income and expense for the year

Final dividend of 0.8 cent per share less tax at 18% and special dividend
of 0.3 cent per share tax exempt (one-tier) paid in respect of year 2006
Interim dividend of 1 cent per share tax exempt (one-tier) paid in respect of year 2007

At 31 December 2007

At 1 January 2006

Change in fair value of available-for-sale net of tax - financial assets

Net profit for the year

Total recognised income and expense for the year

Issue of rights shares

Final and special dividend of 2.625 cents per share less tax at 20% paid in respect of year 2005

Interim dividend of 1 cent per share less tax at 20% paid in respect of year 2006

At 31 December 2006

Share Capital S\$'000	Fair Value Reserves S\$'000	Revaluation Reserves S\$'000	Accumulated Profits S\$'000	Total S\$'000
112,296	11,660	-	57,510	181,466
-	-	-	255	255
<u>112,296</u>	<u>11,660</u>	<u>-</u>	<u>57,765</u>	<u>181,721</u>
-	-	3,898	-	3,898
-	(4,479)	-	-	(4,479)
-	-	-	26,743	26,743
-	(4,479)	3,898	26,743	26,162
-	-	-	(5,356)	(5,356)
-	-	-	(5,602)	(5,602)
<u>112,296</u>	<u>7,181</u>	<u>3,898</u>	<u>73,550</u>	<u>196,925</u>
101,855	9,399	-	53,186	164,440
-	2,261	-	-	2,261
-	-	-	19,500	19,500
-	2,261	-	19,500	21,761
10,441	-	-	-	10,441
-	-	-	(10,695)	(10,695)
-	-	-	(4,481)	(4,481)
<u>112,296</u>	<u>11,660</u>	<u>-</u>	<u>57,510</u>	<u>181,466</u>

- 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.

Proposed Bonus Issue :

The Board of Directors ("Directors") of Singapore Reinsurance Corporation Limited (the "Company") is pleased to announce that the Company is proposing a bonus issue of 55,019,981 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 in the Company (the "Bonus Issue"). Fractional entitlements will not be allotted to shareholders but will be aggregated and disposed of in such manner as the Directors in their absolute discretion deem fit for the benefit of the Company. Further details of the Bonus Issue are set out in the separate announcement by the Company dated 29 February 2008.

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 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. The surplus arising from the revaluation of investment property during the year was S\$1.9 million.

(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 of S\$3.9 million was taken directly to the revaluation reserve during the year.

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>	
	2007	2006
Basic and Diluted earnings per share (cents)	4.76	3.79
Number of ordinary shares issued ('000)	560,200	-
Weighted number of ordinary shares issued ('000)	-	539,574

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.

	<u>GROUP</u>		<u>COMPANY</u>	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Net asset value per share (cents)	35.91	33.14	35.15	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.

Comparison of 4th Qtr 2007 vs 4th Qtr 2006

Notwithstanding the Group's revenue of S\$21.7 million in 4th quarter of 2007 being 0.4% higher than the corresponding quarter in preceding year, underwriting profit increased 34.1% to S\$846,000 largely due to a reduction in commission expenses. As a result of the adverse impact of the US sub-prime mortgage debacle on global financial markets, the Group's investment income fell 37% to S\$4.8 million compared to a year earlier. Overall, the Group's net profit before income tax was S\$5.7 million in the 4th quarter of 2007, a 36.3% decline from the S\$8.9 million recorded in the corresponding quarter in previous year.

Comparison of 12 months 2007 vs 12 months 2006

For the year ended 31 December 2007, the Group's revenue declined by 2.7% to S\$85.9 million, largely due to drastic softening in premium rates under intense competition coupled with expanding market capacity, as well as lower revenue reported by the subsidiaries. The underwriting profit was however higher at S\$3 million, compared to the S\$1.8 million in previous year, attributed largely to the improvement in incurred claims for a subsidiary which has been in a state of runoff for 8 years. Investment income rose a hefty 26.7% or S\$5.8 million to S\$27.6 million attributed to the defensive liquidation of some of the investments ahead of the US sub-prime mortgage crisis. With positive contribution from all subsidiaries, the Group's net profit before income tax rose 25.4% to a record S\$31.2 million, which had included a revaluation surplus of S\$1.9 million for investment properties.

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.

The declining trend in premium growth is expected to continue into the next reporting period, as excess global insurance and reinsurance capacities will erode premium rates and add further pressure upon rising costs. Whilst the pick-up in construction activities domestically would to some extent counter the slide in premium revenue, profitability from that particular source might not be easily achieved given the premium rate-cutting and possible deterioration in claims experience especially with the introduction of the revamped Work Injury Compensation Act in the forthcoming months. Despite the legislative changes which will raise the level of statutory compensation substantially, there is as yet no indication of any market move to adjust premium rates. Also, the sub-prime mortgage situation as it unfolds will continue to have ramifications on investments.

11. **DIVIDEND**

(a) Current Financial Period Reported On

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

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

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

	2006		
	<u>Interim</u>	<u>Final and Special (Proposed)</u>	
Name of Dividend	Cash	Cash	Special
Dividend Type	1.00	0.80	0.30
Gross Dividend Amount per share (in cents)	20%	18%	Tax Exempt(one-tier)
Tax Rate			

(c) Date payable

Will be announced at a later date

(d) Books closure date

The books closure date will be announced at a later date.

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 no single overseas market contributed more than 10% of the Group's revenue.

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.

	GROUP		
	2007	2006	Incr/ (decr)
	S\$'000	S\$'000	%
(a) Revenue			
6 months ended 30 June	40,110	36,961	8.5
6 months ended 31 December	45,758	51,295	(10.8)
Total for the year	<u>85,868</u>	<u>88,256</u>	<u>(2.7)</u>
(b) Net profit after tax before deducting minority interest			
6 months ended 30 June	16,018	8,729	83.5
6 months ended 31 December	10,836	11,969	(9.5)
Total for the year	<u>26,854</u>	<u>20,698</u>	<u>29.7</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	10,958	15,176
Preference	-	-
Total:	10,958	15,176

BY ORDER OF THE BOARD

Gerard Seah Jim Hong
Company Secretary
29 February 2008

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 2007, 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 FS55.

Directors' responsibility for the financial statements

The Company's directors are 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: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and 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 of 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 the directors, 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 2007 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

Certified Public Accountants

Singapore

29 February 2008