

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

Third Quarter Financial Statements Announcement For The Period Ended 30 September 2007

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 SEPTEMBER 2007

	GROUP					
	9 months	9 months	Incr/ (decr)	3rd Qtr	3rd Qtr	Incr/ (decr)
	2007	2006	(decr)	2007	2006	(decr)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	64,189	66,653	(3.7)	24,079	29,692	(18.9)
Reinsurance operations :						
Gross premiums	59,565	60,959	(2.3)	22,442	27,244	(17.6)
Reinsurance premiums	(30,550)	(29,740)	2.7	(11,720)	(12,978)	(9.7)
Net written premiums	29,015	31,219	(7.1)	10,722	14,266	(24.8)
Gross transfer (to)/from provision for unexpired risks	(345)	(3,266)	(89.4)	835	(3,914)	121.3
Reinsurance transfer from provision for unexpired risks	942	1,957	(51.9)	396	1,850	(78.6)
Net earned premiums	29,612	29,910	(1.0)	11,953	12,202	(2.0)
Gross claims incurred	(30,394)	(33,138)	(8.3)	(12,107)	(12,711)	(4.8)
Reinsurers' share of claims incurred	18,038	21,332	(15.4)	5,653	9,314	(39.3)
Net claims incurred	(12,356)	(11,806)	4.7	(6,454)	(3,397)	90.0
Commission expense	(20,084)	(23,504)	(14.6)	(7,374)	(12,088)	(39.0)
Commission income	9,069	10,707	(15.3)	3,752	4,900	(23.4)
Net commission expense	(11,015)	(12,797)	(13.9)	(3,622)	(7,188)	(49.6)
Management expenses	(4,118)	(4,120)	(0.0)	(1,274)	(1,409)	(9.6)
Underwriting results	2,123	1,187	78.9	603	208	189.9
Net investment income	12,632	8,909	41.8	2,675	3,009	(11.1)
Net income from reinsurance operations (I)	14,755	10,096	46.1	3,278	3,217	1.9
Non-reinsurance operations :						
Net investment income	10,126	5,217	94.1	2,954	1,667	77.2
Other operating income	4,807	5,859	(18.0)	1,682	2,490	(32.4)
Management expenses	(4,198)	(5,232)	(19.8)	(1,395)	(2,106)	(33.8)
Net income from non-reinsurance operations (II)	10,735	5,844	83.7	3,241	2,051	58.0
Profit before income tax (I + II)	25,490	15,940	59.9	6,519	5,268	23.7
Income tax expense	(3,952)	(3,054)	29.4	(999)	(1,111)	(10.1)
Profit for the period	21,538	12,886	67.1	5,520	4,157	32.8
Attributable to:						
Equity holders of the Company	21,423	12,700	68.7	5,496	4,079	34.7
Minority interests	115	186	(38.2)	24	78	(69.2)
Profit for the period	21,538	12,886	67.1	5,520	4,157	32.8
Profit after taxation has been arrived at after crediting/(charging):						
Income relating to subsidiaries non-reinsurance operations*	5,200	6,169	(15.7)	1,730	2,549	(32.1)
Operating expenses relating to subsidiaries non-reinsurance operations*	(3,707)	(4,612)	(19.6)	(1,264)	(1,954)	(35.3)
Foreign exchange gain/(loss)	115	(1,248)	109.2	(304)	(241)	(26.1)
Profit on sale of investments	12,746	4,917	159.2	2,671	1,595	67.5

* 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	
	30.9.2007	31.12.2006	30.9.2007	31.12.2006
	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Property, plant and equipment	16,168	24,001	15,938	23,730
Investment properties	9,119	-	9,119	-
Reinsurers' share of insurance contract provisions for				
- outstanding claims	116,668	109,650	111,796	102,001
- unexpired risks	13,774	12,832	13,774	12,832
Interests in subsidiaries	-	-	6,436	6,436
Financial assets	239,634	224,150	230,271	215,687
Club membership	23	23	-	-
Insurance receivables	21,984	20,137	21,797	19,911
Other receivables	3,767	3,570	2,178	2,571
Cash and cash equivalents	91,993	102,882	82,936	94,084
Total assets	513,130	497,245	494,245	477,252
Equity attributable to equity holders of the Company				
Share capital	112,296	112,296	112,296	112,296
Fair value and revaluation reserves	12,450	11,638	12,222	11,660
Accumulated profits	72,451	61,731	66,059	57,510
	197,197	185,665	190,577	181,466
Minority interests	711	588	-	-
Total equity	197,908	186,253	190,577	181,466
Liabilities				
Insurance contract provisions for				
- outstanding claims	239,747	234,321	232,089	222,584
- unexpired risks	28,609	28,264	28,609	28,264
Insurance payables	33,261	36,112	33,038	35,856
Other payables	5,343	4,537	2,189	1,892
Current tax payable	5,544	4,838	5,090	4,284
Deferred taxation	2,718	2,920	2,653	2,906
Total liabilities	315,222	310,992	303,668	295,786
Total equity and liabilities	513,130	497,245	494,245	477,252

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 30.9.2007		As at 31.12.2006	
S\$'000			
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 30.9.2007		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	
	9 months	9 months
	2007	2006
	S\$'000	S\$'000
Operating activities		
Profit before income tax	25,490	15,940
Adjustments for:		
Insurance contract provisions for net unexpired risks	(597)	1,309
Insurance contract provisions for net outstanding claims	(1,592)	(5,948)
Impairment write back and revaluation surplus on leasehold land and buildings	(103)	(71)
Profit on sale of investments	(12,746)	(4,917)
Depreciation of property, plant and equipment	279	383
Interest income	(7,394)	(6,946)
Dividend income	(2,252)	(2,591)
Others	10	123
	<u>1,095</u>	<u>(2,718)</u>
Changes in working capital:		
Insurance receivables	1,211	(3,032)
Other receivables	(3,342)	(918)
Insurance payables	(2,851)	10,099
Other payables	793	956
Cash generated from operations	<u>(3,094)</u>	<u>4,387</u>
Interest paid	-	(17)
Income tax paid	<u>(3,216)</u>	<u>(3,077)</u>
Cash flows from operating activities	<u>(6,310)</u>	<u>1,293</u>
Investing activities		
Interest received	7,402	6,849
Dividends received	2,252	2,591
Purchase of investments	(54,331)	(41,183)
Proceeds from sale of investments	51,331	35,576
Purchase of property, plant and equipment	(276)	(141)
Proceeds from sale of property, plant and equipment	1	2,566
Net cash inflow on disposal of subsidiary	-	47
Cash flows from investing activities	<u>6,379</u>	<u>6,305</u>
Financing activities		
Dividends paid	(10,958)	(15,177)
Proceeds from issuance of share capital	-	10,441
Cash flows from financing activities	<u>(10,958)</u>	<u>(4,736)</u>
Net increase in cash and cash equivalents	<u>(10,889)</u>	<u>2,862</u>
Cash and cash equivalents at beginning of the year	<u>102,882</u>	<u>90,604</u>
Cash and cash equivalents at end of the period	<u>91,993</u>	<u>93,466</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 and Revaluation Reserves S\$'000	Accumulated Profits S\$'000	Total attributable to equity holders of the Company S\$'000	Minority Interests S\$'000	Total Equity S\$'000
GROUP						
At 1 January 2007	112,296	11,638	61,731	185,665	588	186,253
Effect of adopting FRS 40	-	-	255	255	-	255
At 1 January 2007, restated	112,296	11,638	61,986	185,920	588	186,508
Change in fair value of available-for-sale financial assets	-	88	-	88	8	96
Net surplus on revaluation of property, plant and equipment	-	724	-	724	-	724
Net profit for the period	-	-	21,423	21,423	115	21,538
Total recognised income and expense for the period	-	812	21,423	22,235	123	22,358
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)
Interim dividend paid of 1 cent tax exempt (one-tier) in respect of year 2007	-	-	(5,602)	(5,602)	-	(5,602)
At 30 September 2007	112,296	12,450	72,451	197,197	711	197,908
At 1 January 2006	101,855	9,443	56,444	167,742	365	168,107
Change in fair value of available-for-sale financial assets	-	(1,426)	-	(1,426)	(7)	(1,433)
Net profit for the period	-	-	12,700	12,700	186	12,886
Total recognised income and expense for the period	-	(1,426)	12,700	11,274	179	11,453
Issue of rights shares	10,441	-	-	10,441	50	10,491
Final and special dividend paid of 2.625 cents per share less tax at 20% in respect of year 2005	-	-	(10,695)	(10,695)	-	(10,695)
Interim dividend paid of 1 cent per share less tax at 20% in respect of year 2006	-	-	(4,482)	(4,482)	-	(4,482)
At 30 September 2006	112,296	8,017	53,967	174,280	594	174,874

	Share Capital S\$'000	Fair Value and Revaluation Reserves S\$'000	Accumulated Profits S\$'000	Total S\$'000
COMPANY				
At 1 January 2007	112,296	11,660	57,510	181,466
Effect of adopting FRS 40	-	-	255	255
At 1 January 2007, restated	112,296	11,660	57,765	181,721
Change in fair value of available-for-sale financial assets	-	(162)	-	(162)
Net surplus on revaluation of property, plant and equipment	-	724	-	724
Net profit for the period	-	-	19,252	19,252
Total recognised income and expense for the period	-	562	19,252	19,814
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)
Interim dividend paid of 1 cent tax exempt (one-tier) in respect of year 2007	-	-	(5,602)	(5,602)
At 30 September 2007	112,296	12,222	66,059	190,577
At 1 January 2006	101,855	9,399	53,186	164,440
Change in fair value of available-for-sale financial assets	-	(1,271)	-	(1,271)
Net profit for the period	-	-	11,164	11,164
Total recognised income and expense for the period	-	(1,271)	11,164	9,893
Issue of rights shares	10,441	-	-	10,441
Final and special dividend paid of 2.625 cents per share less tax at 20% in respect of year 2005	-	-	(10,695)	(10,695)
Interim dividend paid of 1 cent per share less tax at 20% in respect of year 2006	-	-	(4,482)	(4,482)
At 30 September 2006	112,296	8,128	49,173	169,597

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Not Applicable.

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

The financial figures have not been audited or reviewed by the Group's auditors.

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

Not Applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited annual financial statements as at 31 December 2006, except for the following changes in accounting policies:

(I) Investment Property

With the adoption of FRS 40, investment properties are measured at fair value and changes in fair value are taken to the income statement for the period in which the changes arise, except for this transitional period where the changes are reflected by adjusting the opening retained earnings. In accordance with the transitional provisions, there is no restatement of the income statement of the Group and the Company for the corresponding periods.

(II) Property, Plant and Equipment

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

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Please refer to paragraph 4.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	GROUP			
	9 months 2007	9 months 2006	3rd Qtr 2007	3rd Qtr 2006
Basic and Diluted earnings per share (cents)	3.82	2.27	0.99	0.74
Number of ordinary shares issued ('000)	560,200	560,200	560,200	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) immediately preceding financial year.

	GROUP		COMPANY	
	9 months 2007	31.12.2006	9 months 2007	31.12.2006
Net asset value per share (cents)	35.20	33.14	34.02	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 3rd Qtr 2007 vs 3rd Qtr 2006

In 3rd quarter of 2007, the Group's revenue of S\$24.1 million was 18.9% lower than that of the corresponding quarter in previous year due to softening premium rates arising from intensifying market competition and timing difference in premium bookings. The improved underwriting profit of S\$603,000 achieved for the quarter as against S\$208,000 a year earlier, was largely attributed to release from outstanding claims provision in a subsidiary which is in a runoff state. Despite the uncertainties and volatility triggered by the US sub-prime mortgage market, the Group continued to do well and raised its investment income by 20.4% to S\$5.6 million. Overall, the Group's net profit before income tax was S\$6.5 million in the 3rd quarter of 2007, a 23.7% increase from the S\$5.3 million recorded in the corresponding quarter last year.

Comparison of 9 months 2007 vs 9 months 2006

For the nine months ended 30 September 2007, the Group's revenue declined by 3.7% to S\$64.2 million, partly attributed to the continued premium rate reduction referred to in the foregoing paragraph, and lower revenue reported by some subsidiaries. The underwriting profit was however higher at S\$2.1 million, compared to the S\$1.2 million in the corresponding period last year, in spite of the lower premium income. Investment income rose 61.1% or S\$8.6 million to S\$22.8 million. With positive contribution from all subsidiaries, the Group's net profit before income tax amounted to S\$25.5 million, 59.9% higher compared to the S\$15.9 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 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 premium written is likely to decline in the next reporting period, and even next 12 months, given the excess global insurance and reinsurance capacities which will continue to translate into erosion in premium rates in the market place. This phenomenon, coupling with the increasing difficulty in deriving organic growth from existing business in the forthcoming renewal period, will render it harder to achieve premium growth on a global basis. Whilst the pick-up in construction activities domestically are expected to contribute to premium growth, the business will be of a high risk and non-renewable nature with questionable profitability in light of the intense competition by way of rate-cutting and likely worsening claims experience especially in the areas of Workmen's Compensation and Performance Bonds. Globally, climate change will increasingly impact the underwriting of reinsurance business.

On the investment front, uncertainties seen in the state of US economy and currency will have global ramifications. Consequently, whilst the Company's level of overall profitability will likely remain satisfactory, reduced contribution from investments is to be expected.

11. **DIVIDEND**

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

There is no dividend declared for the period ended 30 September 2007.

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 September 2007 to be false or misleading.

BY ORDER OF THE BOARD

Gerard Seah Jim Hong
Company Secretary
9 November 2007

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