

SINGAPORE REINSURANCE CORPORATION LIMITED

(Company Registration No. 197300016C)

Financial Statements Announcement For The Period Ended 31 March 2018

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

- 1(a) **An income statement and statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2018

	GROUP		
	3 months 2018 S\$'000	3 months 2017 S\$'000	Incr/ (decr) %
Income statements:			
<u>Reinsurance operations:</u>			
Gross written premiums	39,533	32,373	22.1
Reinsurance premiums	(29,699)	(19,046)	55.9
Net written premiums	9,834	13,327	(26.2)
Gross transfer to provision for unexpired risks	(1,982)	(206)	nm
Reinsurance transfer from provision for unexpired risks	3,619	642	nm
Net earned premiums	11,471	13,763	(16.7)
Gross claims incurred	(36,219)	(3,961)	nm
Reinsurers' share of claims incurred	32,489	244	nm
Net claims incurred	(3,730)	(3,717)	0.3
Commission expense	(12,400)	(10,734)	15.5
Commission income	9,577	5,346	79.1
Net commission expense	(2,823)	(5,388)	(47.6)
Management expenses	(2,146)	(1,936)	10.8
Underwriting results	2,772	2,722	1.8
Net investment income	2,431	1,598	52.1
Net income from reinsurance operations (I)	5,203	4,320	20.4
<u>Non-reinsurance operations:</u>			
Net investment income	631	657	(4.0)
Other operating income	1,525	1,791	(14.9)
Management expenses	(1,421)	(1,532)	(7.2)
Net income from non-reinsurance operations (II)	735	916	(19.8)

	GROUP		
	3 months 2018 S\$'000	3 months 2017 S\$'000	Incr/ (decr) %
Income statements - continued			
Profit before income tax (I + II)	5,938	5,236	13.4
Income tax expense	(744)	(554)	34.3
Profit for the period	5,194	4,682	10.9
Profit attributable to:			
Equity holders of the Company	5,165	4,630	11.6
Non-controlling interests	29	52	(44.2)
Profit for the period	5,194	4,682	10.9
Statements of comprehensive income:			
Profit for the period	5,194	4,682	10.9
Other comprehensive income, after tax:			
Items that will not be reclassified to profit or loss:			
Revaluation of property, plant and equipment	30	30	-
	30	30	-
Items that are or may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets:			
Reclassification of gain on sale of investments to profit or loss (realised)	(249)	(147)	69.4
Change in fair value of investments (unrealised)	(3,583)	6,382	nm
Tax on items that are or may be reclassified subsequently to profit or loss	601	(1,037)	nm
	(3,231)	5,198	nm
Other comprehensive income for the period, net of income tax	(3,201)	5,228	nm
Total comprehensive income for the period	1,993	9,910	(79.9)
Total comprehensive income attributable to:			
Equity holders of the Company	1,964	9,848	(80.1)
Non-controlling interests	29	62	(53.2)
Total comprehensive income for the period	1,993	9,910	(79.9)
Profit for the period has been arrived at after crediting/(charging):			
Net exchange gains/(losses)	88	(320)	nm
Depreciation	(80)	(83)	(3.6)
Allowances for doubtful debts and bad debts written back	(79)	(9)	nm
Gain on sale of investments	249	147	69.4
Change in fair value of investment properties	172	(109)	nm

nm not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	GROUP		COMPANY	
	31.03.2018	31.12.2017	31.03.2018	31.12.2017
	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Property, plant and equipment	42,373	42,408	42,280	42,320
Investment properties	29,577	29,405	29,577	29,405
Interests in subsidiaries	-	-	1,103	1,110
Reinsurers' share of insurance contract provisions for				
- outstanding claims	233,445	220,710	233,445	220,710
- unexpired risks	49,772	46,153	49,772	46,153
Financial assets	270,329	269,061	270,329	269,061
Club membership	15	15	-	-
Insurance receivables	61,270	59,842	61,270	59,842
Other receivables	2,939	3,076	2,088	2,574
Cash and cash equivalents	89,553	100,739	86,925	97,890
Total assets	779,273	771,409	776,789	769,065
Equity attributable to equity holders of the Company				
Share capital	123,300	123,300	123,300	123,300
Reserves	40,642	43,843	40,642	43,843
Accumulated profits	97,175	92,010	96,662	91,662
	261,117	259,153	260,604	258,805
Non-controlling interests	281	252	-	-
Total equity	261,398	259,405	260,604	258,805
Liabilities				
Insurance contract provisions for				
- outstanding claims	382,449	368,999	382,449	368,999
- unexpired risks	66,627	64,645	66,627	64,645
Deferred taxation	2,679	3,263	2,679	3,263
Insurance payables	59,730	69,611	59,730	69,611
Other payables	4,414	4,170	2,836	2,548
Current tax payable	1,976	1,316	1,864	1,194
Total liabilities	517,875	512,004	516,185	510,260
Total equity and liabilities	779,273	771,409	776,789	769,065

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 31.3.2018		As at 31.12.2017	
S\$'000			
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31.3.2018		As at 31.12.2017	
S\$'000			
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collaterals

Not applicable.

- 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	GROUP	
	3 months	3 months
	2018	2017
	S\$'000	S\$'000
Operating activities		
Profit before income tax	5,938	5,236
Adjustments for:		
Insurance contract provisions for net unexpired risks	(1,637)	(436)
Insurance contract provisions for net outstanding claims	715	(3,792)
Change in fair value of investment properties	(172)	109
Gain on sale of investments	(249)	(147)
Depreciation of property, plant and equipment	80	83
Interest income	(1,949)	(1,895)
Dividend income	(438)	(399)
	<u>2,288</u>	<u>(1,241)</u>
Changes in working capital:		
Insurance receivables	(1,428)	(2,838)
Other receivables and staff loan	(68)	(1,942)
Insurance payables	(9,881)	4,605
Other payables	244	121
Cash flows used in operations	<u>(8,845)</u>	<u>(1,295)</u>
Income tax paid	(66)	-
Net cash used in operating activities	<u>(8,911)</u>	<u>(1,295)</u>
Investing activities		
Interest received	2,144	1,998
Dividends received	438	399
Purchase of investments	(12,217)	(1,921)
Proceeds from sale of investments	7,376	7,641
Purchase of property, plant and equipment	(16)	(29)
Net cash (used in)/from investing activities	<u>(2,275)</u>	<u>8,088</u>
Financing activities		
Decrease in deposits pledged	-	2
Net cash from financing activities	<u>-</u>	<u>2</u>
Net (decrease)/increase in cash and cash equivalents	<u>(11,186)</u>	<u>6,795</u>
Cash and cash equivalents at beginning of the year (excluding pledged assets)	<u>100,739</u>	<u>86,726</u>
Cash and cash equivalents at end of the period including pledged deposits	<u>89,553</u>	<u>93,521</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	Non- Controlling Interests S\$'000	Total Equity S\$'000
GROUP							
At 1 January 2018	123,300	12,807	31,036	92,010	259,153	252	259,405
Total comprehensive income for the period							
Net profit	-	-	-	5,165	5,165	29	5,194
Other comprehensive income:							
Revaluation of property, plant and equipment	-	-	30	-	30	-	30
Available-for-sale financial assets:							
Reclassification of gain on sale of investments to profit or loss (realised)	-	(249)	-	-	(249)	-	(249)
Change in fair value of investments (unrealised)	-	(3,583)	-	-	(3,583)	-	(3,583)
Income tax relating to components of other comprehensive income	-	601	-	-	601	-	601
Total other comprehensive income, net of income tax	-	(3,231)	30	-	(3,201)	-	(3,201)
Total comprehensive income for the period	-	(3,231)	30	5,165	1,964	29	1,993
At 31 March 2018	123,300	9,576	31,066	97,175	261,117	281	261,398
At 1 January 2017	123,300	3,395	26,918	87,223	240,836	264	241,100
Total comprehensive income for the period							
Net profit	-	-	-	4,630	4,630	52	4,682
Other comprehensive income:							
Revaluation of property, plant and equipment	-	-	30	-	30	-	30
Available-for-sale financial assets:							
Reclassification of gain on sale of investments to profit or loss (realised)	-	(147)	-	-	(147)	-	(147)
Change in fair value of investments (unrealised)	-	6,372	-	-	6,372	10	6,382
Income tax relating to components of other comprehensive income	-	(1,037)	-	-	(1,037)	-	(1,037)
Total other comprehensive income, net of income tax	-	5,188	30	-	5,218	10	5,228
Total comprehensive income for the period	-	5,188	30	4,630	9,848	62	9,910
At 31 March 2017	123,300	8,583	26,948	91,853	250,684	326	251,010

	Share Capital S\$'000	Fair Value Reserves S\$'000	Revaluation Reserves S\$'000	Accumulated Profits S\$'000	Total S\$'000
COMPANY					
At 1 January 2018	123,300	12,807	31,036	91,662	258,805
Total comprehensive income for the period					
Net profit	-	-	-	5,000	5,000
Other comprehensive income:					
Revaluation of property, plant and equipment	-	-	30	-	30
Available-for-sale financial assets:					
Reclassification of gain on sale of investments to profit or loss (realised)	-	(249)	-	-	(249)
Change in fair value of investments (unrealised)	-	(3,583)	-	-	(3,583)
Income tax relating to components of other comprehensive income	-	601	-	-	601
Total other comprehensive income, net of income tax	-	(3,231)	30	-	(3,201)
Total comprehensive income for the period	-	(3,231)	30	5,000	1,799
At 31 March 2018	123,300	9,576	31,066	96,662	260,604
At 1 January 2017	123,300	3,424	26,918	86,819	240,461
Total comprehensive income for the period					
Net profit	-	-	-	4,349	4,349
Other comprehensive income:					
Revaluation of property, plant and equipment	-	-	30	-	30
Available-for-sale financial assets:					
Reclassification of gain on sale of investments to profit or loss (realised)	-	(147)	-	-	(147)
Change in fair value of investments (unrealised)	-	6,316	-	-	6,316
Income tax relating to components of other comprehensive income	-	(1,037)	-	-	(1,037)
Total other comprehensive income, net of income tax	-	5,132	30	-	5,162
Total comprehensive income for the period	-	5,132	30	4,349	9,511
At 31 March 2017	123,300	8,556	26,948	91,168	249,972

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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, 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.

There was no change in the Company's share capital since the end of the previous reported period. There were no shares held as treasury shares and no outstanding convertibles as at 31 March 2018 and 31 March 2017.

1(d)(iii) To show the number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of shares excluding treasury shares as at 31 March 2018 and 31 December 2017 was 605,219,785.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

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 as those in the audited annual financial statements as at 31 December 2017.

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	
	3 months 2018	3 months 2017
Basic and fully diluted earnings per share (cents)	0.85	0.77
Number of ordinary shares issued ('000)	605,220	605,220

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**

- (a) **current financial period reported on; and**
 (b) **immediate preceding financial year.**

	GROUP		COMPANY	
	31.03.2018	31.12.2017	31.03.2018	31.12.2017
Net asset value per share (cents)	43.14	42.82	43.06	42.76

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 1st quarter 2018 vs 1st quarter 2017

In first quarter 2018, the Group's gross written premium rose 22.1% to \$39.533 million due to timing difference in receipt and booking of statement of accounts. However, net written premium slid 26.2% to \$9.834 million attributed to lower premiums booked for a cedant and the decline in net premium income resulted in a negative premium reserve strain of \$1.201 million. Net claims incurred increased nominally by 0.3% to \$3.730 million. Net commission expense fell 47.6% to \$2.823 million in light of the lower net written premium income and profit commission accrual. As a consequence, the underwriting surplus rose 1.8% to \$2.772 million in the quarter under review. Net investment income increased by \$807,000 or 35.8% to \$3.062 million mainly due to exchange gain on revaluation of foreign-denominated deposits and certain investment properties, higher interest and dividend income, as well as profit on sale of investments. Overall, the Group's profit before income tax of \$5.938 million was an increase of 13.4% compared to the \$5.236 million recorded in the corresponding quarter a year ago.

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 mega catastrophic losses around the world in the last quarter of 2017, global excess (re)insurance capacity appears to remain largely intact. This will continue to fuel intense competition and have adverse impact on premium growth and profitability.

The investment environment will remain highly volatile and uncertain, given the many unresolved disputes geopolitical and economic in nature among the major economies of the world.

11. DIVIDEND - If a decision regarding dividend has been made:

(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?

No

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

No dividend has been declared for the current financial period reported on.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group did not obtain a general mandate from shareholders for IPTs.

14. Confirmation pursuant to Rule 705(5) of the Listing Manual.

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited group financial results for first quarter ended 31 March 2018 to be false or misleading in any material aspect.

15. Confirmation pursuant to Rule 720(1) of the Listing Manual.

The Company confirms that it has procured undertakings from all Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Tan Swee Gek
Company Secretary
19 April 2018

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