

[Print this page](#)**Second Quarter \* Financial Statement And Dividend Announcement**

\* Asterisks denote mandatory information


Name of Announcer *	SINGAPORE REINSURANCE COR LTD
Company Registration No.	197300016C
Announcement submitted on behalf of	SINGAPORE REINSURANCE COR LTD
Announcement is submitted with respect to *	SINGAPORE REINSURANCE COR LTD
Announcement is submitted by *	Kang Hak Leng
Designation *	Director (Compliance and Audit)
Date & Time of Broadcast	05-Aug-2005 18:36:11
Announcement No.	00102

**>> Announcement Details**

The details of the announcement start here ...

For the Financial Period Ended *	30-06-2005
----------------------------------	------------

**Attachments:**

 [2Q05FinancialResults.pdf](#)  
 Total size = **280K**  
 (2048K size limit recommended)

[Close Window](#)

**SINGAPORE REINSURANCE CORPORATION LIMITED**

(Company Registration No. 197300016C)

Second Quarter Financial Statement For The Period Ended 30 June 2005

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

**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 JUNE 2005

	<b>GROUP</b>					
	<b>1st Half 2005</b>	<b>1st Half 2004</b>	<b>Incr/ (decr)</b>	<b>2nd Qtr 2005</b>	<b>2nd Qtr 2004</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	40,472	48,035	(15.7)	22,024	28,891	(23.8)
<b>Revenue from Insurance Operations : (I)</b>						
Gross premiums	37,840	45,682	(17.2)	20,614	27,679	(25.5)
Reinsurance premiums	(18,596)	(17,126)	8.6	(13,239)	(10,715)	23.6
<b>Net written premiums</b>	<b>19,244</b>	<b>28,556</b>	<b>(32.6)</b>	<b>7,375</b>	<b>16,964</b>	<b>(56.5)</b>
Transfer from/(to) provision for unexpired risks	3,748	(333)	(1,225.5)	3,744	(463)	(908.6)
<b>Net earned premiums</b>	<b>22,992</b>	<b>28,223</b>	<b>(18.5)</b>	<b>11,119</b>	<b>16,501</b>	<b>(32.6)</b>
Gross claims incurred	(14,193)	(24,380)	(41.8)	(12,243)	(20,801)	(41.1)
Reinsurers' share	3,482	6,460	(46.1)	8,201	10,296	(20.3)
<b>Net claims incurred</b>	<b>(10,711)</b>	<b>(17,920)</b>	<b>(40.2)</b>	<b>(4,042)</b>	<b>(10,505)</b>	<b>(61.5)</b>
Commission payable	(14,297)	(12,094)	18.2	(9,636)	(8,173)	17.9
Commission receivable	6,287	5,105	23.2	4,843	3,832	26.4
<b>Net commission expense</b>	<b>(8,010)</b>	<b>(6,989)</b>	<b>14.6</b>	<b>(4,793)</b>	<b>(4,341)</b>	<b>10.4</b>
Staff costs	(1,664)	(1,703)	(2.3)	(828)	(820)	1.0
Depreciation of property, plant and equipment	(138)	(180)	(23.3)	(65)	(89)	(27.0)
Other operating expenses	(1,237)	(1,353)	(8.6)	(684)	(720)	(5.0)
<b>Management expenses</b>	<b>(3,039)</b>	<b>(3,236)</b>	<b>(6.1)</b>	<b>(1,577)</b>	<b>(1,629)</b>	<b>(3.2)</b>
<b>Underwriting results</b>	<b>1,232</b>	<b>78</b>	<b>1,479.5</b>	<b>707</b>	<b>26</b>	<b>2,619.2</b>
<b>Net investment income from Insurance Operations</b>	<b>5,452</b>	<b>5,312</b>	<b>2.6</b>	<b>3,110</b>	<b>2,219</b>	<b>40.2</b>
<b>Net income from Insurance Operations</b>	<b>6,684</b>	<b>5,390</b>	<b>24.0</b>	<b>3,817</b>	<b>2,245</b>	<b>70.0</b>
<b>Revenue from Non-Insurance Operations : (II)</b>						
Net investment income from non-insurance business #	3,209	3,130	2.5	1,475	1,615	(8.7)
Other income relating to non-insurance business	3,239	2,484	30.4	1,713	1,040	64.7
Staff costs	(1,039)	(1,055)	(1.5)	(532)	(523)	1.7
Depreciation of property, plant and equipment	(115)	(116)	(0.9)	(57)	(57)	-
Other operating expenses relating to non-insurance business	(1,613)	(1,302)	23.9	(854)	(588)	45.2
<b>Net income from Non-Insurance Operations</b>	<b>3,681</b>	<b>3,141</b>	<b>17.2</b>	<b>1,745</b>	<b>1,487</b>	<b>17.4</b>
<b>Profit before taxation (I + II)</b>	<b>10,365</b>	<b>8,531</b>	<b>21.5</b>	<b>5,562</b>	<b>3,732</b>	<b>49.0</b>
Income tax expense	(1,815)	(1,638)	10.8	(974)	(744)	30.9
<b>Profit after taxation</b>	<b>8,550</b>	<b>6,893</b>	<b>24.0</b>	<b>4,588</b>	<b>2,988</b>	<b>53.5</b>
Minority interests	(100)	(35)	185.7	(62)	(9)	588.9
<b>Net profit for the period</b>	<b>8,450</b>	<b>6,858</b>	<b>23.2</b>	<b>4,526</b>	<b>2,979</b>	<b>51.9</b>
Profit after taxation has been arrived at after crediting/(charging):						
Income relating to subsidiaries non-insurance business*	3,021	2,197	37.5	1,483	760	95.1
Operating expenses relating to subsidiaries non-insurance business*	(2,417)	(2,129)	13.5	(1,262)	(1,005)	25.6
Profit on sale of investments	2,122	2,258	(6.0)	700	711	(1.5)

# included investment income from Shareholder's Funds

\* 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	
	30.6.2005	31.12.2004	30.6.2005	31.12.2004
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Share Capital</b>	<b>101,855</b>	101,855	<b>101,855</b>	101,855
<b>Accumulated Profit</b>	<b>51,986</b>	47,610	<b>49,479</b>	45,943
<b>Available for Sale Reserves *</b>	<b>13,082</b>	-	<b>12,830</b>	-
<b>Share Capital &amp; Reserves</b>	<b>166,923</b>	149,465	<b>164,164</b>	147,798
<b>Minority Interests</b>	<b>387</b>	282	-	-
<b>Deferred Taxation</b>	<b>2,485</b>	397	<b>2,453</b>	373
<b>Technical Provisions</b>				
Outstanding claims	232,851	237,419	219,343	223,095
Unexpired risks	32,064	34,594	32,064	34,584
	<b>264,915</b>	272,013	<b>251,407</b>	257,679
<b>Current Liabilities</b>				
Insurance and other payables	33,222	28,481	30,271	25,762
Provision for taxation	3,946	3,368	3,552	3,021
Total current liabilities	<b>37,168</b>	31,849	<b>33,823</b>	28,783
<b>Total Equity and Liabilities</b>	<b>471,878</b>	454,006	<b>451,847</b>	434,633
<b>Non-Current Assets</b>				
Property, plant and equipment	28,071	28,732	27,208	27,922
Long-term investments	1,071	-	1,071	-
Interests in subsidiaries	-	-	7,829	7,829
Club membership	22	22	-	-
Staff loans	44	51	38	51
	<b>29,208</b>	28,805	<b>36,146</b>	35,802
<b>Reinsurers' Share of Technical Provisions</b>				
Outstanding claims	102,465	109,786	93,399	100,163
Unexpired risks	12,751	11,533	12,751	11,526
	<b>115,216</b>	121,319	<b>106,150</b>	111,689
<b>Current Assets</b>				
Insurance and other receivables	28,577	25,400	25,808	23,577
Investments	224,110	205,776	214,884	198,970
Cash and cash equivalents	74,767	72,706	68,859	64,595
Total current assets	<b>327,454</b>	303,882	<b>309,551</b>	287,142
<b>Total Assets</b>	<b>471,878</b>	454,006	<b>451,847</b>	434,633

\* New item to comply with FRS 39 - see Note 4

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

**Amount repayable in one year or less, or on demand**

As at 30.6.2005		As at 31.12.2004	
S\$'000			
Secured	Unsecured	Secured	Unsecured
-	-	-	-

**Amount repayable after one year**

As at 30.6.2005		As at 31.12.2004	
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.

	GROUP	
	1st Half 2005 S\$'000	1st Half 2004 S\$'000
	<b>Operating activities</b>	
Profit from ordinary activities before taxation	10,365	8,531
Adjustments for:		
Provision for unexpired risks	(3,748)	334
Provision for outstanding claims	2,753	5,675
Allowance written back on diminution in value of investments	(21)	(135)
Profit on sale of investments	(2,122)	(2,258)
Depreciation of property, plant and equipment	336	379
Interest income	(4,657)	(4,402)
Dividend income	(1,285)	1,049
Others	237	17
<b>Operating profit before working capital changes</b>	<b>1,858</b>	<b>9,190</b>
Changes in working capital:		
Insurance and other receivables	(3,009)	(4,096)
Insurance and other payables	4,740	976
Cash generated from operations	3,589	6,070
Interest paid	(26)	(62)
Income tax paid	(1,236)	(1,098)
<b>Cash flows from operating activities</b>	<b>2,327</b>	<b>4,910</b>
<b>Investing activities</b>		
Interest received	4,496	4,417
Dividends received	1,285	(1,049)
Purchase of investments	(32,123)	(19,544)
Proceeds from sale of investments	29,724	19,429
Purchase of property, plant and equipment	(191)	(125)
Proceeds from sale of property, plant and equipment	617	-
<b>Cash flows from investing activities</b>	<b>3,808</b>	<b>3,128</b>
<b>Financing activities</b>		
Dividends paid	(4,074)	(4,074)
(Repayment)/Proceeds from interest-bearing loan	-	(8,618)
<b>Cash flows from financing activities</b>	<b>(4,074)</b>	<b>(12,692)</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,061</b>	<b>(4,654)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>72,706</b>	<b>57,558</b>
<b>Cash and cash equivalents at end of the period</b>	<b>74,767</b>	<b>52,904</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.

	Share Capital S\$'000	Accumulated Profits S\$'000	Available for Sale Reserves S\$'000	Total S\$'000
	<b>GROUP</b>			
At 1 January 2005	101,855	47,610	-	149,465
Net profit for the period	-	8,450	-	8,450
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	-	-	15,169	15,169
Deferred tax on fair value changes	-	-	(2,087)	(2,087)
At 30 June 2005	<b>101,855</b>	<b>51,986</b>	<b>13,082</b>	<b>166,923</b>
At 1 January 2004	101,855	40,166	-	142,021
Net profit for the period	-	6,858	-	6,858
Final dividend paid of 5% less tax at 20% in respect of year 2003	-	(4,074)	-	(4,074)
At 30 June 2004	<b>101,855</b>	<b>42,950</b>	<b>-</b>	<b>144,805</b>
<b>COMPANY</b>				
At 1 January 2005	101,855	45,943	-	147,798
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	-	-	14,910	14,910
Deferred tax on fair value changes	-	-	(2,080)	(2,080)
At 30 June 2005	<b>101,855</b>	<b>49,479</b>	<b>12,830</b>	<b>164,164</b>
At 1 January 2004	101,855	39,504	-	141,359
Net profit for the period	-	6,520	-	6,520
Final dividend paid of 5% less tax at 20% in respect of year 2003	-	(4,074)	-	(4,074)
At 30 June 2004	<b>101,855</b>	<b>41,950</b>	<b>-</b>	<b>143,805</b>

**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 had complied with the revised and new Singapore Financial Reporting Standards ("FRS") which were effective from 1 January 2005. Certain accounting policies were modified or adopted and the effect of these changes on the financial statements are as follows:

(a) FRS 39 - Financial Instruments : Recognition and Measurement

Prior to the adoption of FRS 39, the accounting policy was to value current investments at the lower of cost and market value on an aggregate portfolio basis. With the adoption of FRS 39 with effect from financial year beginning 1 January 2005, current investments are reclassified as "Available for Sale" and stated at fair value in the financial statements.

(b) Revised FRS 1 - Presentation of Financial Statements

(c) Revised FRS 16 - Property, Plant and Equipment

(d) Revised FRS 24 - Related Party Disclosure

(e) Revised FRS 33 - Earnings Per Share

(f) FRS 104 - Insurance Contracts

The adoption of the above (b) to (f) new/revised financial reporting standards do not impact the comparatives and are not expected to have any material impact on the Group financial statements for the financial year ending 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.**

Please refer to paragraph 4 above.

**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.**

	<b>GROUP</b>			
	<b>1st Half 2005</b>	1st Half 2004	<b>2nd Qtr 2005</b>	2nd Qtr 2004
Net earnings per share (cents)	<b>1.66</b>	1.35	<b>0.89</b>	0.58
Number of ordinary shares issued ('000)	<b>509,273</b>	509,273	<b>509,273</b>	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.**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>30.6.2005</b>	31.12.2004	<b>30.6.2005</b>	31.12.2004
Net asset value per share (cents)	<b>32.8</b>	29.3	<b>32.2</b>	29.0

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.

For the half-year ended 30 June 2005, the Group's revenue declined 15.7% to S\$40.5 million, largely attributed to the cessation of the Voluntary Cession market agreement and depressed primary rates in the competitive operating environment. Notwithstanding the lower turnover, an underwriting profit of S\$1.2 million was achieved compared to the S\$78,000 profit in the corresponding period a year earlier, mainly due to the lower net incurred claims as a result of reserve releases for a specific catastrophic loss provision and construction-related claim. Investment income increased 2.6% to S\$8.7 million, mainly attributable to higher interest income earned on account of the larger investible base. The Group's net profit before tax amounted to S\$10.4 million, 21.5% higher than the same period last year, after including the positive contribution from subsidiaries.

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.**

The cessation of the Voluntary Cession market agreement with member companies of the General Insurance Association of Singapore effective 1 January 2005 resulted in premium reduction for the first half of 2005. This trend will continue into the second half of the year. As a counter-measure, the Company has secured approximately 55% support on a bilateral basis, based on historical gross premiums reported by cedants. Notwithstanding the decline in premium revenue, the impact on the bottomline is not likely to be significant as the Company would benefit from the substantial release in the provision for unexpired risks as a result of the reduction in premium revenue, and to a lesser extent, in the longer term the flexibility to select risks under the bilateral arrangements.

The Company will continue to judiciously cultivate new business opportunities in identified overseas markets and niche areas, in face of continuing decline in premium rates brought about by evident softening in the more desirable growth markets.

Nevertheless, the Company's profitability is expected to remain 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)	1.20
Dividend Rate (in %)	6% per ordinary share (less tax)
Par value of shares	S\$0.20
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)	1.00
Dividend Rate (in %)	5% per ordinary share (less tax)
Par value of shares	S\$0.20
Tax Rate	20%

**(c) Date payable**

The proposed interim dividend will be paid on 2 September 2005.

**(d) Books closure date**

Notice is hereby given that the Share Transfer Books and Register of Members will be closed from 23 August 2005 to 24 August 2005, 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 2005 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 2005 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 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:	-	-

**BY ORDER OF THE BOARD**

June Low Fui Sian  
Company Secretary  
5 August 2005

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