

[Print this page](#)**Full Year * 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)
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For the Financial Period Ended *	31-12-2005
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SINGAPORE REINSURANCE CORPORATION LIMITED

(Company Registration No. 197300016C)

Full Year Financial Statement and Dividend Announcement For The Year Ended 31 December 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.

AUDITED CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

	GROUP		
	2005	2004	Incr/ (decr)
	S\$'000	S\$'000	%
Revenue	81,817	103,121	(20.7)
Revenue from Insurance Operations : (I)			
Gross premiums	75,309	98,106	(23.2)
Reinsurance premiums	(40,039)	(39,034)	2.6
Net written premiums	35,270	59,072	(40.3)
Gross transfer from/(to) provision for unexpired risks	9,411	(2,625)	458.5
Reinsurance transfer from/(to) provision for unexpired risks	357	2,867	(87.5)
Net earned premiums	45,038	59,314	(24.1)
Gross claims incurred	(44,544)	(75,599)	(41.1)
Reinsurers' share	20,749	36,846	(43.7)
Net claims incurred	(23,795)	(38,753)	(38.6)
Commission payable	(26,688)	(26,381)	1.2
Commission receivable	13,209	11,934	10.7
Net commission expense	(13,479)	(14,447)	(6.7)
Staff costs	(3,077)	(3,350)	(8.1)
Depreciation of property, plant and equipment	(331)	(434)	(23.7)
Other operating expenses	(1,794)	(2,027)	(11.5)
Management expenses	(5,202)	(5,811)	(10.5)
Underwriting results	2,562	303	745.5
Investment income from Insurance Operations	11,046	10,165	8.7
Investment expenses from Insurance Operations	(851)	(652)	30.5
Net income from Insurance Operations	12,757	9,816	30.0
Revenue from Non-Insurance Operations : (II)			
Investment income from non-insurance business #	7,793	7,144	9.1
Investment expenses from non-insurance business #	(26)	(390)	(93.3)
Other income relating to non-insurance business	6,759	5,847	15.6
Staff costs	(2,618)	(2,116)	23.7
Depreciation of property, plant and equipment	(300)	(297)	1.0
Other operating expenses relating to non-insurance business	(3,136)	(2,802)	11.9
Net income from Non-Insurance Operations	8,472	7,386	14.7
Profit before taxation (I + II)	21,229	17,202	23.4
Income tax expense	(3,283)	(1,492)	120.0
Profit after taxation	17,946	15,710	14.2
Attributable to:			
Equity holders of the Parent	17,797	15,592	14.1
Minority interests	149	118	26.3
	17,946	15,710	14.2
Profit after taxation has been arrived at after crediting/(charging):			
Income relating to subsidiaries non-insurance business*	8,255	6,212	32.9
Operating expenses relating to subsidiaries non-insurance business*	(5,306)	(4,349)	22.0
Impairment losses written back/(off) on investments	(325)	631	(151.5)
Profit/(loss) on sale of fixed assets	1,391	(37)	nm
Profit on sale of investments	4,621	4,515	2.3

nm not meaningful

included investment income and expenses 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	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
	S\$'000	S\$'000	S\$'000	S\$'000
Share Capital	101,855	101,855	101,855	101,855
Fair Value Reserves *	9,443	-	9,399	-
Accumulated Profits	56,444	47,610	53,186	45,943
Total Shareholders' Equity	167,742	149,465	164,440	147,798
Minority Interests	365	282	-	-
Minority Interests and Shareholders' Equity	168,107	149,747	164,440	147,798
Non-Current Assets				
Reinsurance Asset on Insurance contract provisions	97,056	96,078	88,721	86,630
Property, plant and equipment	26,724	28,732	26,443	27,922
Financial assets	742	51	742	51
Interests in subsidiaries	-	-	6,499	7,829
Club membership	25	22	-	-
	124,547	124,883	122,405	122,432
Current Assets				
Reinsurance Asset on Insurance contract provisions	33,362	25,241	33,073	25,059
Insurance receivables	21,807	21,064	21,610	20,872
Other receivables	5,395	4,297	3,635	2,678
Financial assets	209,654	210,815	201,122	203,997
Cash and cash equivalents	90,604	67,706	83,731	59,595
Total current assets	360,822	329,123	343,171	312,201
Total Assets	485,369	454,006	465,576	434,633
Non-Current Liabilities				
Insurance contract provisions	197,759	210,706	184,996	196,604
Deferred Taxation	2,369	397	2,320	373
Total non-current liabilities	200,128	211,103	187,316	196,977
Current Liabilities				
Insurance contract provisions	78,336	61,307	77,888	61,075
Insurance payables	29,447	22,966	29,199	22,668
Other payables	5,142	5,515	2,918	3,094
Provision for taxation	4,209	3,368	3,815	3,021
Total current liabilities	117,134	93,156	113,820	89,858
Total Liabilities	317,262	304,259	301,136	286,835
Net Assets	168,107	149,747	164,440	147,798

* 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 31.12.2005		As at 31.12.2004	
S\$'000			
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31.12.2005		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	
	2005 S\$'000	2004 S\$'000
Operating activities		
Profit from ordinary activities before taxation	21,229	17,202
Adjustments for:		
Insurance contract provision for unexpired risks	(9,768)	(242)
Insurance contract provision for outstanding claims	4,751	13,014
Impairment losses on leasehold land and buildings	271	340
Impairment losses written off/(back) on investments	325	(631)
Investments written off	-	300
Profit on sale of investments	(4,621)	(4,515)
Depreciation of property, plant and equipment	634	734
Interest income	(9,141)	(8,965)
Dividend income	(2,465)	(2,062)
Loss/(Profit) on sale of fixed assets	(1,391)	37
Others	49	100
Operating profit before working capital changes	(127)	15,312
Changes in working capital:		
Insurance receivables	(1,310)	(2,799)
Other receivables	(743)	695
Insurance payables	6,481	1,750
Other payables	(448)	(89)
Cash generated from operations	3,853	14,869
Interest paid	(36)	(83)
Income tax paid	(2,524)	(1,489)
Cash flows from operating activities	1,293	13,297
Investing activities		
Interest received	9,464	8,857
Dividends received	2,465	2,062
Purchase of investments	(57,233)	(24,329)
Proceeds from sale of investments	73,360	34,960
Purchase of property, plant and equipment	(243)	(2,930)
Proceeds from sale of property, plant and equipment	2,755	-
Net cash outflow on disposal of subsidiaries	-	(3)
Cash flows from investing activities	30,568	18,617
Financing activities		
Dividends paid	(8,963)	(8,148)
Repayment of interest-bearing loan	-	(8,618)
Cash flows from financing activities	(8,963)	(16,766)
Net increase in cash and cash equivalents	22,898	15,148
Cash and cash equivalents at beginning of the year	67,706	52,558
Cash and cash equivalents at end of the year	90,604	67,706

- 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.

GROUP

At 1 January 2005 as previously reported

Effect of adopting FRS 39

At 1 January 2005, restated

Net profit for the year

Fair value changes on revaluation of available-for-sale investments

Total recognised income and expenses for the year

Final dividend paid of 5% less tax at 20% in respect of year 2004

Interim dividend paid of 6% less tax at 20% in respect of year 2005

Dividend paid to minority interests

At 31 December 2005

At 1 January 2004

Net profit for the year

Final dividend paid of 5% less tax at 20% in respect of year 2003

Interim dividend paid of 5% less tax at 20% in respect of year 2004

Dividend paid to minority interests

At 31 December 2004

	Share Capital S\$'000	Fair Value Reserves S\$'000	Accumulated Profits S\$'000	Total Attributable To Equity Holders of The Parent S\$'000	Minority Interests S\$'000	Total Equity S\$'000
At 1 January 2005 as previously reported	101,855	-	47,610	149,465	282	149,747
Effect of adopting FRS 39	-	12,907	-	12,907	7	12,914
At 1 January 2005, restated	101,855	12,907	47,610	162,372	289	162,661
Net profit for the year	-	-	17,797	17,797	149	17,946
Fair value changes on revaluation of available-for-sale investments	-	(3,464)	-	(3,464)	2	(3,462)
Total recognised income and expenses for the year	-	(3,464)	17,797	14,333	151	14,484
Final dividend paid of 5% less tax at 20% in respect of year 2004	-	-	(4,074)	(4,074)	-	(4,074)
Interim dividend paid of 6% less tax at 20% in respect of year 2005	-	-	(4,889)	(4,889)	-	(4,889)
Dividend paid to minority interests	-	-	-	-	(75)	(75)
At 31 December 2005	101,855	9,443	56,444	167,742	365	168,107
At 1 January 2004	101,855	-	40,166	142,021	237	142,258
Net profit for the year	-	-	15,592	15,592	118	15,710
Final dividend paid of 5% less tax at 20% in respect of year 2003	-	-	(4,074)	(4,074)	-	(4,074)
Interim dividend paid of 5% less tax at 20% in respect of year 2004	-	-	(4,074)	(4,074)	-	(4,074)
Dividend paid to minority interests	-	-	-	-	(73)	(73)
At 31 December 2004	101,855	-	47,610	149,465	282	149,747

COMPANY

At 1 January 2005 as previously reported

Effect of adopting FRS 39

At 1 January 2005, restated

Net profit for the year

Fair value changes on revaluation of available-for-sale investments

Total recognised income and expenses for the year

Final dividend paid of 5% less tax at 20% in respect of year 2004

Interim dividend paid of 6% less tax at 20% in respect of year 2005

At 31 December 2005

At 1 January 2004

Net profit for the year

Final dividend paid of 5% less tax at 20% in respect of year 2003

Interim dividend paid of 5% less tax at 20% in respect of year 2004

At 31 December 2004

	Share Capital S\$'000	Fair Value Reserves S\$'000	Accumulated Profits S\$'000	Total S\$'000
At 1 January 2005 as previously reported	101,855	-	45,943	147,798
Effect of adopting FRS 39	-	12,884	-	12,884
At 1 January 2005, restated	101,855	12,884	45,943	160,682
Net profit for the year	-	-	16,206	16,206
Fair value changes on revaluation of available-for-sale investments	-	(3,485)	-	(3,485)
Total recognised income and expenses for the year	-	(3,485)	16,206	12,721
Final dividend paid of 5% less tax at 20% in respect of year 2004	-	-	(4,074)	(4,074)
Interim dividend paid of 6% less tax at 20% in respect of year 2005	-	-	(4,889)	(4,889)
At 31 December 2005	101,855	9,399	53,186	164,440
At 1 January 2004	101,855	-	39,504	141,359
Net profit for the year	-	-	14,587	14,587
Final dividend paid of 5% less tax at 20% in respect of year 2003	-	-	(4,074)	(4,074)
Interim dividend paid of 5% less tax at 20% in respect of year 2004	-	-	(4,074)	(4,074)
At 31 December 2004	101,855	-	45,943	147,798

- 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 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 complied with the revised and new Singapore Financial Reporting Standards ("FRS") which became effective 1 January 2005. Certain accounting policies were modified or adopted and the effect of these changes on the financial statements were 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 for the financial year commencing 1 January 2005, current investments were reclassified as "Available for Sale" and stated at fair value in the financial statements.

The adoption of FRS 39 resulted in an increase in the Group's equity as at 1 January 2005 amounting to S\$12.9 million. In accordance with the transitional provisions of FRS 39, comparative figures have not been restated.

- (b) Revised FRS 1 - Presentation of financial statements
- (c) Revised FRS 8 - Accounting policies, changes in accounting estimates and errors
- (d) Revised FRS 10 - Events after balance sheet
- (e) Revised FRS 16 - Property, plant and equipment
- (f) Revised FRS 21 - Effects of changes in foreign exchange rates
- (g) Revised FRS 24 - Related party disclosure
- (h) Revised FRS 27 - Consolidated and separate financial statements
- (i) Revised FRS 32 - Financial instruments : disclosure and presentation
- (j) Revised FRS 33 - Earnings per share
- (k) Revised FRS 36 - Impairment of assets
- (l) FRS 104 - Insurance contracts
- (m) FRS 105 - Non-current assets held for sale and discontinued operations

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

	GROUP	
	2005	2004
Basic and Diluted earnings per share (cents)	3.49	3.06
Number of ordinary shares issued ('000)	509,273	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.**

	GROUP		COMPANY	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Net asset value per share (cents)	32.94	29.35	32.29	29.02

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 year ended 31 December 2005, the Group's revenue declined 20.7% to S\$81.8 million, due to the cessation of the Voluntary Cession market agreement and continued competitive market conditions as already explained in detail in previous announcements. Notwithstanding the lower turnover, the underwriting surplus rose to S\$2.6 million, compared to the S\$303,000 in the preceding year. The higher underwriting margin was mainly due to the negative strain on premium reserve arising from the lower revenue and the reduction in a construction-related claim reserve, although partly offset by the specific catastrophic loss provision for floods in Mumbai, India and China. Investment income increased 10.4% to S\$18 million, attributed to higher profits from sale of investments and interest income earned on account of the larger investible base. With higher contribution from the subsidiaries, the Group achieved a record net profit before tax of S\$21.2 million, 23.4% higher compared to the S\$17.2 million 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 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 line with the preceding quarter, the reduction in premium revenue was mainly due to the cessation of the Voluntary Cession collective agreement with member companies of the General Insurance Association of Singapore effective 1 January 2005. However, as previously mentioned, as a counter-measure, the Company had secured approximately 55% support on a bilateral basis for 2005, based on historical gross premiums reported by cedants. For 2006, the Company has successfully negotiated renewal with the majority of participating companies and the final percentage support is not expected to differ materially from last year.

The Company will continue to actively cultivate business opportunities in the regional markets and niche areas. However, the pace of premium growth will be dictated by the availability of acceptable business of quality in accordance with the Company's established policy of judicious underwriting. The prudential risk management approach enabled the Company to avoid the catastrophic losses from hurricanes Katrina and Rita. These catastrophes resulted in massive flood and wind damage in New Orleans and Louisiana, USA. The severity of losses from the hurricanes did impact the premium pricing particularly in the USA, although competitive pressures were still evident in the regional markets.

Barring unforeseen circumstances, the Company's profitability is expected to be 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	2005		
	Interim	Final and Special (Proposed)	
Dividend Type	Cash	Cash	Cash
Dividend Amount per share (in cents)	1.20	0.80	1.825
Dividend Rate per ordinary share less tax (in %)	6%	4%	9.125%
Tax Rate	20%	20%	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	2004	
	Interim	Final
Dividend Type	Cash	Cash
Dividend Amount per share (in cents)	1.00	1.00
Dividend Rate per ordinary share less tax (in %)	5%	5%
Tax Rate	20%	20%

The Company has announced today a proposed cash dividend comprising a final dividend of 0.8 cents less tax of 20% (or 0.64 cents net) and a special dividend of 1.825 cents less tax of 20% (or 1.46 cents net) ("Bonus Dividend") for each ordinary share of the Company ("Share") held as at a books closure date ("Books Closure Date"). The purpose of the Bonus Dividend is to reward shareholders with a cash dividend and allow the Company to pass on its Section 44A tax credits to shareholders.

In a separate announcement today ("Rights Issue Announcement"), the Company announced a proposed renounceable non-written rights issue ("Rights Issue") of up to 50,927,255 new Shares ("Rights Shares") at an issue price of \$0.21 for each Rights Share, on the basis of one Rights Share for every ten existing Shares held by Entitled Shareholders (as defined in the Rights Issue Announcement) as at the Books Closure Date, fractional entitlements to be disregarded. Subject to the terms of the Rights Issue, Entitled Shareholders have the option to elect to utilise all or part of their Net Bonus Dividend (as defined in the Rights Issue Announcement) to subscribe for the Rights Shares ("Election Option").

Please refer to the Rights Issue Announcement for further information on the Bonus Dividend, Rights Issue and the Election Option.

(c) Date payable

If approved at the Annual General Meeting, the proposed final and special dividend will be paid on 17 May 2006.

(d) Books closure date

Notice is hereby given that the Share Transfer Books and Register of Members will be closed from 4 May 2006 to 5 May 2006, 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 3 May 2006 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 3 May 2006 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.

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 overseas operations are relatively insignificant.

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 Revenue.

	GROUP		
	2005 S\$'000	2004 S\$'000	Incr/ (decr) %
(a) Revenue			
6 months ended 30 June	40,472	48,035	(15.7)
6 months ended 31 December	41,345	55,086	(24.9)
Total for the year	81,817	103,121	(20.7)
(b) Net profit after tax before deducting minority interest			
6 months ended 30 June	8,550	6,893	24.0
6 months ended 31 December	9,396	8,817	6.6
Total for the year	17,946	15,710	14.2

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	8,963	8,148
Preference	-	-
Total:	8,963	8,148

BY ORDER OF THE BOARD

June Low Fui Sian
Company Secretary
20 February 2006

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

Report of the Auditors to the Members of Singapore Reinsurance Corporation Limited

We have audited the accompanying financial statements of Singapore Reinsurance Corporation Limited for the year ended 31 December 2005 as set out on pages FS2 to FS45. These financial statements are the responsibility of the Company's directors. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (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 2005 and of the results, changes in equity and cash flows of the Group and of the changes in equity of the Company 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
20 February 2006