

[Print this page](#)**Third 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)
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>> Announcement Details

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For the Financial Period Ended *	30-09-2005
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SINGAPORE REINSURANCE CORPORATION LIMITED

(Company Registration No. 197300016C)

Third Quarter Financial Statement For The Period Ended 30 September 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 SEPTEMBER 2005

	GROUP					
	9 months 2005	9 months 2004	Incr/ (decr)	3rd Qtr 2005	3rd Qtr 2004	Incr/ (decr)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	60,355	73,657	(18.1)	19,883	25,622	(22.4)
Revenue from Insurance Operations : (I)						
Gross premiums	55,290	69,738	(20.7)	17,450	24,056	(27.5)
Reinsurance premiums	(27,170)	(26,374)	3.0	(8,574)	(9,248)	(7.3)
Net written premiums	28,120	43,364	(35.2)	8,876	14,808	(40.1)
Transfer from/(to) provision for unexpired risks	6,196	(90)	6,984.4	2,448	243	907.4
Net earned premiums	34,316	43,274	(20.7)	11,324	15,051	(24.8)
Gross claims incurred	(26,347)	(48,355)	(45.5)	(12,154)	(23,975)	(49.3)
Reinsurers' share	8,840	20,166	(56.2)	5,358	13,706	(60.9)
Net claims incurred	(17,507)	(28,189)	(37.9)	(6,796)	(10,269)	(33.8)
Commission payable	(19,459)	(18,004)	8.1	(5,162)	(5,910)	(12.7)
Commission receivable	8,466	7,494	13.0	2,179	2,389	(8.8)
Net commission expense	(10,993)	(10,510)	4.6	(2,983)	(3,521)	(15.3)
Staff costs	(2,321)	(2,556)	(9.2)	(657)	(853)	(23.0)
Depreciation of property, plant and equipment	(260)	(333)	(21.9)	(79)	(110)	(28.2)
Other operating expenses	(1,600)	(1,475)	8.5	(756)	(308)	145.5
Management expenses	(4,181)	(4,364)	(4.2)	(1,492)	(1,271)	17.4
Underwriting results	1,635	211	674.9	53	(10)	630.0
Net investment income from Insurance Operations	7,723	7,105	8.7	2,621	1,936	35.4
Net income from Insurance Operations	9,358	7,316	27.9	2,674	1,926	38.8
Revenue from Non-Insurance Operations : (II)						
Net investment income from non-insurance business #	5,156	4,608	11.9	1,909	1,440	32.6
Other income relating to non-insurance business	5,224	4,068	28.4	1,985	1,584	25.3
Staff costs	(1,830)	(1,581)	15.7	(791)	(526)	50.4
Depreciation of property, plant and equipment	(224)	(225)	(0.4)	(71)	(109)	(34.9)
Other operating expenses relating to non-insurance business	(2,600)	(1,991)	30.6	(987)	(651)	51.6
Net income from Non-Insurance Operations	5,726	4,879	17.4	2,045	1,738	17.7
Profit before taxation (I + II)	15,084	12,195	23.7	4,719	3,664	28.8
Income tax expense	(2,873)	(2,312)	24.3	(1,058)	(674)	57.0
Profit after taxation	12,211	9,883	23.6	3,661	2,990	22.4
Minority interests	(120)	(68)	76.5	(20)	(33)	(39.4)
Net profit for the period	12,091	9,815	23.2	3,641	2,957	23.1
Profit after taxation has been arrived at after crediting/(charging):						
Income relating to subsidiaries non-insurance business*	5,285	3,740	41.3	2,264	1,543	46.7
Operating expenses relating to subsidiaries non-insurance business*	(4,090)	(3,203)	27.7	(1,673)	(1,074)	55.8
Profit on sale of investments	3,265	2,863	14.0	1,143	605	88.9

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

(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	
	30.9.2005	31.12.2004	30.9.2005	31.12.2004
	S\$'000	S\$'000	S\$'000	S\$'000
Share Capital	101,855	101,855	101,855	101,855
Accumulated Profit	50,738	47,610	47,966	45,943
Available for Sale Reserves *	12,968	-	12,845	-
Share Capital & Reserves	165,561	149,465	162,666	147,798
Minority Interests	409	282	-	-
Deferred Taxation	2,855	397	2,803	373
Technical Provisions				
Outstanding claims	250,126	237,419	236,633	223,095
Unexpired risks	29,732	34,594	29,732	34,584
	279,858	272,013	266,365	257,679
Current Liabilities				
Insurance and other payables	36,639	28,481	33,739	25,762
Provision for taxation	4,294	3,368	3,890	3,021
Total current liabilities	40,933	31,849	37,629	28,783
Total Equity and Liabilities	489,616	454,006	469,463	434,633
Non-Current Assets				
Property, plant and equipment	27,941	28,732	27,091	27,922
Long-term investments	1,071	-	1,071	-
Interests in subsidiaries	-	-	7,696	7,829
Club membership	22	22	-	-
Staff loans	21	51	21	51
	29,055	28,805	35,879	35,802
Reinsurers' Share of Technical Provisions				
Outstanding claims	119,069	109,786	110,018	100,163
Unexpired risks	12,867	11,533	12,867	11,526
	131,936	121,319	122,885	111,689
Current Assets				
Insurance and other receivables	27,873	25,400	25,439	23,577
Investments	225,552	205,776	216,434	198,970
Cash and cash equivalents	75,200	72,706	68,826	64,595
Total current assets	328,625	303,882	310,699	287,142
Total Assets	489,616	454,006	469,463	434,633

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

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

Amount repayable in one year or less, or on demand

As at 30.9.2005		As at 31.12.2004	
S\$'000			
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 30.9.2005		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	
	9 months 2005 S\$'000	9 months 2004 S\$'000
Operating activities		
Profit from ordinary activities before taxation	15,084	12,195
Adjustments for:		
Provision for unexpired risks	(6,196)	90
Provision for outstanding claims	3,424	9,317
Allowance written back on diminution in value of investments	(21)	(116)
Profit on sale of investments	(3,265)	(2,863)
Depreciation of property, plant and equipment	486	560
Interest income	(6,891)	(6,649)
Dividend income	(1,820)	(1,426)
Others	63	10
Operating profit before working capital changes	864	11,118
Changes in working capital:		
Insurance and other receivables	(2,404)	(1,000)
Insurance and other payables	8,158	4,083
Cash generated from operations	6,618	14,201
Interest paid	(30)	(72)
Income tax paid	(1,952)	(1,372)
Cash flows from operating activities	4,636	12,757
Investing activities		
Interest received	6,852	6,603
Dividends received	1,820	1,426
Purchase of investments	(40,539)	(21,630)
Proceeds from sale of investments	38,276	25,412
Purchase of property, plant and equipment	(205)	(2,948)
Proceeds from sale of property, plant and equipment	617	-
Cash flows from investing activities	6,821	8,863
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	2,494	4,854
Cash and cash equivalents at beginning of the year	72,706	57,558
Cash and cash equivalents at end of the period	75,200	62,412

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
GROUP				
At 1 January 2005 as previously reported	101,855	47,610	-	149,465
Effect of adopting FRS 39	-	-	12,907	12,907
At 1 January 2005, restated	101,855	47,610	12,907	162,372
Net profit for the period	-	12,091	-	12,091
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)
Fair value changes on revaluation of available-for-sale investments	-	-	61	61
Deferred tax on fair value changes	-	-	-	-
At 30 September 2005	101,855	50,738	12,968	165,561
At 1 January 2004	101,855	40,166	-	142,021
Net profit for the period	-	9,815	-	9,815
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 30 September 2004	101,855	41,833	-	143,688
COMPANY				
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	45,943	12,884	160,682
Net profit for the period	-	10,986	-	10,986
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)
Fair value changes on revaluation of available-for-sale investments	-	-	(39)	(39)
Deferred tax on fair value changes	-	-	-	-
At 30 September 2005	101,855	47,966	12,845	162,666
At 1 January 2004	101,855	39,504	-	141,359
Net profit for the period	-	9,079	-	9,079
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 30 September 2004	101,855	40,435	-	142,290

- 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 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 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 new/revised financial reporting standards (itemised as (b) to (f) above) 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.

	GROUP			
	9 months 2005	9 months 2004	3rd Qtr 2005	3rd Qtr 2004
Net earnings per share (cents)	2.37	1.93	0.71	0.58
Number of ordinary shares issued ('000)	509,273	509,273	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	
	30.9.2005	31.12.2004	30.9.2005	31.12.2004
Net asset value per share (cents)	32.51	29.35	31.94	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.**

Group revenue for the nine months ended 30 September 2005 declined 18.1% to S\$60.4 million, largely attributed to the cessation of the Voluntary Cession market agreement and continued competitive market conditions. In spite of the lower turnover, an underwriting profit of S\$1.6 million was achieved compared to the S\$211,000 profit in the corresponding period a year earlier. The higher underwriting surplus was mainly due to negative strain on premium reserve and partially contributed by a decline in net incurred claims on account of reduction in a construction-related claim reserve. The satisfactory situation was achieved notwithstanding a specific catastrophic loss provision for flood-related losses in Mumbai, India and various parts of China. Investment income increased 10% to S\$12.9 million, primarily arising from higher realised gains on sale of investments and interest income earned on account of the larger investible base. The Group's net profit before tax amounted to S\$15.1 million, 23.7% higher than that for the same period last year, after including the positive contribution from all 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.**

In line with the previous quarter, the reduction in premium revenue was due largely to the cessation of the Voluntary Cession market agreement with member companies of the General Insurance Association of Singapore effective 1 January 2005. Premium decline is expected to continue into the last quarter of the year. 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. In spite of the expected decline in premium revenue, the impact on the bottomline is not likely to be significant due to the lower provision for unexpired risks as a result of the reduction in premium revenue, and to a lesser extent, improved quality in business consequent upon 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. The hurricanes Katrina and Rita, which resulted in massive flood and wind losses in the southern parts of the USA, are not likely to have any impact on the Company as there is no known exposure, directly or indirectly in the US territory. However, the severity of losses from the hurricanes is expected to stem somewhat the slide in premium pricing under competitive pressure which has become increasingly evident in recent months especially in the more desirable growth segments of the markets in the region.

Barring unforeseen, 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? 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/recommendeded, a statement to that effect.**

There is no dividend declared for the period ended 30 September 2005.

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
7 November 2005

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