

**SINGAPORE REINSURANCE CORPORATION LIMITED**

(Company Registration No. 197300016C)

Financial Statements Announcement For The Year Ended 31 December 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.

AUDITED CONSOLIDATED INCOME STATEMENT FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2018

	GROUP					
	12 months	12 months	Incr/ (decr)	4th Qtr	4th Qtr	Incr/ (decr)
	2018 S\$'000	2017 S\$'000	%	2018 S\$'000	2017 S\$'000	%
<b>Income statements:</b>						
<u>Reinsurance operations:</u>						
Gross written premiums	207,802	182,447	13.9	68,782	59,601	15.4
Reinsurance premiums	(157,121)	(131,921)	19.1	(53,873)	(45,238)	19.1
<b>Net written premiums</b>	<b>50,681</b>	<b>50,526</b>	<b>0.3</b>	<b>14,909</b>	<b>14,363</b>	<b>3.8</b>
Gross transfer to provision for unexpired risks	(9,084)	(4,884)	86.0	(6,373)	(2,653)	140.2
Reinsurance transfer from provision for unexpired risks	9,254	5,466	69.3	6,094	1,372	nm
<b>Net earned premiums</b>	<b>50,851</b>	<b>51,108</b>	<b>(0.5)</b>	<b>14,630</b>	<b>13,082</b>	<b>11.8</b>
Gross claims incurred	(122,143)	(100,459)	21.6	(14,059)	(35,101)	(59.9)
Reinsurers' share of claims incurred	86,182	72,588	18.7	5,470	27,140	(79.8)
<b>Net claims incurred</b>	<b>(35,961)</b>	<b>(27,871)</b>	<b>29.0</b>	<b>(8,589)</b>	<b>(7,961)</b>	<b>7.9</b>
Commission expense	(60,857)	(52,754)	15.4	(19,514)	(15,380)	26.9
Commission income	48,854	38,925	25.5	16,338	12,692	28.7
<b>Net commission expense</b>	<b>(12,003)</b>	<b>(13,829)</b>	<b>(13.2)</b>	<b>(3,176)</b>	<b>(2,688)</b>	<b>18.2</b>
<b>Management expenses</b>	<b>(7,656)</b>	<b>(8,099)</b>	<b>(5.5)</b>	<b>(1,956)</b>	<b>(1,930)</b>	<b>1.3</b>
<b>Underwriting results</b>	<b>(4,769)</b>	<b>1,309</b>	<b>nm</b>	<b>909</b>	<b>503</b>	<b>80.7</b>
<b>Net investment income</b>	<b>8,012</b>	<b>6,874</b>	<b>16.6</b>	<b>995</b>	<b>112</b>	<b>nm</b>
<b>Net income from reinsurance operations (I)</b>	<b>3,243</b>	<b>8,183</b>	<b>(60.4)</b>	<b>1,904</b>	<b>615</b>	<b>nm</b>
<u>Non-reinsurance operations:</u>						
Net investment income	8,024	5,435	47.6	5,489	3,147	74.4
Other operating income	5,915	6,332	(6.6)	2,019	2,003	0.8
Management expenses	(5,885)	(5,894)	(0.2)	(1,810)	(1,514)	19.6
<b>Net income from non-reinsurance operations (II)</b>	<b>8,054</b>	<b>5,873</b>	<b>37.1</b>	<b>5,698</b>	<b>3,636</b>	<b>56.7</b>

	GROUP					
	12 months	12 months	Incr/ (decr)	4th Qtr	4th Qtr	Incr/ (decr)
	2018	2017	%	2018	2017	%
	S\$'000	S\$'000		S\$'000	S\$'000	
<b>Income statements - continued</b>						
<b>Profit before income tax (I + II)</b>	11,297	14,056	(19.6)	7,602	4,251	78.8
Income tax expense	(2,436)	(1,284)	89.7	(2,085)	(264)	nm
<b>Profit for the year</b>	<b>8,861</b>	<b>12,772</b>	<b>(30.6)</b>	<b>5,517</b>	<b>3,987</b>	<b>38.4</b>
<b>Profit attributable to:</b>						
Equity holders of the Company	8,791	12,654	(30.5)	5,466	3,913	39.7
Non-controlling interests	70	118	(40.7)	51	74	(31.1)
<b>Profit for the year</b>	<b>8,861</b>	<b>12,772</b>	<b>(30.6)</b>	<b>5,517</b>	<b>3,987</b>	<b>38.4</b>
<b>Statements of comprehensive income:</b>						
<b>Profit for the year</b>	8,861	12,772	(30.6)	5,517	3,987	38.4
<b>Other comprehensive income, after tax:</b>						
<b>Items that will not be reclassified to profit or loss:</b>						
Revaluation of property, plant and equipment	9,618	4,118	133.6	9,530	4,030	136.5
Tax on items that will not be reclassified to profit or loss	-	-	nm	-	-	nm
	<b>9,618</b>	<b>4,118</b>	<b>133.6</b>	<b>9,530</b>	<b>4,030</b>	<b>136.5</b>
<b>Items that are or may be reclassified subsequently to profit or loss:</b>						
Available-for-sale financial assets:						
Reclassification of gain on sale of investments to profit or loss (realised)	(1,210)	(2,334)	(48.2)	(40)	(544)	(92.6)
Reclassification of impairment write-down on investments to profit or loss	1,094	2,154	(49.2)	725	1,363	(46.8)
Change in fair value of investments (unrealised)	(7,320)	11,448	nm	(1,115)	889	nm
Tax on items that are or may be reclassified subsequently to profit or loss	1,236	(1,851)	nm	135	(269)	nm
	<b>(6,200)</b>	<b>9,417</b>	<b>nm</b>	<b>(295)</b>	<b>1,439</b>	<b>nm</b>
<b>Other comprehensive income for the year, net of income tax</b>	<b>3,418</b>	<b>13,535</b>	<b>(74.7)</b>	<b>9,235</b>	<b>5,469</b>	<b>68.9</b>
<b>Total comprehensive income for the year</b>	<b>12,279</b>	<b>26,307</b>	<b>(53.3)</b>	<b>14,752</b>	<b>9,456</b>	<b>56.0</b>
<b>Total comprehensive income attributable to:</b>						
Equity holders of the Company	12,209	26,184	(53.4)	14,701	9,382	56.7
Non-controlling interests	70	123	(43.1)	51	74	(31.1)
<b>Total comprehensive income for the year</b>	<b>12,279</b>	<b>26,307</b>	<b>(53.3)</b>	<b>14,752</b>	<b>9,456</b>	<b>56.0</b>
<b>Profit for the period has been arrived at after crediting/(charging):</b>						
Net exchange gains/(losses)	198	(1,156)	nm	(277)	(195)	42.1
Depreciation	(323)	(341)	(5.3)	(81)	(84)	(3.6)
Allowance (provided)/reversed for doubtful debts and bad debts written (off)/back	(299)	386	nm	(167)	147	nm
Gain on sale of investments	1,210	2,334	(48.2)	40	544	(92.6)
Change in fair value of investment properties	4,362	2,076	110.1	4,478	2,120	111.2
Impairment provisions/write-down on investments	(1,094)	(2,154)	(49.2)	(725)	(1,363)	(46.8)

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	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Assets</b>				
Property, plant and equipment	51,755	42,408	51,662	42,320
Investment properties	33,767	29,405	33,767	29,405
Interests in subsidiaries	-	-	1,091	1,110
Reinsurers' share of insurance contract provisions for				
- outstanding claims	232,994	220,710	232,994	220,710
- unexpired risks	55,407	46,153	55,407	46,153
Financial assets	263,392	269,061	263,392	269,061
Club membership	15	15	-	-
Insurance receivables	90,173	59,842	90,173	59,842
Other receivables	3,089	3,076	2,727	2,574
Cash and cash equivalents	87,141	100,739	84,779	97,890
<b>Total assets</b>	<b>817,733</b>	<b>771,409</b>	<b>815,992</b>	<b>769,065</b>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	123,300	123,300	123,300	123,300
Reserves	47,261	43,843	47,261	43,843
Accumulated profits	92,934	92,010	92,707	91,662
	263,495	259,153	263,268	258,805
<b>Non-controlling interests</b>	<b>232</b>	<b>252</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>263,727</b>	<b>259,405</b>	<b>263,268</b>	<b>258,805</b>
<b>Liabilities</b>				
Insurance contract provisions for				
- outstanding claims	386,268	368,999	386,268	368,999
- unexpired risks	73,729	64,645	73,729	64,645
Deferred taxation	3,407	3,263	3,407	3,263
Insurance payables	86,396	69,611	86,396	69,611
Other payables	3,143	4,170	1,899	2,548
Current tax payable	1,063	1,316	1,025	1,194
<b>Total liabilities</b>	<b>554,006</b>	<b>512,004</b>	<b>552,724</b>	<b>510,260</b>
<b>Total equity and liabilities</b>	<b>817,733</b>	<b>771,409</b>	<b>815,992</b>	<b>769,065</b>

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 31.12.2018		As at 31.12.2017	
S\$'000			
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31.12.2018		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			
	12 months 2018	12 months 2017	4th Qtr 2018	4th Qtr 2017
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Operating activities</b>				
Profit before income tax	11,297	14,056	7,602	4,251
<b>Adjustments for:</b>				
Insurance contract provisions for net unexpired risks	(170)	(582)	279	1,281
Insurance contract provisions for net outstanding claims	4,985	(4,160)	(241)	(727)
Impairment provision and write-down on investments	1,094	2,154	725	1,363
Change in fair value of investment properties	(4,362)	(2,076)	(4,478)	(2,120)
Gain on sale of investments	(1,210)	(2,334)	(40)	(544)
Depreciation of property, plant and equipment	323	341	81	84
Interest income	(8,525)	(7,839)	(2,466)	(1,974)
Dividend income	(1,992)	(2,323)	4	(387)
Gain on sale of property, plant and equipment	6	-	-	-
	<u>1,446</u>	<u>(2,763)</u>	<u>1,466</u>	<u>1,227</u>
<b>Changes in working capital:</b>				
Insurance receivables	(30,331)	(11,876)	(18,640)	(2,463)
Other receivables and staff loan	8	1,315	557	3,666
Insurance payables	16,785	24,188	14,838	12,663
Other payables	(1,027)	114	(1,617)	(345)
Cash flows used in operations	(13,119)	10,978	(3,396)	14,748
Income tax paid	(1,308)	(630)	(112)	(51)
<b>Net cash (used in)/from operating activities</b>	<u>(14,427)</u>	<u>10,348</u>	<u>(3,508)</u>	<u>14,697</u>
<b>Investing activities</b>				
Interest received	8,422	7,839	2,239	1,636
Dividends received	1,992	2,323	(4)	387
Purchase of investments	(45,659)	(40,089)	(9,480)	(13,965)
Proceeds from sale of investments	44,089	41,644	6,374	9,696
Purchase of property, plant and equipment	(59)	(147)	(9)	(8)
Disposal of property, plant and equipment	1	1	1	-
<b>Net cash from investing activities</b>	<u>8,786</u>	<u>11,571</u>	<u>(879)</u>	<u>(2,254)</u>
<b>Financing activities</b>				
Dividends paid to owners of the Company	(7,867)	(7,867)	-	-
Dividends paid to non-controlling interests	(90)	(135)	-	-
Decrease in deposits pledged	-	96	-	91
<b>Net cash used in financing activities</b>	<u>(7,957)</u>	<u>(7,906)</u>	<u>-</u>	<u>91</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<u>(13,598)</u>	<u>14,013</u>	<u>(4,387)</u>	<u>12,534</u>
<b>Cash and cash equivalents at beginning of the year (excluding pledged assets)</b>	<u>100,739</u>	<u>86,726</u>	<u>91,528</u>	<u>88,205</u>
<b>Cash and cash equivalents at end of the year (excluding pledged assets)</b>	<u>87,141</u>	<u>100,739</u>	<u>87,141</u>	<u>100,739</u>
<b>Pledged deposits</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash and cash equivalents at end of the year including pledged deposits</b>	<u>87,141</u>	<u>100,739</u>	<u>87,141</u>	<u>100,739</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
<b>GROUP</b>							
At 1 January 2018	123,300	12,807	31,036	92,010	259,153	252	259,405
<b>Total comprehensive income for the year</b>							
<b>Net profit</b>	-	-	-	8,791	8,791	70	8,861
<b>Other comprehensive income:</b>							
Revaluation of property, plant and equipment	-	-	9,618	-	9,618	-	9,618
Available-for-sale financial assets:							
Reclassification of gain on sale of investments to profit or loss (realised)	-	(1,210)	-	-	(1,210)	-	(1,210)
Reclassification of impairment write-down on investments to profit or loss	-	1,094	-	-	1,094	-	1,094
Change in fair value of investments (unrealised)	-	(7,320)	-	-	(7,320)	-	(7,320)
Income tax relating to components of other comprehensive income	-	1,236	-	-	1,236	-	1,236
Total other comprehensive income, net of income tax	-	(6,200)	9,618	-	3,418	-	3,418
Total comprehensive income for the year	-	(6,200)	9,618	8,791	12,209	70	12,279
<b>Transactions with owners, recorded directly in equity:</b>							
<b>Contributions by and distributions to owners:</b>							
Interim dividend paid of 0.5 cent per share tax exempt (one-tier) in respect of year 2018	-	-	-	(3,026)	(3,026)	-	(3,026)
Final dividend paid of 0.8 cent per share tax exempt (one-tier) in respect of year 2017	-	-	-	(4,841)	(4,841)	-	(4,841)
Dividend paid to non-controlling interests	-	-	-	-	-	(90)	(90)
Total contributions by and distributions to owners	-	-	-	(7,867)	(7,867)	(90)	(7,957)
<b>At 31 December 2018</b>	<b>123,300</b>	<b>6,607</b>	<b>40,654</b>	<b>92,934</b>	<b>263,495</b>	<b>232</b>	<b>263,727</b>
At 1 January 2017	123,300	3,395	26,918	87,223	240,836	264	241,100
<b>Total comprehensive income for the year</b>							
<b>Net profit</b>	-	-	-	12,654	12,654	118	12,772
<b>Other comprehensive income:</b>							
Revaluation of property, plant and equipment	-	-	4,118	-	4,118	-	4,118
Available-for-sale financial assets:							
Reclassification of gain on sale of investments to profit or loss (realised)	-	(2,319)	-	-	(2,319)	(15)	(2,334)
Reclassification of impairment write-down on investments to profit or loss	-	2,154	-	-	2,154	-	2,154
Change in fair value of investments (unrealised)	-	11,428	-	-	11,428	20	11,448
Income tax relating to components of other comprehensive income	-	(1,851)	-	-	(1,851)	-	(1,851)
Total other comprehensive income, net of income tax	-	9,412	4,118	-	13,530	5	13,535
Total comprehensive income for the year	-	9,412	4,118	12,654	26,184	123	26,307
<b>Transactions with owners, recorded directly in equity:</b>							
<b>Contributions by and distributions to owners:</b>							
Interim dividend paid of 0.5 cent per share tax exempt (one-tier) in respect of year 2017	-	-	-	(3,026)	(3,026)	-	(3,026)
Final dividend paid of 0.6 cent per share tax exempt (one-tier) in respect of year 2016	-	-	-	(3,631)	(3,631)	-	(3,631)
Special dividend paid of 0.2 cent per share tax exempt (one-tier) in respect of year 2016	-	-	-	(1,210)	(1,210)	-	(1,210)
Dividend paid to non-controlling interests	-	-	-	-	-	(135)	(135)
Total contributions by and distributions to owners	-	-	-	(7,867)	(7,867)	(135)	(8,002)
<b>At 31 December 2017</b>	<b>123,300</b>	<b>12,807</b>	<b>31,036</b>	<b>92,010</b>	<b>259,153</b>	<b>252</b>	<b>259,405</b>

<b>GROUP</b>	<b>Share Capital S\$'000</b>	<b>Fair Value Reserves S\$'000</b>	<b>Revaluation Reserves S\$'000</b>	<b>Accumulated Profits S\$'000</b>	<b>Total attributable to equity holders of the Company S\$'000</b>	<b>Non-Controlling Interests S\$'000</b>	<b>Total Equity S\$'000</b>
<b>At 1 October 2018</b>	<b>123,300</b>	<b>6,902</b>	<b>31,124</b>	<b>87,468</b>	<b>248,794</b>	<b>271</b>	<b>249,065</b>
<b>Total comprehensive income for the quarter</b>							
<b>Net profit</b>	-	-	-	5,466	5,466	51	5,517
<b>Other comprehensive income:</b>							
Revaluation of property, plant and equipment	-	-	9,530	-	9,530	-	9,530
Available-for-sale financial assets:							
Reclassification of gain on sale of investments to profit or loss (realised)	-	(40)	-	-	(40)	-	(40)
Reclassification of impairment write-down on investments to profit or loss	-	725	-	-	725	-	725
Change in fair value of investments (unrealised)	-	(1,115)	-	-	(1,115)	-	(1,115)
Income tax relating to components of other comprehensive income	-	135	-	-	135	-	135
<b>Total other comprehensive income, net of income tax</b>	-	<b>(295)</b>	<b>9,530</b>	-	<b>9,235</b>	-	<b>9,235</b>
<b>Total comprehensive income for the quarter</b>	-	<b>(295)</b>	<b>9,530</b>	<b>5,466</b>	<b>14,701</b>	<b>51</b>	<b>14,752</b>
<b>Transactions with owners, recorded directly in equity:</b>							
<b>Contributions by and distributions to owners:</b>							
Dividend paid to non-controlling interests	-	-	-	-	-	(90)	(90)
Total contributions by and distributions to owners	-	-	-	-	-	(90)	(90)
<b>At 31 December 2018</b>	<b>123,300</b>	<b>6,607</b>	<b>40,654</b>	<b>92,934</b>	<b>263,495</b>	<b>232</b>	<b>263,727</b>
<b>At 1 October 2017</b>	<b>123,300</b>	<b>11,368</b>	<b>27,006</b>	<b>88,097</b>	<b>249,771</b>	<b>313</b>	<b>250,084</b>
<b>Total comprehensive income for the quarter</b>							
<b>Net profit</b>	-	-	-	3,913	3,913	74	3,987
<b>Other comprehensive income:</b>							
Revaluation of property, plant and equipment	-	-	4,030	-	4,030	-	4,030
Available-for-sale financial assets:							
Reclassification of gain on sale of investments to profit or loss (realised)	-	(544)	-	-	(544)	-	(544)
Reclassification of impairment write-down on investments to profit or loss	-	1,363	-	-	1,363	-	1,363
Change in fair value of investments (unrealised)	-	889	-	-	889	-	889
Income tax relating to components of other comprehensive income	-	(269)	-	-	(269)	-	(269)
<b>Total other comprehensive income, net of income tax</b>	-	<b>1,439</b>	<b>4,030</b>	-	<b>5,469</b>	-	<b>5,469</b>
<b>Total comprehensive income for the quarter</b>	-	<b>1,439</b>	<b>4,030</b>	<b>3,913</b>	<b>9,382</b>	<b>74</b>	<b>9,456</b>
<b>Transactions with owners, recorded directly in equity:</b>							
<b>Contributions by and distributions to owners:</b>							
Dividend paid to non-controlling interests	-	-	-	-	-	(135)	(135)
Total contributions by and distributions to owners	-	-	-	-	-	(135)	(135)
<b>At 31 December 2017</b>	<b>123,300</b>	<b>12,807</b>	<b>31,036</b>	<b>92,010</b>	<b>259,153</b>	<b>252</b>	<b>259,405</b>

	Share Capital S\$'000	Fair Value Reserves S\$'000	Revaluation Reserves S\$'000	Accumulated Profits S\$'000	Total S\$'000
<b>COMPANY</b>					
<b>At 1 January 2018</b>	123,300	12,807	31,036	91,662	258,805
<b>Total comprehensive income for the year</b>					
<b>Net profit</b>	-	-	-	8,912	8,912
<b>Other comprehensive income:</b>					
Revaluation of property, plant and equipment	-	-	9,618	-	9,618
Available-for-sale financial assets:					
Reclassification of gain on sale of investments to profit or loss (realised)	-	(1,210)	-	-	(1,210)
Reclassification of impairment write-down on investments to profit or loss	-	1,094	-	-	1,094
Change in fair value of investments (unrealised)	-	(7,320)	-	-	(7,320)
Income tax relating to components of other comprehensive income	-	1,236	-	-	1,236
Total other comprehensive income, net of income tax	-	(6,200)	9,618	-	3,418
Total comprehensive income for the year	-	(6,200)	9,618	8,912	12,330
<b>Transactions with owners, recorded directly in equity:</b>					
<b>Contributions by and distributions to owners:</b>					
Interim dividend paid of 0.5 cent per share tax exempt (one-tier) in respect of year 2018	-	-	-	(3,026)	(3,026)
Final dividend paid of 0.8 cent per share tax exempt (one-tier) in respect of year 2017	-	-	-	(4,841)	(4,841)
Total contributions by and distributions to owners	-	-	-	(7,867)	(7,867)
<b>At 31 December 2018</b>	<b>123,300</b>	<b>6,607</b>	<b>40,654</b>	<b>92,707</b>	<b>263,268</b>
<b>At 1 January 2017</b>	123,300	3,424	26,918	86,819	240,461
<b>Total comprehensive income for the year</b>					
<b>Net profit</b>	-	-	-	12,710	12,710
<b>Other comprehensive income:</b>					
Revaluation of property, plant and equipment	-	-	4,118	-	4,118
Available-for-sale financial assets:					
Reclassification of gain on sale of investments to profit or loss (realised)	-	(2,237)	-	-	(2,237)
Reclassification of impairment write-down on investments to profit or loss	-	2,154	-	-	2,154
Change in fair value of investments (unrealised)	-	11,317	-	-	11,317
Income tax relating to components of other comprehensive income	-	(1,851)	-	-	(1,851)
Total other comprehensive income, net of income tax	-	9,383	4,118	-	13,501
Total comprehensive income for the year	-	9,383	4,118	12,710	26,211
<b>Transactions with owners, recorded directly in equity:</b>					
<b>Contributions by and distributions to owners:</b>					
Interim dividend paid of 0.5 cent per share tax exempt (one-tier) in respect of year 2017	-	-	-	(3,026)	(3,026)
Final dividend paid of 0.6 cent per share tax exempt (one-tier) in respect of year 2016	-	-	-	(3,631)	(3,631)
Special dividend paid of 0.2 cent per share tax exempt (one-tier) in respect of year 2016	-	-	-	(1,210)	(1,210)
Total contributions by and distributions to owners	-	-	-	(7,867)	(7,867)
<b>At 31 December 2017</b>	<b>123,300</b>	<b>12,807</b>	<b>31,036</b>	<b>91,662</b>	<b>258,805</b>

	Share Capital S\$'000	Fair Value Reserves S\$'000	Revaluation Reserves S\$'000	Accumulated Profits S\$'000	Total S\$'000
<b>COMPANY</b>					
<b>At 1 October 2018</b>	<b>123,300</b>	<b>6,902</b>	<b>31,124</b>	<b>87,018</b>	<b>248,344</b>
<b>Total comprehensive income for the quarter</b>					
<b>Net profit</b>	-	-	-	5,689	5,689
<b>Other comprehensive income:</b>					
Revaluation of property, plant and equipment	-	-	9,530	-	9,530
Available-for-sale financial assets:					
Reclassification of gain on sale of investments to profit or loss (realised)	-	(40)	-	-	(40)
Reclassification of impairment write-down on investments to profit or loss	-	725	-	-	725
Change in fair value of investments (unrealised)	-	(1,115)	-	-	(1,115)
Income tax relating to components of other comprehensive income	-	135	-	-	135
Total other comprehensive income, net of income tax	-	(295)	9,530	-	9,235
Total comprehensive income for the quarter	-	(295)	9,530	5,689	14,924
<b>At 31 December 2018</b>	<b>123,300</b>	<b>6,607</b>	<b>40,654</b>	<b>92,707</b>	<b>263,268</b>
<b>At 1 October 2017</b>	<b>123,300</b>	<b>11,368</b>	<b>27,006</b>	<b>87,476</b>	<b>249,150</b>
<b>Total comprehensive income for the quarter</b>					
<b>Net profit</b>	-	-	-	4,186	4,186
<b>Other comprehensive income:</b>					
Revaluation of property, plant and equipment	-	-	4,030	-	4,030
Available-for-sale financial assets:					
Reclassification of gain on sale of investments to profit or loss (realised)	-	(544)	-	-	(544)
Reclassification of impairment write-down on investments to profit or loss	-	1,363	-	-	1,363
Change in fair value of investments (unrealised)	-	889	-	-	889
Income tax relating to components of other comprehensive income	-	(269)	-	-	(269)
Total other comprehensive income, net of income tax	-	1,439	4,030	-	5,469
Total comprehensive income for the quarter	-	1,439	4,030	4,186	9,655
<b>At 31 December 2017</b>	<b>123,300</b>	<b>12,807</b>	<b>31,036</b>	<b>91,662</b>	<b>258,805</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 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 December 2018 and 31 December 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 December 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 full year 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. The auditors' report does not contain any qualification or emphasis of matter.

**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, except as stated in Note 5.

**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.**

On 1 January 2018, the Group adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)") that is equivalent to the International Financial Reporting Standards ("IFRS"). Accordingly, the financial statements have been prepared based on the new reporting framework. SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) was applied with no impact on the financial statements.

**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.**

	<u>GROUP</u>	
	12 months 2018	12 months 2017
Basic and fully diluted earnings per share (cents)	1.45	2.09
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	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Net asset value per share (cents)	43.54	42.82	43.50	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 4th quarter 2018 vs 4th quarter 2017

In fourth quarter 2018, the Group's gross written premium rose 15.4% to \$68.782 million due mainly to timing difference in booking premiums from some cedants and to a limited extent new business. Net claims incurred increased by 7.9% to \$8.589 million partly due to new case reserves set aside for natural peril losses in Asia. Net commission expense climbed 18.2% to \$3.176 million attributed to higher profit commission accrual. Consequently, a higher underwriting surplus of \$909,000 was recorded in the quarter under review. Net investment income increased by \$3.225 million or 99% to \$6.484 million mainly due to higher surplus on revaluation of investment properties. Overall, the Group reported a profit before income tax of \$7.602 million, compared to the \$4.251 million profit before income tax in the corresponding quarter a year ago.

Comparison of 12 months 2018 vs 12 months 2017

For the year ended 31 December 2018, the Group's gross written premium grew 13.9% to \$207.802 million attributed to timing difference in receipt and booking of statement of accounts, higher premiums reported by some cedants and new business. In contrast, the net earned premium fell 0.5% to \$50.851 million mainly due to lower premium ceded under a treaty arrangement. Net claims incurred rose 29% to \$35.961 million, equivalent to an incurred loss ratio of 71% (on net written premium) mainly because of higher advised outstanding losses and IBNR loss reserve provision, as well as case reserves set aside for recent slew of natural catastrophes such as typhoons Mangkhut and Jebi and Japan floods. In contrast, net commission expense declined by 13.2% to \$12.003 million attributed to higher commissions earned from retrocessionaires. Reinsurance management expenses fell 5.5% to \$7.656 million due to exchange gain on revaluation of foreign-denominated assets. In light of the higher net claims incurred, an underwriting deficit of \$4.769 million was reported, compared to the \$1.309 million surplus a year earlier. Net investment income increased by 30.3% to \$16.036 million due to higher surplus on revaluation of investment properties and lower impairment recognised for investments. Overall, the Group's net profit before income tax fell 19.6% to \$11.297 million, down from the \$14.056 million net profit before income tax 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.**

The highly challenging operating environment will likely continue to erode premium rates and underwriting margins. There are no indications as yet of an upturn in the market. Excessive reinsurance capacity globally continues to prevail and will further erode premium rates. With the likelihood of more catastrophic losses resulting from climate change as seen in 2018, underwriting profitability will be adversely affected.

Amidst the economic and geo-political uncertainties such as the trade war between US and China and BREXIT, the financial markets worldwide will continue to be volatile, rendering it difficult to achieve reasonable investment returns.

**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?

Yes

	<u>Interim Ordinary</u>	<u>Final (Proposed)</u>
Name of dividend		
Dividend type	Cash	Cash
Gross dividend amount per share (in cents)	0.50	0.80
Tax rate	Tax exempt (one-tier)	Tax exempt (one-tier)

(b) Corresponding period of the immediately preceding financial year

Any dividend declared?

Yes

	<u>Interim Ordinary</u>	<u>Final</u>
Name of dividend		
Dividend type	Cash	Cash
Gross dividend amount per share (in cents)	0.50	0.80
Tax rate	Tax exempt (one-tier)	Tax exempt (one-tier)

(c) The date the dividend is payable

The proposed dividend will be paid on 27 May 2019, if approved by shareholders at the forthcoming annual general meeting.

(d) Books closure date

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on 2 May 2019 for the preparation of dividend warrants. Duly completed transfers received by the Company's Share Registrar, M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902, up to 5.00 p.m. on 30 April 2019 will be registered before entitlements to the proposed dividend 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 30 April 2019 will be entitled to the dividend.

**12. If no dividend has been declared (recommended), a statement to that effect and the reason (s) for the decision.**

Not applicable.

**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 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.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

15. **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.**

**(a) Operating segments**

The Group is principally engaged in the business of underwriting general reinsurance business. Based on the internal reports that are regularly reviewed by the Group, the operating segments comprise mainly the reinsurance and non-reinsurance segments. The non-reinsurance segment relates to the Company's investment activities of its non-reinsurance funds and the operations of its subsidiaries.

GROUP	January - December 2018			January - December 2017		
	Reinsurance	Non-Reinsurance	Total	Reinsurance	Non-Reinsurance	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Gross written premiums	207,802	-	207,802	182,447	-	182,447
Net earned premiums	50,851	-	50,851	51,108	-	51,108
Net claims incurred	(35,961)	-	(35,961)	(27,871)	-	(27,871)
Net commission expense	(12,003)	-	(12,003)	(13,829)	-	(13,829)
Management expenses	(7,656)	-	(7,656)	(8,099)	-	(8,099)
Underwriting results	(4,769)	-	(4,769)	1,309	-	1,309
Net investment income	8,012	-	8,012	6,874	-	6,874
Net income from reinsurance operations (I)	3,243	-	3,243	8,183	-	8,183
Net investment income	-	8,024	8,024	-	5,435	5,435
Other operating income	-	5,915	5,915	-	6,332	6,332
Management expenses	-	(5,885)	(5,885)	-	(5,894)	(5,894)
Net income from non-reinsurance operations (II)	-	8,054	8,054	-	5,873	5,873
Profit before income tax (I) + (II)			11,297			14,056
Income tax expense			(2,436)			(1,284)
Profit for the year			8,861			12,772
Segment total assets	657,818	159,915	817,733	620,704	150,705	771,409
Segment total liabilities	550,146	3,860	554,006	506,784	5,220	512,004

**(b) Major customer**

For the year ended 31 December 2018, the Group has two external clients in the reinsurance segment whose contribution to the Group's revenue is in excess of 10%.

**(c) Geographical information**

The Group's reinsurance operations are predominantly in Singapore. It also carries on business in other Asian countries.

Geographical information of the Group's revenue derived from external customers based on country of domicile and the non-current assets based on geographical location of the assets are as follows:

	Gross written premiums		Non-current assets	
	January - December 2018	January - December 2017	January - December 2018	January - December 2017
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	63,065	65,764	79,355	65,199
Malaysia	78,955	65,254	-	-
Greater China	31,582	26,071	6,167	6,614
Others	34,200	25,358	-	-
Total	207,802	182,447	85,522	71,813

The Group's non-current assets presented above consist of property, plant and equipment and investment properties.

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

The reinsurance business reported a lower income of \$3.243 million compared to the \$8.183 million income last year, attributed mainly to the underwriting deficit, but partly offset by higher investment income.

17. A breakdown of the sales as follows:-

		GROUP		
		2018 S\$'000	2017 S\$'000	Incr/ (decr) %
<b>(a) Gross written premiums</b>				
	6 months ended 30 June	92,830	83,286	11.5
	6 months ended 31 December	114,972	99,161	15.9
	Total for the year	<u>207,802</u>	<u>182,447</u>	<u>13.9</u>
<b>(b) Net profit after tax before deducting non-controlling interests</b>				
	6 months ended 30 June	6,389	6,865	(6.9)
	6 months ended 31 December	2,472	5,907	(58.2)
	Total for the year	<u>8,861</u>	<u>12,772</u>	<u>(30.6)</u>

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

Total annual dividend paid during the year:

	Latest Full Year (S\$'000)	Previous Full Year (S\$'000)
Ordinary	7,867	7,867
Preference	-	-
Total:	<u>7,867</u>	<u>7,867</u>

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

There is no such person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13).

**BY ORDER OF THE BOARD**

Tan Swee Gek  
Company Secretary  
1 March 2019

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

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## **Independent auditors' report**

Members of Singapore Reinsurance Corporation Limited

### **Report on the audit of the financial statements**

#### *Opinion*

We have audited the accompanying financial statements of Singapore Reinsurance Corporation Limited (the 'Company') and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group, and the statement of profit or loss, statement of comprehensive income and statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS76.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, the statement of profit or loss, statement of comprehensive income and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 ('the Act') and Singapore Financial Reporting Standards (International) ('SFRS(I)s') so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the financial performance and changes in equity of the Company for the year ended on that date.

#### *Basis for opinion*

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the audit of the financial statements' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recording of gross written premiums (\$208 million), gross claims incurred (\$122 million) and commission expenses (\$61 million) (Refer to note 16 to the financial statements)	
<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>Premium closings, claims notifications and statement of accounts (SOAs) from cedants that are used to record premiums, claims and commission may not be received on a timely basis and may require significant efforts to verify prior to recording or estimating the accruals in the accounting records.</p> <p>Bilateral cessions premiums, claims and commissions expenses, to the extent not advised by cedants by the financial year-end are estimated on a cedant-by-cedant basis using comparative information adjusted for revisions in cession terms and conditions as described in Note 16 to the financial statements.</p> <p>Unprocessed premiums at the reporting date for treaty and facultative business are assessed for their significance to the financial statements to determine if they need to be recorded.</p>	<p>We assessed the reasonableness of premiums, claims and commissions recorded by performing the following procedures:</p> <p>For bilateral cession business where premiums, claims and commissions were estimated,</p> <ul style="list-style-type: none"> <li>• updating our understanding on the Group's process for estimating the premiums, claims and commissions;</li> <li>• evaluating the Group's quantification of the premiums, claims and commissions not advised at the reporting date; and</li> <li>• comparing prior year estimates with actuals to assess the reliability of the Group's estimates.</li> </ul> <p>For unprocessed premium closings, claims notifications and SOAs, we evaluated the Group's assessment of the significance at the reporting date to ascertain that they do not have a material impact on the financial statements.</p>
<i>Findings</i>	
	<p>For estimates relating to the bilateral cession business, we did not identify any significant changes in the estimation process. We found the assumptions and resulting estimates to be balanced. We have also assessed that Note 16 appropriately disclosed the process, assumptions and judgments involved and the sensitivity to the changes in key assumptions.</p> <p>For the unprocessed premiums, we independently verified and agreed with Group's assessment that the unprocessed premiums have no material impact on the financial statements.</p>

<p>Valuation of insurance contract provisions –  Gross outstanding claims (\$386 million); Gross unexpired risk (\$74 million)  (Refer to notes 10 and 16 to the financial statements)</p>	
<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>Valuation of insurance contract liabilities is inherently judgmental and subjective. The methodologies and assumptions adopted are crucial to the valuation of the liabilities so that sufficient provisions are held to meet all obligations including those to cover claims which have been incurred but not reported.</p> <p>The estimation of insurance contract liabilities are subjected to various assumptions applied, including, most importantly, the Ultimate Loss Ratio.</p> <p>Management judgment is applied in setting these assumptions. Changes in these assumptions used could result in a material impact to valuation of insurance contract liabilities and the related movements in the income statement.</p>	<p>We assessed whether the valuation of insurance contract provisions is reasonable by performing the following procedures:</p> <ul style="list-style-type: none"> <li>• evaluating the underwriting and claims processes and the consistency of those policies;</li> <li>• assessing the design and operating effectiveness of controls over the approval and recording of premiums and claims reported and paid, which form the basis upon which insurance contract provisions are estimated;</li> <li>• testing the completeness and accuracy of data used in the valuation of insurance contract provisions; and</li> <li>• involving our actuarial specialists to assess the appropriateness of reserving methodologies, key assumptions used; and the reasonableness of the assessment performed by the Group's appointed independent actuary.</li> </ul>
<i>Findings</i>	
<p>Based on our above procedures, we found the methodologies and assumptions used in the valuation by the independent actuary to be balanced. We noted that the insurance contract liabilities maintained in the Group's financial statements were higher than those assessed by the independent actuary due to more prudent assumptions used by the Group, which is consistent with prior years. We also found that note 16 provides appropriate disclosures on the estimates involved in the valuation process.</p>	



Valuation of tax provision for investment properties (\$6.2 million) in China – Deferred tax liabilities on taxable valuation gains (\$1.4 million); Property taxes (\$0.3 million); Rental tax (\$0.4 million) (Refer to Note 5, Note 9, Note 18, Note 27 to the financial statements)	
<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
During the year, the Group reviewed the overall tax provision for its investment properties in China in conjunction with its strategic business review. Due to the extended periods which the investment properties have been held, various taxation regulations and practices in different regions in China have changed over time. In certain circumstances, due to the complexity of the tax laws and regulations, the basis of calculation of tax payable requires interpretation by the local tax bureaus and the actual tax payable may vary from the amounts estimated by the Group. As a result, significant judgement is required in the estimation of provision for various taxation on investment properties.	<p>We have involved our tax specialists in assessing whether the tax provisions made by the Group for investment properties in China is reasonable by performing the following procedures:</p> <ul style="list-style-type: none"> <li>• enquiring management’s China legal representative on the status of discussion with China local tax authorities;</li> <li>• testing the completeness and accuracy of data used in estimating tax provisions;</li> <li>• assessing management’s assumptions used in estimating the potential tax exposure by challenging the assumptions;</li> <li>• calculating the tax provisions independently and comparing these with the Group’s estimates; and</li> <li>• reviewing the classification of adjustments to income tax and deferred tax.</li> </ul>
<i>Findings</i>	
We found the resulting estimates of overall tax provisions to be supported by reasonable basis provided by Group management.	

*Other information*

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

Other than the Directors' Statement which we obtained prior to the date of this auditors' report, the other sections included in the annual report are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of management and directors for the financial statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

*Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on other legal and regulatory requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Mr. Goh Kim Chuah.

A handwritten signature in black ink, appearing to read 'KPMG LLP', is written over a large, stylized 'K'.

**KPMG LLP**  
*Public Accountants and*  
*Chartered Accountants*

**Singapore**  
1 March 2019