

FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::SECOND QUARTER AND/ OR HALF YEARLY RESULTS

Issuer & Securities

Issuer/ Manager

SINGAPORE REINSURANCE CORPORATION LIMITED

Securities

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Tan Swee Gek

Designation

Company Secretary

Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)

The second quarter and/or half year 2019 financial results for the period ended 30 June 2019 is attached for information.

Additional Details

For Financial Period Ended

30/06/2019

Attachments

[20192Q%20-%20Financial%20Statements%20Announcement-8.8.2019.pdf](#)

Total size =1380K MB

SINGAPORE REINSURANCE CORPORATION LIMITED

(Company Registration No. 197300016C)

Financial Statements Announcement For The Period Ended 30 June 2019

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

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

UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2019

	GROUP					
	6 months 2019 S\$'000	6 months 2018 S\$'000	Incr/ (decr) %	2nd Qtr 2019 S\$'000	2nd Qtr 2018 S\$'000	Incr/ (decr) %
Income statements:						
Reinsurance operations:						
Gross written premiums	105,715	92,830	13.9	59,106	53,297	10.9
Reinsurance premiums	(77,647)	(70,273)	10.5	(44,785)	(40,574)	10.4
Net written premiums	28,068	22,557	24.4	14,321	12,723	12.6
Gross transfer to provision for unexpired risks	(2,718)	(362)	nm	(1,892)	1,620	nm
Reinsurance transfer from provision for unexpired risks	872	1,348	(35.3)	1,206	(2,271)	nm
Net earned premiums	26,222	23,543	11.4	13,635	12,072	12.9
Gross claims incurred	(79,032)	(78,048)	1.3	(52,472)	(41,829)	25.4
Reinsurers' share of claims incurred	64,649	65,760	(1.7)	42,697	33,271	28.3
Net claims incurred	(14,383)	(12,288)	17.0	(9,775)	(8,558)	14.2
Commission expense	(26,627)	(29,099)	(8.5)	(17,714)	(16,699)	6.1
Commission income	19,539	22,689	(13.9)	13,611	13,112	3.8
Net commission expense	(7,088)	(6,410)	10.6	(4,103)	(3,587)	14.4
Management expenses	(3,979)	(4,079)	(2.5)	(2,082)	(1,933)	7.7
Underwriting results	772	766	0.8	(2,325)	(2,006)	15.9
Net investment income	4,412	4,663	(5.4)	2,274	2,232	1.9
Net income from reinsurance operations (I)	5,184	5,429	(4.5)	(51)	226	nm
Non-reinsurance operations:						
Net investment income	2,006	1,551	29.3	1,313	920	42.7
Other operating income	2,346	2,930	(19.9)	1,126	1,405	(19.9)
Management expenses	(2,670)	(2,842)	(6.1)	(1,247)	(1,421)	(12.2)
Net income from non-reinsurance operations (II)	1,682	1,639	2.6	1,192	904	31.9

GROUP

	6 months 2019 S\$'000	6 months 2018 S\$'000	Incr/ (decr) %	2nd Qtr 2019 S\$'000	2nd Qtr 2018 S\$'000	Incr/ (decr) %
Income statements - continued						
Profit before income tax (I + II)	6,866	7,068	(2.9)	1,141	1,130	1.0
Income tax expense	(671)	(679)	(1.2)	(61)	65	nm
Profit for the period	6,195	6,389	(3.0)	1,080	1,195	(9.6)
Profit attributable to:						
Equity holders of the Company	6,217	6,346	(2.0)	1,089	1,181	(7.8)
Non-controlling interests	(22)	43	nm	(9)	14	nm
Profit for the period	6,195	6,389	(3.0)	1,080	1,195	(9.6)
Statements of comprehensive income:						
Profit for the period	6,195	6,389	(3.0)	1,080	1,195	(9.6)
Other comprehensive income, after tax:						
Items that will not be reclassified to profit or loss:						
Revaluation of property, plant and equipment	59	59	-	29	29	-
	59	59	-	29	29	-
Items that are or may be reclassified subsequently to profit or loss:						
Available-for-sale financial assets:						
Reclassification of gain on sale of investments to profit or loss (realised)	(862)	(794)	8.6	(541)	(545)	(0.7)
Reclassification of impairment write-down on investments to profit or loss	431	369	16.8	431	369	16.8
Change in fair value of investments (unrealised)	5,030	(6,433)	nm	1,921	(2,850)	nm
Tax on items that are or may be reclassified subsequently to profit or loss	(839)	1,083	nm	(293)	482	nm
	3,760	(5,775)	nm	1,518	(2,544)	nm
Other comprehensive income for the period, net of income tax	3,819	(5,716)	nm	1,547	(2,515)	nm
Total comprehensive income for the period	10,014	673	nm	2,627	(1,320)	nm
Total comprehensive income attributable to:						
Equity holders of the Company	10,036	630	nm	2,636	(1,334)	nm
Non-controlling interests	(22)	43	nm	(9)	14	nm
Total comprehensive income for the period	10,014	673	nm	2,627	(1,320)	nm
Profit for the period has been arrived at after crediting/(charging):						
Net exchange (losses)/gains	(170)	217	nm	(24)	129	nm
Depreciation	(165)	(162)	1.9	(83)	(82)	1.2
Accretion of investments	28	23	21.7	14	12	16.7
Allowance provided for doubtful debts and bad debts written off	(26)	(211)	(87.7)	(25)	(132)	(81.1)
Under provision of tax	(42)	(44)	(4.5)	-	(42)	(100.0)
Gain on sale of investments	862	794	8.6	541	545	(0.7)
Change in fair value of investment properties	10	147	(93.2)	(97)	(25)	nm
Impairment provisions/write-down on investments	(431)	(369)	16.8	(431)	(369)	16.8

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	
	30.6.2019	31.12.2018	30.6.2019	31.12.2018
	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Property, plant and equipment	51,746	51,755	51,639	51,662
Investment properties	33,776	33,767	33,776	33,767
Interests in subsidiaries	-	-	1,079	1,091
Reinsurers' share of insurance contract provisions for				
- outstanding claims	258,337	232,994	258,337	232,994
- unexpired risks	56,279	55,407	56,279	55,407
Financial assets	268,148	263,392	268,148	263,392
Club membership	15	15	-	-
Insurance receivables	77,108	90,173	77,108	90,173
Other receivables	5,711	3,089	4,264	2,727
Cash and cash equivalents	93,236	87,141	91,458	84,779
Total assets	844,356	817,733	842,088	815,992
Equity attributable to equity holders of the Company				
Share capital	123,300	123,300	123,300	123,300
Reserves	51,080	47,261	51,080	47,261
Accumulated profits	94,310	92,934	94,207	92,707
	268,690	263,495	268,587	263,268
Non-controlling interests	210	232	-	-
Total equity	268,900	263,727	268,587	263,268
Liabilities				
Insurance contract provisions for				
- outstanding claims	408,185	386,268	408,185	386,268
- unexpired risks	76,447	73,729	76,447	73,729
Deferred taxation	4,246	3,407	4,246	3,407
Insurance payables	81,268	86,396	81,268	86,396
Other payables	3,945	3,143	1,992	1,899
Current tax payable	1,365	1,063	1,363	1,025
Total liabilities	575,456	554,006	573,501	552,724
Total equity and liabilities	844,356	817,733	842,088	815,992

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 30.6.2019		As at 31.12.2018	
S\$'000			
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 30.6.2019		As at 31.12.2018	
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			
	6 months 2019 S\$'000	6 months 2018 S\$'000	2nd Qtr 2019 S\$'000	2nd Qtr 2018 S\$'000
Operating activities				
Profit before income tax	6,866	7,068	1,141	1,130
Adjustments for:				
Insurance contract provisions for net unexpired risks	1,846	(986)	686	651
Insurance contract provisions for net outstanding claims	(3,426)	(177)	(723)	(892)
Impairment provision and write-down on investments	431	369	431	369
Change in fair value of investment properties	(10)	(147)	97	25
Gain on sale of investments	(862)	(794)	(541)	(545)
Depreciation of property, plant and equipment	165	162	83	82
Interest income	(4,315)	(3,973)	(2,107)	(2,024)
Dividend income	(1,632)	(1,209)	(1,347)	(771)
	(937)	313	(2,280)	(1,975)
Changes in working capital:				
Insurance receivables	13,065	(5,600)	5,017	(4,172)
Other receivables and staff loan	(565)	(449)	(335)	(381)
Insurance payables	(5,128)	(8,723)	(1,463)	1,158
Other payables	802	(69)	187	(313)
Cash flows used in operations	7,237	(14,528)	1,126	(5,683)
Income tax paid	(368)	(707)	(335)	(641)
Net cash from/(used in) operating activities	6,869	(15,235)	791	(6,324)
Investing activities				
Interest received	2,236	3,890	64	1,746
Dividends received	1,632	1,209	1,347	771
Purchase of investments	(10,741)	(25,093)	(4,690)	(12,876)
Proceeds from sale of investments	11,037	16,363	7,404	8,987
Purchase of property, plant and equipment	(97)	(29)	(61)	(13)
Net cash from/(used in) investing activities	4,067	(3,660)	4,064	(1,385)
Financing activities				
Dividends paid to owners of the Company	(4,841)	(4,841)	(4,841)	(4,841)
Net cash used in financing activities	(4,841)	(4,841)	(4,841)	(4,841)
Net increase/(decrease) in cash and cash equivalents	6,095	(23,736)	14	(12,550)
Cash and cash equivalents at beginning of the year	87,141	100,739	93,222	89,553
Cash and cash equivalents at end of the period	93,236	77,003	93,236	77,003

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share Capital S\$'000	Fair Value Reserves S\$'000	Revaluation Reserves S\$'000	Accumulated Profits S\$'000	Total attributable to equity holders of the Company S\$'000	Non- Controlling Interests S\$'000	Total Equity S\$'000
GROUP							
At 1 January 2019	123,300	6,607	40,654	92,934	263,495	232	263,727
Total comprehensive income for the period							
Net profit	-	-	-	6,217	6,217	(22)	6,195
Other comprehensive income:							
Revaluation of property, plant and equipment	-	-	59	-	59	-	59
Available-for-sale financial assets:							
Reclassification of gain on sale of investments to profit or loss (realised)	-	(862)	-	-	(862)	-	(862)
Reclassification of impairment write-down on investments to profit or loss	-	431	-	-	431	-	431
Change in fair value of investments (unrealised)	-	5,030	-	-	5,030	-	5,030
Income tax relating to components of other comprehensive income	-	(839)	-	-	(839)	-	(839)
Total other comprehensive income, net of income tax	-	3,760	59	-	3,819	-	3,819
Total comprehensive income for the period	-	3,760	59	6,217	10,036	(22)	10,014
Transactions with owners, recorded directly in equity:							
Contributions by and distributions to owners:							
Final dividend paid of 0.8 cent per share tax exempt (one-tier) in respect of year 2018	-	-	-	(4,841)	(4,841)	-	(4,841)
Total contributions by and distributions to owners	-	-	-	(4,841)	(4,841)	-	(4,841)
At 30 June 2019	123,300	10,367	40,713	94,310	268,690	210	268,900
At 1 January 2018	123,300	12,807	31,036	92,010	259,153	252	259,405
Total comprehensive income for the period							
Net profit	-	-	-	6,346	6,346	43	6,389
Other comprehensive income:							
Revaluation of property, plant and equipment	-	-	59	-	59	-	59
Available-for-sale financial assets:							
Reclassification of gain on sale of investments to profit or loss (realised)	-	(794)	-	-	(794)	-	(794)
Reclassification of impairment write-down on investments to profit or loss	-	369	-	-	369	-	369
Change in fair value of investments (unrealised)	-	(6,433)	-	-	(6,433)	-	(6,433)
Income tax relating to components of other comprehensive income	-	1,083	-	-	1,083	-	1,083
Total other comprehensive income, net of income tax	-	(5,775)	59	-	(5,716)	-	(5,716)
Total comprehensive income for the period	-	(5,775)	59	6,346	630	43	673
Transactions with owners, recorded directly in equity:							
Contributions by and distributions to owners:							
Final dividend paid of 0.8 cent per share tax exempt (one-tier) in respect of year 2017	-	-	-	(4,841)	(4,841)	-	(4,841)
Total contributions by and distributions to owners	-	-	-	(4,841)	(4,841)	-	(4,841)
At 30 June 2018	123,300	7,032	31,095	93,515	254,942	295	255,237

GROUP	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
At 1 April 2019	123,300	8,849	40,684	98,062	270,895	219	271,114
Total comprehensive income for the quarter							
Net profit	-	-	-	1,089	1,089	(9)	1,080
Other comprehensive income:							
Revaluation of property, plant and equipment	-	-	29	-	29	-	29
Available-for-sale financial assets:							
Reclassification of gain on sale of investments to profit or loss (realised)	-	(541)	-	-	(541)	-	(541)
Reclassification of impairment write-down on investments to profit or loss	-	431	-	-	431	-	431
Change in fair value of investments (unrealised)	-	1,921	-	-	1,921	-	1,921
Income tax relating to components of other comprehensive income	-	(293)	-	-	(293)	-	(293)
Total other comprehensive income, net of income tax	-	1,518	29	-	1,547	-	1,547
Total comprehensive income for the quarter	-	1,518	29	1,089	2,636	(9)	2,627
Transactions with owners, recorded directly in equity:							
Contributions by and distributions to owners:							
Final dividend paid of 0.8 cent per share tax exempt (one-tier) in respect of year 2018	-	-	-	(4,841)	(4,841)	-	(4,841)
Total contributions by and distributions to owners	-	-	-	(4,841)	(4,841)	-	(4,841)
At 30 June 2019	123,300	10,367	40,713	94,310	268,690	210	268,900
At 1 April 2018	123,300	9,576	31,066	97,175	261,117	281	261,398
Total comprehensive income for the quarter							
Net profit	-	-	-	1,181	1,181	14	1,195
Other comprehensive income:							
Revaluation of property, plant and equipment	-	-	29	-	29	-	29
Available-for-sale financial assets:							
Reclassification of gain on sale of investments to profit or loss (realised)	-	(545)	-	-	(545)	-	(545)
Reclassification of impairment write-down on investments to profit or loss	-	369	-	-	369	-	369
Change in fair value of investments (unrealised)	-	(2,850)	-	-	(2,850)	-	(2,850)
Income tax relating to components of other comprehensive income	-	482	-	-	482	-	482
Total other comprehensive income, net of income tax	-	(2,544)	29	-	(2,515)	-	(2,515)
Total comprehensive income for the quarter	-	(2,544)	29	1,181	(1,334)	14	(1,320)
Transactions with owners, recorded directly in equity:							
Contributions by and distributions to owners:							
Final dividend paid of 0.8 cent per share tax exempt (one-tier) in respect of year 2017	-	-	-	(4,841)	(4,841)	-	(4,841)
Total contributions by and distributions to owners	-	-	-	(4,841)	(4,841)	-	(4,841)
At 30 June 2018	123,300	7,032	31,095	93,515	254,942	295	255,237

	Share Capital S\$'000	Fair Value Reserves S\$'000	Revaluation Reserves S\$'000	Accumulated Profits S\$'000	Total S\$'000
COMPANY					
At 1 January 2019	123,300	6,607	40,654	92,707	263,268
Total comprehensive income for the period					
Net profit	-	-	-	6,341	6,341
Other comprehensive income:					
Revaluation of property, plant and equipment	-	-	59	-	59
Available-for-sale financial assets:					
Reclassification of gain on sale of investments to profit or loss (realised)	-	(862)	-	-	(862)
Reclassification of impairment write-down on investments to profit or loss	-	431	-	-	431
Change in fair value of investments (unrealised)	-	5,030	-	-	5,030
Income tax relating to components of other comprehensive income	-	(839)	-	-	(839)
Total other comprehensive income, net of income tax	-	3,760	59	-	3,819
Total comprehensive income for the period	-	3,760	59	6,341	10,160
Transactions with owners, recorded directly in equity:					
Contributions by and distributions to owners:					
Final dividend paid of 0.8 cent per share tax exempt (one-tier) in respect of year 2018	-	-	-	(4,841)	(4,841)
Total contributions by and distributions to owners	-	-	-	(4,841)	(4,841)
At 30 June 2019	123,300	10,367	40,713	94,207	268,587
At 1 January 2018	123,300	12,807	31,036	91,662	258,805
Total comprehensive income for the period					
Net profit	-	-	-	6,100	6,100
Other comprehensive income:					
Revaluation of property, plant and equipment	-	-	59	-	59
Available-for-sale financial assets:					
Reclassification of gain on sale of investments to profit or loss (realised)	-	(794)	-	-	(794)
Reclassification of impairment write-down on investments to profit or loss	-	369	-	-	369
Change in fair value of investments (unrealised)	-	(6,433)	-	-	(6,433)
Income tax relating to components of other comprehensive income	-	1,083	-	-	1,083
Total other comprehensive income, net of income tax	-	(5,775)	59	-	(5,716)
Total comprehensive income for the period	-	(5,775)	59	6,100	384
Transactions with owners, recorded directly in equity:					
Contributions by and distributions to owners:					
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	-	-	-	(4,841)	(4,841)
At 30 June 2018	123,300	7,032	31,095	92,921	254,348

	Share Capital S\$'000	Fair Value Reserves S\$'000	Revaluation Reserves S\$'000	Accumulated Profits S\$'000	Total S\$'000
COMPANY					
At 1 April 2019	123,300	8,849	40,684	97,906	270,739
Total comprehensive income for the quarter					
Net profit	-	-	-	1,142	1,142
Other comprehensive income:					
Revaluation of property, plant and equipment	-	-	29	-	29
Available-for-sale financial assets:					
Reclassification of gain on sale of investments to profit or loss (realised)	-	(541)	-	-	(541)
Reclassification of impairment write-down on investments to profit or loss	-	431	-	-	431
Change in fair value of investments (unrealised)	-	1,921	-	-	1,921
Income tax relating to components of other comprehensive income	-	(293)	-	-	(293)
Total other comprehensive income, net of income tax	-	1,518	29	-	1,547
Total comprehensive income for the quarter	-	1,518	29	1,142	2,689
Transactions with owners, recorded directly in equity:					
Contributions by and distributions to owners:					
Final dividend paid of 0.8 cent per share tax exempt (one-tier) in respect of year 2018	-	-	-	(4,841)	(4,841)
Total contributions by and distributions to owners	-	-	-	(4,841)	(4,841)
At 30 June 2019	123,300	10,367	40,713	94,207	268,587
At 1 April 2018	123,300	9,576	31,066	96,662	260,604
Total comprehensive income for the quarter					
Net profit	-	-	-	1,100	1,100
Other comprehensive income:					
Revaluation of property, plant and equipment	-	-	29	-	29
Available-for-sale financial assets:					
Reclassification of gain on sale of investments to profit or loss (realised)	-	(545)	-	-	(545)
Reclassification of impairment write-down on investments to profit or loss	-	369	-	-	369
Change in fair value of investments (unrealised)	-	(2,850)	-	-	(2,850)
Income tax relating to components of other comprehensive income	-	482	-	-	482
Total other comprehensive income, net of income tax	-	(2,544)	29	-	(2,515)
Total comprehensive income for the quarter	-	(2,544)	29	1,100	(1,415)
Issue of bonus issues	-	-	-	-	-
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	-	-	-	(4,841)	(4,841)
At 30 June 2018	123,300	7,032	31,095	92,921	254,348

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 30 June 2019 and 30 June 2018.

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 30 June 2019 and 31 December 2018 was 605,219,785.

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

Not Applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The financial figures have not been audited or reviewed by the Group's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not Applicable

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period as those in the audited annual financial statements as at 31 December 2018.

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 2019, the Group adopted SFRS(I) 16 Leases and there was no significant impact to the financial statements ended 30 June 2019.

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	
	6 months 2019	6 months 2018
Basic and fully diluted earnings per share (cents)	1.03	1.05
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	
	30.6.2019	31.12.2018	30.6.2019	31.12.2018
Net asset value per share (cents)	44.40	43.54	44.38	43.50

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 2nd quarter 2019 vs 2nd quarter 2018

For the quarter ended 30 June 2019, the Group's gross written premium rose 10.9% to \$59.106 million due mainly to timing difference in booking premiums from cedants and higher premiums generated from some existing customers. Correspondingly, net earned premium climbed 12.9% to \$13.635 million. Net claims incurred increased by 14.2% to \$9.775 million partly due to new case reserves set aside for recent losses, as well as higher advised outstanding losses and IBNR / IBNER loss provisions. Comparing the current quarter under review against 1st quarter 2019 alone, the sharp increase in net claims incurred was primarily attributed to newly reported losses and higher IBNER / IBNR loss provisions for newer or potential claims associated with recent underwriting years. Net commission expense was 14.4% higher at \$4.103 million in light of the premium growth. Consequently, the underwriting result was a deficit of \$2.325 million as against a surplus of \$3.097 million as at the end of first quarter. Net investment income rose 13.8% to \$3.587 million mainly due to higher dividend income. Overall, the Group reported lower net profit before income tax of \$1.080 million, compared to \$1.195 million in the corresponding quarter a year earlier.

Comparison of 6 months 2019 vs 6 months 2018

For the six months ended 30 June 2019, the Group's gross written premium grew 13.9% to \$105.715 million attributed to timing difference in receipt and booking of statement of accounts, higher premiums reported by some cedants and new business. Correspondingly, net earned premium rose 11.4% to \$26.222 million. Net claims incurred increased by 17% to \$14.383 million, due to additional case reserves set aside for recent natural peril events as well as higher advised outstanding losses and IBNR loss reserve provisions. However, the incurred loss ratio of 51.2% (on net written premium) was lower than the 54.5% incurred loss ratio in the corresponding period a year earlier. Net commission expense increased by 10.6% to \$7.088 million in line with the net premium growth. Reinsurance management expenses declined by 2.5% to \$3.979 million due to lower provision for doubtful debts. As a result, the underwriting surplus rose marginally by 0.8% to \$772,000. Net investment income increased by 3.3% to \$6.418 million due to higher dividend and interest income. Overall, the Group's net profit before income tax amounted to \$6.195 million, 3% lower than the \$6.389 million net profit before income tax in the preceding year.

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 excessive global capacity that has been fueling the intense competition in the reinsurance market will likely continue unabated in the absence of collective will and effort to bring about a more disciplined market. This, combined with the devastating impact of extreme weathers resulting from climate change, will render it difficult to achieve positive underwriting results.

On the investment front, global uncertainties arising from geo-political conflicts and economic slowdowns may have a negative effect on non-underwriting income.

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

Name of dividend	Interim Ordinary
Dividend type	Cash
Gross dividend amount per share (in cents)	0.50
Tax rate	Tax exempt (one-tier)

(b) Corresponding period of the immediately preceding financial year

Any dividend declared?

Yes

Name of dividend	Interim Ordinary
Dividend type	Cash
Gross dividend amount per share (in cents)	0.50
Tax rate	Tax exempt (one-tier)

(c) The date the dividend is payable

The proposed dividend will be paid on 18 September 2019.

(d) Books closure date

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on 21 August 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 20 August 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 20 August 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 705(5) of the Listing Manual.

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited group financial results for second quarter and period ended 30 June 2019 to be false or misleading in any material aspect.

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

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

BY ORDER OF THE BOARD

Tan Swee Gek
Company Secretary
8 August 2019