

Quarterly, Full Year - to amend accordingly

SINGAPORE REINSURANCE CORPORATION LIMITED
(Company Registration No. 197300016C)

Financial Statements Announcement For The Period Ended 30 September 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.

UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE NINE MONTHS/THIRD QUARTER ENDED 30 SEPTEMBER 2018

	GROUP					
	9 months	9 months	Incr/	3rd Qtr	3rd Qtr	Incr/
	2018	2017	(decr)	2018	2017	(decr)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Income statements:						
Reinsurance operations:						
Gross written premiums	139,020	122,846	13.2	46,190	39,560	16.8
Reinsurance premiums	(103,248)	(86,683)	19.1	(32,975)	(27,691)	19.1
Net written premiums	35,772	36,163	(1.1)	13,215	11,869	11.3
Gross transfer to provision for unexpired risks	(2,711)	(2,231)	21.5	(2,349)	(3,933)	(40.3)
Reinsurance transfer from provision for unexpired risks	3,160	4,094	(22.8)	1,812	3,653	(50.4)
Net earned premiums	36,221	38,026	(4.7)	12,678	11,589	9.4
Gross claims incurred	(108,084)	(65,358)	65.4	(30,036)	(22,050)	36.2
Reinsurers' share of claims incurred	80,712	45,448	77.6	14,952	14,957	(0.0)
Net claims incurred	(27,372)	(19,910)	37.5	(15,084)	(7,093)	112.7
Commission expense	(41,343)	(37,374)	10.6	(12,244)	(11,864)	3.2
Commission income	32,516	26,233	24.0	9,827	8,700	13.0
Net commission expense	(8,827)	(11,141)	(20.8)	(2,417)	(3,164)	(23.6)
Management expenses	(5,700)	(6,169)	(7.6)	(1,621)	(2,254)	(28.1)
Underwriting results	(5,678)	806	nm	(6,444)	(922)	nm
Net investment income	7,017	6,762	3.8	2,354	2,449	(3.9)
Net income/(loss) from reinsurance operations (I)	1,339	7,568	(82.3)	(4,090)	1,527	nm
Non-reinsurance operations:						
Net investment income	2,535	2,288	10.8	984	823	19.6
Other operating income	3,896	4,329	(10.0)	966	1,246	(22.5)
Management expenses	(4,075)	(4,380)	(7.0)	(1,233)	(1,458)	(15.4)
Net income from non-reinsurance operations (II)	2,356	2,237	5.3	717	611	17.3

	GROUP					
	9 months 2018 S\$'000	9 months 2017 S\$'000	Incr/ (decr) %	3rd Qtr 2018 S\$'000	3rd Qtr 2017 S\$'000	Incr/ (decr) %
Income statements - continued						
Profit/(Loss) before income tax (I + II)	3,695	9,805	(62.3)	(3,373)	2,138	nm
Income tax expense	(351)	(1,020)	(65.6)	328	(218)	nm
Profit/(Loss) for the period	3,344	8,785	(61.9)	(3,045)	1,920	(258.6)
Profit/(Loss) attributable to:						
Equity holders of the Company	3,325	8,741	(62.0)	(3,021)	1,931	nm
Non-controlling interests	19	44	(56.8)	(24)	(11)	118.2
Profit/(Loss) for the period	3,344	8,785	(61.9)	(3,045)	1,920	(258.6)
Statements of comprehensive income:						
Profit/(Loss) for the period	3,344	8,785	(61.9)	(3,045)	1,920	(258.6)
Other comprehensive income, after tax:						
Items that will not be reclassified to profit or loss:						
Revaluation of property, plant and equipment	88	88	-	29	29	-
Tax on items that will not be reclassified to profit or loss	-	-	nm	-	-	nm
	88	88	-	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)	(1,170)	(1,790)	(34.6)	(376)	(375)	0.3
Reclassification of impairment write-down on investments to profit or loss	369	791	(53.4)	-	-	nm
Change in fair value of investments (unrealised)	(6,205)	10,559	nm	228	461	(50.5)
Tax on items that are or may be reclassified subsequently to profit or loss	1,101	(1,582)	nm	18	(23)	nm
	(5,905)	7,978	nm	(130)	63	nm
Other comprehensive income for the period, net of income tax	(5,817)	8,066	nm	(101)	92	nm
Total comprehensive income for the period	(2,473)	16,851	nm	(3,146)	2,012	nm
Total comprehensive income attributable to:						
Equity holders of the Company	(2,492)	16,802	nm	(3,122)	2,037	nm
Non-controlling interests	19	49	(61.2)	(24)	(25)	(4.0)
Total comprehensive income for the period	(2,473)	16,851	nm	(3,146)	2,012	nm
Profit for the period has been arrived at after crediting/(charging):						
Net exchange gains/(losses)	475	(961)	nm	258	(642)	nm
Depreciation	(242)	(257)	(5.8)	(80)	(89)	(10.1)
Allowances for doubtful debts and bad debts written (off)/back	(132)	239	nm	79	129	(38.8)
Gain on sale of investments	1,170	1,790	(34.6)	376	375	0.3
Change in fair value of investment properties	(116)	(44)	163.6	(263)	80	nm
Impairment provisions/write-down on investments	(369)	(791)	(53.4)	-	-	nm

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	
	30.09.2018	31.12.2017	30.09.2018	31.12.2017
	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Property, plant and equipment	42,304	42,408	42,206	42,320
Investment properties	29,289	29,405	29,289	29,405
Interests in subsidiaries	-	-	1,091	1,110
Reinsurers' share of insurance contract provisions for				
- outstanding claims	246,889	220,710	246,889	220,710
- unexpired risks	49,313	46,153	49,313	46,153
Financial assets	261,390	269,061	261,390	269,061
Club membership	15	15	-	-
Insurance receivables	71,533	59,842	71,533	59,842
Other receivables	3,432	3,076	2,108	2,574
Cash and cash equivalents	91,612	100,739	89,198	97,890
Total assets	795,777	771,409	793,017	769,065
Equity attributable to equity holders of the Company				
Share capital	123,300	123,300	123,300	123,300
Reserves	38,026	43,843	38,026	43,843
Accumulated profits	87,468	92,010	87,018	91,662
	248,794	259,153	248,344	258,805
Non-controlling interests	271	252	-	-
Total equity	249,065	259,405	248,344	258,805
Liabilities				
Insurance contract provisions for				
- outstanding claims	400,404	368,999	400,404	368,999
- unexpired risks	67,356	64,645	67,356	64,645
Deferred taxation	2,151	3,263	2,151	3,263
Insurance payables	71,558	69,611	71,558	69,611
Other payables	4,760	4,170	2,759	2,548
Current tax payable	483	1,316	445	1,194
Total liabilities	546,712	512,004	544,673	510,260
Total equity and liabilities	795,777	771,409	793,017	769,065

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 30.9.2018		As at 31.12.2017	
S\$'000			
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 30.9.2018		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			
	9 months 2018 S\$'000	9 months 2017 S\$'000	3rd Qtr 2018 S\$'000	3rd Qtr 2017 S\$'000
Operating activities				
Profit/(loss) before income tax	3,695	9,805	(3,373)	2,138
Adjustments for:				
Insurance contract provisions for net unexpired risks	(449)	(1,863)	537	280
Insurance contract provisions for net outstanding claims	5,226	(3,433)	5,403	(352)
Impairment provision and write-down on investments	369	791	-	-
Change in fair value of investment properties	116	44	263	(80)
Gain on sale of investments	(1,170)	(1,790)	(376)	(375)
Depreciation of property, plant and equipment	242	257	80	89
Interest income	(6,059)	(5,865)	(2,086)	(1,973)
Dividend income	(1,996)	(1,936)	(787)	(791)
	(26)	(3,990)	(339)	(1,064)
Changes in working capital:				
Insurance receivables	(11,691)	(9,413)	(6,091)	(4,367)
Other receivables and staff loan	(549)	(2,351)	(100)	(426)
Insurance payables	1,947	11,525	10,670	5,734
Other payables	590	459	659	329
Cash flows used in operations	(9,729)	(3,770)	4,799	206
Income tax paid	(1,196)	(579)	(489)	(251)
Net cash (used in)/from operating activities	(10,925)	(4,349)	4,310	(45)
Investing activities				
Interest received	6,183	6,203	2,293	2,250
Dividends received	1,996	1,936	787	791
Purchase of investments	(36,179)	(26,124)	(11,086)	(12,755)
Proceeds from sale of investments	37,715	31,948	21,352	13,074
Purchase of property, plant and equipment	(50)	(139)	(21)	(50)
Net cash from investing activities	9,665	13,824	13,325	3,310
Financing activities				
Dividends paid to owners of the Company	(7,867)	(7,867)	(3,026)	(3,026)
Decrease in deposits pledged	-	5	-	2
Net cash used in financing activities	(7,867)	(7,862)	(3,026)	(3,024)
Net (decrease)/increase in cash and cash equivalents	(9,127)	1,613	14,609	241
Cash and cash equivalents at beginning of the year (excluding pledged assets)	100,739	86,726	77,003	88,098
Cash and cash equivalents at end of the year (excluding pledged assets)	91,612	88,339	91,612	88,339
Pledged deposits	-	91	-	91
Cash and cash equivalents at end of the period including pledged deposits	91,612	88,430	91,612	88,430

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 2018	123,300	12,807	31,036	92,010	259,153	252	259,405
Total comprehensive income for the period							
Net profit	-	-	-	3,325	3,325	19	3,344
Other comprehensive income:							
Revaluation of property, plant and equipment	-	-	88	-	88	-	88
Available-for-sale financial assets:							
Reclassification of gain on sale of investments to profit or loss (realised)	-	(1,170)	-	-	(1,170)	-	(1,170)
Reclassification of impairment write-down on investments to profit or loss	-	369	-	-	369	-	369
Change in fair value of investments (unrealised)	-	(6,205)	-	-	(6,205)	-	(6,205)
Income tax relating to components of other comprehensive income	-	1,101	-	-	1,101	-	1,101
Total other comprehensive income, net of income tax	-	(5,905)	88	-	(5,817)	-	(5,817)
Total comprehensive income for the period	-	(5,905)	88	3,325	(2,492)	19	(2,473)
Transactions with owners, recorded directly in equity:							
Contributions by and distributions to owners:							
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)
Total contributions by and distributions to owners	-	-	-	(7,867)	(7,867)	-	(7,867)
At 30 September 2018	123,300	6,902	31,124	87,468	248,794	271	249,065
At 1 January 2017	123,300	3,395	26,918	87,223	240,836	264	241,100
Total comprehensive income for the period							
Net profit	-	-	-	8,741	8,741	44	8,785
Other comprehensive income:							
Revaluation of property, plant and equipment	-	-	88	-	88	-	88
Available-for-sale financial assets:							
Reclassification of gain on sale of investments to profit or loss (realised)	-	(1,775)	-	-	(1,775)	(15)	(1,790)
Reclassification of impairment write-down on investments to profit or loss	-	791	-	-	791	-	791
Change in fair value of investments (unrealised)	-	10,539	-	-	10,539	20	10,559
Income tax relating to components of other comprehensive income	-	(1,582)	-	-	(1,582)	-	(1,582)
Total other comprehensive income, net of income tax	-	7,973	88	-	8,061	5	8,066
Total comprehensive income for the period	-	7,973	88	8,741	16,802	49	16,851
Transactions with owners, recorded directly in equity:							
Contributions by and distributions to owners:							
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)
Total contributions by and distributions to owners	-	-	-	(7,867)	(7,867)	-	(7,867)
At 30 September 2017	123,300	11,368	27,006	88,097	249,771	313	250,084

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 July 2018	123,300	7,032	31,095	93,515	254,942	295	255,237
Total comprehensive income for the quarter							
Net profit	-	-	-	(3,021)	(3,021)	(24)	(3,045)
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)	-	(376)	-	-	(376)	-	(376)
Change in fair value of investments (unrealised)	-	228	-	-	228	-	228
Income tax relating to components of other comprehensive income	-	18	-	-	18	-	18
Total other comprehensive income, net of income tax	-	(130)	29	-	(101)	-	(101)
Total comprehensive income for the quarter	-	(130)	29	(3,021)	(3,122)	(24)	(3,146)
Transactions with owners, recorded directly in equity:							
Contributions by and distributions to owners:							
Interim dividend paid of 0.5 cent per share tax exempt (one-tier) in respect of year 2018	-	-	-	(3,026)	(3,026)	-	(3,026)
Total contributions by and distributions to owners	-	-	-	(3,026)	(3,026)	-	(3,026)
At 30 September 2018	123,300	6,902	31,124	87,468	248,794	271	249,065
At 1 July 2017	123,300	11,291	26,977	89,192	250,760	338	251,098
Total comprehensive income for the quarter							
Net profit	-	-	-	1,931	1,931	(11)	1,920
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)	-	(362)	-	-	(362)	(13)	(375)
Change in fair value of investments (unrealised)	-	462	-	-	462	(1)	461
Income tax relating to components of other comprehensive income	-	(23)	-	-	(23)	-	(23)
Total other comprehensive income, net of income tax	-	77	29	-	106	(14)	92
Total comprehensive income for the quarter	-	77	29	1,931	2,037	(25)	2,012
Transactions with owners, recorded directly in equity:							
Contributions by and distributions to owners:							
Interim dividend paid of 0.5 cent per share tax exempt (one-tier) in respect of year 2017	-	-	-	(3,026)	(3,026)	-	(3,026)
Total contributions by and distributions to owners	-	-	-	(3,026)	(3,026)	-	(3,026)
At 30 September 2017	123,300	11,368	27,006	88,097	249,771	313	250,084

	Share Capital S\$'000	Fair Value Reserves S\$'000	Revaluation Reserves S\$'000	Accumulated Profits S\$'000	Total S\$'000
COMPANY					
At 1 January 2018	123,300	12,807	31,036	91,662	258,805
Total comprehensive income for the period					
Net profit	-	-	-	3,223	3,223
Other comprehensive income:					
Revaluation of property, plant and equipment	-	-	88	-	88
Available-for-sale financial assets:					
Reclassification of gain on sale of investments to profit or loss (realised)	-	(1,170)	-	-	(1,170)
Reclassification of impairment write-down on investments to profit or loss	-	369	-	-	369
Change in fair value of investments (unrealised)	-	(6,205)	-	-	(6,205)
Income tax relating to components of other comprehensive income	-	1,101	-	-	1,101
Total other comprehensive income, net of income tax	-	(5,905)	88	-	(5,817)
Total comprehensive income for the period	-	(5,905)	88	3,223	(2,594)
Transactions with owners, recorded directly in equity:					
Contributions by and distributions to owners:					
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)
At 30 September 2018	123,300	6,902	31,124	87,018	248,344
At 1 January 2017	123,300	3,424	26,918	86,819	240,461
Total comprehensive income for the period					
Net profit	-	-	-	8,524	8,524
Other comprehensive income:					
Revaluation of property, plant and equipment	-	-	88	-	88
Available-for-sale financial assets:					
Reclassification of gain on sale of investments to profit or loss (realised)	-	(1,693)	-	-	(1,693)
Reclassification of impairment write-down on investments to profit or loss	-	791	-	-	791
Change in fair value of investments (unrealised)	-	10,428	-	-	10,428
Income tax relating to components of other comprehensive income	-	(1,582)	-	-	(1,582)
Total other comprehensive income, net of income tax	-	7,944	88	-	8,032
Total comprehensive income for the period	-	7,944	88	8,524	16,556
Transactions with owners, recorded directly in equity:					
Contributions by and distributions to owners:					
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)
At 30 September 2017	123,300	11,368	27,006	87,476	249,150

<u>COMPANY</u>	Share Capital S\$'000	Fair Value Reserves S\$'000	Revaluation Reserves S\$'000	Accumulated Profits S\$'000	Total S\$'000
At 1 July 2018	123,300	7,032	31,095	92,921	254,348
Total comprehensive income for the quarter					
Net profit	-	-	-	(2,877)	(2,877)
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)	-	(376)	-	-	(376)
Change in fair value of investments (unrealised)	-	228	-	-	228
Income tax relating to components of other comprehensive income	-	18	-	-	18
Total other comprehensive income, net of income tax	-	(130)	29	-	(101)
Total comprehensive income for the quarter	-	(130)	29	(2,877)	(2,978)
Interim dividend paid of 0.5 cent per share tax exempt (one-tier) in respect of year 2018	-	-	-	(3,026)	(3,026)
Total contributions by and distributions to owners	-	-	-	(3,026)	(3,026)
At 30 September 2018	123,300	6,902	31,124	87,018	248,344
At 1 July 2017	123,300	11,210	26,977	88,505	249,992
Total comprehensive income for the quarter					
Net profit	-	-	-	1,997	1,997
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)	-	(288)	-	-	(288)
Change in fair value of investments (unrealised)	-	469	-	-	469
Income tax relating to components of other comprehensive income	-	(23)	-	-	(23)
Total other comprehensive income, net of income tax	-	158	29	-	187
Total comprehensive income for the quarter	-	158	29	1,997	2,184
Contributions by and distributions to owners:					
Interim dividend paid of 0.5 cent per share tax exempt (one-tier) in respect of year 2017	-	-	-	(3,026)	(3,026)
Total contributions by and distributions to owners	-	-	-	(3,026)	(3,026)
At 30 September 2017	123,300	11,368	27,006	87,476	249,150

- 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 September 2018 and 30 September 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 30 September 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 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 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>	
	9 months 2018	9 months 2017
Basic and fully diluted earnings per share (cents)	0.55	1.44
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	
	30.09.2018	31.12.2017	30.09.2018	31.12.2017
Net asset value per share (cents)	41.11	42.82	41.03	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 3rd quarter 2018 vs 3rd quarter 2017

In third quarter 2018, the Group's gross written premium rose 16.8% to \$46.19 million and the premium growth was mainly attributed to higher premiums reported by some cedants and new business. However, plagued by a period of high weather-related loss activity, net claims incurred rose 112.7% to \$15.084 million due to higher advised outstanding losses reported by cedants, as well as new additional case reserves set aside for typhoon and/or flood losses which affected Japan and greater China. Net commission expense slid 23.6% to \$2.417 million attributed to lower profit commission accrual and prior years' retrocession profit commission adjustment. Consequently, an underwriting deficit of \$6.444 million was recorded in the quarter under review, compared to \$922,000 underwriting deficit in the corresponding quarter a year ago. Net investment income increased \$66,000 or 2% to \$3.338 million mainly due to higher interest income. Overall, the Group reported a loss before income tax of \$3.373 million compared to the \$2.138 million profit before income tax in the corresponding quarter a year ago.

Comparison of 9 months 2018 vs 9 months 2017

For the nine months ended 30 September 2018, the Group's gross written premium grew 13.2% to \$139.02 million attributed to timing difference in receipt and booking of statement of accounts and new business written. In contrast, the net earned premium fell 4.7% to \$36.221 million mainly due to lower premium ceded under a treaty arrangement which is substantially retained. Net claims incurred rose 37.5% to \$27.372 million, equivalent to an incurred loss ratio of 76.5% (on net written premium) mainly because of higher advised outstanding losses and IBNR loss reserve provision, as well as new case reserves set aside for recent natural peril losses involving typhoons Mangkhut and Jebi, Japan floods, Hokkaido earthquake, etc. There remains considerable degree of uncertainty as regards the ultimate loss for these loss events. As they occurred recently, the claims process is at an early stage. Net commission expense fell 20.8% to \$8.827 million attributed to lower profit commission accrual and retrocession profit commission adjustments for older underwriting years. Reinsurance management expenses fell 7.6% to \$5.7 million due to exchange gain on revaluation of foreign-denominated assets. Despite savings in the two expense items, underwriting resulted in a deficit of \$5.7 million, compared to the \$806,000 surplus in the same period a year earlier. Net investment income increased by 5.5% to \$9.552 million due to lower impairment recognised for investments and higher interest income. Overall, the Group's net profit before income tax fell 62.3% to \$3.695 million, down from the \$9.805 million net profit before income tax reported in the corresponding period last 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.**

Underwriting margins will remain under tremendous strain in light of the continued pervasive excessive (re)insurance competition globally, amid increasing severity and frequency of natural disasters triggered by climate change.

Escalating tensions in the geo-political sphere and rising trade protectionism will likely continue to unsettle the financial markets and render investment an increasingly uphill task.

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? No

(b) Corresponding period of the immediately preceding financial year

Any dividend declared? No

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared for the current financial period reported on.

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 third quarter ended 30 September 2018 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
12 November 2018

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