

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

Financial Statements Announcement For The Year Ended 31 December 2017

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 2017

	GROUP					
	12 months 2017 S\$'000	12 months 2016 S\$'000	Incr/ (decr) %	4th Qtr 2017 S\$'000	4th Qtr 2016 S\$'000	Incr/ (decr) %
Income statements:						
Reinsurance operations:						
Gross written premiums	182,447	169,016	7.9	59,601	52,174	14.2
Reinsurance premiums	(131,921)	(118,294)	11.5	(45,238)	(41,001)	10.3
Net written premiums	50,526	50,722	(0.4)	14,363	11,173	28.6
Gross transfer to provision for unexpired risks	(4,884)	(12,675)	(61.5)	(2,653)	(7,340)	(63.9)
Reinsurance transfer from provision for unexpired risks	5,466	13,818	(60.4)	1,372	8,326	(83.5)
Net earned premiums	51,108	51,865	(1.5)	13,082	12,159	7.6
Gross claims incurred	(100,459)	(83,630)	20.1	(35,101)	(26,612)	31.9
Reinsurers' share of claims incurred	72,588	47,685	52.2	27,140	15,235	78.1
Net claims incurred	(27,871)	(35,945)	(22.5)	(7,961)	(11,377)	(30.0)
Commission expense	(52,754)	(46,165)	14.3	(15,380)	(13,591)	13.2
Commission income	38,925	34,477	12.9	12,692	12,221	3.9
Net commission expense	(13,829)	(11,688)	18.3	(2,688)	(1,370)	96.2
Management expenses	(8,099)	(6,287)	28.8	(1,930)	(827)	133.4
Underwriting results	1,309	(2,055)	nm	503	(1,415)	nm
Net investment income	6,874	6,218	10.6	112	661	(83.1)
Net income from reinsurance operations (I)	8,183	4,163	96.6	615	(754)	nm
Non-reinsurance operations:						
Net investment income	5,435	5,059	7.4	3,147	2,479	26.9
Other operating income	6,332	6,480	(2.3)	2,003	1,938	3.4
Management expenses	(5,894)	(5,824)	1.2	(1,514)	(1,615)	(6.3)
Net income from non-reinsurance operations (II)	5,873	5,715	2.8	3,636	2,802	29.8

	GROUP					
	12 months 2017 S\$'000	12 months 2016 S\$'000	Incr/ (decr) %	4th Qtr 2017 S\$'000	4th Qtr 2016 S\$'000	Incr/ (decr) %
Income statements - continued						
Profit before income tax (I + II)	14,056	9,878	42.3	4,251	2,048	107.6
Income tax expense	(1,284)	(893)	43.8	(264)	(272)	(2.9)
Profit for the year	12,772	8,985	42.1	3,987	1,776	124.5
Profit attributable to:						
Equity holders of the Company	12,654	8,842	43.1	3,913	1,720	127.5
Non-controlling interests	118	143	(17.5)	74	56	32.1
Profit for the year	12,772	8,985	42.1	3,987	1,776	124.5
Statements of comprehensive income:						
Profit for the year	12,772	8,985	42.1	3,987	1,776	124.5
Other comprehensive income, after tax:						
Items that will not be reclassified to profit or loss:						
Revaluation of property, plant and equipment	4,118	5,320	(22.6)	4,030	5,329	(24.4)
Tax on items that will not be reclassified to profit or loss	-	9	(100.0)	-	-	nm
	4,118	5,329	(22.7)	4,030	5,329	(24.4)
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)	(2,334)	(861)	171.1	(544)	-	nm
Reclassification of impairment write-down on investments to profit or loss	2,154	1,982	8.7	1,363	1,379	(1.2)
Change in fair value of investments (unrealised)	11,448	516	nm	889	(4,287)	nm
Tax on items that are or may be reclassified subsequently to profit or loss	(1,851)	(226)	nm	(269)	535	nm
	9,417	1,411	nm	1,439	(2,373)	nm
Other comprehensive income for the year, net of income tax	13,535	6,740	100.8	5,469	2,956	85.0
Total comprehensive income for the year	26,307	15,725	67.3	9,456	4,732	99.8
Total comprehensive income attributable to:						
Equity holders of the Company	26,184	15,575	68.1	9,382	4,672	100.8
Non-controlling interests	123	150	(18.0)	74	60	23.3
Total comprehensive income for the year	26,307	15,725	67.3	9,456	4,732	99.8
Profit for the year has been arrived at after crediting/(charging):						
Net exchange (losses)/gains	(1,156)	106	nm	(195)	851	nm
Depreciation	(341)	(381)	(10.5)	(84)	(84)	-
Allowances for doubtful debts and bad debts written back	386	140	175.7	147	(11)	nm
Over/(under) provision of tax	18	(299)	nm	32	(299)	nm
Gain on sale of investments	2,334	861	171.1	544	-	nm
Change in fair value of investment properties	2,076	1,610	28.9	2,120	1,996	6.2
Impairment provisions/write-down on investments	(2,154)	(1,982)	8.7	(1,363)	(1,379)	(1.2)

nm not meaningful

Note: certain items in the comparatives figures have been reclassified to conform with the current's presentation

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	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Property, plant and equipment	42,408	38,485	42,320	38,382
Investment properties	29,405	27,329	29,405	27,329
Interests in subsidiaries	-	-	1,110	1,123
Reinsurers' share of insurance contract provisions for				
- outstanding claims	220,710	198,382	220,710	198,382
- unexpired risks	46,153	40,687	46,153	40,687
Financial assets	269,061	259,127	269,061	258,579
Club membership	15	15	-	-
Insurance receivables	59,842	47,966	59,842	47,966
Other receivables	3,076	4,433	2,574	3,664
Cash and cash equivalents	100,739	86,822	97,890	84,507
Total assets	771,409	703,246	769,065	700,619
Equity attributable to equity holders of the Company				
Share capital	123,300	123,300	123,300	123,300
Reserves	43,843	30,313	43,843	30,342
Accumulated profits	92,010	87,223	91,662	86,819
	259,153	240,836	258,805	240,461
Non-controlling Interests	252	264	-	-
Total equity	259,405	241,100	258,805	240,461
Liabilities				
Insurance contract provisions for				
- outstanding claims	368,999	350,831	368,999	350,831
- unexpired risks	64,645	59,761	64,645	59,761
Deferred taxation	3,263	1,440	3,263	1,449
Insurance payables	69,611	45,423	69,611	45,423
Other payables	4,170	4,056	2,548	2,172
Current tax payable	1,316	635	1,194	522
Total liabilities	512,004	462,146	510,260	460,158
Total equity and liabilities	771,409	703,246	769,065	700,619

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 31.12.2017		As at 31.12.2016	
S\$'000			
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31.12.2017		As at 31.12.2016	
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 2017 S\$'000	12 months 2016 S\$'000	4th Qtr 2017 S\$'000	4th Qtr 2016 S\$'000
Operating activities				
Profit before income tax	14,056	9,878	4,251	2,048
Adjustments for:				
Insurance contract provisions for net unexpired risks	(582)	(1,143)	1,281	(986)
Insurance contract provisions for net outstanding claims	(4,160)	(186)	(727)	2,809
Impairment provision and write-down on investments	2,154	1,982	1,363	1,379
Change in fair value of investment properties	(2,076)	(1,610)	(2,120)	(1,996)
Gain on sale of investments	(2,334)	(861)	(544)	-
Depreciation of property, plant and equipment	341	381	84	84
Interest income	(7,839)	(8,231)	(1,974)	(1,988)
Dividend income	(2,323)	(2,510)	(387)	(371)
	(2,763)	(2,300)	1,227	979
Changes in working capital:				
Insurance receivables	(11,876)	10,462	(2,463)	10,750
Other receivables and staff loan	1,315	(691)	3,666	68
Insurance payables	24,188	(2,478)	12,663	(8,376)
Other payables	114	(258)	(345)	(946)
Cash flows used in operations	10,978	4,735	14,748	2,475
Income tax paid	(630)	(1,386)	(51)	15
Net cash from operating activities	10,348	3,349	14,697	2,490
Investing activities				
Interest received	7,839	8,336	1,636	1,663
Dividends received	2,323	2,510	387	371
Purchase of investments	(40,089)	(21,856)	(13,965)	(6,628)
Proceeds from sale of investments	41,644	25,648	9,696	1,250
Purchase of property, plant and equipment	(147)	(179)	(8)	(26)
Disposal of property, plant and equipment	1	-	-	-
Net cash from/(used in) investing activities	11,571	14,459	(2,254)	(3,370)
Financing activities				
Dividends paid to owners of the Company	(7,867)	(6,657)	-	-
Dividends paid to non-controlling interests	(135)	(150)	-	(150)
Decrease in deposits pledged	96	26	91	(5)
Net cash (used in)/from financing activities	(7,906)	(6,781)	91	(155)
Net increase/(decrease) in cash and cash equivalents	14,013	11,027	12,534	(1,035)
Cash and cash equivalents at beginning of the year/period (excluding pledged assets)	86,726	75,699	88,205	87,761
Cash and cash equivalents at end of the year (excluding pledged assets)	100,739	86,726	100,739	86,726
Pledged deposits	-	96	-	96
Cash and cash equivalents at end of the year including pledged deposits	100,739	86,822	100,739	86,822

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 2017	123,300	3,395	26,918	87,223	240,836	264	241,100
Total comprehensive income for the year							
Net profit	-	-	-	12,654	12,654	118	12,772
Other comprehensive income:							
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
Transactions with owners, recorded directly in equity:							
Contributions by and distributions to owners:							
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)
Interim dividend paid of 0.5 cent per share tax exempt (one-tier) in respect of year 2017	-	-	-	(3,026)	(3,026)	-	(3,026)
Dividend paid to non-controlling interests	-	-	-	-	-	(135)	(135)
Total contributions by and distributions to owners	-	-	-	(7,867)	(7,867)	(135)	(8,002)
At 31 December 2017	123,300	12,807	31,036	92,010	259,153	252	259,405
At 1 January 2016	123,300	1,991	21,589	85,038	231,918	264	232,182
Total comprehensive income for the year							
Net profit	-	-	-	8,842	8,842	143	8,985
Other comprehensive income:							
Revaluation of property, plant and equipment	-	-	5,320	-	5,320	-	5,320
Available-for-sale financial assets:							
Reclassification of gain on sale of investments to profit or loss (realised)	-	(861)	-	-	(861)	-	(861)
Reclassification of impairment write-down on investments to profit or loss	-	1,982	-	-	1,982	-	1,982
Change in fair value of investments (unrealised)	-	509	-	-	509	7	516
Income tax relating to components of other comprehensive income	-	(226)	9	-	(217)	-	(217)
Total other comprehensive income, net of income tax	-	1,404	5,329	-	6,733	7	6,740
Total comprehensive income for the year	-	1,404	5,329	8,842	15,575	150	15,725
Transactions with owners, recorded directly in equity:							
Contributions by and distributions to owners:							
Final dividend paid of 0.6 cent per share tax exempt (one-tier) in respect of year 2015	-	-	-	(3,631)	(3,631)	-	(3,631)
Interim dividend paid of 0.5 cent per share tax exempt (one-tier) in respect of year 2016	-	-	-	(3,026)	(3,026)	-	(3,026)
Dividend paid to non-controlling interests	-	-	-	-	-	(150)	(150)
Total contributions by and distributions to owners	-	-	-	(6,657)	(6,657)	(150)	(6,807)
At 31 December 2016	123,300	3,395	26,918	87,223	240,836	264	241,100

GROUP	Share Capital S\$'000	Fair Value Reserves S\$'000	Revaluation Reserves S\$'000	Accumulated Profits S\$'000	Total attributable to equity holders of Company S\$'000	Non- controlling Interests S\$'000	Total Equity S\$'000
At 1 October 2017	123,300	11,368	27,006	88,097	249,771	313	250,084
Total comprehensive income for the quarter							
Net profit	-	-	-	3,913	3,913	74	3,987
Other comprehensive income:							
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)
Total other comprehensive income, net of income tax	-	1,439	4,030	-	5,469	-	5,469
Total comprehensive income for the quarter	-	1,439	4,030	3,913	9,382	74	9,456
Transactions with owners, recorded directly in equity:							
Contributions by and distributions to owners:							
Dividend paid to non-controlling interests	-	-	-	-	-	(135)	(135)
Total contributions by and distributions to owners	-	-	-	-	-	(135)	(135)
At 31 December 2017	123,300	12,807	31,036	92,010	259,153	252	259,405
At 1 October 2016	123,300	5,772	21,589	85,503	236,164	354	236,518
Total comprehensive income for the quarter							
Net profit	-	-	-	1,720	1,720	56	1,776
Other comprehensive income:							
Revaluation of property, plant and equipment	-	-	5,329	-	5,329	-	5,329
Available-for-sale financial assets:							
Reclassification of impairment write-down on investments to profit or loss	-	1,379	-	-	1,379	-	1,379
Change in fair value of investments (unrealised)	-	(4,291)	-	-	(4,291)	4	(4,287)
Income tax relating to components of other comprehensive income	-	535	-	-	535	-	535
Total other comprehensive income, net of income tax	-	(2,377)	5,329	-	2,952	4	2,956
Total comprehensive income for the quarter	-	(2,377)	5,329	1,720	4,672	60	4,732
Transactions with owners, recorded directly in equity:							
Contributions by and distributions to owners:							
Dividend paid to non-controlling interests	-	-	-	-	-	(150)	(150)
Total contributions by and distributions to owners	-	-	-	-	-	(150)	(150)
At 31 December 2016	123,300	3,395	26,918	87,223	240,836	264	241,100

	Share Capital S\$'000	Fair Value Reserves S\$'000	Revaluation Reserves S\$'000	Accumulated Profits S\$'000	Total S\$'000
COMPANY					
At 1 January 2017	123,300	3,424	26,918	86,819	240,461
Total comprehensive income for the year					
Net profit	-	-	-	12,710	12,710
Other comprehensive income:					
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
Transactions with owners, recorded directly in equity:					
Contributions by and distributions to owners:					
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)
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	-	-	-	(7,867)	(7,867)
At 31 December 2017	123,300	12,807	31,036	91,662	258,805
At 1 January 2016	123,300	2,059	21,589	84,337	231,285
Total comprehensive income for the year					
Net profit	-	-	-	9,139	9,139
Other comprehensive income:					
Revaluation of property, plant and equipment	-	-	5,320	-	5,320
Available-for-sale financial assets:					
Reclassification of gain on sale of investments to profit or loss (realised)	-	(861)	-	-	(861)
Reclassification of impairment write-down on investments to profit or loss	-	1,982	-	-	1,982
Change in fair value of investments (unrealised)	-	470	-	-	470
Income tax relating to components of other comprehensive income	-	(226)	9	-	(217)
Total other comprehensive income, net of income tax	-	1,365	5,329	-	6,694
Total comprehensive income for the year	-	1,365	5,329	9,139	15,833
Transactions with owners, recorded directly in equity:					
Contributions by and distributions to owners:					
Final dividend paid of 0.6 cent per share tax exempt (one-tier) in respect of year 2015	-	-	-	(3,631)	(3,631)
Interim dividend paid of 0.5 cent per share tax exempt (one-tier) in respect of year 2016	-	-	-	(3,026)	(3,026)
Total contributions by and distributions to owners	-	-	-	(6,657)	(6,657)
At 31 December 2016	123,300	3,424	26,918	86,819	240,461

<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 October 2017	123,300	11,368	27,006	87,476	249,150
Total comprehensive income for the quarter					
Net profit	-	-	-	4,186	4,186
Other comprehensive income:					
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
At 31 December 2017	123,300	12,807	31,036	91,662	258,805
At 1 October 2016	123,300	5,820	21,589	84,308	235,017
Total comprehensive income for the quarter					
Net profit	-	-	-	2,511	2,511
Other comprehensive income:					
Revaluation of property, plant and equipment	-	-	5,329	-	5,329
Available-for-sale financial assets:					
Reclassification of impairment write-down on investments to profit or loss	-	1,379	-	-	1,379
Change in fair value of investments (unrealised)	-	(4,310)	-	-	(4,310)
Income tax relating to components of other comprehensive income	-	535	-	-	535
Total other comprehensive income, net of income tax	-	(2,396)	5,329	-	2,933
Total comprehensive income for the quarter	-	(2,396)	5,329	2,511	5,444
At 31 December 2016	123,300	3,424	26,918	86,819	240,461

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 2017 and 31 December 2016.

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 2017 and 31 December 2016 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 2016.

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.

Not Applicable.

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 2017	12 months 2016
Basic and fully diluted earnings per share (cents)	2.09	1.46
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	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Net asset value per share (cents)	42.82	39.79	42.76	39.73

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 2017 vs 4th quarter 2016

In fourth quarter 2017, the Group's gross written premium rose 14.2% to \$59.601 million due to new business and higher premiums reported by cedants, as well as timing difference in receipt and booking of statement of accounts. Net commission expense increased by 96.2% to \$2.688 million in light of higher premium income and profit commission accrual. Net claims incurred fell 30% to \$7.961 million attributed to lower advised outstanding losses and IBNR loss reserve provision due to the absence of indications of unduly large market losses affecting the business underwritten. As a consequence, an underwriting surplus of \$503,000 was recorded in the quarter under review, compared to the \$1.415 million underwriting loss in preceding year. Net investment income increased by \$119,000 or 3.8% to \$3.259 million mainly due to higher profit on sale of investments. Overall, the Group's profit before income tax of \$4.251 million was an increase of 107.6% compared to the \$2.048 million recorded in the corresponding quarter a year ago.

Comparison of 12 months 2017 vs 12 months 2016

For the year ended 31 December 2017, the Group's gross written premium grew by 7.9% to \$182.447 million attributed to new business, as well as timing difference in receipt and booking of statement of accounts. Net claims incurred declined by 22.5% to \$27.871 million, equivalent to an incurred loss ratio of 55.2% (on net written premium) mainly because of lower advised outstanding losses and IBNR loss reserve provision attributed to the relatively lower number of claims of a catastrophic nature reported. However, reinsurance management expenses rose 28.8% to \$8.099 million due to exchange loss on revaluation of foreign-denominated assets and rising staff costs. An underwriting surplus of \$1.309 million was achieved, compared to the \$2.055 million deficit recorded a year earlier. Net investment income increased by 9.2% to \$12.309 million primarily due to higher profit on sale of equity investments. Overall, the Group's net profit before income tax rose 42.3% to \$14.056 million, up from the \$9.878 million net profit before income tax reported 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.**

Despite a slew of major catastrophic losses around the world during the period under review, the excessive reinsurance capacity globally appears not to have been dented to any significant extent, sufficient to influence a reversal in the prevailing soft market. Intense competition characterised by depressed premium rates and widening covers at the primary and reinsurance levels will therefore continue to have its adverse impact on underwriting. In addition, the deepening severity of loss and damage as well as unpredictability arising from climate change will pose a greater challenge.

On the investment front, notwithstanding the apparent improvement in the global economies, the environment will remain volatile and difficult given the many uncertainties.

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	<u>Interim Ordinary</u>	<u>Final (Proposed)</u>
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

Name of dividend	<u>Interim Ordinary</u>	<u>Special Dividend</u>	<u>Final</u>
Dividend type	Cash	Cash	Cash
Gross dividend amount per share (in cents)	0.50	0.20	0.60
Tax rate	Tax exempt (one-tier)	Tax exempt (one-tier)	Tax exempt (one-tier)

(c) The date the dividend is payable

The proposed dividend will be paid on 28 May 2018, 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 3 May 2018 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 2 May 2018 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 2 May 2018 will be entitled to the dividend.

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

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 2017			January - December 2016		
	Reinsurance S\$'000	Non-Reinsurance S\$'000	Total S\$'000	Reinsurance S\$'000	Non- Reinsurance S\$'000	Total S\$'000
Gross written premiums	182,447	-	182,447	169,016	-	169,016
Net earned premiums	51,108	-	51,108	51,865	-	51,865
Net claims incurred	(27,871)	-	(27,871)	(35,945)	-	(35,945)
Net commission expense	(13,829)	-	(13,829)	(11,688)	-	(11,688)
Management expenses	(8,099)	-	(8,099)	(6,287)	-	(6,287)
Underwriting results	1,309	-	1,309	(2,055)	-	(2,055)
Net investment income	6,874	-	6,874	6,218	-	6,218
Net income/(loss) from reinsurance operations (I)	8,183	-	8,183	4,163	-	4,163
Net investment income	-	5,435	5,435	-	5,059	5,059
Other operating income	-	6,332	6,332	-	6,480	6,480
Management expenses	-	(5,894)	(5,894)	-	(5,824)	(5,824)
Net income from non-reinsurance operations (II)	-	5,873	5,873	-	5,715	5,715
Profit before income tax (I) + (II)			14,056			9,878
Income tax expense			(1,284)			(893)
Profit for the year			12,772			8,985
Segment total assets	620,704	150,705	771,409	576,452	126,794	703,246
Segment total liabilities	506,784	5,220	512,004	457,242	4,904	462,146

(b) Major customer

For the year ended 31 December 2017, the Group has three 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 2017 S\$'000	January - December 2016 S\$'000	January - December 2017 S\$'000	January - December 2016 S\$'000
Singapore	65,764	73,967	65,199	58,933
Malaysia	65,254	50,597	-	-
Greater China	26,071	23,384	6,614	6,881
Others	25,358	21,068	-	-
Total	182,447	169,016	71,813	65,814

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 higher income of \$8.183 million compared to the \$4.163 million income last year, attributed mainly to the underwriting profit and higher investment income.

17. A breakdown of the sales as follows:-

	GROUP		
	2017 S\$'000	2016 S\$'000	Incr/ (decr) %
(a) Gross written premiums			
6 months ended 30 June	83,286	85,146	(2.2)
6 months ended 31 December	99,161	83,870	18.2
Total for the year	182,447	169,016	7.9
(b) Net profit after tax before deducting non-controlling interests			
6 months ended 30 June	6,865	5,387	27.4
6 months ended 31 December	5,907	3,598	64.2
Total for the year	12,772	8,985	42.1

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	6,657
Preference	-	-
Total:	7,867	6,657

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
28 February 2018

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 2017, 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 FS72.

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 Financial Reporting Standards in Singapore ('FRSs') 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 2017 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 (\$182 million), gross claims incurred (\$100 million) and commission expenses (\$53 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"> • updating our understanding on the Group's process for estimating the premiums, claims and commissions; • evaluating the Group's quantification of the premiums, claims and commissions not advised at the reporting date; and • comparing prior year estimates with actuals to assess the reliability of the Group's estimates. <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 (\$369 million); Gross unexpired risk (\$65 million) (Refer to Note 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"> • evaluating the underwriting and claims processes and the consistency of those policies; • 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; • testing the completeness and accuracy of data used in the valuation of insurance contract provisions; and • 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.
<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>	

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 FRSs, 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.

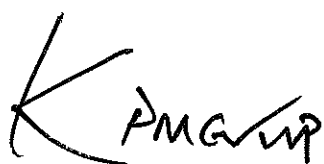
We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 letter 'K'.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
28 February 2018