Singapore Reinsurance Corporation Limited

ANNUAL REPORT 2016

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CHAIRMAN'S STATEMENT

Economic losses from global natural disasters in 2016 amounted to USD210 billion, 21% higher than the average USD174 billion recorded during the period 2000 to 2015. The most expensive natural peril event was the earthquake in Kumamoto prefecture, Japan which occurred in April 2016 of which the economic and insured losses were USD38 billion and USD5.5 billion, respectively. Another sizeable NAT CAT event was Hurricane Matthew which affected the Caribbean and US East Coast in September and October 2016, of which the economic loss and insured loss were USD15 billion and USD5 billion, respectively. There were in total 34 individual billion-dollar natural disasters in 2016, compared to the average 26 events from 2000 to 2015, and 3 more than the 31 individual billion-dollar events in 2015 alone.

Climate change continued with its unpredictable patterns. 2016 was the warmest year since global land and ocean temperature records were kept from 1880 onwards. Under such extreme hot and dry conditions, bush fires and droughts were not uncommon and the most devastating wildfires affected the town of Fort Murray in Alberta, Canada with economic and insured loss estimates of USD4.5 billion and USD2.8 billion, respectively. Closer home in Asia, the summer flooding along Yangtze River basin impacted 11 provinces in China and caused an astronomical USD28 billion economic loss although in terms of insured loss, it was a mere USD750 million attributed to low insurance penetration levels.

Separately, the global reinsurance sector continued to be plagued with over-capacity. Independent rating agency A.M. Best estimated global reinsurance capacity grew to USD420 billion in 2016, up from USD400 billion in preceding year. Therefore, it came as no surprise that (re)insurance rates continued its downtrend during the year under review.

In an environment of prolonged low or negative interest rates and low(er) coupon yields for corporate/sovereign bond issues, achieving decent investment earnings was an uphill task. This was further aggravated by the volatility in equity prices as depicted by the 2.8% increase in the MSCI Asia Pacific (ex Japan) Index in 2016, in contrast to the 12.0% decline in preceding year.

Against this backdrop, the Group's premium revenue rose 31.7% to S$169 million in 2016, largely propelled by growth in business from outside Singapore. Consequently, premium revenue emanating from Singapore slid to 43.8% of total premium revenue, while the remaining 56.2% was derived largely from ceding partners in other parts of Asia (including the Middle East). The key classes written were Fire and Accident (including Casualty) which contributed 47.9% and 39.3% of premium revenue, respectively, while Marine business generated the remaining 12.8%. Resulting from the higher natural peril claims as outlined earlier and IBNR loss provisions, a higher net claims incurred was recorded in 2016 culminating in an underwriting deficit of S$2.1 million in 2016, compared to the S$950,000 underwriting surplus in 2015.

The Group's investment assets were largely in bonds and government securities which comprised 49.9% of total investment funds, with another 15.8% in properties and 13.1% in equities. For 2016, the Group's net investment income rose 10.5% to S$11.3 million (2015: S$10.2 million) on the back of higher revaluation surplus for the property investments. The net investment return represented 2.7% annual yield based on market value and was comparable to the preceding year's 2.6% investment yield. Overall, the Group's pre-tax profit slid 18.6% to S$9.9 million (2015: S$12.1 million) due primarily to the underwriting deficit. The Group continued to slowly but surely grow its total assets, which is the sum of shareholders' and insurance funds, which amounted to S$703.2 million, 3.4% higher than a year earlier. Correspondingly, the NAV was higher at 39.79 cents per share, relative to the previous year's 38.32 cents per share.

Mindful of the challenging market conditions faced by the Group, your Board is proposing a final dividend of 0.6 cent (2015: 0.6 cent) per share plus a special dividend of 0.2 cent per share. Taking into consideration the interim dividend of 0.5 cent per share, the total dividend of 1.3 cents (2015: 1.6 cents) translated to a dividend yield of 4.3% (2015: 4.9%).

The underlying strength of the Company's risk-based capitalisation was re-affirmed by A.M. Best which continued to assign financial strength rating of A- (Excellent) with Stable outlook during the latest annual independent rating review.

Looking Ahead

The merger and acquisition activities continue to gather pace within the (re)insurance sector as companies look for new markets, economies of scale and better cost management in an effort to manage the soft cycle. The higher insured market loss estimates in 2016 have eroded the earnings of the majority of the industry players without affecting capital. Until there is meaningful capital reduction and (re)insurance capacity shrinkage, the low point of the soft market cycle looks set to prevail in the short to medium-term. In addition, anti-competitive regulatory reforms such as "nationalistic" policies and tiered market access to overseas business unless reinsurance branches or subsidiaries are established in those markets are added impediments.

On the investment front, uncertainties in the global socio-economic and geo-political arena remain a certainty. Amongst others, it is anybody's guess how President Trump's "US First" policies, depressed

CHAIRMAN'S STATEMENT

oil prices, "Brexit", territorial/cross-border tensions, etc would pan out. A positive note is the continued fairly robust economic and insurance premium expansion in the markets in Asia, particularly China, India and Indonesia. Bearing in mind the foregoing, the Group's business focus and investment profile will likely remain largely status quo as it continues to adopt a disciplined and judicious approach whilst manoeuvring through the multi-faceted challenges globally and regionally in an effort to achieve sustainability of earnings and preserve the interests of shareholders.

Last year, we had mentioned about the setting up of the retakaful window under the Labuan branch. In the one year since the retakaful window has become operational, we have had some success in accessing specific markets in Asia and the Middle East. This avenue for growth and profitability will continue to be actively explored albeit carefully.

We are mindful of the need to keep a tight rein on operating expenses, but the escalating demand for transparency for listed companies and more rigorous regulatory and compliance regime is making this increasingly difficult. In addition, the impending revisions in international financial reporting standards will likely have significant repercussion on the (re)insurance sector, and investing in new and smarter ways of doing things by harnessing IT and revamping processes cannot be avoided and this would entail a mindset change.

Admittedly, the scenario painted above appears rather grim and this would require the patience of our key stakeholders to ride through the cycle. That said, with the newer members of the Board now better entrenched and more familiar with the workings of the Group, the Board stands united and will continue to steadfastly guide management as the Group charts its course amidst the headwinds.

On behalf of the Board, we wish to express our appreciation to Mr Ravi Menon, Managing Director of the Monetary Authority of Singapore and his team for their consultative governance and guidance. Last but not least, we thank our shareholders, cedants, brokers, reinsurers and other business partners for their invaluable support and to management and staff for their fortitude and persevering spirit.

Ramaswamy Athappan
Chairman

Singapore
24 February 2017

REVIEW OF OPERATIONS

Market Overview

As highlighted in the Chairman's Statement, the year under review was plagued with a higher NAT CAT activity in monetary terms, and those of relevance to your Corporation included the earthquakes in Japan and Taiwan, summer floods in China and etc.

Reinsurance Operations

In spite of the excess capacity globally and softening market conditions in the majority of (re)insurance markets, your Corporation's premium revenue rose 31.7% to S$169 million for the year ended 31 December 2016. The premium growth was largely derived from overseas markets, whereas business emanating from Singapore contributed less at 43.8% of gross premium (2015: 53.4%). The territories outside Singapore generated 56.2% of gross premium (2015: 46.6%) of which the key markets were:

Territory	Gross Premium Allocation
Singapore	43.8%
Outside Singapore	56.2%
of which the top 3 overseas markets comprised:	
Malaysia	29.9%
China	8.6%
Hong Kong	5.3%

Despite the higher gross revenue, the 2016 net written premium declined by 5.1% to S$50.7 million, partly due to the non-renewal of a Bilateral Cessions contract.

There were no unduly large market losses of significance which affected your Corporation during the year under review. However, in light of substantially increased number of claims, the net claim incurred of S$35.9 million in 2016 represented 70.9% incurred loss ratio, compared to the 59.7% incurred loss ratio in 2015, an increase of 11.2-percentage-points. It should however be pointed out that the incurred loss includes a large portion of outstanding claims the ultimate settled amount will likely be less given the Corporation's prudential loss reserving policy.

In contrast, net commission expense declined by 22.5% from a year earlier to S$11.7 million attributed to lower profit commission accrual. In terms of commission expense ratio, it represented

REVIEW OF OPERATIONS

23.0% of net written premium in 2016 (2015: 28.2%), a decline of 5.2-percentage points from previous year. The lower management expense ratio of 12.4% in 2016 (2015: 12.7%) was mainly due to higher exchange gain on revaluation of foreign-denominated assets. Overall, your Corporation recorded an underwriting loss of S$2.1 million for 2016, equivalent to a deficit ratio of 4.1% (of net written premium), compared to the S$950,000 underwriting profit or 1.8% surplus ratio (of net written premium) a year earlier.

The higher gross premium allocation of 56.2% to business derived from outside Singapore demonstrates the Management's determination to expand its business beyond the domestic market. Notwithstanding the many obstacles not least of which are the spread of protectionist sentiment increasingly evident in a number of markets and the ever expanding global capacity, the Management will continue its effort in this important strategic direction.

Investment

In an era of low or negative interest rates and credit-easing monetary policies, achieving decent investment yield was an uphill task. Bearing in mind the low interest rate environment and volatility in equity prices and foreign currencies, the Group continued to adopt a defensive investment strategy. By so doing, your Corporation's net investment income of S$12.5 million in 2016 (2015: S$11.5 million) represented a rate of return of 3.0% on market value (2015: 2.9%) comparable to the preceding year. Correspondingly, your Corporation's total investment funds increased by 3.8% to S$409.3 million in fair value (2015: S$394.3 million). Overall, the investment asset allocation was as follows:

Assets	Total Investment Allocation
Fixed Income Investment	50.1%
Cash and Cash equivalents	20.7%
Properties	15.9%
Equities	13.3%

Given the elusive nature of underwriting profit, Management will continue to pursue a highly cautious attitude in its investment activities so as to ensure as far as possible sustainability of overall profitability.

Subsidiaries

Collectively, the subsidiaries' turnover declined by 12.3% to S$6.5 million in 2016 and the combined pre-tax profit slid 24.6% to S$1.1 million.

INS Communications Private Limited (**INS**), the publishing and conferencing arm of the Group, had a good year in 2016 despite the challenges faced regionally and globally, as well as structural changes with many clients going digital. During the year, the subsidiary for the first time reached out to the Agents community with the launch of the Asia Trusted Life Agents and Advisers Awards which was very well received in the market as the first for cross border cross company recognition of agents. The subsidiary also launched the AGENTS' WIN as an e-weekly newsletter.

INS's flagship publication, Asia Insurance Review (**AIR**) continued to reaffirm its pre-eminent position as the "voice of the insurance industry in Asia" notwithstanding the fierce competition from international players with pervasive presence through digital platforms and news aggregation. AIR's website is now among the top three insurance websites globally in terms of google statistics. However, the nature of online presence is such that the news can be copied almost instantaneously.

In its commitment to serve the insurance industry in the region, INS held some 20 insurance conferences as well as the 20th Annual Asia Insurance Industry Awards to recognise and salute excellence, in addition to AIR e-daily online newsletters and the Asia Risk Management e-Weekly which reach out to corporate risk managers. The three directories – Asean Insurance Directory, Insurance Directory of Asia and Reinsurance Directory of Asia – remained the reference guide of companies doing business in the region.

In the Middle East region, which was severely impacted by the depressed oil prices and socio-political turmoil in various parts, INS's Middle East Insurance Review (MEIR) continued to hold its ground and even celebrated its 10th anniversary in the Middle East with a special Summit supported by key players in the region. Along with the MEIR e-Daily, MEIR's website is the most visited insurance news website in the MENA region. In 2016, aside from the monthly editions, INS hosted the 3rd Middle East Insurance Industry Awards, the 2nd Dubai Rendezvous and the 11th Healthcare Conference for the region and published the MENA

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Insurance Directory. As part of its strategic services, the subsidiary also provides secretariat support to the MENA Insurance CEO Club, the region's think tank it helped co-found.

INS continued to entrench its presence at high profile events. In 2016, it produced newsletters at the IIS Global Insurance Forum, the East Asian Insurance Congress in Macau and GAIF Conference in Beirut. Also INS's two magazines, AIR and MEIR were listed as Media Partners in all major industry events in Asia and the Middle East.

Success would not have been possible if not for the subsidiary's deep commitment to offer value added services to help the industry's march towards higher standards and greater professionalism.

SR-China Advisory Services Co Ltd, which is incorporated in Shanghai, China, primarily focuses on the management of your Corporation's properties and other investments in China. Its contribution is supportive and indirect in nature.

Outlook

The many global uncertainties geo-political, socio-political and economic, will continue to create volatility in the financial markets.

On the underwriting front, the plague of excessive (re)insurance capacity and availability of alternative capital will put underwriting margins, if any under tremendous strain. Access to some overseas markets has become increasingly difficult and this inevitably leads to higher cost of doing business. If more regulators or governments move to give preferential access to reinsurance players with branches in an attempt to retain premiums and foreign exchange in the country, the stance would undermine the concept of risk diversification and efficient capital management. Further, competition from both traditional and non-traditional markets for reinsurance business remains rife. In addition, changing reinsurance buyer behaviour in terms of preference for a higher concentration of their reinsurer panels has restricted market access to the smaller reinsurance companies.

The impediments to market access require the need for your Corporation to seriously re-think its business focus. One area of potential growth is in the (re)takaful sector and the action plan has been set in motion with the Labuan branch's retakaful window now operational. Simultaneously, the underwriters are looking at the viability of writing new products such as Cyber Risks but this is one area that we will definitely tread carefully considering the many unknown unknowns when writing this specialty class of business.

In Singapore, the MAS's revised version of the Risk-Based Capital framework has yet to be finalised and so far no firm timeline for implementation has been set. There are other new areas of compliance (such as, Sustainability Reporting, changes in international financial accounting standards) that your Corporation has to adhere to which add to the mounting challenges of doing business. Technology disruptions and unavoidable regulatory changes will continue to impact costs and tax limited resources.

Against the many headwinds, the Management with the strong support of the Board and other stakeholders will continue to strive for sustainability of profitability and growth in the global market place.

Theresa Wee Sui Ling
Chief Executive

Singapore

24 February 2017

CORPORATE DATA

Board of Directors
Ramaswamy Athappan (Chairman) *B Eng, AFII*
David Chan Mun Wai (Deputy Chairman) *BBA, Chartered Insurer (FCII)*
Hwang Soo Jin *JP, Chartered Insurer (ACII)*
Dileep Nair *B Eng, MPA*
Peter Sim Swee Yam *LLB*
Ong Eng Yaw *LLB (2nd Class Upper Division), M Sc (Investment Management), MBA*

Audit Committee
Dileep Nair (Chairman)
Ramaswamy Athappan
David Chan Mun Wai
Peter Sim Swee Yam
Ong Eng Yaw

Executive Committee
Ramaswamy Athappan (Chairman)
David Chan Mun Wai (Deputy Chairman)
Hwang Soo Jin
Dileep Nair
Peter Sim Swee Yam
Ong Eng Yaw

Remuneration Committee
Peter Sim Swee Yam (Chairman)
Ramaswamy Athappan
David Chan Mun Wai
Dileep Nair
Ong Eng Yaw

Nominating Committee
Ong Eng Yaw (Chairman)
Ramaswamy Athappan
David Chan Mun Wai
Dileep Nair
Peter Sim Swee Yam

Investment Committee
Hwang Soo Jin (Chairman)
Ramaswamy Athappan
David Chan Mun Wai
Dileep Nair
Peter Sim Swee Yam
Ong Eng Yaw
Theresa Wee Sui Ling
Carlene Lim Lay Hoon

Joint Company Secretaries
Ong Beng Hong
Tan Swee Gek

Auditors
KPMG LLP
Public Accountants and Chartered Accountants
Partner: Steven Goh Kim Chuah
(since Financial Year Ended 31 December 2016)

Share Registrar
M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

Bankers
Citibank, N.A.
DBS Bank Ltd
CIMB Bank Berhad, Singapore Branch

Registered Office and Correspondence Address
85 Amoy Street, Singapore 069904
Tel: (65) 6324 7388 Fax: (65) 6224 8910
Email: enquiry@singre.com.sg
Company Registration No. 197300016C

Labuan Branch
Level 11(B), Block 4 Office Tower
Financial Park Labuan Complex
Jalan Merdeka
87000 Labuan Federal Territory, Malaysia
Tel: (087) 412 389 Fax: (087) 422 389
Email: labuan@singre.com.sg

Subsidiaries
Singapore-Re Management Services Private Limited
INS Communications Private Limited
SR-China Advisory Services Co Ltd

Corporate Website
www.singre.com.sg

DIRECTORS' PROFILE

RAMASWAMY ATHAPPAN, 72

B Eng, AFII

Non-Executive and Non-Independent Director/Chairman

Mr Athappan was appointed to the Board on 1 August 1988 and became Chairman of the Board on 1 January 2008. He is also the Chairman of the Executive Committee and a member of the Audit, Nominating, Remuneration and Investment Committees.

Mr Athappan, with more than 40 years of experience in insurance and finance, is the Chief Executive Officer of First Capital Insurance Limited and Chairman and Chief Executive Officer of Fairfax Asia Ltd. He is also Director of a few other insurance companies and property development companies incorporated in various countries in Asia.

He holds a Bachelor in Engineering (Electrical), 1st Class degree from Coimbatore Institute of Technology, Madras University and is a member of the Insurance Institute of India.

DAVID CHAN MUN WAI, 63

BBA, Chartered Insurer (FCII)

Non-Executive and Non-Independent Director/Deputy Chairman

Mr Chan was appointed to the Board on 28 December 1998 and became Deputy Chairman of the Board and the Executive Committee on 1 January 2008. He is also a member of the Audit, Nominating, Remuneration and Investment Committees.

Mr Chan is the Managing Director of United Overseas Insurance Limited. He graduated with a Bachelor of Business Administration from the University of Singapore (now known as National University of Singapore) and is also a Chartered Insurer and a Fellow of the Chartered Insurance Institute, UK.

Mr Chan was last elected on 23 April 2015 and is due for re-election pursuant to Article 98 of the Company's Constitution at the Company's forthcoming Annual General Meeting to be held on 26 April 2017.

Other key information regarding the Director is set out below:

Present Directorships or Chairmanships in Other Listed Companies	Directorships or Chairmanships in Other Listed Companies from 1 January 2014 to 31 December 2016
– United Overseas Insurance Limited	– United Overseas Insurance Limited

HWANG SOO JIN, 81

JP, Chartered Insurer (ACII)
Non-Executive and Non-Independent Director

Mr Hwang with more than 50 years of professional experience, has been on the Board since 3 January 1973 being a founding director. He served as Chairman of the Board from November 1984 to December 2007. Mr Hwang was appointed Senior Advisor and Chairman Emeritus on 1 January 2008. Currently he chairs the Investment Committee and is a member of the Executive Committee, and Advisor to the Audit, Nominating and Remuneration Committees.

He is also a Director of United Overseas Insurance Limited, Haw Par Corporation Limited and United Industrial Corporation Limited. Previously he held the directorships of several other listed companies including Singapore Land Limited.

Mr Hwang is a Chartered Insurer of the Chartered Insurance Institute, UK and an Honorary Fellow of the Singapore Insurance Institute. He served as President of the General Insurance Association of Singapore for several years. Amongst his contributions to the insurance industry, he is the founding director of the Asia Insurance Review, the region's foremost professional insurance magazine, and a subsidiary of Singapore Reinsurance Corporation Limited. He was conferred the Lifetime Achievement Award at the 17th Asia Insurance Industry Award in 2013.

Other key information regarding the Director is set out below:

Present Directorships or Chairmanships in Other Listed Companies	Directorships or Chairmanships in Other Listed Companies from 1 January 2014 to 31 December 2016
– Haw Par Corporation Limited – United Overseas Insurance Limited – United Industrial Corporation Limited	– Haw Par Corporation Limited – United Overseas Insurance Limited – United Industrial Corporation Limited

DIRECTORS' PROFILE

DILEEP NAIR, 67

B Eng, MPA

Non-Executive and Independent Director

Mr Dileep Nair was appointed to the Board on 20 October 2015. He was appointed Chairman of the Audit Committee on 6 January 2016. He is also a member of the Nominating, Remuneration, Executive and Investment Committees.

Mr Nair was Singapore's non-resident High Commissioner to Ghana till end 2016. Mr Nair currently sits on the Board of Thakral Corporation Ltd and Keppel DC REIT Management Pte. Ltd. He is also a Board member of Agri-Food & Veterinary Authority of Singapore.

He graduated with a Bachelor of Engineering (Magna cum Laude) from McGill University, Canada and has a Master in Public Administration from Harvard University, USA. He was awarded the Public Administration Medal (Silver) by the Singapore Government and the Friendship Medal by the Government of Laos.

Mr Nair was last elected on 25 April 2016 pursuant to Article 103 of the Company's Constitution and is due for re-election pursuant to Article 98 of the Company's Constitution at the Company's forthcoming Annual General Meeting to be held on 26 April 2017.

Other key information regarding the Director is set out below:

Present Directorships or Chairmanships in Other Listed Companies	Directorships or Chairmanships in Other Listed Companies from 1 January 2014 to 31 December 2016
– Thakral Corporation Ltd – Keppel DC REIT Management Pte. Ltd.	– Thakral Corporation Ltd – Keppel DC REIT Management Pte. Ltd.

PETER SIM SWEE YAM, 62

LLB

Non-Executive and Independent Director

Mr Sim was appointed to the Board on 24 August 2015. He was appointed Chairman of the Remuneration Committee on 6 January 2016. He is also a member of the Audit, Nominating, Executive and Investment Committees.

Mr Sim practices in his own law firm, Sim Law Practice LLC. He is also an independent director of Lum Chang Holdings Limited, Marco Polo Marine Limited, Mun Siong Engineering Limited and Haw Par Corporation Limited. He also sits on the Board of Singapore Heart Foundation. He was previously an independent director of Latitude Tree International Group Ltd and also sits on the Board of Young Men's Christian Association (YMCA) of Singapore.

He graduated with a Bachelor of Law from the University of Singapore (now known as National University of Singapore) and was admitted to the Singapore Bar in 1981. Mr Sim was awarded the Pingat Bakti Masyarakat in August 2000 and the Bintang Bakti Masyarakat in August 2008.

Other key information regarding the Director is set out below:

Present Directorships or Chairmanships in Other Listed Companies	Directorships or Chairmanships in Other Listed Companies from 1 January 2014 to 31 December 2016
– Lum Chang Holdings Limited – Marco Polo Marine Limited – Mun Siong Engineering Limited – Haw Par Corporation Limited	– Lum Chang Holdings Limited – Marco Polo Marine Limited – Mun Siong Engineering Limited – Haw Par Corporation Limited – Latitude Tree International Group Ltd (till 14 January 2014)

DIRECTORS' PROFILE

ONG ENG YAW, 45

LLB (2nd Class Upper Div.), M Sc (Invt. Management), MBA
Non-Executive and Independent Director

Mr Ong was appointed to the Board on 24 August 2015. He was appointed Chairman of the Nominating Committee on 6 January 2016. He is also a member of the Audit, Remuneration, Executive and Investment Committees.

Mr Ong currently holds the position of Manager (Investments) at Hwa Hong Corporation Limited. His prior work experience in OCBC Bank, Vickers Ballas, DBS Bank, CIMB Group and Parkway Life Real Estate Investment Trust has given him breadth of exposure in corporate finance, investment and real estate development.

He graduated with a Bachelor of Law (Second Class Upper Division) degree from University College London and holds a Master of Science (Investment Management) from the Cass Business School and a Master of Business Administration from INSEAD.

Other key information regarding the Director is set out below:

Present Directorships or Chairmanships in Other Listed Companies	Directorships or Chairmanships in Other Listed Companies from 1 January 2014 to 31 December 2016
– MTQ Corporation Limited	– MTQ Corporation Limited

MANAGEMENT DATA

SINGAPORE REINSURANCE CORPORATION LIMITED

Theresa Wee Sui Ling *B Soc Sc (Hons), Chartered Insurer, GDFM*
Chief General Manager/Chief Executive

Chin Tsu-Kuang *MA, Marine Law (Wales)*
Chief General Manager
China Affairs

Carlene Lim Lay Hoon *BBA, CA*
Financial Controller
Finance, Investment, Administration and Human Resource

Mervyn Low Cheng Chwee *BA, Dip CII*
General Manager
Operations

Cheng Yiina *B Sc (Hons)*
Assistant General Manager
Systems

Ho Wing Hoong *LLB (Hons)*
Assistant General Manager
Operations

Yap Sock Cheen *Dip BA, Dip Admin Mgmt*
Assistant General Manager
Operations

Jin Jie Wei *ACII, FCII*
Deputy General Manager
China Affairs

Lee Fon Yin *BB (Acc), CRMA, Dip Banking & Finance*
Internal Auditor
Internal Audit and Compliance

Grace Loh Chit Hiang
Manager
Operations Administration and Corporate Secretarial

Cheah Sooi Ping *B Sc (Comp Sc)*
Manager
Systems

MANAGEMENT DATA

INS COMMUNICATIONS PRIVATE LIMITED

Mokanasivam Subramaniam *LLB (Hons)*
Managing Director

Sheela Suppiah-Raj *MA*
General Manager
Business Development

Koh Earn Chor *B Econs*
Senior Manager
Business Development

Chau Bee Pen *BA, BA (Multimedia Design)*
Manager
Publishing

Jennifer Chee
Manager
Administration

SR-CHINA ADVISORY SERVICES CO LTD

Chin Tsu-Kuang *MA, Marine Law (Wales)*
Managing Director

SENIOR MANAGEMENT'S PROFILE

THERESA WEE SUI LING

Chief General Manager/Chief Executive

Ms Theresa Wee Sui Ling joined the Corporation on 4 July 1990, and was appointed Chief General Manager in 2005 and Chief Executive in 2014. She is a member of the Investment Committee.

Ms Wee graduated with a Bachelor of Social Science (Honours) from the National University of Singapore and holds a Graduate Diploma in Financial Management from the Singapore Institute of Management. She is also a Chartered Insurer of the Chartered Insurance Institute, UK.

CARLENE LIM LAY HOON

Financial Controller (Finance, Investment, Administration and Human Resource)

Ms Carlene Lim Lay Hoon joined the Corporation on 13 August 1990 and was appointed Financial Controller in 2011. She is responsible for the Group's Financial, Investment, Administrative and Human Resource functions. She is also a member of the Investment Committee.

Ms Lim graduated with a Bachelor of Business Administration from the National University of Singapore and is a member of the Institute of Singapore Chartered Accountants.

CHIN TSU-KUANG

Chief General Manager (China Affairs)

Mr Chin Tsu-Kuang joined the Corporation on 1 September 1992 and was appointed Chief General Manager (China Affairs) in 2002 with responsibility for the China business operations.

Mr Chin graduated with a Master of Science in Marine Law from the University of Wales, UK. He has over 30 years of marine insurance experience and was a Deputy Professor at the Shanghai Maritime University prior to joining the Corporation.

MERVYN LOW CHENG CHWEE

General Manager (Operations)

Mr Mervyn Low Cheng Chwee re-joined the Corporation on 11 September 2012 as General Manager. He is responsible for the Treaty and Facultative Underwriting operations. Mr Low was previously with the Corporation from 1991 to 2010 and was responsible for the Underwriting, China Affairs and Human Resource operations.

Mr Low graduated with a Bachelor of Arts from the National University of Singapore and holds a diploma from the Chartered Insurance Institute, UK.

SENIOR MANAGEMENT'S PROFILE

CHENG YIINA

Assistant General Manager (Systems)

Ms Cheng Yiina joined the Corporation on 4 July 1991 and was appointed Assistant General Manager in 1999. She is responsible for the Group's Information Technology requirements.

Ms Cheng graduated with a Bachelor of Science (Honours) from the Oxford Brookes University, UK.

HO WING HOONG

Assistant General Manager (Operations)

Mr Ho Wing Hoong joined the Corporation on 24 January 2011 as Assistant General Manager. He is responsible for the Treaty and Facultative Underwriting operations.

Mr Ho holds a Bachelor of Law (Honours) from the University of Wolverhampton, UK.

YAP SOCK CHEEN

Assistant General Manager (Treaty Administration and Claims)

Ms Yap Sock Cheen joined the Corporation on 28 March 1980 and was appointed Assistant General Manager in 2012. She is responsible for the Treaty Administration and Claims operations.

Ms Yap holds a Diploma in Business Administration and Diploma in Administration Management.

GROUP ACTIVITIES

SR-China Advisory Services Co Ltd provides management and consultancy services in China. Its main business activities include marine and insurance consultancy, and staff training for the Chinese insurance and shipping industries, and management of the Corporation's properties and other investments in China.

INS Communications Private Limited (INS), the publishing and conferencing arm of the Group, had a good year in 2016 despite the various challenges faced regionally and globally and structurally too with many clients going digital. This year INS for the first time also reached out to the Agents community with the launch of the Asia Trusted Life Agents and Advisers Awards which was very well received in the market as the first for cross border cross company recognition of agents. INS also launched the AGENTS' WIN as an e-weekly newsletter.

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In the Middle East region, which was severely hit by falling oil prices and political turmoil in parts, INS's MEIR continued to hold its ground and even celebrated its 10th anniversary in the Middle East with a special Summit supported by the key players in the region. Along with the MEIR e-Daily, MEIR's website is the most visited insurance news website in the MENA region. In 2016, aside from the monthly editions, INS hosted the 3rd Middle East Insurance Industry Awards, the 2nd Dubai Rendezvous and the 11th Healthcare Conference for the region and published the MENA Insurance Directory. As part of its strategic services, INS also provides secretariat support for the MENA Insurance CEO Club, the region's think tank it helped co-found.

As part of its value-added service to the insurance industry, INS continues to produce daily newsletters at high profile events. In 2016, it produced

Beijing New World Square

Shanghai Panorama

Dalian Asia Pacific International Centre

GROUP ACTIVITIES

three newsletters at the IIS Global Insurance Forum, the East Asian Insurance Congress in Macau and GAIF Conference in Beirut. INS's two magazines, AIR and MEIR are listed as Media Partners in all major industry events in Asia and the Middle East.

INS's success comes from its deep commitment to offer value added services to help the industry's march towards higher standards and greater professionalism.

Asia Trusted Life Agents & Advisers Awards

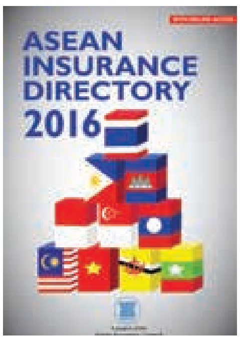
Asia Insurance Industry Awards

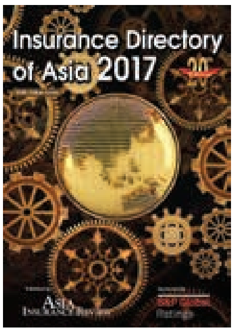
15th CEO Insurance Summit

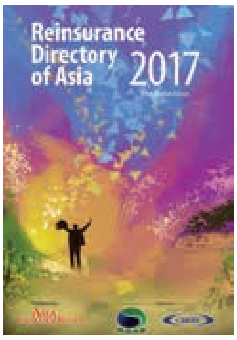
Middle East Insurance Industry Awards

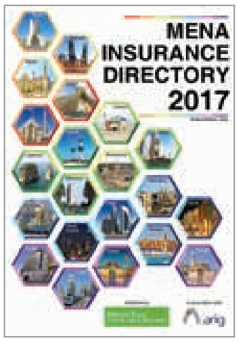
Magazines

Newsletters









Directories

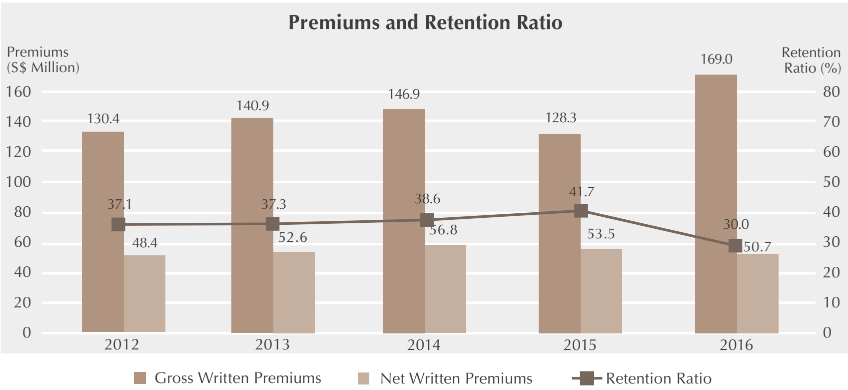
GROUP FINANCIAL HIGHLIGHTS

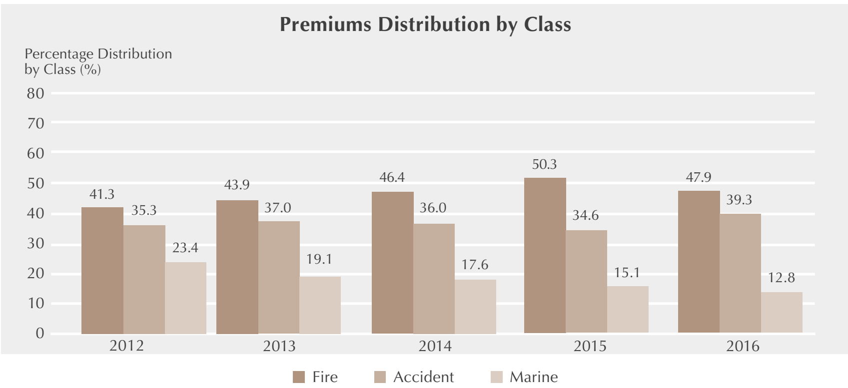
S$'000	2012	2013	2014	2015	2016
Gross Written Premiums	130,373	140,881	146,949	128,326	**169,016**
Net Written Premiums	48,397	52,579	56,795	53,467	**50,722**
Underwriting Results	(5,222)	1,899	1,932	950	**(2,055)**
Net Income From Reinsurance Operations	5,384	14,344	15,084	7,901	**4,163**
Profit Before Income Tax	12,882	22,563	20,612	12,137	**9,878**
Profit After Income Tax And Non-Controlling Interests	11,259	20,378	18,039	11,511	**8,842**
Net Insurance Contract Provisions:					
Outstanding Claims	156,325	160,513	160,452	152,635	**152,449**
Unexpired Risks	18,455	19,193	21,469	20,217	**19,074**
	174,780	179,706	181,921	172,852	**171,523**
% To Net Written Premiums (based on 5-year average of net written premiums)	413.2	400.9	373.3	338.1	**327.4**
Shareholders' Funds	210,197	224,935	236,760	231,918	**240,836**
Investment Funds	394,522	403,569	407,341	396,512	**411,078**
Total Assets	694,223	722,869	730,327	680,385	**703,246**
Net Tangible Assets Per Share (cents)	34.73	37.17	39.12	38.32	**39.79**
Earnings Per Share (cents)	1.86	3.37	2.98	1.90	**1.46**
Return On Equity (%)	5.36	9.06	7.62	4.96	**3.67**
Gross Dividend (cents)	1.20	1.50	1.50	1.60	**1.30**
Gross Dividend Yield (%) At Year-End Share Price	4.71	5.88	4.69	4.92	**4.26**
Capital Adequacy Ratio (%)	314.6	310.3	313.0	317.2	**313.9**

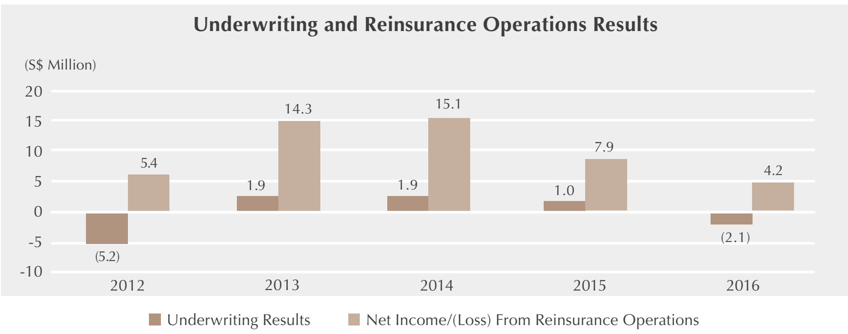
Note:

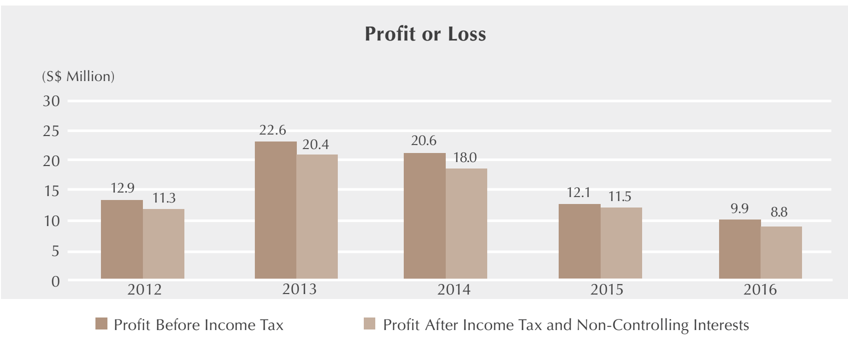
Certain items in the comparatives figures have been reclassified to conform with the current year's presentation

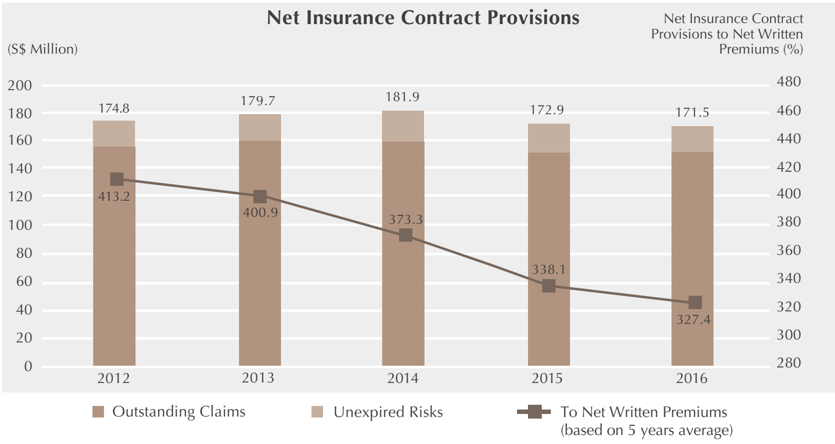
GROUP FINANCIAL HIGHLIGHTS

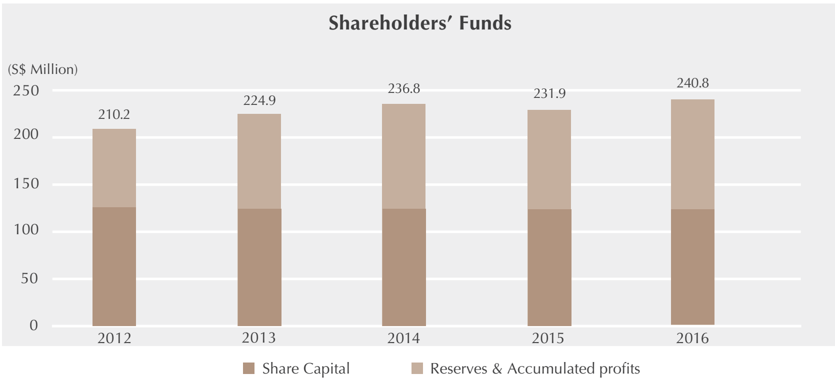


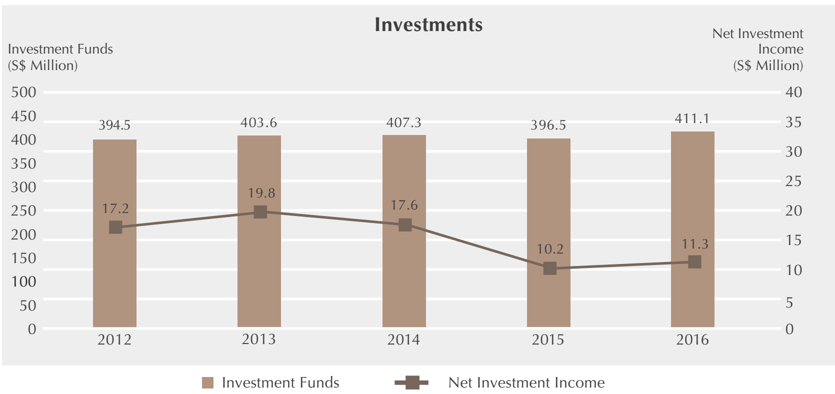


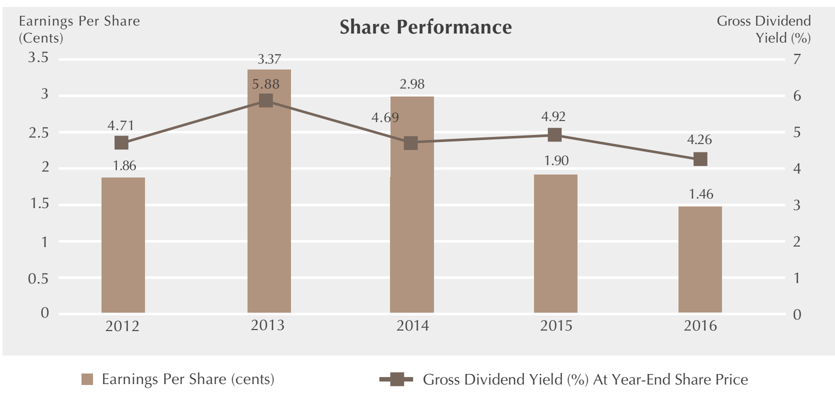





Net Insurance Contract Provisions
(S$ Million)
Net Insurance Contract Provisions to Net Written Premiums (%)
174.8
179.7
181.9
172.9
171.5
413.2
400.9
373.3
338.1
327.4
2012
2013
2014
2015
2016
Outstanding Claims
Unexpired Risks
To Net Written Premiums (based on 5 years average)


Shareholders' Funds
(S$ Million)
210.2
224.9
236.8
231.9
240.8
2012
2013
2014
2015
2016
Share Capital
Reserves & Accumulated profits


Investments
Investment Funds (S$ Million)
Net Investment Income (S$ Million)
394.5
403.6
407.3
396.5
411.1
17.2
19.8
17.6
10.2
11.3
2012
2013
2014
2015
2016
Investment Funds
Net Investment Income


Share Performance
Earnings Per Share (Cents)
Gross Dividend Yield (%)
1.86
3.37
2.98
1.90
1.46
4.71
5.88
4.69
4.92
4.26
2012
2013
2014
2015
2016
Earnings Per Share (cents)
Gross Dividend Yield (%) At Year-End Share Price

CORPORATE GOVERNANCE

The Board is committed to good corporate governance and has adopted policies pursuant to the principles and guidelines in the Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore (**CG Guidelines**) by the Monetary Authority of Singapore (**MAS**) and the Insurance (Corporate Governance) Regulations 2013 (**CG Regulations**) issued on 3 April 2013 and the Singapore Exchange Securities Trading Limited Listing Manual (**SGX Listing Manual**). The Company has put in place an internal guide to ensure good corporate governance in its business practices and activities.

The Company aims to preserve and enhance shareholder value by ensuring high standards of corporate performance and accountability.

The Board is supported by specialised Board committees to facilitate effective oversight of the Company and supervision of Management. The Board committees, namely, the Executive Committee, Audit Committee, Nominating Committee, Remuneration Committee and Investment Committee meet regularly to consider the audit and risk management processes, investments, remuneration, nomination and other matters. A report on each committee's last meeting is provided at the next Board meeting.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: Effective Board to lead and control the Company. Board is collectively responsible for the long-term success of the Company.

The Board's core responsibilities, apart from statutory and fiduciary duties, include:

- to determine the Group's broad strategic directions, major investment and funding decisions and levels of risk tolerance and risk policies;
- to approve the financial objectives of the Group and monitor its performance and prospects;
- to ensure the implementation of the Board's overall strategies, including the formulation and proper execution of risk management policies and guidelines set by the Board;
- to approve the nomination of Directors to the Board and appointment and removal of senior executives;
- to oversee management in the design, implementation and monitoring of the risk management and internal control systems; and
- to review the adequacy and effectiveness of the Group's internal controls including compliance, operational, financial and IT controls and risk management systems;
- to be responsible for the formulation of and compliance with the Group's sustainability policies and practices.

The Board meets at least quarterly to oversee the conduct of business of the Group, particularly for the following corporate events and actions:

- authorisation of major transactions;
- approval of quarterly financial accounts;
- approval of annual report and accounts;
- approval of annual budget;
- declaration of interim dividends and proposal of final dividend;
- convening of shareholders' meeting; and
- approval of corporate strategy.

For matters which require the Board's decision outside the pre-agreed meetings, board papers are circulated to the Board for consideration, with discussions taking place between members of the Board and Management directly, before approval is granted.

Pursuant to Article 98 of the Company's Constitution, one-third of the directors, or if their number is not three or a multiple of three, then the number nearest to but not less than one-third, retire by rotation at every Annual General Meeting (**AGM**). Under the Company's Constitution, there is no maximum fixed term or retirement age for non-executive directors.

In addition, the Board as a whole approves the appointment and removal of the Company Secretary.

Board Composition and Independence
Principle 2: Strong and independent element on the Board

The Board comprises six non-executive directors and the members are:

Ramaswamy Athappan (Chairman)	Non-Independent
David Chan Mun Wai (Deputy Chairman)	Non-Independent
Hwang Soo Jin	Non-Independent
Dileep Nair	Independent
Peter Sim Swee Yam	Independent
Ong Eng Yaw	Independent

The Board considers its present number of six directors to be sufficient and appropriate for effective decision-making, taking into account the scope and nature of the Group's operations.

CORPORATE GOVERNANCE

The composition of the Board and the independence of each director are reviewed annually by the Nominating Committee (**NC**), based on the CG Guidelines' and the CG Regulations' definition of what constitutes an independent Director. The NC is satisfied that the Board consists of directors who are professionals of high caliber and as a group, they possess a broad range of core competencies and experience in insurance, banking, finance, law and business.

The Board is able to exercise objective judgment independently from Management and no individual or small group of individuals dominate the decision making of the Board.

The Board has also conducted a review of the performance of the directors and considers that each of the directors brings invaluable integrity, wisdom and experience to the Board and that they continue to contribute positively to the Board. The Board collectively has the critical skills, experience and expertise needed in charting the strategic direction of the Group. The NC is satisfied that each director is a fit and proper person fully qualified for the office.

The NC is also of the view that it is not necessary to impose a limit on the number of board representations which directors may hold, as directors have different capabilities and companies have different complexities. The NC is satisfied that each of the directors has been devoting sufficient time and attention to the Company's affairs. The NC is of the view that the duties of all directors have been fully discharged based on the time and commitment by each director to the affairs of the Company. To address the competing time commitments of directors who sit on multiple boards and committees, meeting dates are scheduled in advance before the beginning of every calendar year.

All directors, on an ongoing basis, are required to declare any interest which they believe could conflict with the Company's interests. If a potential conflict does arise, the director concerned may choose not to, or the Board may decide he should not, receive documents or take part in Board discussions on the matter being considered.

Given that the business relationship between the Company and insurance companies which some of the directors are employees of are conducted at arms' length and in the ordinary course of business, the Board is satisfied that there is a strong and independent element on the Board and the ability to act in the interests of the Company have not been impeded. No employee of the Company and its subsidiaries in any of the past three financial years is an immediate family member of any of the directors.

In compliance with the CG Guidelines and the CG Regulations, the NC determined after rigorous review that, except for Mr Athappan, Mr Hwang and Mr Chan, all Board members are considered independent. As at 31 December 2016, the independent directors make up at least half of the Board as the Chairman is a non-independent director. Hence, the Company has complied with the CG Regulations and CG Guideline 2.2.

The directors' profile is provided in pages 12 to 16.

The Members' attendance at the Board and specialised Board Committee meetings for the financial year ended 31 December 2016 are as shown below:

Committees	**BOARD**	**EXCO**	**AC**	**NC**	**RC**	**INV**
Number of Meetings Held	4	2	4	1	1	4
Members	**Number of Meetings Attended**					
Ramaswamy Athappan	4	2	4	1	1	4
David Chan Mun Wai	4	2	4	1	1	4
Hwang Soo Jin[1]	4	2	4	1	1	4
Dileep Nair	4	2	4	1	1	4
Peter Sim Swee Yam	4	2	4	1	1	4
Ong Eng Yaw	4	2	4	1	1	4

Notes:

BOARD – Board of Directors
EXCO – Executive Committee
AC – Audit Committee
NC – Nominating Committee
RC – Remuneration Committee
INV – Investment Committee

1 Mr Hwang was appointed Advisor of Audit, Nominating and Remuneration Committees

Chairman and Chief Executive

Principle 3: Chairman and Chief Executive to be two separate persons to ensure clear division of responsibilities and balance of power and authority

There is a clear division of responsibilities between the non-executive Chairman and the Chief Executive (**CE**) who are not related. The CE bears the executive responsibility for the day-to-day operations of the Company while the responsibilities of the Chairman, among other things are to:

- provide leadership to the Board in the formulation and review of Board policies and to guide Management in striving towards the desired strategic directions set by the Board;
- schedule meetings of the Board to enable it to perform its duties responsibly;
- prepare meeting agenda in consultation with the CE;
- review key proposals before they are presented to the Board for decision;
- exercise control over the quality, quantity and timeliness of the information submitted to the Board;
- encourage constructive relations between the Board and Management;
- facilitate the effective contribution of non-executive directors;
- ensure effective communication with the regulators and shareholders;

CORPORATE GOVERNANCE

- ensure compliance with the CG Guidelines, CG Regulations, SGX Listing Manual and Board policies as well as promote high standards of corporate governance; and
- ensure information the Board receives is comprehensive, accurate and timely to enable effective decision making.

BOARD MEMBERSHIP AND COMMITTEES

Board Membership
Principle 4: Formal and transparent process for the appointment and re-appointment of Directors to the Board

The NC in consultation with the Chairman of the Board considers and makes recommendations to the Board concerning the appropriate size and needs of the Board.

New directors are appointed to the Board following recommendation of the NC and approval of the MAS. Article 103 of the Company's Constitution requires all new directors to submit themselves for re-election at the next AGM of the Company.

The NC also makes recommendations to the Board in respect of the directors who are eligible to be re-appointed at the AGM of the Company at regular intervals.

Appointment of New Directors
The search and nomination process for new directors is via contacts and recommendations. When recommending new directors to sit on the Board, the NC strives to ensure that the Board has sufficient number of independent directors with the right expertise, attributes and ability.

The NC will assess potential candidates taking into consideration the individual's background, skills and abilities, such as experience or expertise in some of the following areas: the insurance industry, corporate affairs, government affairs and experience as director, chief executive officer, chief operating officer or chief financial officer of a major company. The NC would also strive to determine whether the candidate is a fit and proper person and able to devote time in carrying out his duties as a Director of the Company.

When a candidate meets the assessment criteria set by the NC, the Committee will thereafter make a recommendation to the Board for consideration of the appointment. Upon the Board's endorsement, the Company will then seek MAS's approval accordingly and make the announcement to Singapore Exchange Securities Trading Limited (**SGX**).

Board Orientation and Continual Training and Development
As part of the induction programme for directors new to the reinsurance industry, a briefing on the fundamental aspects of the esoteric business of reinsurance and the CG Guidelines would be conducted.

As part and parcel of a training programme introduced by the NC, a series of orientation sessions were organized for new directors. During such sessions, the experiences of the old directors were passed on to the newcomers. In the process, the new directors' attention was drawn to the peculiarity of reinsurance accounting, the key risks involved in the business, the risk management process and the related systems of control in place as well as the directors' extent of responsibility for exercising oversight and for complying with regulatory and other requirements. For continuous development, such dialogue sessions outside normal Board meetings will continue to be held at regular intervals.

Directors are encouraged to continually develop and refresh their knowledge and skills, and keep themselves abreast with relevant developments and updates on key legal, regulatory and financial and accounting changes which affect the Group by attending briefings or seminars conducted by external parties.

Executive Committee

The Executive Committee (**EXCO**) comprises six non-executive directors. The members of the EXCO are:

Ramaswamy Athappan (Chairman)	Non-Independent
David Chan Mun Wai (Deputy Chairman)	Non-Independent
Hwang Soo Jin	Non-Independent
Dileep Nair	Independent
Peter Sim Swee Yam	Independent
Ong Eng Yaw	Independent

The EXCO holds periodic meetings with Management in charge of daily operations.

The principal functions of the EXCO are:

- to supervise Management in its conduct of the Group's business on behalf of the Board; and
- to ensure the implementation of the Board's overall strategies, including the proper execution of risk management policies and guidelines set by the Board.

Audit Committee

Principle 12: Establishment of Audit Committee with written terms of reference

The Audit Committee (**AC**) comprises five non-executive directors, majority of whom, including the Chairman, are independent directors as defined in the CG Guidelines.

The Board is of the view that the members of the AC have the financial management expertise and experience to discharge the AC's responsibilities. The members of the AC are:

Dileep Nair (Chairman)	Independent
Ramaswamy Athappan	Non-Independent
David Chan Mun Wai	Non-Independent
Peter Sim Swee Yam	Independent
Ong Eng Yaw	Independent

In view of his extensive knowledge and experience, Mr Hwang Soo Jin has been invited to participate in AC proceedings as an advisor.

The AC holds quarterly meetings each year and discharges the following responsibilities:

- to evaluate the adequacy and effectiveness of internal controls, including compliance, financial, operational and IT controls of the Company (carried out internally or with the assistance of competent third parties) and provide their assessment to the Board annually on the effectiveness and adequacy of the controls

CORPORATE GOVERNANCE

[Note: The Board retains the responsibility for the review of the effectiveness of the system of internal controls and must form its own opinion despite aspects of the review being delegated to the AC.];

- to review the adequacy and effectiveness of the Group's risk management systems as delegated by the Board;
- to ensure compliance with legal and regulatory requirements and review reports received from regulators and the SGX;
- to review the financial accounts of the Company and Group each quarter in conjunction with the external auditors' comments thereon prior to their submission to the Board for adoption;
- to review the adequacy of the internal audit function;
- to review and approve the audit scope/plans of the external and internal auditors, the results of the auditors' examinations and evaluation of the Company's system of internal accounting controls, and the Management's response to their recommendations;
- to nominate external auditors for appointment/re-appointment and to review the external audit fees and recommend to the Board for approval;
- to evaluate external auditors' objectivity and independence including the provision of non-audit services;
- to review legal and regulatory matters that may have material impact on the financial statements and reports received from regulators;
- to review and consider if interested person transactions are on normal commercial terms and not prejudicial to the Company's interests;
- to report to the Board regularly on the exercise of its duties, identifying matters which it considers require action or improvement, and making recommendations as to the steps to be taken;
- to review the assistance and co-operation given by the Company's officers to the external and internal auditors;
- to have authority to investigate any matter within its terms of reference, full access to and co-operation by Management and reasonable resources (including obtaining professional advice) to enable it to discharge its functions properly;
- to oversee and guide Management in:

  (a) the establishment and the operation of an independent enterprise-wide risk management system,

  (b) the adequacy of the risk management function, ensuring that it is sufficiently resourced to monitor risk and that it has appropriate independent reporting lines; and

- to assist the Board in determining the Company's overall risk tolerance and risk policies.

The AC conducts a review on the adequacy and effectiveness of the internal audit function annually, to ensure that the Company maintains an effective internal audit function that is adequately staffed and independent of the activities it audits.

Internal audit activities are conducted in relation to nationally or internationally recognized standards such as the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

The AC meets with the external and internal auditors, without the presence of Management. It has explicit authority to investigate any matter, full access to and co-operation by Management and other employees, and full discretion to invite any director to attend the meetings.

The AC has reviewed the non-audit services provided by the external auditors in the financial year ended 31 December 2016 and is satisfied that such services would not affect the independence of the external auditors. The external auditors, on an annual basis, have also provided a written confirmation of their independence to the AC.

The AC has reviewed the financial statements, the internal and external audit plans and reports, the external auditor's evaluation of the system of internal accounting controls, the scope and result of internal and external audit procedures, the significant findings of audit investigations and interested person transactions. The reviews were made with the internal and external auditors, the FC, CE and other management staff, as appropriate.

In reviewing the Independent Auditors' Report, the AC notes with satisfaction that there is no apparent weakness found in the Company's system and procedure of controls and that there is no breach in operational compliance with applicable laws, rules and regulations. In particular, the Key Audit matters (**KAms**) relating to estimation of premium, commission expense and insurance contract provisions, the external auditor has found the methodologies adopted and the assumptions used to arrive at the final figures to be appropriate in ensuring accuracy in all cases. In view of the sensitive nature of these key areas in the Company's core operation, the AC will continue to monitor closely on a regular basis the submissions from Management prior to adoption in the final accounts. As the processes involved considerable degree of judgmental decision based on technical expertise and relevant experience, the AC will ensure that Management is equipped with adequate resources and that the system and procedure remain relevant and efficacious at all times in keeping with changes in the operating environment.

Finally, it should be noted that in the course of the AC's deliberation, the Management has been called upon to account where necessary and in all cases its response has been found satisfactory.

Nominating Committee

The NC comprises the following five non-executive directors:

Ong Eng Yaw (Chairman)	Independent
Ramaswamy Athappan	Non-Independent
David Chan Mun Wai	Non-Independent
Dileep Nair	Independent
Peter Sim Swee Yam	Independent

CORPORATE GOVERNANCE

In view of his extensive knowledge and experience, Mr Hwang Soo Jin has been invited to participate in NC proceedings as an advisor.

The NC holds its meetings annually or as frequently as may be necessary. The NC's primary functions are:

- to review and make recommendations to the Board concerning the size, structure and composition of the Board and the Board committees;
- to identify potential candidates to fill Board vacancies, if any as well as put in place plans for succession;
- to review and make recommendations, for the Board's approval, on the appointment of the Group's senior executives;
- to review and make recommendations to the Board on the re-appointment of directors taking into consideration the directors' ability to exercise sound judgment, independence, demonstrated leadership, skills, work experience, etc.;
- to assess annually the independence of each director and provide its views on the independence to the Board;
- to ensure compliance with the CG Regulations and adhere to the CG Guidelines on the composition of the Board;
- to decide how the Board's performance may be evaluated and propose objective performance criteria for the Board's approval;
- to assess the effectiveness of the Board as a whole and the contribution by individual directors to the effectiveness of the Board; and
- to review the ability of directors with multiple board representations to carry out their duties and other principal commitments adequately.

There was no resignation or dismissal of any key appointment holder for the financial year ended 31 December 2016.

Remuneration Committee
The Remuneration Committee (**RC**) comprises the following five non-executive directors:

Peter Sim Swee Yam (Chairman)	Independent
Ramaswamy Athappan	Non-Independent
David Chan Mun Wai	Non-Independent
Dileep Nair	Independent
Ong Eng Yaw	Independent

In view of his extensive knowledge and experience, Mr Hwang Soo Jin has been invited to participate in RC proceedings as an advisor.

The RC holds periodic meetings with Management in charge of human resource functions and also has access to the information when clarification and advice is needed.

The principal functions of the RC are:

- to recommend to the Board and shareholders the level of remuneration for directors and to ensure that it is sufficiently equitable to attract, retain and motivate them to provide good stewardship;
- to review the remuneration of all personnel in an effort to motivate, retain and create a sense of belonging to facilitate the achievement of strategic objectives and corporate values; and
- to exercise oversight of personnel administration executed by Management and to ensure that there is sufficient equitable staff welfare in terms of training, health and safety to attract, retain and motivate personnel; and
- to review the Company's obligation in the event of termination of key management personnel's contract of service to ensure that the contract of service contain fair and reasonable clauses.

Investment Committee
The Investment Committee (**INV**) comprises the following six non-executive directors and two key executives:

Hwang Soo Jin (Chairman)	Non-Independent
Ramaswamy Athappan	Non-Independent
David Chan Mun Wai	Non-Independent
Dileep Nair	Independent
Peter Sim Swee Yam	Independent
Ong Eng Yaw	Independent
Theresa Wee Sui Ling	Chief Executive
Carlene Lim Lay Hoon	Financial Controller

Periodic meetings are held with Management in charge of investments to discuss key investment issues.

The responsibilities of the INV are:

- to monitor the progress and development of the investment decisions taken by the Group.
- to determine the strategic direction and to identify suitable investment opportunities;
- to oversee the day-to-day investment activities conducted by Management;
- to ensure close coordination between the underwriting and the investment arms of Management so that available funds can be invested promptly and efficiently;

CORPORATE GOVERNANCE

- to ensure judicious management of the investment portfolio in line with the risk appetite of and tolerance limits set by the Board in order that there will always be adequate liquidity to support the underwriting activities;

- to ensure reasonable returns to enable servicing of shareholders' dividends at a consistently credible level; and

- to approve investment proposals submitted by Management as required under established procedure.

BOARD PERFORMANCE

Principle 5: Formal assessment of the effectiveness of the Board as a whole and the contribution by each director

The NC conducts a formal assessment of the performance of the Board as a whole in view of the complementary and collective nature of directors' contributions.

The evaluation parameters for the Board's performance are based on quantitative and qualitative criteria, which include the level of return on equity, regularity of attendance at meetings, the success of the strategic and long term objectives set by the Board, and the effectiveness of the Board in monitoring Management's performance against the goals set by the Board.

The assessment of the contribution of directors is made with reference to a set of common key performance indicators and the skills and experience which the Board is expected to possess. The Board is of the opinion that all directors collectively and individually have contributed positively to the growth of the Company during the year and in discharging their duties have conducted themselves diligently in safeguarding the interests of shareholders.

The EXCO, on behalf of the Board, supervises the Management in its conduct of the Group's business, and in ensuring the implementation of the Board's broad strategies, including the proper execution of risk management policies and guidelines set by the Board.

In addition, it has been the Group's practice for the Board Chairman's performance to be appraised annually by the Board without his participation.

ACCESS TO INFORMATION AND ACCOUNTABILITY

Principle 6: Board members to have complete, adequate and timely information
Principle 10: The Board's accountability to the Shareholders and Management's accountability to the Board

The Board is provided with complete and adequate information prior to Board meetings and on an on-going basis. Such information includes financial management reports, annual budgets and performance against budget, announcement of results, matters requiring the Board's decision and updates on key outstanding issues.

In presenting the quarterly and annual financial statements to shareholders, it is the aim of the Board to provide the shareholders with a balanced and comprehensive assessment of the Group's financial position and prospects. Management provides the Board, EXCO and AC with detailed management accounts of the Group's financial performance, position and prospects on a quarterly basis.

The Board also has separate and independent access to Management and the Company Secretary. The Company Secretary assists Management to ensure that Board procedures are observed and the Company complies with the requirements of the Companies Act and the SGX Listing Manual. The CE and Financial Controller (**FC**) provide assistance in the Company Secretarial role and attend the Board meetings. Should the directors, whether as a group or individually, need independent professional advice to carry out their duties, the Company will, upon approval of the Chairman, arrange to appoint a professional advisor to render the advice.

Notwithstanding CG Guideline 3.3, the Board is of the view that it is not necessary for the Company to appoint a lead independent director given that the number of directors on the Board is relatively small and the members are well experienced. There is regular and active participation at Board and Board Committee meetings. Also, non-accessibility by shareholders to the directors has never been an issue.

Furthermore, the independent directors, Mr Dileep Nair, Mr Ong Eng Yaw and Mr Peter Sim Swee Yam provide independent leadership on the Board by virtue of their appointment as Chairman of the AC, NC and RC, respectively.

The Board does not have any alternate directors. All directors have dedicated adequate time to the affairs of the Company.

REMUNERATION MATTERS

Level and Mix of Remuneration

Principle 7: Formal and transparent procedure for fixing the remuneration packages of individual directors
Principle 8: Remuneration of directors to be adequate and not excessive
Principle 9: Clear disclosure on remuneration policy, level and mix of remuneration, and the procedure for setting remuneration

The RC sets out the remuneration guidelines and reviews the remuneration framework of the Group.

The Group adopts a remuneration policy that is primarily performance based taking into account each person's job responsibilities and function and market conditions. The remuneration for employees of the Group comprises a fixed component and a performance-related variable component in an effort to link rewards to corporate and individual performance and align their interests with those of shareholders.

The fixed component consists of a base salary and fixed allowance. The variable component is in the form of a bonus that is linked to the Group's and the individual's performance. A budget for salary increment and bonus is submitted by the CE to the Board annually. During the course of the year, the salary and bonus proposal would be put forth to the RC for consideration and approval.

The RC reviews the level and mix of remuneration and approves the framework for salary reviews, performance bonus and incentives for the CE and key management personnel of the Group. In setting the remuneration packages, the RC takes into consideration the Company's and the individual's performance, as well as the contribution to the revenue and profitability.

CORPORATE GOVERNANCE

The remuneration policies are in line with the strategic objectives and corporate values of the Company, and do not conflict with the Company's objectives and directions. The remuneration practices do not create incentives for excessive or inappropriate risk-taking behaviour.

The remuneration of the directors takes into account their contribution and respective responsibilities. Directors are paid an attendance fee for their involvement in the Board and Board Committee meetings. Directors who participate in the Board Committees receive higher fees for the additional responsibilities. No director decides his own remuneration. The fees are reviewed by the RC and thereafter submitted to the Board for endorsement. The directors' fees proposed by the Board are subject to shareholders' approval at the Company's AGM.

The Company believes that it is not in its best interest to disclose the precise remuneration of the directors and key management personnel due to the highly competitive market for talent. Accordingly, the Company continues its practice of disclosing the remuneration of directors and key management personnel in bands of $250,000.

The remuneration of directors for the year ended 31 December 2016 is set out below:

Directors	**Directors' Fees**	**Salary**	**Bonus**	**Other Fees, Allowances & Benefits**[2]	**Total**
	%	%	%	%	%
Ramaswamy Athappan	100	0	0	0	100
Hwang Soo Jin	12	0	0	88	100
David Chan Mun Wai	100	0	0	0	100
Dileep Nair	100	0	0	0	100
Peter Sim Swee Yam	100	0	0	0	100
Ong Eng Yaw	100	0	0	0	100

2 Other fees, allowances and benefits include advisor fees and out-of-pocket allowances.

The following information relates to directors' remuneration:

	Number of Directors in Remuneration Bands	
Remuneration Bands	**2016**	2015
$250,000 to $499,999	**2**	2
Below $250,000	**4**	7
Total	**6**	9

The remuneration of key management personnel for the year ended 31 December 2016 is set out below:

Key Management Personnel	Directors' Fees[3]	Salary	Bonus	Other Fees, Allowances & Benefits[4]	Total
	%	%	%	%	%
Theresa Wee Sui Ling	1	75	17	7	100
Subramaniam Mokanasivam	1	74	18	7	100
Chin Tsu-Kuang	1	79	13	7	100
Carlene Lim Lay Hoon	0	81	16	3	100
Mervyn Low Cheng Chwee	0	76	16	8	100
Cheng Yiina	0	81	16	3	100
Ho Wing Hoong	0	78	16	6	100
Yap Sock Cheen	0	82	18	0	100

3 Include directors' fees paid to key management personnel in respect of their appointment to the Subsidiaries' Boards.

4 Other fees, allowances and benefits include transport, entertainment allowances and long service awards.

The following information relates to key management personnel's remuneration:

	Number of Senior Management in Remuneration Bands	
Remuneration Bands	**2016**	2015
$250,000 to $499,999	**2**	2
Below $250,000	**6**	6
Total	**8**	8

The Company does not employ any immediate family member of any director or the CE whose remuneration for the financial year ended 31 December 2016 exceeds $50,000.

INTERNAL CONTROLS

Principle 11: Sound system of internal controls

The Board determines the Company's risk tolerance and policies and oversees Management in the design, implementation and monitoring of the internal controls. The Board exercises oversight on Management through the AC on the adequacy and effectiveness of the Company's systems of internal controls in compliance, operational, financial, IT and risk management. The AC reviews regularly with Management and auditors, both internal and external, the continued development in the measures taken by Management to further strengthen internal controls. In particular, the Committee satisfies itself of the adequacy in the documentation of operating procedures and their compliance and amendments made to meet changing circumstances. Once a year, the AC undertakes a review of the effectiveness of the internal control systems and reports its findings to the main Board for endorsement.

CORPORATE GOVERNANCE

The Board believes that the recognition of the importance of internal controls is a matter of corporate culture that calls for common commitment at all levels of the Company from Board to management and staff. The Board recognises that the system of internal controls can only provide reasonable assurance but cannot totally eliminate the occurrence of material errors, poor judgment in decision-making, human error, fraud or other irregularities. In order to minimise such occurrence, continued strengthening of internal controls to meet the challenges of a rapidly changing operating environment should be part and parcel of daily business process to be pursued relentlessly.

During the year under review, the Board is satisfied based on reports from both internal and external auditors as well as the AC that the internal controls in all aspects of the Company's operations are adequate and effective to safeguard shareholders' interest. The Board with the concurrence of the AC, is of the opinion that the Group has complied with Rule 1207(10) of the SGX Listing Manual. Both the CE and the FC have also given their assurance:

(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and

(b) that the Company's risk management and systems of internal controls are adequate and effective.

In addition, the Company has a whistle-blower protection policy and the requisite procedures are incorporated into the Employee Handbook available to all staff. The purpose of the policy is to encourage the reporting in good faith of suspected reportable conduct by establishing clearly defined processes through which such reports may be made with the confidence that employees and other persons making such reports will be treated fairly and, to the extent possible, protected from reprisal.

RISK MANAGEMENT

Principle 11: Sound system of internal controls

Given the special nature of reinsurance business, the Board is firmly of the conviction that risk management is synonymous with the process of underwriting. Consequently, it believes that the thrust for the continued development in the measures taken to strengthen risk management should be left with Management. The Board however, exercises oversight on the adequacy and effectiveness of the Group's risk management system. To facilitate closer monitoring, the Board has delegated the review of the adequacy and effectiveness of the risk management system to the AC. In carrying out its duty, the Company has established a Risk Management Review Committee (**RMRC**) at the management level with the General Manager (Operations) designated Risk Management Officer and the RMRC reports to the AC. The RMRC meets regularly and its responsibilities are:

- to identify, assess and monitor all reasonably foreseeable and material risks that the Company is or may be exposed to;
- to review and recommend risk management measures to address the key risks; and
- to support the AC in the review of the adequacy and effectiveness of the risk management measures implemented.

The AC in turn meets with Management and internal auditor to review the reports submitted in order to satisfy itself of the continued adequacy of the risk management system. Once a year, based upon predetermined criteria, the AC assesses the effectiveness of the system and submits its findings to the Board for endorsement if appropriate.

For the year under review, based on reports from both internal and external auditors as well as the AC, the Board is satisfied that the risk management system maintained by the Management is adequate and effective to meet the needs of the Company in its current business environment.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights
Principle 15: Communication with Shareholders
Principle 16: Conduct of Shareholder Meetings

The Company ensures that timely and adequate disclosure of information on matters of material impact on the Company is made available to shareholders of the Company. This is done through the Company's annual reports, quarterly financial announcements and press releases to SGX which is also posted on the Company's website at http://www.singre.com.sg. Shareholders are given opportunities to participate at the Company's general meetings. The Board and Management are present at these meetings to address questions that shareholders may have. A representative of the external auditors is also present to assist the Board in addressing relevant queries by shareholders. The Constitution allows a member of the Company to appoint one or two proxies to attend and vote at general meetings. In addition, a member of the Company who is a relevant intermediary may appoint more than two proxies to attend and vote at general meetings, but such proxies must be appointed to exercise the rights attached to a specified number of shares. The term "relevant intermediary" is for this purpose defined under the Companies Act and includes the Central Provident Fund Board as well as banks and capital market services licence holders which provide custodial services. Allowing multiple proxies for such members will facilitate indirect investors attending and voting at shareholder meetings and encourages more active shareholder participation. Separate resolutions on each distinct issue are tabled at general meetings.

In compliance with Rule 730A(2) of the SGX Listing Manual, resolutions tabled at general meetings will be put to vote by poll. To enhance transparency and efficiency in the voting process and results, electronic poll voting is conducted. The results showing the number of votes cast for and against each resolution and the respective percentages are announced via the SGXNET on the same day as the general meeting.

DEALINGS IN SECURITIES OF THE COMPANY

The Group provides guidance to its directors and employees on the implications of insider trading. It has adopted a code of conduct for dealings in securities of the Company in compliance with the Best Practices Guide on Dealings in Securities as set out in Rule 1207(19) of the SGX Listing Manual.

The Company prohibits its directors and employees from trading in the Company's securities for the period commencing two weeks before the announcement of quarterly results, and the period commencing one month before the announcement of year-end results.

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2016.

In our opinion:

(a) the financial statements set out on pages 52 to 122 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and the financial performance, changes in equity of the Group and of the Company and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the **Act**) and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Ramaswamy Athappan
David Chan Mun Wai
Hwang Soo Jin
Dileep Nair
Peter Sim Swee Yam
Ong Eng Yaw

Mr David Chan Mun Wai and Mr Dileep Nair retire by rotation at the forthcoming Annual General Meeting (**AGM**) in accordance with Article 98 of the Company's Constitution and, being eligible, offer themselves for re-election.

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Act, particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company are as follows:

	Holdings in the name of the directors, spouse or infant children		Other holdings in which directors are deemed to have an interest	
Number of ordinary shares	**At beginning of the year**	**At end of the year**	**At beginning of the year**	**At end of the year**
Ramaswamy Athappan	178,732	178,732	–	–
David Chan Mun Wai	73,205	73,205	–	–
Hwang Soo Jin	1,210,000	1,210,000	–	–

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2017.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share options

During the financial year:

(a) there were no options granted to any person to take up unissued shares in the Company or its subsidiaries and there were no shares issued by virtue of the exercise of any option to take up unissued shares of the Company or its subsidiaries; and

(b) no options have been granted to controlling shareholders, their associates, or employees of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option granted by the Company or its subsidiaries as at the end of the financial year.

Audit committee

The members of the Audit Committee during the year and at the date of this statement are:

Dileep Nair (Chairman)
Ramaswamy Athappan
David Chan Mun Wai
Peter Sim Swee Yam
Ong Eng Yaw

The members of the Audit Committee are all non-executive directors and perform the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee held four meetings since the last directors' statement. In performing its functions, the Audit Committee met with the Company's internal and external auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

DIRECTORS' STATEMENT

The Audit Committee also reviewed the following:

– assistance and co-operation provided by the Company's officers to the internal and external auditors;

– quarterly financial information and annual financial statements of the Group and the Company prior to submission to the directors of the Company for adoption;

– the Company's corporate governance processes;

– current and impending changes in accounting requirements and insurance regulation;

– interested person transactions as defined in Chapter 9 of the SGX Listing Manual; and

– independence of external auditors with regard to the provision of non-audit services.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and discretion to invite any director or executive officer to attend its meetings.

Internal controls

The Board of Directors (the **Board**) believes that the recognition of the importance of internal controls is a matter of corporate culture that calls for common commitment at all levels of the Company from Board to management and staff. The Board recognises that the system of internal controls can only provide reasonable assurance but cannot totally eliminate the occurrence of material errors, poor judgment in decision-making, human error, fraud or other irregularities. The continued strengthening of internal controls to meet the challenges of a rapidly changing operating environment should be part and parcel of daily business process to be pursued relentlessly.

During the year under review, the Board is satisfied based on statement from both internal and external auditors as well as the Audit Committee that the internal controls in all aspects of the Company's operations are adequate and effective to safeguard shareholders' interest. Both the Chief Executive and the Chief Financial Officer have also given their assurance:

(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(b) that the Company's systems of internal controls are adequate and effective.

Risk management

For the year under review, based on statement from both internal and external auditors as well as the Audit Committee, the Board is satisfied that the risk management system maintained by the Management is adequate and effective to meet the needs of the Company in its current business environment.

The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees. The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming AGM of the Company.

In appointing our auditors of the Company, subsidiaries and significant associated companies, we have complied with Rules 712 and 715 of the SGX Listing Manual.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Ramaswamy Athappan
Director

David Chan Mun Wai
Director

24 February 2017

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 2016, 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 52 to 122.

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 2016 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 ($169 million), gross claims incurred ($84 million) and commission expenses ($46 million)
(Refer to Note 16 to the financial statements)

The key audit matter

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.

Bilateral cessions premiums, claims and commissions expenses, to the extent not advised by cedants by the financial year-end are estimated based 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.

Unprocessed premiums at the reporting date for other lines of business are assessed for their significance to the financial statements to determine if they will need to be recorded.

How the matter was addressed in our audit

We assessed the reasonableness of premiums, claims and commissions recorded by performing the following procedures:

For bilateral cession business where premiums, claims and commissions were estimated,

- updated our understanding on the Group's process for estimating the premiums, claims and commissions;
- evaluated the Group's quantification of the premiums, claims and commissions not advised at the reporting date; and
- compared prior year estimates with actuals to assess the reliability of the Group's estimates.

For unprocessed premium closings, claims notifications or 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.

Findings

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.

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.

INDEPENDENT AUDITORS' REPORT

Valuation of insurance contract provisions – Gross outstanding claims ($351 million); Gross unexpired risk ($60 million)
(Refer to Note 10 and 16 to the financial statements)

The key audit matter

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.

How the matter was addressed in our audit

We assessed whether the valuation of insurance contract provisions is reasonable by performing the following procedures:

- evaluated the underwriting and claims processes and consistency of those policies;
- assessed the design and operating effectiveness of controls over approval and recording of premiums and claims reported and paid, which form the basis upon which insurance contract provisions are estimated;
- tested the completeness and accuracy of data used in the valuation of insurance contract provisions; and
- involved 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.

Findings

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.

Other information

Management is responsible for the other information. The other information comprises the Annual Report, but does not include 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 and will 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 identified above 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 on the other information that we obtained prior to the date of this auditors' report, 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

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

INDEPENDENT AUDITORS' REPORT

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 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.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
24 February 2017

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2016

		Group		Company	
	Note	**2016**	2015	**2016**	2015
		$'000	$'000	**$'000**	$'000
Assets					
Property, plant and equipment	4	**38,485**	35,897	**38,382**	35,825
Investment properties	5	**27,329**	23,189	**27,329**	23,189
Interest in subsidiaries	7	**–**	–	**1,123**	1,123
Reinsurers' share of insurance contract provisions for:					
– outstanding claims	10	**198,382**	193,916	**198,382**	193,916
– unexpired risks	10	**40,687**	26,869	**40,687**	26,869
Financial assets	8	**259,127**	262,339	**258,579**	261,844
Club membership		**15**	15	**–**	–
Insurance receivables	11	**47,966**	58,428	**47,966**	58,428
Other receivables	12	**4,433**	3,911	**3,664**	3,225
Cash and cash equivalents	13	**86,822**	75,821	**84,507**	73,028
Total assets		**703,246**	680,385	**700,619**	677,447
Equity attributable to equity holders of the Company					
Share capital	14	**123,300**	123,300	**123,300**	123,300
Reserves	15	**30,313**	23,580	**30,342**	23,648
Accumulated profits		**87,223**	85,038	**86,819**	84,337
		240,836	231,918	**240,461**	231,285
Non-controlling interests		**264**	264	**–**	–
Total equity		**241,100**	232,182	**240,461**	231,285
Liabilities					
Insurance contract provisions for:					
– outstanding claims	10	**350,831**	346,551	**350,831**	346,551
– unexpired risks	10	**59,761**	47,086	**59,761**	47,086
Deferred taxation	9	**1,440**	1,264	**1,449**	1,264
Insurance payables	17	**45,423**	47,901	**45,423**	47,901
Other payables	18	**4,056**	4,314	**2,172**	2,419
Current tax payable		**635**	1,087	**522**	941
Total liabilities		**462,146**	448,203	**460,158**	446,162
Total equity and liabilities		**703,246**	680,385	**700,619**	677,447

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS

Year ended 31 December 2016

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Reinsurance operations:					
Gross written premiums		**169,016**	128,326	**169,016**	128,326
Reinsurance premiums		**(118,294)**	(74,859)	**(118,294)**	(74,859)
Net written premiums		**50,722**	53,467	**50,722**	53,467
Gross transfer (to)/from provision for unexpired risks	10	**(12,675)**	6,329	**(12,675)**	6,329
Reinsurance transfer to/(from) provision for unexpired risks	10	**13,818**	(5,077)	**13,818**	(5,077)
Net earned premiums		**51,865**	54,719	**51,865**	54,719
Gross claims incurred	10	**(83,630)**	(59,217)	**(83,630)**	(59,217)
Reinsurers' share of claims incurred	10	**47,685**	27,309	**47,685**	27,309
Net claims incurred		**(35,945)**	(31,908)	**(35,945)**	(31,908)
Commission expense		**(46,165)**	(39,425)	**(46,165)**	(39,425)
Commission income		**34,477**	24,336	**34,477**	24,336
Net commission expense		**(11,688)**	(15,089)	**(11,688)**	(15,089)
Management expenses	23	**(6,287)**	(6,772)	**(6,287)**	(6,772)
Underwriting results		**(2,055)**	950	**(2,055)**	950
Net investment income	21	**6,218**	6,951	**6,218**	6,951
Net income from reinsurance operations (I)		**4,163**	7,901	**4,163**	7,901
Non-reinsurance operations:					
Net investment income	21	**5,059**	3,257	**6,236**	4,525
Other operating income	22	**6,480**	7,095	**3**	6
Management expenses	23	**(5,824)**	(6,116)	**(441)**	(494)
Net income from non-reinsurance operations (II)		**5,715**	4,236	**5,798**	4,037
Profit before income tax (I) + (II)	26	**9,878**	12,137	**9,961**	11,938
Income tax expense	27	**(893)**	(490)	**(822)**	(355)
Profit for the year		**8,985**	11,647	**9,139**	11,583
Attributable to:					
Equity holders of the Company		**8,842**	11,511	**9,139**	11,583
Non-controlling interests		**143**	136	**–**	–
Profit for the year		**8,985**	11,647	**9,139**	11,583
Basic and diluted earnings per share (cents)	28	**1.46**	1.90		

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

Year ended 31 December 2016

		Group		Company	
	Note	**2016**	2015	**2016**	2015
		$'000	$'000	**$'000**	$'000
Profit for the year		**8,985**	11,647	**9,139**	11,583
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Revaluation of property, plant and equipment	4	**5,320**	350	**5,320**	350
Tax on items that will not be reclassified to profit or loss		**9**	(24)	**9**	(24)
		5,329	326	**5,329**	326
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	21	**(861)**	(2,318)	**(861)**	(2,314)
– Reclassification of impairment on investments to profit or loss	26	**1,982**	2,780	**1,982**	2,780
– Change in fair value of investments		**516**	(7,351)	**470**	(7,275)
Tax on items that are or may be reclassified subsequently to profit or loss		**(226)**	1,092	**(226)**	1,092
		1,411	(5,797)	**1,365**	(5,717)
Other comprehensive income for the year, net of income tax		**6,740**	(5,471)	**6,694**	(5,391)
Total comprehensive income for the year		**15,725**	6,176	**15,833**	6,192
Attributable to:					
Equity holders of the Company		**15,575**	6,052	**15,833**	6,192
Non-controlling interests		**150**	124	**–**	–
Total comprehensive income for the year		**15,725**	6,176	**15,833**	6,192

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2016

Group	Share capital $'000	Fair value reserve $'000	Revaluation reserve $'000	Accumulated profits $'000	Total attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2015	123,300	7,776	21,263	84,421	236,760	320	237,080
Total comprehensive income for the year							
Profit for the year	–	–	–	11,511	11,511	136	11,647
Other comprehensive income:							
Revaluation of property, plant and equipment	–	–	350	–	350	–	350
Available-for-sale financial assets:							
– Reclassification of gain on sale of investments to profit or loss	–	(2,317)	–	–	(2,317)	(1)	(2,318)
– Reclassification of impairment on investments to profit or loss	–	2,780	–	–	2,780	–	2,780
– Change in fair value of investments	–	(7,340)	–	–	(7,340)	(11)	(7,351)
Income tax relating to components of other comprehensive income	–	1,092	(24)	–	1,068	–	1,068
Total other comprehensive income, net of income tax	–	(5,785)	326	–	(5,459)	(12)	(5,471)
Total comprehensive income for the year	–	(5,785)	326	11,511	6,052	124	6,176
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Final dividend of 0.8 cent per share tax exempt (one-tier) paid in respect of year 2014	–	–	–	(4,842)	(4,842)	–	(4,842)
Interim dividend of 0.7 cent per share tax exempt (one-tier) paid in respect of year 2015	–	–	–	(4,236)	(4,236)	–	(4,236)
Special dividend of 0.3 cent per share tax exempt (one-tier) paid in respect of year 2015	–	–	–	(1,816)	(1,816)	–	(1,816)
Dividend paid to non-controlling interests	–	–	–	–	–	(180)	(180)
Total contributions by and distributions to owners	–	–	–	(10,894)	(10,894)	(180)	(11,074)
At 31 December 2015	123,300	1,991	21,589	85,038	231,918	264	232,182

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2016

Group	Share capital $'000	Fair value reserve $'000	Revaluation reserve $'000	Accumulated profits $'000	Total attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2016	123,300	1,991	21,589	85,038	231,918	264	232,182
Total comprehensive income for the year							
Profit for the year	–	–	–	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	–	(861)	–	–	(861)	–	(861)
– Reclassification of impairment on investments to profit or loss	–	1,982	–	–	1,982	–	1,982
– Change in fair value of investments	–	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 of 0.6 cent per share tax exempt (one-tier) paid in respect of year 2015	–	–	–	(3,631)	(3,631)	–	(3,631)
Interim dividend of 0.5 cent per share tax exempt (one-tier) paid 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

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2016

Company	Share capital $'000	Fair value reserve $'000	Revaluation reserve $'000	Accumulated profits $'000	Total $'000
At 1 January 2015	123,300	7,776	21,263	83,648	235,987
Total comprehensive income for the year					
Profit for the year	–	–	–	11,583	11,583
Other comprehensive income:					
Revaluation of property, plant and equipment	–	–	350	–	350
Available-for-sale financial assets:					
– Reclassification of gain on sale of investments to profit or loss	–	(2,314)	–	–	(2,314)
– Reclassification of impairment on investments to profit or loss	–	2,780	–	–	2,780
– Change in fair value of investments	–	(7,275)	–	–	(7,275)
Income tax relating to components of other comprehensive income	–	1,092	(24)	–	1,068
Total other comprehensive income, net of income tax	–	(5,717)	326	–	(5,391)
Total comprehensive income for the year	–	(5,717)	326	11,583	6,192
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Final dividend of 0.8 cent per share tax exempt (one-tier) paid in respect of year 2014	–	–	–	(4,842)	(4,842)
Interim dividend of 0.7 cent per share tax exempt (one-tier) paid in respect of year 2015	–	–	–	(4,236)	(4,236)
Special dividend of 0.3 cent per share tax exempt (one-tier) paid in respect of year 2015	–	–	–	(1,816)	(1,816)
Total contributions by and distributions to owners	–	–	–	(10,894)	(10,894)
At 31 December 2015	123,300	2,059	21,589	84,337	231,285

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2016

Company	Share capital $'000	Fair value reserve $'000	Revaluation reserve $'000	Accumulated profits $'000	Total $'000
At 1 January 2016	**123,300**	**2,059**	**21,589**	**84,337**	**231,285**
Total comprehensive income for the year					
Profit for the year	–	–	–	**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	–	**(861)**	–	–	**(861)**
– Reclassification of impairment on investments to profit or loss	–	**1,982**	–	–	**1,982**
– Change in fair value of investments	–	**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 of 0.6 cent per share tax exempt (one-tier) paid in respect of year 2015	–	–	–	**(3,631)**	**(3,631)**
Interim dividend of 0.5 cent per share tax exempt (one-tier) paid 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**

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2016

	Note	2016 $'000	2015 $'000
Operating activities			
Profit before income tax		**9,878**	12,137
Adjustments for:			
Insurance contract provisions for net unexpired risks		**(1,143)**	(1,252)
Insurance contract provisions for net outstanding claims		**(186)**	(7,817)
Impairment provision and write down on investments	21	**1,982**	2,780
Impairment write down on club membership	21	**–**	5
Net gains in fair value of investment properties	21	**(1,610)**	(496)
Net gains on sale of investments	21	**(861)**	(2,318)
Depreciation of property, plant and equipment	4	**381**	384
Interest income	21	**(8,231)**	(8,356)
Dividend income		**(2,510)**	(2,425)
Gain on sale of property, plant and equipment		**–**	(6)
Gain on sale of investment properties	21	**–**	(76)
		(2,300)	(7,440)
Changes in working capital:			
Insurance receivables		**10,462**	14,104
Other receivables and staff loan		**(691)**	(572)
Insurance payables		**(2,478)**	(8,238)
Other payables		**(258)**	432
Cash from/(used in) operations		**4,735**	(1,714)
Income tax paid		**(1,386)**	(1,858)
Net cash from/(used in) operating activities		**3,349**	(3,572)
Investing activities			
Interest received		**8,336**	8,367
Dividends received		**2,510**	2,425
Purchase of investments		**(21,856)**	(41,385)
Proceeds from sale of investments		**25,648**	47,645
Purchase of property, plant and equipment	4	**(179)**	(410)
Proceeds from disposal of property, plant and equipment		**–**	11
Proceeds from disposal of investment properties		**–**	2,170
Net cash from investing activities		**14,459**	18,823
Financing activities			
Dividends paid to owners of the Company		**(6,657)**	(10,894)
Dividends paid to non-controlling interests		**(150)**	(180)
Decrease in deposits pledged		**26**	117
Net cash used in financing activities		**(6,781)**	(10,957)
Net increase in cash and cash equivalents		**11,027**	4,294
Cash and cash equivalents at beginning of year	13	**75,699**	71,405
Cash and cash equivalents at end of year	13	**86,726**	75,699

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 24 February 2017.

1 Domicile and activities

Singapore Reinsurance Corporation Limited (the Company) is incorporated in the Republic of Singapore with its registered office at 85 Amoy Street, Singapore 069904.

The Company is licensed as a general reinsurer under the Singapore Insurance Act, Chapter 142 (the Insurance Act). The principal activities of the Company, including its Labuan Branch, are those of a general reinsurer while those of its subsidiaries are set out in note 7 to the financial statements.

The consolidated financial statements of the Group for the year ended 31 December 2016 relate to the Company and its subsidiaries (together referred to as the Group).

2 Basis of preparation

2.1 Statement of compliance

The financial statements are prepared in accordance with the Singapore Financial Reporting Standards (FRS).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- available-for-sale financial assets are measured at fair value
- investment properties and leasehold land and buildings are measured at fair value

The financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

The assets and liabilities of the Group which relate to the reinsurance business carried on in Singapore are subject to the requirements of the Insurance Act. Such assets and liabilities are accounted for in the books of the insurance funds established under the Insurance Act. Assets held in the insurance funds may be withdrawn only if the withdrawal meets the requirements stipulated in Section 17 and the Group continues to be able to meet the solvency requirements of Section 18 of the Insurance Act and Insurance (Valuation and Capital) Regulations. All other assets and liabilities are accounted for in the books of the "non-reinsurance funds".

All income and expenses relating to the reinsurance business are reported under the "Reinsurance operations" in profit or loss. All other income and expenses are reported as "Non-reinsurance operations" in profit or loss.

The financial statements of the Group represent the combined assets and liabilities, and income and expenses of the reinsurance funds and the non-reinsurance funds.

2.3 Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgements made by management in applying accounting policies that could have a significant effect on the amount recognised in the financial statements relate mainly to outstanding claim provisions and estimates of premium, commission and loss estimates for bilateral cessions business (see note 16).

2.4 Changes in accounting policies

A number of new standards, amendments to standards and interpretations are effective for annual period 1 January 2016, and have been applied in preparing these financial statements. None of these have a significant effect on the financial statements of the Company.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Group entities.

3.1 Consolidation

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities. Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intragroup balances and any unrealised gains and losses or income and expenditure arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

3.2 Foreign currencies

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at

NOTES TO THE FINANCIAL STATEMENTS

the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of monetary items that in substance form part of the Group's net investment in a foreign operation and available-for-sale equity securities (see note 3.7) which are recognised in other comprehensive income.

Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at the average exchange rates for the year. Exchange differences arising on translation are recognised directly in profit or loss as the amounts are not material.

3.3 Reinsurance business

Classification of contracts

Contracts under which the Group accepts significant insurance risk by agreeing to compensate the cedants if a specified uncertain future event (the insured event) adversely affects the cedants are classified as insurance contracts. Insurance risk is risk other than financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices of rates, a credit rating or credit index or other variable.

Recognition and measurement of contracts

The recording of revenue and the determination of underwriting results of each financial year reflect delays in the receipt of information from cedants and brokers, and the long tail nature of certain classes of insurance business.

Written premiums

Gross written premiums include premiums for contracts entered during the year, irrespective of whether they relate in whole or in part to a later accounting period. Premiums are disclosed gross of commission payable to insurance companies and intermediaries and include adjustments to premiums written in prior accounting periods.

With the exception of premiums for bilateral cessions business, which are estimated up to the end of the financial year, premium is recognised on the basis of closing advices and returns received from cedants and brokers. Bilateral cessions premiums, to the extent not advised by cedants by the year-end, are estimated using comparative information.

The portion of the premium which relates to future accounting periods is included in the provision for unexpired risks in the statement of financial position.

The provision for unexpired risks in respect of facultative reinsurance business is calculated based on daily pro-rata method on net premium income. The provision for unexpired risks in respect of other types of reinsurance business is calculated at 40% of net premium income (refer to liability adequacy test).

Commission

With the exception of bilateral cessions business, commission expense and income are recognised based on closing advices and returns received from cedants and brokers. For bilateral cessions business, to the extent not advised by cedants and brokers by the financial year-end, estimates are derived using comparative information taking into consideration changes in terms and conditions.

Claims

Claims incurred consist of claims and claims handling expenses paid during the financial year together with the movement in the provision for outstanding claims.

Outstanding claims comprise provisions for the full estimated cost of losses which have occurred before the end of the current financial year, whether or not these have been notified to the Group. The provisions represent a projection of all future payments to be made in respect of these notified or unreported losses. Claims outstanding are assessed by reviewing individual claims and making allowance for claims incurred but not yet reported, the effect of both internal and external foreseeable events, such as inflation, judicial trends, legislative changes, past experience and observable market trends. Anticipated reinsurance recoveries are disclosed separately as assets.

Provision is also made, on the basis of management's experience of claims submitted in prior years, for the estimated ultimate liability of the Group in respect of claims incurred on business accepted up to the end of the financial year.

In view of the nature of the business accepted, the ultimate liability will vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the claim provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made, and disclosed separately if material. The methods used, and the estimates made, are reviewed regularly.

Reinsurance

The Group arranges reinsurance outward in the normal course of business for the purpose of limiting its net loss. Outward reinsurance premiums are regarded as deductions from income and are recognised when periodic statements of accounts are rendered to retrocessionaires. Amounts recoverable under reinsurance outward are assessed for impairment at each reporting date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred, that the Group may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the Group will receive from the retrocessionaires.

NOTES TO THE FINANCIAL STATEMENTS

Receivables and payables related to insurance contracts

Insurance receivables and insurance payables are recognised when due. These include amounts due to and from insurance and reinsurance contract holders. They are measured on initial recognition at the fair value of the consideration receivable or payable. Subsequent to initial recognition, receivables and payables are measured at amortised cost, using the effective interest rate method. Insurance receivables and insurance payables are derecognised based on the same derecognition criteria as financial assets and liabilities respectively, as described in note 3.6.

The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable and recognises that impairment loss in profit or loss. The Company gathers the objective evidence that an insurance receivable is impaired using the same process adopted for loans and receivables. The impairment loss is calculated under the same method used for these financial assets, as described in note 3.6.

Liability adequacy test

In performing the liability adequacy test, the carrying value of the insurance liabilities in the reinsurance fund is compared with the current best estimate of future contractual cash flows and claims handling expenses on an undiscounted basis. If the best estimate for the contractual liabilities is discounted using the risk-free interest rate or yield on assets backing the liabilities, the best estimate figures would be lower.

Any deficiency between the statement of financial position liabilities and the adequacy test liabilities is recognised in profit or loss for the year.

3.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, except for owner occupied leasehold land and buildings, which are stated at their revalued amounts.

The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are carried out by independent professional valuers regularly such that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in the revaluation amount is credited to other comprehensive income and accumulated in equity in the revaluation reserve unless it offsets a previous decrease in value of the same asset that was recognised in profit or loss. A decrease in value is recognised in profit or loss where it exceeds the increase previously recognised in other comprehensive income and accumulated in equity in the revaluation reserve. Upon disposal, any related revaluation reserve is transferred from the revaluation reserve to accumulated profits and is not taken into account in arriving at the gain or loss on disposal.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Gains or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised net within other income in profit or loss in the period of the retirement or disposal.

Property, plant and equipment are depreciated on a straight line basis over their estimated useful lives as follows:

Leasehold land and buildings	50 years
Furniture, fittings and office equipment	3 years to 5 years

Fully depreciated assets are retained in the financial statements until they are disposed of. Properties are depreciated from the year in which they are ready for use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

3.5 Investment properties

Investment property is property held either to earn rental income or for capital appreciation or for both. It does not include properties for sale in the ordinary course of business, used in the production or supply of goods or services, or for administrative purposes.

Investment property is measured at cost on initial recognition and subsequently at fair value, with any change recognised in profit or loss. Rental income from investment properties is accounted for in the manner described in note 3.10.

The gains or losses arising from the retirement or disposal of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the property and shall be recognised in profit or loss in the period of the retirement or disposal.

3.6 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they originate. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

NOTES TO THE FINANCIAL STATEMENTS

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets:

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise other receivables and cash and cash equivalents.

Cash and cash equivalents comprise cash balances and bank deposits.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the other categories. The Group's investments in equity securities and debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they originate. All other financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Group has the following non-derivative financial liabilities comprising other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares and shares options are recognised as a deduction from equity, net of any tax effects.

Where share capital recognised as equity is repurchased (treasury shares), the amount of the consideration paid, excluding directly attributable costs, is presented as a deduction from equity. Where such shares are subsequently reissued, sold or cancelled, the consideration received is recognised as a change in equity. No gain or loss is recognised in profit or loss.

3.7 Impairment

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy and the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for loans and receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together the receivables.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

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An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Non-financial assets

The carrying amounts of the Group's non-financial assets other than investment properties and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss unless it reverses a previous revaluation, credited to statement of comprehensive income, in which case it is charged to other comprehensive income.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.8 Employee benefits

Contributions to a statutory defined contribution scheme are recognised as an expense in profit or loss when incurred.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Government grants

Cash grants received from the government in relation to the Special Employment Credit, Wage Credit and Temporary Employment Credit Schemes are recognised upon receipt. Such grants are provided to defray the wage costs incurred by the Group and are offset against staff costs in the financial statements.

3.9 Provisions

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3.10 Revenue recognition

The accounting policy in relation to revenue from reinsurance business is disclosed in note 3.3.

Investment income

Investment income comprises gains on the disposal of available-for-sale financial assets, dividend income and interest income.

Dividend income is recognised when the shareholder’s right to receive payment is established.

Interest income in respect of interest bearing investments is accounted on an accrual basis. Interest receivable and payable on reinsurance deposits attributable to the reinsurance business are accounted for in the same period as the relevant statements are received from cedants and brokers or are rendered to reinsurers.

NOTES TO THE FINANCIAL STATEMENTS

Investment income generated from assets attributable to the reinsurance business is allocated to the reinsurance operations in profit or loss. Investment income arising from assets attributable to the non-reinsurance business is allocated to the non-reinsurance operations in profit or loss.

Rental income

Rental income receivable under operating leases is recognised in profit or loss on a straight-line basis over the term of the lease.

Non-reinsurance income

Non-reinsurance income includes revenue from management services rendered, advertising fees, subscriptions for magazines and other publications, and advertising income.

Revenue from services rendered is recognised on performance of services.

Revenue from advertising fees are recognised on completion of the services. Revenue is arrived at after deduction of trade discounts. Subscriptions for magazines and other publications and advertising income are recognised on an accrual basis.

3.11 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is computed using the statement of financial position method and the methodology provides for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.12 Key management personnel

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The directors and the senior management are considered as key management personnel of the Group.

3.13 Earnings per share

The Group presents basic and diluted earnings per share (**EPS**) data for its ordinary shares. Basic EPS is calculated by dividing profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

3.14 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.15 New standards and interpretations not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016 and earlier application is permitted; however, the Group has not early applied the following new or amended standards in preparing these statements. For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Group and the Company in future financial periods, the Group is assessing the transition options and the potential impact on its financial statements, and to implement these standards. Management provides updates to the Board of Directors on the progress of implementing these standards. These updates cover implementation status, key reporting and business risks and the implementation approach. The Group does not plan to adopt these standards early.

NOTES TO THE FINANCIAL STATEMENTS

These new standards include, among others, FRS 115 *Revenue from Contracts with Customers* and FRS 109 *Financial Instruments* which are mandatory for adoption by the Group on 1 January 2018 and Applying FRS 109 Financial Instruments with FRS 104 *Insurance Contracts* (Amendments to FRS 104). FRS 116 *Leases* is mandatory for adoption by the Group on 1 January 2019.

FRS 115 Revenue from Contracts with Customers
Summary of requirements FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 Revenue, FRS 11 Construction Contracts, INT FRS 113 Customer Loyalty Programmes, INT FRS 115 Agreements for the Construction of Real Estate, INT FRS 118 Transfers of Assets from Customers and INT FRS 31 Revenue – Barter Transactions Involving Advertising Services. FRS 115 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. **Potential impact on financial statements** During 2016, the Group completed its initial assessment of the impact on the Group's financial statements. Based on its initial assessment, the Group expects no significant changes in the way how revenue is recognised for its non-reinsurance operations. The Group plans to adopt the standard when it becomes effective in 2018 using the cumulative approach. The Group is currently performing a detailed analysis under FRS 115 to determine its elections of the practical expedients and to quantify the transition adjustments on its financial statements.

FRS 109 Financial Instruments
Summary of requirements FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39.

Applying FRS 109 ***Financial Instruments with FRS 104 Insurance Contracts*** (Amendments to FRS 104)
Summary of requirements The amendments introduce two approaches for entities that apply FRS 104 to reduce the impact of differing effective dates of the forthcoming insurance contracts standard and FRS 109 Financial Instruments: an overlay approach and a deferral approach. The amended FRS 104: • give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when FRS 109 is applied before the new insurance contracts standard is issued (the **Overlay Approach**); and • give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying FRS 109 until 2021 (the **Deferral Approach**). The entities that defer the application of FRS 109 will continue to apply the existing financial instruments standard–FRS 39. An entity shall apply those amendments, which permit insurers that meet specified criteria to apply the Deferral Approach, for annual periods beginning on or after 1 January 2018. An entity shall apply those amendments, which permit insurers to apply the overlay approach to designated financial assets, when it first applies FRS 109. **Potential impact on financial statements** The forthcoming insurance contracts standard that is expected to have a significant impact on the Group's financial statements. That standard may impact how the classification and measurement of financial instruments requirements under FRS 109 is adopted. The Group has decided that it will take the deferral approach in the amendments to FRS 104 to defer the implementation of FRS 109 till the new insurance contracts standard is issued. The Group will then be able to perform a comprehensive assessment of the impact, taking into considerations the options available for the implementation of both standards together. The Group assessed that it has qualified for the temporary exemption as the carrying amount of its liabilities arising from contracts within the scope of FRS 104 is significant compared to the total carrying amount of all its liabilities; and that the total carrying amount of its liabilities connected with insurance is 99% of its total liabilities as at 31 December 2015.

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FRS 116 Leases
Summary of requirements FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (**ROU**) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor. When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*, and INT FRS *27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. FRS 116 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if FRS 115 is also applied. **Potential impact on financial statements** The Group has performed a preliminary high level assessment of the new standard on its existing operating lease arrangements as a lessee. Based on the assessment, the new standard is not expected to have a significant impact on the financial statements. The Group plans to adopt the standard when it becomes effective in 2019. The Group will perform a detailed analysis of the standard, including the transition options and practical expedients in 2017. The Group expects that the impact on adoption of FRS 116 Leases to be similar to adopting SG-IFRS 16, after the transition to SG-IFRS in 2018 as described above.

Convergence with International Financial Reporting Standards (IFRS)

In addition, the Accounting Standards Council (**ASC**) announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange (**SGX**) will apply a new financial reporting framework identical to the International Financial Reporting Standards (referred to as SG-IFRS in these financial statements) for the financial year ending 31 December 2018 onwards.

The Group has performed a preliminary assessment of the impact of SG-IFRS 1 *First-time adoption of International Financial Reporting Standards for the transition to the new reporting framework*. Based on the Group's preliminary assessment, the Group expects that the impact on adoption of SG-IFRS 15 *Revenue from Contracts with Customers* and Applying SG-IFRS 9 *Financial Instruments* with SG-IFRS 4 *Insurance Contracts* (Amendments to SG-IFRS 4) will be similar to adopting FRS 115 and Applying FRS 109 Financial Instruments with FRS 104 *Insurance Contracts* (Amendments to FRS 104) as described in this Note.

Other than arising from the adoption of new and revised standards, the Group does not expect to change its existing accounting policies on adoption of the new framework.

The Group is currently performing a detailed analysis of the available policy choices, transitional optional exemptions and transitional mandatory exceptions under SG-IFRS 1 and the preliminary assessment may be subject to changes arising from the detailed analysis.

4 Property, plant and equipment

Group	Leasehold land and buildings $'000	Furniture, fittings and equipment $'000	Total $'000
Valuation/Cost	**Valuation**	**Cost**	
At 1 January 2015	34,999	4,421	39,420
Additions	–	410	410
Revaluation surplus	350	–	350
Disposals	–	(222)	(222)
Reversal of depreciation on revaluation	(186)	–	(186)
At 31 December 2015	**35,163**	**4,609**	**39,772**
Additions	–	179	179
Revaluation surplus	5,320	–	5,320
Disposals	–	(787)	(787)
Reversal of depreciation on revaluation	(153)	–	(153)
Transfer to investment property	(2,530)	–	(2,530)
At 31 December 2016	**37,800**	**4,001**	**41,801**
Accumulated depreciation and impairment losses			
At 1 January 2015	–	3,894	3,894
Depreciation for the year	186	198	384
Disposals	–	(217)	(217)
Reversal of depreciation on revaluation	(186)	–	(186)
At 31 December 2015	**–**	**3,875**	**3,875**
Depreciation for the year	153	228	381
Disposals	–	(787)	(787)
Reversal of depreciation on revaluation	(153)	–	(153)
At 31 December 2016	**–**	**3,316**	**3,316**
Carrying amounts			
At 1 January 2015	34,999	527	35,526
At 31 December 2015	**35,163**	**734**	**35,897**
At 31 December 2016	**37,800**	**685**	**38,485**

NOTES TO THE FINANCIAL STATEMENTS

Company	Leasehold land and buildings $'000	Furniture, fittings and equipment $'000	Total $'000
Valuation/Cost	**Valuation**	**Cost**	
At 1 January 2015	34,999	4,029	39,028
Additions	–	365	365
Disposals	–	(189)	(189)
Revaluation surplus	350	–	350
Reversal of depreciation on revaluation	(186)	–	(186)
At 31 December 2015	**35,163**	**4,205**	**39,368**
Additions	–	110	110
Revaluation surplus	5,320	–	5,320
Disposals	–	(716)	(716)
Reversal of depreciation on revaluation	(153)	–	(153)
Transfer to investment property	(2,530)	–	(2,530)
At 31 December 2016	**37,800**	**3,599**	**41,399**
Accumulated depreciation and impairment losses			
At 1 January 2015	–	3,571	3,571
Depreciation charge for the year	186	157	343
Disposals	–	(185)	(185)
Reversal of depreciation on revaluation	(186)	–	(186)
At 31 December 2015	**–**	**3,543**	**3,543**
Depreciation charge for the year	153	190	343
Disposals	–	(716)	(716)
Reversal of depreciation on revaluation	(153)	–	(153)
At 31 December 2016	**–**	**3,017**	**3,017**
Carrying amounts			
At 1 January 2015	34,999	458	35,457
At 31 December 2015	**35,163**	**662**	**35,825**
At 31 December 2016	**37,800**	**582**	**38,382**

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Depreciation charge					
Leasehold land and buildings		**153**	186	**153**	186
Furniture, fittings and equipment		**228**	198	**190**	157
	26	**381**	384	**343**	343
Allocated as follows:					
Reinsurance operations	23	**186**	153	**186**	153
Non-reinsurance operations	23	**38**	41	**–**	–
Investment expenses	21	**157**	190	**157**	190
		381	384	**343**	343

Leasehold land and buildings of the Group and Company are revalued as at 31 December 2016 by firms of independent professional valuers, at open market value on an existing use basis. The measurement is based on the market comparison method. The revaluation surplus amounted to $5,320,000 (2015: $350,000).

The carrying amount of leasehold land and buildings of the Group and the Company would have been $13,642,000 (2015: $14,116,000) had the leasehold land and buildings been carried at cost less accumulated depreciation and impairment losses.

Property, plant and equipment are non-current assets.

Details of the owner occupied leasehold properties are set out below:

Owner occupied leasehold land and buildings

Location	Description	Tenure	Land area/ Floor area (sq. m.)	Carrying amount 2016 $'000	Carrying amount 2015 $'000
Singapore					
85 Amoy Street	Office building	999 years lease w.e.f. 1/10/1827	235	**17,000**	14,000
68/69 Amoy Street	Office building	999 years lease w.e.f. 1/10/1827	304	**20,800**	18,500

NOTES TO THE FINANCIAL STATEMENTS

Location	Description	Tenure	Land area/ Floor area (sq. m.)	Carrying amount 2016 $'000	2015 $'000
People Republic of China					
#1918, The Panorama, 53 Huang Pu Road, Shanghai 200080	Office and residential units	50 years lease w.e.f. 16/6/1998	168	–	2,663
Total owner occupied leasehold land and buildings				**37,800**	35,163

During the year, the Company transferred #1918, The Panorama to investment properties following the rental of the property to an external tenant.

5 Investment properties

Group and Company	**Note**	**$'000**
At 1 January 2015		24,787
Disposal of investment properties		(2,094)
Net gain in fair value	21, 26	496
At 31 December 2015		**23,189**
Transfer from property, plant and equipment	4	2,530
Net gain in fair value	21, 26	1,610
At 31 December 2016		**27,329**

During the year, the Company transferred its property, #1918, The Panorama to investment properties following the rental of the property to external tenant.

Investment properties are revalued as at 31 December 2016 by firms of independent professional valuers at open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction. The measurement is based on the market comparison method.

Investment properties comprise a number of commercial properties that are leased to external customers. The leases contain an initial non-cancellable period of one to three years. Subsequent renewals are negotiated with the lessees.

Investment properties are non-current assets.

Details of the investment properties are set out below:

Investment properties leasehold land and buildings

Location	Description	Tenure	Land area/ Floor area (sq. m.)	Carrying amount 2016 $'000	2015 $'000
Singapore					
55-58 Amoy Street	Office building	999 years lease w.e.f. 25/7/1833	178	**9,750**	9,100
103 Amoy Street	Office building	999 years lease w.e.f. 1/10/1827	185	**10,700**	9,500
People Republic of China					
#905 to 907 and #2003, Dalian Asia Pacific Finance Centre, 55 Renmin Road, Zhongshan District, Dalian	Office and residential units	50 years lease w.e.f. 28/12/1993	390	**1,124**	1,503
#710, 711 and #712, South Office Block, Beijing New World Centre, Chong Wen Men Wai Da Jie, Chong Wen District, Beijing 100062	Office and residential units	50 years lease w.e.f. 1/4/1994	327	**2,814**	3,086
#1918 The Panorama, 53 Huang Pu Road, Shanghai 200080	Office and residential units	50 years lease w.e.f. 16/6/1998	168	**2,941**	–
				27,329	23,189

6 Amounts due to and from subsidiaries

The amounts due to and from subsidiaries are interest-free, unsecured and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

7 Interest in subsidiaries

	Company 2016 $'000	Company 2015 $'000
Unquoted equity shares, at cost	**1,123**	1,123
Provision for impairment	**–**	–
	1,123	1,123

The following are subsidiaries as at 31 December 2016:

Name of company	Principal activities	Percentage of equity held by the Group 2016 %	Percentage of equity held by the Group 2015 %
Singapore-Re Management Services Private Limited [1]	Management, computer advisory services and consultancy	**100**	100
INS Communications Private Limited [1]	Publisher of magazines, books and other publications and organiser of conferences	**85**	85
SR-China Advisory Services Co Ltd [2]	Property management and consultancy services	**90**	90

1 Audited by KPMG LLP Singapore

2 Audited by Shanghai Hai Ming Certified Public Accountants Co., Ltd.

SR-China Advisory Services Co Ltd is incorporated and carries on business in China.

In August 2015, Singapore-Re Management Services Private Limited completed the sale of intellectual property rights of its insurance-related software and began winding down its remaining business. No impairment is made on the cost of investment as the estimated recoverable amount determined based on the net assets as at 31 December 2016 approximates the fair value less costs to sell. The net assets comprise predominantly current monetary items.

Interest in subsidiaries is non-current.

8 Financial assets

Financial assets consist of equity securities and debt securities:

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Debt securities available-for-sale	**205,162**	207,363	**205,162**	207,363
Equity securities available-for-sale	**53,946**	54,976	**53,398**	54,481
Staff loan	**19**	–	**19**	–
Total financial assets	**259,127**	262,339	**258,579**	261,844
Allocated as:				
Non-current assets				
– Equity securities available-for-sale	**1,828**	1,870	**1,214**	1,309
Staff loan	**15**	–	**15**	–
Total non-current assets	**1,843**	1,870	**1,229**	1,309
Current assets				
– Debt securities available-for-sale	**205,162**	207,363	**205,162**	207,363
– Equity securities available-for-sale	**52,118**	53,106	**52,184**	53,172
Staff loan	**4**	–	**4**	–
Total current assets	**257,284**	260,469	**257,350**	260,535
Total financial assets	**259,127**	262,339	**258,579**	261,844

The maximum exposure to credit risk for securities at the reporting date is the carrying amount.

Debt securities include government securities of $2,110,000 (2015: $2,115,000) pledged to a bank for letter of credit facilities.

During the year, the Group recognised an impairment loss of $1,982,000 (2015: $2,780,000) for investments in equity and debt securities due to significant or prolonged decline in fair value of these securities since the initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

9 Deferred taxation

Movements in deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the year are as follows:

	At 1 January 2015 $'000	Recognised in statement of profit or loss $'000	Recognised in other comprehensive income $'000	At 31 December 2015 $'000	Recognised in statement of profit or loss $'000	Recognised in other comprehensive income $'000	At 31 December 2016 $'000
Group							
Deferred tax (liabilities)/assets							
Others	32	(1)	–	31	1	–	32
Financial assets	(1,486)	–	1,092	(394)	–	(226)	(620)
Property, plant and equipment	(314)	(34)	(24)	(372)	14	9	(349)
Investment properties	(279)	13	–	(266)	24	–	(242)
Other receivables	(275)	12	–	(263)	2	–	(261)
	(2,322)	(10)	1,068	(1,264)	41	(217)	(1,440)
Company							
Deferred tax (liabilities)/assets							
Others	32	(1)	–	31	1	–	32
Financial assets	(1,486)	–	1,092	(394)	–	(226)	(620)
Property, plant and equipment	(314)	(34)	(24)	(372)	14	9	(349)
Investment properties	(279)	13	–	(266)	24	–	(242)
Other receivables	(275)	12	–	(263)	(7)	–	(270)
	(2,322)	(10)	1,068	(1,264)	32	(217)	(1,449)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority.

	Group		Company	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000
Deferred tax assets	**32**	31	**32**	31
Deferred tax liabilities	**(1,472)**	(1,295)	**(1,481)**	(1,295)
Net deferred tax liabilities	**(1,440)**	(1,264)	**(1,449)**	(1,264)

Deferred tax liabilities are non-current.

10 Insurance contract provisions

(a) Analysis of movements in provision for outstanding claims:

	Group and Company	
	2016	2015
	$'000	$'000
Gross outstanding claims	**350,831**	346,551
Reinsurers' share of outstanding claims	**(198,382)**	(193,916)
Outstanding claims (net)	**152,449**	152,635
Movements in gross outstanding claims:		
Balance at beginning of the year	**346,551**	375,024
Gross paid claims	**(79,350)**	(87,690)
Gross claims incurred	**83,630**	59,217
Balance at end of the year	**350,831**	346,551
Movements in reinsurers' share of outstanding claims:		
Balance at beginning of the year	**(193,916)**	(214,572)
Reinsurers' share of paid claims	**43,219**	47,965
Reinsurers' share of claims incurred	**(47,685)**	(27,309)
Balance at end of the year	**(198,382)**	(193,916)
Movements in net provision:		
Balance at beginning of the year	**152,635**	160,452
Net paid claims	**(36,131)**	(39,725)
Net claims incurred	**35,945**	31,908
Balance at end of the year	**152,449**	152,635

NOTES TO THE FINANCIAL STATEMENTS

(b) *Analysis of movements in provision for unexpired risks:*

	Group and Company	
	2016	2015
	$'000	$'000
Gross unexpired risks	**59,761**	47,086
Reinsurers' share of unexpired risks	**(40,687)**	(26,869)
Unexpired risks (net)	**19,074**	20,217
Movements in gross unexpired risks:		
Balance at beginning of the year	**47,086**	53,415
Transfer from/(to) reinsurance operations	**12,675**	(6,329)
Balance at end of the year	**59,761**	47,086
Movements in reinsurers' share of unexpired risks:		
Balance at beginning of the year	**(26,869)**	(31,946)
Transfer (from)/to reinsurance operations	**(13,818)**	5,077
Balance at end of the year	**(40,687)**	(26,869)
Movements in net provision:		
Balance at beginning of the year	**20,217**	21,469
Transfer to reinsurance operations	**(1,143)**	(1,252)
Balance at end of the year	**19,074**	20,217

(c) *Summary*

Total gross and reinsurers' share of insurance contract provisions are allocated as follows:

	Group and Company	
	2016	2015
	$'000	$'000
Insurance contract provisions		
Non-current liabilities	**277,735**	273,661
Current liabilities	**132,857**	119,976
	410,592	393,637
Reinsurers' share of insurance contract provisions		
Non-current assets	**(157,910)**	(152,270)
Current assets	**(81,159)**	(68,515)
	(239,069)	(220,785)
Net insurance contract provisions	**171,523**	172,852

The current claim liabilities are determined by using the average claim payout ratio for the past three financial years for each individual line of business. The claim payout ratio is calculated using the total paid losses for each financial year, divided by the total claim liabilities as at the beginning of each financial year.

11 Insurance receivables

	Group and Company	
	2016	2015
	$'000	$'000
Inward insurance receivables:		
– Related parties	**15,571**	13,560
– Others	**17,957**	21,780
Allowance for doubtful inward insurance receivables	**(1,343)**	(1,283)
	32,185	34,057
Outward reinsurance receivables:		
– Related parties	**3,612**	11,113
– Others	**9,951**	11,676
Allowance for doubtful outward reinsurance receivables	**(1,263)**	(1,447)
	12,300	21,342
Deposits retained by cedants:		
– Related parties	**349**	384
– Others	**3,132**	2,645
	3,481	3,029
	47,966	58,428

Insurance receivables are all due within the next financial year.

The Group has exposure to credit risk on insurance receivables. However, these cedants and reinsurers are internationally dispersed, engage in a wide range of insurance and reinsurance activities and operate in a variety of end markets. The Group's historical experience in the collection of insurance receivables falls within the recorded allowances. Due to these factors, Management believes that no additional allowances are required for doubtful inward and outward insurance receivables.

The carrying value of the Group's three (2015: three) most significant insurance receivables as at the reporting date amounted to $21,478,000 (2015: $29,158,000) and represented 45% (2015: 50%) of total insurance receivables.

NOTES TO THE FINANCIAL STATEMENTS

12 Other receivables

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Trade receivables of the subsidiaries		**1,110**	1,105	**–**	–
Allowance for doubtful receivables		**(116)**	(129)	**–**	–
		994	976	**–**	–
Interest receivable		**2,007**	2,157	**2,006**	2,155
Sundry deposits		**22**	19	**20**	18
Amounts due from subsidiaries (non-trade)	6	**–**	–	**466**	543
Sundry receivables		**1,049**	354	**895**	186
Deferred expenses		**40**	69	**–**	–
Prepayments		**321**	336	**277**	323
		4,433	3,911	**3,664**	3,225

Other receivables are all due within the next financial year.

The non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

13 Cash and cash equivalents

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Cash at bank and in hand	**5,307**	12,393	**4,478**	11,127
Fixed deposits	**81,515**	63,428	**80,029**	61,901
	86,822	75,821	**84,507**	73,028
Pledged deposits	**(96)**	(122)	**(96)**	(122)
Cash and cash equivalents in the statement of cash flows	**86,726**	75,699	**84,411**	72,906

Pledged deposits have been excluded from cash and cash equivalents in the cash flow statement.

Deposits with financial institutions of $96,000 (2015: $122,000) have been pledged to a bank for letter of credit facilities granted to the Company.

The cash and cash equivalents held in trust by the Chief General Manager for China affairs as at year end amounted to $206,000 (2015: $248,000).

14 Share capital

	Group and Company			
	2016	**2016**	2015	2015
	Number of shares '000	**$'000**	Number of shares '000	$'000
Issued and fully paid ordinary shares, with no par value				
At 1 January and 31 December	**605,220**	**123,300**	605,220	123,300

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future business development. Capital consists of shareholders' equity. The Board of Directors monitors the return on shareholders' equity, which the Group defines as net operating income divided by total shareholders' equity excluding non-controlling interest. The Board of Directors also recommends to shareholders the level of dividends to be paid.

The Group's return on shareholders' equity was 3.7% (2015: 5%).

Pursuant to the Share Buy-Back Mandate, the Group has the flexibility to undertake purchases or acquisitions of its issued shares, at any time and from time to time, subject to market conditions, during the period that the Share Buy-Back Mandate is in force. Buy and sell decisions are made on a specific transaction basis by the Board and the Group does not have a defined share buyback plan.

There were no changes in the Group's approach to capital management during the year.

All insurers and reinsurers that carry on insurance business in Singapore are registered with the Monetary Authority of Singapore and are subject to the prudential standards which set out the basis for calculating the fund solvency requirements (**FSR**) and capital adequacy requirement (**CAR**) which is a minimal level of capital that must be held to meet policyholders' obligations. The FSR and CAR apply a risk-based approach to capital adequacy and are determined to be the sum of the aggregate of the total risk requirement of all insurance funds established and maintained by the reinsurer under the Act. It is the Company's policy to hold capital levels in excess of FSR and CAR. The Company has complied with the capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

15 Reserves

The fair value reserve includes the cumulative net change in fair value of available-for-sale investments until the investments are derecognised.

The revaluation reserve includes the surpluses arising from the revaluations of owner occupied leasehold land and buildings.

16 The process involved in (1) determining outstanding claim liabilities and (2) estimating bilateral cessions business

(1) Determining outstanding claim liabilities

The data used for determining the expected ultimate claim liabilities is collated internally based on information received from cedants relating to business underwritten by the Group. This is further supplemented by externally available information on industry statistics and trends.

The Group's reserving methodology is intended to result in the most likely or expected outcome for the ultimate loss settlement for each type and class of business by analysing the historical claim payments to identify possible trends in order to project future claim payments. The Group also considers the nature of the risks underwritten, geographical location, sum insured, and previous experience to estimate expected loss ratios for each class of business and underwriting year. The derived expected loss ratios are internally checked to ensure that they are consistent with observable market trends or other market information, as considered necessary. Where there is insufficient information, the expected ultimate claim liabilities are arrived at based on prudent assumptions.

For random incidences of large insurance losses, the Group sets aside case reserves after taking into consideration the claim circumstances, current available information and historical evidence of similar claims. Case estimates are reviewed regularly and updated as and when new information becomes available. However, the ultimate claim liabilities may vary as a result of subsequent developments.

The Group systematically and periodically reviews the provisions established and adjusts the loss estimation process in an effort to achieve minimum variation between the actual final outcome and the original projection. The provisions for outstanding claim liabilities are not discounted for time value of money.

Given the nature of the reinsurance business, it is very difficult to predict with certainty the ultimate cost of claims, both notified and unreported. The difficulties in loss estimation are further compounded by divergence in the many types and classes of business, differences in the underlying insurance contracts and complexity of claims, lack of consistency in the professional standards of cedants, among other dynamic factors. To ensure objectivity, the Group is required to appoint an independent actuary to assess the adequacy of the Group's insurance liabilities on an annual basis. As set out in note 3.3, any deficit arising from the liability adequacy test is recognised in the reinsurance operations for the year.

The actuary uses statistical projections at a given point in time of the Group's expectations of the ultimate claims settlement for losses which occurred in the current financial year and prior. Such statistical tools analyse and extrapolate the development of paid and incurred claims to ultimate.

With respect to treaty and facultative business, as in prior years, rather than placing reliance on only one statistical method, the Loss Development Factor (**LDF**) and Bornheutter-Ferguson (BF) methods are used. The results produced by the method considered most appropriate are used for a particular class of business.

The LDF method involves the analysis of historical claims development factors and the selection of estimated development factors based on the historical pattern. The selected factors are then applied to the cumulative paid and incurred claims data for each underwriting year for which the data is not yet fully developed to produce an estimated ultimate claims cost for each underwriting year. This method is more appropriate for classes of business which have a relatively stable loss development pattern.

The BF method uses the LDF method and combines it with an assessment of the ultimate loss ratios for each class of business. The ultimate loss ratio for a particular class may be based on general industry experience or a combination of both the Group's own experience and general industry experience. The BF method is more relevant for classes of business which lack developed claims experience, or for more recent underwriting years of long-tailed business.

For bilateral and voluntary cessions business, information regarding the general insurance market in Singapore, claims payments and derived loss ratios on a class-by-class basis is considered.

An additional loading is applied, otherwise known as a provision for adverse deviation, having regard to the Insurance Act and Insurance (Valuation and Capital) Regulations and uncertainty introduced by limitations of available data.

To the extent that the statistical method uses historical claims development information, it is assumed that the historical claims development pattern will recur in the future. There are however reasons why this may not be the case, which, insofar as they can be identified, have been allowed for by modifying the mathematical models. Such reasons include:

- changes in processes that affect the development/recording of claims paid and incurred;
- economic, legal, political, social and environmental trends, which could result in different expected levels of inflation, claim frequency and severity;
- changes in business composition; and
- random fluctuations, including the impact of a higher frequency of large losses.

NOTES TO THE FINANCIAL STATEMENTS

The assumption that has the greatest effect on the determination of the outstanding claim liabilities is the expected ultimate loss ratio, particularly for the more recent underwriting years which are not fully developed.

A sensitivity analysis of the change in the expected ultimate loss ratio is shown in note 31.

(2) *Estimating bilateral cessions business*

Bilateral cessions premiums, commission expenses and claims, to the extent not advised by cedants by the financial year-end, are estimated on a cedant by cedant basis using comparative information after adjusting for revisions in cession terms and conditions. The estimated premium, commission and claim figures may differ from the actual as advised by the cedants subsequent to the financial year-end. The Group will review and adjust the estimation established once advised by cedants. Past experience has shown that this basis of estimation was reasonably close to the actual outcome and a change in the key assumptions by 10%, as a whole, is not expected to have a significant impact on the underwriting margin, both before and after reinsurance for the year ended 31 December 2016 and equity of the Group as at 31 December 2016.

17 Insurance payables

	Group and Company	
	2016	2015
	$'000	$'000
Inward insurance payables:		
– Related parties	**7,119**	6,610
– Others	**23,763**	27,776
Outward reinsurance payables:		
– Related parties	**4,336**	3,927
– Others	**7,270**	7,045
Deposits retained from reinsurers:		
– Related parties	**2,204**	1,766
– Others	**731**	777
	45,423	47,901

Insurance payables are due within the next financial year.

18 Other payables

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Accrued operating expenses	**1,312**	1,260	**976**	973
Deferred income	**1,241**	1,147	**90**	69
Employee benefits				
– liability for short term accumulating compensated absences and long service benefit	**303**	288	**196**	187
Sundry creditors	**964**	1,399	**624**	937
Sundry deposits	**128**	103	**178**	153
Trade creditors of the subsidiaries	**–**	17	**–**	–
Unclaimed dividends	**108**	100	**108**	100
	4,056	4,314	**2,172**	2,419

Other payables are due within the next financial year.

Deferred income relates to income from organising conferences and participation in other insurance and other finance related activities which is not recognised until completion of the services.

19 Significant related party transactions

The following significant transactions between the Group and related parties have been included in profit before income tax at terms agreed between the parties:

	Group and Company	
	2016	2015
	$'000	$'000
Related parties transactions		
Income/(expense):		
Gross written premiums	**85,511**	43,811
Reinsurance premiums	**(93,474)**	(50,206)
Claims paid	**(31,634)**	(23,080)
Claims recoveries	**20,142**	29,703
Commission expense	**(21,902)**	(10,806)
Commission income	**25,368**	15,661

NOTES TO THE FINANCIAL STATEMENTS

20 Operating leases

Leases as a lessor

The Company leases out its investment properties. Non-cancellable operating lease rentals are receivable as follows:

	Group and Company	
	2016	2015
	$'000	$'000
Within 1 year	**504**	752
After 1 year but within 5 years	**286**	638
	790	1,390

21 Investment income and expenses

	Note	Group		Company	
		2016	2015	**2016**	2015
		$'000	$'000	**$'000**	$'000
Investment income:					
Dividend income (gross):					
– from subsidiaries		**–**	–	**1,125**	1,195
– other investments		**2,510**	2,425	**2,485**	2,420
Rental income*		**1,589**	1,640	**1,712**	1,769
Net gains on sale of investments		**861**	2,318	**861**	2,314
Gain on sale of investment properties		**–**	76	**–**	76
Net gains in fair value of investment properties	5	**1,610**	496	**1,610**	496
Interest income:					
– Corporate bonds		**5,595**	5,813	**5,595**	5,813
– Deposits		**890**	780	**890**	780
– Government and public authority securities		**1,676**	1,685	**1,676**	1,685
– Others		**50**	58	**27**	27
Interest on premium reserve deposit		**20**	20	**20**	20
Total investment income		**14,801**	15,311	**16,001**	16,595
Allocated as follows:					
Reinsurance operations		**9,261**	11,538	**9,261**	11,538
Non-reinsurance operations		**5,540**	3,773	**6,740**	5,057
		14,801	15,311	**16,001**	16,595

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Investment expenses:					
Interest on reinsurers' deposits		**(18)**	(20)	**(18)**	(20)
Staff costs	24	**(154)**	(150)	**(154)**	(150)
Other investment expense		**(147)**	(368)	**(170)**	(389)
Directors' fees		**(60)**	(50)	**(60)**	(50)
Consultancy expenses		**(278)**	(277)	**(278)**	(277)
Withholding tax		**(12)**	(15)	**(12)**	(15)
Depreciation of property, plant and equipment		**(157)**	(190)	**(157)**	(190)
Rental expense		**(6)**	(6)	**(6)**	(6)
Net foreign exchange losses		**(710)**	(1,242)	**(710)**	(1,242)
Impairment provision and write-down on investments	26	**(1,982)**	(2,780)	**(1,982)**	(2,780)
Impairment write-down on club membership	26	**–**	(5)	**–**	–
Total investment expenses		**(3,524)**	(5,103)	**(3,547)**	(5,119)
Allocated as follows:					
Reinsurance operations		(3,043)	**(4,587)**	(3,043)	**(4,587)**
Non-reinsurance operations		(481)	**(516)**	(504)	**(532)**
		(3,524)	**(5,103)**	(3,547)	**(5,119)**
Net investment income:					
Allocated as follows:					
Reinsurance operations		6,218	**6,951**	6,218	**6,951**
Non-reinsurance operations		5,059	**3,257**	6,236	**4,525**
		11,277	**10,208**	12,454	**11,476**

* Rental income includes $863,000 (2015: $869,000) relating to internal charging of rent to departments occupying the Company's premises.

NOTES TO THE FINANCIAL STATEMENTS

22 Other operating income

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Non-reinsurance income:					
– advertisements		**1,556**	1,419	**–**	–
– publications and organising of conferences and seminars		**4,855**	4,915	**–**	–
– management services		**24**	108	**–**	–
– computer advisory services and consultancy		**42**	647	**–**	–
		6,477	7,089	**–**	–
Other income:					
– unclaimed dividends		**3**	6	**3**	6
		6,480	7,095	**3**	6
Allocated as follows:					
Subsidiaries' business		**6,477**	7,089	**–**	–
Company's business		**3**	6	**3**	6
		6,480	7,095	**3**	6

23 Management expenses

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Reinsurance operations:					
Staff costs	24	**4,420**	4,155	**4,420**	4,155
Depreciation of property, plant and equipment		**186**	153	**186**	153
Other operating expenses	25	**1,681**	2,464	**1,681**	2,464
		6,287	6,772	**6,287**	6,772

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Non-reinsurance operations:					
Staff costs	24	**2,811**	2,977	**–**	–
Depreciation of property, plant and equipment		**38**	41	**–**	–
Other operating expenses	25	**2,975**	3,098	**441**	494
		5,824	6,116	**441**	494
Allocated as follows:					
Subsidiaries' business		**5,383**	5,622	**–**	–
Company's business		**6,728**	7,266	**6,728**	7,266
		12,111	12,888	**6,728**	7,266

24 Staff costs

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Reinsurance operations	23	**4,420**	4,155	**4,420**	4,155
Non-reinsurance operations	23	**2,811**	2,977	**–**	–
Investment expenses	21	**154**	150	**154**	150
		7,385	7,282	**4,574**	4,305

Staff costs include compulsory contributions to a statutory defined contribution plan, relating to:

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Attributable to:				
Reinsurance operations	**484**	416	**484**	416
Non-reinsurance operations	**276**	277	**–**	–
Investment expenses	**13**	12	**13**	12
	773	705	**497**	428
These comprise:				
Directors of the subsidiaries	**24**	33	**24**	21
Staff	**749**	672	**473**	407
	773	705	**497**	428

NOTES TO THE FINANCIAL STATEMENTS

25 Other operating expenses

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Conference, printing and design costs		**1,564**	1,404	**–**	–
Computer expenses		**789**	1,088	**719**	979
Rental expenses		**867**	863	**867**	863
Professional fees		**370**	443	**355**	398
Directors' fees		**616**	613	**605**	588
Bad debts (recovered)/written off:					
– insurance receivables		**(7)**	(33)	**(7)**	(33)
– trade receivables of the subsidiaries		**4**	2	**–**	–
Allowance (reversed)/made for doubtful receivables:					
– insurance receivables	26	**(124)**	(347)	**(124)**	(347)
– trade receivables of the subsidiaries	26	**(13)**	24	**–**	–
Others		**590**	1,505	**(293)**	510
		4,656	5,562	**2,122**	2,958
Allocated as follows:					
Reinsurance operations	23	**1,681**	2,464	**1,681**	2,464
Non-reinsurance operations*	23	**2,975**	3,098	**441**	494
		4,656	5,562	**2,122**	2,958
** Non-reinsurance operations allocated as follows:*					
Subsidiaries' business		**2,534**	2,604	**–**	–
Company's non-reinsurance business		**441**	494	**441**	494
	23	**2,975**	3,098	**441**	494

26 Profit before income tax

Profit before income tax has been arrived at after charging/(crediting):

		Group		Company	
	Note	**2016**	2015	**2016**	2015
		$'000	$'000	**$'000**	$'000
Depreciation of property, plant and equipment	4	**381**	384	**343**	343
Net gains in fair value of investment properties	21	**(1,610)**	(496)	**(1,610)**	(496)
Impairment provision and write-down on:					
– investments	21	**1,982**	2,780	**1,982**	2,780
Impairment write-down on:					
– club membership	21	**–**	5	**–**	–
Net foreign exchange (gains)/ losses		**(106)**	1,130	**(145)**	1,127
Remuneration paid to auditors of the Company:					
– audit fees		**238**	232	**216**	207
– non-audit fees#		**32**	55	**23**	45
Bad debts (recovered)/written off					
– insurance receivables		**(7)**	(33)	**(7)**	(33)
– trade receivables of the subsidiaries		**4**	2	**–**	–
Allowance (reversed)/made for doubtful receivables:					
– insurance receivables	25	**(124)**	(347)	**(124)**	(347)
– trade receivables of the subsidiaries	25	**(13)**	24	**–**	–
Remuneration paid to directors:					
– directors' fees		**616**	613	**605**	588
– consultancy fees		**396**	396	**396**	396
Senior management remuneration*		**2,116**	2,126	**1,470**	1,352

Non-audit fees in 2015 comprised mainly consultancy fees relating to professional services for Technology Risk Management which are non-recurring in nature and fees for tax compliance services. Non-audit fees for 2016 only relates to tax compliance services. The Group had considered the auditors' independence before the engagement was awarded to the project team based on specific selection criteria.

* Include short term employee benefits paid to designation Assistant General Managers and above.

NOTES TO THE FINANCIAL STATEMENTS

27 Income tax expense

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Current tax				
– based on current year's results	**635**	1,003	**522**	856
– Under/(over) provision in respect of prior years	**299**	(523)	**332**	(511)
	934	480	**854**	345
Deferred tax				
– origination and reversal of temporary differences	**(41)**	10	**(32)**	10
	893	490	**822**	355

Reconciliation of tax charge

	Group 2016	Group 2015	Company 2016	Company 2015
Profit before taxation	**9,878**	12,137	**9,961**	11,938
Income tax using Singapore tax rates at 17%	**1,679**	2,063	**1,693**	2,029
Non-deductible/taxable differences (net)	**(314)**	(416)	**(291)**	(410)
Income not subject to tax	**(286)**	(295)	**(477)**	(498)
Income taxed at concessionary rate	**(261)**	(280)	**(261)**	(280)
Tax benefit from tax exemption scheme	**(96)**	(130)	**(46)**	(46)
Under/(over) provision in respect of prior years	**299**	(523)	**332**	(511)
Effect of different tax rate in other countries	**(128)**	71	**(128)**	71
	893	490	**822**	355

28 Basic and diluted earnings per share

	Group	
	2016	2015
	$'000	$'000
Basic and diluted earnings per share is based on:		
Net profit attributable to ordinary shares	**8,842**	11,511
Number of shares ('000)	**605,220**	605,220

29 Dividends

After the reporting date, the Directors proposed the following dividends. The dividends have not been provided for in the financial statements.

	2016	2015
	$'000	$'000
Dividend proposed:		
Final dividend		
– 0.6 cent (2015: 0.6 cent) per share tax exempt (one-tier)	**3,631**	3,631
Special dividend		
– 0.2 cent (2015: nil) per share tax exempt (one-tier)	**1,210**	–
	4,841	3,631

30 Segment information

The Group has two reportable segments, which comprise the reinsurance and non-reinsurance segments. The Group is principally engaged in the business of underwriting general reinsurance business which comprises the reinsurance segment. The non-reinsurance segment relates to the Company's investment activities of its non-reinsurance funds and the operations of its subsidiaries. For each of the reportable segments, the Board of Directors reviews the internal management reports on at least a quarterly basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports.

(a) Operating segments

The Group operates mainly in the reinsurance industry.

Group	**2016** Reinsurance $'000	**2016** Non-reinsurance $'000	**2016** Total $'000	2015 Reinsurance $'000	2015 Non-reinsurance $'000	2015 Total $'000
Gross written premiums	**169,016**	**–**	**169,016**	128,326	–	128,326
Net earned premiums	**51,865**	**–**	**51,865**	54,719	–	54,719
Net claims incurred	**(35,945)**	**–**	**(35,945)**	(31,908)	–	(31,908)
Net commission expense	**(11,688)**	**–**	**(11,688)**	(15,089)	–	(15,089)
Management expenses	**(6,287)**	**–**	**(6,287)**	(6,772)	–	(6,772)
Underwriting results	**(2,055)**	**–**	**(2,055)**	950	–	950
Net investment income*	**6,218**	**–**	**6,218**	6,951	–	6,951
Net income from reinsurance operations (I)	**4,163**	**–**	**4,163**	7,901	–	7,901
Net investment income*	**–**	**5,059**	**5,059**	–	3,257	3,257
Other operating income	**–**	**6,480**	**6,480**	–	7,095	7,095
Management expenses	**–**	**(5,824)**	**(5,824)**	–	(6,116)	(6,116)
Net income from non-reinsurance operations (II)	**–**	**5,715**	**5,715**	–	4,236	4,236
Profit before income tax (I) + (II)			**9,878**			12,137
Income tax expense			**(893)**			(490)
Profit for the year			**8,985**			11,647
Segment total assets	**576,452**	**126,794**	**703,246**	566,826	113,559	680,385
Segment total liabilities	**457,242**	**4,904**	**462,146**	443,126	5,077	448,203

* Investment income is shown as net basis as the management primarily relies on net investment income to assess the performance of the segments.

NOTES TO THE FINANCIAL STATEMENTS

Other material non-cash items:

Group	2016 Reinsurance $'000	2016 Non-reinsurance $'000	2016 Total $'000	2015 Reinsurance $'000	2015 Non-reinsurance $'000	2015 Total $'000
Change in fair value of investment properties	**(334)**	**1,944**	**1,610**	196	300	496
Impairment provision and write-down on investments	**(1,948)**	**(34)**	**(1,982)**	(2,752)	(28)	(2,780)
Net foreign exchange gains/(losses)	**145**	**(39)**	**106**	(1,127)	(3)	(1,130)
Bad debts recovered/(written off)	**7**	**(4)**	**3**	33	(2)	31
Allowance reversed/(made) for doubtful receivables	**124**	**13**	**137**	347	(24)	323

(b) Major customer

The Group has three (2015: two) external customers in the reinsurance segment whose contribution to the Group's revenue is in excess of 10%. Gross written premium from these three (2015: two) customers represents approximately $97,140,000 (2015: $48,480,000) of the Group's total gross written premium.

(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 gross written premium 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 premium 2016 $'000	Gross written premium 2015 $'000	Non-current assets 2016 $'000	Non-current assets 2015 $'000
Singapore	**73,967**	68,576	**58,933**	51,833
Malaysia	**50,597**	17,705	**–**	–
Greater China	**23,384**	26,293	**6,881**	7,253
Others	**21,068**	15,752	**–**	–
Total	**169,016**	128,326	**65,814**	59,086

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

31 Insurance and financial risk management

(a) Risk management objectives and policies for mitigating insurance risk

The Group is exposed to a variety of insurance and financial risks in the normal course of its business activities. These include principally underwriting, credit, interest rate and currency risks. Management is guided by risk management policies and guidelines set by the Board as part and parcel of its overall business strategy and philosophy. To facilitate the task of monitoring these exposures, established processes are in place. Regular reviews by Management in conjunction with Internal Audit, and under supervision of the Executive Committee of the Board, as well as the Audit Committee, are conducted to ensure effectiveness and compliance with established policies and guidelines.

Internal audit undertakes both regular and ad hoc reviews of management control procedures, the results of which are reported to the Audit Committee.

Underwriting risk

The Group writes proportional treaties, excess of loss treaties, facultative and bilateral cessions business and the key focus is in Property & Casualty reinsurances emanating from the Asian markets.

Underwriting risk arises from the Group's core reinsurance business, in which a part of an insurer's risk or portfolio of risks is assumed in return for a premium. Owing to the complexity of the business which covers all aspects of human endeavours and is subjected to changes in numerous dynamic factors including political, social, economic and environmental, it is not possible to match accurately premium pricing with the ultimate financial liability in the future on each and every contract. A serious miscalculation in pricing of any one contract can give rise to significant financial loss. To minimise such risks, the Group has to ensure that underwriters possess the requisite expertise and experience to assess the risks involved. In addition, there is a need to ensure effective spreading and balancing of risk exposures across a portfolio of businesses of different classes and from diverse territories. As part and parcel of the risk evaluation and management process, the Group regularly reviews the markets that it writes business from, as well as the competence of the ceding companies' management and the proven track record of their insurance business. For this purpose, a set of underwriting guidelines detailing the underwriting policy, territories, classes, risk types, line sizes, exclusions etc are in place to facilitate judicious underwriting.

Sensitivity analysis – underwriting risk

A 10-percentage-points change in the ultimate loss ratio applied to specific types and classes of business for underwriting years which are considered not fully developed, with other variables or assumptions held constant, is estimated to change as follows:

	Profit or loss	
	2016	2015
	$'000	$'000
Change in Ultimate Loss Ratio (+/-10-percentage-points):		
Impact on profit before income tax	**5,969**	6,183

The impact on the profit or loss does not take into account the changes in other variables, as they are considered to be less material.

NOTES TO THE FINANCIAL STATEMENTS

Reinsurance risk

Spreading of risk also includes reinsuring part of the Group's exposures to other reinsurers, or retrocessionaires. The Group uses a combination of proportional and excess of loss retrocession treaties and/or facultative arrangements to limit the exposure to any one risk or loss event in accordance with pre-determined guidelines.

As the Group remains liable to its insurance clients even if any of the Group's retrocessionaires fail to meet their contractual obligations, a high standard of financial security is expected of the retrocessionaires given their important role in providing the last line of defence. The Audit Committee is regularly updated on the collection status of the Group's retrocessionaires.

Concentration of insurance risks

As part of the Group's strategy to diversify its portfolio, the Company is writing more business in identified overseas markets.

Concentrations of risk may arise from a single risk loss or a series of losses arising from one original cause, and this could involve a single reinsurance contract or through an accumulation of reinsurance contracts.

The business that the Group writes is exposed to natural peril losses. The Group monitors zonal or countrywide aggregate accumulation in natural peril exposed territories. Also, the effectiveness of the reinsurance programmes is reviewed at least annually to ensure that the net exposure to the Group remains within reasonable levels under certain loss scenarios. However, forecasts and risk evaluations can be inaccurate by virtue of the inherent unpredictability of the magnitude and frequency of losses.

The key concentration areas are in:

(1) identified markets such as Singapore, Malaysia, China, Hong Kong, India, South Korea and Thailand which the Group derives a significant portion of the total written premiums therefrom; and

(2) the Property class of business, given the underwriting focus.

As mentioned earlier, the Group utilises a combination of proportional and excess of loss retrocession and/or facultative arrangements to limit its exposure to any one loss event. The outward reinsurance arrangement does not always provide back-to-back coverage for all lines of business written, that is, gaps in coverage and interpretation of coverage issues can exist. A case in point was the loss situation involving the widespread and prolonged flooding in Thailand in 2011 where inward contracts generally treated the flood losses as multiple loss events whilst the retrocession market largely considered the flood losses a single loss event for recovery purposes. Bearing in mind the foregoing, in the event of a property-related loss occurrence affecting multiple business lines, the Group's net loss, after reinsurance outward and assuming the total amount of retrocession protections is adequate and no reinsurance security failure arise, is not expected to exceed $5.25 million (2015: $5.25 million) any single loss occurrence as at 31 December 2016.

Territorial distribution of risks based on gross premium

	2016	2015
	%	%
Singapore	**44**	53
Rest of ASEAN	**32**	18
Others	**24**	29
	100	100

Claims development

Another area of fundamental importance in the Group's core operations is the estimation of its claims liabilities, for which comprehensive procedures and controls are in place to ensure the provisions are adequate to meet the Group's future liabilities. The statistical techniques and broad assumptions used in analysing the outstanding claim liabilities are summarised in Note 16. The adequacy of the estimated claim liabilities are required to be verified annually by an independent actuary appointed with the approval of the Monetary Authority of Singapore.

To the extent possible, bearing in mind the limitation summarised below, the claims development tables below compare the paid claims in recent underwriting years with the outstanding loss provisions established for these claims. The top part of the tables provide a review of current estimates for cumulative incurred claims and demonstrates how the estimated claims have changed at subsequent reporting or underwriting year-ends. The estimates are revised upwards or downwards as losses are settled and more information becomes known about the frequency and severity of unpaid claims. The lower portion of the tables provides a reconciliation of the total provision included in the statement of financial position and the estimate of cumulative claims.

In accordance with past years' practice, the bilateral and voluntary cessions quarterly submissions are largely on accounting year basis and ladder statistics are not provided.

In addition, the claims development by underwriting years shown in the table below includes business written on a "clean cut" basis, where there is no development data beyond the first accounting year. The Group considers that the resulting impact on the claims development does not significantly affect the usefulness of the compiled information and provides an insight into the uncertainty of estimating future claims and information on previous estimates.

The Group believes that the estimates of outstanding claim liabilities as at 31 December 2016 are reasonable. However, due to the inherent uncertainties and complexities in the loss reserving process which involves judgmental input, it cannot be assured that such claim provisions will ultimately prove to be adequate.

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2016 analysis of claims development for Treaty and Facultative businesses – gross of reinsurance

	UNDERWRITING YEARS (UY)										
	2007 $'000	2008 $'000	2009 $'000	2010 $'000	2011 $'000	2012 $'000	2013 $'000	2014 $'000	2015 $'000	2016 $'000	Total $'000
At end of UY	17,235	28,834	22,029	34,117	95,363	45,141	42,274	43,139	34,839	45,697	
1 year later	40,424	45,308	44,592	62,629	139,760	76,734	72,797	66,084	69,852		
2 years later	44,289	45,476	48,083	69,302	139,730	76,763	76,424	72,080			
3 years later	42,486	46,757	47,557	70,220	141,142	77,177	77,806				
4 years later	37,155	43,434	46,817	65,528	138,385	74,337					
5 years later	34,824	37,569	43,371	63,442	135,718						
6 years later	33,133	35,139	46,852	59,043							
7 years later	32,477	32,994	46,279								
8 years later	32,033	31,868									
9 years later	31,652										
10 years later											
Cumulative incurred claims 2007 to 2016	31,652	31,868	46,279	59,043	135,718	74,337	77,806	72,080	69,852	45,697	644,332
Cumulative incurred claims 1976 to 2006											762,311
Total cumulative incurred claims											1,406,643
Cumulative paid claims 2007 to 2016	28,558	26,097	39,622	45,897	114,085	46,606	41,593	29,448	19,388	(384)	390,910
Cumulative paid claims 1976 to 2006											715,556
Total cumulative paid claims											1,106,466
Cumulative outstanding claims 2007 to 2016	3,094	5,771	6,657	13,146	21,633	27,731	36,213	42,632	50,464	46,081	253,422
Cumulative outstanding claims 1976 to 2006											46,755
Total cumulative outstanding claims											300,177

Cumulative gross incurred claims	
Treaty and Facultative business (from table above)	1,406,643
Voluntary Cessions & Bilateral Cessions	486,115
	1,892,758
Cumulative gross paid claims	
Treaty and Facultative business (from table above)	1,106,466
Voluntary Cessions and Bilateral Cessions	435,461
	1,541,927
Gross outstanding claims (refer note 10a)	350,831

2015 analysis of claims development for Treaty and Facultative businesses – gross of reinsurance

	UNDERWRITING YEARS (UY)										
	2006 $'000	2007 $'000	2008 $'000	2009 $'000	2010 $'000	2011 $'000	2012 $'000	2013 $'000	2014 $'000	2015 $'000	Total $'000
At end of UY	20,136	17,235	28,834	22,029	34,117	95,363	45,141	42,274	43,139	34,839	
1 year later	33,533	40,424	45,308	44,592	62,629	139,760	76,734	72,797	66,084		
2 years later	31,145	44,289	45,476	48,083	69,302	139,730	76,763	76,424			
3 years later	31,408	42,486	46,757	47,557	70,220	141,142	77,177				
4 years later	27,169	37,155	43,434	46,817	65,528	138,385					
5 years later	22,844	34,824	37,569	43,371	63,442						
6 years later	21,720	33,133	35,139	46,852							
7 years later	21,593	32,477	32,994								
8 years later	21,130	32,033									
9 years later	20,694										
10 years later											
Cumulative incurred claims 2006 to 2015	20,694	32,033	32,994	46,852	63,442	138,385	77,177	76,424	66,084	34,839	588,924
Cumulative incurred claims 1975 to 2005											747,710
Total cumulative incurred claims											1,336,634
Cumulative paid claims 2006 to 2015	18,417	28,387	25,841	33,476	44,853	109,823	40,754	33,229	15,984	(5,113)	345,651
Cumulative paid claims 1975 to 2005											696,801
Total cumulative paid claims											1,042,452
Cumulative outstanding claims 2006 to 2015	2,277	3,646	7,153	13,376	18,589	28,562	36,423	43,195	50,100	39,952	243,273
Cumulative outstanding claims 1975 to 2005											50,909
Total cumulative outstanding claims											294,182

Cumulative gross incurred claims	1,336,634
Treaty and Facultative business (from table above)	472,494
Voluntary Cessions & Bilateral Cessions	1,809,128
Cumulative gross paid claims	1,042,452
Treaty and Facultative business (from table above)	420,125
Voluntary Cessions and Bilateral Cessions	1,462,577
Gross outstanding claims (refer note 10a)	346,551

NOTES TO THE FINANCIAL STATEMENTS

2016 analysis of claims development for Treaty and Facultative business – net of reinsurance

	UNDERWRITING YEARS (UY)										
	2007 $'000	2008 $'000	2009 $'000	2010 $'000	2011 $'000	2012 $'000	2013 $'000	2014 $'000	2015 $'000	2016 $'000	Total $'000
At end of UY	5,229	8,173	5,558	9,253	24,876	11,514	12,838	12,810	14,732	13,111	
1 year later	12,288	12,805	10,423	16,304	38,630	19,717	20,935	21,845	24,772		
2 years later	12,717	12,558	11,291	17,733	36,445	22,675	22,808	25,062			
3 years later	12,445	12,892	11,836	18,729	35,863	23,130	23,829				
4 years later	11,093	11,796	11,404	17,744	34,632	22,022					
5 years later	10,783	11,163	10,975	17,928	34,358						
6 years later	10,310	10,187	11,011	16,961							
7 years later	10,205	9,675	10,973								
8 years later	10,018	9,497									
9 years later	9,903										
10 years later											
Cumulative incurred claims 2007 to 2016	9,903	9,497	10,973	16,961	34,358	22,022	23,829	25,062	24,772	13,111	190,488
Cumulative incurred claims 1976 to 2006											290,869
Total cumulative incurred claims											481,357
Cumulative paid claims 2007 to 2016	8,660	7,833	8,644	13,146	27,894	13,520	14,487	11,277	7,793	(797)	112,457
Cumulative paid claims 1976 to 2006											263,801
Total cumulative paid claims											376,258
Cumulative outstanding claims 2007 to 2016	1,243	1,664	2,329	3,815	6,464	8,502	9,342	13,785	16,979	13,908	78,031
Cumulative outstanding claims 1976 to 2006											27,068
Total cumulative outstanding claims											105,099

Cumulative net incurred claims	481,357
Treaty and Facultative business (from table above)	446,900
Voluntary Cessions and Bilateral Cessions	928,257
Cumulative net paid claims	376,258
Treaty and Facultative business (from table above)	399,550
Voluntary Cessions and Bilateral Cessions	775,808
Net outstanding claims (refer note 10a)	152,449

2015 analysis of claims development for Treaty and Facultative business – net of reinsurance

	UNDERWRITING YEARS (UY)										
	2006 $'000	2007 $'000	2008 $'000	2009 $'000	2010 $'000	2011 $'000	2012 $'000	2013 $'000	2014 $'000	2015 $'000	Total $'000
At end of UY	6,034	5,229	8,173	5,558	9,253	24,876	11,514	12,838	12,810	14,732	
1 year later	9,951	12,288	12,805	10,423	16,304	38,630	19,717	20,935	21,845		
2 years later	9,779	12,717	12,558	11,291	17,733	36,445	22,675	22,808			
3 years later	9,725	12,445	12,892	11,836	18,729	35,863	23,130				
4 years later	8,102	11,093	11,796	11,404	17,744	34,632					
5 years later	7,615	10,783	11,163	10,975	17,928						
6 years later	6,982	10,310	10,187	11,011							
7 years later	6,932	10,205	9,675								
8 years later	6,730	10,018									
9 years later	6,542										
10 years later											
Cumulative incurred claims 2006 to 2015	6,542	10,018	9,675	11,011	17,928	34,632	23,130	22,808	21,845	14,732	172,321
Cumulative incurred claims 1975 to 2005											285,607
Total cumulative incurred claims											457,928
Cumulative paid claims 2006 to 2015	5,787	8,566	7,754	7,514	12,772	26,568	11,028	11,450	6,516	(1,346)	96,609
Cumulative paid claims 1975 to 2005											257,759
Total cumulative paid claims											354,368
Cumulative outstanding claims 2006 to 2015	755	1,452	1,921	3,497	5,156	8,064	12,102	11,358	15,329	16,078	75,712
Cumulative outstanding claims 1975 to 2005											27,848
Total cumulative outstanding claims											103,560

Cumulative net incurred claims	457,928
Treaty and Facultative business (from table above)	434,384
Voluntary Cessions and Bilateral Cessions	892,312
Cumulative net paid claims	354,368
Treaty and Facultative business (from table above)	385,309
Voluntary Cessions and Bilateral Cessions	739,677
Net outstanding claims (refer note 10a)	152,635

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Litigation, mediation and arbitration

The Group could be involved in claim litigation, mediation and arbitration in the normal course of business. Based on available information, there are no current mediation, arbitration and pending or threatened litigation that will materially affect the Group's expected loss ratio, financial position and future cash flow.

Financial strength rating

The Group's ability to write certain reinsurance business, particularly proportional and excess of loss treaties, is dependent on the maintenance of its financial strength rating from independent rating agencies, especially with insurance companies placing greater emphasis on such ratings when dealing with reinsurance companies. The rating is based on company-specific factors, as well as the macro-economic conditions beyond the Group's control. An unfavourable rating or withdrawal of a rating may adversely affect the Group's ability to write or retain reinsurance business, thereby affecting the Group's revenue and financial results.

(b) Financial risk management

Transactions in financial instruments may result in the Group assuming financial risks. These include credit risk, liquidity risk, currency risk, interest rate risk and price risk. Each of these financial risks is described below, together with a summary of the ways in which the Group manages these risks.

(i) Credit risk

Credit risk represents the exposure to the risk that any of the Group's business partners should fail to meet their contractual obligations (mainly relating to insurance and investment transactions). In the case of the Group's core reinsurance operations, credit risk might arise if a cedant fails to meet its obligations, or if a reinsurer is unable to pay a claim. The Group views the management of credit risk as a fundamental and critical part of operations and therefore adopts a very selective policy as regards the choice of its business partners. The receivables' ageing, credit-worthiness of the past and present business partners and security rating of its reinsurance partners where available are reviewed regularly. Allowances are set aside in the financial accounts for non-recoverability due to the default by the business partners, in line with established Group policy.

The Group has exposure to credit risk from cedants and reinsurers. As at 31 December 2016, the top three (2015: three) cedants and reinsurers collectively accounted for about 45% (2015: 50%) of total insurance receivables. All three cedants and reinsurers are regulated by the Monetary Authority of Singapore and are financially viable, and therefore the Group does not expect any default in payments as and when payments fall due. The Group has assessed that those receivables that are not past due or impaired at the reporting date to be of acceptable risk.

Similarly on investment operations, the Investment Committee adopts very stringent quantitative and qualitative criteria, including financial statement analysis, type of securities, credit rating and quality of management in selecting issuers of financial instruments that the Group invests in.

The maximum exposure to credit risk is normally represented by the carrying amount of each financial asset in the financial statements, although in the case of insurance receivables, it is fairly common practice for accounts to be settled on a net basis. In such cases, the maximum exposure to credit risk is expected to be limited to the extent of the amount of financial assets that has not been fully offset by other financial liabilities with the same counterparty.

Cash and fixed deposits are placed with banks and financial institutions which are regulated.

Management does not expect any of its counterparties to fail to meet its obligations.

The table below summarises the types of debt securities held by the Group and the credit ratings which are based on Standard & Poor's financial strength rating or its equivalent. The debt securities comprise mainly Singapore government securities, public authorities' securities and corporate bonds, bearing in mind that the majority of the Group's reinsurance business emanates from the domestic market. The Group strives to invest a portion of its funds in investment grade bonds of good credit quality, whenever possible.

Debt securities are assessed using stringent investment criterion which include, but are not limited to, a thorough analysis of each debt security's terms and conditions, the availability and quality of the guarantor, as well as financial strength of the issuer.

	Financial strength rating					
	AAA $'000	A to AA $'000	B to BBB $'000	Below B/ Not rated $'000	Equities $'000	Total $'000
Group						
2016						
Debt securities:						
Government bonds	15,692	–	–	–	–	15,692
Public authorities and corporate bonds	6,115	21,403	15,115	146,837	–	189,470
Staff loan	–	–	–	19	–	19
	21,807	21,403	15,115	146,856	–	205,181
Cash and cash equivalents	4,102	63,302	19,418	–	–	86,822
Equities	–	–	–	–	53,946	53,946
	25,909	84,705	34,533	146,856	53,946	345,949

NOTES TO THE FINANCIAL STATEMENTS

	Financial strength rating					
	AAA $'000	**A to AA $'000**	**B to BBB $'000**	**Below B/ Not rated $'000**	**Equities $'000**	**Total $'000**
Group						
2015						
Debt securities:						
Government bonds	14,979	–	–	–	–	14,979
Public authorities and corporate bonds	6,045	23,072	15,571	147,696	–	192,384
	21,024	23,072	15,571	147,696	–	207,363
Cash and cash equivalents	10,663	46,686	18,472	–	–	75,821
Equities	–	–	–	–	54,976	54,976
	31,687	69,758	34,043	147,696	54,976	338,160
Company						
2016						
Debt securities:						
Government bonds	**15,692**	**–**	**–**	**–**	**–**	**15,692**
Public authorities and corporate bonds	**6,115**	**21,403**	**15,115**	**146,837**	**–**	**189,470**
Staff loan	**–**	**–**	**–**	**19**	**–**	**19**
	21,807	**21,403**	**15,115**	**146,856**	**–**	**205,181**
Cash and cash equivalents	**4,102**	**60,987**	**19,418**	**–**	**–**	**84,507**
Equities	**–**	**–**	**–**	**–**	**53,398**	**53,398**
	25,909	**82,390**	**34,533**	**146,856**	**53,398**	**343,086**
2015						
Debt securities:						
Government bonds	14,979	–	–	–	–	14,979
Public authorities and corporate bonds	6,045	23,072	15,571	147,696	–	192,384
	21,024	23,072	15,571	147,696	–	207,363
Cash and cash equivalents	10,663	43,893	18,472	–	–	73,028
Equities	–	–	–	–	54,481	54,481
	31,687	66,965	34,043	147,696	54,481	334,872

Impairment

The Group considers financial strength of the cedants and reinsurers, notified disputes and collection experience in determining which assets should be impaired.

The table below shows the ageing of insurance and other receivables that were due but not impaired at the end of the year:

	Group	
	2016	2015
	$'000	$'000
Not past due	**2,233**	2,530
Current to 6 months	**26,491**	31,159
7 to 12 months	**7,894**	14,691
More than 12 months	**14,575**	13,554
Insurance and other receivables	**51,193**	61,934

	Company	
	2016	2015
	$'000	$'000
Not past due	**2,548**	2,902
Current to 6 months	**25,705**	30,310
7 to 12 months	**7,797**	14,621
More than 12 months	**14,464**	13,497
Insurance and other receivables	**50,514**	61,330

The following table shows the movements in the allowance for impairment of insurance and other receivables during the year:

	Group	
	2016	2015
	$'000	$'000
At 1 January	**2,859**	3,182
Impairment losses recognised	**78**	114
Impairment write back	**(215)**	(437)
At 31 December	**2,722**	2,859

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	Company	
	2016	2015
	$'000	$'000
At 1 January	**2,730**	3,077
Impairment losses recognised	**71**	86
Impairment write back	**(195)**	(433)
At 31 December	**2,606**	2,730

(ii) *Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations associated with financial instruments.

The Group has to meet its liabilities as and when they fall due, notably from claims arising from its general reinsurance contracts. There is therefore a risk that the cash and cash equivalents held will not be sufficient to meet its liabilities when they become due. The Group manages this risk by setting minimum limits on the maturing assets that will be available to settle these short-term liabilities.

Given the credit quality in the Group's financial assets and duration of less than 5 years for the substantial part of the investment portfolio, the Group is able to quickly liquidate its investments at an amount close to their fair value to meet its liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. In addition, the Group has cash and cash equivalents of $86,726,000 (2015: $75,699,000) to meet its liquidity requirements.

The nature of reinsurance is that the requirements of funding cannot be predicted with absolute certainty as the theory of probability is applied on reinsurance contracts to ascertain the likely provision and the time period when such liabilities will be settled. The amounts and maturities in respect of reinsurance liabilities are thus based on the Management's best estimate and past experience.

The following are the contractual maturities of the liabilities of the Group and the Company except for net insurance contract provisions which are presented with their expected cashflows, including estimated interest payments.

	Note	Group Up to 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
2016					
Net insurance contract provisions	10	**51,698**	**58,269**	**61,556**	**171,523**
Insurance payables	17	**45,423**	**–**	**–**	**45,423**
Other payables*	18	**2,815**	**–**	**–**	**2,815**
		99,936	**58,269**	**61,556**	**219,761**
2015					
Net insurance contract provisions	10	51,461	52,871	68,520	172,852
Insurance payables	17	47,901	–	–	47,901
Other payables*	18	3,167	–	–	3,167
		102,529	52,871	68,520	223,920

* exclude deferred income

	Note	Company Up to 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
2016					
Net insurance contract provisions	10	**51,698**	**58,269**	**61,556**	**171,523**
Insurance payables	17	**45,423**	**–**	**–**	**45,423**
Other payables*	18	**2,082**	**–**	**–**	**2,082**
		99,203	**58,269**	**61,556**	**219,028**
2015					
Net insurance contract provisions	10	51,461	52,871	68,520	172,852
Insurance payables	17	47,901	–	–	47,901
Other payables*	18	2,350	–	–	2,350
		101,712	52,871	68,520	223,103

* exclude deferred income

NOTES TO THE FINANCIAL STATEMENTS

(iii) *Currency risk*

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to the effects of foreign currency exchange rate fluctuations in currencies such as US Dollar and Ringgit Malaysia, primarily because of its foreign currency denominated underwriting revenues (i.e. premiums) and expenses (i.e. claims). In order to minimise the foreign exchange risks, Management under the direction of the Investment Committee closely monitors the Group's foreign currency liabilities to ensure that they are closely matched against the appropriate financial assets to the extent that it is prudent to do so. The Group does not use derivative financial instruments to hedge its foreign currency risks.

The Group's and Company's exposures to foreign currency in Singapore Dollar equivalent are as follows:

	31 December 2016				
	Singapore Dollar $'000	US Dollar $'000	Ringgit Malaysia $'000	Other currencies $'000	Total $'000
Group					
Insurance receivables	25,572	8,091	5,080	9,223	47,966
Other receivables*	3,179	4	11	33	3,227
Financial assets	247,239	1,498	1,540	8,850	259,127
Cash and cash equivalents	77,563	1,898	4,432	2,929	86,822
Insurance payables	(29,202)	(2,787)	(8,783)	(4,651)	(45,423)
Other payables*	(2,776)	–	(39)	–	(2,815)
	321,575	8,704	2,241	16,384	348,904
Company					
Insurance receivables	25,572	8,091	5,080	9,223	47,966
Other receivables*	2,500	4	11	33	2,548
Financial assets	246,691	1,498	1,540	8,850	258,579
Cash and cash equivalents	75,838	1,550	4,432	2,687	84,507
Insurance payables	(29,202)	(2,787)	(8,783)	(4,651)	(45,423)
Other payables*	(2,043)	–	(39)	–	(2,082)
	319,356	8,356	2,241	16,142	346,095

	31 December 2015				
	Singapore dollar $'000	US dollar $'000	Ringgit Malaysia $'000	Other currencies $'000	Total $'000
Group					
Insurance receivables	34,579	7,657	5,313	10,879	58,428
Other receivables*	3,261	1	37	80	3,379
Financial assets	247,775	1,533	1,598	11,433	262,339
Cash and cash equivalents	57,318	4,667	10,716	3,120	75,821
Insurance payables	(31,756)	(3,298)	(7,860)	(4,987)	(47,901)
Other payables*	(3,167)	–	–	–	(3,167)
	308,010	10,560	9,804	20,525	348,899
Company					
Insurance receivables	34,579	7,657	5,313	10,879	58,428
Other receivables*	2,658	1	37	80	2,776
Financial assets	247,280	1,533	1,598	11,433	261,844
Cash and cash equivalents	55,122	4,379	10,663	2,864	73,028
Insurance payables	(31,756)	(3,298)	(7,860)	(4,987)	(47,901)
Other payables*	(2,350)	–	–	–	(2,350)
	305,533	10,272	9,751	20,269	345,825

* exclude prepayments, deferred expenses and GST receivables from other receivables and deferred income from other payables

Sensitivity analysis

A 10% strengthening or weakening of the Singapore Dollar against the following currencies at the reporting date would decrease or increase equity and profit or loss by the amounts shown below respectively. This analysis assumes that all other variables, in particular interest rates, remain constant.

NOTES TO THE FINANCIAL STATEMENTS

Company	Group Equity $'000	Group Profit or loss $'000	Company Equity $'000	Company Profit or loss $'000
2016				
US Dollar	**150**	**721**	**150**	**686**
Ringgit Malaysia	**90**	**135**	**90**	**135**
Other currencies	**701**	**937**	**701**	**913**
2015				
US Dollar	153	903	153	874
Ringgit Malaysia	92	889	92	883
Other currencies	708	1,344	708	1,319

(iv) *Interest rate risk*

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate due to the impact of changes in market interest rates on interest income from cash and cash equivalents and other fixed income investments.

The Group's earnings can be potentially affected by changes in market interest rates in view of the impact such fluctuations have on interest income from cash and cash equivalents and other fixed income investments. In accordance with established investment guidelines, Management, under the close direction of the Investment Committee, regularly monitors the interest rate environment in order to assess and minimise risks to the Group's investment portfolio.

The Group does not use derivative financial instruments to hedge its interest rate risks.

The tables below summarise the effective interest rates at the reporting date for interest-bearing assets:

	Fixed interest rate maturing					
Group	Effective interest rate %	less than 1 year $'000	1 to 5 years $'000	over 5 years $'000	Non-interest bearing $'000	Total $'000
2016						
Debt securities available-for-sale	**2.9 – 3.8**	**18,033**	**117,018**	**70,111**	**–**	**205,162**
Cash and cash equivalents	**0.96**	**85,881**	**–**	**–**	**941**	**86,822**
Staff loan	**3.0**	**4**	**15**	**–**	**–**	**19**
		103,918	**117,033**	**70,111**	**941**	**292,003**
2015						
Debt securities available-for-sale	3.0 – 3.8	14,320	109,401	83,642	–	207,363
Cash and cash equivalents	1.3	69,661	–	–	6,160	75,821
		83,981	109,401	83,642	6,160	283,184

		Fixed interest rate maturing				
Company	**Effective interest rate %**	**less than 1 year $'000**	**1 to 5 years $'000**	**over 5 years $'000**	**Non-interest bearing $'000**	**Total $'000**
2016						
Debt securities available-for-sale	**2.9 – 3.8**	**18,033**	**117,018**	**70,111**	**–**	**205,162**
Cash and cash equivalents	**0.97**	**84,360**	**–**	**–**	**147**	**84,507**
Staff loan	**3.0**	**4**	**15**	**–**	**–**	**19**
		102,397	**117,033**	**70,111**	**147**	**289,688**
2015						
Debt securities available-for-sale	3.0 – 3.8	14,320	109,401	83,642	–	207,363
Cash and cash equivalents	1.3	68,098	–	–	4,930	73,028
		82,418	109,401	83,642	4,930	280,391

The deposits with financial institutions generally mature or will re-price within the next 12 months and earn interest at prevailing market interest rates.

Sensitivity analysis

A change of 50-basis points for all interest-bearing debt securities, with all other variables and assumptions held constant, would increase equity by $4,162,000 (2015: $4,682,000) or decrease by $4,028,000 (2015: $4,506,000) respectively.

(v) *Price risk*

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Sensitivity analysis

The Group's equity securities are designated as available-for-sale investments. A 10% increase or decrease in the underlying equity prices at the reporting date with all other variables held constant would increase or decrease equity by $5,088,000 (2015: $5,276,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

Fair values versus carrying amounts

The fair value of financial assets and liabilities, together with the carrying amounts shown in statement of financial position, are as follows:

Group	**Loans and receivables $'000**	**Available-for-sale $'000**	**Other financial liabilities within scope of FRS 39 $'000**	**Total carrying amount $'000**	**Fair value $'000**
2016					
Cash and cash equivalents	**86,822**	**–**	**–**	**86,822**	**86,822**
Other receivables*	**3,227**	**–**	**–**	**3,227**	**3,227**
Available-for-sale securities:					
– Debt securities	**–**	**205,162**	**–**	**205,162**	**205,162**
– Equity securities	**–**	**53,946**	**–**	**53,946**	**53,946**
Staff loan	**19**	**–**	**–**	**19**	**19**
	90,068	**259,108**	**–**	**349,176**	**349,176**
Other payables*	**–**	**–**	**(2,815)**	**(2,815)**	**(2,815)**
2015					
Cash and cash equivalents	75,821	–	–	75,821	75,821
Other receivables*	3,379	–	–	3,379	3,379
Available-for-sale securities:					
– Debt securities	–	207,363	–	207,363	207,363
– Equity securities	–	54,976	–	54,976	54,976
	79,200	262,339	–	341,539	341,539
Other payables*	–	–	(3,167)	(3,167)	(3,167)

* exclude prepayments, deferred expenses and GST receivables from other receivables and deferred income from other payables

Company	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities within scope of FRS 39 $'000	Total carrying amount $'000	Fair value $'000
2016					
Cash and cash equivalents	**84,507**	**–**	**–**	**84,507**	**84,507**
Other receivables*	**2,548**	**–**	**–**	**2,548**	**2,548**
Available-for-sale securities:					
– Debt securities	**–**	**205,162**	**–**	**205,162**	**205,162**
– Equity securities	**–**	**53,398**	**–**	**53,398**	**53,398**
Staff loan	**19**	**–**	**–**	**19**	**19**
	87,074	**258,560**	**–**	**345,634**	**345,634**
Other payables*	**–**	**–**	**(2,082)**	**(2,082)**	**(2,082)**
2015					
Cash and cash equivalents	73,028	–	–	73,028	73,028
Other receivables	2,776	–	–	2,776	2,776
Available-for-sale securities:					
– Debt securities	–	207,363	–	207,363	207,363
– Equity securities	–	54,481	–	54,481	54,481
	75,804	261,844	–	337,648	337,648
Other payables*	–	–	(2,350)	(2,350)	(2,350)

* exclude prepayments, deferred expenses and GST receivables from other receivables and deferred income from other payables

(c) Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and Company:

Investments in equity and debt securities

The fair values of investments are based on current bid prices or last traded prices at the reporting date, obtained from the Group's custodian's external sources. For investments where prices are not readily available, quotes are obtained from brokers or the issuing agents. Where available, two quotes will be obtained to ensure the reasonableness of the prices.

Other financial assets and liabilities

The carrying amounts of other financial assets and liabilities with a maturity of less than one year (including other receivables, cash and cash equivalents, and other payables) are assumed to approximate their fair values because of the short period to maturity.

NOTES TO THE FINANCIAL STATEMENTS

Valuation processes applied by the Group

The Group has an established control framework with respect to the measurement of fair values.

The Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair value, the Group will assess and document the evidence obtained from the third parties to support the fair value, the Group will assess and document the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level of fair value hierarchy.

Fair value hierarchy

The table below analyses financial instruments carried at fair value and financial instruments not carried at fair value but the fair value is disclosed, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2016				
Available-for-sale financial assets	**223,394**	**34,500**	**1,214**	**259,108**
Staff loan	**–**	**–**	**19**	**19**
2015				
Available-for-sale financial assets	227,599	33,431	1,309	262,339
Company				
2016				
Available-for-sale financial assets	**222,846**	**34,500**	**1,214**	**258,560**
Staff loan	**–**	**–**	**19**	**19**
2015				
Available-for-sale financial assets	227,104	33,431	1,309	261,844

Financial assets measured at fair value based on Level 3

	Group and Company Available-for-sale financial assets $'000
At 1 January 2016	**1,309**
Total loss recognised in other comprehensive income	
– net change in fair value of investment	**(95)**
At 31 December 2016	**1,214**
At 1 January 2015	1,192
Total gain recognised in other comprehensive income	
– net change in fair value of investment	117
At 31 December 2015	1,309

The Level 3 financial asset relates to an unquoted investment where observable market data is not available. Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used would have immaterial effects on equity.

The following table shows the valuation technique and the key unobservable inputs used in the determination of fair value of available-for-sale equity securities:

Valuation technique	**Significant unobservable inputs**	**Inter-relationship between significant unobservable inputs and fair value measurement**
31 December 2016		
The fair value is determined considering the expected annual dividend payment, discounted to present value using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of forecast equity, the amount to be paid under each scenario, and the probability of each scenario.	• Risk adjusted discount rate (4%)	The estimated fair value would increase if: • The forecast return of investment was higher; • The risk-adjusted discount rate was lower.

NOTES TO THE FINANCIAL STATEMENTS

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
31 December 2015 The fair value is determined considering the expected annual dividend payment, discounted to present value using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of forecast equity, the amount to be paid under each scenario, and the probability of each scenario.	• Risk adjusted discount rate (4%)	The estimated fair value would increase if: • The forecast return of investment was higher; • The risk-adjusted discount rate was lower.

Non-financial assets

The table below analyses recurring non-financial assets carried at fair value.

Group and Company	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2016					
Owner-occupied leasehold land and buildings	4	**–**	**37,800**	**–**	**37,800**
Investment properties	5	**–**	**27,329**	**–**	**27,329**
		–	**65,129**	**–**	**65,129**
2015					
Owner-occupied leasehold land and buildings	4	–	35,163	–	35,163
Investment properties	5	–	23,189	–	23,189
		–	58,352	–	58,352

The fair value of the above non-financial assets is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of properties being valued. The property valuers provide the fair value of the Group's non-financial assets annually.

PROFILE OF SHAREHOLDERS

AS AT 28 FEBRUARY 2017

Share Capital	Number of Issued Shares	Class of Shares	Voting Rights
$123,300,490	605,219,785	Ordinary	One vote per share

Shareholdings held by the Public

Based on the information available to the Company on 28 February 2017, approximately 47.53% of the issued ordinary shares of the Company are held by the public and therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited has been complied with.

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1 – 99	66	1.90	2,462	0.00
100 – 1,000	317	9.12	165,248	0.03
1,001 – 10,000	879	25.30	5,007,914	0.83
10,001 – 1,000,000	2,167	62.36	142,480,754	23.54
1,000,001 and above	46	1.32	457,563,407	75.60
Total	**3,475**	**100.00**	**605,219,785**	**100.00**

Twenty Largest Shareholders		No. of Shares	%
1.	First Capital Insurance Limited	115,370,835	19.06
2.	DBS Nominees Pte Ltd	79,718,584	13.17
3.	United Overseas Insurance Limited	36,382,885	6.01
4.	The Overseas Assurance Corporation Ltd	30,482,490	5.04
5.	India International Insurance Pte Ltd	30,371,062	5.02
6.	Great Eastern Life Assurance Co Ltd	19,724,453	3.26
7.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	17,015,043	2.81
8.	Citibank Nominees Singapore Pte Ltd	11,199,901	1.85
9.	Maybank Kim Eng Securities Pte Ltd	10,875,411	1.80
10.	Singapore Warehouse Co Pte Ltd	9,949,974	1.64
11.	Tan Chee Jin	9,680,000	1.60
12.	Quah Wee Lai	7,600,000	1.25
13.	Chong Chew Lim @ Chong Ah Kau	7,469,900	1.23
14.	DBS Vickers Securities (Singapore) Pte Ltd	7,132,105	1.18
15.	United Overseas Bank Nominees Pte Ltd	4,740,206	0.78
16.	OCBC Nominees Singapore Pte Ltd	4,586,931	0.76
17.	Lai Weng Kay	3,864,100	0.64
18.	Ng Siew Cheng	3,502,613	0.58
19.	Raffles Nominees (Pte) Ltd	3,499,895	0.58
20.	Ng Siew Ling	3,366,922	0.56
Total		**416,533,310**	**68.82**

PROFILE OF SHAREHOLDERS

AS AT 28 FEBRUARY 2017

Substantial Shareholders (as recorded in the Register of Substantial Shareholders as at 28 February 2017)

		Direct Interest		Deemed Interest	
		No. of Shares	%	No. of Shares	%
1.	Fairfax Financial Holdings Limited[1]	–	–	168,035,957	27.76
2.	First Capital Insurance Limited	115,370,835	19.06	–	–
3.	Newline Corporate Name Limited	52,665,122	8.70	–	–
4.	Newline Holdings UK Limited[2]	–	–	52,665,122	8.70
5.	Oversea-Chinese Banking Corporation Limited[3]	–	–	50,948,847	8.42
6.	Great Eastern Holdings Limited[3]	–	–	50,948,847	8.42
7.	United Overseas Bank Limited[4]	–	–	36,382,885	6.01
8.	United Overseas Insurance Limited	36,382,885	6.01	–	–
9.	The Overseas Assurance Corporation Limited	30,487,330	5.04	–	–
10.	India International Insurance Pte Ltd	30,371,062	5.02	–	–
11.	Dalton Investments LLC[5]	–	–	30,339,700	5.01
12.	James B. Rosenwald III[6]	–	–	30,339,700	5.01
13.	Steven Persky[6]	–	–	30,339,700	5.01
14.	Gifford Combs[6]	–	–	30,339,700	5.01
15.	Belita Ong[6]	–	–	30,339,700	5.01
16.	Arthur Hebert[6]	–	–	30,339,700	5.01
17.	Michelle Lynd[6]	–	–	30,339,700	5.01

1 Fairfax Financial Holdings Limited is deemed to have an interest in shares held by First Capital Insurance Limited (FCI), Newline Corporate Name Limited and Newline Holdings UK Limited.

2 Newline Holdings UK Limited is deemed to have an interest in shares held by Newline Corporate Name Limited.

3 Oversea-Chinese Banking Corporation Limited and Great Eastern Holdings Limited are deemed to have an interest in shares held by The Overseas Assurance Corporation Limited and The Great Eastern Life Assurance Company Limited.

4 United Overseas Bank Limited is deemed to have an interest in shares held by United Overseas Insurance Limited.

5 Dalton Investments LLC and its affiliated entities (together, **Dalton**) is an investment manager based in California, United States of America. Dalton manages various client portfolios and as investment manager, Dalton has discretion and authority over the sale and purchase of the abovementioned shares. Therefore, Dalton has deemed interest in such shares.

6 James B. Rosenwald III, Steven Persky, Gifford Combs, Belita Ong, Arthur Hebert and Michelle Lynd are members of the management committee of Dalton, and Dalton acts in accordance with the directions and instructions of the abovementioned persons. Accordingly, each of them will be deemed to be interested in the shares which Dalton is deemed interested in.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 44th Annual General Meeting of the Company will be held at Taurus, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594, on Wednesday, 26 April 2017 at 12.00 noon to transact the following business:

AS ORDINARY BUSINESS

1. **Resolution 1** To receive and adopt the directors' statement and audited accounts for the year ended 31 December 2016.

2. **Resolution 2** To declare a final dividend of 0.6 cent per share tax exempt (one-tier) for the year ended 31 December 2016 (2015: final dividend of 0.6 cent per share tax exempt (one-tier)).

3. **Resolution 3** To declare a special dividend of 0.2 cent per share tax exempt (one-tier) for the year ended 31 December 2016 (2015: nil).

4. **Resolution 4** To approve the payment of $605,000 as directors' fees for the year ended 31 December 2016 (2015: $588,246).

5. To re-elect each of the following directors retiring by rotation pursuant to Article 98 of the Company's Constitution:

   Resolution 5 Mr David Chan Mun Wai.

   Resolution 6 Mr Dileep Nair.

6. **Resolution 7** To re-appoint Messrs KPMG LLP as auditors of the Company for the ensuing year and to authorise the directors to fix their remuneration.

AS SPECIAL BUSINESS

7. To consider and, if thought fit, to pass the following ordinary resolutions:

   Resolution 8 To approve the issue of shares pursuant to Section 161 of the Companies Act, Chapter 50 (the **Act**):

   "**THAT** pursuant to Section 161 of the Act and the listing rules of the Singapore Exchange Securities Trading Limited (**SGX-ST**), authority be and is hereby given to the directors of the Company to (a) issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); (b) make or grant offers, agreements or options that

NOTICE OF ANNUAL GENERAL MEETING

might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, **Instruments**) including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares; (c) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues, at any time and upon such terms and conditions and for such purposes and to such persons as the directors may in their absolute discretion deem fit; and (d) (notwithstanding that the authority conferred by this resolution may have ceased to be in force) to issue shares in pursuance of any Instruments made or granted by the directors while this resolution was in force, provided that:

(i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the issued shares in the capital of the Company, of which the aggregate number of shares to be issued other than on a *pro-rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 20% of the issued shares in the capital of the Company (excluding treasury shares);

(ii) for the purpose of determining the aggregate number of shares that may be issued (subject to such manner of calculation as may be prescribed by SGX-ST) under (i) above, the percentage of issued share capital shall be based on the issued shares in the capital of the Company (excluding treasury shares) at the time this resolution is passed, after adjusting for (1) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards that are outstanding or subsisting when this resolution is passed; and (2) any subsequent bonus-issue, consolidation or sub-division of shares;

(iii) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the listing rules of the SGX-ST for the time being in force (unless such compliance is waived by the SGX-ST) and the Company's Constitution; and

(iv) unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

Resolution 9 To approve the renewal of the Share Buy-Back Mandate:

"**THAT**:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 (the **Act**), the exercise by the directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares fully paid in the capital of the Company (**Shares**) not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) on the Singapore Exchange Securities Trading Limited (**SGX-ST**) through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the **Share Buy-Back Mandate**);

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the directors of the Company pursuant to the Share Buy-Back Mandate may be exercised by the directors at any time and from time to time during the period commencing from the date of the passing of this resolution and expiring on the earliest of:

(i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;

(ii) the date on which the authority contained in the Share Buy-Back Mandate is revoked or varied by the Company in general meeting; and

(iii) the date on which the share purchases pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated.

NOTICE OF ANNUAL GENERAL MEETING

(c) in this resolution:

Average Closing Price means the average of the closing market prices of the Shares over the last five Market Days on which the Shares were transacted on the SGX-ST immediately preceding the date of the making of the market purchase by the Company, or as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted, in accordance with any rules that may be prescribed by the SGX-ST, for any corporate action that occurs after the relevant five-day period;

date of the making of the offer means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating the purchase price (which shall not be more than the Maximum Price) for each Share and the relevant terms of the equal access scheme for effecting the off-market purchase;

Market Day means a day on which the SGX-ST is open for trading in securities;

Maximum Percentage means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this resolution (excluding any Shares which are held as treasury shares as at that date);

Maximum Price in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) which shall not be more than, in the case of a market purchase of the Share and an off-market purchase of the Share, 5% above the Average Closing Price of the Shares; and

(d) the directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this resolution."

To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

NOTICE IS ALSO HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 9 May 2017 for the preparation of the dividend warrants. Duly completed transfers received by the Company's Registrar, M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902, up to 5.00 p.m. on 8 May 2017 will be registered before entitlements to the proposed dividend are determined. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with shares in the capital of the Company as at 5.00 p.m. on 8 May 2017 will be entitled to the dividend. The proposed final dividend will be paid on 31 May 2017, if approved by the shareholders at the forthcoming Annual General Meeting of the Company.

BY ORDER OF THE BOARD

ONG BENG HONG/TAN SWEE GEK
Joint Company Secretaries

Singapore
27 March 2017

Note: Except for a member who is a relevant intermediary (as defined under the Act), a member of the Company entitled to attend and vote at the general meeting is entitled to appoint one or two proxies to attend and vote in his stead. A member of the Company who is a relevant intermediary may appoint more than two proxies to attend and vote at the general meeting, but such proxies must be appointed to exercise the rights attached to a specified number of shares. A proxy need not be a member of the Company. The instrument appointing a proxy or proxies shall in the case of an individual, be signed by the appointor or his attorney, and in the case of a corporation shall be either under the Common Seal or signed by its attorney or a duly authorised officer on behalf of the corporation. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Registrar, M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902 not less than 48 hours before the time appointed for holding the Annual General Meeting.

Personal Data Privacy:
By attending the Annual General Meeting (**AGM**) and/or any adjournment thereof or submitting an instrument appointing a proxy or proxies and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rule, regulation and/or guidelines (collectively, the **Purposes**), (ii) warrants that where the member disclosures the personal data of the member's proxy or proxies and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy or proxies and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy or proxies and/or representatives for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(1) The ordinary resolution 8 in item 7 above, if passed, is to enable the directors to issue further shares in the Company and to make or grant securities convertible into ordinary shares, and to issue ordinary shares pursuant to instruments, up to an amount not exceeding 50% of the issued shares in the capital of the Company of which the aggregate number of shares to be issued other than on a *pro-rata* basis to existing shareholders, does not exceed 20% of the Company's issued shares. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company shall be based on the issued shares in the capital of the Company at the time this resolution is passed, after adjusting for (1) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards that are outstanding or subsisting when this resolution is passed; and (2) any subsequent consolidation or sub-division of shares. This authority will, unless revoked or varied at a General Meeting, expire at the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

(2) The ordinary resolution 9 proposed in item 7 above, if passed will renew, effective until the next AGM or the date by which the next AGM is required by law to held, whichever is the earlier, the Share Buy-Back Mandate for the Company to make purchases or acquisition of its shares up to a maximum of 10% of the total number of issued ordinary shares as at the date of the passing of the resolution at the Maximum Price computed in the manner prescribed by the resolution.

The Company will use internal sources to fund purchases or acquisitions of its Shares. The amount of financing required for the Company to purchase or acquire its Shares, and the impact of the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend, *inter alia*, on the number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, and the price at which such Shares are purchased or acquired.

Based on the existing issued and paid-up Shares of the Company as at 28 February 2017, the purchase by the Company of 10% of its issued Shares will result in the purchase or acquisition of 60,521,978 Shares. Assuming that the Company purchases or acquires the 60,521,978 Shares at the Maximum Price of $0.32 for one Share (being the price equivalent to 5% above the average of the closing market prices of the Shares for the five Market Days on which the Shares were traded on the SGX-ST immediately preceding 28 February 2017, the maximum amount of funds required for the purchase or acquisition of the 60,521,978 Shares is $19,367,033.

The financial effects of the purchase or acquisition of such Shares by the Company pursuant to the proposed Share Buy-Back Mandate based on the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2016 and certain other assumptions are set out in paragraph 6 of the Letter to Shareholders dated 27 March 2017.

Singapore Reinsurance Corporation Limited
(Incorporated in the Republic of Singapore)
Company Registration No. 197300016C

IMPORTANT:
1. For investors who have used their CPF moneys to buy shares in the capital of Singapore Reinsurance Corporation Limited, this Annual Report circulated to Shareholders is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 2 on page 133).

PROXY FORM
ANNUAL GENERAL MEETING

I/We .... ID/Registration No. ....

of ....

being a member/members of the above-mentioned Company, hereby appoint:

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)
and/or (delete as appropriate)			

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting of the Company, to be held at Taurus, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594 on Wednesday, 26 April 2017 at 12.00 noon or at any adjournment thereof.

With reference to the agenda set out in the Notice of Annual General Meeting, please indicate with an "X" in the space provided below how you wish your votes to be cast.

No.	Resolutions	For	Against
	Ordinary Business		
1	To receive and adopt the directors' statement and audited accounts		
2	To declare a final dividend		
3	To declare a special dividend		
4	To approve directors' fees		
5	To re-elect director: Mr David Chan Mun Wai		
6	To re-elect director: Mr Dileep Nair		
7	To re-appoint auditors and authorise the directors to fix their remuneration		
	Special Business		
8	To approve the issue of shares pursuant to Section 161 of the Companies Act, Chapter 50		
9	To approve the renewal of the Share Buy-Back Mandate		

In the absence of specific directions, the proxy/proxies will vote or abstain, as he/they may think fit.

Dated this .... day of .... 2017.

Total Number of Shares held in:	**Number of Shares**
(a) CDP Register	
(b) Register of Members	

....
Signature(s) of member(s) or Common Seal

IMPORTANT, PLEASE READ NOTES ON PAGE 133.

(1st fold)

(2nd fold)

Affix
stamp
here

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

(3rd fold to glue and seal)

NOTES TO THE PROXY FORM

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members.
2. Except for a member who is a relevant intermediary (as defined under the Companies Act, Chapter 50 of Singapore (the **Act**)), a member entitled to attend and vote at the general meeting is entitled to appoint one or two proxies to attend and vote in his stead. A member of the Company who is a relevant intermediary may appoint more than two proxies to attend and vote at the general meeting, but such proxies must be appointed to exercise the rights attached to a specified number of shares.
3. Where a member who is not a relevant intermediary appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy. Where a member who is a relevant intermediary appoints two or more proxies, the appointments shall be invalid unless the number and class of shares in relation to which each proxy has been appointed is specified in the proxy form.
4. A proxy need not be a member of the Company.
5. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Registrar, M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902 not less than 48 hours before the time appointed for the Annual General Meeting (**AGM**).
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Act.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.
9. In the case of members whose Shares are entered against their names in the Depository Register, the Company shall reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 72 hours before the time appointed for the AGM as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:
By attending the AGM and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM.

CORPORATE CALENDAR

Event	Date
Annual General Meeting	26 April 2017
Announcement of 1st Quarter 2017 Financial Results (after close of trading)	26 April 2017
Closure of Registers (for Final and Special Dividends entitlement)	9 May 2017
Payment of Final and Special Dividends for Year Ended 31 December 2016	31 May 2017
Announcement of 2nd Quarter 2017 Financial Results (after close of trading)	August 2017
Announcement of 3rd Quarter 2017 Financial Results (after close of trading)	November 2017
Financial Year-End	31 December 2017
Announcement of 4th Quarter 2017 Financial Results (after close of trading)	February 2018

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