

SINGAPORE REINSURANCE CORPORATION LIMITED

(Company Registration No. 197300016C)

Financial Statements Announcement For The Period Ended 31 March 2016

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

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

UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2016

	GROUP		
	3 months 2016 S\$'000	3 months 2015 S\$'000	Incr/ (decr) %
Revenue	32,292	36,063	(10.5)
Income statements:			
Reinsurance operations:			
Gross written premiums	30,378	34,424	(11.8)
Reinsurance premiums	(17,060)	(17,976)	(5.1)
Net written premiums	13,318	16,448	(19.0)
Gross transfer from provision for unexpired risks	2,322	1,569	48.0
Reinsurance transfer from provision for unexpired risks	(1,242)	(1,585)	(21.6)
Net earned premiums	14,398	16,432	(12.4)
Gross claims incurred	(12,432)	(13,161)	(5.5)
Reinsurers' share of claims incurred	3,963	3,594	10.3
Net claims incurred	(8,469)	(9,567)	(11.5)
Commission expense	(7,893)	(9,971)	(20.8)
Commission income	4,186	5,317	(21.3)
Net commission expense	(3,707)	(4,654)	(20.3)
Management expenses	(1,908)	(1,744)	9.4
Underwriting results	314	467	(32.8)
Net investment income	1,765	2,825	(37.5)
Net income from reinsurance operations (I)	2,079	3,292	(36.8)
Non-reinsurance operations:			
Net investment income	673	661	1.8
Other operating income	1,914	1,639	16.8
Management expenses	(1,525)	(1,302)	17.1
Net income from non-reinsurance operations (II)	1,062	998	6.4

	GROUP		
	3 months 2016 S\$'000	3 months 2015 S\$'000	Incr/ (decr) %
Income statements - continued			
Profit before income tax (I + II)	3,141	4,290	(26.8)
Income tax expense	(319)	(677)	(52.9)
Profit for the period	2,822	3,613	(21.9)
Profit attributable to:			
Equity holders of the Company	2,758	3,557	(22.5)
Non-controlling interests	64	56	14.3
Profit for the period	2,822	3,613	(21.9)
Statements of comprehensive income:			
Profit for the period	2,822	3,613	(21.9)
Other comprehensive income, after tax:			
Items that will not be reclassified to profit or loss:			
Revaluation of property, plant and equipment	(24)	104	nm
Tax on items that will not be reclassified to profit or loss	6	(8)	nm
	(18)	96	nm
Items that are or may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets:			
Reclassification of gain on sale of investments to profit or loss (realised)	(63)	(837)	(92.5)
Change in fair value of investments (unrealised)	2,286	845	170.5
Tax on items that are or may be reclassified subsequently to profit or loss	(397)	6	nm
	1,826	14	nm
Other comprehensive income for the period, net of income tax	1,808	110	nm
Total comprehensive income for the period	4,630	3,723	24.4
Total comprehensive income attributable to:			
Equity holders of the Company	4,567	3,667	24.5
Non-controlling interests	63	56	12.5
Total comprehensive income for the period	4,630	3,723	24.4
Profit for the year has been arrived at after crediting/(charging):			
Income relating to subsidiaries non-reinsurance operations*	1,918	1,644	16.7
Operating expenses relating to subsidiaries non-reinsurance operations*	(1,418)	(1,206)	17.6
Exchange (loss)/gain	(328)	(74)	nm
Gain on sale of investments	63	837	(92.5)
Change in fair value of investment properties	(125)	146	nm

nm not meaningful

na not applicable

* included subsidiaries' revenue and costs on services rendered such as management consultancy, publishing, organising of conferences and advertising

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

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	GROUP		COMPANY	
	31.03.2016	31.12.2015	31.03.2016	31.12.2015
	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Property, plant and equipment	35,850	35,897	35,742	35,825
Investment properties	23,064	23,189	23,064	23,189
Interests in subsidiaries	-	-	1,123	1,123
Reinsurers' share of insurance contract provisions for				
- outstanding claims	185,097	193,916	185,097	193,916
- unexpired risks	25,627	26,869	25,627	26,869
Financial assets	270,175	262,339	269,688	261,844
Club membership	15	15	-	-
Insurance receivables	57,194	58,428	57,194	58,428
Other receivables	3,982	3,911	2,607	3,225
Cash and cash equivalents	69,383	75,821	66,773	73,028
Total assets	670,387	680,385	666,915	677,447
Equity attributable to equity holders of the Company				
Share capital	123,300	123,300	123,300	123,300
Reserves	25,389	23,580	25,463	23,648
Accumulated profits	87,796	85,038	86,690	84,337
	236,485	231,918	235,453	231,285
Non-controlling interests	327	264	-	-
Total equity	236,812	232,182	235,453	231,285
Liabilities				
Insurance contract provisions for				
- outstanding claims	336,583	346,551	336,583	346,551
- unexpired risks	44,764	47,086	44,764	47,086
Deferred taxation	1,643	1,264	1,643	1,264
Insurance payables	44,887	47,901	44,887	47,901
Other payables	4,568	4,314	2,634	2,419
Current tax payable	1,130	1,087	951	941
Total liabilities	433,575	448,203	431,462	446,162
Total equity and liabilities	670,387	680,385	666,915	677,447

1(b)(ii) Aggregate amount of the group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31.3.2016		As at 31.12.2015	
S\$'000			
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31.3.2016		As at 31.12.2015	
S\$'000			
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collaterals

Not applicable.

- 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	GROUP	
	3 months 2016 S\$'000	3 months 2015 S\$'000
Operating activities		
Profit before income tax	3,141	4,290
Adjustments for:		
Insurance contract provisions for net unexpired risks	(1,080)	16
Insurance contract provisions for net outstanding claims	(1,149)	(1,591)
Change in fair value of investment properties	125	(146)
Gain on sale of investments	(63)	(837)
Depreciation of property, plant and equipment	105	93
Interest income	(2,110)	(2,062)
Dividend income	(391)	(370)
	<u>(1,422)</u>	<u>(607)</u>
Changes in working capital:		
Insurance receivables	1,234	387
Other receivables	(364)	(299)
Insurance payables	(3,014)	(3,518)
Other payables	254	(54)
Cash flows used in operations	<u>(3,312)</u>	<u>(4,091)</u>
Income tax paid	(288)	(74)
Net cash used in operating activities	<u>(3,600)</u>	<u>(4,165)</u>
Investing activities		
Interest received	2,394	1,876
Dividends received	391	370
Purchase of investments	(7,877)	(9,454)
Proceeds from sale of investments	2,336	10,905
Purchase of property, plant and equipment	(82)	(3)
Net cash (used in)/from investing activities	<u>(2,838)</u>	<u>3,694</u>
Financing activities		
Decrease in deposits pledged	28	83
Net cash from financing activities	<u>28</u>	<u>83</u>
Net decrease in cash and cash equivalents	<u>(6,410)</u>	<u>(388)</u>
Cash and cash equivalents at beginning of the year (exclude pledged deposits)	<u>75,699</u>	<u>71,405</u>
Cash and cash equivalents at end of the period	<u>69,289</u>	<u>71,017</u>
Pledged deposits	<u>94</u>	<u>156</u>
Cash and cash equivalents at end of the period including pledged deposits	<u>69,383</u>	<u>71,173</u>

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

	Share Capital S\$'000	Fair Value Reserves S\$'000	Revaluation Reserves S\$'000	Accumulated Profits S\$'000	Total attributable to equity holders of the Company S\$'000	Non- Controlling Interests S\$'000	Total Equity S\$'000
GROUP							
At 1 January 2016	123,300	1,991	21,589	85,038	231,918	264	232,182
Total comprehensive income for the period							
Net profit	-	-	-	2,758	2,758	64	2,822
Other comprehensive income:							
Revaluation of property, plant and equipment	-	-	(24)	-	(24)	-	(24)
Available-for-sale financial assets:							
Reclassification of gain on sale of investments to profit or loss (realised)	-	(63)	-	-	(63)	-	(63)
Change in fair value of investments (unrealised)	-	2,287	-	-	2,287	(1)	2,286
Income tax relating to components of other comprehensive income	-	(397)	6	-	(391)	-	(391)
Total other comprehensive income, net of income tax	-	1,827	(18)	-	1,809	(1)	1,808
Total comprehensive income for the period	-	1,827	(18)	2,758	4,567	63	4,630
At 31 March 2016	123,300	3,818	21,571	87,796	236,485	327	236,812
At 1 January 2015	123,300	7,776	21,263	84,421	236,760	320	237,080
Total comprehensive income for the period							
Net profit	-	-	-	3,557	3,557	56	3,613
Other comprehensive income:							
Revaluation of property, plant and equipment	-	-	104	-	104	-	104
Available-for-sale financial assets:							
Reclassification of gain on sale of investments to profit or loss (realised)	-	(837)	-	-	(837)	-	(837)
Change in fair value of investments (unrealised)	-	845	-	-	845	-	845
Income tax relating to components of other comprehensive income	-	6	(8)	-	(2)	-	(2)
Total other comprehensive income, net of income tax	-	14	96	-	110	-	110
Total comprehensive income for the period	-	14	96	3,557	3,667	56	3,723
At 31 March 2015	123,300	7,790	21,359	87,978	240,427	376	240,803

	Share Capital S\$'000	Fair Value Reserves S\$'000	Revaluation Reserves S\$'000	Accumulated Profits S\$'000	Total S\$'000
COMPANY					
At 1 January 2016	123,300	2,059	21,589	84,337	231,285
Total comprehensive income for the period					
Net profit	-	-	-	2,353	2,353
Other comprehensive income:					
Revaluation of property, plant and equipment	-	-	(24)	-	(24)
Available-for-sale financial assets:					
Reclassification of gain on sale of investments to profit or loss (realised)	-	(63)	-	-	(63)
Reclassification of impairment write-down on investments to profit or loss	-	-	-	-	-
Change in fair value of investments (unrealised)	-	2,293	-	-	2,293
Income tax relating to components of other comprehensive income	-	(397)	6	-	(391)
Total other comprehensive income, net of income tax	-	1,833	(18)	-	1,815
Total comprehensive income for the period	-	1,833	(18)	2,353	4,168
At 31 March 2016	123,300	3,892	21,571	86,690	235,453
At 1 January 2015	123,300	7,776	21,263	83,648	235,987
Total comprehensive income for the period					
Net profit	-	-	-	3,229	3,229
Other comprehensive income:					
Revaluation of property, plant and equipment	-	-	104	-	104
Available-for-sale financial assets:					
Reclassification of gain on sale of investments to profit or loss (realised)	-	(837)	-	-	(837)
Change in fair value of investments (unrealised)	-	845	-	-	845
Income tax relating to components of other comprehensive income	-	6	(8)	-	(2)
Total other comprehensive income, net of income tax	-	14	96	-	110
Total comprehensive income for the period	-	14	96	3,229	3,339
At 31 March 2015	123,300	7,790	21,359	86,877	239,326

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There was no change in the Company's share capital since the end of the previous reported period. There were no shares held as treasury shares and no outstanding convertibles as at 31 March 2016 and 31 March 2015.

1(d)(iii) To show the number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of shares excluding treasury shares as at 31 March 2016 and 31 December 2015 was 605,219,785.

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

Not Applicable.

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

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

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

Not Applicable

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

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period as those in the audited annual financial statements as at 31 December 2015.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not Applicable.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	<u>GROUP</u>	
	3 months 2016	3 months 2015
Basic and fully diluted earnings per share (cents)	0.46	0.59
Number of ordinary shares issued ('000)	605,220	605,220

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**

- (a) current financial period reported on; and
(b) immediate preceding financial year.

	GROUP		COMPANY	
	31.03.2016	31.12.2015	31.03.2016	31.12.2015
Net asset value per share (cents)	39.07	38.32	38.90	38.22

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Comparison of 1st quarter 2016 vs 1st quarter 2015

In first quarter 2016, the Group's revenue declined by 10.5% to S\$32.292 million due primarily to timing difference in bookings and intense market competition. Net claims incurred simultaneously fell 11.5% to S\$8.469 million arising from the relatively benign loss activity. Net commission expense was down 20.3% to S\$3.707 million in line with the lower written premium. However, reinsurance management expense increased 9.4% to S\$1.908 million attributed to higher staff costs and the revised employer CPF contribution. On balance, a lower underwriting surplus of S\$314,000 was recorded in the quarter under review. Net investment income slid 30.1% to S\$2.438 million due to lower realised profit on sale of investments and smaller surplus from the change in fair value of investment properties. Overall, the Group's profit before income tax of S\$3.141 million was 26.8% lower than the S\$4.290 million recorded in the corresponding quarter a year earlier.

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the balance sheet date and the date of this announcement which is likely to affect substantially the results of the operations of the Company and of the Group for the current financial year.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Amid unabated intense competition at both primary and reinsurance market levels fueled by over-supply of capacity, achieving premium growth has become increasingly more challenging. Notwithstanding unfavourable underwriting factors, premium rates are continuing to fall drastically. Overall earnings are unlikely to improve given the uncertain global economic outlook which will have volatile impact on investment returns.

11. DIVIDEND - If a decision regarding dividend has been made:

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

No

(b) Corresponding period of the immediately preceding financial year

Any dividend declared?

No

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

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

**13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii).
If no IPT mandate has been obtained, a statement to that effect.**

The Group did not obtain general mandate from shareholders for IPTs.

14. Confirmation pursuant to Rule 705(5) of the Listing Manual.

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited group financial results for first quarter ended 31 March 2016 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Tan Swee Gek
Company Secretary
25 April 2016