

SINGAPORE REINSURANCE CORPORATION LIMITED

(Company Registration No. 197300016C)

Financial Statements Announcement For The Period Ended 31 March 2019

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

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

UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2019

	GROUP		
	3 months 2019 S\$'000	3 months 2018 S\$'000	Incr/ (decr) %
Income statements:			
Reinsurance operations:			
Gross written premiums	46,609	39,533	17.9
Reinsurance premiums	(32,862)	(29,699)	10.7
Net written premiums	13,747	9,834	39.8
Gross transfer to provision for unexpired risks	(826)	(1,982)	(58.3)
Reinsurance transfer from provision for unexpired risks	(334)	3,619	nm
Net earned premiums	12,587	11,471	9.7
Gross claims incurred	(26,560)	(36,219)	(26.7)
Reinsurers' share of claims incurred	21,952	32,489	(32.4)
Net claims incurred	(4,608)	(3,730)	23.5
Commission expense	(8,913)	(12,400)	(28.1)
Commission income	5,928	9,577	(38.1)
Net commission expense	(2,985)	(2,823)	5.7
Management expenses	(1,897)	(2,146)	(11.6)
Underwriting results	3,097	2,772	11.7
Net investment income	2,138	2,431	(12.1)
Net income from reinsurance operations (I)	5,235	5,203	0.6
Non-reinsurance operations:			
Net investment income	693	631	9.8
Other operating income	1,220	1,525	(20.0)
Management expenses	(1,423)	(1,421)	0.1
Net income from non-reinsurance operations (II)	490	735	(33.3)

	GROUP		
	3 months	3 months	Incr/ (decr)
	2019 S\$'000	2018 S\$'000	%
Income statements - continued			
Profit before income tax (I + II)	5,725	5,938	(3.6)
Income tax expense	(610)	(744)	(18.0)
Profit for the period	5,115	5,194	(1.5)
Profit attributable to:			
Equity holders of the Company	5,128	5,165	(0.7)
Non-controlling interests	(13)	29	nm
Profit for the period	5,115	5,194	(1.5)
Statements of comprehensive income:			
Profit for the period	5,115	5,194	(1.5)
Other comprehensive income, after tax:			
Items that will not be reclassified to profit or loss:			
Revaluation of property, plant and equipment	30	30	-
	30	30	-
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)	(321)	(249)	28.9
Change in fair value of investments (unrealised)	3,109	(3,583)	nm
Tax on items that are or may be reclassified subsequently to profit or loss	(546)	601	nm
	2,242	(3,231)	nm
Other comprehensive income for the period, net of income tax	2,272	(3,201)	nm
Total comprehensive income for the period	7,387	1,993	nm
Total comprehensive income attributable to:			
Equity holders of the Company	7,400	1,964	nm
Non-controlling interests	(13)	29	nm
Total comprehensive income for the period	7,387	1,993	nm
Profit for the period has been arrived at after crediting/(charging):			
Net exchange (losses)/gains	(146)	88	nm
Depreciation	(82)	(80)	2.5
Gain on sale of investments	321	249	28.9
Change in fair value of investment properties	107	172	(37.8)

nm not meaningful

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

	GROUP		COMPANY	
	31.3.2019	31.12.2018	31.3.2019	31.12.2018
	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Property, plant and equipment	51,739	51,755	51,643	51,662
Investment properties	33,873	33,767	33,873	33,767
Interests in subsidiaries	-	-	1,084	1,091
Reinsurers' share of insurance contract provisions for				
- outstanding claims	239,540	232,994	239,540	232,994
- unexpired risks	55,073	55,407	55,073	55,407
Financial assets	268,931	263,392	268,931	263,392
Club membership	15	15	-	-
Insurance receivables	82,125	90,173	82,125	90,173
Other receivables	3,343	3,089	2,226	2,727
Cash and cash equivalents	93,222	87,141	91,554	84,779
Total assets	827,861	817,733	826,049	815,992
Equity attributable to equity holders of the Company				
Share capital	123,300	123,300	123,300	123,300
Reserves	49,533	47,261	49,533	47,261
Accumulated profits	98,062	92,934	97,906	92,707
	270,895	263,495	270,739	263,268
Non-controlling interests	219	232	-	-
Total equity	271,114	263,727	270,739	263,268
Liabilities				
Insurance contract provisions for				
- outstanding claims	390,111	386,268	390,111	386,268
- unexpired risks	74,555	73,729	74,555	73,729
Deferred taxation	3,963	3,407	3,963	3,407
Insurance payables	82,731	86,396	82,731	86,396
Other payables	3,758	3,143	2,348	1,899
Current tax payable	1,629	1,063	1,602	1,025
Total liabilities	556,747	554,006	555,310	552,724
Total equity and liabilities	827,861	817,733	826,049	815,992

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

Amount repayable in one year or less, or on demand

As at 31.3.2019		As at 31.12.2018	
S\$'000			
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31.3.2019		As at 31.12.2018	
S\$'000			
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collaterals

Not applicable.

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

	GROUP	
	3 months 2019 S\$'000	3 months 2018 S\$'000
Operating activities		
Profit before income tax	5,725	5,938
Adjustments for:		
Insurance contract provisions for net unexpired risks	1,160	(1,637)
Insurance contract provisions for net outstanding claims	(2,703)	715
Change in fair value of investment properties	(107)	(172)
Gain on sale of investments	(321)	(249)
Depreciation of property, plant and equipment	82	80
Interest income	(2,208)	(1,949)
Dividend income	(285)	(438)
	1,343	2,288
Changes in working capital:		
Insurance receivables	8,048	(1,428)
Other receivables and staff loan	(230)	(68)
Insurance payables	(3,665)	(9,881)
Other payables	615	244
Cash flows used in operations	6,111	(8,845)
Income tax paid	(33)	(66)
Net cash from/(used in) operating activities	6,078	(8,911)
Investing activities		
Interest received	2,172	2,144
Dividends received	285	438
Purchase of investments	(6,051)	(12,217)
Proceeds from sale of investments	3,633	7,376
Purchase of property, plant and equipment	(36)	(16)
Net cash from/(used in) investing activities	3	(2,275)
Net increase/(decrease) in cash and cash equivalents	6,081	(11,186)
Cash and cash equivalents at beginning of the year	87,141	100,739
Cash and cash equivalents at end of the period	93,222	89,553

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

	Share Capital S\$'000	Fair Value Reserves S\$'000	Revaluation Reserves S\$'000	Accumulated Profits S\$'000	Total attributable to equity holders of the Company S\$'000	Non- Controlling Interests S\$'000	Total Equity S\$'000
GROUP							
At 1 January 2019	123,300	6,607	40,654	92,934	263,495	232	263,727
Total comprehensive income for the period							
Net profit	-	-	-	5,128	5,128	(13)	5,115
Other comprehensive income:							
Revaluation of property, plant and equipment	-	-	30	-	30	-	30
Available-for-sale financial assets:							
Reclassification of gain on sale of investments to profit or loss (realised)	-	(321)	-	-	(321)	-	(321)
Change in fair value of investments (unrealised)	-	3,109	-	-	3,109	-	3,109
Income tax relating to components of other comprehensive income	-	(546)	-	-	(546)	-	(546)
Total other comprehensive income, net of income tax	-	2,242	30	-	2,272	-	2,272
Total comprehensive income for the period	-	2,242	30	5,128	7,400	(13)	7,387
At 31 March 2019	123,300	8,849	40,684	98,062	270,895	219	271,114
At 1 January 2018	123,300	12,807	31,036	92,010	259,153	252	259,405
Total comprehensive income for the period							
Net profit	-	-	-	5,165	5,165	29	5,194
Other comprehensive income:							
Revaluation of property, plant and equipment	-	-	30	-	30	-	30
Available-for-sale financial assets:							
Reclassification of gain on sale of investments to profit or loss (realised)	-	(249)	-	-	(249)	-	(249)
Change in fair value of investments (unrealised)	-	(3,583)	-	-	(3,583)	-	(3,583)
Income tax relating to components of other comprehensive income	-	601	-	-	601	-	601
Total other comprehensive income, net of income tax	-	(3,231)	30	-	(3,201)	-	(3,201)
Total comprehensive income for the period	-	(3,231)	30	5,165	1,964	29	1,993
At 31 March 2018	123,300	9,576	31,066	97,175	261,117	281	261,398

	Share Capital S\$'000	Fair Value Reserves S\$'000	Revaluation Reserves S\$'000	Accumulated Profits S\$'000	Total S\$'000
COMPANY					
At 1 January 2019	123,300	6,607	40,654	92,707	263,268
Total comprehensive income for the period					
Net profit	-	-	-	5,199	5,199
Other comprehensive income:					
Revaluation of property, plant and equipment	-	-	30	-	30
Available-for-sale financial assets:					
Reclassification of gain on sale of investments to profit or loss (realised)	-	(321)	-	-	(321)
Change in fair value of investments (unrealised)	-	3,109	-	-	3,109
Income tax relating to components of other comprehensive income	-	(546)	-	-	(546)
Total other comprehensive income, net of income tax	-	2,242	30	-	2,272
Total comprehensive income for the period	-	2,242	30	5,199	7,471
Transactions with owners, recorded directly in equity:					
At 31 March 2019	123,300	8,849	40,684	97,906	270,739
At 1 January 2018	123,300	12,807	31,036	91,662	258,805
Total comprehensive income for the period					
Net profit	-	-	-	5,000	5,000
Other comprehensive income:					
Revaluation of property, plant and equipment	-	-	30	-	30
Available-for-sale financial assets:					
Reclassification of gain on sale of investments to profit or loss (realised)	-	(249)	-	-	(249)
Change in fair value of investments (unrealised)	-	(3,583)	-	-	(3,583)
Income tax relating to components of other comprehensive income	-	601	-	-	601
Total other comprehensive income, net of income tax	-	(3,231)	30	-	(3,201)
Total comprehensive income for the period	-	(3,231)	30	5,000	1,799
At 31 March 2018	123,300	9,576	31,066	96,662	260,604

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 2019 and 31 March 2018.

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

The total number of shares excluding treasury shares as at 31 March 2019 and 31 December 2018 was 605,219,785.

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

Not Applicable.

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

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

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

Not Applicable

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

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

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

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 2019	3 months 2018
Basic and fully diluted earnings per share (cents)	0.85	0.85
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	
	31.3.2019	31.12.2018	31.3.2019	31.12.2018
Net asset value per share (cents)	44.76	43.54	44.73	43.50

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

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

Comparison of 1st quarter 2019 vs 1st quarter 2018

For the period ended 31 March 2019, the Group's gross written premium rose 17.9% to \$46.609 million due mainly to timing difference in booking premiums from cedants and growth in certain existing business. Correspondingly, net earned premium climbed 9.7% to \$12.587 million. Net claims incurred increased by 23.5% to \$4.608 million partly due to case reserves set aside for small-valued Fire, Miscellaneous Accident and Motor losses. Net commission expense was 5.7% higher at \$2.985 million in light of the net premium growth. Consequently, a higher underwriting surplus of \$3.097 million was recorded in the quarter under review. Net investment income declined by \$231,000 or 7.5% to \$2.831 million mainly due to lower dividend income and exchange loss on revaluation of foreign-denominated deposits. Overall, the Group reported lower net profit before income tax of \$5.725 million, compared to \$5.938 million in the corresponding quarter a year ago.

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.**

Intense competition fueled by excessive global capacity continues to plague the (re)insurance industry thereby causing premium rates to slide despite widening policy coverage. In addition, uncertainty and unpredictability of weather conditions associated with climate change will continue to pose a serious challenge to underwriters.

On the investment front, prevailing volatility in the global financial markets amid continuing uncertainties will render it difficult to expect steady 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 and the reason(s) for the decision.

No dividend has been declared for the current financial period. Dividends are usually declared in the periods ending June and December.

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

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

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

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited group financial results for first quarter ended 31 March 2019 to be false or misleading in any material aspect.

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

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

BY ORDER OF THE BOARD

Tan Swee Gek
Company Secretary
17 April 2019

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