

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

Full Year Financial Statements Announcement For The Period Ended 31 March 2012

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 PERIOD ENDED 31 MARCH 2012

	GROUP		
	31.3.2012	31.3.2011	Incr/ (decr)
	S\$'000	S\$'000	%
Revenue	27,630	24,795	11.4
Income statements:			
Reinsurance operations:			
Gross written premiums	26,156	23,136	13.1
Reinsurance premiums	(14,456)	(12,308)	17.5
Net written premiums	11,700	10,828	8.1
Gross transfer to provision for unexpired risks	(236)	(49)	nm
Reinsurance transfer from/(to) provision for unexpired risks	4	(536)	nm
Net earned premiums	11,468	10,243	12.0
Gross claims incurred	(24,352)	(6,232)	nm
Reinsurers' share of claims incurred	12,969	1,197	nm
Net claims incurred	(11,383)	(5,035)	126.1
Commission expense	(6,639)	(7,368)	(9.9)
Commission income	4,268	3,942	8.3
Net commission expense	(2,371)	(3,426)	(30.8)
Management expenses	(2,251)	(1,482)	51.9
Underwriting results	(4,537)	300	nm
Net investment income	3,922	1,764	122.3
Net (loss)/income from reinsurance operations (I)	(615)	2,064	(129.8)
Non-reinsurance operations:			
Net investment income	1,891	859	120.1
Other operating income	1,481	1,743	(15.0)
Management expenses	(1,335)	(1,516)	(11.9)
Net income from non-reinsurance operations (II)	2,037	1,086	87.6
Profit before income tax (I + II)	1,422	3,150	(54.9)
Income tax expense	(313)	(405)	(22.7)
Profit for the period	1,109	2,745	(59.6)
Profit attributable to:			
Equity holders of the Company	1,054	2,676	(60.6)
Non-controlling interests	55	69	(20.3)
Profit for the period	1,109	2,745	(59.6)

Statement of comprehensive income:			
Profit for the period	1,109	2,745	(59.6)
Other comprehensive income:			
Revaluation of property, plant and equipment	(1)	(7)	(85.7)
Available-for-sale financial assets:			
Reclassification of gain on sale of investments to income statement	(3,169)	(330)	nm
Change in fair value of investments	5,230	986	nm
Income tax relating to components of other comprehensive income	(771)	(34)	nm
Other comprehensive income for the period, net of income tax	1,289	615	109.6
Total comprehensive income for the period	2,398	3,360	(28.6)
Total comprehensive income attributable to:			
Equity holders of the Company	2,347	3,289	(28.6)
Non-controlling interests	51	71	(28.2)
Total comprehensive income for the period	2,398	3,360	(28.6)
Profit/(Loss) before income tax has been arrived at after crediting/(charging):			
Income relating to subsidiaries non-reinsurance operations*	1,627	1,761	(7.6)
Operating expenses relating to subsidiaries non-reinsurance operations*	(1,202)	(1,373)	(12.5)
Exchange loss	(155)	(255)	(39.2)
Allowances for doubtful debts and bad debts written (off)/back	(616)	61	nm
Gain on sale of investments	3,169	330	nm

nm not meaningful

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

Note: certain comparative figures have been reclassified to conform with the current year'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	
	31.3.2012	31.12.2011	31.3.2012	31.12.2011
	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Property, plant and equipment	23,633	23,700	23,661	23,629
Investment properties	14,067	14,099	14,067	14,099
Reinsurers' share of insurance contract provisions for				
- outstanding claims	206,955	199,289	206,955	199,289
- unexpired risks	19,962	19,958	19,962	19,958
Interests in subsidiaries	-	-	1,211	1,211
Financial assets	289,880	284,371	288,715	283,004
Club membership	18	18	-	-
Insurance receivables	37,158	33,112	37,158	33,112
Other receivables	4,620	4,426	2,765	3,195
Cash and cash equivalents	53,726	53,376	51,537	50,812
Total assets	650,019	632,349	645,931	628,309
Equity attributable to equity holders of the Company				
Share capital	123,300	123,300	123,300	123,300
Reserves	16,742	15,449	16,696	15,344
Accumulated profits	59,401	58,347	58,102	57,379
	199,443	197,096	198,098	196,023
Non-controlling interests	563	512	-	-
Total equity	200,006	197,608	198,098	196,023
Liabilities				
Insurance contract provisions for				
- outstanding claims	365,619	351,602	365,619	351,602
- unexpired risks	37,094	36,858	37,094	36,858
Insurance payables	39,711	39,121	39,711	39,121
Other payables	4,463	4,763	2,529	2,577
Current tax payable	900	940	649	666
Deferred taxation	2,226	1,457	2,231	1,462
Total liabilities	450,013	434,741	447,833	432,286
Total equity and liabilities	650,019	632,349	645,931	628,309

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 31.3.2012		As at 31.3.2011	
S\$'000			
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31.3.2012		As at 31.3.2011	
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	
	31.3.2012	31.3.2011
	S\$'000	S\$'000
Operating activities		
Profit before income tax	1,422	3,150
Adjustments for:		
Insurance contract provisions for net unexpired risks	232	585
Insurance contract provisions for net outstanding claims	6,351	2,042
Change in fair value of investment properties	32	25
Gain on sale of investments	(3,169)	(330)
Depreciation and amortisation of property, plant and equipment and intangible asset	78	85
Interest income	(2,317)	(2,200)
Dividend income	(279)	(220)
Others	-	(2)
	<u>2,350</u>	<u>3,135</u>
Changes in working capital:		
Insurance receivables	(4,046)	(786)
Other receivables	(454)	(142)
Insurance payables	590	(2,790)
Other payables	(300)	189
Cash flows used in operations	<u>(1,860)</u>	<u>(394)</u>
Income tax paid	(356)	(96)
Cash flows used in operating activities	<u>(2,216)</u>	<u>(490)</u>
Investing activities		
Interest received	2,582	2,025
Dividends received	279	220
Purchase of investments	(15,314)	(15,722)
Proceeds from sale of investments	15,033	11,792
Purchase of property, plant and equipment	(14)	(41)
Proceeds from sale of property, plant and equipment	-	12
Cash flows from/(used in) investing activities	<u>2,566</u>	<u>(1,714)</u>
Financing activities		
Decrease in deposits pledged	35	40
Cash flows from financing activities	<u>35</u>	<u>40</u>
Net increase/(decrease) in cash and cash equivalents	<u>385</u>	<u>(2,164)</u>
Cash and cash equivalents at beginning of the year (exclude pledged assets)	<u>52,459</u>	<u>42,595</u>
Cash and cash equivalents at end of the period	<u>52,844</u>	<u>40,431</u>
Pledged cash equivalents	<u>882</u>	<u>861</u>
Cash and cash equivalents at end of the period including pledged deposits	<u>53,726</u>	<u>41,292</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 2012	123,300	6,421	9,028	58,347	197,096	512	197,608
Total comprehensive income for the period:							
Net profit	-	-	-	1,054	1,054	55	1,109
Other comprehensive income:							
Revaluation of property, plant and equipment	-	-	(1)	-	(1)	-	(1)
Available-for-sale financial assets:							
Reclassification of gain on sale of investments to income statement	-	(3,154)	-	-	(3,154)	(15)	(3,169)
Change in fair value of investments	-	5,219	-	-	5,219	11	5,230
Income tax relating to components of other comprehensive income	-	(774)	3	-	(771)	-	(771)
Total other comprehensive income, net of income tax	-	1,291	2	-	1,293	(4)	1,289
Total comprehensive income for the period	-	1,291	2	1,054	2,347	51	2,398
At 31 March 2012	123,300	7,712	9,030	59,401	199,443	563	200,006
At 1 January 2011	123,300	13,382	6,098	64,388	207,168	532	207,700
Total comprehensive income for the period:							
Net profit	-	-	-	2,676	2,676	69	2,745
Other comprehensive income:							
Revaluation of property, plant and equipment	-	-	(7)	-	(7)	-	(7)
Available-for-sale financial assets:							
Reclassification of gain on sale of investments to income statement	-	(330)	-	-	(330)	-	(330)
Change in fair value of investments	-	984	-	-	984	2	986
Income tax relating to components of other comprehensive income	-	(37)	3	-	(34)	-	(34)
Total other comprehensive income, net of income tax	-	617	(4)	-	613	2	615
Total comprehensive income for the period	-	617	(4)	2,676	3,289	71	3,360
At 31 March 2011	123,300	13,999	6,094	67,064	210,457	603	211,060

COMPANY	Share Capital S\$'000	Fair Value Reserves S\$'000	Revaluation Reserves S\$'000	Accumulated Profits S\$'000	Total S\$'000
At 1 January 2012	123,300	6,316	9,028	57,379	196,023
Total comprehensive income for the period:					
Net profit	-	-	-	723	723
Other comprehensive income:					
Revaluation of property, plant and equipment	-	-	(1)	-	(1)
Available-for-sale financial assets:					
Reclassification of gain on sale of investments to income statement	-	(3,040)	-	-	(3,040)
Change in fair value of investments	-	5,164	-	-	5,164
Income tax relating to components of other comprehensive income	-	(774)	3	-	(771)
Total other comprehensive income, net of income tax	-	1,350	2	-	1,352
Total comprehensive income for the period	-	1,350	2	723	2,075
At 31 March 2012	123,300	7,666	9,030	58,102	198,098
At 1 January 2011	123,300	13,212	6,098	63,389	205,999
Total comprehensive income for the period:					
Net profit	-	-	-	2,422	2,422
Other comprehensive income:					
Revaluation of property, plant and equipment	-	-	(7)	-	(7)
Available-for-sale financial assets:					
Reclassification of gain on sale of investments to income statement	-	(330)	-	-	(330)
Change in fair value of investments	-	966	-	-	966
Income tax relating to components of other comprehensive income	-	(37)	3	-	(34)
Total other comprehensive income, net of income tax	-	599	(4)	-	595
Total comprehensive income for the period	-	599	(4)	2,422	3,017
At 31 March 2011	123,300	13,811	6,094	65,811	209,016

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.

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 compared with the audited annual financial statements as at 31 December 2011, except for those disclosed under item 5 below.

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.

In 2012, the Group applied the Amendments to Financial Reporting Standard (FRS) 12 Income Taxes - Deferred Tax : Recovery of Underlying Assets. There is no financial impact on the financial results of the Group arising from the adoption of the revised standard.

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>	
	31.3.2012	31.3.2011
Basic and diluted earnings per share (cents)	0.17	0.44
Number of ordinary shares issued ('000)	605,220	605,220

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

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

	<u>GROUP</u>		<u>COMPANY</u>	
	31.3.2012	31.12.2011	31.3.2012	31.12.2011
Net asset value per share (cents)	32.95	32.57	32.73	32.39

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.

For the first quarter ended 31 March 2012, the Group's revenue rose 11.4% to S\$27.6 million. The net claims incurred rose 126.1% to S\$11.4 million, attributed primarily to an increase in case reserves set aside for the 2011 Thailand floods, equivalent to an incurred loss ratio (of net written premium) of 97.3%, compared to 46.5% in the corresponding quarter last year. Reinsurance management expenses increased by 51.9% to S\$2.3 million due to higher provision for bad and doubtful debts and unrealised exchange loss on revaluation of foreign-denominated transactions. If the provision for bad and doubtful debts and unrealised exchange loss were excluded, reinsurance management expenses would be only 0.1% higher than preceding year and the management expense ratio (of net written premium) would be 12.9%, compared to 13.9% in the same quarter a year earlier. Bearing in mind the foregoing, an underwriting deficit of S\$4.5 million was recorded, compared to the S\$300,000 surplus in the same quarter last year.

The net investment income rose 121.6% to S\$5.8 million due to higher profit on sale of equity investments as well as higher interest income. Overall, the Group's net profit before income tax was S\$1.4 million, 54.9% lower than the S\$3.2 million reported in the corresponding quarter in preceding year, attributed mainly to the underwriting deficit.

Every endeavour has been made to ensure adequacy in the loss estimation for the July to December 2011 floods in Thailand based on cedants' notification and available market information. However, given the widespread flooding, there is a build-up in backlog of cases being assessed by claims specialists and therefore the adequacy of loss quantification would take time to be verified by the cedants and reinsurers alike. Except for the foregoing, 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.**

Following from the disastrous underwriting results suffered by the insurance industry worldwide in 2011, there are signs in recent months that the long awaited turn around in the soft reinsurance market is beginning to take place. This is evidenced by the general pullback in reinsurance capacity and the rise in reinsurance protection cost. Theoretically the situation should be followed by pricing improvement upward at the primary insurance market which would ultimately benefit reinsurers, but unfortunately, this desired development appears to be prevented by continued intense competition among primary insurers. Meanwhile, attracted by the apparent hardening in market conditions, there are indications that more resourceful reinsurers have entered into the regional markets. Consequently, the operating environment in the months ahead will be extremely challenging to reinsurers.

On the investment front, given the many geo-political and economic uncertainties globally, the market is expected to continue to be volatile.

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 for the corresponding period of the immediately preceding financial year? No

(c) The date the dividend is payable

Not applicable.

(d) Books closure date

Not applicable.

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

Not applicable.

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

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

14. Negative confirmation pursuant to Rule 705(5).

The Board of Directors of the Company hereby confirm that, to the best of their knowledge and belief, nothing has come to the attention of the Board of Directors which may render the unaudited group financial results for the period ended 31 March 2012 to be false or misleading.

BY ORDER OF THE BOARD

Gerard Seah Jim Hong

Company Secretary

23 April 2012

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