

Financial Statements Announcement For Quarter Ended 31 March 2013

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 PERIOD ENDED 31 MARCH 2013

	GROUP		
	3 months	3 months	Incr/
	2013	2012	(decr)
	S\$'000	S\$'000	%
Revenue	28,630	27,630	3.6
Income statements:			
Reinsurance operations:			
Gross written premiums	27,290	26,156	4.3
Reinsurance premiums	(14,146)	(14,456)	(2.1)
Net written premiums	13,144	11,700	12.3
Gross transfer from/(to) provision for unexpired risks	1,546	(236)	nm
Reinsurance transfer (from)/to provision for unexpired risks	(1,805)	4	nm
Net earned premiums	12,885	11,468	12.4
Gross claims incurred	(19,712)	(24,352)	(19.1)
Reinsurers' share of claims incurred	12,327	12,969	(5.0)
Net claims incurred	(7,385)	(11,383)	(35.1)
Commission expense	(7,408)	(6,639)	11.6
Commission income	3,636	4,268	(14.8)
Net commission expense	(3,772)	(2,371)	59.1
Management expenses	(1,483)	(2,251)	(34.1)
Underwriting results	245	(4,537)	nm
Net investment income	5,196	3,922	32.5
Net income/(loss) from reinsurance operations (I)	5,441	(615)	nm
Non-reinsurance operations:			
Net investment income	843	1,891	(55.4)
Other operating income	1,340	1,481	(9.5)
Management expenses	(1,393)	(1,335)	4.3
Net Income from non-reinsurance operations (II)	790	2,037	(61.2)
Profit before income tax (I + II)	6,231	1,422	nm
Income tax expense	(861)	(313)	175.1
Profit for the period	5,370	1,109	nm
Profit attributable to:			
Equity holders of the Company	5,365	1,054	nm
Non-controlling interests	5	55	(90.9)
Profit for the period	5,370	1,109	nm

Statement of comprehensive income:			
Profit for the period	5,370	1,109	nm
Other comprehensive income, after tax:			
Items that will not be reclassified to profit or loss:			
Revaluation of property, plant and equipment	66	2	nm
	<u>66</u>	<u>2</u>	<u>nm</u>
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets:			
Reclassification of gain on sale of investments to income statement	(3,310)	(3,169)	4.4
Change in fair value of investments	2,836	4,456	(36.4)
	<u>(474)</u>	<u>1,287</u>	<u>nm</u>
Other comprehensive income for the period, net of income tax	(408)	1,289	nm
Total comprehensive income for the period	4,962	2,398	106.9
Total comprehensive income attributable to:			
Equity holders of the Company	4,955	2,347	111.1
Non-controlling interests	7	51	(86.3)
Total comprehensive income for the period	4,962	2,398	106.9
Profit for the period has been arrived at after crediting/(charging):			
Income relating to subsidiaries non-reinsurance operations*	1,350	1,627	(17.0)
Operating expenses relating to subsidiaries non-reinsurance operations*	(1,249)	(1,202)	3.9
Allowances for doubtful debts and bad debts written back/(off)	126	(616)	nm
Gain on sale of investments	3,310	3,169	4.4

nm

not meaningful

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

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	
	31.3.2013	31.12.2012	31.3.2013	31.12.2012
	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Property, plant and equipment	25,925	25,886	25,820	25,801
Investment properties	15,577	15,550	15,577	15,550
Interests in subsidiaries	-	-	1,211	1,211
Reinsurers' share of insurance contract provisions for				
- outstanding claims	222,193	222,390	222,193	222,390
- unexpired risks	24,445	26,250	24,445	26,250
Financial assets	282,781	287,155	281,336	285,731
Club membership	20	20	-	-
Insurance receivables	54,089	45,947	54,089	45,947
Other receivables	4,415	4,644	2,928	3,237
Cash and cash equivalents	72,776	66,381	71,257	64,864
Total assets	702,221	694,223	698,856	690,981
Equity attributable to equity holders of the Company				
Share capital	123,300	123,300	123,300	123,300
Reserves	22,933	23,343	22,801	23,230
Accumulated profits	68,919	63,554	68,000	62,719
	215,152	210,197	214,101	209,249
Non-controlling interests	499	492	-	-
Total equity	215,651	210,689	214,101	209,249
Liabilities				
Insurance contract provisions for				
- outstanding claims	382,189	378,715	382,189	378,715
- unexpired risks	43,159	44,705	43,159	44,705
Deferred taxation	2,984	3,116	2,986	3,116
Insurance payables	51,859	51,320	51,859	51,320
Other payables	4,073	4,203	2,444	2,562
Current tax payable	2,306	1,475	2,118	1,314
Total liabilities	486,570	483,534	484,755	481,732
Total equity and liabilities	702,221	694,223	698,856	690,981

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 31.3.2013		As at 31.12.2012	
S\$'000			
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31.3.2013		As at 31.12.2012	
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	3 months
	2013	2012
	S\$'000	S\$'000
Operating activities		
Profit before income tax	6,231	1,422
Adjustments for:		
Insurance contract provisions for net unexpired risks	259	232
Insurance contract provisions for net outstanding claims	3,671	6,351
Change in fair value of investment properties	(27)	32
Gain on sale of investments	(3,310)	(3,169)
Depreciation of property, plant and equipment	79	78
Interest income	(2,287)	(2,317)
Dividend income	(270)	(279)
	<u>4,346</u>	<u>2,350</u>
Changes in working capital:		
Insurance receivables	(8,142)	(4,046)
Other receivables	108	(454)
Insurance payables	539	590
Other payables	(130)	(300)
Cash flows used in operations	(3,279)	(1,860)
Income tax paid	(30)	(356)
Net cash used in operating activities	<u>(3,309)</u>	<u>(2,216)</u>
Investing activities		
Interest received	2,391	2,582
Dividends received	270	279
Purchase of investments	(8,787)	(15,314)
Proceeds from sale of investments	15,878	15,033
Purchase of property, plant and equipment	(48)	(14)
Net cash from investing activities	<u>9,704</u>	<u>2,566</u>
Financing activities		
Decrease in deposits pledged	(11)	35
Net cash (used in)/from financing activities	<u>(11)</u>	<u>35</u>
Net increase in cash and cash equivalents	<u>6,384</u>	<u>385</u>
Cash and cash equivalents at beginning of the year (exclude pledged deposits)	<u>65,547</u>	<u>52,459</u>
Cash and cash equivalents at end of the period	<u>71,931</u>	<u>52,844</u>
Pledged cash equivalents	<u>845</u>	<u>882</u>
Cash and cash equivalents at end of the period including pledged deposits	<u>72,776</u>	<u>53,726</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 2013	123,300	11,929	11,414	63,554	210,197	492	210,689
Total comprehensive income for the period							
Net profit	-	-	-	5,365	5,365	5	5,370
Other comprehensive income:							
Revaluation of property, plant and equipment	-	-	70	-	70	-	70
Available-for-sale financial assets:							
Reclassification of gain on sale of investments to income statement	-	(3,310)	-	-	(3,310)	-	(3,310)
Change in fair value of investments	-	2,697	-	-	2,697	2	2,699
Income tax relating to components of other comprehensive income	-	137	(4)	-	133	-	133
Total other comprehensive income, net of income tax	-	(476)	66	-	(410)	2	(408)
Total comprehensive income for the period	-	(476)	66	5,365	4,955	7	4,962
At 31 March 2013	123,300	11,453	11,480	68,919	215,152	499	215,651
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

	Share Capital S\$'000	Fair Value Reserves S\$'000	Revaluation Reserves S\$'000	Accumulated Profits S\$'000	Total S\$'000
COMPANY					
At 1 January 2013	123,300	11,816	11,414	62,719	209,249
Total comprehensive income for the period					
Net profit	-	-	-	5,281	5,281
Other comprehensive income:					
Revaluation of property, plant and equipment	-	-	70	-	70
Available-for-sale financial assets:					
Reclassification of gain on sale of investments to income statement	-	(3,310)	-	-	(3,310)
Change in fair value of investments	-	2,678	-	-	2,678
Income tax relating to components of other comprehensive income	-	137	(4)	-	133
Total other comprehensive income, net of income tax	-	(495)	66	-	(429)
Total comprehensive income for the period	-	(495)	66	5,281	4,852
At 31 March 2013	123,300	11,321	11,480	68,000	214,101
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

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 outstanding convertibles as at 31 March 2013 and 31 March 2012.

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 2013 and 31 December 2012 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 compared with the audited annual financial statements as at 31 December 2012, 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 2013, the Group adopted the new or revised Singapore Financial Reporting Standards (FRS) that are effective in this financial year.

The Group applied Amendments to FRS1 - Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income. There is no financial impact on the financial results of the Group arising from the adoption of the revised standards.

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.

	GROUP	
	3 months 2013	3 months 2012
Basic and diluted earnings per share (cents)	0.89	0.17
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	
	31.3.2013	31.12.2012	31.3.2013	31.12.2012
Net asset value per share (cents)	35.55	34.73	35.38	34.57

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 2013, the Group's revenue rose 3.6% to S\$28.6 million, attributed largely to new business. Commission expense rose 59.1% to S\$3.8 million, from S\$2.4 million a year ago, primarily due to higher accrual of profit commission payable to cedants and lower commission income from the retrocession arrangement. The net claims incurred declined by 35.1% to S\$7.4 million, equivalent to an incurred loss ratio (of net written premium) of 56.2% compared to the 97.3% in the corresponding quarter last year. The higher net claims incurred in first quarter of 2012 was attributed to case reserves set aside for the 2011 Thailand floods. Reinsurance management expenses fell 34.1% to S\$1.5 million due to lower provision for bad and doubtful debts. In ratio terms, the reinsurance management expense ratio (of net written premium) of 11.3% was lower than the 19.2% in preceding year. If the provision for bad and doubtful debts and foreign exchange differences were excluded, reinsurance management expenses would be 9.7% higher than the corresponding period a year ago but in terms of ratio (as a % of net written premium), it would be lower at 12.6%, compared to 12.9% in the same quarter last year. In light of the foregoing, an underwriting surplus of S\$245,000 was recorded within first quarter of 2013, compared to the S\$4.5 million underwriting deficit in the same quarter last year.

The net investment income increased 3.9% to S\$6 million due to higher profit on sale of equity investments and higher rental income. Overall, the Group's net profit before income tax rose to S\$6.2 million compared to the S\$1.4 million net profit before income tax in the corresponding quarter in preceding year.

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

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

Not applicable.

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

The market conditions continue to be very challenging. Renewals of business during the quarter showed that at the primary level the insurance premium rates had remained depressed in a highly competitive environment due to excessive supply of reinsurance capacity. This would inevitably have adverse impact upon reinsurers.

On the investment front, uncertainties in the global economies and in particular the projected slowing down and the restructuring of the Singapore economy, will affect market sentiment.

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. Negative confirmation pursuant to Rule 705(5).

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 the period ended 31 March 2013 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Gerard Seah Jim Hong
Company Secretary
23 April 2013

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