Singapore Reinsurance Corporation Limited

ANNUAL REPORT 2015

CONTENTS

CHAIRMAN'S STATEMENT

Among the notable large natural peril disasters in terms of casualties which occurred during 2015 was the magnitude 7.8 tremblor which rattled Nepal and its neighbouring countries wherein about 9,000 lives were lost and 500,000 properties damaged, although the insured loss estimate was a mere USD160 million (or roughly 2.7% of the USD6 billion economic loss) attributed to the low insurance penetration in the country. Other significant loss events were the record-breaking freezing temperatures in North America at the beginning of the year, winter storms in Europe and UK, flooding in Chennai, etc.

In terms of man-made disasters, what caught the attention of the (re)insurance industry within the past year was the series of explosions at a chemical storage facility and the widespread devastation to the immediate vicinity at Tianjin port, China on 12 August 2015. There remained some uncertainty as regards the insured loss estimate for the said event but initial indications are the insured loss could exceed USD2 billion, which would make it the costliest man-made incident in Asia in history.

Globally, the economic losses from both natural and man-made disasters totalled USD85 billion in 2015 (2014: USD113 billion), of which the insured losses of USD30.5 billion was lower than the USD32 billion recorded in 2014 and well below the USD102 billion in 2011. In light of the relatively subdued total insurance loss estimates in the year under review, the (re)insurance sector remained strongly capitalised, excess capacity prevailed globally and competition was rife.

Favourable investment earnings were also increasingly difficult to come by in an environment of lower-yielding coupon returns for the bond portfolio which is further compounded by the volatility in equity prices as depicted by the 12% decline in the MSCI Asia Pacific (ex Japan) Index in 2015, compared to the 0.2% decline in preceding year.

Against this backdrop, your Corporation's premium revenue fell 12.7% to S$128.3 million in 2015 of which 53.4% of premium revenue emanated from Singapore and the remaining 46.6% was derived largely from ceding partners within Asia (including the Middle East). Despite the low volume of catastrophic losses, lower premium revenue and higher expenses reduced underwriting surplus for the year to S$950,000 compared to the S$1.9 million in 2014.

On the investment front, the Group's net investment income declined by 42% to S$10.2 million in 2015 (2014: S$17.6 million) primarily due to lower revaluation surplus on property investments, higher impairment write-down on equity investments and lower profit realised on equities. Consequently, the net investment return represented an annual yield of 2.6% based on market value (2014: 4.3% investment yield). Overall, the Group's pre-tax profit decreased 41.1% to S$12.1 million (2014: S$20.6 million pre-tax profit). The total asset, which is the combination of shareholders' and insurance funds, amounted to S$680.3 million, a 6.8% reduction from a year ago, while the NAV was also lower at 38.32 cents per share, down from 39.12 cents per share in the previous year.

Notwithstanding the disappointing outcome as enumerated, your Board is proposing a final dividend of 0.6 cent per share (2014: final dividend 0.8 cent per share). Taking into consideration the interim dividend of 0.7 cent per share and special dividend of 0.3 cent per share declared in August 2015, the total dividend of 1.6 cents per share for 2015 translated to a dividend yield of 4.9% (2014: 1.5 cents, 4.7% dividend yield).

Your Corporation's continued prudent business and investment profile and the underlying strength of its risk-based capitalisation were reflected in the affirmation of its financial strength rating of A- (Excellent) with Stable outlook by independent rating agency A.M. Best.

Looking Ahead

Although the non-life premium growth in the emerging markets in Asia is projected to grow in excess of 10% for 2016, recent and likely impending regulatory changes in specific regional territories (particularly, China, India and Indonesia) and the more stringent solvency regimes, would render some of the regional (re)insurance markets even more challenging. The pick-up in pace of mergers and acquisitions would mean better capitalised primary insurers who would retain more business and cede out less. In addition, excess capital and capacity would continue to plague the (re)insurance sector with ever-widening coverages and reducing premium rates at uneconomical levels. With all these negative forces in play, healthy premium growth would be a challenging task.

On the investment front, the continued uncertain economic outlook combined with the increasing geopolitical risks globally will make it difficult to improve upon the hitherto not-unsatisfactory investment returns. However, your Board will continue to pursue a prudent strategy in order to safeguard the interests of Shareholders.

Your Corporation will be facing multiple facets in external headwinds which will put pressure on underwriting margins, investment yields and cost inflation. In the midst of these challenging times, the team will continue to actively plough for new business opportunities whilst being mindful of emerging risks which could impact business profitability. With the

CHAIRMAN'S STATEMENT
(CONT'D)

approval of the application of a retakaful window under the Labuan branch by the Labuan Financial Services Authority in the second half of 2015, the wheels have been set in motion for your Corporation to better access takaful business. Amid the tight and aging manpower situation in Singapore, the thrust to improve cost management by leveraging on IT technology and brainstorming new ideas to be more efficient is a must.

As you would be aware, in the annual report submitted to shareholders last year, it was mentioned that your Corporation would be restructuring the Board composition in order to comply with the more exacting corporate governance standards and definition of independent directors imposed on financial institutions in Singapore. Consequently, in the second half of the year, new directors Mr Dileep Nair, Mr Peter Sim Swee Yam and Mr Ong Eng Yaw were invited to sit on the Board, while long-standing directors Mr Keith Tay Ah Kee, Mr Ong Choo Eng and Mr Li Weiguo had stepped down from the Board. I would like to place on record my appreciation to Mr Keith Tay Ah Kee, Mr Ong Choo Eng and Mr Li Weiguo for their invaluable contribution during their many years of tenure. At the same time, I look forward to working closely with the new and existing Board members to navigate your Corporation through the choppy operating conditions ahead. On behalf of the Board, we wish to extend our regards to Mr Ravi Menon, Managing Director of the Monetary Authority of Singapore (MAS) and thank the Authority for their wise counsel and guidance. Last but not least, our sincere gratitude to our shareholders, business partners and reinsurers for their fervent support and to management and staff of the Group for their never-say-die attitude and hard work.

Ramaswamy Athappan
Chairman

Singapore
26 February 2016

REVIEW OF OPERATIONS

Market Overview

As mentioned in the Chairman's Statement, 2015 was another "CAT-lite" year in terms of both natural peril and man-made loss activity and the global insured loss of USD30.5 billion was a new low since 2009. The subdued CAT activity was a saving grace especially since global market over-capacity and intense competition continued to plague the (re)insurance markets.

Reinsurance Operations

Amid a highly challenging operating environment, your Corporation's premium revenue fell 12.7% to S$128.3 million for the year ended 31 December 2015. Business emanating from the domestic market contributed 53.4% of the gross premium (2014: 52.8%), while markets outside Singapore generated 46.6% of gross premium (2014: 47.2%). The key overseas territories by gross premium allocation were as follows:

Territory	Gross Premium Allocation
Singapore	53.4%
Outside Singapore	46.6%
of which the top 3 overseas markets comprised:	
Malaysia	13.8%
China	13.8%
Hong Kong	6.7%

Correspondingly, the net written premium of S$53.5 million in 2015 was a 5.9% decline from the previous year, and it represented a moderately higher net retention ratio of 41.7% (2014: 38.6%).

Within Asia, which is where your Corporation derived the bulk of its business from, the loss event of significance during the year under review was the explosions at a hazardous chemical warehouse in Tianjin port, China on 12 August 2015 which affected the Property, Casualty and Cargo lines of business. The preliminary insured loss estimate is believed to be in excess of USD2 billion, although some informed sources suggest it could be as high as USD6 billion, making it the worst man-made disaster in Asia ever. Towards early November till early December 2015, the Chennai/Tamil Nadu flood was another relatively sizeable loss in Asia where the 100% insured loss estimate was purportedly around USD760 million. However, the point of significance was that human factor had again featured in the Tianjin explosions and Chennai/Tamil Nadu flood incident.

By virtue of our business involvement in China and India, your Corporation was unavoidably affected by the

REVIEW OF OPERATIONS (CONT'D)

Tianjin port incident and Chennai/Tamil Nadu flood. However, the loss estimates (net of outward retrocession) remained modest. Overall, your Corporation's net claim incurred of S$31.9 million in 2015 represented 59.7% incurred loss ratio, compared to the 57.2% incurred loss ratio, in 2014 a deterioration of 2.5-percentage-points but nevertheless tolerable.

Net commission expense declined by 0.4% from a year earlier to S$15.1 million. In terms of commission expense ratio, it represented 28.2% of net written premium in 2015 (2014: 26.7%). However, the management expense ratio rose to 12.7% in 2015 (2014: 8.7%), as the preceding year had the benefit of a higher write-back in provision for bad and doubtful debts due to the calibration in the general provision methodology.

Notwithstanding the adverse experience during the year under review, your Corporation managed to record an underwriting surplus of S$950,000 for 2015, equivalent to a surplus ratio of 1.8% (of net written premium), compared to the S$1.9 million underwriting profit or 3.4% surplus ratio (of net written premium) a year earlier.

Investment

Interest rates remained depressed in the mega economies, with some sliding into negative territory, as the monetary authorities strived to cajole banks to lend and consumers to spend. At the same time, the depressed oil and commodity prices for resource-exporting nations have had a contagion effect on large infrastructure projects which are either being shelved or delayed. With little or no good news to report, the economic picture was one of doom-and-gloom with high volatility in stock and currency markets. In the face of the many uncertainties, your Corporation remained steadfast in its pursuit of the time-tested defensive investment strategy. Overall, the net investment income of S$11.5 million in 2015 (2014: S$18.7 million) represented a lower rate of return of 2.9% on market value (2014: 4.6%) and total investment assets declined marginally by 2.6% to S$394.3 million in fair value (2014: S$404.7 million). The investment asset allocation was as follows:

Assets	Total Investment Allocation
Fixed Income Investment	52.6%
Cash and Cash equivalents	18.5%
Properties	14.8%
Equities	14.1%

Subsidiaries

Collectively, the subsidiaries' turnover increased nominally by 0.4% to S$7.4 million in 2015 and the combined pre-tax profit was 1.3% lower at S$1.4 million.

INS Communications Private Limited (INS), the publishing and conferencing arm of the Group, had a decent year in 2015 bearing in mind the challenges and competition it faced regionally and globally. It was a special year for the subsidiary as it celebrated its 25th anniversary with a special summit dedicated to saluting the value of insurance to society. This was a world first with support from international bodies around the world including the International Labour Organisation (ILO) and the United Nations.

INS's flagship publication, Asia Insurance Review (AIR), reaffirmed its pre-eminent position as the "voice of the insurance industry in Asia" in spite of fierce competition from international players. AIR's website is the most visited insurance news website in Asia and ranked among the top 3 globally in terms of website hits. It boasts 75,000 visitors and 120,000 page views per month.

In its commitment to serve the insurance industry of the region, INS held some 20 insurance conferences as well as the 19th Annual Asia Insurance Industry Awards to recognise and salute excellence, in addition to the AIR e-daily online newsletter. For the first time, it launched Asia Risk Management e-Weekly to 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, the subsidiary's Middle East Insurance Review (MEIR) partnered with the Dubai International Financial Centre (DIFC) to launch the inaugural Dubai Rendezvous. Along with the MEIR e-daily, MEIR's website is the most visited insurance news website in the Middle East and North Africa (MENA) region as confirmed by Google Analytics and Similar Web in 2015. During the year, the subsidiary also hosted the 2nd Middle East Insurance Industry Awards, two Bancassurance and Healthcare conferences for the region and published two annual directories – the World Islamic Insurance Directory and the MENA Insurance Directory. The subsidiary also provides secretariat support to the MENA Insurance CEO Club, the region's think tank it helped co-found.

As part of its value-added services to the insurance industry, the subsidiary continues to produce daily newsletters at high profile events. In 2015, it produced three newsletters at the International Insurance Society (IIS) Global Insurance Forum, the 13th Singapore International Reinsurance Conference (SIRC) and the Pacific Insurance Conference in Manila.

The subsidiary's two magazines, AIR and MEIR are listed as Media Partners in all major industry events in Asia and the Middle East and where relevant at global events like the IIS Global Insurance Forum which was held in New York.

Singapore-Re Management Services Private Limited sold off its insurance Information Technology (IT) software to another IT service provider and the novation of the IT clientele was fully completed. With that, the subsidiary will be taking the requisite measures to voluntarily wind down the remaining operations. Overall, the Corporation has made a profit from the venture.

REVIEW OF OPERATIONS
(CONT'D)

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. Therefore, it is not expected to add meaningfully to your Corporation's bottom-line.

Outlook

Global growth remains uncertain. As such, the continued pursuit of a defensive investment strategy remains the best policy to ensure a steady income.

In the underwriting arena, sad to say, there continues to be too much capacity and capital floating around consequently resulting in "crazy cheap" premium rates and wider (re)insurance coverages. Further, barriers to entry to several regional markets is set to pick up pace especially since many regulators are aggressively pushing for reinsurers to set up branches within their respective jurisdiction in order to access the (re)insurance business. A small reinsurance player like your Corporation neither has the resources nor financial muscle to enter the fray. Hence, we have to remain nimble-footed, re-assess and carefully identify pockets of opportunity which would hopefully grow the business profitably. One area of potential growth is in the (re)takaful sector and with the retakaful window application under the Labuan branch approved by the Labuan FSA and now operational, we are fairly optimistic in this aspect for the medium term.

After more than a decade of delay, the new insurance supervision regime Solvency II has finally been implemented in the European Economic Area in January 2016. In Singapore, the MAS is expected to finalise version 2 of the Risk-Based Capital framework by 2017 which means more IT system and process enhancements would be required in the not-too-distant future. In addition, impending changes in the international financial reporting standards which have implication on the (re)insurance sector and greater demand for transparency of data by regulators would imply the continued spiralling of compliance costs and greater demand for human resources which would add to the multitude of challenges in an already difficult operating environment.

Theresa Wee Sui Ling
Chief General Manager/
Chief Executive

Singapore
26 February 2016

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

CORPORATE DATA
(CONT'D)

Joint Company Secretaries
Ong Beng Hong
Tan Swee Gek

Auditors
KPMG LLP
Public Accountants and Chartered Accountants
Partner: Jeya Poh Wan S/O K. Suppiah
(since Financial Year Ended 31 December 2011)

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

Director/Chairman

Mr Athappan, a non-executive and non-independent director, 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, Remuneration, Nominating 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.

Mr Athappan was last elected on 23 April 2014 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 25 April 2016.

DAVID CHAN MUN WAI

Director/Deputy Chairman

Mr Chan, a non-executive and non-independent director, 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 and is also a Chartered Insurer and a Fellow of the Chartered Insurance Institute, UK.

DIRECTORS' PROFILE
(CONT'D)

HWANG SOO JIN
Director

Mr Hwang, a non-executive and non-independent director, 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, Remuneration and Nominating Committees.

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

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 founder 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 Awards in 2013.

DILEEP NAIR
Director

Mr Nair, a non-executive and independent director, 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 is Singapore's non-resident High Commissioner to Ghana and 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.

PETER SIM SWEE YAM

Director

Mr Sim, a non-executive and independent director, 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 is a partner at Sim Law Practice LLC and an independent director of Lum Chang Holdings Ltd, Marco Polo Marine Ltd, Mun Siong Engineering Limited and Haw Par Corporation Limited. In addition, he sits on the Board of Young Men's Christian Association (YMCA) of Singapore and Singapore Heart Foundation. He was previously an independent director of Latitude Tree International Group Ltd.

He graduated with a Bachelor of Law from the University of Singapore and was admitted to the Singapore Bar in 1981. He was awarded the Pingat Bakti Masyarakat in August 2000 and the Bintang Bakti Masyarakat in August 2008.

ONG ENG YAW

Director

Mr Ong, a non-executive and independent director, 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) 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.

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 and China Affairs

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

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.

CHENG YIINA

Assistant General Manager (Systems and China Affairs)

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.

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As part of its value-added service to the insurance industry, the subsidiary continues to produce daily newsletters at high profile events. In 2015, it produced three newsletters at the IIS Global Insurance Forum, the 13th SIRC and the Pacific Insurance Conference in Manila.


Beijing New World Square


Shanghai Panorama

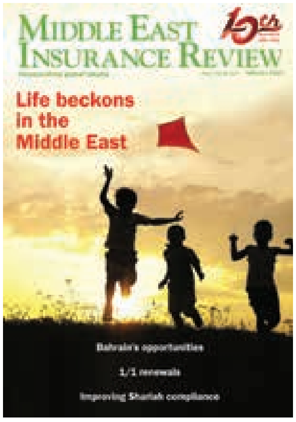

Dalian Asia Pacific International Centre

The subsidiary's two magazines, AIR and MEIR are listed as Media Partners in all major industry events in Asia and the Middle East and where relevant globally too like the IIS Global Insurance Forum in New York.

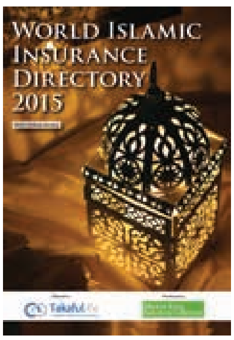
The subsidiary is deeply committed to offer value added service to help the industry's march towards higher standards and greater professionalism, which is part of the critical success factor of INS.

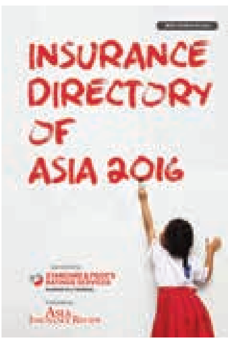
15th CEO Insurance Summit

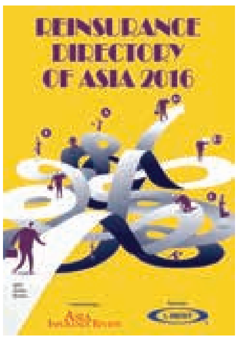
Asia Insurance Industry Awards

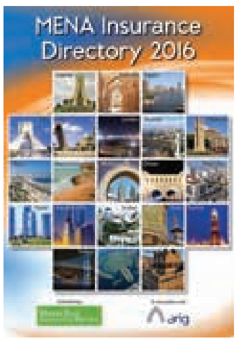


Magazines









Directories

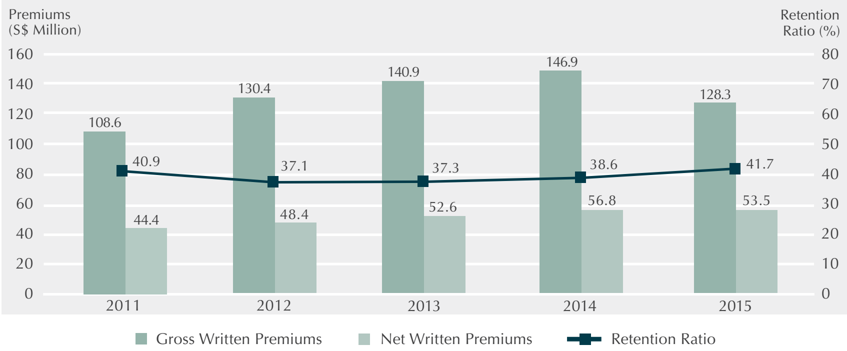
GROUP FINANCIAL HIGHLIGHTS

S$'000	2011	2012	2013	2014	2015
Revenue	115,522	137,077	147,245	153,627	**135,415**
Gross Written Premiums	108,607	130,373	140,881	146,949	**128,326**
Net Written Premiums	44,380	48,397	52,579	56,795	**53,467**
Underwriting Results	(14,156)	(5,222)	1,899	1,932	**950**
Net Income/(Loss) From Reinsurance Operations	(4,770)	5,384	14,344	15,084	**7,901**
Profit Before Income Tax	3,725	12,882	22,563	20,612	**12,137**
Profit After Income Tax And Non-Controlling Interests	3,037	11,259	20,378	18,039	**11,511**
Net Insurance Contract Provisions:					
Outstanding Claims	152,313	156,325	160,513	160,452	**152,635**
Unexpired Risks	16,900	18,455	19,193	21,469	**20,217**
	169,213	174,780	179,706	181,921	**172,852**
% To Net Written Premiums (based on 5-year average of net written premiums)	419.9%	413.2%	400.9%	373.3%	**338.1%**
Shareholders' Funds	197,096	210,197	224,935	236,760	**231,918**
Investment Funds	375,049	394,522	403,569	407,341	**396,512**
Total Assets	632,349	694,223	722,869	730,327	**680,385**
Net Tangible Assets Per Share (cents)	32.57	34.73	37.17	39.12	**38.32**
Earnings Per Share (cents)	0.50	1.86	3.37	2.98	**1.90**
Return On Equity (%)	1.54	5.36	9.06	7.62	**4.96**
Gross Dividend (cents)	1.20	1.20	1.50	1.50	**1.60**
Gross Dividend Yield (%) At Year-End Share Price	4.14	4.71	5.88	4.69	**4.92**
Capital Adequacy Ratio (%)	294.1	314.6	310.3	313.0	**317.2**

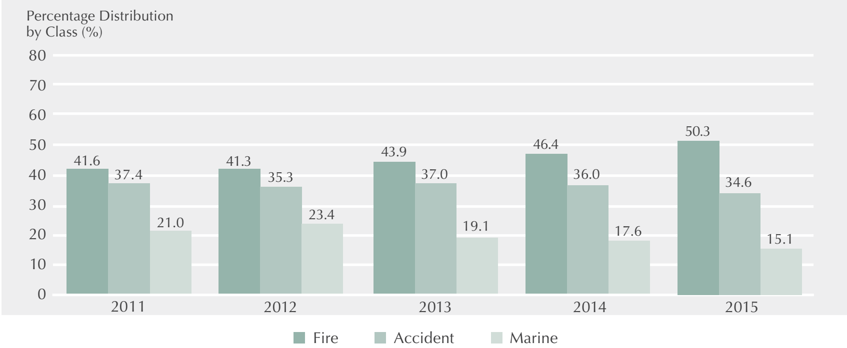
Note:

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

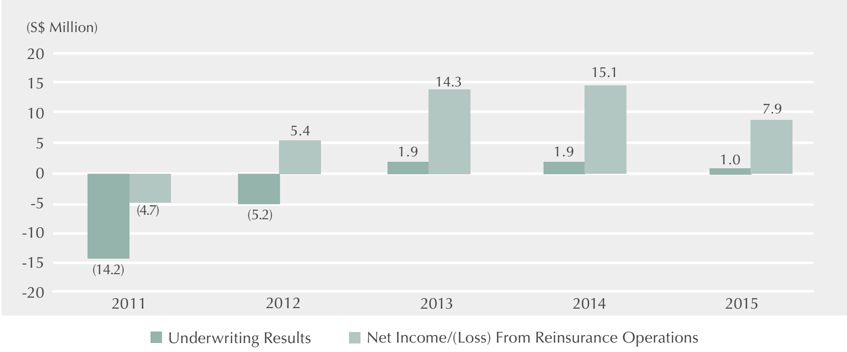
Premiums



Premiums Distribution by Class

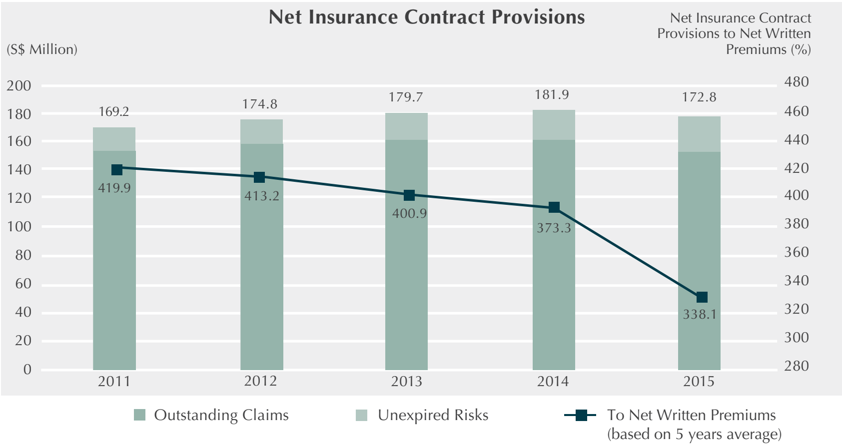


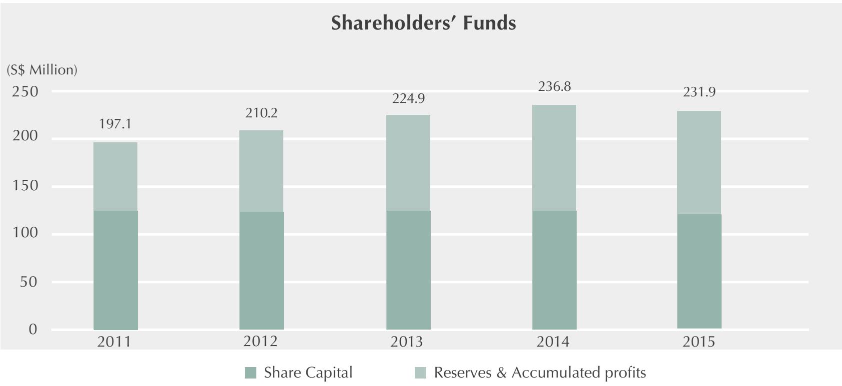
Underwriting and Reinsurance Operations Results

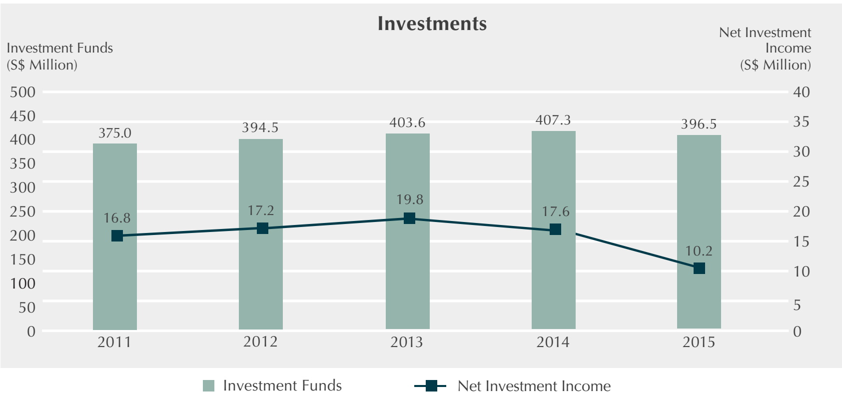


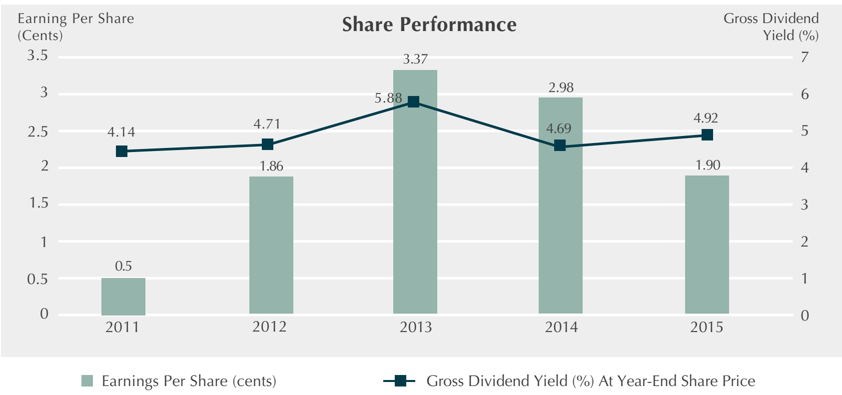
Profit & Loss

GROUP FINANCIAL HIGHLIGHTS (CONT'D)









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 (the CG Guidelines) by the Monetary Authority of Singapore 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 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 the performance and prospect;
- to ensure the implementation of the Board's overall strategies, including the 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, IT controls and risk management systems in an effort to safeguard shareholders' interest and the Group's assets.

CORPORATE GOVERNANCE

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 any other 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.

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.

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.

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 all the Directors have the relevant experience, capabilities and skills. The Board is able to exercise objective judgment independently from Management and no individual or small group of individuals dominate the decisions 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 to carry out his duties as a Director of the Company.

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 was an immediate family member 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.

With reference to the CG Regulations the definition of an independent director, among other things defines the director as someone who has not served on the Board for a continuous period of 9 years or longer. Also, the Board must comprise at least one-third of directors who are independent directors as defined in the CG Regulations. This requirement must be complied with by the Company not later than the day on which the first AGM of the Company is held or required to be held for the year 2016. In that regard, the NC took calibrated steps in 2015 to restructure the composition of the Board and the Board Committees to comply with the CG Regulations by the appointment of three new independent directors, namely Mr Dileep Nair, Mr Peter Sim Swee Yam and Mr Ong Eng Yaw, and three former directors agreed to step down and cease their directorship on the Board.

The Directors' profile is provided in pages 11 to 13.

CORPORATE GOVERNANCE

The Members' attendance at the Board and specialised Board Committee meetings for the financial year ended 31 December 2015 are as shown below:

Committees	BOARD	EXCO	AC	NC	RC	INV
Number of Meetings Held	4	2	4	1	1	2
Members	**Number of Meetings Attended**					
Ramaswamy Athappan	4	2	4	1	1	2
David Chan Mun Wai	4	2	4	1	1	2
Hwang Soo Jin	4	1	4	1	1	2
Keith Tay Ah Kee(1)	4	2	4	0	0	2
Ong Choo Eng(1)	4	2	4	1	1	2
Li Weiguo(1)	4					
Dileep Nair(2)	1					
Peter Sim Swee Yam(3)	1					
Ong Eng Yaw(4)	1					

Notes:

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

(1) Mr Keith Tay Ah Kee, Mr Ong Choo Eng and Mr Li Weiguo ceased to be directors of the Company on 31 December 2015.

(2) Mr Dileep Nair was appointed to the Board on 20 October 2015.

(3) Mr Peter Sim Swee Yam was appointed to the Board on 24 August 2015.

(4) Mr Ong Eng Yaw was appointed to the Board on 24 August 2015.

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;
- ensure compliance with the Code and 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 Monetary Authority of Singapore (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 recommendation to the Board for the Directors who are eligible to be re-appointed at the AGM of the Company at regular intervals.

All Directors are encouraged to attend appropriate external continuing education programmes to help them keep abreast of developments in corporate governance standards, best board practices, financial and accounting policies, risk management requirements and such similar matters.

Appointment of New Directors

The search and nomination process for new Directors are 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.

CORPORATE GOVERNANCE

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).

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 corporate governance guidelines for financial institutions would be conducted.

Executive Committee
Following the restructuring of the Board committees in January 2016, 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

Following the restructuring of the Board committees in January 2016, the Audit Committee (AC) comprises five non-executive Directors, majority of whom, including the Chairman, are independent Directors as defined in the Code.

The Board is of 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 and operational 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

  [Note: The Board retains the responsibility for the review of the effectiveness of the system of internal control 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 main 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;

CORPORATE GOVERNANCE

- 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
- advise the Board on the Company's overall risk tolerance and risk policies.

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 Committee has reviewed the non-audit services provided by the external auditors in the financial year ended 31 December 2015 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.

Nominating Committee
Following the restructuring of the Board committees in January 2016, 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

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 provides its views on the independence to the Board;
- to ensure compliance with the CG Regulations 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 commitment adequately.

Remuneration Committee
Following the restructuring of the Board committees in January 2016, 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 key management personnel including the Head of Internal Audit/Compliance annually in an effort to ensure adequate manpower support to facilitate the achievement of strategic objectives and corporate values; 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 termination clauses that are not overly generous.

CORPORATE GOVERNANCE

Investment Committee
Following the restructuring of the Board committees in January 2016, 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
Ms 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;
- 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 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 Chief Financial Officer (CFO) 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 was 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 directors has never been an issue.

Furthermore, with the reconstitution of the Board Committees the new independent directors, Mr Dileep Nair, Mr Ong Eng Yaw and Mr Peter Sim Swee Yam have assumed leading roles by virtue of their appointment as Chairman of the AC, NC and RC, respectively.

CORPORATE GOVERNANCE

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 the 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 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.

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 S$250,000.

The remuneration of Directors for the year ended 31 December 2015 is set out below:

Directors	Directors' Fees	Salary	Bonus	Other Fees, Allowances & Benefits[2]	Total
	%	%	%	%	%
Ramaswamy Athappan	100	–	–	–	100
Hwang Soo Jin[1]	12	–	–	88	100
Keith Tay Ah Kee	100	–	–	–	100
David Chan Mun Wai	100	–	–	–	100
Ong Choo Eng	100	–	–	–	100
Li Weiguo	100	–	–	–	100
Dileep Nair[3]	100	–	–	–	100
Peter Sim Swee Yam[3]	100	–	–	–	100
Ong Eng Yaw[3]	100	–	–	–	100

1 Daily attendance at office with specific responsibilities for overseeing the management of the Investment, China Affairs and Internal Audit departments, and all subsidiary companies.

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

3 Mr Dileep Nair, Mr Peter Sim Swee Yam and Mr Ong Eng Yaw were appointed in the second half of 2015. Payment of pro-rated directors' fees to each of them will be subject to shareholders' approval at the forthcoming AGM in April 2016.

The following information relates to Directors' remuneration:

	Number of Directors in Remuneration Bands	
Remuneration Bands	**2015**	2014
S$250,000 to S$499,999	**2**	2
Below S$250,000	**7**	4
Total	**9**	6

CORPORATE GOVERNANCE

The remuneration of key management personnel for the year ended 31 December 2015 is set out below:

Key Management Personnel	Directors' Fees[3]	Salary	Bonus	Other Fees, Allowances & Benefits[4]	Total
	%	%	%	%	%
Theresa Wee Sui Ling	1	72	19	8	100
Subramaniam Mokanasivam	1	67	24	8	100
Chin Tsu-Kuang	2	76	15	7	100
Carlene Lim Lay Hoon	–	78	19	3	100
Mervyn Low Cheng Chwee	–	72	19	9	100
Cheng Yiina	1	77	18	4	100
Ho Wing Hoong	–	76	18	6	100
Yap Sock Cheen	–	79	21	–	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	**2015**	2014
S$250,000 to S$499,999	**2**	2
Below S$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 year exceeds S$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.

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, continuous 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 system of internal controls, including financial, operational and compliance controls, were adequate and effective as at 31 December 2015, to address the risks which the Group considers relevant and material to its operations. The Group complies with Rule 1207(10) of the SGX Listing Manual. Both the CE and CFO 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 employees. 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.

CORPORATE GOVERNANCE

The AC in turn meets with Management and the auditors 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.

Management with the assistance of a reputable external consultancy firm has reviewed and has updated the Company's Risk Management framework with a view to ensuring that with suitable strengthening in the practices, the Company is able to meet with the regulatory requirement on Enterprise Risk Management for Insurers (MAS Notice 126 issued on 2 April 2013).

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. With the recent changes to the Companies Act, Chapter 50 which came into effect on 3 January 2016, 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. An announcement will be made after the general meetings of the detailed results showing the number of votes cast for and against each resolution and the respective percentages.

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 2015.

In our opinion:

(a) the financial statements set out on pages 46 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 2015 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	
Peter Sim Swee Yam	(Appointed on 24 August 2015)
Ong Eng Yaw	(Appointed on 24 August 2015)
Dileep Nair	(Appointed on 20 October 2015)

Mr Ramaswamy Athappan retires by rotation at the forthcoming Annual General Meeting (AGM) in accordance with Article 98 of the Company's Constitution and, being eligible, offers himself for re-election.

Mr Peter Sim Swee Yam, Mr Ong Eng Yaw and Mr Dileep Nair retire pursuant to Article 103 of the Company's Constitution, at the forthcoming AGM and, being eligible, offer themselves for re-appointment.

Mr Hwang Soo Jin was last re-appointed to the Board at the AGM held in 2015 pursuant to section 153(6) of the Act which was in force immediately before 3 January 2016. Pursuant to section 153(6) of the Act, such re-appointment was valid until the next AGM. Accordingly, Mr Hwang Soo Jin, being eligible, offers himself for re-election at the forthcoming AGM.

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	1,108,000	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 2016.

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.

DIRECTORS' STATEMENT

Audit committee

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

Dileep Nair (Chairman)	(Appointed on 6 January 2016)
Ramaswamy Athappan	
David Chan Mun Wai	
Peter Sim Swee Yam	(Appointed on 6 January 2016)
Ong Eng Yaw	(Appointed on 6 January 2016)
Hwang Soo Jin	(Resigned on 6 January 2016)
Keith Tay Ah Kee	(Resigned on 31 December 2015)
Ong Choo Eng	(Resigned on 31 December 2015)

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.

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

26 February 2016

INDEPENDENT AUDITORS' REPORT

Members of Singapore Reinsurance Corporation Limited

Report on the financial statements

We have audited the accompanying financial statements of Singapore Reinsurance Corporation Limited ("the Company") and its subsidiaries ("the Group"), which comprise the statement of financial position of the Group and the Company as at 31 December 2015, the statement of profit or loss and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group, and the statement of profit or loss and statement of comprehensive income and statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 46 to 122.

Management's responsibility 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 Singapore Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards, 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position, the statement of profit or loss and statement of comprehensive income and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group and the results and changes in equity of the Company for the year ended on that date.

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 and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
26 February 2016

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Assets					
Property, plant and equipment	4	**35,897**	35,526	**35,825**	35,457
Investment properties	5	**23,189**	24,787	**23,189**	24,787
Intangible asset	6	**–**	–	**–**	–
Interest in subsidiaries	7	**–**	–	**1,123**	1,123
Reinsurers' share of insurance contract provisions for:					
– outstanding claims	10	**193,916**	214,572	**193,916**	214,572
– unexpired risks	10	**26,869**	31,946	**26,869**	31,946
Financial assets	8	**262,339**	275,911	**261,844**	275,977
Club membership		**15**	20	**–**	–
Insurance receivables	11	**58,428**	72,531	**58,428**	72,531
Other receivables	12	**3,911**	3,390	**3,225**	3,114
Cash and cash equivalents	13	**75,821**	71,644	**73,028**	67,850
Total assets		**680,385**	730,327	**677,447**	727,357
Equity attributable to equity holders of the Company					
Share capital	14	**123,300**	123,300	**123,300**	123,300
Reserves	15	**23,580**	29,039	**23,648**	29,039
Accumulated profits		**85,038**	84,421	**84,337**	83,648
		231,918	236,760	**231,285**	235,987
Non-controlling interests		**264**	320	**–**	–
Total equity		**232,182**	237,080	**231,285**	235,987
Liabilities					
Insurance contract provisions for:					
– outstanding claims	10	**346,551**	375,024	**346,551**	375,024
– unexpired risks	10	**47,086**	53,415	**47,086**	53,415
Deferred taxation	9	**1,264**	2,322	**1,264**	2,322
Insurance payables	17	**47,901**	56,139	**47,901**	56,139
Other payables	18	**4,314**	3,882	**2,419**	2,178
Current tax payable		**1,087**	2,465	**941**	2,292
Total liabilities		**448,203**	493,247	**446,162**	491,370
Total equity and liabilities		**680,385**	730,327	**677,447**	727,357

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

STATEMENTS OF PROFIT OR LOSS

Year ended 31 December 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Revenue	20	**135,415**	153,627	**128,326**	146,949
Reinsurance operations:					
Gross written premiums	20	**128,326**	146,949	**128,326**	146,949
Reinsurance premiums		**(74,859)**	(90,154)	**(74,859)**	(90,154)
Net written premiums		**53,467**	56,795	**53,467**	56,795
Gross transfer from/(to) provision for unexpired risks	10	**6,329**	(6,871)	**6,329**	(6,871)
Reinsurance transfer (from)/to provision for unexpired risks	10	**(5,077)**	4,595	**(5,077)**	4,595
Net earned premiums		**54,719**	54,519	**54,719**	54,519
Gross claims incurred	10	**(59,217)**	(73,550)	**(59,217)**	(73,550)
Reinsurers' share of claims incurred	10	**27,309**	41,069	**27,309**	41,069
Net claims incurred		**(31,908)**	(32,481)	**(31,908)**	(32,481)
Commission expense		**(39,425)**	(42,079)	**(39,425)**	(42,079)
Commission income		**24,336**	26,922	**24,336**	26,922
Net commission expense		**(15,089)**	(15,157)	**(15,089)**	(15,157)
Management expenses	23	**(6,772)**	(4,949)	**(6,772)**	(4,949)
Underwriting results		**950**	1,932	**950**	1,932
Net investment income	21	**6,951**	13,152	**6,951**	13,152
Net income from reinsurance operations (I)		**7,901**	15,084	**7,901**	15,084
Non-reinsurance operations:					
Net investment income	21	**3,257**	4,457	**4,525**	5,534
Other operating income	22	**7,095**	6,683	**6**	5
Management expenses	23	**(6,116)**	(5,612)	**(494)**	(430)
Net income from non-reinsurance operations (II)		**4,236**	5,528	**4,037**	5,109
Profit before income tax (I) + (II)	26	**12,137**	20,612	**11,938**	20,193
Income tax expense	27	**(490)**	(2,381)	**(355)**	(2,248)
Profit for the year		**11,647**	18,231	**11,583**	17,945
Attributable to:					
Equity holders of the Company		**11,511**	18,039	**11,583**	17,945
Non-controlling interests		**136**	192	**–**	–
Profit for the year		**11,647**	18,231	**11,583**	17,945
Basic and diluted earnings per share (cents)	28	**1.90**	2.98		

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

STATEMENTS OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Profit for the year		**11,647**	18,231	**11,583**	17,945
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Revaluation of property, plant and equipment	4	**350**	2,957	**350**	2,957
Tax on items that will not be reclassified to profit or loss		**(24)**	(15)	**(24)**	(15)
		326	2,942	**326**	2,942
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	26	**(2,318)**	(3,603)	**(2,314)**	(3,489)
– Reclassification of impairment on investments to profit or loss	26	**2,780**	741	**2,780**	741
– Change in fair value of investments		**(7,351)**	2,730	**(7,275)**	2,616
Tax on items that are or may be reclassified subsequently to profit or loss		**1,092**	54	**1,092**	54
		(5,797)	(78)	**(5,717)**	(78)
Other comprehensive income for the year, net of income tax		**(5,471)**	2,864	**(5,391)**	2,864
Total comprehensive income for the year		**6,176**	21,095	**6,192**	20,809
Attributable to:					
Equity holders of the Company		**6,052**	20,903	**6,192**	20,809
Non-controlling interests		**124**	192	**–**	–
Total comprehensive income for the year		**6,176**	21,095	**6,192**	20,809

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

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 2014	123,300	7,854	18,321	75,460	224,935	328	225,263
Total comprehensive income for the year							
Profit for the year	–	–	–	18,039	18,039	192	18,231
Other comprehensive income:							
Revaluation of property, plant and equipment	–	–	2,957	–	2,957	–	2,957
Available-for-sale financial assets:							
– Reclassification of gain on sale of investments to profit or loss	–	(3,603)	–	–	(3,603)	–	(3,603)
– Reclassification of impairment on investments to profit or loss	–	741	–	–	741	–	741
– Change in fair value of investments	–	2,730	–	–	2,730	–	2,730
Income tax relating to components of other comprehensive income	–	54	(15)	–	39	–	39
Total other comprehensive income, net of income tax	–	(78)	2,942	–	2,864	–	2,864
Total comprehensive income for the year	–	(78)	2,942	18,039	20,903	192	21,095
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 2013	–	–	–	(4,842)	(4,842)	–	(4,842)
Interim dividend of 0.7 cent per share tax exempt (one-tier) paid in respect of year 2014	–	–	–	(4,236)	(4,236)	–	(4,236)
Acquisition of minority interests	–	–	–	–	–	(5)	(5)
Dividend paid to non-controlling interests	–	–	–	–	–	(195)	(195)
Total contributions by and distributions to owners	–	–	–	(9,078)	(9,078)	(200)	(9,278)
At 31 December 2014	123,300	7,776	21,263	84,421	236,760	320	237,080

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

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

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

Company	Share capital $'000	Fair value reserve $'000	Revaluation reserve $'000	Accumulated profits $'000	Total $'000
At 1 January 2014	123,300	7,854	18,321	74,781	224,256
Total comprehensive income for the year					
Profit for the year	–	–	–	17,945	17,945
Other comprehensive income:					
Revaluation of property, plant and equipment	–	–	2,957	–	2,957
Available-for-sale financial assets:					
– Reclassification of gain on sale of investments to profit or loss	–	(3,489)	–	–	(3,489)
– Reclassification of impairment on investments to profit or loss	–	741	–	–	741
– Change in fair value of investments	–	2,616	–	–	2,616
Income tax relating to components of other comprehensive income	–	54	(15)	–	39
Total other comprehensive income, net of income tax	–	(78)	2,942	–	2,864
Total comprehensive income for the year	–	(78)	2,942	17,945	20,809
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 2013	–	–	–	(4,842)	(4,842)
Interim dividend of 0.7 cent per share tax exempt (one-tier) paid in respect of year 2014	–	–	–	(4,236)	(4,236)
Total contributions by and distributions to owners	–	–	–	(9,078)	(9,078)
At 31 December 2014	123,300	7,776	21,263	83,648	235,987

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

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

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**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Note	2015 $'000	2014 $'000
Operating activities			
Profit before income tax		**12,137**	20,612
Adjustments for:			
Insurance contract provisions for net unexpired risks		**(1,252)**	2,276
Insurance contract provisions for net outstanding claims		**(7,817)**	(61)
Impairment write down on investments	21	**2,780**	741
Impairment write down/(back) on club membership	21	**5**	(2)
Change in fair value of investment properties	21	**(496)**	(1,896)
Impairment provision write-back on investment properties		**–**	(951)
Gain on sale of investments	21	**(2,318)**	(3,603)
Depreciation of property, plant and equipment	4	**384**	319
Interest income	21	**(8,356)**	(8,405)
Dividend income		**(2,425)**	(2,493)
Gain on sale of property, plant and equipment		**(6)**	–
Gain on sale of investment properties	21	**(76)**	–
Property, plant and equipment written off		**–**	2
		(7,440)	6,539
Changes in working capital:			
Insurance receivables		**14,104**	(1,573)
Other receivables		**(572)**	651
Insurance payables		**(8,238)**	(9,672)
Other payables		**252**	(363)
Cash used in operations		**(1,894)**	(4,418)
Income tax paid		**(1,858)**	(1,966)
Net cash used in operating activities		**(3,752)**	(6,384)
Investing activities			
Interest received		**8,367**	8,637
Dividends received		**2,425**	2,493
Purchase of investments		**(41,385)**	(62,709)
Proceeds from sale of investments		**47,645**	61,720
Purchase of property, plant and equipment	4	**(410)**	(261)
Disposal of property, plant and equipment	4	**11**	–
Purchase of investment properties	5	**–**	(1,817)
Proceeds from disposal of investment properties	5	**2,170**	–
Net cash from investing activities		**18,823**	8,063
Financing activities			
Dividends paid		**(10,894)**	(9,078)
Decrease in deposits pledged		**117**	600
Net cash used in financing activities		**(10,777)**	(8,478)
Net increase/(decrease) in cash and cash equivalents		**4,294**	(6,799)
Cash and cash equivalents at beginning of year	13	**71,405**	78,204
Cash and cash equivalents at end of year	13	**75,699**	71,405

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 26 February 2016.

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 2015 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".

2 Basis of preparation (continued)

2.2 Basis of measurement (continued)

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 2015, 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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (continued)

3.1 Consolidation (continued)

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 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.

3 Significant accounting policies (continued)

3.3 Reinsurance business (continued)

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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (continued)

3.3 Reinsurance business (continued)

Claims (continued)

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.

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 3.8.

3 Significant accounting policies (continued)

3.3 Reinsurance business (continued)

Receivables and payables related to insurance contracts (continued)

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 3.8.

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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (continued)

3.4 Property, plant and equipment (continued)

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 Intangible asset

Intangible asset which comprises an in-house developed integrated web-based Insurance Brokers Management System, is stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is provided on a straight-line basis so as to write-off the costs over the estimated useful life of 3 years.

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

3.6 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.

3 Significant accounting policies (continued)

3.6 Investment properties (continued)

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 3.11.

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.

3.7 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (continued)

3.7 Financial instruments (continued)

Non-derivative financial assets (continued)

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 Significant accounting policies (continued)

3.8 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (continued)

3.8 Impairment (continued)

Financial assets (continued)

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.

3.9 Employee benefits

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

3 Significant accounting policies (continued)

3.9 Employee benefits (continued)

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 Scheme 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.

3.10 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.

3.11 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

3 Significant accounting policies (continued)

3.11 Revenue recognition (continued)

Investment income (continued)

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.

3.12 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.

3 Significant accounting policies (continued)

3.12 Income tax expense (continued)

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.

3.13 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.

3.14 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.

3.15 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.

3.16 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (continued)

3.16 New standards and interpretations not adopted (continued)

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.

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

As FRS 115 and FRS 109, when effective, will change the existing accounting standards and guidance applied by the Group in accounting for revenue and financial instruments, these standards are expected to be relevant to the Group. The Group will be assessing the potential impact on its financial statements and to implement the standards. The Group does not plan to adopt these standards early.

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 (IFRS) for financial year ending 31 December 2018 onwards. Singapore-incorporated companies listed on SGX will have to assess the impact of IFRS 1: First-time adoption of IFRS when transitioning to the new reporting framework. The Group is currently assessing the impact of transitioning to the new reporting framework on its financial statements.

4 Property, plant and equipment

	Leasehold land and buildings $'000	Furniture, fittings and equipment $'000	Total $'000
Group			
Valuation/Cost	**Valuation**	**Cost**	
At 1 January 2014	32,214	4,219	36,433
Additions	–	261	261
Revaluation surplus	2,957	–	2,957
Write-off/Disposals	–	(59)	(59)
Reversal of depreciation on revaluation	(172)	–	(172)
At 31 December 2014	**34,999**	**4,421**	**39,420**
Additions	–	410	410
Revaluation surplus	350	–	350
Write-off/Disposals	–	(222)	(222)
Reversal of depreciation on revaluation	(186)	–	(186)
At 31 December 2015	**35,163**	**4,609**	**39,772**
Accumulated depreciation and impairment losses			
At 1 January 2014	–	3,804	3,804
Depreciation for the year	172	147	319
Write-off/Disposals	–	(57)	(57)
Reversal of depreciation on revaluation	(172)	–	(172)
At 31 December 2014	**–**	**3,894**	**3,894**
Depreciation for the year	186	198	384
Write-off/Disposals	–	(217)	(217)
Reversal of depreciation on revaluation	(186)	–	(186)
At 31 December 2015	**–**	**3,875**	**3,875**
Carrying amounts			
At 1 January 2014	32,214	415	32,629
At 31 December 2014	**34,999**	**527**	**35,526**
At 31 December 2015	**35,163**	**734**	**35,897**

NOTES TO THE FINANCIAL STATEMENTS

4 Property, plant and equipment (continued)

	Leasehold land and buildings $'000	Furniture, fittings and equipment $'000	Total $'000
Company			
Valuation/Cost	**Valuation**	**Cost**	
At 1 January 2014	32,214	3,799	36,013
Additions	–	249	249
Write-off/Disposals	–	(19)	(19)
Revaluation surplus	2,957	–	2,957
Reversal of depreciation on revaluation	(172)	–	(172)
At 31 December 2014	**34,999**	**4,029**	**39,028**
Additions	–	365	365
Write-off/Disposals	–	(189)	(189)
Revaluation surplus	350	–	350
Reversal of depreciation on revaluation	(186)	–	(186)
At 31 December 2015	**35,163**	**4,205**	**39,368**
Accumulated depreciation and impairment losses			
At 1 January 2014	–	3,476	3,476
Depreciation charge for the year	172	113	285
Write-off/Disposals	–	(18)	(18)
Reversal of depreciation on revaluation	(172)	–	(172)
At 31 December 2014	**–**	**3,571**	**3,571**
Depreciation charge for the year	186	157	343
Write-off/Disposals	–	(185)	(185)
Reversal of depreciation on revaluation	(186)	–	(186)
At 31 December 2015	**–**	**3,543**	**3,543**
Carrying amounts			
At 1 January 2014	32,214	323	32,537
At 31 December 2014	**34,999**	**458**	**35,457**
At 31 December 2015	**35,163**	**662**	**35,825**

4 Property, plant and equipment (continued)

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Depreciation charge					
Leasehold land and buildings		**186**	172	**186**	172
Furniture, fittings and equipment		**198**	147	**157**	113
	26	**384**	319	**343**	285
Allocated as follows:					
Reinsurance operations	23	**153**	108	**153**	108
Non-reinsurance operations	23	**41**	34	**–**	–
Investment expenses	21	**190**	177	**190**	177
		384	319	**343**	285

Leasehold land and buildings of the Group and Company are revalued as at 31 December 2015 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 $350,000 (2014: $2,957,000).

The carrying amount of leasehold land and buildings of the Group and the Company would have been $14,116,000 (2014: $14,181,000) had the leasehold land and buildings been carried at cost less accumulated depreciation and impairment losses.

Property, plant and equipment are non-current assets.

NOTES TO THE FINANCIAL STATEMENTS

4 Property, plant and equipment (continued)

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 2015 $'000	Carrying amount 2014 $'000
Singapore					
85 Amoy Street	Office building	999 years lease w.e.f. 1/10/1827	235	**14,000**	14,000
68/69 Amoy Street	Office building	999 years lease w.e.f. 1/10/1827	304	**18,500**	18,500
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**	2,499
Total owner occupied leasehold land and buildings				**35,163**	34,999

5 Investment properties

Group and Company	**Note**	**$'000**
At 1 January 2014		20,123
Addition of investment properties		1,817
Write-back provision for impairment	21, 26	951
Change in fair value	21, 26	1,896
At 31 December 2014		**24,787**
Disposal of investment properties		(2,094)
Write-back provision for impairment	21, 26	–
Change in fair value	21, 26	496
At 31 December 2015		**23,189**

Investment properties are revalued as at 31 December 2015 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.

5 **Investment properties (continued)**

During the year, the Company sold its investment properties at #512/513 Sesame Apartments in London, United Kingdom.

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 2015 $'000	2014 $'000
Singapore					
55-58 Amoy Street	Office building	999 years lease w.e.f. 25/7/1833	178	**9,100**	8,800
103 Amoy Street	Office building	999 years lease w.e.f. 1/10/1827	185	**9,500**	9,500
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	**1,503**	1,451
#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	**3,086**	2,942

NOTES TO THE FINANCIAL STATEMENTS

5 Investment properties (continued)

***Investment properties leasehold land and buildings** (continued)*

Location	Description	Tenure	Land area/ Floor area (sq. m.)	Carrying amount 2015 $'000	2014 $'000
United Kingdom					
#512 and #513 Sesame Apartments, Holman Road, SW11 3PG London	Residential units	999 years lease w.e.f. 25/03/2014	132	–	2,094
				23,189	24,787

6 Intangible asset

Insurance Brokers Management System (IBMS) is a fully integrated web-based system designed specifically to enable the professional insurance broker/agent to meet the demand of modern business with focus on customer service and quick efficient information retrieval. It comprises different modules and a host of management reports to aid decision-making, credit control, customer servicing as well as local statutory reporting.

The development cost of the IBMS is capitalised as an intangible asset and the asset is stated at cost less amortisation and impairment losses.

In August 2015, Singapore-Re Management Services Private Limited completed the sale of intellectual property rights of its insurance-related software. It discontinued its Information Technology business and the intangible asset was disposed of.

	Group $'000
Cost	
As at 1 January 2014, 31 December 2014 and 1 January 2015	137
Disposal	(137)
As at 31 December 2015	**–**
Accumulated amortisation	
As at 1 January 2014, 31 December 2014 and 1 January 2015	137
Disposal	(137)
As at 31 December 2015	**–**
Carrying amount	
At 1 January 2014	–
At 31 December 2014	–
At 31 December 2015	**–**

7 Interest in subsidiaries

	Company	
	2015	2014
	$'000	$'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 2015:

Name of company	Principal activities	Percentage of equity held by the Group	
		2015	2014
		%	%
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 discontinued its Information Technology business. The subsidiary is looking into 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 2015 approximates the fair value less costs to sell. The net assets comprise predominantly current monetary items.

Interest in subsidiaries is non-current.

NOTES TO THE FINANCIAL STATEMENTS

8 Financial assets

Financial assets consist of equity securities and debt securities:

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Debt securities available-for-sale				
– at fair value	**207,363**	217,571	**207,363**	217,571
Equity securities available-for-sale				
– at fair value	**54,976**	58,340	**54,481**	58,406
Total financial assets	**262,339**	275,911	**261,844**	275,977
Allocated as:				
Non-current assets				
– Equity securities available-for-sale				
– at fair value	**1,309**	1,192	**1,309**	1,192
Total non-current assets	**1,309**	1,192	**1,309**	1,192
Current assets				
– Debt securities available-for-sale				
– at fair value	**207,363**	217,571	**207,363**	217,571
– Equity securities available-for-sale				
– at fair value	**53,667**	57,148	**53,172**	57,214
Total current assets	**261,030**	274,719	**260,535**	274,785
Total financial assets	**262,339**	275,911	**261,844**	275,977

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

Debt securities include government securities of $2,115,000 (2014: $2,148,000) pledged to a bank for letter of credit facilities.

During the year, the Group recognised an impairment loss of $2,780,000 (2014: $741,000) for investments in equity securities due to significant or prolonged decline in fair value of these securities since the initial recognition.

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 2014 $'000	Recognised in statement of profit or loss $'000	Recognised in other comprehensive income $'000	At 31 December 2014 $'000	Recognised in statement of profit or loss $'000	Recognised in other comprehensive income $'000	At 31 December 2015 $'000
Group							
Deferred tax (liabilities)/assets							
Others	29	3	–	32	(1)	–	31
Financial assets	(1,540)	–	54	(1,486)	–	1,092	(394)
Property, plant and equipment and intangible asset	(282)	(17)	(15)	(314)	(34)	(24)	(372)
Investment properties	(189)	(90)	–	(279)	13	–	(266)
Other receivables	(381)	106	–	(275)	12	–	(263)
	(2,363)	2	39	(2,322)	(10)	1,068	(1,264)
Company							
Deferred tax (liabilities)/assets							
Others	29	3	–	32	(1)	–	31
Financial assets	(1,540)	–	54	(1,486)	–	1,092	(394)
Property, plant and equipment	(282)	(17)	(15)	(314)	(34)	(24)	(372)
Investment properties	(189)	(90)	–	(279)	13	–	(266)
Other receivables	(381)	106	–	(275)	12	–	(263)
	(2,363)	2	39	(2,322)	(10)	1,068	(1,264)

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	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Deferred tax assets	**31**	32	**31**	32
Deferred tax liabilities	**(1,295)**	(2,354)	**(1,295)**	(2,354)
Net deferred tax liabilities	**(1,264)**	(2,322)	**(1,264)**	(2,322)

Deferred tax liabilities are non-current.

NOTES TO THE FINANCIAL STATEMENTS

10 Insurance contract provisions

a. *Analysis of movements in provision for outstanding claims:*

	Group and Company	
	2015	2014
	$'000	$'000
Gross outstanding claims	**346,551**	375,024
Reinsurers' share of outstanding claims	**(193,916)**	(214,572)
Outstanding claims (net)	**152,635**	160,452
Movements in gross outstanding claims:		
Balance at beginning of the year	**375,024**	376,798
Gross paid claims	**(87,690)**	(75,324)
Gross claims incurred	**59,217**	73,550
Balance at end of the year	**346,551**	375,024
Movements in reinsurers' share of outstanding claims:		
Balance at beginning of the year	**(214,572)**	(216,285)
Reinsurers' share of paid claims	**47,965**	42,782
Reinsurers' share of claims incurred	**(27,309)**	(41,069)
Balance at end of the year	**(193,916)**	(214,572)
Movements in net provision:		
Balance at beginning of the year	**160,452**	160,513
Net paid claims	**(39,725)**	(32,542)
Net claims incurred	**31,908**	32,481
Balance at end of the year	**152,635**	160,452

10 Insurance contract provisions (continued)

b. Analysis of movements in provision for unexpired risks:

	Group and Company	
	2015	2014
	$'000	$'000
Gross unexpired risks	**47,086**	53,415
Reinsurers' share of unexpired risks	**(26,869)**	(31,946)
Unexpired risks (net)	**20,217**	21,469
Movements in gross unexpired risks:		
Balance at beginning of the year	**53,415**	46,544
Transfer (to)/from reinsurance operations	**(6,329)**	6,871
Balance at end of the year	**47,086**	53,415
Movements in reinsurers' share of unexpired risks:		
Balance at beginning of the year	**(31,946)**	(27,351)
Transfer to/(from) reinsurance operations	**5,077**	(4,595)
Balance at end of the year	**(26,869)**	(31,946)
Movements in net provision:		
Balance at beginning of the year	**21,469**	19,193
Transfer (to)/from reinsurance operations	**(1,252)**	2,276
Balance at end of the year	**20,217**	21,469

c. Summary

Total insurance contract provisions are allocated as follows:

	Group and Company	
	2015	2014
	$'000	$'000
Non-current liabilities	**273,661**	302,070
Current liabilities	**119,976**	126,369
	393,637	428,439
Non-current assets	**(152,270)**	(170,143)
Current assets	**(68,515)**	(76,375)
	(220,785)	(246,518)
Net	**172,852**	181,921

NOTES TO THE FINANCIAL STATEMENTS

10 Insurance contract provisions (continued)

c. Summary (continued)

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	
	2015	2014
	$'000	$'000
Inward insurance receivables:		
– Related parties	**13,560**	14,770
– Others	**21,780**	39,207
Allowance for doubtful inward insurance receivables	**(1,283)**	(1,627)
	34,057	52,350
Outward reinsurance receivables:		
– Related parties	**11,113**	7,053
– Others	**11,676**	11,932
Allowance for doubtful outward reinsurance receivables	**(1,447)**	(1,450)
	21,342	17,535
Deposits retained by cedants:		
– Related parties	**384**	737
– Others	**2,645**	1,909
	3,029	2,646
	58,428	72,531

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 (2014: 3) most significant insurance receivables as at the reporting date amounted to $29,158,000 (2014: $32,237,000) and represented 50% (2014: 45%) of total insurance receivables.

12 Other receivables

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Trade receivables of the subsidiaries		**1,105**	747	**–**	–
Allowance for doubtful receivables		**(129)**	(105)	**–**	–
		976	642	**–**	–
Interest receivable		**2,157**	2,208	**2,155**	2,206
Sundry deposits		**19**	27	**18**	25
Amounts due from subsidiaries (non-trade)	19	**–**	–	**543**	532
Others		**354**	79	**186**	40
Other receivables		**3,506**	2,956	**2,902**	2,803
Deferred expenses		**69**	104	**–**	–
Prepayments		**336**	330	**323**	311
		3,911	3,390	**3,225**	3,114

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 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Cash at bank and in hand	**12,393**	13,505	**11,127**	12,523
Fixed deposits	**63,428**	58,139	**61,901**	55,327
	75,821	71,644	**73,028**	67,850
Pledged deposits	**(122)**	(239)	**(122)**	(239)
Cash and cash equivalents in the statement of cash flows	**75,699**	71,405	**72,906**	67,611

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

NOTES TO THE FINANCIAL STATEMENTS

13 Cash and cash equivalents (continued)

Deposits with financial institutions of $122,000 (2014: $239,000) 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 $248,000 (2014: $224,000).

14 Share capital

	Group and Company			
	2015	**2015**	2014	2014
	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 5% (2014: 7.6%).

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.

14 Share capital (continued)

Capital management (continued)

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.

15 Reserves

The fair value reserve includes the cumulative net change in fair value of available-for-sale investments until the investment is 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 market 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.

NOTES TO THE FINANCIAL STATEMENTS

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

(1) Determining outstanding claim liabilities (continued)

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.

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

(1) Determining outstanding claim liabilities (continued)

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.

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 2015 and equity of the Group as at 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS

17 Insurance payables

	Group and Company	
	2015	2014
	$'000	$'000
Inward insurance payables:		
– Related parties	**6,610**	4,590
– Others	**27,776**	23,402
Outward reinsurance payables:		
– Related parties	**3,927**	12,920
– Others	**7,045**	12,758
Deposits retained from reinsurers:		
– Related parties	**1,766**	1,538
– Others	**777**	931
	47,901	56,139

Insurance payables are due within the next financial year.

18 Other payables

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Accruals	**1,260**	1,562	**973**	1,130
Deferred income	**1,147**	972	**69**	–
Employee benefits				
– liability for short term accumulating compensated absences and long service benefit	**288**	287	**187**	187
Sundry creditors	**1,399**	772	**937**	605
Sundry deposits	**103**	116	**153**	170
Trade creditors of the subsidiaries	**17**	87	**–**	–
Unclaimed dividends	**100**	86	**100**	86
	4,314	3,882	**2,419**	2,178

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 Amounts due to and from subsidiaries

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

20 Revenue

		Group		Company	
	Note	**2015**	2014	**2015**	2014
		$'000	$'000	**$'000**	$'000
Gross written premiums		**128,326**	146,949	**128,326**	146,949
Non-reinsurance income	22	**7,089**	6,678	**–**	–
		135,415	153,627	**128,326**	146,949

Gross written premiums relate to the reinsurance operations.

21 Investment income and expenses

		Group		Company	
	Note	**2015**	2014	**2015**	2014
		$'000	$'000	**$'000**	$'000
Investment income:					
Dividend income (gross):					
– from subsidiaries		**–**	–	**1,195**	1,105
– other investments		**2,425**	2,493	**2,420**	2,493
Rental income *		**1,640**	1,561	**1,769**	1,692
Net gains on sale of investments		**2,318**	3,603	**2,314**	3,489
Gains on sale of investment properties		**76**	–	**76**	–
Change in fair value of investment properties	5	**496**	1,896	**496**	1,896
Interest income:					
– Corporate bonds		**5,813**	6,268	**5,813**	6,268
– Deposits		**780**	529	**780**	529
– Government and public authority securities		**1,685**	1,531	**1,685**	1,531
– Others		**58**	43	**27**	21
Interest on premium reserve deposit		**20**	34	**20**	34
Impairment provision write-back on investment properties	5	**–**	951	**–**	951
Total investment income		**15,311**	18,909	**16,595**	20,009
Allocated as follows:					
Reinsurance operations		**11,538**	13,904	**11,538**	13,904
Non-reinsurance operations		**3,773**	5,005	**5,057**	6,105
		15,311	18,909	**16,595**	20,009

NOTES TO THE FINANCIAL STATEMENTS

21 Investment income and expenses (continued)

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Investment expenses:					
Interest on reinsurers' deposits		**(20)**	(29)	**(20)**	(29)
Staff costs	24	**(150)**	(141)	**(150)**	(141)
Other investment expense		**(368)**	(308)	**(389)**	(329)
Directors' fees		**(50)**	(50)	**(50)**	(50)
Consultancy expenses		**(277)**	(277)	**(277)**	(277)
Withholding tax		**(15)**	(51)	**(15)**	(51)
Depreciation of property, plant and equipment	4	**(190)**	(177)	**(190)**	(177)
Rental expense		**(6)**	(6)	**(6)**	(6)
Exchange (losses)/gains		**(1,242)**	478	**(1,242)**	478
Impairment write-down on investments	26	**(2,780)**	(741)	**(2,780)**	(741)
Impairment (write-down)/write-back on club membership	26	**(5)**	2	**–**	–
Total investment expenses		**(5,103)**	(1,300)	**(5,119)**	(1,323)
Allocated as follows:					
Reinsurance operations		**(4,587)**	(752)	**(4,587)**	(752)
Non-reinsurance operations		**(516)**	(548)	**(532)**	(571)
		(5,103)	(1,300)	**(5,119)**	(1,323)
Net investment income:					
Allocated as follows:					
Reinsurance operations		**6,951**	13,152	**6,951**	13,152
Non-reinsurance operations		**3,257**	4,457	**4,525**	5,534
		10,208	17,609	**11,476**	18,686

* Rental income includes $869,000 (2014: $864,000) relating to internal charging of rent to departments occupying the Company's premises.

22 Other operating income

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Non-reinsurance income:					
– advertisements		**1,419**	1,441	**–**	–
– publications and organising of conferences and seminars		**4,915**	4,695	**–**	–
– management services		**108**	68	**–**	–
– computer advisory services and consultancy		**647**	474	**–**	–
	20	**7,089**	6,678	**–**	–
Other income:					
– unclaimed dividends		**6**	5	**6**	5
		7,095	6,683	**6**	5
Allocated as follows:					
Subsidiaries' business		**7,089**	6,678	**–**	–
Company's business		**6**	5	**6**	5
		7,095	6,683	**6**	5

23 Management expenses

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Reinsurance operations:					
Staff costs	24	**4,155**	3,728	**4,155**	3,728
Depreciation of property, plant and equipment	4	**153**	108	**153**	108
Other operating expenses	25	**2,464**	1,113	**2,464**	1,113
		6,772	4,949	**6,772**	4,949

NOTES TO THE FINANCIAL STATEMENTS

23 Management expenses (continued)

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Non-reinsurance operations:					
Staff costs	24	**2,977**	2,753	**–**	–
Depreciation of property, plant and equipment	4	**41**	34	**–**	–
Other operating expenses	25	**3,098**	2,825	**494**	430
		6,116	5,612	**494**	430
Allocated as follows:					
Subsidiaries' business		**5,622**	5,182	**–**	–
Company's business		**7,266**	5,379	**7,266**	5,379
		12,888	10,561	**7,266**	5,379

24 Staff costs

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Reinsurance operations	23	**4,155**	3,728	**4,155**	3,728
Non-reinsurance operations	23	**2,977**	2,753	**–**	–
Investment expenses	21	**150**	141	**150**	141
		7,282	6,622	**4,305**	3,869

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

	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Reinsurance operations	**416**	315	**416**	315
Non-reinsurance operations	**277**	238	**–**	–
Investment expenses	**12**	10	**12**	10
	705	563	**428**	325
These comprise:				
Directors of the subsidiaries	**33**	36	**21**	19
Staff	**672**	527	**407**	306
	705	563	**428**	325

25 Other operating expenses

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Conference, printing and design costs		**1,404**	1,417	**–**	–
Computer expenses		**1,088**	1,177	**979**	987
Rental expenses		**863**	858	**863**	858
Professional fees		**443**	461	**398**	435
Directors' fees		**613**	605	**588**	580
Bad debts written off/(recovered):					
– insurance receivables		**(33)**	5	**(33)**	5
– trade receivables of the subsidiaries		**2**	46	**–**	–
Allowance (reversed)/made for doubtful receivables:					
– insurance receivables	26	**(347)**	(1,428)	**(347)**	(1,428)
– trade receivables of the subsidiaries	26	**24**	(127)	**–**	–
Others		**1,505**	924	**510**	106
		5,562	3,938	**2,958**	1,543
Allocated as follows:					
Reinsurance operations	23	**2,464**	1,113	**2,464**	1,113
Non-reinsurance operations *	23	**3,098**	2,825	**494**	430
		5,562	3,938	**2,958**	1,543
** Non-reinsurance operations allocated as follows:*					
Subsidiaries' business		**2,604**	2,395	**–**	–
Company's non-reinsurance business		**494**	430	**494**	430
		3,098	2,825	**494**	430

NOTES TO THE FINANCIAL STATEMENTS

26 Profit before income tax

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

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Depreciation of property, plant and equipment	4	**384**	319	**343**	285
Change in fair value of investment properties	21	**(496)**	(1,896)	**(496)**	(1,896)
Impairment write-down/(back) on:					
– investments	21	**2,780**	741	**2,780**	741
– club membership	21	**5**	(2)	**–**	–
– investment properties	21	**–**	(951)	**–**	(951)
Exchange losses/(gains)		**1,130**	(955)	**1,127**	(933)
Write-off property, plant and equipment		**–**	2	**–**	1
Remuneration paid to auditors of the Company:					
– audit fees		**232**	223	**207**	198
– non-audit fees#		**55**	131	**45**	124
Bad debts written off/(recovered)					
– insurance receivables		**(33)**	5	**(33)**	5
– trade receivables of the subsidiaries		**2**	46	**–**	–
Allowance (reversed)/made for doubtful receivables:					
– insurance receivables	25	**(347)**	(1,428)	**(347)**	(1,428)
– trade receivables of the subsidiaries	25	**24**	(127)	**–**	–
Remuneration paid to directors:					
– directors' fees		**613**	605	**588**	580
– consultancy fees		**396**	396	**396**	396
Senior management remuneration *		**2,126**	2,042	**1,352**	1,218

Non-audit fees comprised mainly consultancy fees relating to professional services for Enterprise and Technology Risk Management which are non-recurring in nature. 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.

27 Income tax expense

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Current tax				
– based on current year's results	**1,003**	1,880	**856**	1,696
– (over)/under provision in respect of prior years	**(523)**	503	**(511)**	554
	480	2,383	**345**	2,250
Deferred tax				
– origination and reversal of temporary differences	**10**	(2)	**10**	(2)
	490	2,381	**355**	2,248

Reconciliation of tax charge

Profit before taxation	**12,137**	20,612	**11,938**	20,193
Income tax using Singapore tax rates at 17%	**2,063**	3,504	**2,029**	3,433
Non-deductible/taxable differences (net)	**(416)**	(785)	**(410)**	(769)
Income not subject to tax	**(295)**	(351)	**(498)**	(539)
Income taxed at concessionary rate	**(280)**	(484)	**(280)**	(484)
Tax benefit from tax exemption scheme	**(130)**	(115)	**(46)**	(56)
(Over)/under provision in respect of prior years	**(523)**	503	**(511)**	554
Effect of different tax rate in other countries	**71**	109	**71**	109
	490	2,381	**355**	2,248

28 Basic and diluted earnings per share

	Group	
	2015	2014
Basic and diluted earnings per share is based on:		
Net profit attributable to ordinary shares ($'000)	**11,511**	18,039
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.

	2015	2014
	$'000	$'000
Final dividend proposed:		
– 0.6 cent (2014: 0.8 cent) per share tax exempt (one-tier)	**3,631**	4,842

NOTES TO THE FINANCIAL STATEMENTS

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	2015 Reinsurance $'000	2015 Non-reinsurance $'000	2015 Total $'000	2014 Reinsurance $'000	2014 Non-reinsurance $'000	2014 Total $'000
Gross written premiums	**128,326**	**–**	**128,326**	146,949	–	146,949
Net earned premiums	**54,719**	**–**	**54,719**	54,519	–	54,519
Net claims incurred	**(31,908)**	**–**	**(31,908)**	(32,481)	–	(32,481)
Net commission expense	**(15,089)**	**–**	**(15,089)**	(15,157)	–	(15,157)
Management expenses	**(6,772)**	**–**	**(6,772)**	(4,949)	–	(4,949)
Underwriting results	**950**	**–**	**950**	1,932	–	1,932
Net investment income *	**6,951**	**–**	**6,951**	13,152	–	13,152
Net income from reinsurance operations (I)	**7,901**	**–**	**7,901**	15,084	–	15,084
Net investment income*	**–**	**3,257**	**3,257**	–	4,457	4,457
Other operating income	**–**	**7,095**	**7,095**	–	6,683	6,683
Management expenses	**–**	**(6,116)**	**(6,116)**	–	(5,612)	(5,612)
Net income from non-reinsurance operations (II)	**–**	**4,236**	**4,236**	–	5,528	5,528
Profit before income tax (I) + (II)			**12,137**			20,612
Income tax expense			**(490)**			(2,381)
Profit for the year			**11,647**			18,231
Segment total assets	**566,826**	**113,559**	**680,385**	609,189	121,138	730,327
Segment total liabilities	**443,126**	**5,077**	**448,203**	488,068	5,179	493,247

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

30 Segment information (continued)

(a) Operating segments (continued)

Other material non-cash items:

Group	2015 Reinsurance $'000	2015 Non-reinsurance $'000	2015 Total $'000	2014 Reinsurance $'000	2014 Non-reinsurance $'000	2014 Total $'000
Change in fair value of investment properties	**196**	**300**	**496**	896	1,000	1,896
Impairment write-back on investment properties	**–**	**–**	**–**	951	–	951
Impairment write-down on investments	**(2,752)**	**(28)**	**(2,780)**	(631)	(110)	(741)
Exchange (loss)/gain	**(1,127)**	**(3)**	**(1,130)**	933	22	955
Bad debts (written off)/ recovered	**33**	**(2)**	**31**	(5)	(46)	(51)
Allowance reversed/(made) for doubtful receivables	**347**	**(24)**	**323**	1,428	127	1,555

(b) Major customer

The Group has two (2014: two) external customers in the reinsurance segment whose contribution to the Group's revenue is in excess of 10%. Revenue from these two (2014: two) customers represents approximately $48,480,000 (2014: $56,850,000) of the Group's total revenue.

(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 revenue derived from external customers based on country of domicile and the non-current assets based on geographical location of the assets are as follows:

	Revenue 2015 $'000	Revenue 2014 $'000	Non-current assets 2015 $'000	Non-current assets 2014 $'000
Singapore	**70,292**	79,210	**51,833**	51,326
Malaysia	**18,258**	29,987	**–**	–
China	**26,341**	23,565	**7,253**	6,893
Others	**20,524**	20,865	**–**	2,094
Total	**135,415**	153,627	**59,086**	60,313

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

NOTES TO THE FINANCIAL STATEMENTS

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:

	2015	2014
	$'000	$'000
Change in Loss Ratio *(+/-10-percentage-points):*		
Impact on profit before income tax	**6,183**	6,291

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

31 Insurance and financial risk management (continued)

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

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 treaty 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.

NOTES TO THE FINANCIAL STATEMENTS

31 Insurance and financial risk management (continued)

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

Concentration of insurance risks (continued)

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 (2014: $7 million) any one loss occurrence as at 31 December 2015.

Territorial distribution of risks based on gross premium

	2015	2014
	%	%
Singapore	**53**	53
Rest of Asean	**18**	23
Others	**29**	24
	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.

31 Insurance and financial risk management (continued)

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

Claims development (continued)

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 2015 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.

NOTES TO THE FINANCIAL STATEMENTS

31 Insurance and financial risk management (continued)

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

Claims development (continued)

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

31 Insurance and financial risk management (continued)

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

Claims development (continued)

2014 analysis of claims development for Treaty and Facultative businesses – gross of reinsurance

	UNDERWRITING YEARS (UY)										
	2005 $'000	2006 $'000	2007 $'000	2008 $'000	2009 $'000	2010 $'000	2011 $'000	2012 $'000	2013 $'000	2014 $'000	Total $'000
At end of UY	34,053	20,136	17,235	28,834	22,029	34,117	95,363	45,141	42,274	43,139	
1 year later	45,313	33,533	40,424	45,308	44,592	62,629	139,760	76,734	72,797		
2 years later	46,475	31,145	44,289	45,476	48,083	69,302	139,730	76,763			
3 years later	42,237	31,408	42,486	46,757	47,557	70,220	141,142				
4 years later	40,579	27,169	37,155	43,434	46,817	65,528					
5 years later	36,853	22,844	34,824	37,569	43,371						
6 years later	36,457	21,720	33,133	35,139							
7 years later	35,867	21,593	32,477								
8 years later	35,500	21,130									
9 years later	35,288										
10 years later											
Cumulative incurred claims 2005 to 2014	35,288	21,130	32,477	35,139	43,371	65,528	141,142	76,763	72,797	43,139	566,774
Cumulative incurred claims 1975 to 2004											720,392
Total cumulative incurred claims											1,287,166
Cumulative paid claims 2005 to 2014	31,548	18,258	27,674	24,844	32,004	39,432	90,859	30,676	15,785	(5,405)	305,675
Cumulative paid claims 1975 to 2004											664,721
Total cumulative paid claims											970,396
Cumulative outstanding claims 2005 to 2014	3,740	2,872	4,803	10,295	11,367	26,096	50,283	46,087	57,012	48,544	261,099
Cumulative outstanding claims 1975 to 2004											55,671
Total cumulative outstanding claims											316,770

Cumulative gross incurred claims	
Treaty and Facultative business (from table above)	1,287,166
Voluntary Cessions & Bilateral Cessions	462,745
	1,749,911
Cumulative gross paid claims	
Treaty and Facultative business (from table above)	970,396
Voluntary Cessions and Bilateral Cessions	404,491
	1,374,887
Gross outstanding claims (refer note 10a)	375,024

NOTES TO THE FINANCIAL STATEMENTS

31 Insurance and financial risk management (continued)

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

Claims development (continued)

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

31 Insurance and financial risk management (continued)

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

Claims development (continued)

2014 analysis of claims development for Treaty and Facultative business – net of reinsurance

	UNDERWRITING YEARS (UY)										
	2005 $'000	2006 $'000	2007 $'000	2008 $'000	2009 $'000	2010 $'000	2011 $'000	2012 $'000	2013 $'000	2014 $'000	Total $'000
At end of UY	5,941	6,034	5,229	8,173	5,558	9,253	24,876	11,514	12,838	12,810	
1 year later	9,120	9,951	12,288	12,805	10,423	16,304	38,630	19,717	20,935		
2 years later	9,776	9,779	12,717	12,558	11,291	17,733	36,445	22,675			
3 years later	8,561	9,725	12,445	12,892	11,836	18,729	35,863				
4 years later	7,780	8,102	11,093	11,796	11,404	17,744					
5 years later	7,256	7,615	10,783	11,163	10,975						
6 years later	7,147	6,982	10,310	10,187							
7 years later	6,882	6,932	10,205								
8 years later	6,730	6,730									
9 years later	6,605										
10 years later											
Cumulative incurred claims 2005 to 2014	6,605	6,730	10,205	10,187	10,975	17,744	35,863	22,675	20,935	12,810	154,729
Cumulative incurred claims 1975 to 2004											281,743
Total cumulative incurred claims											436,472
Cumulative paid claims 2005 to 2014	5,704	5,734	8,380	7,506	7,019	11,101	20,416	7,686	4,900	(1,544)	76,902
Cumulative paid claims 1975 to 2004											252,102
Total cumulative paid claims											329,004
Cumulative outstanding claims 2005 to 2014	901	996	1,825	2,681	3,956	6,643	15,447	14,989	16,035	14,354	77,827
Cumulative outstanding claims 1975 to 2004											29,641
Total cumulative outstanding claims											107,468

Cumulative net incurred claims	
Treaty and Facultative business (from table above)	436,472
Voluntary Cessions and Bilateral Cessions	423,932
	860,404
Cumulative net paid claims	
Treaty and Facultative business (from table above)	329,004
Voluntary Cessions and Bilateral Cessions	370,948
	699,952
Net outstanding claims (refer note 10a)	160,452

NOTES TO THE FINANCIAL STATEMENTS

31 Insurance and financial risk management (continued)

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

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 2015, the top 3 (2014: 3) cedants and reinsurers collectively accounted for about 50% (2014: 45%) 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.

31 Insurance and financial risk management (continued)

(b) Financial risk management (continued)

(i) Credit risk (continued)

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						
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	**8,146**	**36,688**	**19,405**	**11,582**	**–**	**75,821**
Equities	**–**	**–**	**–**	**–**	**54,976**	**54,976**
	29,170	**59,760**	**34,976**	**159,278**	**54,976**	**338,160**

NOTES TO THE FINANCIAL STATEMENTS

31 Insurance and financial risk management (continued)

(b) Financial risk management (continued)

(i) Credit risk (continued)

	Financial strength rating					
	AAA $'000	A to AA $'000	B to BBB $'000	Below B/ Not rated $'000	Equities $'000	Total $'000
Group						
2014						
Debt securities:						
Government bonds	15,325	–	–	–	–	15,325
Public authorities and corporate bonds	2,071	21,594	13,194	165,387	–	202,246
	17,396	21,594	13,194	165,387	–	217,571
Cash and cash equivalents	8,609	32,930	17,297	12,808	–	71,644
Equities	–	–	–	–	58,340	58,340
	26,005	54,524	30,491	178,195	58,340	347,555
Company						
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	**8,146**	**35,161**	**18,564**	**11,157**	**–**	**73,028**
Equities	**–**	**–**	**–**	**–**	**54,481**	**54,481**
	29,170	**58,233**	**34,135**	**158,853**	**54,481**	**334,872**
2014						
Debt securities:						
Government bonds	15,325	–	–	–	–	15,325
Public authorities and corporate bonds	2,071	21,594	13,194	165,387	–	202,246
	17,396	21,594	13,194	165,387	–	217,571
Cash and cash equivalents	8,609	30,118	16,625	12,498	–	67,850
Equities	–	–	–	–	58,406	58,406
	26,005	51,712	29,819	177,885	58,406	343,827

31 Insurance and financial risk management (continued)

(b) Financial risk management (continued)

(i) Credit risk (continued)

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	
	2015	2014
	$'000	$'000
Not past due	**2,530**	2,314
Current to 6 months	**31,159**	43,329
7 to 12 months	**14,691**	12,852
More than 12 months	**13,554**	16,992
Insurance and other receivables	**61,934**	75,487

	Company	
	2015	2014
	$'000	$'000
Not past due	**2,902**	2,803
Current to 6 months	**30,310**	42,917
7 to 12 months	**14,621**	12,777
More than 12 months	**13,497**	16,837
Insurance and other receivables	**61,330**	75,334

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

	Group	
	2015	2014
	$'000	$'000
At 1 January	**3,182**	4,737
Impairment losses recognised	**191**	737
Impairment write back	**(514)**	(2,292)
At 31 December	**2,859**	3,182

NOTES TO THE FINANCIAL STATEMENTS

31 Insurance and financial risk management (continued)

(b) Financial risk management (continued)

(i) *Credit risk (continued)*

Impairment (continued)

	Company	
	2015	2014
	$'000	$'000
At 1 January	**3,077**	4,505
Impairment losses recognised	**157**	727
Impairment write back	**(504)**	(2,155)
At 31 December	**2,730**	3,077

(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 $75,699,000 (2014: $71,405,000) 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.

31 Insurance and financial risk management (continued)

(b) Financial risk management (continued)

(ii) Liquidity risk (continued)

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	Up to 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Group					
2015					
Net insurance contract provisions	10	**51,461**	**52,871**	**68,520**	**172,852**
Insurance payables	17	**47,901**	**–**	**–**	**47,901**
Other payables	18	**4,314**	**–**	**–**	**4,314**
		103,676	**52,871**	**68,520**	**225,067**
2014					
Net insurance contract provisions	10	49,994	57,558	74,369	181,921
Insurance payables	17	56,139	–	–	56,139
Other payables	18	3,882	–	–	3,882
		110,015	57,558	74,369	241,942

	Note	Up to 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Company					
2015					
Net insurance contract provisions	10	**51,461**	**52,871**	**68,520**	**172,852**
Insurance payables	17	**47,901**	**–**	**–**	**47,901**
Other payables	18	**2,419**	**–**	**–**	**2,419**
		101,781	**52,871**	**68,520**	**223,172**
2014					
Net insurance contract provisions	10	49,994	57,558	74,369	181,921
Insurance payables	17	56,139	–	–	56,139
Other payables	18	2,178	–	–	2,178
		108,311	57,558	74,369	240,238

NOTES TO THE FINANCIAL STATEMENTS

31 Insurance and financial risk management (continued)

(b) Financial risk management (continued)

(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 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	3,793	1	37	80	3,911
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	(4,314)	–	–	–	(4,314)
	307,395	10,560	9,804	20,525	348,284
Company					
Insurance receivables	34,579	7,657	5,313	10,879	58,428
Other receivables	3,107	1	37	80	3,225
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	(2,419)	–	–	–	(2,419)
	305,913	10,272	9,751	20,269	346,205

31 Insurance and financial risk management (continued)

(b) Financial risk management (continued)

(iii) Currency risk (continued)

	31 December 2014				
	Singapore dollar $'000	**US dollar $'000**	**Ringgit Malaysia $'000**	**Other currencies $'000**	**Total $'000**
Group					
Insurance receivables	39,558	9,238	9,511	14,224	72,531
Other receivables	3,293	–	35	62	3,390
Financial assets	258,021	2,163	3,053	12,674	275,911
Cash and cash equivalents	56,916	2,294	9,357	3,077	71,644
Insurance payables	(36,970)	(2,891)	(13,396)	(2,882)	(56,139)
Other payables	(3,882)	–	–	–	(3,882)
	316,936	10,804	8,560	27,155	363,455
Company					
Insurance receivables	39,558	9,238	9,511	14,224	72,531
Other receivables	3,017	–	35	62	3,114
Financial assets	258,087	2,163	3,053	12,674	275,977
Cash and cash equivalents	53,855	2,004	9,222	2,769	67,850
Insurance payables	(36,970)	(2,891)	(13,396)	(2,882)	(56,139)
Other payables	(2,178)	–	–	–	(2,178)
	315,369	10,514	8,425	26,847	361,155

NOTES TO THE FINANCIAL STATEMENTS

31 Insurance and financial risk management (continued)

(b) Financial risk management (continued)

(iii) *Currency risk (continued)*

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.

	Group		Company	
	Equity $'000	Profit or loss $'000	Equity $'000	Profit or loss $'000
2015				
US dollar	**153**	**903**	**153**	**874**
Ringgit Malaysia	**160**	**821**	**160**	**815**
Other currencies	**1,143**	**909**	**1,143**	**884**
2014				
US dollar	216	864	216	835
Ringgit Malaysia	305	551	305	537
Other currencies	1,267	1,448	1,267	1,417

(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.

31 Insurance and financial risk management (continued)

(b) Financial risk management (continued)

(iv) *Interest rate risk (continued)*

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

		Fixed interest rate maturing			
	Effective interest rate	less than 1 year	1 to 5 years	over 5 years	Total
Group	%	$'000	$'000	$'000	$'000
2015					
Debt securities available-for-sale	**3.0 – 3.8**	**14,320**	**109,401**	**83,642**	**207,363**
Cash and cash equivalents	**1.3**	**75,821**	**–**	**–**	**75,821**
		90,141	**109,401**	**83,642**	**283,184**
2014					
Debt securities available-for-sale	3.0 – 3.8	32,495	78,942	106,134	217,571
Cash and cash equivalents	1.0	71,644	–	–	71,644
		104,139	78,942	106,134	289,215
Company					
2015					
Debt securities available-for-sale	**3.0 – 3.8**	**14,320**	**109,401**	**83,642**	**207,363**
Cash and cash equivalents	**1.3**	**73,028**	**–**	**–**	**73,028**
		87,348	**109,401**	**83,642**	**280,391**
2014					
Debt securities available-for-sale	3.0 – 3.8	32,495	78,942	106,134	217,571
Cash and cash equivalents	1.0	67,850	–	–	67,850
		100,345	78,942	106,134	285,421

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

NOTES TO THE FINANCIAL STATEMENTS

31 Insurance and financial risk management (continued)

(b) Financial risk management (continued)

(iv) Interest rate risk (continued)

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 $4,682,000 (2014: $4,952,000) or decrease by $4,506,000 (2014: $4,760,000) 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 $5,276,000 (2014: $5,160,000) respectively.

31 Insurance and financial risk management (continued)

(b) Financial risk management (continued)

(v) Price risk (continued)

Sensitivity analysis (continued)

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:

	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities within scope of FRS 39 $'000	Total carrying amount $'000	Fair value $'000
Group					
2015					
Cash and cash equivalents	**75,821**	**–**	**–**	**75,821**	**75,821**
Other receivables	**3,506**	**–**	**–**	**3,506**	**3,506**
Available-for-sale securities:					
– Debt securities	**–**	**207,363**	**–**	**207,363**	**207,363**
– Equity securities	**–**	**54,976**	**–**	**54,976**	**54,976**
	79,327	**262,339**	**–**	**341,666**	**341,666**
Other payables#	**–**	**–**	**(3,167)**	**(3,167)**	**(3,167)**
2014					
Cash and cash equivalents	71,644	–	–	71,644	71,644
Other receivables	2,956	–	–	2,956	2,956
Available-for-sale securities:					
– Debt securities	–	217,571	–	217,571	217,571
– Equity securities	–	58,340	–	58,340	58,340
	74,600	275,911	–	350,511	350,511
Other payables#	–	–	(2,910)	(2,910)	(2,910)

Exclude deferred income

NOTES TO THE FINANCIAL STATEMENTS

31 Insurance and financial risk management (continued)

(b) Financial risk management (continued)

(v) *Price risk (continued)*

Sensitivity analysis (continued)

Fair values versus carrying amounts (continued)

	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities within scope of FRS 39 $'000	Total carrying amount $'000	Fair value $'000
Company					
2015					
Cash and cash equivalents	**73,028**	**–**	**–**	**73,028**	**73,028**
Other receivables	**2,902**	**–**	**–**	**2,902**	**2,902**
Available-for-sale securities:					
– Debt securities	**–**	**207,363**	**–**	**207,363**	**207,363**
– Equity securities	**–**	**54,481**	**–**	**54,481**	**54,481**
	75,930	**261,844**	**–**	**337,774**	**337,774**
Other payables#	**–**	**–**	**(2,350)**	**(2,350)**	**(2,350)**
2014					
Cash and cash equivalents	67,850	–	–	67,850	67,850
Other receivables	2,803	–	–	2,803	2,803
Available-for-sale securities:					
– Debt securities	–	217,571	–	217,571	217,571
– Equity securities	–	58,406	–	58,406	58,406
	70,653	275,977	–	346,630	346,630
Other payables#	–	–	(2,178)	(2,178)	(2,178)

\# Exclude deferred income

31 Insurance and financial risk management (continued)

(b) Financial risk management (continued)

(v) Price risk (continued)

Sensitivity analysis (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 Insurance and financial risk management (continued)

(b) Financial risk management (continued)

(v) Price risk (continued)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, 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				
2015				
Available-for-sale financial assets	**227,599**	**33,431**	**1,309**	**262,339**
2014				
Available-for-sale financial assets	237,626	37,093	1,192	275,911
Company				
2015				
Available-for-sale financial assets	**227,104**	**33,431**	**1,309**	**261,844**
2014				
Available-for-sale financial assets	237,692	37,093	1,192	275,977

31 Insurance and financial risk management (continued)

(b) Financial risk management (continued)

(v) Price risk (continued)

Fair value hierarchy (continued)

Financial assets measured at fair value based on Level 3

	Group and Company Available-for-sale financial assets $'000
At 1 January 2015	**1,192**
Total gain recognised in other comprehensive income	
– net change in fair value of investments	**117**
At 31 December 2015	**1,309**
At 1 January 2014	1,069
Total losses recognised in other comprehensive income	
– net change in fair value of investments	123
At 31 December 2014	1,192

The Level 3 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.

NOTES TO THE FINANCIAL STATEMENTS

31 Insurance and financial risk management (continued)

(b) Financial risk management (continued)

(v) Price risk (continued)

Fair value hierarchy (continued)

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:

31 December 2015

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
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.

31 December 2014

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
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.

31 Insurance and financial risk management (continued)

(b) Financial risk management (continued)

(v) Price risk (continued)

Non-financial assets

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

	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group and Company					
2015					
Owner-occupied leasehold land and buildings	4	**–**	**35,163**	**–**	**35,163**
Investment properties	5	**–**	**23,189**	**–**	**23,189**
		–	**58,352**	**–**	**58,352**
2014					
Owner-occupied leasehold land and buildings	4	–	34,999	–	34,999
Investment properties	5	–	24,787	–	24,787
		–	59,786	–	59,786

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

NOTES TO THE FINANCIAL STATEMENTS

32 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	
	2015	2014
	$'000	$'000
Related parties transactions		
Income/(expense):		
Gross written premiums	**43,811**	59,082
Reinsurance premiums	**(50,206)**	(57,829)
Claims paid	**(23,080)**	(25,973)
Claims recoveries	**29,703**	24,747
Commission expense	**(10,806)**	(13,233)
Commission income	**15,661**	16,580

33 Commitments

The Group and Company have no significant commitments for future payments.

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

	Group and Company	
	2015	2014
	$'000	$'000
Within 1 year	**752**	669
After 1 year but within 5 years	**638**	566
	1,390	1,235

PROFILE OF SHAREHOLDERS

AS AT 29 FEBRUARY 2016

Share Capital	Number of Issued Shares	Class of Shares	Voting Rights
S$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 29 February 2016, approximately 52.55% 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	61	1.73	2,152	0.00
100 – 1,000	319	9.05	166,158	0.03
1,001 – 10,000	891	25.27	5,128,478	0.85
10,001 – 1,000,000	2,211	62.70	151,121,585	24.97
1,000,001 and above	44	1.25	448,801,412	74.15
Total	**3,526**	**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	77,779,896	12.85
3.	United Overseas Insurance Ltd	36,382,885	6.01
4.	The Overseas Assurance Corporation Ltd	30,482,490	5.04
5.	India International Insurance Pte Ltd	30,197,062	4.99
6.	The Great Eastern Life Assurance Co. Ltd	19,724,453	3.26
7.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	16,198,876	2.68
8.	MayBank Kim Eng Securities Pte Ltd	10,875,411	1.80
9.	Singapore Warehouse Co Pte Ltd	9,949,974	1.64
10.	Mr Tan Chee Jin	9,680,000	1.60
11.	Citibank Nominees Singapore Pte Ltd	8,729,690	1.44
12.	Mr Quah Wee Lai	7,600,000	1.26
13.	Mr Chong Chew Lim @ Chong Ah Kau	7,469,900	1.23
14.	DBS Vickers Securities (S) Pte Ltd	7,122,505	1.18
15.	United Overseas Bank Nominees Pte Ltd	4,828,616	0.80
16.	OCBC Nominees Singapore Pte Ltd	4,684,754	0.77
17.	Mr Lai Weng Kay	3,805,000	0.63
18.	Ms Ng Siew Cheng	3,502,613	0.58
19.	Raffles Nominees (Pte) Ltd	3,410,495	0.56
20.	Mdm Ng Siew Ling	3,366,922	0.56
Total		**411,162,377**	**67.94**

PROFILE OF SHAREHOLDERS
AS AT 29 FEBRUARY 2016

Substantial Shareholders (as recorded in the Register of Substantial Shareholders as at 29 February 2016)

		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.	Oversea-Chinese Banking Corporation Limited[2]	–	–	50,948,847	8.42
4.	Great Eastern Holdings Limited[2]	–	–	50,948,847	8.42
5.	United Overseas Bank Limited[3]	–	–	36,382,885	6.01
6.	United Overseas Insurance Limited	36,382,885	6.01	–	–
7.	The Overseas Assurance Corporation Limited	30,487,330	5.04	–	–
8.	Dalton Investments LLC[4]	–	–	30,339,700	5.01
9.	James B. Rosenwald III[5]	–	–	30,339,700	5.01
10.	Steven Persky[5]	–	–	30,339,700	5.01
11.	Glifford Combs[5]	–	–	30,339,700	5.01
12.	Belita Ong[5]	–	–	30,339,700	5.01
13.	Arthur Hebert[5]	–	–	30,339,700	5.01
14.	Michelle Lynd[5]	–	–	30,339,700	5.01

1 Fairfax Financial Holdings Limited is deemed to have an interest in shares held by First Capital Insurance Limited and Odyssey Reinsurance Corporation, Singapore Branch.

2 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.

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

4 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.

5 James B. Rosenwald III, Steven Persky, Glifford 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 43rd Annual General Meeting of the Company will be held at Taurus, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594, on Monday, 25 April 2016 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 2015.

2. **Resolution 2** To declare a final dividend of 0.6 cent per share tax exempt (one-tier) for the year ended 31 December 2015 (2014: final dividend of 0.8 cent per share tax exempt (one-tier)).

3. **Resolution 3** To approve the payment of $588,246 as directors' fees for the year ended 31 December 2015 (2014: $580,466).

4. **Resolution 4** To re-elect Mr Ramaswamy Athappan, director retiring by rotation pursuant to Article 98 of the Company's Constitution.

5. To re-appoint each of the following directors retiring pursuant to Article 103 of the Company's Constitution:

   Resolution 5 Mr Peter Sim Swee Yam.

   Resolution 6 Mr Ong Eng Yaw.

   Resolution 7 Mr Dileep Nair.

6. **Resolution 8** To re-appoint Mr Hwang Soo Jin as a director of the Company[1].

7. **Resolution 9** To re-appoint Messrs KPMG LLP as auditors of the Company for the ensuing year and to authorise the directors to fix their remuneration.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

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

Resolution 10 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 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 11 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:

NOTICE OF ANNUAL GENERAL MEETING

(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; and

(iii) the date on which the share purchases are carried out to the full extent mandated.

(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 5 May 2016 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 4 May 2016 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 4 May 2016 will be entitled to the dividend. The proposed final dividend will be paid on 23 May 2016, 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
28 March 2016

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

NOTICE OF ANNUAL GENERAL MEETING

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.

Explanatory Notes:

(1) Mr Hwang Soo Jin was last re-appointed to the board at the AGM held in 2015 pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore (the **Act**) which was in force immediately before 3 January 2016. Pursuant to Section 153(6) of the Act, such re-appointment was until the next AGM. Accordingly, as his appointment lapses at the forthcoming AGM, Mr Hwang Soo Jin is subject to re-appointment at the forthcoming AGM. Subject to his re-appointment at the conclusion of the forthcoming AGM, Mr Hwang Soo Jin's re-appointment will no longer be subject to shareholders' approval under Section 153(6) of the Act as it has been repealed and he will then be subject to retirement by rotation pursuant to the Company's Constitution.

(2) The ordinary resolution 10 in item 8 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.

(3) The ordinary resolution 11 proposed in item 8 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 29 February 2016, 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 29 February 2016, 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 2015 and certain other assumptions are set out in paragraph 6 of the Letter to Shareholders dated 28 March 2016.

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

PROXY FORM
ANNUAL GENERAL MEETING

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).

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 Monday, 25 April 2016 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 approve directors' fees		
4	To re-elect director: Mr Ramaswamy Athappan		
5	To re-appoint director: Mr Peter Sim Swee Yam		
6	To re-appoint director: Mr Ong Eng Yaw		
7	To re-appoint director: Mr Dileep Nair		
8	To re-appoint director: Mr Hwang Soo Jin		
9	To re-appoint auditors and authorise the directors to fix their remuneration		
	Special Business		
10	To approve the issue of shares pursuant to Section 161 of the Companies Act, Chapter 50		
11	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 .... 2016.

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	25 April 2016
Announcement of 1st Quarter 2016 Financial Results (after close of trading)	25 April 2016
Closure of Registers (for final dividend entitlement)	5 May 2016
Payment of Final Dividend for Year Ended 31 December 2015	23 May 2016
Announcement of 2nd Quarter 2016 Financial Results (after close of trading)	August 2016
Announcement of 3rd Quarter 2016 Financial Results (after close of trading)	November 2016
Financial Year-End	31 December 2016
Announcement of 4th Quarter 2016 Financial Results (after close of trading)	February 2017

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