

Twelve Months/Fourth Quarter Financial Statements Announcement For The Year Ended 31 December 2014

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

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

AUDITED CONSOLIDATED INCOME STATEMENT FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2014

	GROUP					
	12 months 2014	12 months 2013	Incr/ (decr)	4th Qtr 2014	4th Qtr 2013	Incr/ (decr)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	153,627	147,245	4.3	43,183	52,362	(17.5)
Income statements:						
Reinsurance operations:						
Gross written premiums	146,949	140,881	4.3	40,652	49,998	(18.7)
Reinsurance premiums	(90,154)	(88,302)	2.1	(27,493)	(35,074)	(21.6)
Net written premiums	56,795	52,579	8.0	13,159	14,924	(11.8)
Gross transfer (to)/from provision for unexpired risks	(6,871)	(1,839)	nm	(1,729)	(2,928)	(40.9)
Reinsurance transfer to/(from) provision for unexpired risks	4,595	1,101	nm	1,977	2,442	(19.0)
Net earned premiums	54,519	51,841	5.2	13,407	14,438	(7.1)
Gross claims incurred	(73,550)	(83,999)	(12.4)	(31,614)	(22,829)	38.5
Reinsurers' share of claims incurred	41,069	52,094	(21.2)	21,827	12,263	78.0
Net claims incurred	(32,481)	(31,905)	1.8	(9,787)	(10,566)	(7.4)
Commission expense	(42,079)	(38,414)	9.5	(11,383)	(11,782)	(3.4)
Commission income	26,922	26,399	2.0	8,651	11,447	(24.4)
Net commission expense	(15,157)	(12,015)	26.2	(2,732)	(335)	nm
Management expenses	(4,982)	(6,047)	(17.6)	(971)	(2,434)	(60.1)
Underwriting results	1,899	1,874	1.3	(83)	1,103	(107.5)
Net investment income	13,220	12,503	5.7	3,030	2,261	34.0
Net income from reinsurance operations (I)	15,119	14,377	5.2	2,947	3,364	(12.4)
Non-reinsurance operations:						
Net investment income	4,561	7,458	(38.8)	1,638	4,659	(64.8)
Other operating income	6,683	6,390	4.6	2,534	2,349	7.9
Management expenses	(5,751)	(5,662)	1.6	(1,656)	(1,594)	3.9
Net income from non-reinsurance operations (II)	5,493	8,186	(32.9)	2,516	5,414	(53.5)

Income statements - continued

Profit before income tax (I + II)	20,612	22,563	(8.6)	5,463	8,778	(37.8)
Income tax expense	(2,381)	(2,021)	17.8	(822)	(583)	41.0
Profit for the year	18,231	20,542	(11.3)	4,641	8,195	(43.4)
Profit attributable to:						
Equity holders of the Company	18,039	20,378	(11.5)	4,513	8,093	(44.2)
Non-controlling interests	192	164	17.1	128	102	25.5
Profit for the year	18,231	20,542	(11.3)	4,641	8,195	(43.4)

Statements of comprehensive income:

Profit for the year	18,231	20,542	(11.3)	4,641	8,195	(43.4)
Other comprehensive income, after tax:						
Items that will not be reclassified to profit or loss:						
Revaluation of property, plant and equipment	2,957	6,941	(57.4)	2,851	6,685	(57.4)
Tax on items that will not be reclassified to profit or loss	(15)	(34)	(55.9)	(13)	(16)	(18.8)
	2,942	6,907	(57.4)	2,838	6,669	(57.4)
Items that are or may be reclassified subsequently to profit or loss:						
Available-for-sale financial assets:						
Reclassification of gain on sale of investments to profit or loss (realised)	(3,603)	(4,359)	(17.3)	(703)	(217)	nm
Reclassification of impairment write-down on investments to profit or loss	741	665	11.4	741	497	49.1
Change in fair value of investments (unrealised)	2,730	(1,240)	nm	(247)	319	nm
Tax on items that are or may be reclassified subsequently to profit or loss	54	838	(93.6)	64	(105)	nm
	(78)	(4,096)	(98.1)	(145)	494	(129.4)
Other comprehensive income for the year, net of income tax	2,864	2,811	1.9	2,693	7,163	(62.4)
Total comprehensive income for the year	21,095	23,353	(9.7)	7,334	15,358	(52.2)
Total comprehensive income attributable to:						
Equity holders of the Company	20,903	23,210	(9.9)	7,206	15,256	(52.8)
Non-controlling interests	192	143	34.3	128	102	25.5
Total comprehensive income for the year	21,095	23,353	(9.7)	7,334	15,358	(52.2)

Profit for the period has been arrived at after crediting/(charging):

Income relating to subsidiaries non-reinsurance operations*	6,702	6,540	2.5	2,544	2,363	7.7
Operating expenses relating to subsidiaries non-reinsurance operations*	(5,182)	(5,138)	0.9	(1,510)	(1,489)	1.4
Exchange gain	955	430	122.1	775	36	nm
Allowances for doubtful debts and bad debts written back	1,504	390	nm	378	(1,016)	nm
Over/(Under) provision of tax	(503)	32	nm	(504)	15	nm
Gain on sale of investments	3,603	4,359	(17.3)	703	217	nm
Change in fair value of investment properties	1,896	4,573	(58.5)	717	4,446	(83.9)
Impairment write-down on investments	(741)	(665)	11.4	(741)	(497)	49.1
Impairment provision write-back on investment properties	951	-	nm	-	-	nm

nm not meaningful

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

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

	GROUP		COMPANY	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Property, plant and equipment	35,526	32,629	35,457	32,537
Investment properties	24,787	20,123	24,787	20,123
Intangible assets	-	-	-	-
Interests in subsidiaries	-	-	1,123	1,134
Reinsurers' share of insurance contract provisions for				
- outstanding claims	214,572	216,285	214,572	216,285
- unexpired risks	31,946	27,351	31,946	27,351
Financial assets	275,911	272,189	275,977	272,362
Club membership	20	18	-	-
Insurance receivables	72,531	70,958	72,531	70,958
Other receivables	3,390	4,273	3,114	3,354
Cash and cash equivalents	71,644	79,043	67,850	75,776
Total assets	730,327	722,869	727,357	719,880
Equity attributable to equity holders of the Company				
Share capital	123,300	123,300	123,300	123,300
Reserves	29,039	26,175	29,039	26,175
Accumulated profits	84,421	75,460	83,648	74,781
	236,760	224,935	235,987	224,256
Non-controlling interests	320	328	-	-
Total equity	237,080	225,263	235,987	224,256
Liabilities				
Insurance contract provisions for				
- outstanding claims	375,024	376,798	375,024	376,798
- unexpired risks	53,415	46,544	53,415	46,544
Deferred taxation	2,322	2,363	2,322	2,363
Insurance payables	56,139	65,811	56,139	65,811
Other payables	3,882	4,045	2,178	2,221
Current tax payable	2,465	2,045	2,292	1,887
Total liabilities	493,247	497,606	491,370	495,624
Total equity and liabilities	730,327	722,869	727,357	719,880

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

Amount repayable in one year or less, or on demand

As at 31.12.2014		As at 31.12.2013	
S\$'000			
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31.12.2014		As at 31.12.2013	
S\$'000			
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collaterals

Not applicable.

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

GROUP

	12 months 2014 S\$'000	12 months 2013 S\$'000	4th Qtr 2014 S\$'000	4th Qtr 2013 S\$'000
Operating activities				
Profit before income tax	20,612	22,563	5,463	8,778
Adjustments for:				
Insurance contract provisions for net unexpired risks	2,276	738	(248)	486
Insurance contract provisions for net outstanding claims	(61)	4,188	1,009	324
Impairment write-down on investments and club membership	739	667	739	499
Impairment provision write-back on investment properties	(951)	-	(951)	-
Change in fair value of investment properties	(1,896)	(4,573)	(717)	(4,446)
Gain on sale of investments	(3,603)	(4,359)	(703)	(217)
Depreciation of property, plant and equipment	319	318	78	80
Interest income	(8,405)	(8,824)	(2,091)	(2,206)
Dividend income	(2,493)	(1,813)	(382)	(307)
Write-off property, plant and equipment	2	1	2	1
	6,539	8,906	2,199	2,992
Changes in working capital:				
Insurance receivables	(1,573)	(25,011)	(1,237)	(12,860)
Other receivables	651	129	781	141
Insurance payables	(9,672)	14,491	(2,470)	13,961
Other payables	(363)	(453)	(1,707)	(973)
Cash flows (used in)/from operations	(4,418)	(1,938)	(2,434)	3,261
Income tax paid	(1,966)	(1,400)	(247)	(158)
Net cash (used in)/from operating activities	(6,384)	(3,338)	(2,681)	3,103
Investing activities				
Interest received	8,637	9,062	1,716	1,699
Dividends received	2,493	1,813	382	307
Purchase of investments	(62,709)	(53,564)	(14,086)	(18,652)
Proceeds from sale of investments	61,720	67,294	13,576	2,769
Purchase of property, plant and equipment	(261)	(121)	(179)	(13)
Purchase of investment properties	(1,817)	-	1	-
Purchase controlling interest in subsidiary	-	(12)	-	-
Net cash from investing activities	8,063	24,472	1,410	(13,890)
Financing activities				
Dividends paid	(9,078)	(8,472)	-	-
Decrease/(Increase) in deposits pledged	600	(5)	570	(15)
Net cash (used in)/from financing activities	(8,478)	(8,477)	570	(15)
Net (decrease)/increase in cash and cash equivalents	(6,799)	12,657	(701)	(10,802)
Cash and cash equivalents at beginning of the year/period (exclude pledged deposits)	78,204	65,547	72,106	89,006
Cash and cash equivalents at end of the year	71,405	78,204	71,405	78,204
Pledged deposits	239	839	239	839
Cash and cash equivalents at end of the year including pledged deposits	71,644	79,043	71,644	79,043

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

	Share Capital S\$'000	Fair Value Reserves S\$'000	Revaluation Reserves S\$'000	Accumulated Profits S\$'000	Total attributable to equity holders of the Company S\$'000	Non- Controlling Interests S\$'000	Total Equity S\$'000
GROUP							
At 1 January 2014	123,300	7,854	18,321	75,460	224,935	328	225,263
Total comprehensive income for the year							
Net profit	-	-	-	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 (realised)	-	(3,603)	-	-	(3,603)	-	(3,603)
Reclassification of impairment write-down on investments to profit or loss	-	741	-	-	741	-	741
Change in fair value of investments (unrealised)	-	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 paid of 0.8 cent per share tax exempt (one-tier) in respect of year 2013	-	-	-	(4,842)	(4,842)	-	(4,842)
Interim dividend paid of 0.7 cent per share tax exempt (one-tier) in respect of year 2014	-	-	-	(4,236)	(4,236)	-	(4,236)
Payment to non-controlling interest on liquidation of subsidiary	-	-	-	-	-	(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
At 1 January 2013	123,300	11,929	11,414	63,554	210,197	492	210,689
Total comprehensive income for the year							
Net profit	-	-	-	20,378	20,378	164	20,542
Other comprehensive income:							
Revaluation of property, plant and equipment	-	-	6,941	-	6,941	-	6,941
Available-for-sale financial assets:							
Reclassification of gain on sale of investments to profit or loss (realised)	-	(4,336)	-	-	(4,336)	(23)	(4,359)
Reclassification of impairment write-down on investments to profit or loss	-	665	-	-	665	-	665
Change in fair value of investments (unrealised)	-	(1,242)	-	-	(1,242)	2	(1,240)
Income tax relating to components of other comprehensive income	-	838	(34)	-	804	-	804
Total other comprehensive income, net of income tax	-	(4,075)	6,907	-	2,832	(21)	2,811
Total comprehensive income for the year	-	(4,075)	6,907	20,378	23,210	143	23,353
Transactions with owners, recorded directly in equity:							
Contributions by and distributions to owners:							
Final dividend paid of 0.7 cent per share tax exempt (one-tier) in respect of year 2012	-	-	-	(4,236)	(4,236)	-	(4,236)
Interim dividend paid of 0.7 cent per share tax exempt (one-tier) in respect of year 2013	-	-	-	(4,236)	(4,236)	-	(4,236)
Acquisition of non-controlling interests	-	-	-	-	-	(12)	(12)
Dividend paid to non-controlling interests	-	-	-	-	-	(295)	(295)
Total contributions by and distributions to owners	-	-	-	(8,472)	(8,472)	(307)	(8,779)
At 31 December 2013	123,300	7,854	18,321	75,460	224,935	328	225,263

	Share Capital S\$'000	Fair Value Reserves S\$'000	Revaluation Reserves S\$'000	Accumulated Profits S\$'000	Total attributable to equity holders of the Company S\$'000	Non- Controlling Interests S\$'000	Total Equity S\$'000
At 1 October 2014	123,300	7,921	18,425	79,908	229,554	387	229,941
Total comprehensive income for the quarter							
Net profit	-	-	-	4,513	4,513	128	4,641
Other comprehensive income:							
Revaluation of property, plant and equipment	-	-	2,851	-	2,851	-	2,851
Available-for-sale financial assets:							
Reclassification of gain on sale of investments to profit or loss (realised)	-	(703)	-	-	(703)	-	(703)
Reclassification of impairment write-down on investments to profit or loss	-	741	-	-	741	-	741
Change in fair value of investments (unrealised)	-	(247)	-	-	(247)	-	(247)
Income tax relating to components of other comprehensive income	-	64	(13)	-	51	-	51
Total other comprehensive income, net of income tax	-	(145)	2,838	-	2,693	-	2,693
Total comprehensive income for the quarter	-	(145)	2,838	4,513	7,206	128	7,334
Transactions with owners, recorded directly in equity:							
Contributions by and distributions to owners:							
Dividend paid to non-controlling interests	-	-	-	-	-	(195)	(195)
Total contributions by and distributions to owners	-	-	-	-	-	(195)	(195)
At 31 December 2014	123,300	7,776	21,263	84,421	236,760	320	237,080
At 1 October 2013	123,300	7,360	11,652	67,367	209,679	226	209,905
Total comprehensive income for the quarter							
Net profit	-	-	-	8,093	8,093	102	8,195
Other comprehensive income:							
Revaluation of property, plant and equipment	-	-	6,685	-	6,685	-	6,685
Available-for-sale financial assets:							
Reclassification of gain on sale of investments to profit or loss (realised)	-	(217)	-	-	(217)	-	(217)
Reclassification of impairment write-down on investments to profit or loss	-	497	-	-	497	-	497
Change in fair value of investments (unrealised)	-	319	-	-	319	-	319
Income tax relating to components of other comprehensive income	-	(105)	(16)	-	(121)	-	(121)
Total other comprehensive income, net of income tax	-	494	6,669	-	7,163	-	7,163
Total comprehensive income for the quarter	-	494	6,669	8,093	15,256	102	15,358
At 31 December 2013	123,300	7,854	18,321	75,460	224,935	328	225,263

COMPANY	Share Capital S\$'000	Fair Value Reserves S\$'000	Revaluation Reserves S\$'000	Accumulated Profits S\$'000	Total S\$'000
At 1 January 2014	123,300	7,854	18,321	74,781	224,256
Total comprehensive income for the year					
Net profit	-	-	-	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 (realised)	-	(3,489)	-	-	(3,489)
Reclassification of impairment write-down on investments to profit or loss	-	741	-	-	741
Change in fair value of investments (unrealised)	-	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 paid of 0.8 cent per share tax exempt (one-tier) in respect of year 2013	-	-	-	(4,842)	(4,842)
Interim dividend paid of 0.7 cent per share tax exempt (one-tier) 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
At 1 January 2013	123,300	11,816	11,414	62,719	209,249
Total comprehensive income for the year					
Net profit	-	-	-	20,534	20,534
Other comprehensive income:					
Revaluation of property, plant and equipment	-	-	6,941	-	6,941
Available-for-sale financial assets:					
Reclassification of gain on sale of investments to profit or loss (realised)	-	(4,203)	-	-	(4,203)
Reclassification of impairment write-down on investments to profit or loss	-	659	-	-	659
Change in fair value of investments (unrealised)	-	(1,256)	-	-	(1,256)
Income tax relating to components of other comprehensive income	-	838	(34)	-	804
Total other comprehensive income, net of income tax	-	(3,962)	6,907	-	2,945
Total comprehensive income for the year	-	(3,962)	6,907	20,534	23,479
Transactions with owners, recorded directly in equity:					
Contributions by and distributions to owners:					
Final dividend paid of 0.7 cent per share tax exempt (one-tier) in respect of year 2012	-	-	-	(4,236)	(4,236)
Interim dividend paid of 0.7 cent per share tax exempt (one-tier) in respect of year 2013	-	-	-	(4,236)	(4,236)
Total contributions by and distributions to owners	-	-	-	(8,472)	(8,472)
At 31 December 2013	123,300	7,854	18,321	74,781	224,256

	Share Capital S\$'000	Fair Value Reserves S\$'000	Revaluation Reserves S\$'000	Accumulated Profits S\$'000	Total S\$'000
At 1 October 2014	123,300	7,921	18,425	78,804	228,450
Total comprehensive income for the quarter					
Net profit	-	-	-	4,844	4,844
Other comprehensive income:					
Revaluation of property, plant and equipment	-	-	2,851	-	2,851
Available-for-sale financial assets:					
Reclassification of gain on sale of investments to profit or loss (realised)	-	(692)	-	-	(692)
Reclassification of impairment write-down on investments to profit or loss	-	741	-	-	741
Change in fair value of investments (unrealised)	-	(258)	-	-	(258)
Income tax relating to components of other comprehensive income	-	64	(13)	-	51
Total other comprehensive income, net of income tax	-	(145)	2,838	-	2,693
Total comprehensive income for the quarter	-	(145)	2,838	4,844	7,537
At 31 December 2014	123,300	7,776	21,263	83,648	235,987
At 1 October 2013	123,300	7,364	11,652	67,504	209,820
Total comprehensive income for the quarter					
Net profit	-	-	-	7,277	7,277
Other comprehensive income:					
Revaluation of property, plant and equipment	-	-	6,685	-	6,685
Available-for-sale financial assets:					
Reclassification of gain on sale of investments to profit or loss (realised)	-	(117)	-	-	(117)
Reclassification of impairment write-down on investments to profit or loss	-	491	-	-	491
Change in fair value of investments (unrealised)	-	221	-	-	221
Income tax relating to components of other comprehensive income	-	(105)	(16)	-	(121)
Total other comprehensive income, net of income tax	-	490	6,669	-	7,159
Total comprehensive income for the quarter	-	490	6,669	7,277	14,436
At 31 December 2013	123,300	7,854	18,321	74,781	224,256

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

There was no change in the Company's share capital since the end of the previous reported period. There were no shares held as treasury shares and no outstanding convertibles as at 31 December 2014 and 31 December 2013.

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

The total number of shares excluding treasury shares as at 31 December 2014 and 31 December 2013 was 605,219,785.

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

Not Applicable.

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

The full year financial figures have been audited in accordance with Singapore Standards on Auditing.

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

A copy of the auditors' report is appended at the end of the Announcement. The auditors's report does not contain any qualification or emphasis of matter.

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

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period as those in the audited annual financial statements as at 31 December 2013.

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

Not Applicable.

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

	<u>GROUP</u>	
	12 months 2014	12 months 2013
Basic and fully diluted earnings per share (cents)	2.98	3.37
Number of ordinary shares issued ('000)	605,220	605,220

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

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

	<u>GROUP</u>		<u>COMPANY</u>	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Net asset value per share (cents)	39.12	37.17	38.99	37.05

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Comparison of 4th quarter 2014 vs 4th quarter 2013

In fourth quarter 2014, the Group's revenue declined by 17.5% to S\$43.2 million due to timing difference in booking of premiums. Net claims incurred fell 7.4% to S\$9.8 million attributed to lower advised losses reported by cedants, while net commission expense increased to S\$2.7 million due to higher accrual of profit commission payable to cedants in the quarter under review. Management expenses declined to S\$971,000 mainly due to the write-back in provision for bad and doubtful debts. In light of the foregoing, a small underwriting deficit of S\$83,000 was recorded for the quarter under review. Net investment income fell S\$2.3 million or 32.5% to S\$4.7 million largely due to lower surplus on revaluation of investment properties. Overall, the Group's profit before income tax of S\$5.5 million was 37.8% lower than the S\$8.8 million recorded in the corresponding quarter a year ago.

Comparison of 12 months 2014 vs 12 months 2013

For the year ended 31 December 2014, the Group's revenue rose 4.3% to S\$153.6 million due to higher premiums reported by some cedants. Although net claims incurred increased 1.8% to S\$32.5 million, the incurred loss ratio (of net written premium) of 57.2% was lower than the 60.7% incurred loss ratio in the preceding year. Commission expense rose 26.2% to S\$15.2 million due to higher profit commission accrual payable to cedants. The reinsurance management expenses declined by 17.6% to S\$5 million due mainly to a higher write-back in provision for bad and doubtful debts. In light of the foregoing, the underwriting surplus increased 1.3% to S\$1.9 million. Net investment income declined by 10.9% to S\$17.8 million and the Group's net profit before income tax of S\$20.6 million was 8.6% lower than the S\$22.6 million net profit before income tax a year earlier. In 2013, the Group had benefited from the sale of a strategic holding in a Thai insurance company which amounted to S\$2.5 million. Discounting exceptional items comprising profit derived from the sale of the stake in the Thai insurance company, the change in fair value of investment properties and impairment write-down on investments, the net investment income for the year under review rose S\$2 million or 14.7% and the Group's profit before income tax would be higher by S\$2.2 million or 13.8% than a year ago.

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

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

Not applicable.

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

Amid continued geo-political tensions, economic uncertainties, increasing unpredictability of climate change and softening of the insurance market, the operating environment for both underwriting and investment will remain highly challenging and will have impact on profitability.

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

(a) Current financial period reported on
Any dividend declared for the current financial period reported on?

Name of dividend
Dividend type
Gross dividend amount per share (in cents)
Tax rate

Yes	Yes
<u>2014</u>	<u>2014</u>
<u>Interim</u>	<u>Final (Proposed)</u>
Cash	Cash
0.70	0.80
Tax exempt (one-tier)	Tax exempt (one-tier)

(b) Corresponding period of the immediately preceding financial year
Any dividend declared?

Name of dividend
Dividend type
Gross dividend amount per share (in cents)
Tax rate

Yes	Yes
<u>2013</u>	<u>2013</u>
<u>Interim</u>	<u>Final</u>
Cash	Cash
0.70	0.80
Tax exempt (one-tier)	Tax exempt (one-tier)

(c) The date the dividend is payable

The proposed final dividend will be paid on 22 May 2015, if approved by shareholders at the forthcoming annual general meeting.

(d) Books closure date

Notice is hereby given that the Share Transfer Books and Register of Members will be closed on 5 May 2015 for the preparation of dividend warrants. Duly completed transfers received by the Company's Share Registrar, M&C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902, up to 5.00 p.m. on 4 May 2015 will be registered before entitlements to the proposed dividend are determined. Shareholders whose securities accounts with The Central Depository (Pte) Limited ("CDP") are credited with shares in the capital of the Company as at 5.00 p.m. on 4 May 2015 will be entitled to the dividend.

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

Not applicable

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

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

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

(a) Operating segments

The Group is principally engaged in the business of underwriting general reinsurance business. Based on the internal reports that are regularly reviewed by the Group, the operating segments comprise mainly the reinsurance and non-reinsurance segments. The non-reinsurance segment relates to the Company's investment activities of its non-reinsurance funds and the operations of its subsidiaries.

GROUP	January - December 2014			January - December 2013		
	Reinsurance	Non-Reinsurance	Total	Reinsurance	Non-Reinsurance	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Gross premiums written	146,949	-	146,949	140,881	-	140,881
Net earned premiums	54,519	-	54,519	51,841	-	51,841
Net claims incurred	(32,481)	-	(32,481)	(31,905)	-	(31,905)
Net commission expense	(15,157)	-	(15,157)	(12,015)	-	(12,015)
Management expenses	(4,982)	-	(4,982)	(6,047)	-	(6,047)
Underwriting results	1,899	-	1,899	1,874	-	1,874
Net investment income	13,220	-	13,220	12,503	-	12,503
Net income/(loss) from reinsurance operations (I)	15,119	-	15,119	14,377	-	14,377
Net investment income	-	4,561	4,561	-	7,458	7,458
Other operating income	-	6,683	6,683	-	6,390	6,390
Management expenses	-	(5,751)	(5,751)	-	(5,662)	(5,662)
Net income from non-reinsurance operations (II)	-	5,493	5,493	-	8,186	8,186
Profit before income tax (I) + (II)			20,612			22,563
Income tax expense			(2,381)			(2,021)
Profit for the year			18,231			20,542
Segment total assets	609,189	121,138	730,327	597,586	125,283	722,869
Segment total liabilities	488,068	5,179	493,247	492,834	4,772	497,606

(b) Major customer

For the year ended 31 December 2014, the Group has two external clients in the reinsurance segment whose contribution to the Group's revenue is in excess of 10%.

(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		Non-current assets	
	January - December 2014	January - December 2013	January - December 2014	January - December 2013
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	79,210	78,652	51,326	47,513
Malaysia	29,987	24,347	-	-
Greater China	23,565	21,069	6,893	5,239
Others	20,865	23,177	2,094	-
Total	153,627	147,245	60,313	52,752

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

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

The reinsurance business reported a higher income of S\$15.1 million compared to the S\$14.4 million income last year, attributed mainly to higher premium and investment income, but partly offset by higher commission expenses.

16. A breakdown of the sales as follows:-

		GROUP		
		2014 S\$'000	2013 S\$'000	Incr/ (decr) %
(a) Revenue				
	6 months ended 30 June	74,421	58,693	26.8
	6 months ended 31 December	79,206	88,552	(10.6)
	Total for the year	<u>153,627</u>	<u>147,245</u>	<u>4.3</u>
(b) Net profit after tax before deducting non-controlling interests				
	6 months ended 30 June	9,853	9,146	7.7
	6 months ended 31 December	8,378	11,396	(26.5)
	Total for the year	<u>18,231</u>	<u>20,542</u>	<u>(11.3)</u>

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

Total annual dividend paid during the year:

	Latest Full Year (S\$'000)	Previous Full Year (S\$'000)
Ordinary	9,078	8,472
Preference	-	-
Total:	<u>9,078</u>	<u>8,472</u>

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

There is no such person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13).

BY ORDER OF THE BOARD

Tan Swee Gek
Company Secretary
27 February 2015

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



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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 2014, 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 # to #.

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 profit and loss accounts and balance sheets 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 to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, 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 subsidiaries 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
27 February 2015

The page numbers are as stated in the Independent Auditors' Report dated 27 February 2015 included in Singapore Reinsurance Corporation Limited's Annual Report for the financial year ended 31 December 2014.