

SINGAPORE REINSURANCE CORPORATION LIMITED

(Company Registration No. 197300016C)

Financial Statements Announcement For The Period Ended 30 September 2019

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

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

UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE NINE MONTHS/THIRD QUARTER ENDED 30 SEPTEMBER 2019

	GROUP					
	9 months	9 months	Incr/ (decr)	3rd Qtr	3rd Qtr	Incr/ (decr)
	2019 S\$'000	2018 S\$'000	%	2019 S\$'000	2018 S\$'000	%
Income statements:						
Reinsurance operations:						
Gross written premiums	162,971	139,020	17.2	57,256	46,190	24.0
Reinsurance premiums	(117,610)	(103,248)	13.9	(39,963)	(32,975)	21.2
Net written premiums	45,361	35,772	26.8	17,293	13,215	30.9
Gross transfer to provision for unexpired risks	(6,913)	(2,711)	155.0	(4,195)	(2,349)	78.6
Reinsurance transfer from provision for unexpired risks	3,609	3,160	14.2	2,737	1,812	51.0
Net earned premiums	42,057	36,221	16.1	15,835	12,678	24.9
Gross claims incurred	(96,376)	(108,084)	(10.8)	(17,344)	(30,036)	(42.3)
Reinsurers' share of claims incurred	70,996	80,712	(12.0)	6,347	14,952	(57.6)
Net claims incurred	(25,380)	(27,372)	(7.3)	(10,997)	(15,084)	(27.1)
Commission expense	(40,371)	(41,343)	(2.4)	(13,744)	(12,244)	12.3
Commission income	28,992	32,516	(10.8)	9,453	9,827	(3.8)
Net commission expense	(11,379)	(8,827)	28.9	(4,291)	(2,417)	77.5
Management expenses	(5,754)	(5,700)	0.9	(1,775)	(1,621)	9.5
Underwriting results	(456)	(5,678)	(92.0)	(1,228)	(6,444)	(80.9)
Net investment income	7,160	7,017	2.0	2,748	2,354	16.7
Net income from reinsurance operations (I)	6,704	1,339	nm	1,520	(4,090)	nm
Non-reinsurance operations:						
Net investment income	2,800	2,535	10.5	794	984	(19.3)
Other operating income	3,294	3,896	(15.5)	948	966	(1.9)
Management expenses	(3,996)	(4,075)	(1.9)	(1,326)	(1,233)	7.5
Net income from non-reinsurance operations (II)	2,098	2,356	(11.0)	416	717	(42.0)

	GROUP					
	9 months 2019 S\$'000	9 months 2018 S\$'000	Incr/ (decr) %	3rd Qtr 2019 S\$'000	3rd Qtr 2018 S\$'000	Incr/ (decr) %
Income statements - continued						
Profit before income tax (I + II)	8,802	3,695	138.2	1,936	(3,373)	nm
Income tax expense	(730)	(351)	108.0	(59)	328	nm
Profit for the period	8,072	3,344	141.4	1,877	(3,045)	(161.6)
Profit attributable to:						
Equity holders of the Company	8,129	3,325	144.5	1,912	(3,021)	nm
Non-controlling interests	(57)	19	nm	(35)	(24)	45.8
Profit for the period	8,072	3,344	141.4	1,877	(3,045)	(161.6)
Statements of comprehensive income:						
Profit for the period	8,072	3,344	141.4	1,877	(3,045)	(161.6)
Other comprehensive income, after tax:						
Items that will not be reclassified to profit or loss:						
Revaluation of property, plant and equipment	88	88	-	29	29	-
	88	88	-	29	29	-
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)	(1,261)	(1,170)	7.8	(399)	(376)	6.1
Reclassification of impairment write-down on investments to profit or loss	431	369	16.8	-	-	nm
Change in fair value of investments (unrealised)	4,028	(6,205)	nm	(1,002)	228	nm
Tax on items that are or may be reclassified subsequently to profit or loss	(637)	1,101	nm	202	18	nm
	2,561	(5,905)	nm	(1,199)	(130)	nm
Other comprehensive income for the period, net of income tax	2,649	(5,817)	nm	(1,170)	(101)	nm
Total comprehensive income for the period	10,721	(2,473)	nm	707	(3,146)	nm
Total comprehensive income attributable to:						
Equity holders of the Company	10,778	(2,492)	nm	742	(3,122)	nm
Non-controlling interests	(57)	19	nm	(35)	(24)	45.8
Total comprehensive income for the period	10,721	(2,473)	nm	707	(3,146)	nm
Profit for the period has been arrived at after crediting/(charging):						
Net exchange (losses)/gains	320	475	(32.6)	490	258	89.9
Depreciation	(249)	(242)	2.9	(84)	(80)	5.0
Accretion of investments	43	36	19.4	15	13	15.4
Allowance provided for doubtful debts and bad debts written off	(15)	(132)	(88.6)	11	79	(86.1)
Under provision of tax	(27)	(37)	(27.0)	15	7	114.3
Gain on sale of investments	1,261	1,170	7.8	399	376	6.1
Change in fair value of investment properties	(135)	(116)	16.4	(145)	(263)	(44.9)
Impairment provisions/write-down on investments	(431)	(369)	16.8	-	-	nm

nm not meaningful

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

	GROUP		COMPANY	
	30.9.2019	31.12.2018	30.9.2019	31.12.2018
	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Property, plant and equipment	51,767	51,755	51,670	51,662
Investment properties	33,632	33,767	33,632	33,767
Interests in subsidiaries	-	-	1,079	1,091
Reinsurers' share of insurance contract provisions for				
- outstanding claims	248,224	232,994	248,224	232,994
- unexpired risks	59,016	55,407	59,016	55,407
Financial assets	261,184	263,392	261,184	263,392
Club membership	15	15	-	-
Insurance receivables	91,629	90,173	91,629	90,173
Other receivables	3,371	3,089	2,172	2,727
Cash and cash equivalents	97,686	87,141	96,077	84,779
Total assets	846,524	817,733	844,683	815,992
Equity attributable to equity holders of the Company				
Share capital	123,300	123,300	123,300	123,300
Reserves	49,910	47,261	49,910	47,261
Accumulated profits	93,196	92,934	93,294	92,707
	266,406	263,495	266,504	263,268
Non-controlling interests	175	232	-	-
Total equity	266,581	263,727	266,504	263,268
Liabilities				
Insurance contract provisions for				
- outstanding claims	401,860	386,268	401,860	386,268
- unexpired risks	80,642	73,729	80,642	73,729
Deferred taxation	3,964	3,407	4,030	3,407
Insurance payables	88,129	86,396	88,129	86,396
Other payables	4,234	3,143	2,404	1,899
Current tax payable	1,114	1,063	1,114	1,025
Total liabilities	579,943	554,006	578,179	552,724
Total equity and liabilities	846,524	817,733	844,683	815,992

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

Amount repayable in one year or less, or on demand

As at 30.9.2019		As at 31.12.2018	
S\$'000			
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 30.9.2019		As at 31.12.2018	
S\$'000			
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collaterals

Not applicable.

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

	GROUP			
	9 months	9 months	3rd Qtr	3rd Qtr
	2019	2018	2019	2018
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
Profit before income tax	8,802	3,695	1,936	(3,373)
Adjustments for:				
Insurance contract provisions for net unexpired risks	3,304	(449)	1,458	537
Insurance contract provisions for net outstanding claims	362	5,226	3,788	5,403
Impairment provision and write-down on investments	431	369	-	-
Change in fair value of investment properties	135	116	145	263
Gain on sale of investments	(1,261)	(1,170)	(399)	(376)
Depreciation of property, plant and equipment	249	242	84	80
Interest income	(6,558)	(6,059)	(2,243)	(2,086)
Dividend income	(2,265)	(1,996)	(633)	(787)
	3,199	(26)	4,136	(339)
Changes in working capital:				
Insurance receivables	(1,456)	(11,691)	(14,521)	(6,091)
Other receivables and staff loan	(434)	(549)	131	(100)
Insurance payables	1,733	1,947	6,861	10,670
Other payables	1,091	590	289	659
Cash flows used in operations	4,133	(9,729)	(3,104)	4,799
Income tax paid	(758)	(1,196)	(390)	(489)
Net cash from/(used in) operating activities	3,375	(10,925)	(3,494)	4,310
Investing activities				
Interest received	6,675	6,183	4,439	2,293
Dividends received	2,265	1,996	633	787
Purchase of investments	(12,402)	(36,179)	(1,661)	(11,086)
Proceeds from sale of investments	18,672	37,715	7,635	21,352
Purchase of property, plant and equipment	(173)	(50)	(76)	(21)
Net cash from investing activities	15,037	9,665	10,970	13,325
Financing activities				
Dividends paid to owners of the Company	(7,867)	(7,867)	(3,026)	(3,026)
Net cash used in financing activities	(7,867)	(7,867)	(3,026)	(3,026)
Net increase/(decrease) in cash and cash equivalents	10,545	(9,127)	4,450	14,609
Cash and cash equivalents at beginning of the year	87,141	100,739	93,236	77,003
Cash and cash equivalents at end of the period	97,686	91,612	97,686	91,612

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

	Share Capital S\$'000	Fair Value Reserves S\$'000	Revaluation Reserves S\$'000	Accumulated Profits S\$'000	Total attributable to equity holders of the Company S\$'000	Non- Controlling Interests S\$'000	Total Equity S\$'000
GROUP							
At 1 January 2019	123,300	6,607	40,654	92,934	263,495	232	263,727
Total comprehensive income for the period							
Net profit	-	-	-	8,129	8,129	(57)	8,072
Other comprehensive income:							
Revaluation of property, plant and equipment	-	-	88	-	88	-	88
Available-for-sale financial assets:							
Reclassification of gain on sale of investments to profit or loss (realised)	-	(1,261)	-	-	(1,261)	-	(1,261)
Reclassification of impairment write-down on investments to profit or loss	-	431	-	-	431	-	431
Change in fair value of investments (unrealised)	-	4,028	-	-	4,028	-	4,028
Income tax relating to components of other comprehensive income	-	(637)	-	-	(637)	-	(637)
Total other comprehensive income, net of income tax	-	2,561	88	-	2,649	-	2,649
Total comprehensive income for the period	-	2,561	88	8,129	10,778	(57)	10,721
Transactions with owners, recorded directly in equity:							
Contributions by and distributions to owners:							
Interim dividend paid of 0.5 cent per share tax exempt (one-tier) in respect of year 2019	-	-	-	(3,026)	(3,026)	-	(3,026)
Final dividend paid of 0.8 cent per share tax exempt (one-tier) in respect of year 2018	-	-	-	(4,841)	(4,841)	-	(4,841)
Total contributions by and distributions to owners	-	-	-	(7,867)	(7,867)	-	(7,867)
At 30 September 2019	123,300	9,168	40,742	93,196	266,406	175	266,581
At 1 January 2018	123,300	12,807	31,036	92,010	259,153	252	259,405
Total comprehensive income for the period							
Net profit	-	-	-	3,325	3,325	19	3,344
Other comprehensive income:							
Revaluation of property, plant and equipment	-	-	88	-	88	-	88
Available-for-sale financial assets:							
Reclassification of gain on sale of investments to profit or loss (realised)	-	(1,170)	-	-	(1,170)	-	(1,170)
Reclassification of impairment write-down on investments to profit or loss	-	369	-	-	369	-	369
Change in fair value of investments (unrealised)	-	(6,205)	-	-	(6,205)	-	(6,205)
Income tax relating to components of other comprehensive income	-	1,101	-	-	1,101	-	1,101
Total other comprehensive income, net of income tax	-	(5,905)	88	-	(5,817)	-	(5,817)
Total comprehensive income for the period	-	(5,905)	88	3,325	(2,492)	19	(2,473)
Transactions with owners, recorded directly in equity:							
Contributions by and distributions to owners:							
Interim dividend paid of 0.5 cent per share tax exempt (one-tier) in respect of year 2018	-	-	-	(3,026)	(3,026)	-	(3,026)
Final dividend paid of 0.8 cent per share tax exempt (one-tier) in respect of year 2017	-	-	-	(4,841)	(4,841)	-	(4,841)
Total contributions by and distributions to owners	-	-	-	(7,867)	(7,867)	-	(7,867)
At 30 September 2018	123,300	6,902	31,124	87,468	248,794	271	249,065

GROUP	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 July 2019	123,300	10,367	40,713	94,310	268,690	210	268,900
Total comprehensive income for the quarter							
Net profit	-	-	-	1,912	1,912	(35)	1,877
Other comprehensive income:							
Revaluation of property, plant and equipment	-	-	29	-	29	-	29
Available-for-sale financial assets:							
Reclassification of gain on sale of investments to profit or loss (realised)	-	(399)	-	-	(399)	-	(399)
Change in fair value of investments (unrealised)	-	(1,002)	-	-	(1,002)	-	(1,002)
Income tax relating to components of other comprehensive income	-	202	-	-	202	-	202
Total other comprehensive income, net of income tax	-	(1,199)	29	-	(1,170)	-	(1,170)
Total comprehensive income for the quarter	-	(1,199)	29	1,912	742	(35)	707
Transactions with owners, recorded directly in equity:							
Contributions by and distributions to owners:							
Interim dividend paid of 0.5 cent per share tax exempt (one-tier) in respect of year 2019	-	-	-	(3,026)	(3,026)	-	(3,026)
Total contributions by and distributions to owners	-	-	-	(3,026)	(3,026)	-	(3,026)
At 30 September 2019	123,300	9,168	40,742	93,196	266,406	175	266,581
At 1 July 2018	123,300	7,032	31,095	93,515	254,942	295	255,237
Total comprehensive income for the quarter							
Net profit	-	-	-	(3,021)	(3,021)	(24)	(3,045)
Other comprehensive income:							
Revaluation of property, plant and equipment	-	-	29	-	29	-	29
Available-for-sale financial assets:							
Reclassification of gain on sale of investments to profit or loss (realised)	-	(376)	-	-	(376)	-	(376)
Change in fair value of investments (unrealised)	-	228	-	-	228	-	228
Income tax relating to components of other comprehensive income	-	18	-	-	18	-	18
Total other comprehensive income, net of income tax	-	(130)	29	-	(101)	-	(101)
Total comprehensive income for the quarter	-	(130)	29	(3,021)	(3,122)	(24)	(3,146)
Transactions with owners, recorded directly in equity:							
Contributions by and distributions to owners:							
Interim dividend paid of 0.5 cent per share tax exempt (one-tier) in respect of year 2018	-	-	-	(3,026)	(3,026)	-	(3,026)
Total contributions by and distributions to owners	-	-	-	(3,026)	(3,026)	-	(3,026)
At 30 September 2018	123,300	6,902	31,124	87,468	248,794	271	249,065

	Share Capital S\$'000	Fair Value Reserves S\$'000	Revaluation Reserves S\$'000	Accumulated Profits S\$'000	Total S\$'000
COMPANY					
At 1 January 2019	123,300	6,607	40,654	92,707	263,268
Total comprehensive income for the period					
Net profit	-	-	-	8,454	8,454
Other comprehensive income:					
Revaluation of property, plant and equipment	-	-	88	-	88
Available-for-sale financial assets:					
Reclassification of gain on sale of investments to profit or loss (realised)	-	(1,261)	-	-	(1,261)
Reclassification of impairment write-down on investments to profit or loss	-	431	-	-	431
Change in fair value of investments (unrealised)	-	4,028	-	-	4,028
Income tax relating to components of other comprehensive income	-	(637)	-	-	(637)
Total other comprehensive income, net of income tax	-	2,561	88	-	2,649
Total comprehensive income for the period	-	2,561	88	8,454	11,103
Transactions with owners, recorded directly in equity:					
Contributions by and distributions to owners:					
Interim dividend paid of 0.5 cent per share tax exempt (one-tier) in respect of year 2019	-	-	-	(3,026)	(3,026)
Final dividend paid of 0.8 cent per share tax exempt (one-tier) in respect of year 2018	-	-	-	(4,841)	(4,841)
Total contributions by and distributions to owners	-	-	-	(7,867)	(7,867)
At 30 September 2019	123,300	9,168	40,742	93,294	266,504
At 1 January 2018	123,300	12,807	31,036	91,662	258,805
Total comprehensive income for the period					
Net profit	-	-	-	3,223	3,223
Other comprehensive income:					
Revaluation of property, plant and equipment	-	-	88	-	88
Available-for-sale financial assets:					
Reclassification of gain on sale of investments to profit or loss (realised)	-	(1,170)	-	-	(1,170)
Reclassification of impairment write-down on investments to profit or loss	-	369	-	-	369
Change in fair value of investments (unrealised)	-	(6,205)	-	-	(6,205)
Income tax relating to components of other comprehensive income	-	1,101	-	-	1,101
Total other comprehensive income, net of income tax	-	(5,905)	88	-	(5,817)
Total comprehensive income for the period	-	(5,905)	88	3,223	(2,594)
Transactions with owners, recorded directly in equity:					
Contributions by and distributions to owners:					
Interim dividend paid of 0.5 cent per share tax exempt (one-tier) in respect of year 2018	-	-	-	(3,026)	(3,026)
Final dividend paid of 0.8 cent per share tax exempt (one-tier) in respect of year 2017	-	-	-	(4,841)	(4,841)
Total contributions by and distributions to owners	-	-	-	(7,867)	(7,867)
At 30 September 2018	123,300	6,902	31,124	87,018	248,344

COMPANY	Share Capital S\$'000	Fair Value Reserves S\$'000	Revaluation Reserves S\$'000	Accumulated Profits S\$'000	Total S\$'000
At 1 July 2019	123,300	10,367	40,713	94,207	268,587
Total comprehensive income for the quarter					
Net profit	-	-	-	2,113	2,113
Other comprehensive income:					
Revaluation of property, plant and equipment	-	-	29	-	29
Available-for-sale financial assets:					
Reclassification of gain on sale of investments to profit or loss (realised)	-	(399)	-	-	(399)
Change in fair value of investments (unrealised)	-	(1,002)	-	-	(1,002)
Income tax relating to components of other comprehensive income	-	202	-	-	202
Total other comprehensive income, net of income tax	-	(1,199)	29	-	(1,170)
Total comprehensive income for the quarter	-	(1,199)	29	2,113	943
Transactions with owners, recorded directly in equity:					
Contributions by and distributions to owners:					
Interim dividend paid of 0.5 cent per share tax exempt (one-tier) in respect of year 2019	-	-	-	(3,026)	(3,026)
Total contributions by and distributions to owners	-	-	-	(3,026)	(3,026)
At 30 September 2019	123,300	9,168	40,742	93,294	266,504
At 1 July 2018	123,300	7,032	31,095	92,921	254,348
Total comprehensive income for the quarter					
Net profit	-	-	-	(2,877)	(2,877)
Other comprehensive income:					
Revaluation of property, plant and equipment	-	-	29	-	29
Available-for-sale financial assets:					
Reclassification of gain on sale of investments to profit or loss (realised)	-	(376)	-	-	(376)
Change in fair value of investments (unrealised)	-	228	-	-	228
Income tax relating to components of other comprehensive income	-	18	-	-	18
Total other comprehensive income, net of income tax	-	(130)	29	-	(101)
Total comprehensive income for the quarter	-	(130)	29	(2,877)	(2,978)
Transactions with owners, recorded directly in equity:					
Contributions by and distributions to owners:					
Interim dividend paid of 0.5 cent per share tax exempt (one-tier) in respect of year 2018	-	-	-	(3,026)	(3,026)
Total contributions by and distributions to owners	-	-	-	(3,026)	(3,026)
At 30 September 2018	123,300	6,902	31,124	87,018	248,344

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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, no subsidiary holdings and no outstanding convertibles as at 30 September 2019 and 30 September 2018.

1(d)(iii) To show the total 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 30 September 2019 and 31 December 2018 was 605,219,785.

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

Not Applicable.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not Applicable.

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

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

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

Not Applicable

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

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

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

On 1 January 2019, the Group adopted SFRS(I) 16 Leases and there was no significant impact to the financial statements ended 30 September 2019.

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

	GROUP	
	9 months 2019	9 months 2018
Basic and fully diluted earnings per share (cents)	1.34	0.55
Number of ordinary shares issued ('000)	605,220	605,220

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

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

	GROUP		COMPANY	
	30.9.2019	31.12.2018	30.9.2019	31.12.2018
Net asset value per share (cents)	44.02	43.54	44.03	43.50

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

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

Comparison of 3rd quarter 2019 vs 3rd quarter 2018

For the quarter ended 30 September 2019, the Group's gross written premium rose 24% to \$57.256 million due to timing difference in booking premiums from cedants and new business. Correspondingly, net earned premium climbed 24.9% to \$15.835 million. In contrast, net claims incurred slid 27.1% to \$10.997 million due to lower advised outstanding losses and IBNR/ IBNER loss provisions. Net commission expense was 77.5% higher at \$4.3 million due to higher profit commission accrual and in conjunction with the premium growth. Notwithstanding the higher unexpired premium reserve strain, the underwriting result was a lower deficit of \$1.228 million, compared to the \$6.444 million deficit in the corresponding quarter last year. Net investment income increased by 6.1% to \$3.542 million mainly due to higher interest income. Overall, the Group reported net profit before income tax of \$1.936 million, compared to \$3.373 million loss in the same quarter a year ago.

Comparison of 9 months 2019 vs 9 months 2018

For the nine months ended 30 September 2019, the Group's gross written premium grew 17.2% to \$162.971 million attributed to timing difference in receipt and booking of statement of accounts, higher premiums reported by some cedants and new business. Consequently, net earned premium rose 16.1% to \$42.057 million. Net claims incurred fell 7.3% to \$25.380 million, due to lower advised outstanding losses and IBNR loss reserve provisions and represented an incurred loss ratio of 56% (on net written premium), compared to the 76.5% incurred loss ratio in the same period a year earlier. Net commission expense rose 28.9% to \$11.379 million generally in line with the net premium growth. Reinsurance management expenses increased nominally by 0.9% to \$5.754 million. As a result, a lower underwriting deficit of \$456,000 was reported compared to the \$5.678 million deficit last year. Net investment income rose 4.3% to \$9.960 million due to higher dividend and interest income. Overall, the Group's net profit before income tax of \$8.802 million represented a 138.2% increase from the \$3.695 million net profit before income tax in preceding year.

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

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

Not applicable.

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

Excess (re)insurance capacity will continue to exert downward pressure on premium rates although there is a greater sense of urgency for more disciplined underwriting in light of the spate of major natural peril losses globally. Compounded by the apparent rising volatility of underwriting results in the face of extreme weather patterns, it remains challenging to achieve positive underwriting results.

On the investment front, amid weaker economic conditions and a low interest rate environment, as well as the continuing trade tensions between the US and China, achieving decent investment returns will remain an uphill task.

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

(a) Current financial period reported on

Any dividend declared for the current financial period reported on? No

(b) Corresponding period of the immediately preceding financial year

Any dividend declared? No

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

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

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

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

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

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited group financial results for third quarter and period ended 30 September 2019 to be false or misleading in any material aspect.

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

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

BY ORDER OF THE BOARD

Tan Swee Gek
Company Secretary
4 November 2019

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