

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

Financial Statements Announcement For The Period Ended 31 March 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.

UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2014

	GROUP		
	3 months 2014	3 months 2013	Incr/ (decr)
	S\$'000	S\$'000	%
<b>Revenue</b>	<b>38,734</b>	<b>28,630</b>	<b>35.3</b>
<b>Income statements:</b>			
<b>Reinsurance operations:</b>			
Gross written premiums	37,199	27,290	36.3
Reinsurance premiums	(21,638)	(14,146)	52.9
<b>Net written premiums</b>	<b>15,563</b>	<b>13,144</b>	<b>18.4</b>
Gross transfer (to)/from provision for unexpired risks	(1,925)	1,546	nm
Reinsurance transfer to/(from) provision for unexpired risks	1,018	(1,805)	nm
<b>Net earned premiums</b>	<b>14,656</b>	<b>12,885</b>	<b>13.7</b>
Gross claims incurred	(1,514)	(19,712)	(92.3)
Reinsurers' share of claims incurred	(5,351)	12,327	(143.4)
<b>Net claims incurred</b>	<b>(6,865)</b>	<b>(7,385)</b>	<b>(7.0)</b>
Commission expense	(10,850)	(7,408)	43.8
Commission income	6,195	3,636	70.4
<b>Net commission expense</b>	<b>(4,455)</b>	<b>(3,772)</b>	<b>18.1</b>
<b>Management expenses</b>	<b>(2,844)</b>	<b>(1,483)</b>	<b>91.8</b>
<b>Underwriting results</b>	<b>492</b>	<b>245</b>	<b>100.8</b>
<b>Net investment income</b>	<b>2,902</b>	<b>5,196</b>	<b>(44.1)</b>
<b>Net income from reinsurance operations (I)</b>	<b>3,394</b>	<b>5,441</b>	<b>(37.6)</b>
<b>Non-reinsurance operations:</b>			
Net investment income	771	843	(8.5)
Other operating income	1,537	1,340	14.7
Management expenses	(1,317)	(1,393)	(5.5)
<b>Net income from non-reinsurance operations (II)</b>	<b>991</b>	<b>790</b>	<b>25.4</b>

<b>Income statements - continued</b>			
<b>Profit before income tax (I + II)</b>	<b>4,385</b>	<b>6,231</b>	<b>(29.6)</b>
Income tax expense	(469)	(861)	(45.5)
<b>Profit for the period</b>	<b>3,916</b>	<b>5,370</b>	<b>(27.1)</b>
<b>Profit attributable to:</b>			
Equity holders of the Company	3,864	5,365	(28.0)
Non-controlling interests	52	5	nm
<b>Profit for the period</b>	<b>3,916</b>	<b>5,370</b>	<b>(27.1)</b>

<b>Statement of comprehensive income:</b>			
<b>Profit for the period</b>	<b>3,916</b>	<b>5,370</b>	<b>(27.1)</b>
<b>Other comprehensive income, after tax:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Revaluation of property, plant and equipment	56	70	(20.0)
Tax on items that will not be reclassified to profit or loss	(3)	(4)	(25.0)
	53	66	(19.7)
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
<b>Available-for-sale financial assets:</b>			
Reclassification of gain on sale of investments to profit or loss	(1,011)	(3,310)	(69.5)
Change in fair value of investments	503	2,699	(81.4)
Tax on items that are or may be reclassified subsequently to profit or loss	89	137	(35.0)
	(419)	(474)	(11.6)
<b>Other comprehensive income for the period, net of income tax</b>	<b>(368)</b>	<b>(408)</b>	<b>(10.3)</b>
<b>Total comprehensive income for the period</b>	<b>3,550</b>	<b>4,962</b>	<b>(28.5)</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company	3,498	4,955	(29.4)
Non-controlling interests	52	7	nm
<b>Total comprehensive income for the period</b>	<b>3,550</b>	<b>4,962</b>	<b>(28.5)</b>

<b>Profit for the period has been arrived at after crediting/(charging):</b>			
Income relating to subsidiaries non-reinsurance operations*	1,538	1,350	13.9
Operating expenses relating to subsidiaries non-reinsurance operations*	(1,181)	(1,249)	(5.4)
Allowances for doubtful debts and bad debts written (off)/back	(1,231)	126	nm
Gain on sale of investments	1,011	3,310	(69.5)

nm not meaningful

na not applicable

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

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

	GROUP		COMPANY	
	31.3.2014	31.12.2013	31.3.2014	31.12.2013
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Assets</b>				
Property, plant and equipment	32,620	32,629	32,532	32,537
Investment properties	20,138	20,123	20,138	20,123
Interests in subsidiaries	-	-	1,123	1,134
Reinsurers' share of insurance contract provisions for				
- outstanding claims	200,331	216,285	200,331	216,285
- unexpired risks	28,369	27,351	28,369	27,351
Financial assets	279,007	272,189	279,174	272,362
Club membership	18	18	-	-
Insurance receivables	70,961	70,958	70,961	70,958
Other receivables	4,072	4,273	2,489	3,354
Cash and cash equivalents	71,559	79,043	68,444	75,776
<b>Total assets</b>	<b>707,075</b>	<b>722,869</b>	<b>703,561</b>	<b>719,880</b>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	123,300	123,300	123,300	123,300
Reserves	25,809	26,175	25,809	26,175
Accumulated profits	79,324	75,480	78,366	74,781
	228,433	224,935	227,475	224,256
<b>Non-controlling interests</b>	<b>375</b>	<b>328</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>228,808</b>	<b>225,263</b>	<b>227,475</b>	<b>224,256</b>
<b>Liabilities</b>				
Insurance contract provisions for				
- outstanding claims	360,945	376,798	360,945	376,798
- unexpired risks	48,469	48,544	48,469	48,544
Deferred taxation	2,277	2,363	2,279	2,363
Insurance payables	59,630	65,811	59,630	65,811
Other payables	4,430	4,045	2,418	2,221
Current tax payable	2,516	2,045	2,345	1,887
<b>Total liabilities</b>	<b>478,267</b>	<b>497,606</b>	<b>476,086</b>	<b>495,624</b>
<b>Total equity and liabilities</b>	<b>707,075</b>	<b>722,869</b>	<b>703,561</b>	<b>719,880</b>

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

Amount repayable in one year or less, or on demand

As at 31.3.2014		As at 31.12.2013	
S\$'000			
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31.3.2014		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.

	<u>GROUP</u>	
	3 months 2014 S\$'000	3 months 2013 S\$'000
<b>Operating activities</b>		
Profit before income tax	4,385	6,231
Adjustments for:		
Insurance contract provisions for net unexpired risks	907	259
Insurance contract provisions for net outstanding claims	101	3,671
Change in fair value of investment properties	(15)	(27)
Gain on sale of investments	(1,011)	(3,310)
Depreciation of property, plant and equipment	82	79
Interest income	(2,123)	(2,287)
Dividend income	(387)	(270)
	<u>1,939</u>	<u>4,346</u>
Changes in working capital:		
Insurance receivables	(3)	(8,142)
Other receivables	(217)	108
Insurance payables	(6,181)	539
Other payables	380	(130)
Cash flows used in operations	<u>(4,082)</u>	<u>(3,279)</u>
Income tax paid	-	(30)
<b>Net cash used in operating activities</b>	<u>(4,082)</u>	<u>(3,309)</u>
<b>Investing activities</b>		
Interest received	2,530	2,391
Dividends received	387	270
Purchase of investments	(20,908)	(8,787)
Proceeds from sale of investments	14,598	15,878
Purchase of property, plant and equipment	(18)	(48)
Proceeds from liquidation of subsidiary	11	-
<b>Net cash (used in)/from investing activities</b>	<u>(3,402)</u>	<u>9,704</u>
<b>Financing activities</b>		
Increase/(Decrease) in deposits pledged	1	(11)
<b>Net cash from/(used in) financing activities</b>	<u>1</u>	<u>(11)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<u>(7,483)</u>	<u>6,384</u>
<b>Cash and cash equivalents at beginning of the year (exclude pledged deposits)</b>	<u>78,204</u>	<u>65,547</u>
<b>Cash and cash equivalents at end of the period</b>	<u>70,721</u>	<u>71,931</u>
<b>Pledged deposits</b>	<u>838</u>	<u>845</u>
<b>Cash and cash equivalents at end of the period including pledged deposits</b>	<u>71,559</u>	<u>72,776</u>

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

	Share Capital S\$'000	Fair Value Reserves S\$'000	Revaluation Reserves S\$'000	Accumulated Profits S\$'000	Total attributable to equity holders of the Company S\$'000	Non- Controlling Interests S\$'000	Total Equity S\$'000
<b>GROUP</b>							
At 1 January 2014	123,300	7,854	18,321	75,460	224,935	328	225,263
<b>Total comprehensive income for the period</b>							
Net profit	-	-	-	3,864	3,864	52	3,916
<b>Other comprehensive income:</b>							
Revaluation of property, plant and equipment	-	-	56	-	56	-	56
Available-for-sale financial assets:							
Reclassification of gain on sale of investments to profit or loss	-	(1,011)	-	-	(1,011)	-	(1,011)
Change in fair value of investments	-	503	-	-	503	-	503
Income tax relating to components of other comprehensive income	-	89	(3)	-	86	-	86
<b>Total other comprehensive income, net of income tax</b>	-	(419)	53	-	(366)	-	(366)
<b>Total comprehensive income/(loss) for the period</b>	-	(419)	53	3,864	3,498	52	3,550
<b>Transactions with owners, recorded directly in equity:</b>							
<b>Contributions by and distributions to owners:</b>							
Payment to non-controlling interest on liquidation of subsidiary	-	-	-	-	-	(5)	(5)
<b>Total contributions by and distributions to owners</b>	-	-	-	-	-	(5)	(5)
<b>At 31 March 2014</b>	<b>123,300</b>	<b>7,435</b>	<b>18,374</b>	<b>79,324</b>	<b>228,433</b>	<b>375</b>	<b>228,808</b>
At 1 January 2013	123,300	11,929	11,414	63,554	210,197	492	210,689
<b>Total comprehensive income for the period</b>							
Net profit	-	-	-	5,365	5,365	5	5,370
<b>Other comprehensive income:</b>							
Revaluation of property, plant and equipment	-	-	70	-	70	-	70
Available-for-sale financial assets:							
Reclassification of gain on sale of investments to profit or loss	-	(3,310)	-	-	(3,310)	-	(3,310)
Change in fair value of investments	-	2,697	-	-	2,697	2	2,699
Income tax relating to components of other comprehensive income	-	137	(4)	-	133	-	133
<b>Total other comprehensive income, net of income tax</b>	-	(476)	66	-	(410)	2	(408)
<b>Total comprehensive income/(loss) for the period</b>	-	(476)	66	5,365	4,955	7	4,962
<b>At 31 March 2013</b>	<b>123,300</b>	<b>11,453</b>	<b>11,480</b>	<b>68,919</b>	<b>215,152</b>	<b>499</b>	<b>215,651</b>

<b>COMPANY</b>	<b>Share Capital S\$'000</b>	<b>Fair Value Reserves S\$'000</b>	<b>Revaluation Reserves S\$'000</b>	<b>Accumulated Profits S\$'000</b>	<b>Total S\$'000</b>
<b>At 1 January 2014</b>	<b>123,300</b>	<b>7,854</b>	<b>18,321</b>	<b>74,781</b>	<b>224,256</b>
<b>Total comprehensive income for the period</b>					
<b>Net profit</b>	-	-	-	3,585	3,585
<b>Other comprehensive income:</b>					
Revaluation of property, plant and equipment	-	-	56	-	56
Available-for-sale financial assets:					
Reclassification of gain on sale of investments to profit or loss	-	(1,011)	-	-	(1,011)
Change in fair value of investments	-	503	-	-	503
Income tax relating to components of other comprehensive income	-	89	(3)	-	86
<b>Total other comprehensive income, net of income tax</b>	-	<b>(419)</b>	<b>53</b>	-	<b>(366)</b>
<b>Total comprehensive income/(loss) for the period</b>	-	<b>(419)</b>	<b>53</b>	<b>3,585</b>	<b>3,219</b>
<b>At 31 March 2014</b>	<b>123,300</b>	<b>7,435</b>	<b>18,374</b>	<b>78,366</b>	<b>227,475</b>
<b>At 1 January 2013</b>	<b>123,300</b>	<b>11,816</b>	<b>11,414</b>	<b>62,719</b>	<b>209,249</b>
<b>Total comprehensive income for the period</b>					
<b>Net profit</b>	-	-	-	5,281	5,281
<b>Other comprehensive income:</b>					
Revaluation of property, plant and equipment	-	-	70	-	70
Available-for-sale financial assets:					
Reclassification of gain on sale of investments to profit or loss	-	(3,310)	-	-	(3,310)
Change in fair value of investments	-	2,678	-	-	2,678
Income tax relating to components of other comprehensive income	-	137	(4)	-	133
<b>Total other comprehensive income, net of income tax</b>	-	<b>(495)</b>	<b>66</b>	-	<b>(429)</b>
<b>Total comprehensive income/(loss) for the period</b>	-	<b>(495)</b>	<b>66</b>	<b>5,281</b>	<b>4,852</b>
<b>At 31 March 2013</b>	<b>123,300</b>	<b>11,321</b>	<b>11,480</b>	<b>68,000</b>	<b>214,101</b>

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

There was no change in the Company's share capital since the end of the previous reported period. There were no shares held as treasury shares and outstanding convertibles as at 31 March 2014 and 31 March 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 March 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 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 2013, except for that disclosed under item 5 below.

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

In 2014, the Group fine-tuned the method of computing general provision for bad and doubtful debts, the effect of which is a reduction in the management expense recognised in the Income Statement of S\$1.1 million for the period ended 31 March 2014.

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

	GROUP	
	3 months 2014	3 months 2013
Basic and fully diluted earnings per share (cents)	0.80	0.89
Number of ordinary shares issued ('000)	605,220	605,220

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

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

	GROUP		COMPANY	
	31.3.2014	31.12.2013	31.3.2014	31.12.2013
Net asset value per share (cents)	37.91	37.17	37.75	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 1st quarter 2014 vs 1st quarter 2013

For the first quarter ended 31 March 2014, the Group's revenue increased by 35.3% to S\$38.7 million due mainly to timing difference in booking of premiums and higher premiums reported by some cedants. Net claims incurred fell 7% to S\$6.9 million due to no new unduly large losses reported in the period under review, while net commission expense rose 18.1% to S\$4.5 million due to higher accrual of profit commission payable to cedants. Reinsurance management expense increased by 91.8% to S\$2.8 million attributed mainly to higher general provision for doubtful debts as a result of higher insurance receivables and factors applied at end-March 2014. Consequently, underwriting surplus doubled to S\$492 K during the quarter under review. Net investment income declined by 39.2% to S\$3.7 million, from the S\$6 million in the same quarter a year earlier, due to lower profit on sale of investments. Last year, the Group had benefitted from the liquidation of a strategic holding in a Thai insurance company. Discounting the profit therefrom of approximately S\$2.5 million in the comparison, the period under review was better by approximately S\$110,000 or 3.1%. Overall, the Group's profit before income tax of S\$4.4 million was 29.6% lower than the S\$6.2 million recorded in the corresponding quarter previous 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.**

Competition remains rife in both the primary and reinsurance markets in Asia resulting in rampant rate erosion. Further compounded by rising operating and compliance costs, as well as uncertainties associated with the changing global weather patterns, pressures on underwriting profitability would continue.

On the investment front, economic growth in the developed and emerging countries remained highly vulnerable and exacerbated by rising geopolitical hot spots globally, the investment market conditions would be volatile.



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

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

No

(b) Corresponding period of the immediately preceding financial year

Any dividend declared?

No

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

No dividend has been declared for the current financial period reported on.

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

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

**14. 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 first quarter ended 31 March 2014 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

Gerard Seah Jim Hong  
Company Secretary  
23 April 2014

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