

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

Financial Statements Announcement For Second Quarter and Half Year Ended 30 June 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 SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2014

	GROUP					
	1st Half 2014 S\$'000	1st Half 2013 S\$'000	Incr/ (decr) %	2nd Qtr 2014 S\$'000	2nd Qtr 2013 S\$'000	Incr/ (decr) %
Revenue	74,421	58,693	26.8	35,687	30,063	18.7
Income statements:						
Reinsurance operations:						
Gross written premiums	71,656	55,946	28.1	34,457	28,656	20.2
Reinsurance premiums	(41,937)	(31,542)	33.0	(20,301)	(17,396)	16.7
Net written premiums	29,719	24,404	21.8	14,156	11,260	25.7
Gross transfer (to)/from provision for unexpired risks	(3,602)	2,922	nm	(1,677)	1,376	nm
Reinsurance transfer to/(from) provision for unexpired risks	1,507	(2,893)	nm	489	(1,088)	nm
Net earned premiums	27,624	24,433	13.1	12,968	11,548	12.3
Gross claims incurred	(22,040)	(37,922)	(41.9)	(20,526)	(18,210)	12.7
Reinsurers' share of claims incurred	7,139	24,581	(71.0)	12,490	12,254	1.9
Net claims incurred	(14,901)	(13,341)	11.7	(8,036)	(5,956)	34.9
Commission expense	(21,287)	(16,377)	30.0	(10,637)	(8,969)	18.6
Commission income	12,242	8,710	40.6	6,047	5,074	19.2
Net commission expense	(9,045)	(7,667)	18.0	(4,590)	(3,895)	17.8
Management expenses	(1,855)	(2,935)	(36.8)	(101)	(1,452)	(93.0)
Underwriting results	1,823	490	nm	241	245	(1.6)
Net investment income	7,325	8,041	(8.9)	4,423	2,845	55.5
Net income from reinsurance operations (I)	9,148	8,531	7.2	4,664	3,090	50.9
Non-reinsurance operations:						
Net investment income	1,769	1,964	(9.9)	998	1,121	(11.0)
Other operating income	2,767	2,780	(0.5)	1,230	1,440	(14.6)
Management expenses	(2,692)	(2,820)	(4.5)	(1,375)	(1,427)	(3.6)
Net income from non-reinsurance operations (II)	1,844	1,924	(4.2)	853	1,134	(24.8)

Income statements - continued						
Profit before income tax (I + II)	10,992	10,455	5.1	5,517	4,224	30.6
Income tax expense	(1,139)	(1,309)	(13.0)	(567)	(448)	26.6
Profit for the period	9,853	9,146	7.7	4,950	3,776	31.1
Profit attributable to:						
Equity holders of the Company	9,799	9,103	7.6	4,948	3,738	32.4
Non-controlling interests	54	43	25.6	2	38	(94.7)
Profit for the period	9,853	9,146	7.7	4,950	3,776	31.1

Statement of comprehensive income:						
Profit for the period	9,853	9,146	7.7	4,950	3,776	31.1
Other comprehensive income, after tax:						
Items that will not be reclassified to profit or loss:						
Revaluation of property, plant and equipment	33	183	(82.0)	(23)	113	nm
Tax on items that will not be reclassified to profit or loss	2	(13)	nm	5	(9)	nm
	35	170	(79.4)	(18)	104	(117.3)
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)	(2,086)	(3,840)	(45.7)	(1,075)	(530)	102.8
Reclassification of impairment write-down on investments to profit or loss	-	168	(100.0)	-	168	(100.0)
Change in fair value of investments (unrealised)	3,288	(4,588)	nm	2,785	(7,287)	nm
Tax on items that are or may be reclassified subsequently to profit or loss	(225)	1,395	nm	(314)	1,258	nm
	977	(6,865)	nm	1,396	(6,391)	nm
Other comprehensive income for the period, net of income tax	1,012	(6,695)	nm	1,378	(6,287)	nm
Total comprehensive income for the period	10,865	2,451	nm	6,328	(2,511)	nm
Total comprehensive income attributable to:						
Equity holders of the Company	10,811	2,429	nm	6,326	(2,526)	nm
Non-controlling interests	54	22	145.5	2	15	(86.7)
Total comprehensive income for the period	10,865	2,451	nm	6,328	(2,511)	nm

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

Income relating to subsidiaries non-reinsurance operations*	2,772	2,922	(5.1)	1,234	1,572	(21.5)
Operating expenses relating to subsidiaries non-reinsurance operations*	(2,399)	(2,539)	(5.5)	(1,218)	(1,290)	(5.6)
Allowances for doubtful debts and bad debts written back	1,474	584	152.4	1,615	458	nm
Gain on sale of investments	2,086	3,840	(45.7)	1,075	530	102.8
Change in fair value of investment properties	1,154	97	nm	1,139	70	nm

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	
	30.6.2014	31.12.2013	30.6.2014	31.12.2013
	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Property, plant and equipment	32,528	32,629	32,447	32,537
Investment properties	23,095	20,123	23,095	20,123
Interests in subsidiaries	-	-	1,123	1,134
Reinsurers' share of insurance contract provisions for				
- outstanding claims	199,097	216,285	199,097	216,285
- unexpired risks	28,858	27,351	28,858	27,351
Financial assets	278,108	272,189	278,280	272,362
Club membership	18	18	-	-
Insurance receivables	68,470	70,958	68,470	70,958
Other receivables	5,060	4,273	3,423	3,354
Cash and cash equivalents	66,133	79,043	62,786	75,776
Total assets	701,367	722,869	697,579	719,880
Equity attributable to equity holders of the Company				
Share capital	123,300	123,300	123,300	123,300
Reserves	27,187	26,175	27,187	26,175
Accumulated profits	80,417	75,460	79,467	74,781
	230,904	224,935	229,954	224,256
Non-controlling interests	377	328	-	-
Total equity	231,281	225,263	229,954	224,256
Liabilities				
Insurance contract provisions for				
- outstanding claims	357,052	376,798	357,052	376,798
- unexpired risks	50,146	46,544	50,146	46,544
Deferred taxation	2,603	2,363	2,607	2,363
Insurance payables	53,504	65,811	53,504	65,811
Other payables	4,578	4,045	2,241	2,221
Current tax payable	2,203	2,045	2,075	1,887
Total liabilities	470,086	497,606	467,625	495,624
Total equity and liabilities	701,367	722,869	697,579	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 30.6.2014		As at 31.12.2013	
S\$'000			
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 30.6.2014		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			
	1st Half 2014 S\$'000	1st Half 2013 S\$'000	2nd Qtr 2014 S\$'000	2nd Qtr 2013 S\$'000
Operating activities				
Profit before income tax	10,992	10,455	5,517	4,224
Adjustments for:				
Insurance contract provisions for net unexpired risks	2,095	(29)	1,188	(288)
Insurance contract provisions for net outstanding claims	(2,558)	2,098	(2,659)	(1,573)
Impairment losses on investments	-	168	-	168
Change in fair value of investment properties	(1,154)	(97)	(1,139)	(70)
Gain on sale of investments	(2,086)	(3,840)	(1,075)	(530)
Depreciation of property, plant and equipment	162	158	80	79
Interest income	(4,210)	(4,513)	(2,087)	(2,226)
Dividend income	(1,271)	(987)	(884)	(717)
	1,970	3,413	(1,059)	(933)
Changes in working capital:				
Insurance receivables	2,488	(6,214)	3,581	1,928
Other receivables	(45)	(218)	172	(326)
Insurance payables	(12,307)	(4,096)	(6,126)	(4,635)
Other payables	528	61	148	191
Cash flows used in operations	(7,366)	(7,054)	(3,284)	(3,775)
Income tax paid	(981)	(723)	(981)	(693)
Net cash used in operating activities	(8,347)	(7,777)	(4,265)	(4,468)
Investing activities				
Interest received	3,477	4,651	947	2,260
Dividends received	1,271	987	884	717
Purchase of investments	(30,632)	(21,960)	(9,724)	(13,173)
Proceeds from sale of investments	27,998	35,951	13,403	20,073
Purchase of property, plant and equipment	(1,846)	(80)	(1,828)	(32)
Proceeds from liquidation of subsidiary	11	-	-	-
Net cash from investing activities	279	19,549	3,682	9,845
Financing activities				
Dividends paid	(4,842)	(4,236)	(4,842)	(4,236)
Decrease in deposits pledged	17	10	16	21
Net cash used in financing activities	(4,825)	(4,226)	(4,826)	(4,215)
Net (decrease)/increase in cash and cash equivalents	(12,893)	7,546	(5,409)	1,162
Cash and cash equivalents at beginning of the year (exclude pledged deposits)	78,204	65,547	70,720	71,931
Cash and cash equivalents at end of the period	65,311	73,093	65,311	73,093
Pledged deposits	822	824	822	824
Cash and cash equivalents at end of the period including pledged deposits	66,133	73,917	66,133	73,917

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 period							
Net profit	-	-	-	9,799	9,799	54	9,853
Other comprehensive income:							
Revaluation of property, plant and equipment	-	-	33	-	33	-	33
Available-for-sale financial assets:							
Reclassification of gain on sale of investments to profit or loss (realised)	-	(2,086)	-	-	(2,086)	-	(2,086)
Reclassification of impairment write-down on investments to profit or loss	-	-	-	-	-	-	-
Change in fair value of investments (unrealised)	-	3,288	-	-	3,288	-	3,288
Income tax relating to components of other comprehensive income	-	(225)	2	-	(223)	-	(223)
Total other comprehensive income, net of income tax	-	977	35	-	1,012	-	1,012
Total comprehensive income for the period	-	977	35	9,799	10,811	54	10,865
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)
Payment to non-controlling interest on liquidation of subsidiary	-	-	-	-	-	(5)	(5)
Total contributions by and distributions to owners	-	-	-	(4,842)	(4,842)	(5)	(4,847)
At 30 June 2014	123,300	8,831	18,356	80,417	230,904	377	231,281
At 1 January 2013	123,300	11,929	11,414	63,554	210,197	492	210,689
Total comprehensive income for the period							
Net profit	-	-	-	9,103	9,103	43	9,146
Other comprehensive income:							
Revaluation of property, plant and equipment	-	-	183	-	183	-	183
Available-for-sale financial assets:							
Reclassification of gain on sale of investments to profit or loss (realised)	-	(3,817)	-	-	(3,817)	(23)	(3,840)
Reclassification of impairment write-down on investments to profit or loss	-	168	-	-	168	-	168
Change in fair value of investments (unrealised)	-	(4,590)	-	-	(4,590)	2	(4,588)
Income tax relating to components of other comprehensive income	-	1,395	(13)	-	1,382	-	1,382
Total other comprehensive income, net of income tax	-	(6,844)	170	-	(6,674)	(21)	(6,695)
Total comprehensive income/(loss) for the period	-	(6,844)	170	9,103	2,429	22	2,451
Transactions with owners, recorded directly in equity:							
Contributions by and distributions to owners:							
Final dividend paid of 0.7cent per share tax exempt (one-tier) in respect of year 2012	-	-	-	(4,236)	(4,236)	-	(4,236)
Dividend paid to non-controlling interests	-	-	-	-	-	(295)	(295)
Total contributions by and distributions to owners	-	-	-	(4,236)	(4,236)	(295)	(4,531)
At 30 June 2013	123,300	5,085	11,584	68,421	208,390	219	208,609

	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 April 2014	123,300	7,435	18,374	80,311	229,420	375	229,795
Total comprehensive income for the quarter							
Net profit	-	-	-	4,948	4,948	2	4,950
Other comprehensive income:							
Revaluation of property, plant and equipment	-	-	(23)	-	(23)	-	(23)
Available-for-sale financial assets:							
Reclassification of gain on sale of investments to profit or loss (realised)	-	(1,075)	-	-	(1,075)	-	(1,075)
Change in fair value of investments (unrealised)	-	2,785	-	-	2,785	-	2,785
Income tax relating to components of other comprehensive income	-	(314)	5	-	(309)	-	(309)
Total other comprehensive income, net of income tax	-	1,396	(18)	-	1,378	-	1,378
Total comprehensive income/(loss) for the quarter	-	1,396	(18)	4,948	6,326	2	6,328
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)
Total contributions by and distributions to owners	-	-	-	(4,842)	(4,842)	-	(4,842)
At 30 June 2014	123,300	8,831	18,356	80,417	230,904	377	231,281
At 1 April 2013	123,300	11,453	11,480	68,919	215,152	499	215,651
Total comprehensive income for the quarter							
Net profit	-	-	-	3,738	3,738	38	3,776
Other comprehensive income:							
Revaluation of property, plant and equipment	-	-	113	-	113	-	113
Available-for-sale financial assets:							
Reclassification of gain on sale of investments to profit or loss (realised)	-	(507)	-	-	(507)	(23)	(530)
Reclassification of impairment write-down on investments to profit or loss	-	168	-	-	168	-	168
Change in fair value of investments (unrealised)	-	(7,287)	-	-	(7,287)	-	(7,287)
Income tax relating to components of other comprehensive income	-	1,258	(9)	-	1,249	-	1,249
Total other comprehensive income, net of income tax	-	(6,368)	104	-	(6,264)	(23)	(6,287)
Total comprehensive income/(loss) for the quarter	-	(6,368)	104	3,738	(2,526)	15	(2,511)
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)
Dividend paid to non-controlling interests	-	-	-	-	-	(295)	(295)
Total contributions by and distributions to owners	-	-	-	(4,236)	(4,236)	(295)	(4,531)
At 30 June 2013	123,300	5,085	11,584	68,421	208,390	219	208,609

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 period					
Net profit	-	-	-	9,528	9,528
Other comprehensive income:					
Revaluation of property, plant and equipment	-	-	33	-	33
Available-for-sale financial assets:					
Reclassification of gain on sale of investments to profit or loss (realised)	-	(2,085)	-	-	(2,085)
Change in fair value of investments (unrealised)	-	3,287	-	-	3,287
Income tax relating to components of other comprehensive income	-	(225)	2	-	(223)
Total other comprehensive income, net of income tax	-	977	35	-	1,012
Total comprehensive income for the period	-	977	35	9,528	10,540
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)
Total contributions by and distributions to owners	-	-	-	(4,842)	(4,842)
At 30 June 2014	123,300	8,831	18,356	79,467	229,954
At 1 January 2013	123,300	11,816	11,414	62,719	209,249
Total comprehensive income for the period					
Net profit	-	-	-	10,176	10,176
Other comprehensive income:					
Revaluation of property, plant and equipment	-	-	183	-	183
Available-for-sale financial assets:					
Reclassification of gain on sale of investments to profit or loss (realised)	-	(3,785)	-	-	(3,785)
Reclassification of impairment write-down on investments to profit or loss	-	168	-	-	168
Change in fair value of investments (unrealised)	-	(4,506)	-	-	(4,506)
Income tax relating to components of other comprehensive income	-	1,395	(13)	-	1,382
Total other comprehensive income, net of income tax	-	(6,728)	170	-	(6,558)
Total comprehensive income/(loss) for the period	-	(6,728)	170	10,176	3,618
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)
Total contributions by and distributions to owners	-	-	-	(4,236)	(4,236)
At 30 June 2013	123,300	5,088	11,584	68,659	208,631

	Share Capital S\$'000	Fair Value Reserves S\$'000	Revaluation Reserves S\$'000	Accumulated Profits S\$'000	Total S\$'000
At 1 April 2014	123,300	7,435	18,374	79,353	228,462
Total comprehensive income for the quarter					
Net profit	-	-	-	4,956	4,956
Other comprehensive income:					
Revaluation of property, plant and equipment	-	-	(23)	-	(23)
Available-for-sale financial assets:					
Reclassification of gain on sale of investments to profit or loss (realised)	-	(1,074)	-	-	(1,074)
Change in fair value of investments (unrealised)	-	2,784	-	-	2,784
Income tax relating to components of other comprehensive income	-	(314)	5	-	(309)
Total other comprehensive income, net of Income tax	-	1,396	(18)	-	1,378
Total comprehensive income/(loss) for the quarter	-	1,396	(18)	4,956	6,334
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)
Total contributions by and distributions to owners	-	-	-	(4,842)	(4,842)
At 30 June 2014	123,300	8,831	18,356	79,467	229,954
At 1 April 2013	123,300	11,321	11,480	68,000	214,101
Total comprehensive income for the quarter					
Net profit	-	-	-	4,895	4,895
Other comprehensive income:					
Revaluation of property, plant and equipment	-	-	113	-	113
Available-for-sale financial assets:					
Reclassification of gain on sale of investments to profit or loss (realised)	-	(475)	-	-	(475)
Reclassification of impairment write-down on investments to profit or loss	-	168	-	-	168
Change in fair value of investments (unrealised)	-	(7,184)	-	-	(7,184)
Income tax relating to components of other comprehensive income	-	1,258	(9)	-	1,249
Total other comprehensive income, net of income tax	-	(6,233)	104	-	(6,129)
Total comprehensive income/(loss) for the quarter	-	(6,233)	104	4,895	(1,234)
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)
Total contributions by and distributions to owners	-	-	-	(4,236)	(4,236)
At 30 June 2013	123,300	5,088	11,584	68,659	208,631

- 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 30 June 2014 and 30 June 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 30 June 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\$1.9 million for the period ended 30 June 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	
	1st Half 2014	1st Half 2013
Basic and fully diluted earnings per share (cents)	1.62	1.50
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	
	30.6.2014	31.12.2013	30.6.2014	31.12.2013
Net asset value per share (cents)	38.15	37.17	38.00	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 2nd quarter 2014 vs 2nd quarter 2013

In second quarter 2014, the Group's revenue increased by 18.7% to S\$35.7 million mainly due to timing difference in booking of premiums. Net claims incurred rose 34.9% to S\$8 million primarily attributed to higher advised losses notified by cedants and the increase in IBNR/IBNER loss provisions derived from the bigger premium base, while net commission expense rose 17.8% to S\$4.6 million due to higher accrual of profit commission payable to cedants. Although management expenses fell 93% due to the fine-tuning in method of computing general provision for bad and doubtful debts, the underwriting surplus declined nevertheless marginally by 1.6% to S\$241,000. Net investment income rose S\$1.5 million or 36.7% to S\$5.4 million due to higher profit on sale of investments and the change in fair value of investment properties. Overall, the Group's profit before income tax of S\$5.5 million was 30.6% higher than the S\$4.2 million recorded in the corresponding quarter last year.

Comparison of 6 months 2014 vs 6 months 2013

For the period ended 30 June 2014, the Group's revenue rose 26.8% to S\$74.4 million due to timing difference in booking of premium (\$11.9 million) and new business (\$3.2 million). Net claims incurred increased 11.7% to S\$14.9 million, but the incurred loss ratio (of net written premium) declined to 50.1% compared to 54.7% incurred loss ratio in the corresponding period a year ago. Commission expense rose 18% to S\$9 million due to higher profit commission accrual payable to cedants. The reinsurance management expenses slid 36.8% to S\$1.9 million due mainly to lower general provision for bad and doubtful debts for the period under review as explained in item (5) above. In light of the foregoing, a higher underwriting surplus of S\$1.8 million was recorded, compared to the S\$490,000 in first half of 2013. The net investment income declined by 9.1% to S\$9.1 million due to lower profit on sale of investments but partly offset by the change in fair value of investment properties. Overall, the Group's net profit before income tax increased by 5.1% to almost S\$11 million, compared to the S\$10.5 million net profit before income tax in the corresponding period in preceding year. Last year, the Group benefitted from the sale of a strategic holding in a Thai insurance company. Discounting exceptional items comprising profit derived from the sale of the stake in a Thai insurance company of S\$2.5 million and the change in fair value of investment properties of \$1.1 million, the net investment income for the period under review rose S\$508,000 or 6.8% and the Group's profit before income tax would be higher by S\$2 million or 24.8%.

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.**

Intensified competition and premium rate erosion will remain the order of the day. This combined with escalating costs and unpredictable climate change will continue to make underwriting challenging.

The investment front, particularly where equities and properties are concerned will continue to be volatile given the rising geo-political tensions and continued economic uncertainties globally.

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
2014
Interim
Cash
0.70
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
2013
Interim
Cash
0.70
Tax exempt (one-tier)

(c) The date the dividend is payable
The proposed interim dividend will be paid on 10 September 2014.

(d) Books closure date
Notice is hereby given that the Share Transfer Books and Register of Members will be closed on 25 August 2014 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 22 August 2014 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 22 August 2014 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.

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 second quarter and half year ended 30 June 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Gerard Seah Jim Hong
Company Secretary
14 August 2014

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