

Financial Statements Announcement For The Year Ended 31 December 2016

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 FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2016

	GROUP					
	12 months 2016 S\$'000	12 months 2015 S\$'000	Incr/ (decr) %	4th Qtr 2016 S\$'000	4th Qtr 2015 S\$'000	Incr/ (decr) %
Income statements:						
<u>Reinsurance operations:</u>						
Gross written premiums	169,016	128,326	31.7	52,174	32,098	62.5
Reinsurance premiums	(118,294)	(74,859)	58.0	(41,001)	(18,728)	118.9
Net written premiums	50,722	53,467	(5.1)	11,173	13,370	(16.4)
Gross transfer (to)/from provision for unexpired risks	(12,675)	6,329	nm	(7,340)	859	nm
Reinsurance transfer to/(from) provision for unexpired risks	13,818	(5,077)	nm	8,326	(975)	nm
Net earned premiums	51,865	54,719	(5.2)	12,159	13,254	(8.3)
 Gross claims incurred	 (83,630)	 (59,217)	 41.2	 (26,612)	 (17,788)	 49.6
Reinsurers' share of claims incurred	47,685	27,309	74.6	15,235	9,447	61.3
Net claims incurred	(35,945)	(31,908)	12.7	(11,377)	(8,341)	36.4
 Commission expense	 (46,165)	 (39,425)	 17.1	 (13,591)	 (9,485)	 43.3
Commission income	34,477	24,336	41.7	12,221	6,922	76.6
Net commission expense	(11,688)	(15,089)	(22.5)	(1,370)	(2,563)	(46.5)
 Management expenses	 (6,287)	 (6,772)	 (7.2)	 (827)	 (1,839)	 (55.0)
 Underwriting results	 (2,055)	 950	 nm	 (1,415)	 511	 nm
 Net investment income	 6,218	 6,951	 (10.5)	 661	 (620)	 nm
Net income from reinsurance operations (I)	4,163	7,901	(47.3)	(754)	(109)	nm
 <u>Non-reinsurance operations:</u>						
Net investment income	5,059	3,257	55.3	2,479	917	170.3
Other operating income	6,480	7,095	(8.7)	1,938	2,737	(29.2)
Management expenses	(5,824)	(6,116)	(4.8)	(1,615)	(1,763)	(8.4)
Net income from non-reinsurance operations (II)	5,715	4,236	34.9	2,802	1,891	48.2

	GROUP					
	12 months 2016 S\$'000	12 months 2015 S\$'000	Incr/ (decr) %	4th Qtr 2016 S\$'000	4th Qtr 2015 S\$'000	Incr/ (decr) %
Income statements - continued						
Profit before income tax (I + II)	9,878	12,137	(18.6)	2,048	1,782	14.9
Income tax expense	(893)	(490)	82.2	(272)	1,023	nm
Profit for the year	8,985	11,647	(22.9)	1,776	2,805	(36.7)
Profit attributable to:						
Equity holders of the Company	8,842	11,511	(23.2)	1,720	2,706	(36.4)
Non-controlling interests	143	136	5.1	56	99	(43.4)
Profit for the year	8,985	11,647	(22.9)	1,776	2,805	(36.7)
Statements of comprehensive income:						
Profit for the year	8,985	11,647	(22.9)	1,776	2,805	(36.7)
Other comprehensive income, after tax:						
Items that will not be reclassified to profit or loss:						
Revaluation of property, plant and equipment	5,320	350	nm	5,329	94	nm
Tax on items that will not be reclassified to profit or loss	9	(24)	nm	-	(7)	(100.0)
	5,329	326	nm	5,329	87	nm
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)	(861)	(2,318)	(62.9)	-	(89)	(100.0)
Reclassification of impairment write-down on investments to profit or loss	1,982	2,780	(28.7)	1,379	2,571	(46.4)
Change in fair value of investments (unrealised)	516	(7,351)	nm	(4,287)	242	nm
Tax on items that are or may be reclassified subsequently to profit or loss	(226)	1,092	nm	535	(416)	nm
	1,411	(5,797)	nm	(2,373)	2,308	nm
Other comprehensive income for the year, net of income tax	6,740	(5,471)	nm	2,956	2,395	23.4
Total comprehensive income for the year	15,725	6,176	154.6	4,732	5,200	(9.0)
Total comprehensive income attributable to:						
Equity holders of the Company	15,575	6,052	157.4	4,672	5,099	(8.4)
Non-controlling interests	150	124	21.0	60	101	(40.6)
Total comprehensive income for the year	15,725	6,176	154.6	4,732	5,200	(9.0)
Profit for the year has been arrived at after crediting/(charging):						
Net exchange gain/(loss)	106	(1,130)	nm	851	(238)	nm
Depreciation	(381)	(384)	(0.8)	(84)	(117)	(28.2)
Accretion of investments	45	40	12.5	11	10	10.0
Allowances for doubtful debts and bad debts written back	140	354	(60.5)	(11)	(81)	(86.4)
(Under)/Over provision of tax	(299)	523	nm	(299)	523	nm
Gain on sale of investments	861	2,318	(62.9)	-	89	(100.0)
Change in fair value of investment properties	1,610	496	nm	1,996	290	nm
Impairment provisions/write-down on investments	(1,982)	(2,780)	(28.7)	(1,379)	(2,571)	(46.4)
Profit on sale of investment property	-	76	(100.0)	-	-	nm

nm not meaningful

Note: certain items in the comparatives figures have been reclassified to conform with the current's presentation

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	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Property, plant and equipment	38,485	35,897	38,382	35,825
Investment properties	27,329	23,189	27,329	23,189
Interests in subsidiaries	-	-	1,123	1,123
Reinsurers' share of insurance contract provisions for				
- outstanding claims	198,382	193,916	198,382	193,916
- unexpired risks	40,687	26,869	40,687	26,869
Financial assets	259,127	262,339	258,579	261,844
Club membership	15	15	-	-
Insurance receivables	47,966	58,428	47,966	58,428
Other receivables	4,433	3,911	3,664	3,225
Cash and cash equivalents	86,822	75,821	84,507	73,028
Total assets	703,246	680,385	700,619	677,447
Equity attributable to equity holders of the Company				
Share capital	123,300	123,300	123,300	123,300
Reserves	30,313	23,580	30,342	23,648
Accumulated profits	87,223	85,038	86,819	84,337
	240,836	231,918	240,461	231,285
Non-controlling interests	264	264	-	-
Total equity	241,100	232,182	240,461	231,285
Liabilities				
Insurance contract provisions for				
- outstanding claims	350,831	346,551	350,831	346,551
- unexpired risks	59,761	47,086	59,761	47,086
Deferred taxation	1,440	1,264	1,449	1,264
Insurance payables	45,423	47,901	45,423	47,901
Other payables	4,056	4,314	2,172	2,419
Current tax payable	635	1,087	522	941
Total liabilities	462,146	448,203	460,158	446,162
Total equity and liabilities	703,246	680,385	700,619	677,447

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 31.12.2016		As at 31.12.2015	
S\$'000			
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31.12.2016		As at 31.12.2015	
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 2016 S\$'000	12 months 2015 S\$'000	4th Qtr 2016 S\$'000	4th Qtr 2015 S\$'000
Operating activities				
Profit before income tax	9,878	12,137	2,048	1,782
Adjustments for:				
Insurance contract provisions for net unexpired risks	(1,143)	(1,252)	(986)	116
Insurance contract provisions for net outstanding claims	(186)	(7,817)	2,809	(2,277)
Impairment write-down on investments	1,982	2,780	1,379	2,571
Impairment write-down on club membership	-	5	-	5
Change in fair value of investment properties	(1,610)	(496)	(1,996)	(290)
Gain on sale of investments	(861)	(2,318)	-	(89)
Depreciation of property, plant and equipment	381	384	84	117
Interest income	(8,231)	(8,356)	(1,988)	(2,120)
Dividend income	(2,510)	(2,425)	(371)	(384)
Gain on sale of property, plant and equipment	-	(6)	-	(1)
Gain on sale of investment properties	-	(76)	-	-
	(2,300)	(7,440)	979	(570)
Changes in working capital:				
Insurance receivables	10,462	14,104	10,750	2,642
Other receivables	(691)	(572)	68	5
Insurance payables	(2,478)	(8,238)	(8,376)	(234)
Other payables	(258)	432	(946)	(1,265)
Cash flows used in operations	4,735	(1,714)	2,475	578
Income tax paid	(1,386)	(1,858)	15	(214)
Net cash from/(used in) operating activities	3,349	(3,572)	2,490	364
Investing activities				
Interest received	8,336	8,367	1,663	1,690
Dividends received	2,510	2,425	371	384
Purchase of investments	(21,856)	(41,385)	(6,628)	(4,713)
Proceeds from sale of investments	25,648	47,645	1,250	8,336
Purchase of property, plant and equipment	(179)	(410)	(26)	(158)
Disposal of property, plant and equipment	-	11	-	(13)
Disposal of investment properties	-	2,170	-	-
Net cash from/(used in) investing activities	14,459	18,823	(3,370)	5,526
Financing activities				
Dividends paid to owners of the Company	(6,657)	(10,894)	-	-
Dividends paid to non-controlling interests	(150)	(180)	(150)	(180)
Decrease in deposits pledged	26	117	(5)	11
Net cash used in financing activities	(6,781)	(10,957)	(155)	(169)
Net increase/(decrease) in cash and cash equivalents	11,027	4,294	(1,035)	5,721
Cash and cash equivalents at beginning of the year (excluding pledged assets)	75,699	71,405	87,761	69,978
Cash and cash equivalents at end of the year (excluding pledged assets)	86,726	75,699	86,726	75,699

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 2016	123,300	1,991	21,589	85,038	231,918	264	232,182
Total comprehensive income for the year							
Net profit	-	-	-	8,842	8,842	143	8,985
Other comprehensive income:							
Revaluation of property, plant and equipment	-	-	5,320	-	5,320	-	5,320
Available-for-sale financial assets:							
Reclassification of gain on sale of investments to profit or loss (realised)	-	(861)	-	-	(861)	-	(861)
Reclassification of impairment write-down on investments to profit or loss	-	1,982	-	-	1,982	-	1,982
Change in fair value of investments (unrealised)	-	509	-	-	509	7	516
Income tax relating to components of other comprehensive income	-	(226)	9	-	(217)	-	(217)
Total other comprehensive income, net of income tax	-	1,404	5,329	-	6,733	7	6,740
Total comprehensive income for the year	-	1,404	5,329	8,842	15,575	150	15,725
Contributions by and distributions to owners:							
Final dividend paid of 0.6 cent per share tax exempt (one-tier) in respect of year 2015	-	-	-	(3,631)	(3,631)	-	(3,631)
Interim dividend paid of 0.5 cent per share tax exempt (one-tier) in respect of year 2016	-	-	-	(3,026)	(3,026)	-	(3,026)
Dividend paid to non-controlling interests	-	-	-	-	-	(150)	(150)
Total contributions by and distributions to owners	-	-	-	(6,657)	(6,657)	(150)	(6,807)
At 31 December 2016	123,300	3,395	26,918	87,223	240,836	264	241,100
At 1 January 2015	123,300	7,776	21,263	84,421	236,760	320	237,080
Total comprehensive income for the year							
Net profit	-	-	-	11,511	11,511	136	11,647
Other comprehensive income:							
Revaluation of property, plant and equipment	-	-	350	-	350	-	350
Available-for-sale financial assets:							
Reclassification of gain on sale of investments to profit or loss (realised)	-	(2,317)	-	-	(2,317)	(1)	(2,318)
Reclassification of impairment write-down on investments to profit or loss	-	2,780	-	-	2,780	-	2,780
Change in fair value of investments (unrealised)	-	(7,340)	-	-	(7,340)	(11)	(7,351)
Income tax relating to components of other comprehensive income	-	1,092	(24)	-	1,068	-	1,068
Total other comprehensive income, net of income tax	-	(5,785)	326	-	(5,459)	(12)	(5,471)
Total comprehensive income for the year	-	(5,785)	326	11,511	6,052	124	6,176
Transactions with owners, recorded directly in equity:							
Contributions by and distributions to owners:							
Final dividend paid of 0.8 cent per share tax exempt (one-tier) in respect of year 2014	-	-	-	(4,842)	(4,842)	-	(4,842)
Interim dividend paid of 0.7 cent per share tax exempt (one-tier) in respect of year 2015	-	-	-	(4,236)	(4,236)	-	(4,236)
Special dividend paid of 0.3 cent per share tax exempt (one-tier) in respect of year 2015	-	-	-	(1,816)	(1,816)	-	(1,816)
Dividend paid to non-controlling interests	-	-	-	-	-	(180)	(180)
Total contributions by and distributions to owners	-	-	-	(10,894)	(10,894)	(180)	(11,074)
At 31 December 2015	123,300	1,991	21,589	85,038	231,918	264	232,182

<u>GROUP</u>	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 2016	123,300	5,772	21,589	85,503	236,164	354	236,518
Total comprehensive income for the quarter							
Net profit	-	-	-	1,720	1,720	56	1,776
Other comprehensive income:							
Revaluation of property, plant and equipment	-	-	5,329	-	5,329	-	5,329
Available-for-sale financial assets:							
Reclassification of impairment write-down on investments to profit or loss	-	1,379	-	-	1,379	-	1,379
Change in fair value of investments (unrealised)	-	(4,291)	-	-	(4,291)	4	(4,287)
Income tax relating to components of other comprehensive income	-	535	-	-	535	-	535
Total other comprehensive income, net of income tax	-	(2,377)	5,329	-	2,952	4	2,956
Total comprehensive income for the quarter	-	(2,377)	5,329	1,720	4,672	60	4,732
Transactions with owners, recorded directly in equity:							
Contributions by and distributions to owners:							
Dividend paid to non-controlling interests	-	-	-	-	-	(150)	(150)
Total contributions by and distributions to owners	-	-	-	-	-	(150)	(150)
At 31 December 2016	123,300	3,395	26,918	87,223	240,836	264	241,100
At 1 October 2015	123,300	(315)	21,502	82,332	226,819	343	227,162
Total comprehensive income for the quarter							
Net profit	-	-	-	2,706	2,706	99	2,805
Other comprehensive income:							
Revaluation of property, plant and equipment	-	-	94	-	94	-	94
Available-for-sale financial assets:							
Reclassification of gain on sale of investments to profit or loss (realised)	-	(89)	-	-	(89)	-	(89)
Reclassification of impairment write-down on investments to profit or loss	-	2,571	-	-	2,571	-	2,571
Change in fair value of investments (unrealised)	-	240	-	-	240	2	242
Income tax relating to components of other comprehensive income	-	(416)	(7)	-	(423)	-	(423)
Total other comprehensive income, net of income tax	-	2,306	87	-	2,393	2	2,395
Total comprehensive income for the quarter	-	2,306	87	2,706	5,099	101	5,200
Transactions with owners, recorded directly in equity:							
Contributions by and distributions to owners:							
Dividend paid to non-controlling interests	-	-	-	-	-	(180)	(180)
Total contributions by and distributions to owners	-	-	-	-	-	(180)	(180)
At 31 December 2015	123,300	1,991	21,589	85,038	231,918	264	232,182

	Share Capital S\$'000	Fair Value Reserves S\$'000	Revaluation Reserves S\$'000	Accumulated Profits S\$'000	Total S\$'000
COMPANY					
At 1 January 2016	123,300	2,059	21,589	84,337	231,285
Total comprehensive income for the year					
Net profit	-	-	-	9,139	9,139
Other comprehensive income:					
Revaluation of property, plant and equipment	-	-	5,320	-	5,320
Available-for-sale financial assets:					
Reclassification of gain on sale of investments to profit or loss (realised)	-	(861)	-	-	(861)
Reclassification of impairment write-down on investments to profit or loss	-	1,982	-	-	1,982
Change in fair value of investments (unrealised)	-	470	-	-	470
Income tax relating to components of other comprehensive income	-	(226)	9	-	(217)
Total other comprehensive income, net of income tax	-	1,365	5,329	-	6,694
Total comprehensive income for the year	-	1,365	5,329	9,139	15,833
Transactions with owners, recorded directly in equity:					
Contributions by and distributions to owners:					
Final dividend paid of 0.6 cent per share tax exempt (one-tier) in respect of year 2015	-	-	-	(3,631)	(3,631)
Interim dividend paid of 0.5 cent per share tax exempt (one-tier) in respect of year 2016	-	-	-	(3,026)	(3,026)
Total contributions by and distributions to owners	-	-	-	(6,657)	(6,657)
At 31 December 2016	123,300	3,424	26,918	86,819	240,461
At 1 January 2015	123,300	7,776	21,263	83,648	235,987
Total comprehensive income for the year					
Net profit	-	-	-	11,583	11,583
Other comprehensive income:					
Revaluation of property, plant and equipment	-	-	350	-	350
Available-for-sale financial assets:					
Reclassification of gain on sale of investments to profit or loss (realised)	-	(2,314)	-	-	(2,314)
Reclassification of impairment write-down on investments to profit or loss	-	2,780	-	-	2,780
Change in fair value of investments (unrealised)	-	(7,275)	-	-	(7,275)
Income tax relating to components of other comprehensive income	-	1,092	(24)	-	1,068
Total other comprehensive income, net of income tax	-	(5,717)	326	-	(5,391)
Total comprehensive income for the year	-	(5,717)	326	11,583	6,192
Transactions with owners, recorded directly in equity:					
Contributions by and distributions to owners:					
Final dividend paid of 0.8 cent per share tax exempt (one-tier) in respect of year 2014	-	-	-	(4,842)	(4,842)
Interim dividend paid of 0.7 cent per share tax exempt (one-tier) in respect of year 2015	-	-	-	(4,236)	(4,236)
Special dividend paid of 0.3 cent per share tax exempt (one-tier) in respect of year 2015	-	-	-	(1,816)	(1,816)
Total contributions by and distributions to owners	-	-	-	(10,894)	(10,894)
At 31 December 2015	123,300	2,059	21,589	84,337	231,285

	Share Capital S\$'000	Fair Value Reserves S\$'000	Revaluation Reserves S\$'000	Accumulated Profits S\$'000	Total S\$'000
COMPANY					
At 1 October 2016	123,300	5,820	21,589	84,308	235,017
Total comprehensive income for the quarter					
Net profit	-	-	-	2,511	2,511
Other comprehensive income:					
Revaluation of property, plant and equipment	-	-	5,329	-	5,329
Available-for-sale financial assets:					
Reclassification of impairment write-down on investments to profit or loss	-	1,379	-	-	1,379
Change in fair value of investments (unrealised)	-	(4,310)	-	-	(4,310)
Income tax relating to components of other comprehensive income	-	535	-	-	535
Total other comprehensive income, net of income tax	-	(2,396)	5,329	-	2,933
Total comprehensive income for the quarter	-	(2,396)	5,329	2,511	5,444
At 31 December 2016	123,300	3,424	26,918	86,819	240,461
At 1 October 2015	123,300	(238)	21,502	81,266	225,830
Total comprehensive income for the quarter					
Net profit	-	-	-	3,071	3,071
Other comprehensive income:					
Revaluation of property, plant and equipment	-	-	94	-	94
Available-for-sale financial assets:					
Reclassification of gain on sale of investments to profit or loss (realised)	-	(89)	-	-	(89)
Reclassification of impairment write-down on investments to profit or loss	-	2,571	-	-	2,571
Change in fair value of investments (unrealised)	-	231	-	-	231
Income tax relating to components of other comprehensive income	-	(416)	(7)	-	(423)
Total other comprehensive income, net of income tax	-	2,297	87	-	2,384
Total comprehensive income for the quarter	-	2,297	87	3,071	5,455
At 31 December 2015	123,300	2,059	21,589	84,337	231,285

- 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 2016 and 31 December 2015.

- 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 2016 and 31 December 2015 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' 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 2015.

- 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.**

	GROUP	
	12 months 2016	12 months 2015
Basic and fully diluted earnings per share (cents)	1.46	1.90
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	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Net asset value per share (cents)	39.79	38.32	39.73	38.22

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 2016 vs 4th quarter 2015

In fourth quarter 2016, the Group's gross written premium rose 62.5% to \$52.174 million due largely to new business although in terms of net written premium income there was a 16.4% decline to S\$11.173 million due partly to non-renewal of a treaty programme that was substantially retained net. Net claims incurred increased by 36.4% to \$11.377 million attributed to higher advised outstanding losses and IBNR loss reserve provision derived using the funded and chain ladder methodologies. In contrast, net commission expense declined by 46.5% to \$1.37 million due to lower profit commission accrual. Reinsurance management expense slid 55% to \$827,000 benefiting from the exchange gain on revaluation of foreign-denominated assets. In consequence, an underwriting deficit of \$1.415 million was recorded in the quarter under review. Net investment income rose \$2.843 million to \$3.14 million largely due to lower impairment write-down on equity investments and higher surplus on revaluation of investment properties. Overall, the Group's profit before income tax of \$2.048 million was 14.9% higher than the \$1.782 million recorded in the corresponding quarter a year earlier.

Comparison of 12 months 2016 vs 12 months 2015

For the year ended 31 December 2016, the Group's gross written premium rose 31.7 % to \$169.016 million due primarily to new business, higher premium reported by some cedants and timing difference in booking a handful of major accounts. Notwithstanding the gross premium growth, net earned premium fell 5.2% to \$51.865 million attributed partly to lower net retention levels and the non-renewal of a treaty programme which was substantially retained net previously. Net claims incurred increased by 12.7% to \$35.945 million, equivalent to an incurred loss ratio of 70.9% (on net written premium) mainly because of attritional Accident and Motor & Liability losses and the IBNR loss reserve provision methodology. Reinsurance management expenses declined by 7.2% to \$6.287 million due to higher exchange gain on revaluation of foreign-denominated assets. Consequently, an underwriting deficit of \$2.055 million was reported in contrast to the \$950,000 surplus recorded in 2015. Net investment income rose 10.5% or \$1.069 million to \$11.277 million attributed to higher surplus on revaluation of investment properties. Overall, the Group's net profit before income tax slid 18.6% to \$9.878 million due to the underwriting deficit, compared to the \$12.137 million net profit before income tax achieved a year earlier.

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.**

Excessive market capacity will continue to have adverse impact on reinsurance business, characterised by unabated intense competition often with reckless pricing. The many global uncertainties including climate change, geo-political and economic situation, will continue to render the operating environment highly challenging.

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? Yes

Name of dividend	<u>Interim Ordinary</u>	<u>Special Dividend (Proposed)</u>	<u>Final (Proposed)</u>
Dividend type	Cash	Cash	Cash
Gross dividend amount per share (in cents)	0.50	0.20	0.60
Tax rate	Tax exempt (one-tier)	Tax exempt (one-tier)	Tax exempt (one-tier)

(b) Corresponding period of the immediately preceding financial year

Any dividend declared? Yes

Name of dividend	<u>Interim Ordinary</u>	<u>Special Dividend</u>	<u>Final</u>
Dividend type	Cash	Cash	Cash
Gross dividend amount per share (in cents)	0.70	0.30	0.60
Tax rate	Tax exempt (one-tier)	Tax exempt (one-tier)	Tax exempt (one-tier)

(c) The date the dividend is payable

The proposed dividend will be paid on 31 May 2017, 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 of the Company will be closed on 9 May 2017 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 8 May 2017 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 8 May 2017 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 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.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

15. **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 2016			January - December 2015		
	Reinsurance	Non-Reinsurance	Total	Reinsurance	Non-Reinsurance	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Gross written premiums	169,016	-	169,016	128,326	-	128,326
Net earned premiums	51,865	-	51,865	54,719	-	54,719
Net claims incurred	(35,945)	-	(35,945)	(31,908)	-	(31,908)
Net commission expense	(11,688)	-	(11,688)	(15,089)	-	(15,089)
Management expenses	(6,287)	-	(6,287)	(6,772)	-	(6,772)
Underwriting results	(2,055)	-	(2,055)	950	-	950
Net investment income	6,218	-	6,218	6,951	-	6,951
Net income/(loss) from reinsurance operations (I)	4,163	-	4,163	7,901	-	7,901
Net investment income	-	5,059	5,059	-	3,257	3,257
Other operating income	-	6,480	6,480	-	7,095	7,095
Management expenses	-	(5,824)	(5,824)	-	(6,116)	(6,116)
Net income from non-reinsurance operations (II)	-	5,715	5,715	-	4,236	4,236
Profit before income tax (I) + (II)			9,878			12,137
Income tax expense			(893)			(490)
Profit for the year			8,985			11,647
Segment total assets	576,452	126,794	703,246	566,826	113,559	680,385
Segment total liabilities	457,242	4,904	462,146	443,126	5,077	448,203

(b) Major customer

For the year ended 31 December 2016, the Group has three 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:

	Gross written premiums			Non-current assets	
	January - December 2016	January - December 2015		January - December 2016	January - December 2015
	S\$'000	S\$'000		S\$'000	S\$'000
Singapore	73,967	68,576		58,933	51,833
Malaysia	50,597	17,705		-	-
Greater China	23,384	26,293		6,881	7,253
Others	21,068	15,752		-	-
Total	169,016	128,326		65,814	59,086

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

16. 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 lower income of \$4.163 million compared to the \$7.901 million income last year, attributed mainly to the underwriting loss and lower investment income.

17. A breakdown of the sales as follows:-

		GROUP		
		2016 S\$'000	2015 S\$'000	Incr/ (decr) %
(a) Gross written premiums				
	6 months ended 30 June	85,146	65,679	29.6
	6 months ended 31 December	83,870	62,647	33.9
	Total for the year	169,016	128,326	31.7
(b) Net profit after tax before deducting non-controlling interests				
	6 months ended 30 June	5,387	7,668	(29.7)
	6 months ended 31 December	3,598	3,979	(9.6)
	Total for the year	8,985	11,647	(22.9)

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	6,657	10,894
Preference	-	-
Total:	6,657	10,894

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
24 February 2017

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 audit of the financial statements

Opinion

We have audited the accompanying financial statements of Singapore Reinsurance Corporation Limited (the 'Company') and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2016, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group, and the statement of profit or loss, statement of comprehensive income and statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS74.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, the statement of profit or loss, statement of comprehensive income and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 ('the Act') and Financial Reporting Standards in Singapore ('FRSs') so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the financial performance and changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the audit of the financial statements' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Recording of gross written premiums (\$169 million), gross claims incurred (\$84 million) and commission expenses (\$46 million) (Refer to Note 16 to the financial statements)	
<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
Premium closings, claims notifications and statement of accounts (SOAs) from cedants that are used to record premiums, claims and commission may not be received on a timely basis and may require significant efforts to verify prior to recording or estimating the accruals in the accounting records. Bilateral cessions premiums, claims and commissions expenses, to the extent not advised by cedants by the financial year-end are estimated based on a cedant-by-cedant basis using comparative information adjusted for revisions in cession terms and conditions as described in Note 16 to the financial statements. Unprocessed premiums at the reporting date for other lines of business are assessed for their significance to the financial statements to determine if they will need to be recorded.	We assessed the reasonableness of premiums, claims and commissions recorded by performing the following procedures: For bilateral cession business where premiums, claims and commissions were estimated, • updated our understanding on the Group's process for estimating the premiums, claims and commissions; • evaluated the Group's quantification of the premiums, claims and commissions not advised at the reporting date; and • compared prior year estimates with actuals to assess the reliability of the Group's estimates. For unprocessed premium closings, claims notifications or SOAs, we evaluated the Group's assessment of the significance at the reporting date to ascertain that they do not have a material impact on the financial statements.
<i>Findings</i>	
For estimates relating to the bilateral cession business, we did not identify any significant changes in the estimation process. We found the assumptions and resulting estimates to be balanced. We have also assessed that Note 16 appropriately disclosed the process, assumptions and judgments involved and the sensitivity to the changes in key assumptions. For the unprocessed premiums, we independently verified and agreed with Group's assessment that the unprocessed premiums have no material impact on the financial statements.	



Valuation of insurance contract provisions – Gross outstanding claims (\$351 million); Gross unexpired risk (\$60 million) (Refer to Note 10 and 16 to the financial statements)	
<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
Valuation of insurance contract liabilities is inherently judgmental and subjective. The methodologies and assumptions adopted are crucial to the valuation of the liabilities so that sufficient provisions are held to meet all obligations including those to cover claims which have been incurred but not reported.	We assessed whether the valuation of insurance contract provisions is reasonable by performing the following procedures: • evaluated the underwriting and claims processes and consistency of those policies; • assessed the design and operating effectiveness of controls over approval and recording of premiums and claims reported and paid, which form the basis upon which insurance contract provisions are estimated; • tested the completeness and accuracy of data used in the valuation of insurance contract provisions; and • involved our actuarial specialists to assess the appropriateness of reserving methodologies, key assumptions used; and the reasonableness of the assessment performed by the Group's appointed independent actuary.
<i>Findings</i>	
Based on our above procedures, we found the methodologies and assumptions used in the valuation by the independent actuary to be balanced. We noted that the insurance contract liabilities maintained in the Group's financial statements were higher than those assessed by the independent actuary due to more prudent assumptions used by the Group, which is consistent with prior years. We also found that Note 16 provides appropriate disclosures on the estimates involved in the valuation process.	



Other information

Management is responsible for the other information. The other information comprises the Annual Report, but does not include the financial statements and our auditors' report thereon. Other than the Directors' Statement which we obtained prior to the date of this auditors' report, the other sections included in the Annual Report are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of management and directors 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 Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit 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 Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Mr. Goh Kim Chuah.


KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
24 February 2017