

SINGAPORE REINSURANCE CORPORATION LIMITED

(Company Registration No. 197300016C)

Financial Statements Announcement For Second Quarter and Half Year Ended 30 June 2015
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 SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2015

	GROUP					
	1st Half 2015 S\$'000	1st Half 2014 S\$'000	Incr/ (decr) %	2nd Qtr 2015 S\$'000	2nd Qtr 2014 S\$'000	Incr/ (decr) %
Revenue	69,065	74,421	(7.2)	33,002	35,687	(7.5)
Income statements:						
Reinsurance operations:						
Gross written premiums	65,679	71,656	(8.3)	31,255	34,457	(9.3)
Reinsurance premiums	(38,037)	(41,937)	(9.3)	(20,061)	(20,301)	(1.2)
Net written premiums	27,642	29,719	(7.0)	11,194	14,156	(20.9)
Gross transfer (to)/from provision for unexpired risks	5,030	(3,602)	nm	3,461	(1,677)	nm
Reinsurance transfer to/(from) provision for unexpired risks	(3,942)	1,507	nm	(2,357)	489	nm
Net earned premiums	28,730	27,624	4.0	12,298	12,968	(5.2)
Gross claims incurred	(25,066)	(22,040)	13.7	(11,905)	(20,526)	(42.0)
Reinsurers' share of claims incurred	9,292	7,139	30.2	5,698	12,490	(54.4)
Net claims incurred	(15,774)	(14,901)	5.9	(6,207)	(8,036)	(22.8)
Commission expense	(19,532)	(21,287)	(8.2)	(9,561)	(10,637)	(10.1)
Commission income	11,112	12,242	(9.2)	5,795	6,047	(4.2)
Net commission expense	(8,420)	(9,045)	(6.9)	(3,766)	(4,590)	(18.0)
Management expenses	(3,645)	(1,855)	96.5	(1,900)	(101)	nm
Underwriting results	891	1,823	(51.1)	425	241	76.3
Net investment income	5,991	7,325	(18.2)	3,148	4,423	(28.8)
Net income from reinsurance operations (I)	6,882	9,148	(24.8)	3,573	4,664	(23.4)
Non-reinsurance operations:						
Net investment income	1,674	1,769	(5.4)	984	998	(1.4)
Other operating income	3,386	2,767	22.4	1,747	1,230	42.0
Management expenses	(3,073)	(2,692)	14.2	(1,725)	(1,375)	25.5
Net income from non-reinsurance operations (II)	1,987	1,844	7.8	1,006	853	17.9

Income statements - continued						
Profit before income tax (I + II)	8,869	10,992	(19.3)	4,579	5,517	(17.0)
Income tax expense	(1,201)	(1,139)	5.4	(524)	(567)	(7.6)
Profit for the period	7,668	9,853	(22.2)	4,055	4,950	(18.1)
Profit attributable to:						
Equity holders of the Company	7,597	9,799	(22.5)	4,040	4,948	(18.4)
Non-controlling interests	71	54	31.5	15	2	nm
Profit for the period	7,668	9,853	(22.2)	4,055	4,950	(18.1)

Statements of comprehensive income:						
Profit for the period	7,668	9,853	(22.2)	4,055	4,950	(18.1)
Other comprehensive income, after tax:						
Items that will not be reclassified to profit or loss:						
Revaluation of property, plant and equipment	167	33	nm	63	(23)	nm
Tax on items that will not be reclassified to profit or loss	(11)	2	nm	(3)	5	nm
	156	35	nm	60	(18)	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)	(2,225)	(2,086)	6.7	(1,388)	(1,075)	29.1
Reclassification of impairment write-down on investments to profit or loss	209	-	nm	209	-	nm
Change in fair value of investments (unrealised)	98	3,288	(97.0)	(747)	2,785	nm
Tax on items that are or may be reclassified subsequently to profit or loss	289	(225)	nm	283	(314)	nm
	(1,629)	977	nm	(1,643)	1,396	nm
Other comprehensive income for the period, net of income tax	(1,473)	1,012	nm	(1,583)	1,378	nm
Total comprehensive income for the period	6,195	10,865	(43.0)	2,472	6,328	(60.9)
Total comprehensive income attributable to:						
Equity holders of the Company	6,124	10,811	(43.4)	2,457	6,326	(61.2)
Non-controlling interests	71	54	31.5	15	2	nm
Total comprehensive income for the period	6,195	10,865	(43.0)	2,472	6,328	(60.9)

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

Income relating to subsidiaries non-reinsurance operations*	3,397	2,772	22.5	1,753	1,234	42.1
Operating expenses relating to subsidiaries non-reinsurance operations*	(2,767)	(2,399)	15.3	(1,561)	(1,218)	28.2
Exchange (loss)/gain	(388)	141	nm	(314)	11	nm
Allowances for doubtful debts and bad debts written back	26	1,474	(98.2)	21	1,615	(98.7)
Gain on sale of investments	2,225	2,086	6.7	1,388	1,075	29.1
Change in fair value of investment properties	137	1,154	(88.1)	(9)	1,139	nm
Impairment write-down on investments	(209)	-	nm	(209)	-	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	
	30.6.2015	31.12.2014	30.6.2015	31.12.2014
	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Property, plant and equipment	35,534	35,526	35,475	35,457
Investment properties	24,925	24,787	24,925	24,787
Interests in subsidiaries	-	-	1,123	1,123
Reinsurers' share of insurance contract provisions for				
- outstanding claims	195,951	214,572	195,951	214,572
- unexpired risks	28,004	31,946	28,004	31,946
Financial assets	268,642	275,911	268,183	275,977
Club membership	20	20	-	-
Insurance receivables	64,910	72,531	64,910	72,531
Other receivables	3,943	3,390	2,497	3,114
Cash and cash equivalents	77,614	71,644	74,310	67,850
Total assets	699,543	730,327	695,378	727,357
Equity attributable to equity holders of the Company				
Share capital	123,300	123,300	123,300	123,300
Reserves	27,566	29,039	27,569	29,039
Accumulated profits	87,176	84,421	85,942	83,648
	238,042	236,760	236,811	235,987
Non-controlling interests	391	320	-	-
Total equity	238,433	237,080	236,811	235,987
Liabilities				
Insurance contract provisions for				
- outstanding claims	350,771	375,024	350,771	375,024
- unexpired risks	48,385	53,415	48,385	53,415
Deferred taxation	2,058	2,322	2,058	2,322
Insurance payables	52,825	56,139	52,825	56,139
Other payables	4,390	3,882	1,988	2,178
Current tax payable	2,681	2,465	2,540	2,292
Total liabilities	461,110	493,247	458,567	491,370
Total equity and liabilities	699,543	730,327	695,378	727,357

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 30.6.2015		As at 31.12.2014	
S\$'000			
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 30.6.2015		As at 31.12.2014	
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 2015 S\$'000	1st Half 2014 S\$'000	2nd Qtr 2015 S\$'000	2nd Qtr 2014 S\$'000
Operating activities				
Profit before income tax	8,869	10,992	4,579	5,517
Adjustments for:				
Insurance contract provisions for net unexpired risks	(1,088)	2,095	(1,104)	1,188
Insurance contract provisions for net outstanding claims	(5,632)	(2,558)	(4,041)	(2,659)
Impairment write-down on investments and club membership	209	-	209	-
Change in fair value of investment properties	(137)	(1,154)	9	(1,139)
Gain on sale of investments	(2,225)	(2,086)	(1,388)	(1,075)
Depreciation of property, plant and equipment	185	162	92	80
Interest income	(4,144)	(4,210)	(2,082)	(2,087)
Dividend income	(1,331)	(1,271)	(961)	(884)
	(5,294)	1,970	(4,687)	(1,059)
Changes in working capital:				
Insurance receivables	7,621	2,488	7,234	3,581
Other receivables	(673)	(45)	(374)	172
Insurance payables	(3,314)	(12,307)	204	(6,126)
Other payables	508	528	562	148
Cash flows used in operations	(1,152)	(7,366)	2,939	(3,284)
Income tax paid	(970)	(981)	(896)	(981)
Net cash (used in)/from operating activities	(2,122)	(8,347)	2,043	(4,265)
Investing activities				
Interest received	4,244	3,477	2,368	947
Dividends received	1,331	1,271	961	884
Purchase of investments	(24,123)	(30,632)	(14,669)	(9,724)
Proceeds from sale of investments	31,509	27,998	20,604	13,403
Purchase of property, plant and equipment	(27)	(1,846)	(24)	(1,828)
Proceeds from liquidation of subsidiary	-	11	-	-
Net cash from investing activities	12,934	279	9,240	3,682
Financing activities				
Dividends paid	(4,842)	(4,842)	(4,842)	(4,842)
Decrease in deposits pledged	114	17	31	16
Net cash used in financing activities	(4,728)	(4,825)	(4,811)	(4,826)
Net increase/(decrease) in cash and cash equivalents	6,084	(12,893)	6,472	(5,409)
Cash and cash equivalents at beginning of the year (exclude pledged deposits)	71,405	78,204	71,017	70,720
Cash and cash equivalents at end of the period	77,489	65,311	77,489	65,311
Pledged deposits	125	822	125	822
Cash and cash equivalents at end of the period including pledged deposits	77,614	66,133	77,614	66,133

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 2015	123,300	7,776	21,263	84,421	236,760	320	237,080
Total comprehensive income for the period							
Net profit	-	-	-	7,597	7,597	71	7,668
Other comprehensive income:							
Revaluation of property, plant and equipment	-	-	167	-	167	-	167
Available-for-sale financial assets:							
Reclassification of gain on sale of investments to profit or loss (realised)	-	(2,225)	-	-	(2,225)	-	(2,225)
Reclassification of impairment write-down on investments to profit or loss	-	209	-	-	209	-	209
Change in fair value of investments (unrealised)	-	98	-	-	98	-	98
Income tax relating to components of other comprehensive income	-	289	(11)	-	278	-	278
Total other comprehensive income, net of income tax	-	(1,629)	156	-	(1,473)	-	(1,473)
Total comprehensive income for the period	-	(1,629)	156	7,597	6,124	71	6,195
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)
Total contributions by and distributions to owners	-	-	-	(4,842)	(4,842)	-	(4,842)
At 30 June 2015	123,300	6,147	21,419	87,176	238,042	391	238,433
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)
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

	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 2015	123,300	7,790	21,359	87,978	240,427	376	240,803
Total comprehensive income for the quarter							
Net profit	-	-	-	4,040	4,040	15	4,055
Other comprehensive income:							
Revaluation of property, plant and equipment	-	-	63	-	63	-	63
Available-for-sale financial assets:							
Reclassification of gain on sale of investments to profit or loss (realised)	-	(1,388)	-	-	(1,388)	-	(1,388)
Reclassification of impairment write-down on investments to profit or loss	-	209	-	-	209	-	209
Change in fair value of investments (unrealised)	-	(747)	-	-	(747)	-	(747)
Income tax relating to components of other comprehensive income	-	283	(3)	-	280	-	280
Total other comprehensive income, net of income tax	-	(1,643)	60	-	(1,583)	-	(1,583)
Total comprehensive income for the quarter	-	(1,643)	60	4,040	2,457	15	2,472
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)
Total contributions by and distributions to owners	-	-	-	(4,842)	(4,842)	-	(4,842)
At 30 June 2015	123,300	6,147	21,419	87,176	238,042	391	238,433
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 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

	Share Capital S\$'000	Fair Value Reserves S\$'000	Revaluation Reserves S\$'000	Accumulated Profits S\$'000	Total S\$'000
COMPANY					
At 1 January 2015	123,300	7,776	21,263	83,648	235,987
Total comprehensive income for the period					
Net profit	-	-	-	7,136	7,136
Other comprehensive income:					
Revaluation of property, plant and equipment	-	-	167	-	167
Available-for-sale financial assets:					
Reclassification of gain on sale of investments to profit or loss (realised)	-	(2,225)	-	-	(2,225)
Reclassification of impairment write-down on investments to profit or loss	-	209	-	-	209
Change in fair value of investments (unrealised)	-	101	-	-	101
Income tax relating to components of other comprehensive income	-	289	(11)	-	278
Total other comprehensive income, net of income tax	-	(1,626)	156	-	(1,470)
Total comprehensive income for the period	-	(1,626)	156	7,136	5,666
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)
Total contributions by and distributions to owners	-	-	-	(4,842)	(4,842)
At 30 June 2015	123,300	6,150	21,419	85,942	236,811
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
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

	Share Capital S\$'000	Fair Value Reserves S\$'000	Revaluation Reserves S\$'000	Accumulated Profits S\$'000	Total S\$'000
At 1 April 2015	123,300	7,790	21,359	86,877	239,326
Total comprehensive income for the quarter					
Net profit	-	-	-	3,907	3,907
Other comprehensive income:					
Revaluation of property, plant and equipment	-	-	63	-	63
Available-for-sale financial assets:					
Reclassification of gain on sale of investments to profit or loss (realised)	-	(1,388)	-	-	(1,388)
Reclassification of impairment write-down on investments to profit or loss	-	209	-	-	209
Change in fair value of Investments (unrealised)	-	(744)	-	-	(744)
Income tax relating to components of other comprehensive income	-	283	(3)	-	280
Total other comprehensive income, net of income tax	-	(1,640)	60	-	(1,580)
Total comprehensive income for the quarter	-	(1,640)	60	3,907	2,327
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)
Total contributions by and distributions to owners	-	-	-	(4,842)	(4,842)
At 30 June 2015	123,300	6,150	21,419	85,942	236,811
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 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

- 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 30 June 2015 and 30 June 2014.

- 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 2015 and 31 December 2014 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 2014.

- 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	
	1st Half 2015	1st Half 2014
Basic and fully diluted earnings per share (cents)	1.26	1.62
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	
	30.6.2015	31.12.2014	30.6.2015	31.12.2014
Net asset value per share (cents)	39.33	39.12	39.13	38.99

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 2015 vs 2nd quarter 2014

In second quarter 2015, the Group's revenue declined by 7.5% to S\$33 million due to a reduction in treaty premiums. Net claims incurred fell 22.8% to S\$6.2 million attributed primarily to lower advised losses notified by cedants and lower IBNR/IBNER loss provisions derived on the back of a small net premium base, while net commission expense slid 18% to S\$3.8 million. In light of the foregoing, a higher underwriting surplus of S\$425,000 was recorded in the quarter under review. Net investment income fell 23.8% or S\$1.3 million to S\$4.1 million largely due to lower surplus from a change in fair value of investment properties. Overall, the Group's profit before income tax of S\$4.6 million was 17% lower than the S\$5.5 million recorded in the corresponding quarter a year earlier.

Comparison of 6 months 2015 vs 6 months 2014

For the period ended 30 June 2015, the Group's revenue fell 7.2% to S\$69.1 million due to lower premiums reported by cedants. Net claims incurred increased 5.9% to S\$15.8 million and the incurred loss ratio (of net written premium) of 57.1% was higher than the 50.1% incurred loss ratio in the corresponding period a year ago. Net commission expense declined by 6.9% to S\$8.4 million generally in tandem with the decline in net written premiums. The reinsurance management expenses rose 96.5% or S\$1.9 million to S\$3.6 million due mainly to a lower write-back in bad and doubtful debts. In 2014, the Group had fine-tuned the methodology of computing general provision for bad and doubtful debts resulting in a write-back in provision of S\$1.5 million. In light of the foregoing, the underwriting surplus fell 51.1% to S\$891,000. Net investment income declined by 15.7% or S\$1.4 million to S\$7.7 million attributed mainly to lower surplus from the change in fair value of investment properties. Overall, the Group's net profit before income tax fell 19.3% to S\$8.9 million, compared to the S\$11 million net profit before income tax in the corresponding period last year. If the change in fair value of investment properties, impairment write-down on investments and bad and doubtful debts write-back were excluded from the comparison, the net investment income for the period under review would be S\$203,000 or 2.6% lower and the Group's profit before income tax would be S\$530,000 or 6.3% higher than the same period a year ago.

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

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

Not applicable.

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

Intense competition remains order of the day in the reinsurance industry. Mindless widening in the scope of coverage freely granted and irrational price reduction increasingly being resorted to as measures of competition will undermine both the growth and the viability of the business. On the investment front, global uncertainties economically and geo-politically will continue to affect sentiment and results.

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</u>
Dividend type	Cash	Cash
Gross dividend amount per share (in cents)	0.70	0.30
Tax rate	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>
Dividend type	Cash
Gross dividend amount per share (in cents)	0.70
Tax rate	Tax exempt (one-tier)

(c) The date the dividend is payable

The proposed final dividend will be paid on 14 September 2015.

(d) Books closure date

Notice is hereby given that the Share Transfer Books and Register of Members will be closed on 25 August 2015 for the preparation of dividend warrants. Duly completed transfers received by the Company's Share Registrar, M&C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902, up to 5.00 p.m. on 24 August 2015 will be registered before entitlements to the proposed dividend are determined. Shareholders whose securities accounts with The Central Depository (Pte) Limited ("CDP") are credited with shares in the capital of the Company as at 5.00 p.m. on 24 August 2015 will be entitled to the dividend.

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

Not applicable.

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

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

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 2015 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Tan Swee Gek
Company Secretary
14 August 2015