QBE Insurance (Singapore) Pte Ltd

Financial Statement 2015

QBE

Contents

QBE Insurance (Singapore) Pte Ltd
Unique Entity No. 198401363C

Financial statements

Directors' statement

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The directors present their report to the shareholder together with the audited financial statements of QBE Insurance (Singapore) Pte. Ltd. ("the Company") for the financial year ended 31 December 2015.

In the opinion of the directors,

(a) the financial statements as set out on pages 7 to 28 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Company for the financial year covered by the financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors in office at the date of this report are as follows:

Mark Thomas Lingafelter
Bruce Anthony Howe
Karl Ludwig Anthony Hamann
Wong Wing Kam Dora

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	HOLDINGS REGISTERED IN THE NAME OF DIRECTOR OR NOMINEE	
	AT 31.12.2015	AT 1.1.2015
Ultimate holding corporation		
– QBE Insurance Group Limited		
(Ordinary shares of A$1 each)		
Karl Ludwig Anthony Hamann	724	268

(b) According to the register of directors' shareholdings, certain directors holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the ultimate holding corporation as set out below.

	NO. OF UNISSUED ORDINARY SHARES UNDER OPTION	
	AT 31.12.2015	AT 1.1.2015
Ultimate holding corporation		
– QBE Insurance Group Limited		
(Ordinary shares of A$1 each)		
Karl Ludwig Anthony Hamann	27,803	15,691
Mark Thomas Lingafelter	14,405	-
Bruce Anthony Howe	89,613	38,092
Wong Wing Kam Dora	46,208	19,207

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Independent Auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Mark Thomas Lingafelter
Director

Karl Ludwig Anthony Hamann
Director

Independent auditor's report

TO THE MEMBERS OF QBE INSURANCE (SINGAPORE) PTE. LTD. (FORMERLY KNOWN AS QBE (SINGAPORE) PTE. LTD.)

Report on the Financial Statements

We have audited the accompanying financial statements of QBE Insurance (Singapore) Pte. Ltd. (the "Company") set out on pages 7 to 28, which comprise the balance sheet as at 31 December 2015, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as at 31 December 2015, and of the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

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.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 23 March 2016

Statement of comprehensive income

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	NOTE	2015 S$'000	2014 S$'000
Gross premium written	10(b)	45,459	-
Outward reinsurance premiums		(9,500)	-
Net premium written	10(b)	35,959	-
Change in net unearned premium reserves	10(e)(i)	10,339	-
Net earned premium		46,298	-
Investment income		650	-
Commission income		507	-
Other income		3,202	-
		4,359	-
Gross claims paid		(34,100)	-
Reinsurer's share of claims paid		6,217	-
Change in gross claims reserve	10(e)(ii)	20,318	-
Reinsurer's share of change in claims reserve	10(e)(ii)	(8,126)	-
Net claims incurred		(15,691)	-
Commission expenses		(8,306)	-
Management expenses	4	(13,311)	(13)
Total expenses		(21,617)	(13)
Profit / (Loss) before tax		13,349	(13)
Income tax expense	6	(1,722)	-
Profit / (Loss) after tax		11,627	(13)
Total comprehensive income / (loss) for the year		11,627	(13)

The accompanying notes form an integral part of these financial statements.

Balance sheet

AS AT 31 DECEMBER 2015

	NOTE	2015 S$'000	2014 S$'000
ASSETS			
Current assets			
Cash and cash equivalents	7	98,525	255
Trade and other receivables	8	73,285	-
Financial assets, at fair value through profit & loss	9	260,634	-
Reinsurer's share of unearned premium reserves	10(d)	17,683	-
Reinsurer's share of loss reserves	10(d)	15,339	-
Total current assets		465,466	255
Non-current assets			
Property, plant and equipment	11	2,285	-
Intangible asset	12	6,899	-
Reinsurer's share of unearned premium reserves		2,879	-
Reinsurer's share of loss reserves		9,807	-
Total non-current assets		21,870	-
Total assets		487,336	255
LIABILITIES			
Current liabilities			
Trade and other payables	13	62,571	27
Tax payable	6(b)	1,451	-
Deferred tax liabilities	14	1,227	-
Unearned premium reserves	10(d)	82,317	-
Outstanding claims reserves	10(d)	101,078	-
Total current liabilities		248,644	27
Non-current liabilities			
Unearned premium reserves	10(d)	13,401	-
Outstanding claims reserves	10(d)	56,856	-
		70,257	-
Total liabilities		318,901	27
NET ASSETS		168,435	228
EQUITY			
Share capital	16	156,580	-
Accumulated profits		11,855	228
Total Equity		168,435	228

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	NOTE	SHARE CAPITAL S$'000	RETAINED EARNINGS S$'000	TOTAL EQUITY S$'000
2015				
Beginning of financial year		*	228	228
Share capital issued	16	156,580	-	156,580
Total comprehensive income		-	11,627	11,627
End of financial year		156,580	11,855	168,435
2014				
Beginning of financial year		*	241	241
Total comprehensive income		-	(13)	(13)
End of financial year		-	228	228

* Denotes amount less than S$1,000

The accompanying notes form an integral part of these financial statements.

Statement of cash flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	2015 S$'000	2014 S$'000
Cash flows from operating activities		
Profit / (Loss) after tax	11,627	(13)
Adjustments for:		
- Depreciation of property, plant and equipment	91	-
- Amortisation of intangible asset	717	-
- Fixed asset written off	82	-
- Gain on disposal of investment	(443)	-
- Unrealised loss on investment	204	-
- Investment income	(740)	-
- Income tax expense	1,722	-
	13,260	(13)
Change in working capital		
- Trade and other receivables	8,292	-
- Trade and other payables	29,237	13
- Net unearned premium reserves	(10,339)	-
- Net outstanding claims reserves	(12,192)	-
- Income tax paid	-	-
Net cash provided by operating activities	28,258	-
Cash flows from investing activity		
Purchase of financial assets, at fair value through profit & loss	(154,177)	-
Maturity and proceeds from sale of financial assets, at fair value through profit & loss	183,500	-
Purchase of property, plant and equipment	(1,329)	-
Proceeds from sale of property, plant and equipment	-	-
Purchase of intangible asset	(2,020)	-
Investment income received	569	-
Net cash provided by investing activity	26,543	-
Cash flows from financing activity		
Proceeds from issue of shares	10,000	-
Net cash provided by financing activity	10,000	-
Net increase in cash and cash balances	64,801	-
Cash transferred in due to business transfer	33,469	-
Cash and cash balances at beginning of financial year	255	255
Cash and cash balances at end of financial year	98,525	255

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

The Company is incorporated and domiciled in Singapore. The address of the registered office is 1 Raffles Quay, #29-10, South Tower, Singapore 048583.

On 23 September 2015, the Company was granted a general insurance license form the Monetary Authority of Singapore ("MAS").

On 1 October 2015, the net assets and operations of QBE Insurance (International) Limited, Singapore Branch ("QII") were transferred to the Company under a Scheme of Transfer, dated 24 July 2015, and Order of Court, dated 27 August 2015.

The Company is principally engaged in the underwriting of all classes of general insurance business. There has been no significant change in the nature of this activity during the financial year.

These financial statements are presented in Singapore dollars, which is the functional currency of the Company.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below:

The preparation of these financial statements in conformity with FRS requires management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2015

On 1 January 2015, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective RS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current period or prior financial years.

New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Company's accounting periods beginning on or after 1 January 2016 and which the Company has not early adopted.

FRS 16 Property plant and equipment and FRS 38 Intangible assets (effective for annual periods beginning on or after 1 January 2016)

FRS 109 Financial instruments (effective for annual periods beginning on or after 1 January 2018)

The Company is currently assessing the potential impact of adopting these new standards and interpretations on the financial statements.

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable from rendering of services in the ordinary course of the Company's activities, net of goods and services tax, rebates and discounts. Revenue is recognised as follows:

(a) Premium income

Written premiums include premiums on contracts incepting during the financial year, irrespective of whether they relate in whole or in part to later financial years. Written premiums are disclosed gross of commissions to insurance companies and intermediaries.

The earned portion of written premiums is recognised as revenue proportionally over the period of coverage.

Treaty and facultative reinsurance inward premiums are recognised as written upon receipt of statements and closing placement slips respectively from cedants up to the time of closing of the books.

(b) Reinsurance commission income

Reinsurance commission income is recognised as revenue on a basis that is consistent with the recognition of the costs incurred on the acquisition of underlying insurance contracts.

(c) Interest income

Interest income is recognised using the effective interest method.

2.3 Financial assets

(a) Classification

The Company classifies its financial assets into trade and other receivables and financial assets at fair value through profit or loss. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date, which are presented as non-current assets.

(ii) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Company investment strategy. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

Management has designated all its financial assets as at fair value through profit or loss at inception. The designation of financial assets as at fair value through profit or loss at inception is irrevocable.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

On disposal of a financial asset, the difference between the carrying amount and the net sale proceeds is recognised in profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(d) Subsequent measurement

Trade and other receivables are subsequently carried at amortised cost using the effective interest method.

Financial assets at fair value through profit or loss are subsequently carried at fair value.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise, and are presented as investment income (net).

(e) Impairment

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Trade and other receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior periods.

2.4 Foreign currency translation

The financial statements are presented in Singapore Dollars, which is the functional currency of the Company.

Transactions in a currency other than the Singapore Dollar ("foreign currency") are translated into Singapore Dollars using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

2.5 Income taxes

Current income tax is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences except when the deferred income tax arises from the initial recognition of an asset or liability that affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity.

The Company accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.6 Cash and cash equivalents

For the purpose of presentation in the cash flow statement, cash and cash equivalents include cash on hand and at bank, and deposits held at call with financial institutions which are subject to an insignificant change in value.

2.7 Trade and other payables

Trade and other payables are initially recognised at their fair value, and subsequently carried at amortised cost, using the effective interest method.

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). Otherwise they are presented as non-current liabilities.

2.8 Property, plant and equipment

(a) Measurement

Property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses (see Note 2.10).

The cost of property, plant and equipment initially recognised includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(b) *Depreciation*

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Computers	3 years
Furniture and fittings	5 years
Office equipments	5 years
Motor vehicles	5 years
Leasehold improvements	5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

2.9 Intangible assets

(a) *Measurement*

Intangible assets internally developed are reported at cost less accumulated amortisation and accumulated impairment losses.

(b) *Amortisation*

Intangible assets are amortised on a straight-line basis over their estimated useful lives using the straight-line method on the following bases: Software development cost – 3 years. The estimated useful life and amortisation are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2.10 Impairment of non-financial assets

Property, plant and equipment and other non-financial assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset, is recognised in profit or loss.

2.11 Insurance contracts

Insurance contracts are those contracts that transfer significant insurance risk. As a general guideline, the Company defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are significant when compared to the premiums collected for such contracts.

For all these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as unearned premium reserves. Premiums are shown before deduction of commission.

Claims and loss adjustment expenses are charged to profit or loss as incurred based on the estimated liability for compensation owed to contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the balance sheet date inclusive of provisions for incurred but not reported claims. The Company discounts its liabilities for unpaid claims using applicable risk free discount rates.

2.12 Reinsurance contracts held

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more insurance contracts issued by the Company where significant insurance risk is transferred are classified as reinsurance contracts held. Insurance contracts entered into by the Company under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurer's share of insurance liabilities. These assets consist of short-term balances due from reinsurers, as well as longer-term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts.

Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Company assesses its reinsurance assets for impairment when there is objective evidence that the Company will not be able to collect all amounts due in accordance with the original terms of the contract, having regard to market data on the financial strength of each of the reinsurance companies. The amount of the allowance is recognised in profit or loss.

2.13 Insurance liabilities

Insurance liabilities comprise unearned premiums reserves and outstanding claims reserves.

(a) *Unearned premium reserves*

An unearned premium reserve is made for the amount of premium not yet earned at the balance sheet date. Unearned premium reserves are calculated using the 1/365th method based on the gross premiums written less return premiums and reinsurance premiums and 25% method for marine cargo business.

(b) *Outstanding claims reserves*

Provision for claims is made for the estimated cost of claims notified but not settled at the date of the balance sheet, less reinsurance recoveries using the best information available at that time.

In addition, a provision is made for claims incurred but not reported (IBNR) for all business written at the balance sheet date based on the past claims experience and statistics derived from prior trends (see Note 3).

The reserve for IBNR losses and loss expenses is established by management based on actuarial determined estimates of ultimate losses and loss expenses. Inherent in the estimate of ultimate losses and loss expenses are expected trends in claim severity and frequency and other factors which may vary significantly as claims are settled. Accordingly, ultimate losses and loss expenses may differ materially from the amounts recorded in the financial statements. These estimates are reviewed regularly and, as experience develops and new information becomes known, the reserves are adjusted as necessary. Such adjustments, if any, will be recorded in earnings in the period in which they become known.

The claims provisions are intended to provide a 75% level of assurance of adequacy, and as such include a Provision for Adverse Deviation (PAD) beyond the estimated cost of claim including the required IBNR.

(c) *Liability adequacy test*

At each balance sheet date, a liability adequacy test is performed to ensure the adequacy of unearned premium liabilities. In performing the test, current best estimates of future contractual cash flows are used. Any deficiency is immediately charged to profit or loss.

2.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

3. Critical accounting estimates, assumptions and judgments

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates, assumptions and judgments in determining the reported insurance liabilities. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is the Company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims. Estimation of the ultimate liability arising from claims is done using conventional actuarial techniques.

The assumptions used by the Company, in determining its insurance liability are disclosed in Note 2.

4. Management expenses

	2015 S$'000	2014 S$'000
Employee compensation (Note 5)	5,428	-
Consultant services	25	-
Management fees paid to related company	3,654	-
Office rent	619	-
Other expenses		-
- Depreciation of property, plant, equipment and intangible assets	808	-
- Advertising and subscriptions	491	-
- Impairment loss on trade receivables	524	-
- IT software expense	-	-
- Audit fees	65	9
- Fixed asset written off	82	-
- Other expenses	1,615	4
	13,311	13

5. Employee compensation

	2015 S$'000	2014 S$'000
Wages and salaries	3,288	-
Employer's contribution to defined contribution plans	492	-
Other benefits	1,648	-
	5,428	-

6. Income tax

(a) Income tax expense

	2015 S$'000	2014 S$'000
Tax expense attributable to profit is made up of:		
Current income tax	1,451	-
Deferred income tax (note 14)	271	-
Tax expense	1,722	-
Current income tax		
Current year	1,451	-
Deferred income tax		
Origination and reversal of temporary difference	271	-
	1,722	-

The tax on profit before tax differs from the amount that would arise using the Singapore standard rate of income tax as follows:

	2015 S$'000	2014 S$'000
Profit / (Loss) before tax	13,349	(13)
Tax calculated at a tax rate of 17% (2014: 17%)	2,269	(2)
Tax effect of:		
Offshore insurance fund profit taxed at a lower rate of 10% instead of at 17%	(390)	-
Expense not deductible for tax purpose	12	2
Tax losses utilised	(149)	-
Others	(20)	-
Income tax expense attributable to profit	1,722	-

Pursuant to Section 43C of the Singapore Income Tax Act, Chapter 134, income from offshore business is subject to the tax concessionary rate of 10% (2014 : 10%), instead of the standard rate of 17% (2014 : 17%).

The Company had unrecognised tax losses of $877,000 as of 31 December 2014, which were carried forward and utilised in the current year.

(b) Movements in current income tax liabilities

	2015 S$'000	2014 S$'000
Beginning of financial year	-	-
Income tax paid	-	-
Tax payable on profit for current financial year	(1,451)	-
End of financial in year	(1,451)	-

Notes to the financial statements CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

7. Cash and cash equivalents

	2015 S$'000	2014 S$'000
Bank and cash balances	98,525	255

At the balance sheet date, the carrying amounts of cash and cash equivalents approximate their fair values.

Cash and cash equivalents at the balance sheet date are denominated in the following currencies:

	2015 S$'000	2014 S$'000
United States Dollar	12,016	–
Singapore Dollar	86,509	255
	98,525	255

At the balance sheet date, all cash and cash equivalents are current, and the carrying amounts approximate their fair values.

The exposure of cash and cash equivalents to interest rate risks is disclosed in Note 17.

8. Trade and other receivables

	2015 S$'000	2014 S$'000
Insurance receivables – Related parties	1,367	–
Insurance receivables – Non-related parties	69,128	–
Prepayments	95	–
Interest receivables	940	–
Deposits	1,046	–
Other receivables – Related parties	703	–
Other receivables – Non-related parties	6	–
	73,285	–

At the balance sheet date, all trade and other receivables are current, and the carrying amounts approximate their fair values.

Trade and other receivables are unsecured, interest free and are recoverable on demand.

9. Financial assets, at fair value through profit & loss

	2015 S$'000	2014 S$'000
Government securities	217,902	–
Corporate bonds	42,732	–
	260,634	–

The maturity profile and exposure of financial assets, at fair value through profit and loss to interest rate risks is disclosed in Note 17.

Financial assets, at fair value through profit & loss, at the balance sheet date are denominated in the following currencies:

	2015 S$'000	2014 S$'000
Singapore Dollar	249,851	–
United States Dollar	10,783	–
	260,634	–

10. Insurance liabilities and reinsurer's share of insurance liabilities

	2015 S$'000	2014 S$'000
Gross		
Insurance contracts:		
– unearned premium reserves	95,718	–
– outstanding claims reserves	157,934	–
Total insurance liabilities – gross	253,652	–
Reinsurance Outwards		
Insurance contracts:		
– unearned premium reserves	20,562	–
– outstanding claims reserves	25,146	–
Total reinsurers' share of insurance liabilities	45,708	–
Net		
Insurance contracts:		
– unearned premium reserves	75,156	–
– outstanding claims reserves	132,788	–
Total insurance liabilities – net	207,944	–

The estimated timing of the net cash outflows arising from the reinsurance assets and insurance liabilities are disclosed in Note 10 (d).

(a) Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The Company faces the possibility of incurring higher claims costs than expected owing to the nature of the claims, their frequency and severity and the risk of change in legal or economic conditions or behavioural patterns affecting pricing and conditions of insurance or reinsurance cover.

The Company seeks to minimise and manage these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The Company's underwriting policy supports the seeking of risks with adequate pricing that is commensurate with the risk profiles and claims experience.

The underwriting strategy attempts to ensure that there are appropriate risk criteria. There are underwriting policies setting the Company's risk appetite, risk management and control. Also in place are underwriting and claims authority limits. Where applicable, the Company has the right not to renew any policy, impose deductibles and reject payment of any fraudulent claim.

(i) Loss reserves

Outstanding claims reserves include unpaid losses, loss adjustment expenses and estimates for ultimate reserves for IBNR.

The reserves represent estimates of future payments of reported and unreported claims for losses and related expenses with respect to insured events that have occurred. Reserving is a complex process dealing with uncertainty, requiring the use of informed estimates and judgments. Significant delays occur in the notification of claims and a substantial measure of experience and judgment is involved in assessing outstanding liabilities, the ultimate cost of which cannot be known with certainty as of the balance sheet date. The reserves for losses and loss adjustment expenses are determined on the basis of information currently available and assessed regularly by reference to both levels of business and actual claims development. The statistics are divided by class of business and arranged on an accident year basis. Estimates of ultimate outcome are assessed by accident year allowing for past experience, levels of business and known claims trends.

The establishment of an ultimate outcome for older accident years is more certain and IBNR is established mainly to allow for the adverse deterioration in the case of more recent years, and the most recent year in particular. However, it is inherent in the nature of the business written that the ultimate liabilities may vary as a result of subsequent developments.

IBNR allowance is established for the onshore and offshore fund as a whole. The IBNR allowance is reflecting this approach is allocated to the respective funds on a consistent basis and comfort should be taken from looking at the development of earlier accident years that adequate provisions have been established reflecting an allowance for adverse deviation.

(ii) Reinsurance

The Company cedes insurance premiums and risks in a normal course of its business in order to limit the potential for single large loss or losses arising from a single event or longer exposures. Reinsurance does not, however, relieve the originating insurer of its liability. Reinsurance assets include balances due from reinsurance companies for paid and unpaid losses and loss adjustment expenses and ceded unearned premiums. Amounts recoverable from reinsurers are estimated in a manner consistent with the claims liability associated with the reinsured policy. Reinsurance is recorded gross in the balance sheet unless a right of offset exists.

(b) Concentration of insurance risk

The concentration of insurance risk before and after reinsurance by territory in relation to the type of insurance risk accepted by the Company is summarised below, with reference to the carrying amount of the premiums (gross and net of reinsurance) arising from insurance contracts:

	2015 GROSS PREMIUM WRITTEN S$'000	2015 NET PREMIUM WRITTEN S$'000	2014 GROSS PREMIUM WRITTEN S$'000	2014 NET PREMIUM WRITTEN S$'000
Property	5,670	2,445	-	-
Motor	2,144	2,059	-	-
Marine Cargo	3,876	3,283	-	-
Marine Hull	13,679	11,767	-	-
Casualty and others	20,090	16,405	-	-
Total	45,459	35,959	-	-

(c) Sensitivity analysis

The general insurance claim liabilities are sensitive to the key assumptions shown below. It has not been possible to quantify the sensitivity of certain assumptions, such as, legislative changes or uncertainty in the estimation process.

The analysis below is performed for reasonably possible movement in key assumptions with all other assumptions held constant, showing the impact on Gross and Net Liabilities and Profit before Tax. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

CHANGE IN ASSUMPTIONS 2015	IMPACT ON GROSS LIABILITIES S$'000	IMPACT ON NET LIABILITIES S$'000	IMPACT ON PROFIT BEFORE TAX S$'000
Ultimate loss ratio increase by 5%	5,096	4,599	(4,599)
Discount rate increase by 1%	(1,753)	(1,442)	1,442
Provision for adverse deviation increase by 1%	1,462	1,242	(1,242)

(d) Maturity analysis

The table below indicates the estimated timing of the net cash outflows arising from recognised insurance liabilities of the Company:

	PAYABLE WITHIN 12 MONTHS S$'000	PAYABLE AFTER 12 MONTHS S$'000	TOTAL S$'000
Gross			
Unearned premium reserves	82,317	13,401	95,718
Outstanding claims reserves	101,078	56,856	157,934
Total as at 31 December 2015	183,395	70,257	253,652
Reinsurance			
Unearned premium reserves	(17,683)	(2,879)	(20,562)
Outstanding claims reserves	(15,339)	(9,807)	(25,146)
Total as at 31 December 2015	(33,022)	(12,686)	(45,708)
Net			
Unearned premium reserves	64,634	10,522	75,156
Outstanding claims reserves	85,739	47,049	132,788
Total as at 31 December 2015	150,373	57,571	207,944

(e) Movements in insurance liabilities and reinsurance assets

(i) Unearned premium reserves

2015	GROSS S$'000	REINSURANCE S$'000	NET S$'000
Total at beginning of financial year	–	–	–
Transfer from QII	105,358	(19,863)	85,495
Increase/(decrease) in unearned premium reserves	(9,640)	(699)	(10,339)
Total at end of financial year	95,718	(20,562)	75,156

(ii) Outstanding claims reserves

2015	GROSS S$'000	REINSURANCE S$'000	NET S$'000
Total at beginning of financial year	–	–	–
Transfer from QII	178,252	(33,272)	144,980
Increase/(decrease) in claims reserves	(20,318)	8,126	(12,192)
Total at end of financial year	157,934	(25,146)	132,788

(f) Loss development tables

The loss development tables presented below are net of reinsurance.

Accident Year		Prior	2008	2009	2010	2011	2012	2013	2014	2015	TOTAL
NET INCURRED											
	0									18,798	
	1								(2,001)		
	2							(712)			
	3						(1,036)				
	4					489					
	5				164						
	6			46							
	7		(33)								
	8	(24)									
	9										
Movement		(24)	(33)	46	164	489	(1,036)	(712)	(2,001)	18,798	
Transferred from QII		1,360	344	1,192	571	1,666	6,245	17,665	43,637	72,298	
Current estimate		1,336	311	1,239	735	2,155	5,209	16,954	41,636	91,097	
Cumulative payments		(16)	1	27	117	457	410	4,214	6,553	16,120	
Net outstanding liability		1,352	310	1,211	618	1,698	4,799	12,740	35,083	74,977	132,788

The loss development presented is subsequent to 1 October 2015, the date of the Scheme of Transfer.

Notes to the financial statements CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

11. Property, plant and equipment

2015	COMPUTERS S$'000	FURNITURE AND FITTINGS S$'000	MOTOR VEHICLES S$'000	OFFICE EQUIPMENT S$'000	LEASEHOLD IMPROVEMENT S$'000	TOTAL S$'000
Cost						
Beginning of financial period	-	-	-	-	-	-
Transfer from QII	313	96	244	15	461	1,129
Disposals	-	(89)	-	-	-	(89)
Additions	2	-	-	340	987	1,329
End of financial year	315	7	244	355	1,448	2,369
Accumulated depreciation						
Beginning of financial period	-	-	-	-	-	-
Disposals	-	(7)	-	-	-	(7)
Depreciation charge	53	8	18	12	-	91
End of financial year	53	1	18	12	-	84
Net book value						
End of financial year	262	6	226	343	1,448	2,285

2014	COMPUTERS S$'000	FURNITURE AND FITTINGS S$'000	MOTOR VEHICLES S$'000	OFFICE EQUIPMENT S$'000	TOTAL S$'000
Cost					
Beginning of financial period	-	-	-	-	-
Write-off/Reclass/Adjust	-	-	-	-	-
Disposals	-	-	-	-	-
Additions	-	-	-	-	-
End of financial year	-	-	-	-	-
Accumulated depreciation					
Beginning of financial period	-	-	-	-	-
Write-off/Reclass/Adjust	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation charge	-	-	-	-	-
End of financial year	-	-	-	-	-
Net book value					
End of financial year	-	-	-	-	-

12. Intangible assets

SOFTWARE DEVELOPMENT COST	2015 TOTAL S$'000	2014 TOTAL S$'000
Cost:		
At the beginning of financial period	-	-
Transfer from QII	5,071	-
Additions	2,020	-
At the end of financial period	7,091	-
Accumulated amortisation:		
At the beginning of financial period	-	-
Transfer from QII	-	-
Amortisation	717	-
At December 31, 2015	717	-
Carrying Amount:		
At December 31, 2015	6,374	-
Club membership	525	-
Total intangible assets	6,899	-

13. Trade and other payables

	2015 S$'000	2014 S$'000
Trade payables consists of:		
- amounts due to third parties	7,857	-
- amounts due to related companies	6,830	12
	14,687	12
Other payables consists of:		
- amounts due to related companies	8,475	-
- Investment payables	26,942	-
- Accrued expenses and other payables	12,467	15
	47,884	15
	62,571	27

Notes to the financial statements CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

14. Deferred tax assets and liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	2015 S$'000	2014 S$'000
Deferred tax liability as at 1 January	–	–
Change in deferred income taxes	956	–
Recognised in income statement	271	–
Deferred tax liability as at 31 December	1,227	–

The movements in deferred tax liabilities and assets during the financial year comprise the tax effects of the following:

2015	AT 1 JANUARY S$'000	DEFERRED INCOME TAXES S$'000	CHARGED S$'000	AT 31 DECEMBER S$'000
Transfer from QII	–	956	–	956
Recognised in income statement:				
Excess of capital allowance over depreciation	–	–	271	271
	–	956	271	1,227
2014				
Recognised in income statement:				
Excess of capital allowance over depreciation	–	–	–	–
Impairment loss on insurance receivables	–	–	–	–
Other provisions	–	–	–	–
	–	–	–	–

15. Immediate and ultimate holding corporation

The Company's immediate holding corporation is QBE Asia Pacific Holdings Limited ("QAPH"), incorporated in Hong Kong. The ultimate holding corporation is QBE Insurance Group Limited, incorporated in Australia.

16. Share capital

	2015 NO. OF SHARES	2015 S$'000	2014 NO. OF SHARES	2014 S$'000
Issued and fully paid ordinary shares:				
At 1 January	2	*	2	*
Issue of new shares during the year	156,579,530	156,580	–	–
At 31 December	156,579,532	156,580	2	*

* denotes amount less than S$1,000

The increase in the share capital during the year comprises of the following:

(a) Issue of 10,000,000 ordinary shares amounting to S$10,000,000 for cash;
and

(b) Issue of 146,579,530 ordinary shares amounting to S$146,579,530 to immediate holding company to meet minimum paid up capital and capital adequacy requirement.

17. Management of financial risk

The Company's activities also expose it to a variety of financial risks, including the effects of changes in debt market prices and foreign currency exchange rates.

Financial risk management objectives

The Company is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets and policyholder liabilities. In particular, the key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from claims as they fall due. The most important components of this financial risk are market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Company manages these positions within an investment strategy that has been developed with the following objectives:

(i) to preserve capital in reasonably liquid investments to pay claims

(ii) to maximise returns to the Company's income needs

The Company's investment strategy is integrated with the management of the financial risks associated with the Company's other financial assets and liabilities not directly associated with insurance and investment liabilities. The Company does not use hedge accounting.

(a) <u>Market risk</u>

(i) *Currency risk*

The Company maintains cash and deposits mainly in Singapore Dollars ("SGD") which is consistent with its functional currency. The foreign exchange exposure arose mainly from exchange rate movements of the United States Dollar ("USD") against the SGD. The Company manages its exposure to foreign exchange risk by monitoring its level of assets and liabilities that are denominated in foreign currencies.

If the USD changed against SGD by 7% with all other variables being held constant, the effects to the profit after tax would have been S$994,000 (2014: S$ NIL).

(ii) *Interest rate risk*

The Company's exposure to changes in interest rates relate primarily to interest-earning financial assets. Interest rate risk is managed by the Company on an on- going basis with the primary objective limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. However, the Company does not hedge against such exposures.

Summary quantitative data of the Company's interest-bearing financial instruments can be found in below.

Effective interest rates and maturity analysis

<u>Non-derivative financial assets</u>

In respect of interest-earning financial assets, the following table indicates their weighted average effective interest rates per annum at the end of the reporting period drawn up based on the undiscounted contractual maturities of the financial assets that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period.

		INTEREST BEARING FINANCIAL ASSETS			
MATURITY DATE		WITHIN 1 YEAR	1 YEAR–5 YEARS	MORE THAN 5 YEARS	TOTAL
As at 31 December 2015					
Fixed Interest	S$'000	265,830	58,224	11,949	336,002
Weighted Average Interest Rate	%	1.04	1.29	2.80	5.14
Floating Rate	S$'000	-	5,387	-	5,387
Weighted Average Interest Rate	%	-	1.74	-	1.74
As at 31 December 2014					
Fixed Interest	S$'000	-	-	-	-
Weighted Average Interest Rate	%	-	-	-	-
Floating Rate	S$'000	-	-	-	-
Weighted Average Interest Rate	%	-	-	-	-

(b) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit rating to its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The carrying amount of reinsurers' share of insurance contract provisions, insurance and other receivables, financial assets at fair value through profit & loss, and cash and cash equivalents represent the Company's maximum exposure to credit risk.

As at 31 December 2015, the Company had exposure to concentration of credit risk arising from one specific reinsurer, Equator Re. The underwriting department is responsible for setting guidelines about the quality of reinsurers used.

At the end of the reporting period, there is no other significant concentration of credit risk and exposures are well spread. The Company's exposure to credit risk relating to its financial and insurance assets are summarised below:

2015	AAA	A- TO AA+	BB TO BBB+	NOT RATED	TOTAL
Financial Assets	217,901	32,790	9,943	–	260,634
Cash and Cash Equivalent	–	98,522	–	3	98,525
Insurance Receivables	–	4,097	2	66,396	70,495

2014	AAA	A- TO AA+	BB TO BBB+	NOT RATED	TOTAL
Cash and Cash Equivalent	–	255	–	–	255

The following table provides information regarding the ageing of the Company's financial assets that are past due but not impaired at the balance sheet date.

		PAST DUE BUT NOT IMPAIRED			
2015	NEITHER PAST DUE NOR IMPAIRED S$'000	0-3MTHS S$'000	3-9MTHS S$'000	MORE THAN 9MTHS S$'000	TOTAL S$'000
Insurance receivables	34,075	22,798	9,715	3,907	70,495

		PAST DUE BUT NOT IMPAIRED			
2014	NEITHER PAST DUE NOR IMPAIRED S$'000	0-3MTHS S$'000	3-9MTHS S$'000	MORE THAN 9MTHS S$'000	TOTAL S$'000
Insurance receivables	–	–	–	–	–

(c) Liquidity risk

An important aspect of the Company's management of financial and insurance assets and liabilities is to ensure that cash is available to settle liabilities as they fall due. The Company maintains sufficient cash and liquid deposits, and internally generated cash flows to finance its activities. In normal circumstances, the majority of claims are settled with the cash at bank balances and bank deposits available.

All financial and insurance liabilities in 2015 and 2014 are repayable or due within one year from the end of the reporting period.

(d) Capital risk

The Company's policy is to maintain a suitable capital base so as to support its underwriting strategy. With effect from 1 October 2015, the Company is also required to comply with the regulatory capital requirement prescribed in the Insurance (Valuation and Capital) Regulations 2004 under the Insurance Act (Chapter 142). Under the Risk-based Capital Framework regulation set by MAS, insurance companies are required to satisfy a minimum capital adequacy ratio of 120%. MAS may prescribe different fund solvency requirements or capital adequacy requirements for different classes of insurance business and for different insurers. The Company has a capital adequacy ratio in excess of the minimum requirement.

(e) Fair value measurements

The Company's assets measured at fair value are its fair value through profit & loss financial assets, which are classified by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (is as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

As at 31 December 2015, the Company holds financial assets, at fair value through profit & loss of $105,693,000 (2014: $ Nil) which are based on Level 1 inputs and $154,941,000 (2014: $ Nil) which are based on Level 2 inputs. The fair value of financial instruments traded in active markets (at fair value through profit & loss) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Company is the current bid price.

The carrying value less impairment provision of current trade receivables and payables approximate to their fair values. The fair value of financial liabilities approximates their carrying amount.

(f) Financial instruments by category

The carrying amounts of financial assets measured at fair value through profit & loss are disclosed on the face of the balance sheet and in Note 9 to the financial statements respectively.

The aggregate carrying amounts of trade and other receivables and financial assets, at fair value through profit & loss, are as follows:

	2015 S$'000	2014 S$'000
Cash and cash equivalents	98,525	255
Trade and other receivables	73,285	-
Financial assets, at fair value through profit & loss	260,634	-

18. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following significant transactions took place between the Company and related parties during the financial year.

		2015 S$'000	2014 S$'000
(a)	Revenue		
	Reinsurance premiums received from related parties	812	-
	Reinsurance commissions received from related parties	24	-
	Reinsurance claims recovered from related parties	1,853	-

		2015 S$'000	2014 S$'000
(b)	Expenses		
	Reinsurance premiums ceded to related parties	6,526	-
	Reinsurance commissions paid to related parties	177	-
	Reinsurance claims paid to related parties	4	-
	Management fee paid to related parties	3,654	-
	Management expenses paid to related parties	311	-

(c) Key management personnel compensation

Key management personnel are those people defined as having authority and responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly.

	2015 S$'000	2014 S$'000
Salary and other remuneration	91	-
Benefits in kind and share based compensation	37	-
	128	-

Notes to the financial statements CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(d) Transfer of net assets

On 1 October 2015, the following net assets were transferred from QBE Insurance (International) Limited – Singapore Branch to the Company under a Scheme of Transfer, dated 24 July 2015, and Order of Court, dated 27 August 2015:

	2015 S$'000
Cash and cash equivalents	33,469
Trade and other receivables	81,406
Financial assets, at fair value through profit & loss	289,718
Reinsurer's share of unearned premium reserves	19,863
Reinsurer's share of loss reserves	33,272
Property, plant and equipment	1,129
Intangible Assets and Goodwill	5,596
Total assets	464,453
Trade and other payables	33,307
Unearned premium reserves	105,358
Outstanding claims reserves	178,252
Deferred tax liabilities	956
Total liabilities	317,873
Net assets	146,580

19. Operating lease arrangements

Operating lease payments represent rentals payable by the Company for its office premises. At the end of the reporting period, the Company has outstanding commitment under non-cancellable operating lease, which falls due as follows:

	2015 S$'000	2014 S$'000
Within one year	3,471	–
In the second to fifth year inclusive	14,412	–
	17,883	–

20. Authorisation of financial statements

The financial statements were authorised for issue by the Company's management on 23 March 2016.

QBE Insurance (Singapore) Pte Ltd
A member of the worldwide QBE Insurance Group Unique Entity No. 198401363C

1 Raffles Quay #29-10
South Tower Singapore 048583
Tel : (65) 6224 6633
www.qbe.com.sg