

First Quarter Financial Statements Announcement For The Period Ended 31 March 2010

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

- 1(a) An income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 MARCH 2010

	GROUP		
	31.3.2010 S\$'000	31.3.2009 S\$'000	Incr/ (decr) %
Revenue	21,770	15,843	37.4
Income statements :			
Reinsurance operations :			
Gross premiums	19,852	14,407	37.8
Reinsurance premiums	(10,706)	(6,856)	56.2
Net written premiums	9,146	7,551	21.1
Gross transfer from provision for unexpired risks	19	1,393	(98.6)
Reinsurance transfer to provision for unexpired risks	(417)	(911)	(54.2)
Net earned premiums	8,748	8,033	8.9
Gross claims incurred	(6,104)	(1,875)	225.5
Reinsurers' share of claims incurred	3,158	(732)	nm
Net claims incurred	(2,946)	(2,607)	13.0
Commission expense	(7,517)	(4,949)	51.9
Commission income	3,767	1,951	93.1
Net commission expense	(3,750)	(2,998)	25.1
Management expenses	(1,010)	(1,218)	(17.1)
Underwriting results	1,042	1,210	(13.9)
Net investment income	1,826	196	nm
Net income from reinsurance operations (I)	2,868	1,406	104.0
Non-reinsurance operations :			
Net investment income	706	578	22.1
Other operating income	1,937	1,456	33.0
Management expenses	(1,417)	(1,193)	18.8
Net income from non-reinsurance operations (II)	1,226	841	45.8
Profit before income tax (I + II)	4,094	2,247	82.2
Income tax expense	(443)	(208)	113.0
Profit for the period	3,651	2,039	79.1
Profit attributable to:			
Equity holders of the Company	3,557	1,975	80.1
Minority interests	94	64	46.9
Profit for the period	3,651	2,039	79.1
Statement of comprehensive income:			
Profit for the period	3,651	2,039	79.1
Other comprehensive income/(expense):			
Surplus on revaluation of property, plant and equipment	70	94	(25.5)
Net change in fair value of available-for-sale financial assets	2,320	(2,222)	204.4
Net change in fair value of available-for-sale financial assets transferred to income statement	(224)	1,180	(119.0)
Income tax relating to components of other comprehensive income	(291)	42	nm
Other comprehensive income/(expense) for the period, net of income tax	1,875	(906)	307.0
Total comprehensive income for the period	5,526	1,133	387.7
Total comprehensive income attributable to:			
Equity holders of the Company	5,428	1,068	408.2
Minority interests	98	65	50.8
Total comprehensive income for the period	5,526	1,133	387.7
Profit before income tax has been arrived at after crediting/(charging):			
Income relating to subsidiaries non-reinsurance operations*	2,145	1,463	46.6
Operating expenses relating to subsidiaries non-reinsurance operations*	(1,272)	(1,035)	22.9
Foreign exchange (loss)/gain	(281)	83	nm
Profit on sale of investments	224	13	nm
Impairment write-down on investments	-	(1,195)	(100.0)

nm not meaningful

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

Note: certain comparative figures have been reclassified to conform with the current year's presentation

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

	GROUP		COMPANY	
	31.3.2010	31.12.2009	31.3.2010	31.12.2009
	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Property, plant and equipment	19,384	19,377	19,293	19,272
Investment properties	10,139	10,123	10,139	10,123
Intangible asset	80	91	-	-
Reinsurers' share of insurance contract provisions for				
- outstanding claims	126,792	127,371	126,792	127,371
- unexpired risks	16,887	17,304	16,887	17,304
Interests in subsidiaries	-	-	6,449	6,449
Financial assets	275,910	256,496	274,599	248,659
Club membership	20	20	-	-
Insurance receivables	36,990	33,818	36,990	33,818
Other receivables	4,544	3,514	2,715	6,436
Cash and cash equivalents	45,532	62,225	42,743	55,630
Total assets	536,278	530,339	536,607	525,062
Equity attributable to equity holders of the Company				
Share capital	123,300	123,300	123,300	123,300
Reserves	15,403	13,532	15,319	13,304
Accumulated profits	61,421	57,864	58,630	55,529
	200,124	194,696	197,249	192,133
Minority interests	631	533	-	-
Total equity	200,755	195,229	197,249	192,133
Liabilities				
Insurance contract provisions for				
- outstanding claims	254,337	255,151	254,337	255,151
- unexpired risks	31,595	31,614	31,595	31,614
Insurance payables	41,023	40,692	41,023	40,692
Other payables	5,128	4,915	9,399	3,112
Current tax payable	1,189	770	755	425
Deferred taxation	2,251	1,968	2,249	1,935
Total liabilities	335,523	335,110	339,358	332,929
Total equity and liabilities	536,278	530,339	536,607	525,062

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

Amount repayable in one year or less, or on demand

As at 31.3.2010		As at 31.12.2009	
S\$'000			
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31.3.2010		As at 31.12.2009	
S\$'000			
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collaterals

Not Applicable.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	GROUP	
	31.3.2010 S\$'000	31.3.2009 S\$'000
Operating activities		
Profit before income tax	4,094	2,247
Adjustments for:		
Insurance contract provisions for net unexpired risks	398	(482)
Insurance contract provisions for net outstanding claims	(235)	(355)
Impairment losses on investments	-	1,195
Change in fair value of investment properties	(16)	(28)
Gain on sale of investments	(224)	(13)
Depreciation and amortisation of property, plant and equipment and intangible asset	99	99
Interest income	(2,128)	(1,927)
Dividend income	(224)	(234)
Loss on sale of property, plant and equipment and investment properties	-	34
Others	(1)	(1)
	<u>1,763</u>	<u>535</u>
Changes in working capital:		
Insurance receivables	(3,172)	(1,133)
Other receivables	(715)	(438)
Insurance payables	331	(30)
Other payables	213	362
Cash generated from operations	<u>(1,580)</u>	<u>(704)</u>
Income tax paid	(30)	(317)
Cash flows from operating activities	<u>(1,610)</u>	<u>(1,021)</u>
Investing activities		
Interest received	1,850	1,768
Dividends received	224	234
Purchase of investments	(30,547)	(7,823)
Proceeds from sale of investments	13,413	15,439
Purchase of property, plant and equipment	(23)	(78)
Proceeds from sale of investment properties, property, plant and equipment	-	297
Cash flows from investing activities	<u>(15,083)</u>	<u>9,837</u>
Financing activities		
Decrease in deposits pledged	508	2
Cash flows from financing activities	<u>508</u>	<u>2</u>
Net (decrease) / Increase in cash and cash equivalents	<u>(16,185)</u>	<u>8,818</u>
Cash and cash equivalents at beginning of the year	<u>60,765</u>	<u>59,795</u>
Cash and cash equivalents at end of the period	<u>44,580</u>	<u>68,613</u>
Pledged cash equivalents	<u>952</u>	<u>1,559</u>
Cash and cash equivalents at end of the period including pledged deposits	<u>45,532</u>	<u>70,172</u>

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

	Share Capital S\$'000	Fair Value Reserves S\$'000	Revaluation Reserves S\$'000	Accumulated Profits S\$'000	Total attributable to equity holders of the Company S\$'000	Minority Interests S\$'000	Total Equity S\$'000
GROUP							
At 1 January 2010	123,300	9,094	4,438	57,864	194,696	533	195,229
Total comprehensive income/(expense) for the period :							
Net profit	-	-	-	3,557	3,557	94	3,651
Other comprehensive income/(expense) :							
Revaluation of Property, plant and equipment	-	-	70	-	70	-	70
Net change in fair value of available-for-sale financial assets	-	2,316	-	-	2,316	4	2,320
Net change in fair value of available-for-sale financial assets transferred to the income statement	-	(224)	-	-	(224)	-	(224)
Income tax on other comprehensive income	-	(286)	(5)	-	(291)	-	(291)
Total other comprehensive income, net of income tax	-	1,806	65	-	1,871	4	1,875
Total comprehensive income for the period	-	1,806	65	3,557	5,428	98	5,526
At 31 March 2010	123,300	10,900	4,503	61,421	200,124	631	200,755
At 1 January 2009	123,300	(9,340)	4,341	52,697	170,998	567	171,565
Total comprehensive income/(expense) for the period :							
Net profit	-	-	-	1,975	1,975	64	2,039
Other comprehensive income/(expense) :							
Revaluation of Property, plant and equipment	-	-	94	-	94	-	94
Net change in fair value of available-for-sale financial assets	-	(2,225)	-	-	(2,225)	3	(2,222)
Net change in fair value of available-for-sale financial assets transferred to the income statement	-	1,182	-	-	1,182	(2)	1,180
Income tax on other comprehensive income	-	49	(7)	-	42	-	42
Total other comprehensive income/(expense), net of income tax	-	(994)	87	-	(907)	1	(906)
Total comprehensive income/(expense) for the period	-	(994)	87	1,975	1,068	65	1,133
At 31 March 2009	123,300	(10,334)	4,428	54,672	172,066	632	172,698

	Share Capital S\$'000	Fair Value Reserves S\$'000	Revaluation Reserves S\$'000	Accumulated Profits S\$'000	Total S\$'000
COMPANY					
At 1 January 2010	123,300	8,866	4,438	55,529	192,133
Total comprehensive income/(expense) for the period :					
Net profit	-	-	-	3,101	3,101
Other comprehensive income/(expense) :					
Revaluation of Property, plant and equipment	-	-	70	-	70
Net change in fair value of available-for-sale financial assets	-	2,477	-	-	2,477
Net change in fair value of available-for-sale financial assets transferred to the income statement	-	(221)	-	-	(221)
Income tax on other comprehensive income	-	(306)	(5)	-	(311)
Total other comprehensive income/(expense), net of income tax	-	1,950	65	-	2,015
Total comprehensive income for the period	-	1,950	65	3,101	5,116
At 31 March 2010	123,300	10,816	4,503	58,630	197,249
At 1 January 2009	123,300	(9,370)	4,341	49,518	167,789
Total comprehensive income/(expense) for the period :					
Net profit	-	-	-	1,636	1,636
Other comprehensive income/(expense) :					
Revaluation of Property, plant and equipment	-	-	94	-	94
Net change in fair value of available-for-sale financial assets	-	(2,186)	-	-	(2,186)
Net change in fair value of available-for-sale financial assets transferred to the income statement	-	1,182	-	-	1,182
Income tax on other comprehensive income	-	45	(7)	-	38
Total other comprehensive income/(expense), net of income tax	-	(959)	87	-	(872)
Total comprehensive income/(expense) for the period	-	(959)	87	1,636	764
At 31 March 2009	123,300	(10,329)	4,428	51,154	168,553

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.

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 compared with the audited annual financial statements as at 31 December 2009.

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	
	31.3.2010	31.3.2009
Basic and Diluted earnings per share (cents)	0.59	0.33
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 (a) current financial period reported on; and (b) immediate preceding financial year.

	GROUP		COMPANY	
	31.3.2010	31.12.2009	31.3.2010	31.12.2009
Net asset value per share (cents)	33.07	32.17	32.59	31.75

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.

For the first quarter ended 31 March 2010, the Group's revenue increased by 37.4% to S\$21.8 million, attributed largely to new reinsurance business. Despite drastic increase in gross claims incurred, the net claims incurred increased at a more moderate pace of 13% to S\$2.9 million. Ratio-wise, it was in fact an improvement from 34.5% in the previous year to the current 32.2% on a larger premium base. However, with higher commission expense, the underwriting surplus declined to S\$1 million, as against the S\$1.2 million in the same quarter in the previous year.

The net investment gain rose a significant 227.1% to S\$2.5 million due largely to the absence of impairment write-down and partly to higher profit on sale of equity investments (2009: impairment write-down was S\$1.2 million). With positive contribution from the subsidiaries, the Group's net profit before income tax grew a credible 82.2% to S\$4.1 million, compared to the S\$2.2 million achieved in the same quarter a year earlier.

An investment revaluation surplus of S\$2.3 million was reported in the Statement of Comprehensive Income, in contrast to the revaluation deficit of S\$2.2 million in first quarter of 2009, due to continued recovery in equity markets globally. The revaluation changes are presented within equity in the fair value reserve in accordance with the Group's accounting policy and therefore affect net asset value only.

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.

The reinsurance operating environment will remain extremely competitive, influenced by apparently sustained global excess capacity. Pressure on insurance premium rates is likely to continue. This will in turn impact underwriting profitability margin. Despite continued presence of many uncertainties, the global economic recovery will likely sustain. However, it is premature at this stage to predict the extent of the impact on the Group's operations.

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

- (a) Current financial period reported on
Any dividend declared for the current financial period reported on? No
- (b) Corresponding period of the immediately preceding financial year
Any dividend declared for the corresponding period of the immediately preceding financial year? No
- (c) The date the dividend is payable
Not applicable.
- (d) Books closure date
Not applicable.

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

Not applicable.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

13. **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	Jan - Mar 2010			Jan - Mar 2009		
	Reinsurance	Non-Reinsurance	Total	Reinsurance	Non-Reinsurance	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Gross premiums written	19,852		19,852	14,407		14,407
Net earned premiums	8,748		8,748	8,033		8,033
Net claims incurred	(2,946)		(2,946)	(2,607)		(2,607)
Net commission expense	(3,750)		(3,750)	(2,998)		(2,998)
Management expenses	(1,010)		(1,010)	(1,218)		(1,218)
Underwriting results	1,042		1,042	1,210		1,210
Net investment income	1,826		1,826	196		196
Net income from reinsurance operations (I)	2,868		2,868	1,406		1,406
Net investment income		706	706		578	578
Other operating income		1,937	1,937		1,456	1,456
Management expenses		(1,417)	(1,417)		(1,193)	(1,193)
Net income from non-reinsurance operations (II)		1,226	1,226		841	841
Profit before income tax (I) + (II)	2,868	1,226	4,094	1,406	841	2,247
Segment total assets	418,578	117,700	536,278	384,389	101,968	486,357
Segment total liabilities	330,582	4,941	335,523	301,433	12,226	313,659

(b) **Major customer**

The Group has two external customers 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 are as follows:

	Revenue		Non-current assets	
	Jan - Mar 2010	Jan - Mar 2009	Jan - Mar 2010	Jan - Mar 2009
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	14,173	11,200	26,693	26,719
China	426	1,504	2,911	3,114
Others	7,171	3,139	-	-
Total	21,770	15,843	29,604	29,833

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

14. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Net profit before income tax for reinsurance business increased to S\$2.9 million in first quarter of 2010, compared to the S\$1.4 million in the corresponding period last year, mainly due to higher investment income as global financial market conditions continued to improve.

15. A breakdown of the sales as follows :-

Not Applicable.

16. 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	-	-
Preference	-	-
Total:	-	-

Confirmation by Directors

The Board of Directors of the Company hereby confirm that, to the best of their knowledge and belief, nothing has come to the attention of the Board of Directors which may render the unaudited group financial results for the period ended 31 March 2010 to be false or misleading.

BY ORDER OF THE BOARD

Gerard Seah Jim Hong
Company Secretary
22 April 2010

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