

First Quarter Financial Statements Announcement For The Period Ended 31 March 2011

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 2011

	GROUP		
	31.3.2011 S\$'000	31.3.2010 S\$'000	Incr/ (decr) %
Revenue	24,795	21,770	13.9
Income statements:			
Reinsurance operations:			
Gross premiums	23,136	19,852	16.5
Reinsurance premiums	(12,308)	(10,706)	15.0
Net written premiums	10,828	9,146	18.4
Gross transfer from/(to) provision for unexpired risks	(49)	19	nm
Reinsurance transfer to provision for unexpired risks	(536)	(417)	28.5
Net earned premiums	10,243	8,748	17.1
Gross claims incurred	(6,232)	(6,104)	2.1
Reinsurers' share of claims incurred	1,197	3,158	(62.1)
Net claims incurred	(5,035)	(2,946)	70.9
Commission expense	(7,368)	(7,517)	(2.0)
Commission income	3,942	3,767	4.6
Net commission expense	(3,426)	(3,750)	(8.6)
Management expenses	(1,482)	(1,010)	46.7
Underwriting results	300	1,042	(71.2)
Net investment income	1,764	1,826	(3.4)
Net income from reinsurance operations (I)	2,064	2,868	(28.0)
Non-reinsurance operations:			
Net investment income	859	706	21.7
Other operating income	1,743	1,937	(10.0)
Management expenses	(1,516)	(1,417)	7.0
Net income from non-reinsurance operations (II)	1,086	1,226	(11.4)
Profit before income tax (I + II)	3,150	4,094	(23.1)
Income tax expense	(405)	(443)	(8.6)
Profit for the period	2,745	3,651	(24.8)
Profit attributable to:			
Equity holders of the Company	2,676	3,557	(24.8)
Minority interests	69	94	(26.6)
Profit for the period	2,745	3,651	(24.8)
Statement of comprehensive income:			
Profit for the period	2,745	3,651	(24.8)
Other comprehensive income/(expense):			
Revaluation of property, plant and equipment	(7)	70	(110.0)
Net change in fair value of available-for-sale financial assets	986	2,320	(57.5)
Net change in fair value of available-for-sale financial assets transferred to income statement	(330)	(224)	47.3
Income tax relating to components of other comprehensive income	(34)	(291)	(88.3)
Other comprehensive income for the period, net of income tax	615	1,875	(67.2)
Total comprehensive income for the period	3,360	5,526	(39.2)
Total comprehensive income attributable to:			
Equity holders of the Company	3,289	5,428	(39.4)
Minority interests	71	98	(27.6)
Total comprehensive income for the period	3,360	5,526	(39.2)
Profit before income tax has been arrived at after crediting/(charging):			
Income relating to subsidiaries non-reinsurance operations*	2,034	2,145	(5.2)
Operating expenses relating to subsidiaries non-reinsurance operations*	(1,590)	(1,272)	25.0
Exchange (loss)/gain	(255)	12	nm
Gain on sale of investments	330	224	47.3

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	
	31.3.2011	31.12.2010	31.3.2011	31.12.2010
	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Property, plant and equipment	20,816	20,864	20,748	20,809
Investment properties	11,830	11,855	11,830	11,855
Intangible asset	34	46	-	-
Reinsurers' share of insurance contract provisions for				
- outstanding claims	135,248	140,992	135,248	140,992
- unexpired risks	18,984	19,520	18,984	19,520
Interests in subsidiaries	-	-	1,211	1,211
Financial assets	296,075	291,159	294,637	289,741
Club membership	20	20	-	-
Insurance receivables	36,072	35,286	36,072	35,286
Other receivables	4,380	4,064	2,491	3,102
Cash and cash equivalents	41,292	43,496	38,997	40,716
Total assets	564,751	567,302	560,218	563,232
Equity attributable to equity holders of the Company				
Share capital	123,300	123,300	123,300	123,300
Reserves	20,093	19,480	19,905	19,310
Accumulated profits	67,064	64,388	65,811	63,389
	210,457	207,168	209,016	205,999
Minority interests	603	532	-	-
Total equity	211,060	207,700	209,016	205,999
Liabilities				
Insurance contract provisions for				
- outstanding claims	267,721	271,423	267,721	271,423
- unexpired risks	35,511	35,462	35,511	35,462
Insurance payables	40,147	42,937	40,147	42,937
Other payables	5,062	4,873	2,867	2,755
Current tax payable	2,338	2,024	2,047	1,778
Deferred taxation	2,912	2,883	2,909	2,878
Total liabilities	353,691	359,602	351,202	357,233
Total equity and liabilities	564,751	567,302	560,218	563,232

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 31.3.2011		As at 31.12.2010	
S\$'000			
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31.3.2011		As at 31.12.2010	
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	
	31.3.2011 S\$'000	31.3.2010 S\$'000
Operating activities		
Profit before income tax	3,150	4,094
Adjustments for:		
Insurance contract provisions for net unexpired risks	585	398
Insurance contract provisions for net outstanding claims	2,042	(235)
Change in fair value of investment properties	25	(16)
Gain on sale of investments	(330)	(224)
Depreciation and amortisation of property, plant and equipment and intangible asset	85	99
Interest income	(2,200)	(2,128)
Dividend income	(220)	(224)
Others	(2)	(1)
	<u>3,135</u>	<u>1,763</u>
Changes in working capital:		
Insurance receivables	(786)	(3,172)
Other receivables	(142)	(715)
Insurance payables	(2,790)	331
Other payables	189	213
Cash generated from operations	<u>(394)</u>	<u>(1,580)</u>
Income tax paid	(96)	(30)
Cash flows from operating activities	<u>(490)</u>	<u>(1,610)</u>
Investing activities		
Interest received	2,025	1,850
Dividends received	220	224
Purchase of investments	(15,722)	(30,547)
Proceeds from sale of investments	11,792	13,413
Purchase of property, plant and equipment	(41)	(23)
Proceeds from sale of investment properties, property, plant and equipment	12	-
Cash flows used in investing activities	<u>(1,714)</u>	<u>(15,083)</u>
Financing activities		
Decrease in deposits pledged	40	508
Cash flows from financing activities	<u>40</u>	<u>508</u>
Net decrease in cash and cash equivalents	<u>(2,164)</u>	<u>(16,185)</u>
Cash and cash equivalents at beginning of the year (exclude pledged assets)	<u>42,595</u>	<u>60,765</u>
Cash and cash equivalents at end of the period	<u>40,431</u>	<u>44,580</u>
Pledged cash equivalents	861	952
Cash and cash equivalents at end of the period including pledged deposits	<u>41,292</u>	<u>45,532</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 2011	123,300	13,382	6,098	64,388	207,168	532	207,700
Total comprehensive income for the period:							
Net profit	-	-	-	2,676	2,676	69	2,745
Other comprehensive income/(expense):							
Revaluation of property, plant and equipment	-	-	(7)	-	(7)	-	(7)
Net change in fair value of available-for-sale financial assets	-	984	-	-	984	2	986
Net change in fair value of available-for-sale financial assets transferred to income statement	-	(330)	-	-	(330)	-	(330)
Income tax on other comprehensive income	-	(37)	3	-	(34)	-	(34)
Total other comprehensive income, net of income tax	-	617	(4)	-	613	2	615
Total comprehensive income for the period	-	617	(4)	2,676	3,289	71	3,360
At 31 March 2011	123,300	13,999	6,094	67,064	210,457	603	211,060
At 1 January 2010	123,300	9,094	4,438	57,864	194,696	533	195,229
Total comprehensive income 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 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
COMPANY							
At 1 January 2011	123,300	13,212	6,098	63,389	205,999		
Total comprehensive income for the period:							
Net profit	-	-	-	2,422	2,422		
Other comprehensive income/(expense):							
Revaluation of property, plant and equipment	-	-	(7)	-	(7)		
Net change in fair value of available-for-sale financial assets	-	966	-	-	966		
Net change in fair value of available-for-sale financial assets transferred to income statement	-	(330)	-	-	(330)		
Income tax on other comprehensive income	-	(37)	3	-	(34)		
Total other comprehensive income, net of income tax	-	599	(4)	-	595		
Total comprehensive income for the period	-	599	(4)	2,422	3,017		
At 31 March 2011	123,300	13,811	6,094	65,811	209,016		
At 1 January 2010	123,300	8,866	4,438	55,529	192,133		
Total comprehensive income 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 income statement	-	(221)	-	-	(221)		
Income tax on other comprehensive income	-	(306)	(5)	-	(311)		
Total other comprehensive income, 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		

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 2010.

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	
	31.3.2011	31.3.2010
Basic and diluted earnings per share (cents)	0.44	0.59
Number of ordinary shares issued ('000)	605,220	605,220

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

(a) current financial period reported on; and

(b) immediate preceding financial year.

	GROUP		COMPANY	
	31.3.2011	31.12.2010	31.3.2011	31.12.2010
Net asset value per share (cents)	34.77	34.23	34.54	34.04

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:-
- 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
 - 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 2011, the Group's revenue rose 13.9% to S\$24.8 million, attributed to higher premium reported in some existing accounts and timing difference in booking, although partly offset by lower revenue contribution from subsidiaries. If the timing difference in bookings for large accounts was eliminated, the Group's revenue would be 12.8% higher at S\$23.7 million. After taking into consideration potential reinsurance recoveries, the net claims incurred was 70.9% higher at S\$5 million, due largely to reserves set aside for recent natural peril-related losses in regional markets and represented an incurred loss ratio (of net written premium) of 46.5%, compared to 32.2% in the corresponding quarter in preceding year. Reinsurance management expenses rose 46.7% to S\$1.5 million, due to higher general provision for bad and doubtful debts and exchange loss on revaluation of foreign-denominated assets, as well as rising staff costs attributed mainly to staff replacement and higher employers' CPF contribution. Consequently, a lower underwriting surplus of S\$300,000 was recorded, compared to the S\$1 million in the same period in the previous year.

The net investment gain increased 3.6% to S\$2.6 million due to higher profit on sale of equity investments. Overall, the Group's net profit before income tax fell 23.1% to S\$3.2 million, compared to the S\$4.1 million reported in the same quarter last year, attributed mainly to the lower underwriting profit as well as the decline in profit contribution from subsidiaries.

An investment revaluation surplus of S\$615,000 was reported in the Statement of Comprehensive Income and credited to the fair value and revaluation reserves and therefore affects 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.

Following the recent spate of huge insured losses involving the earthquakes in Christchurch, New Zealand and Japan, there are indications that some major reinsurance players are resisting further reductions in Property/Engineering premium rates for business emanating from Asia. However, the resistance may be short-lived as the operating environment continues to be plagued by global excess capacity. Also, the seemingly greater frequency and severity of climate-related and seismic disasters would translate into higher insured losses and impact underwriting profitability.

On the investment front, the many uncertainties will continue to affect global economic outlook and sentiment.

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) Date 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	January - March 2011			January - March 2010		
	Reinsurance	Non-Reinsurance	Total	Reinsurance	Non-Reinsurance	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Gross premiums written	23,136		23,136	19,852		19,852
Net earned premiums	10,243		10,243	8,748		8,748
Net claims incurred	(5,035)		(5,035)	(2,946)		(2,946)
Net commission expense	(3,426)		(3,426)	(3,750)		(3,750)
Management expenses	(1,482)		(1,482)	(1,010)		(1,010)
Underwriting results	300		300	1,042		1,042
Net investment income	1,764		1,764	1,826		1,826
Net income from reinsurance operations (I)	2,064		2,064	2,868		2,868
Net investment income		859	859		706	706
Other operating income		1,743	1,743		1,937	1,937
Management expenses		(1,516)	(1,516)		(1,417)	(1,417)
Net income from non-reinsurance operations (II)		1,086	1,086		1,226	1,226
Profit before income tax (I) + (II)	2,064	1,086	3,150	2,868	1,226	4,094
Segment total assets	429,668	135,083	564,751	418,578	117,700	536,278
Segment total liabilities	347,714	5,977	353,691	330,582	4,941	335,523

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. (continued)**

(b) Major customer

For the period ended 31 March 2011, the Group has one external client 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 clients based on country of domicile and the non-current assets are as follows:

	Revenue		Non-current assets	
	January - March 2011	January - March 2010	January - March 2011	January - March 2010
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	15,094	14,173	29,601	26,693
Malaysia	3,684	3,609	-	-
China	2,587	426	3,079	2,911
Others	3,430	3,562	-	-
Total	24,795	21,770	32,680	29,604

The Group's non-current assets presented above consist of property, plant and equipment, investment properties and intangible asset 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 income for reinsurance business declined by 28% to S\$2.1 million, compared to the S\$2.9 million in the corresponding period last year, attributed mainly to higher net claims incurred due to additional case reserves set aside for exceptional losses in certain regional markets.

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 2011 to be false or misleading.

BY ORDER OF THE BOARD

Gerard Seah Jim Hong
Company Secretary
25 April 2011

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