

Second Quarter Financial Statements Announcement For The Period Ended 30 June 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 30 JUNE 2010

	GROUP					
	1st Half 2010	1st Half 2009	Incr/ (decr)	2nd Qtr 2010	2nd Qtr 2009	Incr/ (decr)
	SS'000	SS'000	%	SS'000	SS'000	%
Revenue	51,828	42,568	21.8	30,058	26,725	12.5
Income statements :						
Reinsurance operations :						
Gross premiums	48,229	39,835	21.1	28,377	25,428	11.6
Reinsurance premiums	(27,380)	(20,713)	32.2	(16,674)	(13,857)	20.3
Net written premiums	20,849	19,122	9.0	11,703	11,571	1.1
Gross transfer (to)/from provision for unexpired risks	(948)	668	(241.9)	(967)	(725)	33.4
Reinsurance transfer from/(to) provision for unexpired risks	521	(369)	241.2	938	542	73.1
Net earned premiums	20,422	19,421	5.2	11,674	11,388	2.5
Gross claims incurred	(22,043)	(14,664)	50.3	(15,939)	(12,789)	24.6
Reinsurers' share of claims incurred	12,954	6,955	86.3	9,796	7,687	27.4
Net claims incurred	(9,089)	(7,709)	17.9	(6,143)	(5,102)	20.4
Commission expense	(18,012)	(13,877)	29.8	(10,495)	(8,928)	17.6
Commission income	9,802	6,392	53.3	6,035	4,441	35.9
Net commission expense	(8,210)	(7,485)	9.7	(4,460)	(4,487)	(0.6)
Management expenses	(2,314)	(2,886)	(19.8)	(1,304)	(1,668)	(21.8)
Underwriting results	809	1,341	(39.7)	(233)	131	(277.9)
Net investment income	5,315	2,016	163.6	3,489	1,820	91.7
Net income from reinsurance operations (I)	6,124	3,357	82.4	3,256	1,951	66.9
Non-reinsurance operations :						
Net investment income	1,829	1,572	16.3	1,123	994	13.0
Other operating income	3,672	2,793	31.5	1,735	1,337	29.8
Management expenses	(2,826)	(2,465)	14.6	(1,409)	(1,272)	10.8
Net income from non-reinsurance operations (II)	2,675	1,900	40.8	1,449	1,059	36.8
Profit before income tax (I + II)	8,799	5,257	67.4	4,705	3,010	56.3
Income tax expense	(976)	(481)	102.9	(533)	(273)	95.2
Profit for the period	7,823	4,776	63.8	4,172	2,737	52.4
Profit attributable to:						
Equity holders of the Company	7,671	4,691	63.5	4,114	2,716	51.5
Minority interests	152	85	78.8	58	21	176.2
Profit for the period	7,823	4,776	63.8	4,172	2,737	52.4

Statement of comprehensive income:						
Profit for the period	7,823	4,776	63.8	4,172	2,737	52.4
Other comprehensive income/(expense):						
Surplus on revaluation of property, plant and equipment	115	(1)	nm	45	(96)	146.9
Net change in fair value of available-for-sale financial assets	3,995	9,728	(58.9)	1,675	11,948	(86.0)
Net change in fair value of available-for-sale financial assets transferred to income statement	(1,453)	1,309	(211.0)	(1,229)	129	nm
Income tax relating to components of other comprehensive income	(198)	(1,885)	(89.5)	93	(1,924)	104.8
Other comprehensive income/(expense) for the period, net of income tax	2,459	9,151	(73.1)	584	10,057	(94.2)
Total comprehensive income for the period	10,282	13,927	(26.2)	4,756	12,794	(62.8)
Total comprehensive income attributable to:						
Equity holders of the Company	10,126	13,818	(26.7)	4,698	12,750	(63.2)
Minority interests	156	109	43.1	58	44	31.8
Total comprehensive income for the period	10,282	13,927	(26.2)	4,756	12,794	(62.8)

Profit before income tax has been arrived at after crediting/(charging):

Income relating to subsidiaries non-reinsurance operations*	3,899	2,821	38.2	1,754	1,358	29.2
Operating expenses relating to subsidiaries non-reinsurance operations*	(2,511)	(2,136)	17.6	(1,239)	(1,101)	12.5
Foreign exchange gain/(loss)	121	(151)	180.1	402	(234)	271.8
Profit on sale of investments	1,465	509	187.8	1,241	496	150.2
Impairment write-down on investments	(13)	(1,818)	(99.3)	(13)	(623)	(97.9)

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	
	30.6.2010	31.12.2009	30.6.2010	31.12.2009
	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Property, plant and equipment	19,351	19,377	19,271	19,272
Investment properties	10,143	10,123	10,143	10,123
Intangible asset	69	91	-	-
Reinsurers' share of insurance contract provisions for				
- outstanding claims	132,957	127,371	132,957	127,371
- unexpired risks	17,825	17,304	17,825	17,304
Interests in subsidiaries	-	-	6,449	6,449
Financial assets	272,350	256,496	271,023	248,659
Club membership	20	20	-	-
Insurance receivables	39,421	33,818	39,421	33,818
Other receivables	4,424	3,514	2,997	6,436
Cash and cash equivalents	49,570	62,225	45,790	55,630
Total assets	546,130	530,339	545,876	525,062
Equity attributable to equity holders of the Company				
Share capital	123,300	123,300	123,300	123,300
Reserves	15,987	13,532	15,898	13,304
Accumulated profits	61,298	57,864	58,133	55,529
	200,585	194,696	197,331	192,133
Minority interests	689	533	-	-
Total equity	201,274	195,229	197,331	192,133
Liabilities				
Insurance contract provisions for				
- outstanding claims	262,309	255,151	262,309	255,151
- unexpired risks	32,562	31,614	32,562	31,614
Insurance payables	41,518	40,692	41,518	40,692
Other payables	4,939	4,915	9,023	3,112
Current tax payable	1,370	770	976	425
Deferred taxation	2,158	1,968	2,157	1,935
Total liabilities	344,856	335,110	348,545	332,929
Total equity and liabilities	546,130	530,339	545,876	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 30.6.2010		As at 31.12.2009	
S\$'000			
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 30.6.2010		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	
	1st Half	1st Half
	2010	2009
	S\$'000	S\$'000
Operating activities		
Profit before income tax	8,799	5,257
Adjustments for:		
Insurance contract provisions for net unexpired risks	427	(299)
Insurance contract provisions for net outstanding claims	1,572	(775)
Impairment losses on investments	13	1,818
Change in fair value of investment properties	(20)	49
Gain on sale of investments	(1,465)	(509)
Depreciation and amortisation of property, plant and equipment and intangible asset	193	197
Interest income	(4,302)	(3,916)
Dividend income	(1,465)	(1,084)
Loss on sale of property, plant and equipment and investment properties	-	34
Others	-	(1)
	<u>3,752</u>	<u>771</u>
Changes in working capital:		
Insurance receivables	(5,603)	(2,680)
Other receivables	(273)	(125)
Insurance payables	826	(1,022)
Other payables	28	557
Cash generated from operations	<u>(1,270)</u>	<u>(2,499)</u>
Income tax paid	<u>(384)</u>	<u>(294)</u>
Cash flows from operating activities	<u>(1,654)</u>	<u>(2,793)</u>
Investing activities		
Interest received	3,713	4,146
Dividends received	1,465	1,084
Purchase of investments	(49,327)	(20,086)
Proceeds from sale of investments	37,415	21,450
Purchase of property, plant and equipment	(30)	(90)
Proceeds from sale of investment properties, property, plant and equipment	-	297
Net cash outflow on partial acquisition of minority interests in subsidiary	-	(13)
Cash flows from investing activities	<u>(6,764)</u>	<u>6,788</u>
Financing activities		
Dividends paid	(4,237)	(2,421)
Decrease in deposits pledged	513	58
Cash flows from financing activities	<u>(3,724)</u>	<u>(2,363)</u>
Net (decrease) / increase in cash and cash equivalents	<u>(12,142)</u>	<u>1,632</u>
Cash and cash equivalents at beginning of the year (exclude pledged assets)	<u>60,765</u>	<u>59,795</u>
Cash and cash equivalents at end of the period	<u>48,623</u>	<u>61,427</u>
Pledged cash equivalents	<u>947</u>	<u>1,503</u>
Cash and cash equivalents at end of the period including pledged deposits	<u>49,570</u>	<u>62,930</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							
Total comprehensive income/(expense) for the period :	123,300	9,094	4,438	57,864	194,696	533	195,229
Net profit	-	-	-	7,671	7,671	152	7,823
Other comprehensive income/(expense) :							
Revaluation of Property, plant and equipment	-	-	115	-	115	-	115
Net change in fair value of available-for-sale financial assets	-	3,990	-	-	3,990	5	3,995
Net change in fair value of available-for-sale financial assets transferred to the income statement	-	(1,452)	-	-	(1,452)	(1)	(1,453)
Income tax on other comprehensive income	-	(192)	(6)	-	(198)	-	(198)
Total other comprehensive income, net of income tax	-	2,346	109	-	2,455	4	2,459
Total comprehensive income for the period	-	2,346	109	7,671	10,126	156	10,282
Transactions with owners, recorded directly in equity :							
Contributions by and distributions to owners :							
Final dividend paid of 0.7 cent per share tax exempt (one-tier) in respect of year 2009	-	-	-	(4,237)	(4,237)	-	(4,237)
Total contributions by and distributions to owners	-	-	-	(4,237)	(4,237)	-	(4,237)
At 30 June 2010							
	123,300	11,440	4,547	61,298	200,585	689	201,274
At 1 January 2009							
Total comprehensive income for the period :	123,300	(9,340)	4,341	52,697	170,998	567	171,565
Net profit	-	-	-	4,691	4,691	85	4,776
Other comprehensive income/(expense) :							
Revaluation of Property, plant and equipment	-	-	(1)	-	(1)	-	(1)
Net change in fair value of available-for-sale financial assets	-	9,704	-	-	9,704	24	9,728
Net change in fair value of available-for-sale financial assets transferred to the income statement	-	1,309	-	-	1,309	-	1,309
Income tax on other comprehensive income	-	(1,891)	6	-	(1,885)	-	(1,885)
Total other comprehensive income, net of income tax	-	9,122	5	-	9,127	24	9,151
Total comprehensive income for the period	-	9,122	5	4,691	13,818	109	13,927
Transactions with owners, recorded directly in equity :							
Contributions by and distributions to owners :							
Final dividend paid of 0.4 cent tax exempt (one-tier) in respect of year 2008	-	-	-	(2,421)	(2,421)	-	(2,421)
Share buyback from minority interests	-	-	-	-	-	(13)	(13)
Total contributions by and distributions to owners	-	-	-	(2,421)	(2,421)	(13)	(2,434)
At 30 June 2009							
	123,300	(218)	4,346	54,967	182,395	663	183,058
COMPANY							
At 1 January 2010							
Total comprehensive income for the period :	123,300	8,866	4,438	55,529	192,133		
Net profit	-	-	-	6,841	6,841		
Other comprehensive income/(expense) :							
Revaluation of Property, plant and equipment	-	-	115	-	115		
Net change in fair value of available-for-sale financial assets	-	4,146	-	-	4,146		
Net change in fair value of available-for-sale financial assets transferred to the income statement	-	(1,449)	-	-	(1,449)		
Income tax on other comprehensive income	-	(212)	(6)	-	(218)		
Total other comprehensive income, net of income tax	-	2,485	109	-	2,594		
Total comprehensive income for the period	-	2,485	109	6,841	9,435		
Transactions with owners, recorded directly in equity :							
Contributions by and distributions to owners :							
Final dividend paid of 0.7 cent per share tax exempt (one-tier) in respect of year 2009	-	-	-	(4,237)	(4,237)		
Total contributions by and distributions to owners	-	-	-	(4,237)	(4,237)		
At 30 June 2010							
	123,300	11,351	4,547	58,133	197,331		
At 1 January 2009							
Total comprehensive income for the period :	123,300	(9,370)	4,341	49,518	167,789		
Net profit	-	-	-	4,151	4,151		
Other comprehensive income/(expense) :							
Revaluation of Property, plant and equipment	-	-	(1)	-	(1)		
Net change in fair value of available-for-sale financial assets	-	9,604	-	-	9,604		
Net change in fair value of available-for-sale financial assets transferred to the income statement	-	1,309	-	-	1,309		
Income tax on other comprehensive income	-	(1,892)	6	-	(1,886)		
Total other comprehensive income, net of income tax	-	9,021	5	-	9,026		
Total comprehensive income for the period	-	9,021	5	4,151	13,177		
Transactions with owners, recorded directly in equity :							
Contributions by and distributions to owners :							
Final dividend paid of 0.4 cent tax exempt (one-tier) in respect of year 2008	-	-	-	(2,421)	(2,421)		
Total contributions by and distributions to owners	-	-	-	(2,421)	(2,421)		
At 30 June 2009							
	123,300	(349)	4,346	51,248	178,545		

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			
	1st Half 2010	1st Half 2009	2nd Qtr 2010	2nd Qtr 2009
Basic and Diluted earnings per share (cents)	1.27	0.78	0.68	0.45
Number of ordinary shares issued ('000)	605,220	605,220	605,220	605,220

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

(a) current financial period reported on; and
(b) immediate preceding financial year.

	GROUP		COMPANY	
	30.6.2010	31.12.2009	30.6.2010	31.12.2009
Net asset value per share (cents)	33.14	32.17	32.60	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.

Comparison of 2nd quarter 2010 vs 2nd quarter 2009

In 2nd quarter 2010, the Group's revenue increased by 12.5% to S\$30 million due mainly to new acceptances. The net claims incurred rose 20.4% to S\$6.1 million due partly to higher precautionary reserves set up for certain regional markets. Consequently, an underwriting deficit of S\$233,000 was recorded as against the S\$131,000 profit in the same quarter last year. Net investment income grew 63.9% to S\$4.6 million, compared to S\$2.8 million in the corresponding quarter last year, attributed largely to higher profit on sale of equity investments. Overall, the Group reported higher profit before income tax of S\$4.7 million in 2nd quarter of 2010, an increase of 56.3% from the S\$3 million recorded in the same quarter last year.

Comparison of 6 months 2010 vs 6 months 2009

For the half year ended 30 June 2010, the Group's revenue increased by 21.8% to S\$51.8 million, attributed to new business written and organic growth. Notwithstanding the steep increase in gross claims incurred, after taking into consideration potential reinsurance recoveries, the net claims incurred was 17.9% higher at S\$9.1 million, attributed mainly to new precautionary reserves set up for certain regional markets. This represented an incurred loss ratio (of net written premium) of 43.6% as compared to 40.3% in the corresponding period last year and the underwriting surplus of S\$809,000 was also lower than the S\$1.3 million a year earlier.

The net investment gain rose 99.1% to S\$7.1 million due to profit on sale of equity investments and lower impairment write-down. Additionally, with improved contribution from the subsidiaries, the Group's net profit before income tax increased by a credible 67.4% to S\$8.8 million, compared to the S\$5.3 million in the first half of 2009.

An investment revaluation surplus of S\$2.5 million was reported in the Statement of Comprehensive Income and credited to the fair value reserve 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 likely remain extremely competitive thereby putting pressure on insurance premium rates and policy coverage, in light of the sustained global excess capacity. This would squeeze underwriting profitability margin which is further compounded by uncertainties associated with the unpredictable changes in climatic patterns. Notwithstanding Singapore's projected GDP growth estimate of between 13% and 15% for 2010, the Group remains cautious in an operating environment fraught with many uncertainties from both economic and underwriting perspectives.

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

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

Yes

Name of Dividend

Interim

Dividend Type

Cash

Gross Dividend Amount per share (in cents)

0.70

Tax Rate

Tax Exempt(one-tier)

(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes

Name of Dividend

Interim

Dividend Type

Cash

Gross Dividend Amount per share (in cents)

0.60

Tax Rate

Tax Exempt(one-tier)

(c) The date the dividend is payable

The proposed interim dividend will be paid on 2 September 2010.

(d) Books closure date

Notice is hereby given that the Share Transfer Books and Register of Members will be closed on 23 August 2010 for the preparation of dividend warrants. Duly completed transfers received by the Company's Share Registrar, M&C Services Private Limited, 138 Robinson Road, #17-00 The Corporate Office, Singapore 068906, up to 5.00 p.m. on 20 August 2010 will be registered before entitlements to the proposed dividend are determined. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with shares in the capital of the Company as at 5.00 p.m. on 20 August 2010 will be entitled to the dividend.

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 - Jun 2010			Jan - Jun 2009		
	Reinsurance	Non-Reinsurance	Total	Reinsurance	Non-Reinsurance	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Gross premiums written	48,229		48,229	39,835		39,835
Net earned premiums	20,422		20,422	19,421		19,421
Net claims incurred	(9,089)		(9,089)	(7,709)		(7,709)
Net commission expense	(8,210)		(8,210)	(7,485)		(7,485)
Management expenses	(2,314)		(2,314)	(2,886)		(2,886)
Underwriting results	809		809	1,341		1,341
Net investment income	5,315		5,315	2,016		2,016
Net income from reinsurance operations (I)	6,124		6,124	3,357		3,357
Net investment income		1,829	1,829		1,572	1,572
Other operating income		3,672	3,672		2,793	2,793
Management expenses		(2,826)	(2,826)		(2,465)	(2,465)
Net income from non-reinsurance operations (II)		2,675	2,675		1,900	1,900
Profit before income tax (I) + (II)	6,124	2,675	8,799	3,357	1,900	5,257
Segment total assets	426,278	119,852	546,130	395,042	105,057	500,099
Segment total liabilities	339,999	4,857	344,856	313,270	3,771	317,041

(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 - Jun 2010	Jan - Jun 2009	Jan - Jun 2010	Jan - Jun 2009
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	32,845	29,705	26,644	26,682
China	2,683	3,263	2,919	2,894
Others	16,300	9,600	-	-
Total	51,828	42,568	29,563	29,576

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\$6.1 million in the 1st half of 2010, compared to S\$3.4 million in the corresponding period last year, due to higher investment income arising from higher profit on sale of equity investments and lower impairment write-down on investments.

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 30 June 2010 to be false or misleading.

BY ORDER OF THE BOARD

Gerard Seah Jim Hong
Company Secretary
4 August 2010

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