

Second Quarter Financial Statements Announcement For The Period Ended 30 June 2007

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

I(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 2007

	GROUP					
	1st Half 2007 S\$'000	1st Half 2006 S\$'000	Incr/ (decr) %	2nd Qtr 2007 S\$'000	2nd Qtr 2006 S\$'000	Incr/ (decr) %
Revenue	40,110	36,961	8.5	23,108	19,253	20.0
Reinsurance operations :						
Gross premiums	37,123	33,715	10.1	21,496	17,766	21.0
Reinsurance premiums	(18,830)	(16,762)	12.3	(11,538)	(10,110)	14.1
Net written premiums	18,293	16,953	7.9	9,958	7,656	30.1
Gross transfer (to)/from provision for unexpired risks	(1,180)	648	(282.1)	(2,017)	(939)	114.8
Reinsurance transfer from provision for unexpired risks	546	107	410.3	956	549	74.1
Net earned premiums	17,659	17,708	(0.3)	8,897	7,266	22.4
Gross claims incurred	(18,287)	(20,427)	(10.5)	(8,538)	(11,242)	(24.1)
Reinsurers' share of claims incurred	12,385	12,018	3.1	5,704	8,387	(32.0)
Net claims incurred	(5,902)	(8,409)	(29.8)	(2,834)	(2,855)	(0.7)
Commission expense	(12,710)	(11,416)	11.3	(7,028)	(6,107)	15.1
Commission income	5,317	5,807	(8.4)	3,309	3,171	4.4
Net commission expense	(7,393)	(5,609)	31.8	(3,719)	(2,936)	26.7
Management expenses	(2,844)	(2,711)	4.9	(1,426)	(1,241)	14.9
Underwriting results	1,520	979	55.3	918	234	292.3
Net investment income	9,957	5,900	68.8	5,015	3,427	46.3
Net income from reinsurance operations (I)	11,477	6,879	66.8	5,933	3,661	62.1
Non-reinsurance operations :						
Net investment income	7,172	3,550	102.0	3,713	2,394	55.1
Other operating income	3,125	3,369	(7.2)	1,696	1,586	6.9
Management expenses	(2,803)	(3,126)	(10.3)	(1,552)	(1,589)	(2.3)
Net income from non-reinsurance operations (II)	7,494	3,793	97.6	3,857	2,391	61.3
Profit before income tax (I + II)	18,971	10,672	77.8	9,790	6,052	61.8
Income tax expense	(2,953)	(1,943)	52.0	(1,506)	(1,079)	39.6
Profit for the period	16,018	8,729	83.5	8,284	4,973	66.6
Attributable to:						
Equity holders of the Company	15,927	8,621	84.7	8,239	4,918	67.5
Minority interests	91	108	(15.7)	45	55	(18.2)
Profit for the period	16,018	8,729	83.5	8,284	4,973	66.6
Profit after taxation has been arrived at after crediting/(charging):						
Income relating to subsidiaries non-reinsurance operations*	3,470	3,620	(4.1)	1,760	1,797	(2.1)
Operating expenses relating to subsidiaries non-reinsurance operations*	(2,443)	(2,658)	(8.1)	(1,363)	(1,354)	0.7
Foreign exchange gain/(loss)	419	(1,007)	141.7	399	(342)	216.8
Profit on sale of investments	10,075	3,322	203.3	4,414	2,045	115.8

* 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	
	30.6.2007	31.12.2006	30.6.2007	31.12.2006
	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Property, plant and equipment	16,123	24,001	15,881	23,730
Investment properties	9,103	-	9,103	-
Reinsurers' share of insurance contract provisions for				
- outstanding claims	114,590	109,650	108,983	102,001
- unexpired risks	13,378	12,832	13,378	12,832
Interests in subsidiaries	-	-	6,436	6,436
Financial assets	231,301	224,150	222,007	215,687
Club membership	23	23	-	-
Insurance receivables	21,908	20,137	21,688	19,911
Other receivables	3,856	3,570	2,262	2,571
Cash and cash equivalents	106,338	102,882	97,384	94,084
Total assets	516,620	497,245	497,122	477,252
Equity attributable to equity holders of the Company				
Share capital	112,296	112,296	112,296	112,296
Fair value and revaluation reserves	15,472	11,638	15,257	11,660
Accumulated profits	72,557	61,731	66,976	57,510
	200,325	185,665	194,529	181,466
Minority interests	690	588	-	-
Total equity	201,015	186,253	194,529	181,466
Liabilities				
Insurance contract provisions for				
- outstanding claims	236,236	234,321	227,359	222,584
- unexpired risks	29,444	28,264	29,444	28,264
Insurance payables	35,601	36,112	35,368	35,856
Other payables	5,085	4,537	1,741	1,892
Current tax payable	5,819	4,838	5,323	4,284
Deferred taxation	3,420	2,920	3,358	2,906
Total liabilities	315,605	310,992	302,593	295,786
Total equity and liabilities	516,620	497,245	497,122	477,252

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 30.6.2007		As at 31.12.2006	
S\$'000			
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 30.6.2007		As at 31.12.2006	
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 2007 S\$'000	1st Half 2006 S\$'000
Operating activities		
Profit before income tax	18,971	10,672
Adjustments for:		
Insurance contract provisions for net unexpired risks	634	(755)
Insurance contract provisions for net outstanding claims	(3,025)	(1,231)
Impairment losses/(write back) on leasehold land and buildings	(47)	(47)
Profit on sale of investments	(10,075)	(3,322)
Depreciation of property, plant and equipment	187	268
Interest income	(4,977)	(4,585)
Dividend income	(1,523)	(1,937)
Others	4	155
	<u>149</u>	<u>(782)</u>
Changes in working capital:		
Insurance receivables	1,006	1,302
Other receivables	(2,995)	1,602
Insurance payables	(511)	(705)
Other payables	548	495
Cash generated from operations	<u>(1,803)</u>	<u>1,912</u>
Interest paid	-	(26)
Income tax paid	<u>(1,954)</u>	<u>(1,648)</u>
Cash flows from operating activities	<u>(3,757)</u>	<u>238</u>
Investing activities		
Interest received	4,872	4,587
Dividends received	1,523	1,937
Purchase of investments	(33,933)	(30,958)
Proceeds from sale of investments	40,282	21,485
Purchase of property, plant and equipment	(175)	(108)
Proceeds from sale of property, plant and equipment	-	5
Net cash inflow on disposal of subsidiary	-	50
Cash flows from investing activities	<u>12,569</u>	<u>(3,002)</u>
Financing activities		
Dividends paid	(5,356)	(10,695)
Proceeds from issuance of share capital	-	10,467
Cash flows from financing activities	<u>(5,356)</u>	<u>(228)</u>
Net increase in cash and cash equivalents	<u>3,456</u>	<u>(2,992)</u>
Cash and cash equivalents at beginning of the year	<u>102,882</u>	<u>90,604</u>
Cash and cash equivalents at end of the period	<u>106,338</u>	<u>87,612</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 and 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 2007	112,296	11,638	61,731	185,665	588	186,253
Effect of adopting FRS 40	-	-	255	255	-	255
At 1 January 2007, restated	112,296	11,638	61,986	185,920	588	186,508
Change in fair value of available-for-sale financial assets	-	3,126	-	3,126	11	3,137
Net surplus on revaluation of property, plant and equipment	-	708	-	708	-	708
Net profit for the period	-	-	15,927	15,927	91	16,018
Total recognised income and expense for the period	-	3,834	15,927	19,761	102	19,863
Final dividend paid of 0.8 cent per share less tax at 18% in respect of year 2006	-	-	(3,675)	(3,675)	-	(3,675)
Special dividend paid of 0.3 cent tax exempt (one-tier) in respect of year 2006	-	-	(1,681)	(1,681)	-	(1,681)
At 30 June 2007	112,296	15,472	72,557	200,325	690	201,015
At 1 January 2006	101,855	9,443	56,444	167,742	365	168,107
Change in fair value of available-for-sale financial assets	-	(5,075)	-	(5,075)	(7)	(5,082)
Net profit for the period	-	-	8,621	8,621	108	8,729
Total recognised income and expense for the period	-	(5,075)	8,621	3,546	101	3,647
Issue of rights shares	10,467	-	-	10,467	50	10,517
Final and special dividend paid of 2.625 cents per share less tax at 20% in respect of year 2005	-	-	(10,695)	(10,695)	-	(10,695)
At 30 June 2006	112,322	4,368	54,370	171,060	516	171,576

	Share Capital S\$'000	Fair Value and Revaluation Reserves S\$'000	Accumulated Profits S\$'000	Total S\$'000
COMPANY				
At 1 January 2007	112,296	11,660	57,510	181,466
Effect of adopting FRS 40	-	-	255	255
At 1 January 2007, restated	112,296	11,660	57,765	181,721
Change in fair value of available-for-sale financial assets	-	2,889	-	2,889
Net surplus on revaluation of property, plant and equipment	-	708	-	708
Net profit for the period	-	-	14,567	14,567
Total recognised income and expense for the period	-	3,597	14,567	18,164
Final dividend paid of 0.8 cent per share less tax at 18% in respect of year 2006	-	-	(3,675)	(3,675)
Special dividend paid of 0.3 cent tax exempt (one-tier) in respect of year 2006	-	-	(1,681)	(1,681)
At 30 June 2007	112,296	15,257	66,976	194,529
At 1 January 2006	101,855	9,399	53,186	164,440
Change in fair value of available-for-sale financial assets	-	(4,751)	-	(4,751)
Net profit for the period	-	-	7,604	7,604
Total recognised income and expense for the period	-	(4,751)	7,604	2,853
Issue of rights shares	10,467	-	-	10,467
Final and special dividend paid of 2.625 cents per share less tax at 20% in respect of year 2005	-	-	(10,695)	(10,695)
At 30 June 2006	112,322	4,648	50,095	167,065

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 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 2006, except for the following changes in accounting policies:

(I) Investment Property

With the adoption of FRS 40, investment properties are measured at fair value and changes in fair value are taken to the income statement for the period in which the changes arise, except for this transitional period where the changes are reflected by adjusting the opening retained earnings. In accordance with the transitional provisions, there is no restatement of the income statement of the Group and the Company for the corresponding periods.

(II) Property, Plant and Equipment

The Group has changed its accounting policy to measure all owner-occupied properties at fair value and the revaluation surplus is taken directly to the revaluation reserve.

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.

Please refer to paragraph 4.

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			
	30.6.2007	30.6.2006	2nd Qtr 2007	2nd Qtr 2006
Basic and Diluted earnings per share (cents)	2.84	1.54	1.48	0.89
Number of ordinary shares issued ('000)	560,200	560,200	560,200	560,200

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial year.

	GROUP		COMPANY	
	30.6.2007	31.12.2006	30.6.2007	31.12.2006
Net asset value per share (cents)	35.76	33.14	34.72	32.39

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 6 months 2007 vs 6 months 2006

For the half-year ended 30 June 2007, the Group's revenue increased by 8.5% to S\$40.1 million, partly accounted for by the booking of new business secured in a highly competitive environment. The underwriting profit was also higher at S\$1.5 million compared to the S\$979,000 in the corresponding period last year. Taking advantage of the bullish stock market, equity trading activities were stepped up but without raising the level of exposure which remained underweighted. Consequently, investment income rose 81.3% or S\$7.7 million to S\$17.1million. With positive contribution from all subsidiaries, the Group's net profit before income tax climbed to S\$19 million, 77.8% higher compared to the S\$10.7 million in the same period a year earlier.

Comparison of 2nd Qtr 2007 vs 2nd Qtr 2006

In 2nd quarter of 2007, the Group's revenue of S\$23.1 million was 20% higher than the corresponding quarter in the preceding year partly as a result of some new accounts and timing difference in premium bookings. The underwriting profit of S\$918,000 achieved for the quarter alone, compared to the S\$234,000 a year earlier, was largely attributed to higher underwriting surplus of a subsidiary being run-off. Investment income rose 50% from S\$5.8 million to S\$8.7 million due to higher realised profits on sale of investments. Overall, the Group's net profit before income tax was S\$9.8 million in the 2nd quarter of 2007, a 61.8% increase from the S\$6.1 million recorded in the corresponding quarter last year.

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 premium written is likely to decline in the next reporting period, and possibly even next 12 months, given the excess global insurance and reinsurance capacity and continued erosion in premium rates. Notwithstanding the mounting competitive pressure, the Company will persist in its adherence to a policy of judicious underwriting which emphasizes quality over market share of business.

Barring unforeseen circumstances, the Company's profitability is expected to be satisfactory and will continue to rely largely on investment earnings.

11. DIVIDEND**(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)	1.00
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)	1.00
Tax Rate	20%

(c) Date payable

The proposed interim dividend will be paid on 4 September 2007.

(d) Books closure date

Notice is hereby given that the Share Transfer Books and Register of Members will be closed from 23 August 2007 to 24 August 2007 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 22 August 2007 will be registered before entitlements to the proposed dividend are determined. Shareholders whose securities accounts with The Central Depository (Pte) Limited ("CDP") are credited with shares in the capital of the Company as at 5.00 p.m. on 22 August 2007 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

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

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.

Not Applicable.

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.

Not Applicable.

15. A breakdown of Sales.

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.

Total Annual Dividend

	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 2007 to be false or misleading.

BY ORDER OF THE BOARD

Gerard Seah Jim Hong
Company Secretary
7 August 2007

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