

Second Quarter Financial Statements Announcement For The Period Ended 30 June 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 30 JUNE 2011

|   | GROUP            |                  |                 |                 |                 |                 |
|---|------------------|------------------|-----------------|-----------------|-----------------|-----------------|
|   | 1st Half<br>2011 | 1st Half<br>2010 | Incr/<br>(decr) | 2nd Qtr<br>2011 | 2nd Qtr<br>2010 | Incr/<br>(decr) |
|   | S\$'000          | S\$'000          | %               | S\$'000         | S\$'000         | %               |
| <b>Revenue</b>  | <b>53,656</b>    | <b>51,828</b>    | <b>3.5</b>      | <b>28,861</b>   | <b>30,058</b>   | <b>(4.0)</b>    |
| <b>Income statements:</b>   |                  |                  |                 |                 |                 |                 |
| <b>Reinsurance operations:</b>  |                  |                  |                 |                 |                 |                 |
| Gross premiums  | 50,083           | 48,229           | 3.8             | 26,947          | 28,377          | (5.0)           |
| Reinsurance premiums  | (28,129)         | (27,380)         | 2.7             | (15,821)        | (16,674)        | (5.1)           |
| <b>Net written premiums</b>   | <b>21,954</b>    | <b>20,849</b>    | <b>5.3</b>      | <b>11,126</b>   | <b>11,703</b>   | <b>(4.9)</b>    |
| Gross transfer from/(to) provision for unexpired risks  | 445              | (948)            | 146.9           | 494             | (967)           | 151.1           |
| Reinsurance transfer (from)/to provision for unexpired risks                                    | (895)            | 521              | (271.8)         | (359)           | 938             | (138.3)         |
| <b>Net earned premiums</b>  | <b>21,504</b>    | <b>20,422</b>    | <b>5.3</b>      | <b>11,261</b>   | <b>11,674</b>   | <b>(3.5)</b>    |
| Gross claims incurred   | (20,697)         | (22,043)         | (6.1)           | (14,466)        | (15,939)        | (9.2)           |
| Reinsurers' share of claims incurred  | 10,735           | 12,954           | (17.1)          | 9,538           | 9,796           | (2.6)           |
| <b>Net claims incurred</b>  | <b>(9,962)</b>   | <b>(9,089)</b>   | <b>9.6</b>      | <b>(4,927)</b>  | <b>(6,143)</b>  | <b>(19.8)</b>   |
| Commission expense  | (15,886)         | (18,012)         | (11.8)          | (8,518)         | (10,495)        | (18.8)          |
| Commission income   | 8,634            | 9,802            | (11.9)          | 4,692           | 6,035           | (22.3)          |
| <b>Net commission expense</b>   | <b>(7,252)</b>   | <b>(8,210)</b>   | <b>(11.7)</b>   | <b>(3,826)</b>  | <b>(4,460)</b>  | <b>(14.2)</b>   |
| <b>Management expenses</b>  | <b>(3,001)</b>   | <b>(2,314)</b>   | <b>29.7</b>     | <b>(1,519)</b>  | <b>(1,304)</b>  | <b>16.5</b>     |
| <b>Underwriting results</b>   | <b>1,289</b>     | <b>809</b>       | <b>59.3</b>     | <b>989</b>      | <b>(233)</b>    | <b>nm</b>       |
| <b>Net investment income</b>  | <b>4,223</b>     | <b>5,315</b>     | <b>(20.5)</b>   | <b>2,459</b>    | <b>3,489</b>    | <b>(29.5)</b>   |
| <b>Net income from reinsurance operations (I)</b>   | <b>5,512</b>     | <b>6,124</b>     | <b>(10.0)</b>   | <b>3,448</b>    | <b>3,256</b>    | <b>5.9</b>      |
| <b>Non-reinsurance operations:</b>  |                  |                  |                 |                 |                 |                 |
| Net investment income   | 3,964            | 1,829            | 116.7           | 3,105           | 1,123           | 176.5           |
| Other operating income  | 3,660            | 3,672            | (0.6)           | 1,907           | 1,735           | 9.9             |
| Management expenses   | (3,067)          | (2,826)          | 8.5             | (1,551)         | (1,409)         | 10.1            |
| <b>Net income from non-reinsurance operations (II)</b>  | <b>4,547</b>     | <b>2,675</b>     | <b>70.0</b>     | <b>3,461</b>    | <b>1,449</b>    | <b>138.9</b>    |
| <b>Profit before income tax (I + II)</b>  | <b>10,059</b>    | <b>8,799</b>     | <b>14.3</b>     | <b>6,909</b>    | <b>4,705</b>    | <b>46.8</b>     |
| Income tax expense  | (1,358)          | (976)            | 39.1            | (953)           | (533)           | 78.8            |
| <b>Profit for the period</b>  | <b>8,701</b>     | <b>7,823</b>     | <b>11.2</b>     | <b>5,956</b>    | <b>4,172</b>    | <b>42.8</b>     |
| <b>Profit attributable to:</b>  |                  |                  |                 |                 |                 |                 |
| Equity holders of the Company   | 8,577            | 7,671            | 11.8            | 5,901           | 4,114           | 43.4            |
| Minority interests  | 124              | 152              | (18.4)          | 55              | 58              | (5.2)           |
| <b>Profit for the period</b>  | <b>8,701</b>     | <b>7,823</b>     | <b>11.2</b>     | <b>5,956</b>    | <b>4,172</b>    | <b>42.8</b>     |
| <b>Statement of comprehensive income:</b>   |                  |                  |                 |                 |                 |                 |
| <b>Profit for the period</b>  | <b>8,701</b>     | <b>7,823</b>     | <b>11.2</b>     | <b>5,956</b>    | <b>4,172</b>    | <b>42.8</b>     |
| <b>Other comprehensive income/(expense):</b>  |                  |                  |                 |                 |                 |                 |
| Revaluation of property, plant and equipment  | (6)              | 115              | (105.2)         | 1               | 45              | (97.8)          |
| Net change in fair value of available-for-sale financial assets                                 | 1,983            | 3,995            | (50.4)          | 997             | 1,675           | (40.5)          |
| Net change in fair value of available-for-sale financial assets transferred to income statement | (2,823)          | (1,453)          | 94.3            | (2,493)         | (1,229)         | 102.8           |
| Income tax relating to components of other comprehensive income                                 | 355              | (198)            | 279.3           | 389             | 93              | 318.3           |
| <b>Other comprehensive income/(expense) for the period, net of income tax</b>                   | <b>(491)</b>     | <b>2,459</b>     | <b>(120.0)</b>  | <b>(1,106)</b>  | <b>584</b>      | <b>(289.4)</b>  |
| <b>Total comprehensive income for the period</b>  | <b>8,210</b>     | <b>10,282</b>    | <b>(20.2)</b>   | <b>4,850</b>    | <b>4,756</b>    | <b>2.0</b>      |
| <b>Total comprehensive income attributable to:</b>  |                  |                  |                 |                 |                 |                 |
| Equity holders of the Company   | 8,094            | 10,126           | (20.1)          | 4,805           | 4,698           | 2.3             |
| Minority interests  | 116              | 156              | (25.6)          | 45              | 58              | (22.4)          |
| <b>Total comprehensive income for the period</b>  | <b>8,210</b>     | <b>10,282</b>    | <b>(20.2)</b>   | <b>4,850</b>    | <b>4,756</b>    | <b>2.0</b>      |
| <b>Profit before income tax has been arrived at after crediting/(charging):</b>                 |                  |                  |                 |                 |                 |                 |
| Income relating to subsidiaries non-reinsurance operations*                                     | 3,729            | 3,899            | (4.4)           | 1,695           | 1,754           | (3.4)           |
| Operating expenses relating to subsidiaries non-reinsurance operations*                         | (2,766)          | (2,511)          | 10.2            | (1,176)         | (1,239)         | (5.1)           |
| Exchange (loss)/gain  | (615)            | 121              | nm              | (360)           | 109             | nm              |
| Gain on sale of investments   | 2,998            | 1,465            | 104.6           | 2,668           | 1,241           | 115.0           |

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        |                |
|---|----------------|----------------|----------------|----------------|
|   | 30.6.2011      | 31.12.2010     | 30.6.2011      | 31.12.2010     |
|   | S\$'000        | S\$'000        | S\$'000        | S\$'000        |
| <b>Assets</b>   |                |                |                |                |
| Property, plant and equipment                               | 20,768         | 20,864         | 20,695         | 20,809         |
| Investment properties                                       | 11,810         | 11,855         | 11,810         | 11,855         |
| Intangible asset  | 23             | 46             | -              | -              |
| Reinsurers' share of insurance contract provisions for      |                |                |                |                |
| - outstanding claims  | 139,097        | 140,992        | 139,097        | 140,992        |
| - unexpired risks   | 18,625         | 19,520         | 18,625         | 19,520         |
| Interests in subsidiaries                                   | -              | -              | 1,211          | 1,211          |
| Financial assets  | 290,079        | 291,159        | 288,623        | 289,741        |
| Club membership   | 20             | 20             | -              | -              |
| Insurance receivables                                       | 36,323         | 35,286         | 36,323         | 35,286         |
| Other receivables   | 4,512          | 4,064          | 2,636          | 3,102          |
| Cash and cash equivalents                                   | 45,267         | 43,496         | 42,388         | 40,716         |
| <b>Total assets</b>   | <b>566,524</b> | <b>567,302</b> | <b>561,408</b> | <b>563,232</b> |
| <b>Equity attributable to equity holders of the Company</b> |                |                |                |                |
| Share capital   | 123,300        | 123,300        | 123,300        | 123,300        |
| Reserves  | 18,997         | 19,480         | 18,819         | 19,310         |
| Accumulated profits   | 68,123         | 64,388         | 66,444         | 63,389         |
|   | 210,420        | 207,168        | 208,563        | 205,999        |
| Minority interests  | 648            | 532            | -              | -              |
| <b>Total equity</b>   | <b>211,068</b> | <b>207,700</b> | <b>208,563</b> | <b>205,999</b> |
| <b>Liabilities</b>  |                |                |                |                |
| Insurance contract provisions for                           |                |                |                |                |
| - outstanding claims  | 271,775        | 271,423        | 271,775        | 271,423        |
| - unexpired risks   | 35,017         | 35,462         | 35,017         | 35,462         |
| Insurance payables  | 38,629         | 42,937         | 38,629         | 42,937         |
| Other payables  | 4,908          | 4,873          | 2,582          | 2,755          |
| Current tax payable   | 2,609          | 2,024          | 2,322          | 1,778          |
| Deferred taxation   | 2,518          | 2,883          | 2,520          | 2,878          |
| <b>Total liabilities</b>                                    | <b>355,456</b> | <b>359,602</b> | <b>352,845</b> | <b>357,233</b> |
| <b>Total equity and liabilities</b>                         | <b>566,524</b> | <b>567,302</b> | <b>561,408</b> | <b>563,232</b> |

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 30.6.2011 |           | As at 31.12.2010 |           |
|-----------------|-----------|------------------|-----------|
| S\$'000         |           |                  |           |
| Secured         | Unsecured | Secured          | Unsecured |
| -               | -         | -                | -         |

Amount repayable after one year

| As at 30.6.2011 |           | 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                       |                             |
|---|-----------------------------|-----------------------------|
|   | 1st Half<br>2011<br>S\$'000 | 1st Half<br>2010<br>S\$'000 |
| <b>Operating activities</b>   |                             |                             |
| Profit before income tax  | 10,059                      | 8,799                       |
| Adjustments for:  |                             |                             |
| Insurance contract provisions for net unexpired risks                               | 450                         | 427                         |
| Insurance contract provisions for net outstanding claims                            | 2,247                       | 1,572                       |
| Impairment losses on investments  | 175                         | 13                          |
| Change in fair value of investment properties                                       | 45                          | (20)                        |
| Gain on sale of investments   | (2,998)                     | (1,465)                     |
| Depreciation and amortisation of property, plant and equipment and intangible asset | 171                         | 193                         |
| Interest income   | (4,435)                     | (4,302)                     |
| Dividend income   | (1,389)                     | (1,465)                     |
| Others  | (4)                         | -                           |
|   | <u>4,321</u>                | <u>3,752</u>                |
| Changes in working capital:   |                             |                             |
| Insurance receivables   | (1,037)                     | (5,603)                     |
| Other receivables   | (96)                        | (273)                       |
| Insurance payables  | (4,308)                     | 826                         |
| Other payables  | 35                          | 28                          |
| Cash generated from operations  | <u>(1,085)</u>              | <u>(1,270)</u>              |
| Income tax paid   | <u>(786)</u>                | <u>(384)</u>                |
| <b>Cash flows used in operating activities</b>                                      | <u>(1,871)</u>              | <u>(1,654)</u>              |
| <b>Investing activities</b>   |                             |                             |
| Interest received   | 4,082                       | 3,713                       |
| Dividends received  | 1,389                       | 1,465                       |
| Purchase of investments   | (31,070)                    | (49,327)                    |
| Proceeds from sale of investments   | 34,136                      | 37,415                      |
| Purchase of property, plant and equipment   | (65)                        | (30)                        |
| Proceeds from sale of investment properties, property, plant and equipment          | 12                          | -                           |
| <b>Cash flows from/(used in) investing activities</b>                               | <u>8,484</u>                | <u>(6,764)</u>              |
| <b>Financing activities</b>   |                             |                             |
| Dividends paid  | (4,842)                     | (4,237)                     |
| Decrease in deposits pledged  | 44                          | 513                         |
| <b>Cash flows used in financing activities</b>                                      | <u>(4,798)</u>              | <u>(3,724)</u>              |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                         | <u>1,815</u>                | <u>(12,142)</u>             |
| <b>Cash and cash equivalents at beginning of the year (exclude pledged assets)</b>  | <u>42,595</u>               | <u>60,765</u>               |
| <b>Cash and cash equivalents at end of the period</b>                               | <u>44,410</u>               | <u>48,623</u>               |
| <b>Pledged cash equivalents</b>   | <u>857</u>                  | <u>947</u>                  |
| <b>Cash and cash equivalents at end of the period including pledged deposits</b>    | <u>45,267</u>               | <u>49,570</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<br>S\$'000 | Fair Value Reserves<br>S\$'000 | Revaluation Reserves<br>S\$'000 | Accumulated Profits<br>S\$'000 | Total attributable to equity holders of the Company<br>S\$'000 | Minority Interests<br>S\$'000 | Total Equity<br>S\$'000 |
|---|--------------------------|--------------------------------|---------------------------------|--------------------------------|--|-------------------------------|-------------------------|
| <b>GROUP</b>  |                          |                                |                                 |                                |  |                               |                         |
| At 1 January 2011   | 123,300                  | 13,382                         | 6,098                           | 64,388                         | 207,168  | 532                           | 207,700                 |
| <b>Total comprehensive income for the period:</b>   |                          |                                |                                 |                                |  |                               |                         |
| Net profit  | -                        | -                              | -                               | 8,577                          | 8,577  | 124                           | 8,701                   |
| <b>Other comprehensive income/(expense):</b>  |                          |                                |                                 |                                |  |                               |                         |
| Revaluation of property, plant and equipment  | -                        | -                              | (6)                             | -                              | (6)  | -                             | (6)                     |
| Net change in fair value of available-for-sale financial assets                                 | -                        | 1,979                          | -                               | -                              | 1,979  | 4                             | 1,983                   |
| Net change in fair value of available-for-sale financial assets transferred to income statement | -                        | (2,811)                        | -                               | -                              | (2,811)  | (12)                          | (2,823)                 |
| Income tax on other comprehensive income  | -                        | 349                            | 6                               | -                              | 355  | -                             | 355                     |
| Total other comprehensive income/(expense), net of income tax                                   | -                        | (483)                          | -                               | -                              | (483)  | (8)                           | (491)                   |
| Total comprehensive income/(expense) for the period   | -                        | (483)                          | -                               | 8,577                          | 8,094  | 116                           | 8,210                   |
| <b>Transactions with owners, recorded directly in equity:</b>                                   |                          |                                |                                 |                                |  |                               |                         |
| <b>Contributions by and distributions to owners:</b>  |                          |                                |                                 |                                |  |                               |                         |
| Final dividend paid of 0.8 cent per share tax exempt in respect of period 2010                  | -                        | -                              | -                               | (4,842)                        | (4,842)  | -                             | (4,842)                 |
| Total contributions by and distributions to owners  | -                        | -                              | -                               | (4,842)                        | (4,842)  | -                             | (4,842)                 |
| At 30 June 2011   | 123,300                  | 12,899                         | 6,098                           | 68,123                         | 210,420  | 648                           | 211,068                 |
| At 1 January 2010   | 123,300                  | 9,094                          | 4,438                           | 57,864                         | 194,696  | 533                           | 195,229                 |
| <b>Total comprehensive income for the period:</b>   |                          |                                |                                 |                                |  |                               |                         |
| Net profit  | -                        | -                              | -                               | 7,671                          | 7,671  | 152                           | 7,823                   |
| <b>Other comprehensive income/(expense):</b>  |                          |                                |                                 |                                |  |                               |                         |
| 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 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                  |
| <b>Transactions with owners, recorded directly in equity:</b>                                   |                          |                                |                                 |                                |  |                               |                         |
| <b>Contributions by and distributions to owners:</b>  |                          |                                |                                 |                                |  |                               |                         |
| Final dividend paid of 0.7 cent per share tax exempt in respect of period 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                 |
|   | Share Capital<br>S\$'000 | Fair Value Reserves<br>S\$'000 | Revaluation Reserves<br>S\$'000 | Accumulated Profits<br>S\$'000 | Total<br>S\$'000   |                               |                         |
| <b>COMPANY</b>  |                          |                                |                                 |                                |  |                               |                         |
| At 1 January 2011   | 123,300                  | 13,212                         | 6,098                           | 63,389                         | 205,999  |                               |                         |
| <b>Total comprehensive income for the period:</b>   |                          |                                |                                 |                                |  |                               |                         |
| Net profit  | -                        | -                              | -                               | 7,897                          | 7,897  |                               |                         |
| <b>Other comprehensive income/(expense):</b>  |                          |                                |                                 |                                |  |                               |                         |
| Revaluation of property, plant and equipment  | -                        | -                              | (6)                             | -                              | (6)  |                               |                         |
| Net change in fair value of available-for-sale financial assets                                 | -                        | 1,944                          | -                               | -                              | 1,944  |                               |                         |
| Net change in fair value of available-for-sale financial assets transferred to income statement | -                        | (2,784)                        | -                               | -                              | (2,784)  |                               |                         |
| Income tax on other comprehensive income  | -                        | 349                            | 6                               | -                              | 355  |                               |                         |
| Total other comprehensive income/(expense), net of income tax                                   | -                        | (491)                          | -                               | -                              | (491)  |                               |                         |
| Total comprehensive income/(expense) for the period   | -                        | (491)                          | -                               | 7,897                          | 7,406  |                               |                         |
| <b>Transactions with owners, recorded directly in equity:</b>                                   |                          |                                |                                 |                                |  |                               |                         |
| <b>Contributions by and distributions to owners:</b>  |                          |                                |                                 |                                |  |                               |                         |
| Final dividend paid of 0.8 cent per share tax exempt in respect of period 2010                  | -                        | -                              | -                               | (4,842)                        | (4,842)  |                               |                         |
| Total contributions by and distributions to owners  | -                        | -                              | -                               | (4,842)                        | (4,842)  |                               |                         |
| At 30 June 2011   | 123,300                  | 12,721                         | 6,098                           | 66,444                         | 208,563  |                               |                         |
| At 1 January 2010   | 123,300                  | 8,866                          | 4,438                           | 55,529                         | 192,133  |                               |                         |
| <b>Total comprehensive income for the period:</b>   |                          |                                |                                 |                                |  |                               |                         |
| Net profit  | -                        | -                              | -                               | 6,841                          | 6,841  |                               |                         |
| <b>Other comprehensive income/(expense):</b>  |                          |                                |                                 |                                |  |                               |                         |
| 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 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  |                               |                         |
| <b>Transactions with owners, recorded directly in equity:</b>                                   |                          |                                |                                 |                                |  |                               |                         |
| <b>Contributions by and distributions to owners:</b>  |                          |                                |                                 |                                |  |                               |                         |
| Final dividend paid of 0.7 cent per share tax exempt in respect of period 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  |                               |                         |

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            |                  |                 |                 |
|--|------------------|------------------|-----------------|-----------------|
|  | 1st Half<br>2011 | 1st Half<br>2010 | 2nd Qtr<br>2011 | 2nd Qtr<br>2010 |
| Basic and diluted earnings per share (cents) | 1.42             | 1.27             | 0.98            | 0.68            |
| 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   |            |
|-----------------------------------|-----------|------------|-----------|------------|
|                                   | 30.6.2011 | 31.12.2010 | 30.6.2011 | 31.12.2010 |
| Net asset value per share (cents) | 34.77     | 34.23      | 34.46     | 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:-

(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 2011 vs 2nd quarter 2010

In 2nd quarter 2011, the Group's revenue declined by 4% to S\$28.9 million primarily attributed to fewer project-related risks being booked. Net claims incurred was 19.8% lower at S\$4.9 million due to lower advised outstanding losses and case reserves for some cedants. Consequently, there was an underwriting surplus of S\$989,000 equivalent to 8.9% of net written premium, compared to the S\$233,000 deficit or -2.0% of net written premium in the corresponding quarter in preceding year. Net investment income rose 20.6% to S\$5.6 million, from the S\$4.6 million in the same period last year, attributed mainly to higher profit on sale of equity investments. Overall, the Group's profit before income tax of S\$6.9 million in 2nd quarter of 2011 was a 46.8% increase from the S\$4.7 million recorded in the same period a year earlier.

Comparison of 6 months 2011 vs 6 months 2010

For the period ended 30 June 2011, the Group's revenue of S\$53.7 million, was 3.5% higher than preceding year and attributed mainly to higher premiums reported in some accounts and timing difference in booking. If the timing difference in bookings for large accounts was eliminated, the Group's revenue would decline by 3.3% to S\$50.6 million. After taking into consideration potential reinsurance recoveries, the net claims incurred was 9.6% higher at S\$9.96 million, due largely to case reserves set aside for natural peril-related losses in regional markets and represented an incurred loss ratio (of net written premium) of 45.4%, compared to 43.6% in the corresponding period in preceding year.

Reinsurance management expenses rose 29.7% to S\$3 million. However, if the general provision for bad and doubtful debts and exchange gain/loss on revaluation of foreign-denominated assets were excluded, reinsurance management expenses increased 9.7% or S\$265,000 and the management expense ratio (of net written premium) would be 13.7%, compared to 13.1% in the same period last year. A higher underwriting surplus of S\$1.3 million was recorded, compared to the S\$809,000 in the same period in the previous year, partly due to lower profit commission expense. The assumption used in calculating the amount of profit commission accrued has been changed in light of the claims experience in respect of inward motor business for the past 5 years. This results in a reduction of S\$1.1 million for the accrued profit commission and affects the bottom-line as at 30 June 2011.

The net investment income increased 14.6% to S\$8.2 million due to higher profit on sale of equity investments. Overall, the Group's net profit before income tax rose 14.3% to S\$10.1 million, compared to the S\$8.8 million reported in the same period last year, attributed mainly to higher investment income and underwriting results.

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.

In spite of the slew of huge insurance losses involving New Zealand, Australia and Japan, global excess capacity will continue to exert downward pressure on pricing in the primary markets. The operating environment for both underwriting and investment remains highly challenging given the many uncertainties economically and the increasing frequency and magnitude of natural and man-made disasters worldwide.

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

(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)

0.70

Tax Rate

Tax Exempt

(c) The date the dividend is payable

The proposed interim dividend will be paid on 8 September 2011.

(d) Books closure date

Notice is hereby given that the Share Transfer Books and Register of Members will be closed on 29 August 2011 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 26 August 2011 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 26 August 2011 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   | January - June 2011 |                 |         | January - June 2010 |                 |         |
|---|---------------------|-----------------|---------|---------------------|-----------------|---------|
|   | Reinsurance         | Non-Reinsurance | Total   | Reinsurance         | Non-Reinsurance | Total   |
|   | S\$'000             | S\$'000         | S\$'000 | S\$'000             | S\$'000         | S\$'000 |
| Gross premiums written                          | 50,083              |                 | 50,083  | 48,229              |                 | 48,229  |
| Net earned premiums                             | 21,504              |                 | 21,504  | 20,422              |                 | 20,422  |
| Net claims incurred                             | (9,962)             |                 | (9,962) | (9,089)             |                 | (9,089) |
| Net commission expense                          | (7,252)             |                 | (7,252) | (8,210)             |                 | (8,210) |
| Management expenses                             | (3,001)             |                 | (3,001) | (2,314)             |                 | (2,314) |
| Underwriting results                            | 1,289               |                 | 1,289   | 809                 |                 | 809     |
| Net investment income                           | 4,223               |                 | 4,223   | 5,315               |                 | 5,315   |
| Net income from reinsurance operations (I)      | 5,512               |                 | 5,512   | 6,124               |                 | 6,124   |
| Net investment income                           |                     | 3,964           | 3,964   |                     | 1,829           | 1,829   |
| Other operating income                          |                     | 3,650           | 3,650   |                     | 3,672           | 3,672   |
| Management expenses                             |                     | (3,067)         | (3,067) |                     | (2,826)         | (2,826) |
| Net income from non-reinsurance operations (II) |                     | 4,547           | 4,547   |                     | 2,675           | 2,675   |
| Profit before income tax (I) + (II)             | 5,512               | 4,547           | 10,059  | 6,124               | 2,675           | 8,799   |
| Segment total assets                            | 435,476             | 131,048         | 566,524 | 426,278             | 119,852         | 546,130 |
| Segment total liabilities                       | 349,871             | 5,585           | 355,456 | 339,999             | 4,857           | 344,856 |

**(b) Major customer**

For the period ended 30 June 2011, the Group has two external clients 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 - June 2011 | January - June 2010 | January - June 2011 | January - June 2010 |
|           | S\$'000             | S\$'000             | S\$'000             | S\$'000             |
| Singapore | 33,422              | 32,845              | 29,576              | 26,644              |
| Malaysia  | 6,283               | 7,183               | -                   | -                   |
| China     | 5,515               | 2,683               | 3,025               | 2,919               |
| Others    | 8,436               | 9,117               | -                   | -                   |
| Total     | 53,656              | 51,828              | 32,601              | 29,563              |

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 10% to S\$5.5 million, compared to the S\$6.1 million in the corresponding period last year, attributed mainly to lower investment income generated from the reinsurance business and higher management expenses.

**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 2011 to be false or misleading.

**BY ORDER OF THE BOARD**

Gerard Seah Jim Hong  
Company Secretary  
12 August 2011

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