

## NEWS RELEASE

To : All Shareholders

The Board of Directors of United Overseas Insurance Limited wishes to make the following announcement:

### 1. Unaudited income statement for the first half/second quarter ended 30 June 2011

	Group					
	1st Half 2011 \$'000	1st Half 2010 \$'000	Incr/ (Decr) %	2nd Qtr 2011 \$'000	2nd Qtr 2010 \$'000	Incr/ (Decr) %
(a) Gross premiums written	<b>55,289</b>	51,484	7.4	<b>28,479</b>	27,988	1.8
Net earned premiums	<b>18,176</b>	16,211	12.1	<b>8,549</b>	6,948	23.0
Less/(Add) :						
Net claims incurred	<b>5,429</b>	4,079	33.1	<b>3,006</b>	1,713	75.5
Net commissions	<b>(675)</b>	(584)	15.6	<b>34</b>	(233)	(114.6)
Management expenses :						
Staff cost	<b>2,548</b>	2,372	7.4	<b>1,283</b>	1,210	6.0
Rental expenses	<b>404</b>	404	-	<b>202</b>	202	-
Management fees	<b>31</b>	30	3.3	<b>14</b>	12	16.7
Depreciation	<b>73</b>	70	4.3	<b>37</b>	36	2.8
Foreign exchange loss/(gain)	<b>18</b>	(36)	NM	<b>32</b>	(8)	NM
Other operating expenses	<b>959</b>	979	(2.0)	<b>345</b>	784	(56.0)
Underwriting profit	<b>9,389</b>	8,897	5.5	<b>3,596</b>	3,232	11.3
Gross dividends from investments	<b>2,251</b>	1,968	14.4	<b>2,030</b>	1,776	14.3
Interest income from investments	<b>2,395</b>	1,720	39.2	<b>1,221</b>	861	41.8
Interest on fixed deposits and bank balances	<b>34</b>	136	(75.0)	<b>20</b>	67	(70.1)
Amortisation of Investments	<b>(7)</b>	(5)	40.0	<b>(6)</b>	-	NM
Miscellaneous income	<b>26</b>	7	271.4	<b>22</b>	4	450.0
Net fair value gains on financial derivatives - realised	<b>1,093</b>	-	NM	<b>78</b>	-	NM
Net fair value gains on financial derivatives - unrealised	<b>87</b>	11	NM	<b>805</b>	18	NM
Net gains on available-for-sale investments	<b>4,464</b>	7,873	(43.3)	<b>1,929</b>	1,145	68.5
(Less)/Add :						
Management expenses not charged to insurance revenue account:						
Management fees	<b>(355)</b>	(294)	20.7	<b>(179)</b>	(155)	15.5
Other operating expenses	<b>(225)</b>	(127)	77.2	<b>(128)</b>	(64)	100.0
Exchange differences	<b>(973)</b>	173	NM	<b>(892)</b>	45	NM
Profit before tax	<b>18,179</b>	20,359	(10.7)	<b>8,496</b>	6,929	22.6
Tax expense	<b>(2,939)</b>	(2,366)	24.2	<b>(1,345)</b>	(1,125)	19.6
Net profit	<b>15,240</b>	17,993	(15.3)	<b>7,151</b>	5,804	23.2

Note : NM = Not Meaningful

(b) Annualised earnings per share (cents) - basic & diluted	<b>49.8</b>	49.4		<b>46.8</b>	38.0	
----------------------------------------------------------------	-------------	------	--	-------------	------	--

## NEWS RELEASE

### 2. Unaudited statement of comprehensive income for the first half/second quarter ended 30 June 2011

	<b>Group</b>	
	<b>1st Half 2011 \$'000</b>	<b>1st Half 2010 \$'000</b>
Net profit	15,240	17,993
<b>Other comprehensive income :</b>		
Foreign currency translation difference	(322)	(54)
Net losses on available-for-sale investments	(7,755)	(5,674)
Income tax relating to available-for-sale investments	1,314	972
<b>Other comprehensive income for the first half, net of tax</b>	<b>(6,763)</b>	<b>(4,756)</b>
<b>Total comprehensive income for the first half ended 30 June</b>	<b>8,477</b>	<b>13,237</b>
<b>Total comprehensive income attributable to: Equity holders of the Company</b>	<b>8,477</b>	<b>13,237</b>

	<b>Group</b>	
	<b>2nd Qtr 2011 \$'000</b>	<b>2nd Qtr 2010 \$'000</b>
Net profit	7,151	5,804
<b>Other comprehensive income :</b>		
Foreign currency translation difference	(182)	(29)
Net losses on available-for-sale investments	(5,599)	(6,731)
Income tax relating to available-for-sale investments	947	1,152
<b>Other comprehensive income for the quarter, net of tax</b>	<b>(4,834)</b>	<b>(5,608)</b>
<b>Total comprehensive income for the quarter ended 30 June</b>	<b>2,317</b>	<b>196</b>
<b>Total comprehensive income attributable to: Equity holders of the Company</b>	<b>2,317</b>	<b>196</b>

## NEWS RELEASE

### 3. Unaudited statement of financial position

	<u>Group</u>		<u>Company</u>	
	<u>30-Jun-11</u>	<u>31-Dec-10</u>	<u>30-Jun-11</u>	<u>31-Dec-10</u>
	\$'000	\$'000	\$'000	\$'000
(a) Share capital - Issued & fully paid	91,733	91,733	91,733	91,733
Reserves	147,788	146,650	145,400	144,113
	<b>239,521</b>	238,383	<b>237,133</b>	235,846
Deferred tax liabilities	3,695	5,009	3,695	5,009
Gross technical balances				
Reserve for unexpired risks	58,711	49,038	58,268	48,670
Provision for outstanding claims	126,542	124,185	125,520	123,116
	<b>185,253</b>	173,223	<b>183,788</b>	171,786
Current liabilities				
Insurance creditors	15,976	10,366	15,753	10,210
Non-trade creditors & accrued liabilities	3,273	3,163	3,217	3,057
Deferred acquisition cost-reinsurers' share	6,953	5,769	6,889	5,711
Amount owing to related companies				
- non-trade	979	1,145	982	1,145
Derivative financial liabilities	34	231	34	231
Tax payables	6,274	5,515	6,275	5,551
	<b>33,489</b>	26,189	<b>33,150</b>	25,905
Total equity and liabilities	<b>461,958</b>	442,804	<b>457,766</b>	438,546
Fixed assets	435	485	435	485
Investment in subsidiary	-	-	4,940	4,940
Available-for-sale investments	251,129	274,209	251,129	274,209
Statutory deposit	500	500	500	500
Unsecured term loan	19	19	19	19
Reinsurers' share of technical balances				
Reserve for unexpired risks	29,598	24,017	29,262	23,742
Provision for outstanding claims	75,088	73,385	74,242	72,498
	<b>104,686</b>	97,402	<b>103,504</b>	96,240
Current assets				
Insurance debtors	15,276	10,893	15,110	10,765
Deferred acquisition cost-gross	6,799	5,464	6,692	5,375
Non-trade debtors and accrued interest receivable	2,560	2,343	2,552	2,335
Amount owing by related companies	-	7	-	10
Derivative financial assets	2,229	2,339	2,229	2,339
Bank balances and fixed deposits	78,325	49,143	70,656	41,329
	<b>105,189</b>	70,189	<b>97,239</b>	62,153
Total assets	<b>461,958</b>	442,804	<b>457,766</b>	438,546
(b) Net asset value per share (S\$)	3.92	3.90	3.88	3.86
Number of shares issued ('000)	61,155	61,155	61,155	61,155

## NEWS RELEASE

### 4. Unaudited Group statement of changes in equity

	Share capital \$'000	General reserve \$'000	Available- for-sale investment reserve \$'000	Foreign currency translation reserve \$'000	Retained profits \$'000	Total \$'000
Balance at 1 January 2011	91,733	21,880	23,243	(1,440)	102,967	238,383
Profit net of tax	-	-	-	-	15,240	15,240
Other comprehensive income for the six months ended 30 June	-	-	(6,441)	(322)	-	(6,763)
Total comprehensive income for the six months ended 30 June	-	-	(6,441)	(322)	15,240	8,477
Dividend for Year 2010	-	-	-	-	(7,339)	(7,339)
<b>Balance at 30 June 2011</b>	<b>91,733</b>	<b>21,880</b>	<b>16,802</b>	<b>(1,762)</b>	<b>110,868</b>	<b>239,521</b>
Balance at 1 January 2010	91,733	20,880	22,000	(775)	80,922	214,760
Profit net of tax	-	-	-	-	17,993	17,993
Other comprehensive income for the six months ended 30 June	-	-	(4,702)	(54)	-	(4,756)
Total comprehensive income for the six months ended 30 June	-	-	(4,702)	(54)	17,993	13,237
Dividend for Year 2009	-	-	-	-	(7,339)	(7,339)
<b>Balance at 30 June 2010</b>	<b>91,733</b>	<b>20,880</b>	<b>17,298</b>	<b>(829)</b>	<b>91,576</b>	<b>220,658</b>
Balance at 1 April 2011	91,733	21,880	21,454	(1,580)	111,056	244,543
Profit net of tax	-	-	-	-	7,151	7,151
Other comprehensive income for the quarter ended 30 June	-	-	(4,652)	(182)	-	(4,834)
Total comprehensive income for the quarter ended 30 June	-	-	(4,652)	(182)	7,151	2,317
Dividend for Year 2010	-	-	-	-	(7,339)	(7,339)
<b>Balance at 30 June 2011</b>	<b>91,733</b>	<b>21,880</b>	<b>16,802</b>	<b>(1,762)</b>	<b>110,868</b>	<b>239,521</b>
Balance at 1 April 2010	91,733	20,880	22,877	(800)	93,111	227,801
Profit net of tax	-	-	-	-	5,804	5,804
Other comprehensive income for the quarter ended 30 June	-	-	(5,579)	(29)	-	(5,608)
Total comprehensive income for the quarter ended 30 June	-	-	(5,579)	(29)	5,804	196
Dividend for Year 2009	-	-	-	-	(7,339)	(7,339)
<b>Balance at 30 June 2010</b>	<b>91,733</b>	<b>20,880</b>	<b>17,298</b>	<b>(829)</b>	<b>91,576</b>	<b>220,658</b>

## NEWS RELEASE

### 5. Unaudited Company statement of changes in equity

	Share capital \$'000	General reserve \$'000	Available- for-sale investment reserve \$'000	Retained profits \$'000	Total \$'000
Balance at 1 January 2011	91,733	21,880	23,243	98,990	235,846
Profit net of tax	-	-	-	15,067	15,067
Other comprehensive income for the six months ended 30 June	-	-	(6,441)	-	(6,441)
Total comprehensive income for the six months ended 30 June	-	-	(6,441)	15,067	8,626
Dividend for Year 2010	-	-	-	(7,339)	(7,339)
<b>Balance at 30 June 2011</b>	<b>91,733</b>	<b>21,880</b>	<b>16,802</b>	<b>106,718</b>	<b>237,133</b>
Balance at 1 January 2010	91,733	20,880	22,000	77,713	212,326
Profit net of tax	-	-	-	17,995	17,995
Other comprehensive income for the six months ended 30 June	-	-	(4,702)	-	(4,702)
Total comprehensive income for the six months ended 30 June	-	-	(4,702)	17,995	13,293
Dividend for Year 2009	-	-	-	(7,339)	(7,339)
<b>Balance at 30 June 2010</b>	<b>91,733</b>	<b>20,880</b>	<b>17,298</b>	<b>88,369</b>	<b>218,280</b>
Balance at 1 April 2011	91,733	21,880	21,454	107,053	242,120
Profit net of tax	-	-	-	7,004	7,004
Other comprehensive income for the quarter ended 30 June	-	-	(4,652)	-	(4,652)
Total comprehensive income for the quarter ended 30 June	-	-	(4,652)	7,004	2,352
Dividend for Year 2010	-	-	-	(7,339)	(7,339)
<b>Balance at 30 June 2011</b>	<b>91,733</b>	<b>21,880</b>	<b>16,802</b>	<b>106,718</b>	<b>237,133</b>
Balance at 1 April 2010	91,733	20,880	22,877	89,970	225,460
Profit net of tax	-	-	-	5,738	5,738
Other comprehensive income for the quarter ended 30 June	-	-	(5,579)	-	(5,579)
Total comprehensive income for the quarter ended 30 June	-	-	(5,579)	5,738	159
Dividend for Year 2009	-	-	-	(7,339)	(7,339)
<b>Balance at 30 June 2010</b>	<b>91,733</b>	<b>20,880</b>	<b>17,298</b>	<b>88,369</b>	<b>218,280</b>

## NEWS RELEASE

### 6. Unaudited statement of cash flows

	<b>Group</b>			
	<b>1st Half</b>	<b>1st Half</b>	<b>2nd Qtr</b>	<b>2nd Qtr</b>
	<u><b>2011</b></u>	<u><b>2010</b></u>	<u><b>2011</b></u>	<u><b>2010</b></u>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>				
Profit before tax	<b>18,179</b>	20,359	<b>8,496</b>	6,929
Adjustments for:				
Foreign currency difference on reserve for unexpired risks (net of deferred acquisition cost)	<b>(3)</b>	1	<b>(1)</b>	1
Foreign currency difference on provision for outstanding claims	<b>(8)</b>	(3)	<b>(5)</b>	(2)
Movement in net reserve for unexpired risks (net of movement in net deferred acquisition cost)	<b>3,944</b>	4,872	<b>3,460</b>	3,315
Movement in net outstanding claims	<b>662</b>	(336)	<b>424</b>	(710)
Net fair value gains on financial derivatives - unrealised	<b>(87)</b>	(11)	<b>(805)</b>	(18)
Depreciation	<b>73</b>	70	<b>37</b>	36
Net gains on available-for-sale investments	<b>(4,464)</b>	(7,873)	<b>(1,929)</b>	(1,145)
Amortisation of Investments	<b>7</b>	5	<b>6</b>	-
Gross dividends from investments	<b>(2,251)</b>	(1,968)	<b>(2,030)</b>	(1,776)
Interest income from investments	<b>(2,395)</b>	(1,720)	<b>(1,221)</b>	(861)
Interest on fixed deposits and bank balances	<b>(34)</b>	(136)	<b>(20)</b>	(67)
Exchange differences	<b>1,538</b>	(22)	<b>1,220</b>	55
Operating profit before working capital change	<b>15,161</b>	13,238	<b>7,632</b>	5,757
Changes in working capital:				
Trade and other receivables	<b>(4,600)</b>	(6,863)	<b>818</b>	(2,109)
Trade and other payables	<b>5,720</b>	8,647	<b>2,368</b>	5,735
Amount owing by related companies	<b>7</b>	17	<b>-</b>	-
Amount owing to related companies	<b>(166)</b>	(86)	<b>(346)</b>	38
Cash generated from operations	<b>16,122</b>	14,953	<b>10,472</b>	9,421
Tax paid	<b>(2,181)</b>	(2,953)	<b>(2,313)</b>	(2,953)
<b>Net cash flows from operating activities</b>	<b>13,941</b>	12,000	<b>8,159</b>	6,468
<b>Cash flows from investing activities</b>				
Proceeds from sale of available-for-sale investments	<b>59,457</b>	45,842	<b>30,246</b>	17,603
Purchase of available-for-sale investments	<b>(40,877)</b>	(49,193)	<b>(23,656)</b>	(29,854)
Purchase of fixed assets	<b>(23)</b>	(166)	<b>(23)</b>	-
(Placement in)/Maturity of long-term fixed deposits	<b>(2,698)</b>	13,157	<b>(2,696)</b>	11,846
Gross dividends from investments	<b>2,251</b>	1,968	<b>2,030</b>	1,776
Interest income from investments	<b>2,395</b>	1,720	<b>1,221</b>	861
Interest on fixed deposits and bank balances	<b>34</b>	136	<b>20</b>	67
<b>Net cash flows from investing activities</b>	<b>20,539</b>	13,464	<b>7,142</b>	2,299
<b>Cash flow from financing activity</b>				
Dividend paid	<b>(7,339)</b>	(7,339)	<b>(7,339)</b>	(7,339)
<b>Cash flow used in financing activity</b>	<b>(7,339)</b>	(7,339)	<b>(7,339)</b>	(7,339)
Translation difference on foreign subsidiary company	<b>(322)</b>	(54)	<b>(182)</b>	(29)
<b>Net increase in cash and cash equivalents</b>	<b>26,819</b>	18,071	<b>7,780</b>	1,399
Cash and cash equivalents at beginning of period	<b>47,681</b>	60,377	<b>66,573</b>	77,023
Effects of exchange rate changes on cash and cash equivalents	<b>(335)</b>	(59)	<b>(188)</b>	(33)
<b>Cash and cash equivalents at end of period</b>	<b>74,165</b>	78,389	<b>74,165</b>	78,389

## NEWS RELEASE

### 6. Unaudited statement of cash flows (Cont'd)

Bank balances and fixed deposits in the statement of financial position comprise the following :

	<b>Group</b>	
	<b>1st Half 2011 \$'000</b>	<b>1st Half 2010 \$'000</b>
Cash and bank balances	<b>30,482</b>	7,749
Fixed deposit placement less than 3 months	<b>43,683</b>	70,640
Cash and cash equivalents	<b>74,165</b>	78,389
Fixed deposits placement more than 3 months	<b>4,160</b>	19,506
Bank balances and fixed deposits	<b>78,325</b>	97,895

### 7. Segment Information

	<u>SIF</u> \$'000	<u>OIF</u> \$'000	<u>SHE</u> \$'000	<u>HK Subsidiary</u> \$'000	<u>Consolidated</u> \$'000
<b><u>For first half year ended 30 June 2011</u></b>					
Gross premium written	43,893	10,878	-	518	55,289
Net earned premium	13,738	4,333	-	105	18,176
Net claims incurred	4,220	1,207	-	2	5,429
Net commissions	(1,979)	1,257	-	47	(675)
Management expenses	3,525	403	-	105	4,033
Underwriting profit	7,972	1,466	-	(49)	9,389
Other Income	4,101	723	4,334	5	9,163
Management expenses/(income) not charged to insurance revenue account	277	41	306	(251)	373
Profit before tax	11,796	2,148	4,028	207	18,179
Segment total assets as at 30 June 2011	266,538	42,325	143,958	9,137	461,958
Segment total liabilities as at 30 June 2011	192,092	25,089	3,447	1,809	222,437
<b><u>For first half year ended 30 June 2010</u></b>					
Gross premium written	42,324	8,659	-	501	51,484
Net earned premium	12,461	3,647	-	103	16,211
Net claims incurred	3,432	648	-	(1)	4,079
Net commissions	(1,860)	1,230	-	46	(584)
Management expenses	3,381	328	-	110	3,819
Underwriting profit	7,508	1,441	-	(52)	8,897
Other Income	3,173	205	8,318	3	11,699
Management expenses/(income) not charged to insurance revenue account	77	(12)	219	(47)	237
Profit before tax	10,604	1,658	8,099	(2)	20,359
Segment total assets as at 30 June 2010	249,426	36,646	136,153	9,789	432,014
Segment total liabilities as at 30 June 2010	183,731	21,962	3,193	2,470	211,356

## NEWS RELEASE

### 7. Segment Information (cont'd)

	<u>SIF</u>	<u>OIF</u>	<u>SHF</u>	<u>HK Subsidiary</u>	<u>Consolidated</u>
	\$'000	\$'000	\$'000	\$'000	\$'000
<b><u>3 months ended 30 June 2011</u></b>					
Gross premium written	21,119	7,131	-	229	28,479
Net earned premium	6,078	2,424	-	47	8,549
Net claims incurred	2,623	380	-	3	3,006
Net commissions	(685)	702	-	17	34
Management expenses	1,650	236	-	27	1,913
Underwriting profit	2,490	1,106	-	-	3,596
Other Income	2,180	341	2,691	4	5,216
Management expenses/(income) not charged to insurance revenue account	211	38	239	(172)	316
Profit before tax	4,459	1,409	2,452	176	8,496
Segment total assets as at 30 June 2011	266,538	42,325	143,958	9,137	461,958
Segment total liabilities as at 30 June 2011	192,092	25,089	3,447	1,809	222,437
<b><u>3 months ended 30 June 2010</u></b>					
Gross premium written	21,937	5,847	-	204	27,988
Net earned premium	4,931	1,974	-	43	6,948
Net claims incurred	1,213	501	-	(1)	1,713
Net commissions	(1,015)	767	-	15	(233)
Management expenses	2,033	177	-	26	2,236
Underwriting profit	2,700	529	-	3	3,232
Other Income	1,860	80	1,912	1	3,853
Management expenses/(income) not charged to insurance revenue account	105	7	106	(62)	156
Profit before tax	4,455	602	1,806	66	6,929
Segment total assets as at 30 June 2010	249,426	36,646	136,153	9,789	432,014
Segment total liabilities as at 30 June 2010	183,731	21,962	3,193	2,470	211,356

The Group is principally engaged in the business of underwriting general insurance. With different operating segments, its businesses are segregated into separate fund accounts in accordance with the requirements of the Singapore Insurance Act (Chapter 142).

As required under the Singapore Insurance Act, the Company has established and maintained a Singapore Insurance Fund (SIF) for insurance business relating to Singapore policies and an Offshore Insurance Fund (OIF) for insurance business relating to offshore policies. Shareholders' Fund (SHF) relates to the Company's investment activities of its non-insurance funds. The HK Subsidiary refers to the Company's wholly-owned subsidiary, UOB Insurance (H.K.) Limited, incorporated in Hong Kong S.A.R.

The segment information has been prepared in accordance with the Group's accounting policy and Singapore Financial Reporting Standards (FRS).



## NEWS RELEASE

### 7. Segment information (cont'd)

#### Information about major external customer

For the first half/second quarter ended 30 June 2011 and the corresponding period last year, the Group did not have any external customer whose premium income exceeded 10% of the Group's total revenue.

#### Geographical Information

Geographical information of the Group's revenue derived from external customers based on location of insurance risks and non-current assets are as follows:

	<u>Revenue</u>		<u>Non-current assets</u>	
	<u>1st Half</u> <u>2011</u> \$'000	<u>1st Half</u> <u>2010</u> \$'000	<u>1st Half</u> <u>2011</u> \$'000	<u>1st Half</u> <u>2010</u> \$'000
Singapore	<b>37,639</b>	36,585	<b>435</b>	465
Asean	<b>7,764</b>	6,216	-	-
Others	<b>2,934</b>	2,485	-	-
	<b>48,337</b>	45,286	<b>435</b>	465

	<u>Revenue</u>		<u>Non-current assets</u>	
	<u>2nd Qtr</u> <u>2011</u> \$'000	<u>2nd Qtr</u> <u>2010</u> \$'000	<u>2nd Qtr</u> <u>2011</u> \$'000	<u>2nd Qtr</u> <u>2010</u> \$'000
Singapore	<b>17,077</b>	16,789	<b>435</b>	465
Asean	<b>4,809</b>	4,285	-	-
Others	<b>2,120</b>	1,498	-	-
	<b>24,006</b>	22,572	<b>435</b>	465

The Group's non-current assets presented above consist of fixed assets only.

## NEWS RELEASE

### 8. Review of performance

#### Highlights and Performance Indicators for the Group

\$'000	1st Half 2011	1st Half 2010	1H11/1H10 %	2nd Quarter 2011	2nd Quarter 2010	2Q11/2Q10 %
Gross premium written	<b>55,289</b>	51,484	+7.4	<b>28,479</b>	27,988	+1.8
Underwriting profit	<b>9,389</b>	8,897	+5.5	<b>3,596</b>	3,232	+11.3
Non-underwriting Income	<b>8,790</b>	11,462	-23.3	<b>4,900</b>	3,697	+32.5
Profit before tax	<b>18,179</b>	20,359	-10.7	<b>8,496</b>	6,929	+22.6

#### 1st Half 2011 ("1H11") versus 1st Half 2010 ("1H10")

Gross premium increased by \$3.8 million or 7.4% to \$55.3 million and net earned premium also grew by \$2.0 million or 12.1% when compared against the same period last year. The growth was due mainly to increased bancassurance business and higher quantum of retentions within prudent guidelines. Net claims incurred was higher by \$1.4 million or 33.1% due to the rise in risk retention. Management expenses increased by \$0.2 million or 5.6%.

Underwriting profit increased by 5.5% to \$9.4 million due mainly to higher net earned premium. Non-underwriting income decreased to \$8.8 million as compared to \$11.5 million in the corresponding period last year where there was a one-time gain from the sale of investment in a group-linked company in 1Q10. If the one-time gain is excluded from the comparison, the non-underwriting income would have increased by 54.2%.

Overall profit before tax decreased by 10.7% to \$18.2 million.

#### 2nd Quarter 2011 ("2Q11") versus 2nd Quarter 2010 ("2Q10")

The Group's gross premium grew by 1.8% to \$28.5 million and net earned premium increased by 23.0% or \$1.6 million in 2Q11 as compared to 2Q10 due to selective increase in the Group's net retention. Net claims incurred was higher by \$1.3 million or 75.5%. Consequently, underwriting profit in 2Q11 increased by \$0.4 million. The Group recorded a higher non-underwriting gain of \$4.9 million due to higher profit from sale of investments. Profit before tax increased by 22.6% to \$8.5 million due mainly to better profits from both underwriting and non-underwriting income.

---

## NEWS RELEASE

### 9. Prospects for the next reporting period and the next 12 months

Growth in the general insurance market remained marginal due to intense competition brought about by excess market capacities. Given the Company's solid premium base built upon four decades of consistent prudent underwriting policy and stringent risk selection, the Company will remain on track to achieve a credible level of underwriting profit. Increasing investment income will continue to be a challenge in the face of continued uncertain economic outlook globally.

### 10. Accounting policy

The financial statements, expressed in Singapore dollars are prepared in accordance with Singapore Financial Reporting Standards (FRS). The accounting policies and computation methods adopted in the financial statements for the first half of 2011 are the same as those adopted in the preceding year.

### 11. Dividend

The Directors are pleased to declare an interim dividend of 3 cents per share (one-tier tax-exempt) in respect of the current financial year (2010 interim dividend : 3 cents per share - one-tier tax-exempt and special dividend : 2 cents per share - one-tier tax-exempt). The total interim dividend would amount to \$1.83 million. The dividend will be paid on 6 September 2011.

### 12. Closure of books

Notice is hereby given that the Share Transfer Books and the Register of Members of the Company will be closed from 26 August 2011 to 27 August 2011, both dates inclusive for the preparation of dividend warrants. Registrable transfers received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623, up to 5.00pm on 25 August 2011 will be registered for the interim dividend. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), the interim dividend will be paid by the Company to CDP which will, in turn, distribute the dividend to holders of the securities accounts.

### 13. Borrowings, contingent liabilities and loan capital

The Group has no borrowings, contingent liabilities and loan capital as at 30 June 2011 (30 June 2010: nil).

---

## NEWS RELEASE

### 14. Confirmation by directors

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to its attention which may render the unaudited group financial results for the first half/second quarter ended 30 June 2011 to be false or misleading.

BY ORDER OF THE BOARD

MRS VIVIEN CHAN  
SECRETARY

Dated this 8th August 2011