

NEWS RELEASE

To : All Shareholders

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

1. Audited income statement for the year ended 31 December 2012

	Group		Incr/ (Decr) %
	2012 \$'000	2011 (Restated) \$'000	
(a) Gross premium written	104,419	96,449	8.3
Net earned premium	45,622	39,060	16.8
Less/(Add) :			
Net claims incurred	20,085	13,223	51.9
Net commissions	(3,240)	(1,979)	63.7
Management expenses :			
Staff cost	6,328	5,826	8.6
Rental expenses	838	808	3.7
Depreciation	130	143	(9.1)
Foreign exchange loss	77	19	305.3
Other operating expenses	2,329	2,432	(4.2)
Underwriting profit	19,075	18,588	2.6
Gross dividends from investments	4,327	4,134	4.7
Interest income from investments	5,849	4,903	19.3
Interest on fixed deposits and bank balances	77	65	18.5
Amortisation of investments	27	5	440.0
Miscellaneous income	64	59	8.5
Net fair value gains on financial derivatives - realised	1,989	1,695	17.3
Net fair value gains/(losses) on financial derivatives - unrealised	351	(2,413)	(114.5)
Net gains on disposal of available-for-sale investments	5,620	4,617	21.7
Impairment on available-for-sale investments	(350)	(6,590)	(94.7)
(Less)/Add :			
Management expenses not charged to insurance revenue account:			
Management fees	(791)	(684)	15.6
Other operating expenses	(371)	(376)	(1.3)
Exchange differences	(1,932)	763	(353.2)
Non-underwriting income	14,860	6,178	140.5
Profit before tax	33,935	24,766	37.0
Tax expense	(4,812)	(4,600)	4.6
Profit from continuing operations, net of tax	29,123	20,166	44.4
Profit/(loss) from discontinued operation, net of tax	46	(17)	(370.6)
Profit attributable to:			
Equity holders of the Company	29,169	20,149	44.8

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1. Audited income statement for the year ended 31 December 2012 (cont'd)

	Group		Incr/ (Decr) %
	<u>2012</u> \$'000	<u>2011</u> (Restated) \$'000	
(b) Gross premium income from continuing operations			
6 months ended 30 June	63,171	54,771	15.3
6 months ended 31 December	41,248	41,678	(1.0)
Total for the year	<u>104,419</u>	<u>96,449</u>	8.3
(c) Net profit after tax from continuing operations			
6 months ended 30 June	17,388	15,067	15.4
6 months ended 31 December	11,735	5,099	130.1
Total for the year	<u>29,123</u>	<u>20,166</u>	44.4
(d) Earnings per share from continuing operations : Basic and diluted (cents)	<u>47.62</u>	<u>32.98</u>	44.4
(e) Earnings per share : Basic and diluted (cents)	<u>47.70</u>	<u>32.95</u>	44.8

2. Audited statement of comprehensive income for the year ended 31 December 2012

	Group		Incr/ (Decr) %
	<u>2012</u> \$'000	<u>2011</u> \$'000	
Net profit	29,169	20,149	44.8
Other comprehensive income :			
Foreign currency translation difference	(440)	111	(496.4)
Net gains/(losses) on available-for-sale investments	16,449	(24,647)	(166.7)
Income tax relating to available-for-sale investments	(2,796)	4,188	(166.8)
Other comprehensive income for the financial year, net of tax	<u>13,213</u>	<u>(20,348)</u>	(164.9)
Total comprehensive income for the financial year	<u>42,382</u>	<u>(199)</u>	NM
Attributable to:			
Total comprehensive income from continuing operations, net of tax	42,776	(293)	NM
Total comprehensive income from discontinued operation, net of tax	(394)	94	NM
Total comprehensive income attributable to Equity holders of the Company	<u>42,382</u>	<u>(199)</u>	NM

Note : NM = Not Meaningful

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3. Audited statement of financial position

	<u>Group</u>		<u>Company</u>	
	<u>31-Dec-12</u>	<u>31-Dec-11</u>	<u>31-Dec-12</u>	<u>31-Dec-11</u>
	\$'000	\$'000	\$'000	\$'000
(a) Share capital - Issued & fully paid	91,733	91,733	91,733	91,733
Reserves	170,487	137,278	168,250	134,647
	262,220	229,011	259,983	226,380
Liabilities				
Insurance creditors	12,981	12,397	12,981	12,190
Non-trade creditors & accrued liabilities	2,893	2,905	2,893	2,800
Amount owing to related companies	1,088	1,051	1,088	1,051
Derivative financial liabilities	-	327	-	327
Tax payable	9,647	5,893	9,647	5,926
Deferred tax liabilities	3,571	801	3,571	801
Deferred acquisition cost - reinsurances' share	9,043	6,555	9,043	6,492
Gross technical balances				
- Reserve for unexpired risks	60,521	54,887	60,521	54,417
- Reserve for outstanding claims	140,003	125,590	140,003	124,612
	239,747	210,406	239,747	208,616
Liabilities of discontinued operation	1,830	-	-	-
	503,797	439,417	499,730	434,996
Assets				
Bank balances and fixed deposits	35,611	35,515	35,611	27,637
Insurance debtor	11,194	12,378	11,194	12,198
Non-trade debtors and accrued interest receivable	3,389	1,988	3,389	1,980
Amount owing by related companies	-	-	49	47
Derivative financial assets	46	22	46	22
Associated company	1	1	1	1
Available-for-sale investments	321,271	283,846	321,271	283,846
Unsecured term loan	13	16	13	16
Fixed assets	299	379	299	379
Deferred acquisition cost - gross	7,260	6,382	7,260	6,277
Reinsurers' share of technical balances				
- Reserve for unexpired risks	35,764	26,851	35,764	26,490
- Reserve for outstanding claims	79,893	72,039	79,893	71,163
	494,741	439,417	494,790	430,056
Investment in subsidiary	-	-	4,940	4,940
Assets of discontinued operation	9,056	-	-	-
	503,797	439,417	499,730	434,996
(b) Net asset value per share (S\$)	4.29	3.74	4.25	3.70
Number of shares issued ('000)	61,155	61,155	61,155	61,155

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4. Audited 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	Reserve of discontinued operation \$'000	Total \$'000
Balance at 1 January 2012	91,733	22,880	2,784	(1,329)	112,943	-	229,011
Profit net of tax	-	-	-	-	29,169	-	29,169
Other comprehensive income for the financial year	-	-	13,653	(440)	-	-	13,213
Total comprehensive income for the financial year	-	-	13,653	(440)	29,169	-	42,382
Reserve attributable to discontinued operation	-	-	-	1,769	-	(1,769)	-
Dividend for Year 2011	-	-	-	-	(7,339)	-	(7,339)
Dividend for Year 2012	-	-	-	-	(1,834)	-	(1,834)
Balance at 31 December 2012	91,733	22,880	16,437	-	132,939	(1,769)	262,220
Balance at 1 January 2011	91,733	21,880	23,243	(1,440)	102,967	-	238,383
Profit net of tax	-	-	-	-	20,149	-	20,149
Other comprehensive income for the financial year	-	-	(20,459)	111	-	-	(20,348)
Total comprehensive income for the financial year	-	-	(20,459)	111	20,149	-	(199)
Transfer from retained profits	-	1,000	-	-	(1,000)	-	-
Dividend for Year 2010	-	-	-	-	(7,339)	-	(7,339)
Dividend for Year 2011	-	-	-	-	(1,834)	-	(1,834)
Balance at 31 December 2011	91,733	22,880	2,784	(1,329)	112,943	-	229,011

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5. Audited 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 2012	91,733	22,880	2,784	108,983	226,380
Profit net of tax	-	-	-	29,123	29,123
Other comprehensive income for the financial year	-	-	13,653	-	13,653
Total comprehensive income for the financial year	-	-	13,653	29,123	42,776
Dividend for Year 2011	-	-	-	(7,339)	(7,339)
Dividend for Year 2012	-	-	-	(1,834)	(1,834)
Balance at 31 December 2012	91,733	22,880	16,437	128,933	259,983
Balance at 1 January 2011	91,733	21,880	23,243	98,990	235,846
Profit net of tax	-	-	-	20,166	20,166
Other comprehensive income for the financial year	-	-	(20,459)	-	(20,459)
Total comprehensive income for the financial year	-	-	(20,459)	20,166	(293)
Transfer from retained profits	-	1,000	-	(1,000)	-
Dividend for Year 2010	-	-	-	(7,339)	(7,339)
Dividend for Year 2011	-	-	-	(1,834)	(1,834)
Balance at 31 December 2011	91,733	22,880	2,784	108,983	226,380

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6. Audited statement of cash flows

	Group	
	<u>2012</u>	<u>2011</u>
	\$'000	\$'000
Cash flows from operating activities		
Profit before tax from continuing operations	33,935	24,766
Profit/(loss) before tax from discontinued operation	44	(10)
	<u>33,979</u>	<u>24,756</u>
Adjustments for:		
Foreign currency difference on net deferred acquisition costs	-	1
Foreign currency difference on provision for outstanding claims	(5)	1
Movement in net reserve for unexpired risks	(3,167)	3,015
Movement in net deferred acquisition costs	1,610	(133)
Movement in net outstanding claims	6,657	2,750
Net fair value (gains)/losses on financial derivatives-unrealised	(351)	2,413
Depreciation	130	143
Net gains on disposal of available-for-sale investments	(5,620)	(4,617)
Amortisation of investments	(27)	(5)
Impairment on available-for-sale investments	350	6,590
Gross dividends from investments	(4,327)	(4,134)
Interest income from investments	(5,849)	(4,903)
Interest on fixed deposits and bank balances	(95)	(79)
Exchange differences	2,308	(895)
Operating profit before working capital change	<u>25,593</u>	<u>24,903</u>
Changes in working capital:		
Trade and other receivables	(285)	(1,130)
Trade and other payables	1,015	1,773
Amount owing by related companies	-	7
Amount owing to related companies	37	(94)
Cash generated from operations	<u>26,360</u>	<u>25,459</u>
Tax paid	(1,091)	(4,250)
Net cash flow from operating activities	<u>25,269</u>	<u>21,209</u>
Cash flows from investing activities		
Proceeds from sale of available-for-sale investments	136,073	82,292
Purchase of available-for-sale investments	(153,605)	(117,760)
Purchase of fixed assets	(50)	(37)
Placement in long-term fixed deposits	(1,722)	(4,200)
Proceeds from statutory deposit	-	500
Unsecured term loans	3	3
Gross dividends from investments	4,327	4,134
Interest income from investments	5,849	4,903
Interest on fixed deposits and bank balances	95	79
Net cash flow used in investing activities	<u>(9,030)</u>	<u>(30,086)</u>

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6. Audited statement of cash flows (Cont'd)

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

	Group	
	<u>2012</u>	<u>2011</u>
	\$'000	\$'000
Cash flow from financing activity		
Dividend paid	(9,173)	(9,173)
Cash flow used in financing activity	<u>(9,173)</u>	<u>(9,173)</u>
Translation difference on foreign subsidiary company	(440)	111
Net increase/(decrease) in cash and cash equivalents	<u>6,626</u>	<u>(17,939)</u>
Cash and cash equivalents at beginning of year	29,853	47,681
Effects of exchange rate changes on cash and cash equivalents	(455)	111
Cash and cash equivalents at end of year	<u><u>36,024</u></u>	<u><u>29,853</u></u>

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at the end of the year :

	Group	
	<u>2012</u>	<u>2011</u>
	\$'000	\$'000
Cash and bank balances		
- continuing operations	28,227	29,853
- discontinued operation	7,797	-
	<u><u>36,024</u></u>	<u><u>29,853</u></u>

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

	Group	
	<u>2012</u>	<u>2011</u>
	\$'000	\$'000
Cash and bank balances	6,899	9,901
Fixed deposits placement less than 3 months	21,328	19,952
Cash and cash equivalents	<u>28,227</u>	<u>29,853</u>
Fixed deposits placement more than 3 months	7,384	5,662
	<u><u>35,611</u></u>	<u><u>35,515</u></u>

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7. Segment information

	<u>SIF</u>	<u>OIF</u>	<u>SHF</u>	<u>HK Subsidiary</u>	<u>Consolidated</u>
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>For Year 2012</u>					
Gross premium written	85,330	19,089	-	-	104,419
Net earned premium	34,688	10,934	-	-	45,622
Net claims incurred	17,074	3,011	-	-	20,085
Net commissions	(5,172)	1,932	-	-	(3,240)
Management expenses	8,109	1,593	-	-	9,702
Underwriting profit	14,677	4,398	-	-	19,075
Other income	9,625	1,102	7,227	-	17,954
Management expenses not charged to insurance revenue account	1,602	263	1,229	-	3,094
Profit before tax	22,700	5,237	5,998	-	33,935
Tax expenses	3,809	496	507	-	4,812
Profit from continuing operations, net of tax	18,891	4,741	5,491	-	29,123
Profit from discontinued operation, net of tax	-	-	-	46	46
Profit after tax	18,891	4,741	5,491	46	29,169
Segment total assets as at 31 December 2012	308,058	47,662	139,021	9,056	503,797
Segment total liabilities as at 31 December 2012	210,030	25,334	4,383	1,830	241,577
<u>For Year 2011 (Restated)</u>					
Gross premium written	79,317	17,132	-	-	96,449
Net earned premium	29,261	9,799	-	-	39,060
Net claims incurred	8,847	4,376	-	-	13,223
Net commissions	(4,138)	2,159	-	-	(1,979)
Management expenses	7,841	1,387	-	-	9,228
Underwriting profit	16,711	1,877	-	-	18,588
Other income	2,339	649	3,487	-	6,475
Management expenses/(income) not charged to insurance revenue account	124	(9)	182	-	297
Profit before tax	18,926	2,535	3,305	-	24,766
Tax expenses	3,705	266	629	-	4,600
Profit from continuing operations, net of tax	15,221	2,269	2,676	-	20,166
Loss from discontinued operation, net of tax	-	-	-	(17)	(17)
Profit after tax	15,221	2,269	2,676	(17)	20,149
Segment total assets as at 31 December 2011	257,395	40,426	132,154	9,442	439,417
Segment total liabilities as at 31 December 2011	183,213	23,723	1,599	1,871	210,406

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7. Segment information (cont'd)

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. With effect from 1 September 2012, the subsidiary ceased to underwrite insurance business. It has arranged for existing insurance business portfolio to be transferred to Asia Insurance Company Ltd, another Hong Kong insurer, subject to approval of the Hong Kong Insurance Authority.

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

Information about major external customer

For the year ended 31 December 2012 and the preceding period, 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:

	Revenue for		Non-current assets as at	
	<u>2012</u>	2011 (Restated)	<u>2012</u>	<u>2011</u>
	\$'000	\$'000	\$'000	\$'000
Singapore	79,037	72,890	299	379
Asean	11,678	11,044	-	-
Others	5,531	5,134	-	-
	96,246	89,068	299	379

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

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8. Review of performance

Highlights and Performance Indicators for the Group

\$'000	2012	2011 (Restated)	2012/ 2011 %	4th Quarter 2012	4th Quarter 2011 (Restated)	4Q12/ 4Q11 %
Gross premium written	104,419	96,449	+ 8.3	19,808	19,871	- 0.3
Underwriting profit	19,075	18,588	+ 2.6	4,568	4,760	- 4.0
Non-underwriting income/(loss)	14,860	6,178	+ 140.5	1,814	(1,996)	+ 190.9
Profit before tax	33,935	24,766	+ 37.0	6,382	2,764	+ 130.9

NM = Not Meaningful

2012 versus 2011

Gross premium increased by \$8.0 million or 8.3% to \$104.4 million and net earned premium grew by \$6.6 million or 16.8% to \$45.6 million as compared to those of the preceding year. The premium growth came mainly from increased business from the corporate and reinsurance sectors. Higher net premium growth was due to a selective retention policy which also partially caused the higher net claims incurred to rise by \$6.9 million or 51.9%. The other negative factors were higher reinsurance claims and an increase in statutory benefits payable under the new Work Injury Compensation Act. Management expenses increased by \$0.5 million or 5.1%.

Underwriting profit grew by 2.6% to \$19.1 million due mainly to higher net earned premium and commission income. Non-underwriting income increased by \$8.7 million to \$14.9 million, up from \$6.2 million in the previous period. This was due to higher gains from the sale of investments and lower impairment provisions when compared to the preceding year.

Overall profit before tax increased by 37.0% to \$33.9 million due mainly to higher non-underwriting income.

4th Quarter 2012 ("4Q12") versus 4th Quarter 2011 ("4Q11")

The Group's gross premium decreased by 0.3% to \$19.8 million and net earned premium decreased by 0.3% to \$10.9 million in 4Q12 as compared to 4Q11. Net commission income increased by \$1.0 million or 72.5%. Management expenses was lower by \$0.9 million or 27.8%. Consequently, underwriting profit in 4Q12 decreased by 4.0% or \$0.2 million. The Group recorded a non-underwriting income of \$1.8 million due to higher gains from sales of investments. Profit before tax for 4Q12 increased by 130.9% to \$6.4 million due mainly to higher non-underwriting income.

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

The operating environment would likely be more challenging. Expected slower economic growth coupled with intensifying competition would inhibit premium growth. The frequency and quantum of claims would rise with increasing unpredictable and extreme weather conditions as well as from increased work injury compensation payments.

With continued staunch intra-Group support and more aggressive marketing strategy underpinned by customary judicious underwriting, underwriting profitability with growth can be expected. However, investment income would likely be affected by economic and financial uncertainties 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 year ended 31 December 2012 are the same as those adopted in the preceding year.

11. Dividend

The Directors recommend the payment of a final dividend of 12 cents per share (one-tier tax-exempt) and a special dividend of 2 cents per share (one-tier tax-exempt) (2011 final dividend: 12 cents per share one-tier tax-exempt; special dividend: nil) in respect of the financial year ended 31 December 2012.

Together with the interim dividend of 3 cents per share paid on 3 September 2012, the total dividend for the financial year ended 31 December 2012 would be 17 cents per share (2011 : 15 cents per share) amounting to a total net dividend payment of \$10.4 million (2011: \$9.2 million). If approved at the forthcoming Annual General Meeting, the proposed final dividend and special dividend amounting to \$8.6 million will be paid on 17 May 2013.

12. Borrowings, contingent liabilities and loan capital

The Group has maintained strong liquidity for its business operations and has no borrowings, contingent liabilities and loan capital as at 31 December 2012 (31 December 2011: nil).

13. Interested person transactions

The Company has not obtained a general mandate from shareholders for interested person transactions.

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14. Report of persons occupying managerial position who are related to a director, chief executive officer or substantial shareholder

The Company and its subsidiary do not have any managerial staff who is a relative of a director, chief executive officer or substantial shareholder of the Company.

15. Closure of books

Notice is hereby given that, subject to shareholders' approval of the payment of the final and special dividends at the Annual General Meeting scheduled for 25 April 2013, the Share Transfer Books and the Register of Members of the Company will be closed from 9 May 2013 to 10 May 2013, 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 8 May 2013 will be registered for the final and special dividends. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), the final and special dividends will be paid by the Company to CDP which will, in turn, distribute the dividends to holders of the securities accounts.

BY ORDER OF THE BOARD

MRS VIVIEN CHAN
SECRETARY

Dated this 22nd February 2013