

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 quarter ended 31 March 2013

	Group		
	1st Qtr 2013	1st Qtr 2012 (Restated)*	Incr/ (Decr)
	\$'000	\$'000	%
(a) Gross premium written	30,511	29,213	4.4
Net earned premium	11,835	10,748	10.1
Less/(Add) :			
Net claims incurred	4,503	3,239	39.0
Net commissions	(734)	(714)	2.8
Management expenses :			
Staff cost	1,533	1,488	3.0
Rental expenses	292	202	44.6
Depreciation	28	33	(15.2)
Foreign exchange loss	9	4	125.0
Other operating expenses	695	622	11.7
Underwriting profit	5,509	5,874	(6.2)
Gross dividends from investments	195	301	(35.2)
Interest income from investments	1,602	1,277	25.5
Interest on fixed deposits and bank balances	21	20	5.0
Amortisation of investments	5	2	150.0
Miscellaneous income	3	9	(66.7)
Net fair value (losses)/gains on financial derivatives - realised	(494)	1,008	(149.0)
Net fair value (losses)/gains on financial derivatives - unrealised	(139)	162	(185.8)
Net gains on disposal of available-for-sale investments	2,043	1,332	53.4
(Less)/Add :			
Management expenses not charged to insurance revenue account:			
Management fees	(234)	(173)	35.3
Other operating expenses	(101)	(68)	48.5
Exchange differences	1,042	(1,103)	194.5
Non-underwriting income	3,943	2,767	42.5
Profit before tax	9,452	8,641	9.4
Tax expense	(1,494)	(1,440)	3.8
Profit from continuing operations, net of tax	7,958	7,201	10.5
Profit/(loss) from discontinued operation, net of tax	(66)	161	(141.0)
Profit attributable to:			
Equity holders of the Company	7,892	7,362	7.2

* Restated due to cessation of operation of Hong Kong subsidiary with effect from 1 September 2012.

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1. Unaudited income statement for the first quarter ended 31 March 2013 (cont'd)

	Group		
	1st Qtr <u>2013</u>	1st Qtr <u>2012</u> (Restated)*	Incr/ (Decr) %
(b) Annualised earnings per share from continuing operations : Basic and diluted (cents)	<u>52.05</u>	<u>47.10</u>	10.5
(c) Annualised earnings per share : Basic and diluted (cents)	<u>51.62</u>	<u>48.15</u>	7.2

2. Unaudited statement of comprehensive income for the first quarter ended 31 March 2013

	Group		
	1st Qtr <u>2013</u> \$'000	1st Qtr <u>2012</u> (Restated)* \$'000	Incr/ (Decr) %
Net profit	<u>7,892</u>	7,362	7.2
Other comprehensive income :			
Foreign currency translation difference	<u>107</u>	(243)	(144.0)
Net gains on available-for-sale investments	<u>6,702</u>	13,712	(51.1)
Income tax relating to available-for-sale investments	<u>(1,140)</u>	(2,330)	(51.1)
Other comprehensive income for the financial year, net of tax	<u>5,669</u>	<u>11,139</u>	(49.1)
Total comprehensive income for the financial year	<u>13,561</u>	<u>18,501</u>	(26.7)
Attributable to:			
Total comprehensive income from continuing operations, net of tax	13,520	18,583	(27.2)
Total comprehensive income from discontinued operation, net of tax	41	(82)	(150.0)
Total comprehensive income attributable to Equity holders of the Company	<u>13,561</u>	<u>18,501</u>	(26.7)

* Restated due to cessation of operation of Hong Kong subsidiary with effect from 1 September 2012.

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3. Unaudited statement of financial position

	<u>Group</u>		<u>Company</u>	
	<u>31-Mar-13</u>	<u>31-Dec-12</u>	<u>31-Mar-13</u>	<u>31-Dec-12</u>
	\$'000	\$'000	\$'000	\$'000
(a) Share capital - Issued & fully paid	91,733	91,733	91,733	91,733
Reserves	184,048	170,487	181,770	168,250
	<u>275,781</u>	<u>262,220</u>	<u>273,503</u>	<u>259,983</u>
Liabilities				
Insurance creditors	16,001	12,981	16,001	12,981
Non-trade creditors & accrued liabilities	4,277	2,893	4,277	2,893
Amount owing to related companies	517	1,088	517	1,088
Derivative financial liabilities	101	-	101	-
Tax payable	11,137	9,647	11,137	9,647
Deferred tax liabilities	4,711	3,571	4,711	3,571
Deferred acquisition cost - reinsurances' share	9,372	9,043	9,372	9,043
Gross technical balances				
- Reserve for unexpired risks	63,751	60,521	63,751	60,521
- Reserve for outstanding claims	142,657	140,003	142,657	140,003
	<u>252,524</u>	<u>239,747</u>	<u>252,524</u>	<u>239,747</u>
Liabilities of discontinued operation	524	1,830	-	-
	<u>528,829</u>	<u>503,797</u>	<u>526,027</u>	<u>499,730</u>
Assets				
Bank balances and fixed deposits	46,581	35,611	46,581	35,611
Insurance debtor	17,924	11,194	17,924	11,194
Non-trade debtors and accrued interest receivable	2,242	3,389	2,242	3,389
Amount owing by related companies	-	-	14	49
Derivative financial assets	8	46	8	46
Associated company	1	1	1	1
Available-for-sale investments	326,645	321,271	326,645	321,271
Unsecured term loan	13	13	13	13
Fixed assets	271	299	271	299
Deferred acquisition cost - gross	7,890	7,260	7,890	7,260
Reinsurers' share of technical balances				
- Reserve for unexpired risks	37,913	35,764	37,913	35,764
- Reserve for outstanding claims	81,585	79,893	81,585	79,893
	<u>521,073</u>	<u>494,741</u>	<u>521,087</u>	<u>494,790</u>
Investment in subsidiary	-	-	4,940	4,940
Assets of discontinued operation	7,756	9,056	-	-
	<u>528,829</u>	<u>503,797</u>	<u>526,027</u>	<u>499,730</u>
(b) Net asset value per share (S\$)	4.51	4.29	4.47	4.25
Number of shares issued ('000)	61,155	61,155	61,155	61,155

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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	Reserve of discontinued operation \$'000	Total \$'000
Balance at 1 January 2013	91,733	22,880	16,437	-	132,939	(1,769)	262,220
Profit net of tax	-	-	-	-	7,892	-	7,892
Other comprehensive income for the quarter ended 31 March	-	-	5,562	-	-	107	5,669
Total comprehensive income for the quarter ended 31 March	-	-	5,562	-	7,892	107	13,561
Balance at 31 March 2013	91,733	22,880	21,999	-	140,831	(1,662)	275,781
Balance at 1 January 2012	91,733	22,880	2,784	(1,329)	112,943	-	229,011
Profit net of tax	-	-	-	-	7,362	-	7,362
Other comprehensive income for the quarter ended 31 March	-	-	11,382	(243)	-	-	11,139
Total comprehensive income for the quarter 31 March	-	-	11,382	(243)	7,362	-	18,501
Balance at 31 March 2012	91,733	22,880	14,166	(1,572)	120,305	-	247,512

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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 2013	91,733	22,880	16,437	128,933	259,983
Profit net of tax	-	-	-	7,958	7,958
Other comprehensive income for the quarter ended 31 March	-	-	5,562	-	5,562
Total comprehensive income for the quarter ended 31 March	-	-	5,562	7,958	13,520
Balance at 31 March 2013	91,733	22,880	21,999	136,891	273,503
Balance at 1 January 2012	91,733	22,880	2,784	108,983	226,380
Profit net of tax	-	-	-	7,201	7,201
Other comprehensive income for the quarter ended 31 March	-	-	11,382	-	11,382
Total comprehensive income for the quarter ended 31 March	-	-	11,382	7,201	18,583
Balance at 31 March 2012	91,733	22,880	14,166	116,184	244,963

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6. Unaudited statement of cash flows

	Group	
	1st Qtr <u>2013</u> \$'000	1st Qtr <u>2012</u> \$'000
Cash flows from operating activities		
Profit before tax from continuing operations	9,452	8,641
Profit/(loss) before tax from discontinued operation	<u>(66)</u>	<u>193</u>
	9,386	8,834
Adjustments for:		
Foreign currency difference on net deferred acquisition costs	-	(2)
Foreign currency difference on provision for outstanding claims	-	(3)
Movement in net reserve for unexpired risks	969	1,706
Movement in net deferred acquisition costs	(301)	(247)
Movement in net outstanding claims	869	(207)
Net fair value losses/(gains) on financial derivatives-unrealised	139	(162)
Depreciation	28	33
Net gains on disposal of available-for-sale investments	(2,043)	(1,332)
Amortisation of investments	(5)	(2)
Gross dividends from investments	(195)	(301)
Interest income from investments	(1,602)	(1,277)
Interest on fixed deposits and bank balances	(21)	(20)
Exchange differences	(1,169)	1,351
Operating profit before working capital change	6,055	8,371
Changes in working capital:		
Trade and other receivables	(5,564)	(5,422)
Trade and other payables	4,493	6,066
Amount owing to related companies	(571)	(304)
Cash generated from operations	4,413	8,711
Tax paid	(4)	(133)
Net cash flow from operating activities	4,409	8,578
Cash flows from investing activities		
Proceeds from sale of available-for-sale investments	25,723	27,168
Purchase of available-for-sale investments	(21,294)	(30,153)
Placement in long-term fixed deposits	4,511	807
Gross dividends from investments	195	301
Interest income from investments	1,602	1,277
Interest on fixed deposits and bank balances	21	20
Net cash inflow/(outflow) from investing activities	10,758	(580)
Translation difference on foreign subsidiary company	107	(243)
Net increase in cash and cash equivalents	15,274	7,755
Cash and cash equivalents at beginning of period	36,024	29,853
Effects of exchange rate changes on cash and cash equivalents	117	(254)
Cash and cash equivalents at end of period	51,415	37,354

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

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

	Group	
	1st Qtr 2013 \$'000	1st Qtr 2012 \$'000
Cash and bank balances		
- continuing operations	43,708	37,354
- discontinued operation	7,707	-
	51,415	37,354

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

	Group	
	1st Qtr 2013 \$'000	1st Qtr 2012 \$'000
Cash and bank balances	8,202	8,464
Fixed deposits placement less than 3 months	35,506	28,890
Cash and cash equivalents	43,708	37,354
Fixed deposits placement more than 3 months	2,873	4,855
	46,581	42,209

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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 3 months ended 31 March 2013</u>					
Gross premium written	24,714	5,797	-	-	30,511
Net earned premium	8,169	3,666	-	-	11,835
Net claims incurred	3,404	1,099	-	-	4,503
Net commissions	(1,766)	1,032	-	-	(734)
Management expenses	2,310	247	-	-	2,557
Underwriting profit	4,221	1,288	-	-	5,509
Interest income from investment	932	132	538	-	1,602
Interest on fixed deposits and bank balances	10	9	2	-	21
Other income	1,168	148	297	-	1,613
Management expenses/(income) not charged to insurance revenue account	(358)	(38)	(311)	-	(707)
Profit before tax	6,689	1,615	1,148	-	9,452
Tax expenses	1,137	162	195	-	1,494
Profit from continuing operations, net of tax	5,552	1,453	953	-	7,958
Loss from discontinued operation, net of tax	-	-	-	(66)	(66)
Profit after tax	5,552	1,453	953	(66)	7,892
Segment total assets as at 31 March 2013	323,862	51,264	145,947	7,756	528,829
Segment total liabilities as at 31 March 2013	219,463	27,477	5,584	524	253,048
<u>For 3 months ended 31 March 2012 (Restated)*</u>					
Gross premium written	23,717	5,496	-	-	29,213
Net earned premium	7,777	2,971	-	-	10,748
Net claims incurred	1,707	1,532	-	-	3,239
Net commissions	(1,719)	1,005	-	-	(714)
Management expenses	2,123	226	-	-	2,349
Underwriting profit	5,666	208	-	-	5,874
Interest income from investment	699	111	467	-	1,277
Interest on fixed deposits and bank balances	9	7	4	-	20
Other income	1,572	197	1,045	-	2,814
Management expenses not charged to insurance revenue account	705	109	530	-	1,344
Profit before tax	7,241	414	986	-	8,641
Tax expenses	1,231	41	168	-	1,440
Profit from continuing operations, net of tax	6,010	373	818	-	7,201
Profit from discontinued operation, net of tax	-	-	-	161	161
Profit after tax	6,010	373	818	161	7,362
Segment total assets as at 31 March 2012	280,075	44,410	140,292	9,597	474,374
Segment total liabilities as at 31 March 2012	194,947	26,821	2,986	2,108	226,862

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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. On 15 March 2013, the Hong Kong Insurance Authority approved the Hong Kong Subsidiary's application to withdraw its authorisation under the Hong Kong Insurance Companies Ordinance.

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 quarter ended 31 March 2013 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>1Q2013</u>	<u>1Q2012</u> (Restated)*	<u>1Q2013</u>	<u>1Q2012</u>
	\$'000	\$'000	\$'000	\$'000
Singapore	23,256	21,844	271	346
Asean	3,136	3,094	-	-
Others	2,167	2,144	-	-
	<u>28,559</u>	<u>27,082</u>	<u>271</u>	<u>346</u>

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

* Restated due to cessation of operation of Hong Kong subsidiary with effect from 1 September 2012.

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8. Review of performance

Highlights and Performance Indicators for the Group's continuing operations

\$'000	1st Quarter 2013	1st Quarter 2012 (Restated)*	1Q13/ 1Q12 %
Gross premium written	30,511	29,213	+ 4.4
Underwriting profit	5,509	5,874	- 6.2
Non-underwriting income	3,943	2,767	+42.5
Profit before tax	7,958	7,201	+10.5

1st Quarter 2013 ("1Q13") versus 1st Quarter 2012 ("1Q12")

Gross premium increased by \$1.3 million or 4.4% to \$30.5 million and net earned premium grew by \$1.1 million or 10.1% as compared with the same period of last year. The growth was due mainly to increased business regionally and through insurance intermediaries. Net claims incurred however rose by \$1.3 million or 39.0% due mainly to higher claims in Work Injury Compensation and Motor classes of business. Management expenses increased by \$0.2 million or 8.9%.

Consequently, underwriting profit decreased by \$0.4 million or 6.2% to \$5.5 million. Non-underwriting income increased to \$3.9 million from \$2.8 million in the corresponding period last year due mainly to higher gains from the sale of investments and higher exchange gains.

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

Business growth in Singapore will be challenging in view of slower economic growth and continued intense competition within the general insurance industry.

However, the Company can be expected to continue to return consistent margin of underwriting profit. The level of investment income will likely remain unpredictable in light of continued uncertainties in the macro-economic climate globally.

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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 quarter ended 31 March 2013 are the same as those adopted in the preceding year.

11. Dividend

No dividend has been declared for the quarter ended 31 March 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 March 2013 (31 March 2012: nil).

13. Interested person transactions

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

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 quarter ended 31 March 2013 to be false or misleading.

BY ORDER OF THE BOARD

MRS VIVIEN CHAN
SECRETARY

Dated this 30 April 2013