

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 2015

	1st Half 2015 \$'000	1st Half 2014 \$'000	Incr/ (Decr) %	2nd Qtr 2015 \$'000	2nd Qtr 2014 \$'000	Incr/ (Decr) %
(a) Gross premiums written	60,099	62,753	(4.2)	30,760	32,024	(3.9)
Net earned premiums	21,955	22,327	(1.7)	10,085	10,579	(4.7)
Less/(Add) :						
Net claims incurred	7,200	8,269	(12.9)	4,346	4,797	(9.4)
Net commissions	(1,508)	57	NM	(510)	(31)	NM
Management expenses :						
Staff cost	3,417	3,315	3.1	1,694	1,702	(0.5)
Rental expenses	625	625	-	312	312	-
Depreciation	49	45	8.9	24	24	-
Foreign exchange loss	113	22	413.6	107	11	NM
Other operating expenses	1,851	1,375	34.6	781	803	(2.7)
Underwriting profit	10,208	8,619	18.4	3,331	2,961	12.5
Gross dividends from investments	3,588	3,084	16.3	2,982	2,650	12.5
Interest income from investments	3,199	3,270	(2.2)	1,541	1,652	(6.7)
Interest on fixed deposits and bank balances	100	53	88.7	59	27	118.5
Amortisation of investments	7	(42)	NM	4	(27)	NM
Miscellaneous income	20	2	NM	20	1	NM
Net fair value (losses)/gains						
financial derivatives - realised	(2,747)	(205)	NM	(219)	788	(127.8)
Net fair value gains/(losses) on financial derivatives - unrealised	1,012	875	15.7	907	(261)	NM
Net gains on disposal of available-for-sale investments	2,801	8,385	(66.6)	449	2,409	(81.4)
Net gains on liquidation of subsidiary	-	2,184	(100.0)	-	2,184	(100.0)
(Less)/Add :						
Management expenses not charged to insurance revenue account:						
Management fees	(476)	(488)	(2.5)	(237)	(244)	(2.9)
Other operating expenses	(321)	(215)	49.3	(148)	(117)	26.5
Exchange differences	(169)	268	(163.1)	(2,600)	(361)	NM
Non-underwriting income	7,014	17,171	(59.2)	2,758	8,701	(68.3)
Profit before tax	17,222	25,790	(33.2)	6,089	11,662	(47.8)
Tax expense	(2,775)	(4,225)	(34.3)	(999)	(1,904)	(47.5)
Profit after tax	14,447	21,565	(33.0)	5,090	9,758	(47.8)
Profit attributable to equity holders of the Company	14,447	21,565	(33.0)	5,090	9,758	(47.8)
(b) Annualised earnings per share :						
Basic and diluted (cents)	46.76	60.83	(23.1)	33.29	53.11	(37.3)

Note : NM = Not Meaningful

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2. Unaudited statement of comprehensive income for the first half/second quarter ended 30 June 2015

	1st Half 2015 \$'000	1st Half 2014 \$'000	Incr/ (Decr) %	2nd Qtr 2015 \$'000	2nd Qtr 2014 \$'000	Incr/ (Decr) %
Net profit	14,447	21,565	(33.0)	5,090	9,758	(47.8)
Other comprehensive income :						
Items that may be reclassified subsequently to profit or loss						
Net gains/(losses) on fair value changes of available-for-sale investments	1,519	6,073	(75.0)	(1,756)	5,332	(132.9)
Income tax relating to available-for-sale investments	(250)	(1,031)	(75.8)	270	(906)	(129.8)
Other comprehensive income for the first half year/2nd Quarter ended 30 June, net of tax	<u>1,269</u>	<u>5,042</u>	(74.8)	<u>(1,486)</u>	<u>4,426</u>	(133.6)
Total comprehensive income attributable to equity holders of the Company	<u><u>15,716</u></u>	<u><u>26,607</u></u>	(40.9)	<u><u>3,604</u></u>	<u><u>14,184</u></u>	(74.6)

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3. Unaudited statement of financial position

	<u>30-Jun-15</u> \$'000	<u>31-Dec-14</u> \$'000
(a) Share capital - Issued and fully paid	91,733	91,733
Reserves	<u>218,458</u>	<u>211,303</u>
	310,191	303,036
Liabilities		
Insurance creditors	19,874	14,678
Non-trade creditors and accrued liabilities	3,674	2,990
Amount owing to related companies	874	2,094
Derivative financial liabilities	199	1,208
Tax payable	8,284	8,617
Deferred tax liabilities	4,795	4,545
Deferred acquisition cost - reinsurers' share	10,486	9,947
Gross technical balances		
- Reserve for unexpired risks	69,367	64,007
- Reserve for outstanding claims	<u>161,409</u>	<u>165,748</u>
	278,962	273,834
Total Equity and Liabilities	<u>589,153</u>	<u>576,870</u>
Assets		
Bank balances and fixed deposits	69,335	60,284
Insurance debtors	21,043	12,074
Non-trade debtors and accrued interest receivables	3,078	2,954
Derivative financial assets	14	11
Associated company	1	1
Available-for-sale investments	345,651	353,423
Fixed assets	343	333
Deferred acquisition cost - gross	9,059	8,320
Reinsurers' share of technical balances		
- Reserve for unexpired risks	42,862	39,697
- Reserve for outstanding claims	<u>97,767</u>	<u>99,773</u>
Total Assets	<u>589,153</u>	<u>576,870</u>
(b) Net asset value per share (S\$)	5.07	4.96
Number of shares issued ('000)	61,155	61,155

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4. 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 2015	91,733	22,880	22,438	165,985	303,036
Profit net of tax	-	-	-	14,447	14,447
Other comprehensive income for the six months ended 30 June	-	-	1,269	-	1,269
Total comprehensive income for the six months ended 30 June	-	-	1,269	14,447	15,716
Dividend for Year 2014	-	-	-	(8,561)	(8,561)
Balance at 30 June 2015	91,733	22,880	23,707	171,871	310,191
Balance at 1 January 2014	91,733	22,880	17,928	146,022	278,563
Profit net of tax	-	-	-	21,565	21,565
Other comprehensive income for the six months ended 30 June	-	-	5,042	-	5,042
Total comprehensive income for the six months ended 30 June	-	-	5,042	21,565	26,607
Dividend for Year 2013	-	-	-	(8,561)	(8,561)
Balance at 30 June 2014	91,733	22,880	22,970	159,026	296,609
Balance at 1 April 2015	91,733	22,880	25,193	175,342	315,148
Profit net of tax	-	-	-	5,090	5,090
Other comprehensive income for the quarter ended 30 June	-	-	(1,486)	-	(1,486)
Total comprehensive income for the quarter ended 30 June	-	-	(1,486)	5,090	3,604
Dividend for Year 2014	-	-	-	(8,561)	(8,561)
Balance at 30 June 2015	91,733	22,880	23,707	171,871	310,191
Balance at 1 April 2014	91,733	22,880	18,544	157,829	290,986
Profit net of tax	-	-	-	9,758	9,758
Other comprehensive income for the quarter ended 30 June	-	-	4,426	-	4,426
Total comprehensive income for the quarter ended 30 June	-	-	4,426	9,758	14,184
Dividend for Year 2013	-	-	-	(8,561)	(8,561)
Balance at 30 June 2014	91,733	22,880	22,970	159,026	296,609

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5. Unaudited statement of cash flows

	1st Half 2015 \$'000	1st Half 2014 \$'000	2nd Qtr 2015 \$'000	2nd Qtr 2014 \$'000
Cash flows from operating activities				
Profit before tax	17,222	25,790	6,089	11,662
Adjustments for:				
Movement in net reserve for unexpired risks	2,195	2,050	975	1,496
Movement in net deferred acquisition costs	(200)	(79)	346	188
Movement in net outstanding claims	(2,333)	129	76	61
Net fair value (gains)/losses on financial derivatives-unrealised	(1,012)	(875)	(907)	261
Depreciation	49	45	24	24
Net gains on disposal of available-for-sale investments	(2,801)	(8,385)	(449)	(2,409)
Net gains on liquidation of subsidiary	-	(2,184)	-	(2,184)
Amortisation of investments	(7)	42	(4)	27
Gross dividends from investments	(3,588)	(3,084)	(2,982)	(2,650)
Interest income from investments	(3,199)	(3,270)	(1,541)	(1,652)
Interest on fixed deposits and bank balances	(100)	(53)	(59)	(27)
Exchange differences	267	(92)	2,512	525
Operating profit before working capital changes	6,493	10,034	4,080	5,322
Changes in working capital:				
Trade and other receivables	(9,093)	(6,525)	(3,869)	(1,330)
Trade and other payables	5,880	4,438	2,129	627
Amount owing to related companies	(1,220)	(8,630)	251	(7,290)
Cash generated from operations	2,060	(683)	2,591	(2,671)
Tax paid	(3,108)	(1,181)	(3,030)	(1,282)
Net cash flow used in operating activities	(1,048)	(1,864)	(439)	(3,953)
Cash flows from investing activities				
Proceeds from sale of available-for-sale investments	109,990	78,382	75,217	39,549
Proceeds from liquidation of subsidiary	-	7,124	-	7,124
Purchase of available-for-sale investments	(98,158)	(78,450)	(77,533)	(33,143)
Purchase of fixed assets	(59)	(30)	(56)	(30)
(Placement in)/proceeds from long-term fixed deposits	(3,034)	(8)	(2,019)	7,896
Unsecured term loan	-	13	-	11
Gross dividends from investments	3,588	3,084	2,982	2,650
Interest income from investments	3,199	3,270	1,541	1,652
Interest on fixed deposits and bank balances	100	53	59	27
Net cash flow from investing activities	15,626	13,438	191	25,736
Cash flow from financing activity				
Dividend paid	(8,561)	(8,561)	(8,561)	(8,561)
Cash flow used in financing activity	(8,561)	(8,561)	(8,561)	(8,561)
Net increase/(decrease) in cash and cash equivalents	6,017	3,013	(8,809)	13,222
Cash and cash equivalents at beginning of period	52,657	43,871	67,483	33,662
Cash and cash equivalents at end of period	58,674	46,884	58,674	46,884

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5. 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 period :

	1st Half <u>2015</u> \$'000	1st Half <u>2014</u> \$'000
Cash and bank balances	18,102	8,671
Fixed deposits placement less than 3 months	<u>40,572</u>	<u>38,213</u>
Cash and cash equivalents	58,674	46,884
Fixed deposits placement more than 3 months	<u>10,661</u>	<u>3,406</u>
	<u><u>69,335</u></u>	<u><u>50,290</u></u>

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6. Segment information

	<u>SIF</u> \$'000	<u>OIF</u> \$'000	<u>SHF</u> \$'000	<u>Total</u> \$'000
<u>For first half year ended 30 June 2015</u>				
Gross premiums written	<u>46,709</u>	<u>13,390</u>	<u>-</u>	<u>60,099</u>
Net earned premiums	16,739	5,216	-	21,955
Net claims incurred	5,208	1,992	-	7,200
Net commissions	(2,611)	1,103	-	(1,508)
Management expenses	<u>5,430</u>	<u>625</u>	<u>-</u>	<u>6,055</u>
Underwriting profit	8,712	1,496	-	10,208
Interest income from investments	1,782	318	1,099	3,199
Interest on fixed deposits and bank balances	51	31	18	100
Other income	2,232	476	1,973	4,681
Management expenses not charged to insurance revenue account	<u>(394)</u>	<u>(149)</u>	<u>(423)</u>	<u>(966)</u>
Profit before tax	<u>12,383</u>	<u>2,172</u>	<u>2,667</u>	<u>17,222</u>
Tax expense	<u>(2,105)</u>	<u>(217)</u>	<u>(453)</u>	<u>(2,775)</u>
Profit after tax	<u>10,278</u>	<u>1,955</u>	<u>2,214</u>	<u>14,447</u>
Segment total assets as at 30 June 2015	353,734	70,066	165,353	589,153
Segment total liabilities as at 30 June 2015	233,809	39,066	6,087	278,962
<u>For first half year ended 30 June 2014</u>				
Gross premiums written	<u>50,200</u>	<u>12,553</u>	<u>-</u>	<u>62,753</u>
Net earned premiums	16,867	5,460	-	22,327
Net claims incurred	6,169	2,100	-	8,269
Net commissions	(1,302)	1,359	-	57
Management expenses	<u>4,846</u>	<u>536</u>	<u>-</u>	<u>5,382</u>
Underwriting profit	7,154	1,465	-	8,619
Interest income from investments	1,840	308	1,122	3,270
Interest on fixed deposits and bank balances	24	16	13	53
Other income	3,767	594	9,922	14,283
Miscellaneous income/(management expenses) not included in insurance revenue account	<u>(359)</u>	<u>(107)</u>	<u>31</u>	<u>(435)</u>
Profit before tax	<u>12,426</u>	<u>2,276</u>	<u>11,088</u>	<u>25,790</u>
Tax expense	<u>(2,112)</u>	<u>(228)</u>	<u>(1,885)</u>	<u>(4,225)</u>
Profit after tax	<u>10,314</u>	<u>2,048</u>	<u>9,203</u>	<u>21,565</u>
Segment total assets as at 30 June 2014	358,086	61,839	160,602	580,527
Segment total liabilities as at 30 June 2014	243,515	33,478	6,925	283,918

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6. Segment information (cont'd)

	<u>SIF</u> \$'000	<u>OIF</u> \$'000	<u>SHF</u> \$'000	<u>Total</u> \$'000
<u>For 3 months ended 30 June 2015</u>				
Gross premiums written	23,203	7,557	-	30,760
Net earned premiums	8,011	2,074	-	10,085
Net claims incurred	3,155	1,191	-	4,346
Net commissions	(809)	299	-	(510)
Management expenses	2,590	328	-	2,918
Underwriting profit	3,075	256	-	3,331
Interest income from investments	864	154	523	1,541
Interest on fixed deposits and bank balances	30	17	12	59
Other income	2,183	376	1,584	4,143
Management expenses not charged to insurance revenue account	(1,591)	(298)	(1,096)	(2,985)
Profit before tax	4,561	505	1,023	6,089
Tax expense	(775)	(50)	(174)	(999)
Profit after tax	3,786	455	849	5,090
Segment total assets as at 30 June 2015	353,734	70,066	165,353	589,153
Segment total liabilities as at 30 June 2015	233,809	39,066	6,087	278,962
<u>For 3 months ended 30 June 2014</u>				
Gross premiums written	24,870	7,154	-	32,024
Net earned premiums	8,414	2,165	-	10,579
Net claims incurred	4,010	787	-	4,797
Net commissions	(521)	490	-	(31)
Management expenses	2,578	274	-	2,852
Underwriting profit	2,347	614	-	2,961
Interest income from investments	926	157	569	1,652
Interest on fixed deposits and bank balances	12	9	6	27
Other income	2,608	406	4,730	7,744
Management expenses not charged to insurance revenue account	(494)	(75)	(153)	(722)
Profit before tax	5,399	1,111	5,152	11,662
Tax expense	(917)	(111)	(876)	(1,904)
Profit after tax	4,482	1,000	4,276	9,758
Segment total assets as at 30 June 2014	358,086	61,839	160,602	580,527
Segment total liabilities as at 30 June 2014	243,515	33,478	6,925	283,918

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6. Segment information (cont'd)

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

Information about major external customer

For the first half/second quarter ended 30 June 2015 and the preceding period, the Company did not have any external customer whose premium income exceeded 10% of the Company's total revenue.

Geographical information

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

	<u>Revenue for</u>		<u>Non-current assets as at</u>	
	<u>1st Half</u> <u>2015</u> \$'000	<u>1st Half</u> <u>2014</u> \$'000	<u>1st Half</u> <u>2015</u> \$'000	<u>1st Half</u> <u>2014</u> \$'000
Singapore	40,618	44,012	343	241
Asean	10,516	8,719	-	-
Others	2,141	2,582	-	-
	<u>53,275</u>	<u>55,313</u>	<u>343</u>	<u>241</u>

	<u>Revenue for</u>		<u>Non-current assets as at</u>	
	<u>2nd Qtr</u> <u>2015</u> \$'000	<u>2nd Qtr</u> <u>2014</u> \$'000	<u>2nd Qtr</u> <u>2015</u> \$'000	<u>2nd Qtr</u> <u>2014</u> \$'000
Singapore	18,922	20,317	343	241
Asean	6,555	5,549	-	-
Others	563	813	-	-
	<u>26,040</u>	<u>26,679</u>	<u>343</u>	<u>241</u>

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

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7. Review of performance

Highlights and Performance Indicators

\$'000	1st Half 2015	1st Half 2014	1H15/ 1H14 %	2nd Quarter 2015	2nd Quarter 2014	2Q15/ 2Q14 %
Gross premiums written	60,099	62,753	- 4.2	30,760	32,024	- 3.9
Underwriting profit	10,208	8,619	+18.4	3,331	2,961	+12.5
Non-underwriting income	7,014	17,171	- 59.2	2,758	8,701	- 68.3
Profit before tax	17,222	25,790	- 33.2	6,089	11,662	- 47.8

Gross premiums decreased by \$2.7 million or 4.2% to \$60.1 million due mainly to portfolio pruning by management. Consequently, net earned premiums decreased by \$0.4 million or 1.7% as compared with the same period of last year. Due to improvement in the quality of risks underwritten, net claims incurred decreased by \$1.1 million or 12.9%. With better underwriting results, net commission income increased by \$1.6 million. Management expenses increased by \$0.7 million to \$6.1million.

Underwriting profit increased by 18.4% to \$10.2 million due mainly to lower net claims incurred and higher net commission income.

Non-underwriting income decreased to \$7.0 million from \$17.2 million when compared against the corresponding period last year due largely to one-time investment gains in 1H14 and lower gains from the sales of investments in the current period. Consequently, profit before tax was lower by \$8.6 million or 33.2% as compared with the same period last year.

2nd Quarter 2015 ("2Q15") versus 2nd Quarter 2014 ("2Q14")

The Company's gross premiums decreased by \$1.3 million or 3.9% to \$30.8 million. Net earned premiums decreased by \$0.5 million or 4.7% in 2Q15 as compared to 2Q14. Net claims incurred decreased by \$0.5 million or 9.4%. Net commission income increased by \$0.5 million. Consequently, underwriting profit in 2Q15 increased by \$0.4 million.

The Company recorded a lower non-underwriting income of \$2.8 million in 2Q15 due mainly to one-time investment gains in 2Q14 and lower gains from the sales of investments in the current quarter.

Profit before tax decreased by \$5.6 million due to lower gains from non-underwriting income.

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

The projected slowing down of the national economy will affect premium growth although the impact on underwriting profitability will unlikely be significant given the underlying resilience in the Company's portfolio.

The level of investment income will likely remain depressed given the continued volatility in an unstable global environment.

9. 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 2015 are the same as those adopted in the preceding year.

10. 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 (2014 interim dividend : 3 cents per share - one-tier tax-exempt). The total interim dividend would amount to \$1.83 million. The dividend will be paid on 25 August 2015.

11. Closure of books

Notice is hereby given that the Share Transfer Books and the Register of Members of the Company will be closed from 18 August 2015 to 19 August 2015, 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 17 August 2015 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.

12. Borrowings, contingent liabilities and loan capital

The Company has maintained strong liquidity for its business operations and has no borrowings, contingent liabilities and loan capital as at 30 June 2015 (30 June 2014: nil).

13. Interested person transactions

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

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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 financial results for the first half/second quarter ended 30 June 2015 to be false or misleading.

BY ORDER OF THE BOARD

MRS VIVIEN CHAN
SECRETARY

Dated this 28 July 2015