

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 nine months/third quarter ended 30 September 2015

	9 Months	9 Months	Incr/	3rd Qtr	3rd Qtr	Incr/
	<u>2015</u>	<u>2014</u>	(Decr)	<u>2015</u>	<u>2014</u>	(Decr)
	\$'000	\$'000	%	\$'000	\$'000	%
(a) Gross premiums written	<u>84,060</u>	<u>85,468</u>	(1.6)	<u>23,961</u>	<u>22,715</u>	5.5
Net earned premiums	33,267	32,973	0.9	11,312	10,646	6.3
Less/(Add) :						
Net claims incurred	12,596	13,121	(4.0)	5,396	4,852	11.2
Net commissions	(1,498)	62	NM	10	5	100.0
Management expenses :						
Staff cost	5,269	5,082	3.7	1,852	1,767	4.8
Rental expenses	938	938	-	313	313	-
Depreciation	75	72	4.2	26	27	(3.7)
Foreign exchange loss	217	21	NM	104	(1)	NM
Other operating expenses	<u>2,632</u>	<u>1,422</u>	85.1	<u>781</u>	<u>47</u>	NM
Underwriting profit	<u>13,038</u>	<u>12,255</u>	6.4	<u>2,830</u>	<u>3,636</u>	(22.2)
Gross dividends from investments	5,082	4,611	10.2	1,494	1,527	(2.2)
Interest income from investments	4,880	4,971	(1.8)	1,681	1,701	(1.2)
Interest on fixed deposits and bank balances	158	78	102.6	58	25	132.0
Amortisation of investments	32	(65)	NM	25	(23)	NM
Miscellaneous income	21	75	(72.0)	1	73	(98.6)
Net fair value losses financial derivatives - realised	(3,847)	(298)	NM	(1,100)	(93)	NM
Net fair value gains/(losses) on financial derivatives - unrealised	384	(125)	NM	(628)	(1,000)	(37.2)
Net gains/(losses) on disposal of available-for-sale investments	2,046	8,973	(77.2)	(755)	588	(228.4)
Net gains on liquidation of subsidiary	-	2,184	(100.0)	-	-	-
(Less)/Add :						
Management expenses not charged to insurance revenue account:						
Management fees	(702)	(727)	(3.4)	(226)	(239)	(5.4)
Other operating expenses	(427)	(330)	29.4	(106)	(115)	(7.8)
Exchange differences	<u>2,668</u>	<u>1,325</u>	101.4	<u>2,837</u>	<u>1,057</u>	168.4
Non-underwriting income	<u>10,295</u>	<u>20,672</u>	(50.2)	<u>3,281</u>	<u>3,501</u>	(6.3)
Profit before tax	23,333	32,927	(29.1)	6,111	7,137	(14.4)
Tax expense	(3,825)	(5,351)	(28.5)	(1,050)	(1,126)	(6.7)
Profit after tax	<u>19,508</u>	<u>27,576</u>	(29.3)	<u>5,061</u>	<u>6,011</u>	(15.8)
Profit attributable to equity holders of the Company	<u>19,508</u>	<u>27,576</u>	(29.3)	<u>5,061</u>	<u>6,011</u>	(15.8)
(b) Annualised earnings per share :						
Basic and diluted (cents)	<u>42.37</u>	<u>56.89</u>	(25.5)	<u>33.10</u>	<u>39.32</u>	(15.8)

Note : NM = Not Meaningful

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2. Unaudited statement of comprehensive income for the nine months/third quarter ended 30 September 2015

	9 Months 2015 \$'000	9 Months <u>2014</u> \$'000	Incr/ (Decr) %	3rd Qtr 2015 \$'000	3rd Qtr <u>2014</u> \$'000	Incr/ (Decr) %
Net profit	19,508	27,576	(29.3)	5,061	6,011	(15.8)
Other comprehensive income :						
Items that may be reclassified subsequently to profit or loss						
Net (losses)/gains on fair value changes of available-for-sale investments	(17,876)	840	NM	(19,395)	(5,233)	270.6
Income tax relating to available-for-sale investments	3,056	(140)	NM	3,306	891	271.0
Other comprehensive income for the nine months /3rd Quarter ended 30 September, net of tax	<u>(14,820)</u>	<u>700</u>	NM	<u>(16,089)</u>	<u>(4,342)</u>	270.5
Total comprehensive income attributable to equity holders of the Company	<u><u>4,688</u></u>	<u><u>28,276</u></u>	(83.4)	<u><u>(11,028)</u></u>	<u><u>1,669</u></u>	NM

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3. Unaudited statement of financial position

	<u>30-Sep-15</u> \$'000	<u>31-Dec-14</u> \$'000
(a) Share capital - issued and fully paid	91,733	91,733
Reserves	<u>205,595</u>	<u>211,303</u>
	297,328	303,036
Liabilities		
Insurance creditors	20,671	14,678
Non-trade creditors and accrued liabilities	3,931	2,990
Amount owing to related companies	875	2,094
Derivative financial liabilities	813	1,208
Tax payable	6,139	8,617
Deferred tax liabilities	1,489	4,545
Deferred acquisition cost - reinsurers' share	9,941	9,947
Gross technical balances		
- Reserve for unexpired risks	66,525	64,007
- Reserve for outstanding claims	<u>145,175</u>	<u>165,748</u>
	255,559	273,834
Total Equity and Liabilities	<u>552,887</u>	<u>576,870</u>
Assets		
Bank balances and fixed deposits	50,579	60,284
Insurance debtors	18,997	12,074
Non-trade debtors and accrued interest receivables	3,080	2,954
Derivative financial assets	-	11
Associated company	1	1
Available-for-sale investments	349,295	353,423
Fixed assets	328	333
Deferred acquisition cost - gross	8,909	8,320
Reinsurers' share of technical balances		
- Reserve for unexpired risks	40,708	39,697
- Reserve for outstanding claims	<u>80,990</u>	<u>99,773</u>
Total Assets	<u>552,887</u>	<u>576,870</u>
(b) Net asset value per share (S\$)	4.86	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	-	-	-	19,508	19,508
Other comprehensive income for the nine months ended 30 September	-	-	(14,820)	-	(14,820)
Total comprehensive income for the nine months ended 30 September	-	-	(14,820)	19,508	4,688
Dividend for Year 2014	-	-	-	(8,561)	(8,561)
Dividend for Year 2015	-	-	-	(1,835)	(1,835)
Balance at 30 September 2015	91,733	22,880	7,618	175,097	297,328
Balance at 1 January 2014	91,733	22,880	17,928	146,022	278,563
Profit net of tax	-	-	-	27,576	27,576
Other comprehensive income for the nine months ended 30 September	-	-	700	-	700
Total comprehensive income for the nine months ended 30 September	-	-	700	27,576	28,276
Dividend for Year 2013	-	-	-	(8,561)	(8,561)
Dividend for Year 2014	-	-	-	(1,835)	(1,835)
Balance at 30 September 2014	91,733	22,880	18,628	163,202	296,443
Balance at 1 July 2015	91,733	22,880	23,707	171,871	310,191
Profit net of tax	-	-	-	5,061	5,061
Other comprehensive income for the quarter ended 30 September	-	-	(16,089)	-	(16,089)
Total comprehensive income for the quarter ended 30 September	-	-	(16,089)	5,061	(11,028)
Dividend for Year 2015	-	-	-	(1,835)	(1,835)
Balance at 30 September 2015	91,733	22,880	7,618	175,097	297,328
Balance at 1 July 2014	91,733	22,880	22,970	159,026	296,609
Profit net of tax	-	-	-	6,011	6,011
Other comprehensive income for the quarter ended 30 September	-	-	(4,342)	-	(4,342)
Total comprehensive income for the quarter ended 30 September	-	-	(4,342)	6,011	1,669
Dividend for Year 2014	-	-	-	(1,835)	(1,835)
Balance at 30 September 2014	91,733	22,880	18,628	163,202	296,443

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5. Unaudited statement of cash flows

	9 Months 2015 \$'000	9 Months 2014 \$'000	3rd Qtr 2015 \$'000	3rd Qtr 2014 \$'000
Cash flows from operating activities				
Profit before tax	23,333	32,927	6,111	7,137
Adjustments for:				
Movement in net reserve for unexpired risks	1,507	1,004	(688)	(1,046)
Movement in net deferred acquisition costs	(595)	(137)	(395)	(58)
Movement in net outstanding claims	(1,790)	(3)	543	(132)
Net fair value (gains)/losses on financial derivatives-unrealised	(384)	125	628	1,000
Depreciation	75	72	26	27
Net (gains)/losses on disposal of available-for-sale investments	(2,046)	(8,973)	755	(588)
Net gains on liquidation of subsidiary	-	(2,184)	-	-
Amortisation of investments	(32)	65	(25)	23
Gross dividends from investments	(5,082)	(4,611)	(1,494)	(1,527)
Interest income from investments	(4,880)	(4,971)	(1,681)	(1,701)
Interest on fixed deposits and bank balances	(158)	(78)	(58)	(25)
Exchange differences	(2,682)	(1,156)	(2,949)	(1,064)
Operating profit before working capital changes	7,266	12,080	773	2,046
Changes in working capital:				
Trade and other receivables	(7,049)	(7,465)	2,044	(940)
Trade and other payables	6,934	4,934	1,054	496
Amount owing to related companies	(1,219)	(9,136)	1	(506)
Cash generated from operations	5,932	413	3,872	1,096
Tax paid	(6,303)	(2,542)	(3,195)	(1,361)
Net cash flow (used in)/from operating activities	(371)	(2,129)	677	(265)
Cash flows from investing activities				
Proceeds from sale of available-for-sale investments	117,688	93,826	7,698	15,444
Proceeds from liquidation of subsidiary	-	7,124	-	-
Purchase of available-for-sale investments	(126,676)	(88,520)	(28,518)	(10,070)
Purchase of fixed assets	(70)	(126)	(11)	(96)
Proceeds from/(placement in) long-term fixed deposits	3,194	(517)	6,228	(509)
Unsecured term loan	-	13	-	-
Gross dividends from investments	5,082	4,611	1,494	1,527
Interest income from investments	4,880	4,971	1,681	1,701
Interest on fixed deposits and bank balances	158	78	58	25
Net cash flow from/(used in) investing activities	4,256	21,460	(11,370)	8,022
Cash flow from financing activity				
Dividend paid	(10,396)	(10,396)	(1,835)	(1,835)
Cash flow used in financing activity	(10,396)	(10,396)	(1,835)	(1,835)
Net (decrease)/increase in cash and cash equivalents	(6,511)	8,935	(12,528)	5,922
Cash and cash equivalents at beginning of period	52,657	43,871	58,674	46,884
Cash and cash equivalents at end of period	46,146	52,806	46,146	52,806

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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 :

	9 Months <u>2015</u> \$'000	9 Months <u>2014</u> \$'000
Cash and bank balances	10,244	12,338
Fixed deposits placement less than 3 months	<u>35,902</u>	<u>40,468</u>
Cash and cash equivalents	<u>46,146</u>	<u>52,806</u>
Fixed deposits placement more than 3 months	<u>4,433</u>	<u>3,915</u>
	<u><u>50,579</u></u>	<u><u>56,721</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 nine months ended 30 September 2015</u>				
Gross premiums written	66,505	17,555	-	84,060
Net earned premiums	25,445	7,822	-	33,267
Net claims incurred	8,887	3,709	-	12,596
Net commissions	(3,179)	1,681	-	(1,498)
Management expenses	7,831	1,300	-	9,131
Underwriting profit	11,906	1,132	-	13,038
Interest income from investments	2,726	492	1,662	4,880
Interest on fixed deposits and bank balances	75	50	33	158
Other income	1,427	294	1,997	3,718
Miscellaneous income not included in insurance revenue account	1,206	46	287	1,539
Profit before tax	17,340	2,014	3,979	23,333
Tax expense	(2,948)	(201)	(676)	(3,825)
Profit after tax	14,392	1,813	3,303	19,508
Segment total assets as at 30 September 2015	327,503	68,571	156,813	552,887
Segment total liabilities as at 30 September 2015	212,426	38,962	4,171	255,559
<u>For nine months ended 30 September 2014</u>				
Gross premiums written	69,831	15,637	-	85,468
Net earned premiums	25,359	7,614	-	32,973
Net claims incurred	10,645	2,476	-	13,121
Net commissions	(1,504)	1,566	-	62
Management expenses	6,459	1,076	-	7,535
Underwriting profit	9,759	2,496	-	12,255
Interest income from investments	2,790	470	1,711	4,971
Interest on fixed deposits and bank balances	38	24	16	78
Other income	4,221	547	10,587	15,355
Miscellaneous income/(management expenses) not included in insurance revenue account	77	(33)	224	268
Profit before tax	16,885	3,504	12,538	32,927
Tax expense	(2,870)	(350)	(2,131)	(5,351)
Profit after tax	14,015	3,154	10,407	27,576
Segment total assets as at 30 September 2014	357,473	65,743	161,088	584,304
Segment total liabilities as at 30 September 2014	243,954	36,622	7,285	287,861

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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 September 2015</u>				
Gross premiums written	19,796	4,165	-	23,961
Net earned premiums	8,706	2,606	-	11,312
Net claims incurred	3,679	1,717	-	5,396
Net commissions	(568)	578	-	10
Management expenses	2,401	675	-	3,076
Underwriting profit	3,194	(364)	-	2,830
Interest income from investments	944	174	563	1,681
Interest on fixed deposits and bank balances	24	19	15	58
Other income	(805)	(182)	24	(963)
Miscellaneous income not included in insurance revenue account	1,600	195	710	2,505
Profit before tax	4,957	(158)	1,312	6,111
Tax expense	(843)	16	(223)	(1,050)
Profit after tax	4,114	(142)	1,089	5,061
Segment total assets as at 30 September 2015	327,503	68,571	156,813	552,887
Segment total liabilities as at 30 September 2015	212,426	38,962	4,171	255,559
<u>For 3 months ended 30 September 2014</u>				
Gross premiums written	19,631	3,084	-	22,715
Net earned premiums	8,492	2,154	-	10,646
Net claims incurred	4,476	376	-	4,852
Net commissions	(202)	207	-	5
Management expenses	1,613	540	-	2,153
Underwriting profit	2,605	1,031	-	3,636
Interest income from investments	950	162	589	1,701
Interest on fixed deposits and bank balances	14	8	3	25
Other income	454	(47)	665	1,072
Miscellaneous income not included in insurance revenue account	436	74	193	703
Profit before tax	4,459	1,228	1,450	7,137
Tax expense	(758)	(122)	(246)	(1,126)
Profit after tax	3,701	1,106	1,204	6,011
Segment total assets as at 30 September 2014	357,473	65,743	161,088	584,304
Segment total liabilities as at 30 September 2014	243,954	36,622	7,285	287,861

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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 nine months/third quarter ended 30 September 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>9 Months</u> <u>2015</u> \$'000	9 Months <u>2014</u> \$'000	<u>9 Months</u> <u>2015</u> \$'000	9 Months <u>2014</u> \$'000
Singapore	59,762	63,006	328	310
Asean	13,135	11,432	-	-
Others	3,365	3,390	-	-
	<u>76,262</u>	<u>77,828</u>	<u>328</u>	<u>310</u>

	<u>Revenue for</u>		<u>Non-current assets as at</u>	
	<u>3rd Qtr</u> <u>2015</u> \$'000	3rd Qtr <u>2014</u> \$'000	<u>3rd Qtr</u> <u>2015</u> \$'000	3rd Qtr <u>2014</u> \$'000
Singapore	19,144	18,994	328	310
Asean	2,619	2,713	-	-
Others	1,224	808	-	-
	<u>22,987</u>	<u>22,515</u>	<u>328</u>	<u>310</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	9 Months 2015	9 Months 2014	9M15/ 9M14 %	3rd Quarter 2015	3rd Quarter 2014	3Q15/ 3Q14 %
Gross premiums written	84,060	85,468	- 1.6	23,961	22,715	+ 5.5
Underwriting profit	13,038	12,255	+ 6.4	2,830	3,636	- 22.2
Non-underwriting income	10,295	20,672	- 50.2	3,281	3,501	- 6.3
Profit before tax	23,333	32,927	- 29.1	6,111	7,137	- 14.4

Gross premiums decreased by \$1.4 million or 1.6% to \$84.1 million due mainly to portfolio pruning by management. Net earned premiums increased by \$0.3 million or 0.9% as compared with the same period of last year. Net claims incurred decreased by \$0.5 million or 4.0%. With better underwriting results, net commission income increased by \$1.6 million. Management expenses increased by \$1.6 million to \$9.1 million due mainly to costs associated with new business initiatives.

Underwriting profit increased by 6.4% to \$13.0 million due mainly to lower net claims incurred and higher net commission income.

Non-underwriting income decreased to \$10.3 million from \$20.7 million when compared against the corresponding period last year due largely to one-time investment gains in 1H14, lower gains from the sales of investments and fair value losses on financial derivatives. Consequently, profit before tax was lower by \$9.6 million or 29.1% to \$23.3 million as compared with the same period last year.

3rd Quarter 2015 ("3Q15") versus 3rd Quarter 2014 ("3Q14")

The Company's gross premiums increased by \$1.2 million or 5.5% to \$24.0 million. Net earned premiums increased by \$0.7 million or 6.3% in 3Q15 as compared to 3Q14. Net claims incurred increased by \$0.5 million or 11.2%. Underwriting profit in 3Q15 showed a decrease by \$0.8 million.

The Company recorded a lower non-underwriting income of \$3.3 million in 3Q15 as compared against \$3.5 million in the corresponding period last year due mainly to both losses from the sales of investments and fair value losses on financial derivatives in the current quarter.

Profit before tax decreased by \$1.0 million due to lower profits from both underwriting and non-underwriting income.

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

The expected slowdown in the Singapore and regional economies will likely affect growth in the insurance sector. However, given the Company's broad based portfolio of proven quality, it should be able to sustain underwriting profitability at a consistent level.

Global equity markets have been very volatile in recent months. Investment income of the Company will likely remain depressed given the continued global uncertainties.

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 nine months ended 30 September of 2015 are the same as those adopted in the preceding year.

10. Dividend

No dividend has been declared for the third quarter ended 30 September 2015.

11. 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 September 2015 (30 September 2014: nil).

12. Interested person transactions

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

13. 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 nine months ended 30 September 2015 to be false or misleading.

BY ORDER OF THE BOARD

MRS VIVIEN CHAN
SECRETARY

Dated this 23 October 2015