

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 2013

	Group					
	1st Half 2013	1st Half 2012 (Restated)*	Incr/ (Decr)	2nd Qtr 2013	2nd Qtr 2012 (Restated)*	Incr/ (Decr)
	\$'000	\$'000	%	\$'000	\$'000	%
(a) Gross premium written	63,648	63,171	0.8	33,137	33,958	(2.4)
Net earned premium	22,084	24,097	(8.4)	10,249	13,349	(23.2)
Less/(Add) :						
Net claims incurred	9,962	8,777	13.5	5,459	5,538	(1.4)
Net commissions	(1,296)	(1,640)	(21.0)	(562)	(926)	(39.3)
Management expenses :						
Staff cost	3,119	3,002	3.9	1,586	1,514	4.8
Rental expenses	584	404	44.6	292	202	44.6
Depreciation	53	66	(19.7)	25	33	(24.2)
Foreign exchange loss	44	38	15.8	35	34	2.9
Other operating expenses	1,346	1,189	13.2	651	567	14.8
Underwriting profit	8,272	12,261	(32.5)	2,763	6,387	(56.7)
Gross dividends from investments	2,922	2,569	13.7	2,727	2,268	20.2
Interest income from investments	3,187	2,690	18.5	1,585	1,413	12.2
Interest on fixed deposits and bank balances	43	41	4.9	22	21	4.8
Amortisation of Investments	13	12	8.3	8	10	(20.0)
Miscellaneous income	23	10	130.0	20	1	NM
Net fair value (losses)/gains on financial derivatives - realised	(372)	(176)	111.4	122	(1,184)	(110.3)
Net fair value (losses)/gains on financial derivatives - unrealised	(922)	863	(206.8)	(783)	701	(211.7)
Net gains on disposal of available-for-sale investments	3,282	3,728	(12.0)	1,239	2,396	(48.3)
(Less)/Add :						
Management expenses not charged to insurance revenue account:						
Management fees	(469)	(359)	30.6	(235)	(186)	26.3
Other operating expenses	(201)	(177)	13.6	(100)	(109)	(8.3)
Exchange gains/(losses)	1,841	(704)	(361.5)	799	399	100.3
Non-underwriting income	9,347	8,497	10.0	5,404	5,730	(5.7)
Profit before tax	17,619	20,758	(15.1)	8,167	12,117	(32.6)
Tax expense	(2,818)	(3,370)	(16.4)	(1,324)	(1,930)	(31.4)
Profit from continuing operations, net of tax	14,801	17,388	(14.9)	6,843	10,187	(32.8)
(Loss)/profit from discontinued operation, net of tax	(91)	18	NM	(25)	(143)	(82.5)
Profit attributable to:						
Equity holders of the Company	14,710	17,406	(15.5)	6,818	10,044	(32.1)

Note : NM = Not Meaningful

* 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 half/second quarter ended 30 June 2013 (continued)

	Group					
	1st Half 2013	1st Half 2012 (Restated)*	Incr/ (Decr) %	2nd Qtr 2013	2nd Qtr 2012 (Restated)*	Incr/ (Decr) %
(b) Annualised earnings per share from continuing operations: Basic and diluted (cents)	48.4	56.9	(14.9)	44.8	66.6	(32.7)
(c) Annualised earnings per share : Basic and diluted (cents)	48.1	56.9	(15.5)	44.6	65.7	(32.1)

2. Unaudited statement of comprehensive income for the first half/second quarter ended 30 June 2013

	Group					
	1st Half 2013	1st Half 2012 (Restated)*	Incr/ (Decr) %	2nd Qtr 2013	2nd Qtr 2012 (Restated)*	Incr/ (Decr) %
	\$'000	\$'000	%	\$'000	\$'000	%
Net profit	14,710	17,406	(15.5)	6,818	10,044	(32.1)
Other comprehensive income :						
Foreign currency translation difference	235	(156)	(250.6)	128	87	47.1
Net (losses)/gains on available-for-sale investments	(9,519)	4,004	(337.7)	(16,221)	(9,708)	67.1
Income tax relating to available-for-sale investments	1,619	(677)	(339.1)	2,759	1,653	66.9
Other comprehensive income for the first half year/2nd Quarter ended 30 June, net of tax	<u>(7,665)</u>	<u>3,171</u>	(341.7)	<u>(13,334)</u>	<u>(7,968)</u>	67.3
Total comprehensive income for the first half/2nd Quarter ended 30 June	<u>7,045</u>	<u>20,577</u>	(65.8)	<u>(6,516)</u>	<u>2,076</u>	(413.9)
Attributable to:						
Total comprehensive income from continuing operations, net of tax	6,901	20,715	(66.7)	(6,619)	2,132	(410.5)
Total comprehensive income from discontinued operation, net of tax	144	(138)	(204.3)	103	(56)	(283.9)
Total comprehensive income attributable to Equity holders of the Company	<u>7,045</u>	<u>20,577</u>	(65.8)	<u>(6,516)</u>	<u>2,076</u>	(413.9)

* 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

	Group		Company	
	30-Jun-13	31-Dec-12	30-Jun-13	31-Dec-12
	\$'000	\$'000	\$'000	\$'000
(a) Share capital - Issued & fully paid	91,733	91,733	91,733	91,733
Reserves	168,971	170,487	166,590	168,250
	260,704	262,220	258,323	259,983
Liabilities				
Insurance creditors	24,820	12,981	24,820	12,981
Non-trade creditors & accrued liabilities	3,871	2,893	3,871	2,893
Amount owing to related companies	730	1,088	7,851	1,088
Derivative financial liabilities	888	-	888	-
Tax payable	8,995	9,647	8,995	9,647
Deferred tax liabilities	1,952	3,571	1,952	3,571
Deferred acquisition cost - reinsurances' share	10,496	9,043	10,496	9,043
Gross technical balances				
- Reserve for unexpired risks	71,390	60,521	71,390	60,521
- Reserve for outstanding claims	142,807	140,003	142,807	140,003
	265,949	239,747	273,070	239,747
Liabilities of discontinued operation	-	1,830	-	-
	526,653	503,797	531,393	499,730
Assets				
Bank balances and fixed deposits	39,723	35,611	39,723	35,611
Insurance debtor	20,500	11,194	20,500	11,194
Non-trade debtors and accrued interest receivable	2,591	3,389	2,591	3,389
Amount owing by related companies	-	-	-	49
Derivative financial assets	12	46	12	46
Associated company	1	1	1	1
Available-for-sale investments	330,161	321,271	330,161	321,271
Unsecured term loan	13	13	13	13
Fixed assets	249	299	249	299
Deferred acquisition cost - gross	8,556	7,260	8,556	7,260
Reinsurers' share of technical balances				
- Reserve for unexpired risks	43,791	35,764	43,791	35,764
- Reserve for outstanding claims	80,856	79,893	80,856	79,893
	526,453	494,741	526,453	494,790
Investment in subsidiary	-	-	4,940	4,940
Assets of discontinued operation	200	9,056	-	-
	526,653	503,797	531,393	499,730
(b) Net asset value per share (S\$)	4.26	4.29	4.22	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	-	-	-	-	14,710	-	14,710
Other comprehensive income for the six months ended 30 June	-	-	(7,900)	-	-	235	(7,665)
Total comprehensive income for the six months ended 30 June	-	-	(7,900)	-	14,710	235	7,045
Dividend for Year 2012	-	-	-	-	(8,561)	-	(8,561)
Balance at 30 June 2013	91,733	22,880	8,537	-	139,088	(1,534)	260,704
Balance at 1 January 2012	91,733	22,880	2,784	(1,329)	112,943	-	229,011
Profit net of tax	-	-	-	-	17,406	-	17,406
Other comprehensive income for the six months ended 30 June	-	-	3,327	(156)	-	-	3,171
Total comprehensive income for the six months ended 30 June	-	-	3,327	(156)	17,406	-	20,577
Dividend for Year 2011	-	-	-	-	(7,339)	-	(7,339)
Balance at 30 June 2012	91,733	22,880	6,111	(1,485)	123,010	-	242,249
Balance at 1 April 2013	91,733	22,880	21,999	-	140,831	(1,662)	275,781
Profit net of tax	-	-	-	-	6,818	-	6,818
Other comprehensive income for the quarter ended 30 June	-	-	(13,462)	-	-	128	(13,334)
Total comprehensive income for the quarter ended 30 June	-	-	(13,462)	-	6,818	128	(6,516)
Dividend for Year 2012	-	-	-	-	(8,561)	-	(8,561)
Balance at 30 June 2013	91,733	22,880	8,537	-	139,088	(1,534)	260,704
Balance at 1 April 2012	91,733	22,880	14,166	(1,572)	120,305	-	247,512
Profit net of tax	-	-	-	-	10,044	-	10,044
Other comprehensive income for the quarter ended 30 June	-	-	(8,055)	87	-	-	(7,968)
Total comprehensive income for the quarter ended 30 June	-	-	(8,055)	87	10,044	-	2,076
Dividend for Year 2011	-	-	-	-	(7,339)	-	(7,339)
Balance at 30 June 2012	91,733	22,880	6,111	(1,485)	123,010	-	242,249

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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	-	-	-	14,801	14,801
Other comprehensive income for the six months ended 30 June	-	-	(7,900)	-	(7,900)
Total comprehensive income for the six months ended 30 June	-	-	(7,900)	14,801	6,901
Dividend for Year 2012	-	-	-	(8,561)	(8,561)
Balance at 30 June 2013	91,733	22,880	8,537	135,173	258,323
Balance at 1 January 2012	91,733	22,880	2,784	108,983	226,380
Profit net of tax	-	-	-	17,388	17,388
Other comprehensive income for the six months ended 30 June	-	-	3,327	-	3,327
Total comprehensive income for the six months ended 30 June	-	-	3,327	17,388	20,715
Dividend for Year 2011	-	-	-	(7,339)	(7,339)
Balance at 30 June 2012	91,733	22,880	6,111	119,032	239,756
Balance at 1 April 2013	91,733	22,880	21,999	136,891	273,503
Profit net of tax	-	-	-	6,843	6,843
Other comprehensive income for the quarter ended 30 June	-	-	(13,462)	-	(13,462)
Total comprehensive income for the quarter ended 30 June	-	-	(13,462)	6,843	(6,619)
Dividend for Year 2012	-	-	-	(8,561)	(8,561)
Balance at 30 June 2013	91,733	22,880	8,537	135,173	258,323
Balance at 1 April 2012	91,733	22,880	14,166	116,184	244,963
Profit net of tax	-	-	-	10,187	10,187
Other comprehensive income for the quarter ended 30 June	-	-	(8,055)	-	(8,055)
Total comprehensive income for the quarter ended 30 June	-	-	(8,055)	10,187	2,132
Dividend for Year 2011	-	-	-	(7,339)	(7,339)
Balance at 30 June 2012	91,733	22,880	6,111	119,032	239,756

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6. Unaudited statement of cash flows

	Group			
	1st Half 2013	1st Half 2012	2nd Qtr 2013	2nd Qtr 2012
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before tax from continuing operations	17,619	20,758	8,167	12,117
(Loss)/profit before tax from discontinued operation	(91)	22	(25)	(171)
	17,528	20,780	8,142	11,946
Adjustments for:				
Foreign currency difference on reserve for unexpired risks (net of deferred acquisition cost)	-	(1)	-	1
Foreign currency difference on provision for outstanding claims	-	(2)	-	1
Movement in net reserve for unexpired risks	2,730	775	1,761	(684)
Movement in net deferred acquisition costs	157	-	458	-
Movement in net outstanding claims	1,748	1,914	879	2,121
Net fair value gains on financial derivatives - unrealised	922	(863)	783	(701)
Depreciation	53	66	25	33
Net gains on available-for-sale investments	(3,282)	(3,728)	(1,239)	(2,396)
Amortisation of Investments	(13)	(12)	(8)	(10)
Gross dividends from investments	(2,922)	(2,569)	(2,727)	(2,268)
Interest income from investments	(3,187)	(2,690)	(1,585)	(1,413)
Interest on fixed deposits and bank balances	(43)	(41)	(22)	(21)
Exchange differences	(1,885)	828	(716)	(523)
Operating profit before working capital change	11,806	14,457	5,751	6,086
Changes in working capital:				
Trade and other receivables	(8,631)	(10,996)	(3,067)	(5,574)
Trade and other payables	12,374	12,782	7,881	6,716
Amount owing to related companies	(358)	(477)	213	(173)
Cash generated from operations	15,191	15,766	10,778	7,055
Tax paid	(3,470)	(650)	(3,466)	(517)
Net cash flows from operating activities	11,721	15,116	7,312	6,538
Cash flows from investing activities				
Proceeds from sale of available-for-sale investments	51,773	80,192	26,050	53,024
Purchase of available-for-sale investments	(65,002)	(68,718)	(43,708)	(38,565)
Purchase of fixed assets	(3)	(17)	(3)	(17)
Maturity of/(placement in) long-term fixed deposits	4,998	(207)	487	(1,014)
Gross dividends from investments	2,922	2,569	2,727	2,268
Interest income from investments	3,187	2,690	1,585	1,413
Interest on fixed deposits and bank balances	43	41	22	21
Net cash flows (used in)/from investing activities	(2,082)	16,550	(12,840)	17,130
Cash flow from financing activity				
Dividend paid	(8,561)	(7,339)	(8,561)	(7,339)
Cash flow used in financing activity	(8,561)	(7,339)	(8,561)	(7,339)
Translation difference on foreign subsidiary company	235	(156)	128	87
Net increase/(decrease) in cash and cash equivalents	1,313	24,171	(13,961)	16,416
Cash and cash equivalents at beginning of period	36,024	29,853	51,415	37,354
Effects of exchange rate changes on cash and cash equivalents	-	(164)	(117)	90
Cash and cash equivalents at end of period	37,337	53,860	37,337	53,860

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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 Half	1st Half
	<u>2013</u>	<u>2012</u>
	\$'000	\$'000
Cash and bank balances		
- continuing operations	37,337	46,190
- discontinued operation	-	7,670
	<u>37,337</u>	<u>53,860</u>

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

	Group	
	1st Half	1st Half
	<u>2013</u>	<u>2012</u>
	\$'000	\$'000
Cash and bank balances	8,340	7,955
Fixed deposits placement less than 3 months	28,997	45,905
Cash and cash equivalents	37,337	53,860
Fixed deposits placement more than 3 months	2,386	5,869
	<u>39,723</u>	<u>59,729</u>

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7. Segment information

	SIF \$'000	OIF \$'000	SHF \$'000	HK Subsidiary \$'000	Consolidated \$'000
<u>For first half year ended 30 June 2013</u>					
Gross premium written	50,952	12,696	-	-	63,648
Net earned premium	16,245	5,839	-	-	22,084
Net claims incurred	7,811	2,151	-	-	9,962
Net commissions	(2,607)	1,311	-	-	(1,296)
Management expenses	4,607	539	-	-	5,146
Underwriting profit	6,434	1,838	-	-	8,272
Interest income from investment	1,861	261	1,065	-	3,187
Interest on fixed deposits and bank balances	20	19	4	-	43
Other income	2,298	399	2,249	-	4,946
Management expenses/(income) not charged to insurance revenue account	(757)	(21)	(393)	-	(1,171)
Profit before tax	11,370	2,538	3,711	-	17,619
Tax expense	1,933	254	631	-	2,818
Profit from continuing operations, net of tax	9,437	2,284	3,080	-	14,801
Loss from discontinued operation, net of tax	-	-	-	(91)	(91)
Profit after tax	9,437	2,284	3,080	(91)	14,710
Segment total assets as at 30 June 2013	322,209	54,689	149,555	200	526,653
Segment total liabilities as at 30 June 2013	230,037	31,219	4,693	-	265,949
<u>For first half year ended 30 June 2012 (Restated)*</u>					
Gross premium written	50,965	12,206	-	-	63,171
Net earned premium	18,306	5,791	-	-	24,097
Net claims incurred	6,668	2,109	-	-	8,777
Net commissions	(3,092)	1,452	-	-	(1,640)
Management expenses	4,206	493	-	-	4,699
Underwriting profit	10,524	1,737	-	-	12,261
Interest income from investment	1,465	241	984	-	2,690
Interest on fixed deposits and bank balances	18	15	8	-	41
Other income	3,397	404	3,205	-	7,006
Management expenses not charged to insurance revenue account	627	127	486	-	1,240
Profit before tax	14,777	2,270	3,711	-	20,758
Tax expense	2,512	227	631	-	3,370
Profit from continuing operations, net of tax	12,265	2,043	3,080	-	17,388
Profit from discontinued operation, net of tax	-	-	-	18	18
Profit after tax	12,265	2,043	3,080	18	17,406
Segment total assets as at 30 June 2012	301,559	48,774	131,750	9,379	491,462
Segment total liabilities as at 30 June 2012	214,200	30,054	3,013	1,946	249,213

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

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7. Segment information

	SIF \$'000	OIF \$'000	SHF \$'000	HK Subsidiary \$'000	Consolidated \$'000
<u>3 months ended 30 June 2013</u>					
Gross premium written	26,238	6,899	-	-	33,137
Net earned premium	8,076	2,173	-	-	10,249
Net claims incurred	4,407	1,052	-	-	5,459
Net commissions	(841)	279	-	-	(562)
Management expenses	2,297	292	-	-	2,589
Underwriting profit	2,213	550	-	-	2,763
Interest income from investment	929	129	527	-	1,585
Interest on fixed deposits and bank balances	10	10	2	-	22
Other income	1,130	251	1,952	-	3,333
Management expenses/(income) not charged to insurance revenue account	(399)	17	(82)	-	(464)
Profit before tax	4,681	923	2,563	-	8,167
Tax expense	796	92	436	-	1,324
Profit from continuing operations, net of tax	3,885	831	2,127	-	6,843
Loss from discontinued operation, net of tax	-	-	-	(25)	(25)
Profit after tax	3,885	831	2,127	(25)	6,818
Segment total assets as at 30 June 2013	322,209	54,689	149,555	200	526,653
Segment total liabilities as at 30 June 2013	230,037	31,219	4,693	-	265,949
<u>3 months ended 30 June 2012 (Restated)*</u>					
Gross premium written	27,248	6,710	-	-	33,958
Net earned premium	10,529	2,820	-	-	13,349
Net claims incurred	4,961	577	-	-	5,538
Net commissions	(1,373)	447	-	-	(926)
Management expenses	2,083	267	-	-	2,350
Underwriting profit	4,858	1,529	-	-	6,387
Interest income from investment	766	130	517	-	1,413
Interest on fixed deposits and bank balances	9	8	4	-	21
Other income	1,825	207	2,160	-	4,192
Management expenses/(income) not charged to insurance revenue account	(78)	18	(44)	-	(104)
Profit before tax	7,536	1,856	2,725	-	12,117
Tax expense	1,281	186	463	-	1,930
Profit from continuing operations, net of tax	6,255	1,670	2,262	-	10,187
Profit from discontinued operation, net of tax	-	-	-	(143)	(143)
Profit after tax	6,255	1,670	2,262	(143)	10,044
Segment total assets as at 30 June 2012	301,559	48,774	131,750	9,379	491,462
Segment total liabilities as at 30 June 2012	214,200	30,054	3,013	1,946	249,213

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

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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., which had ceased operation with effect from 1 September 2012. 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 first half/second quarter ended 30 June 2013 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:

	Revenue		Non-current assets as at	
	1st Half <u>2013</u>	1st Half <u>2012</u> (Restated)*	1st Half <u>2013</u>	1st Half <u>2012</u>
	\$'000	\$'000	\$'000	\$'000
Singapore	44,891	44,285	249	330
Asean	8,618	8,149	-	-
Others	2,989	2,811	-	-
	<u>56,498</u>	<u>55,245</u>	<u>249</u>	<u>330</u>

	Revenue		Non-current assets as at	
	2nd Qtr <u>2013</u>	2nd Qtr <u>2012</u> (Restated)*	2nd Qtr <u>2013</u>	2nd Qtr <u>2012</u>
	\$'000	\$'000	\$'000	\$'000
Singapore	21,635	22,441	249	330
Asean	5,482	5,055	-	-
Others	822	667	-	-
	<u>27,939</u>	<u>28,163</u>	<u>249</u>	<u>330</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 Half 2013	1st Half 2012 (Restated)*	1H13/1H12 %	2nd Quarter 2013	2nd Quarter 2012 (Restated)*	2Q13/2Q12 %
Gross premium written	63,648	63,171	+ 0.8	33,137	33,958	- 2.4
Underwriting profit	8,272	12,261	-32.5	2,763	6,387	-56.7
Non-underwriting Income	9,347	8,497	+10.0	5,404	5,730	- 5.7
Profit before tax	17,619	20,758	-15.1	8,167	12,117	-32.6

1st Half 2013 ("1H13") versus 1st Half 2012 ("1H12")

Gross premium increased by \$0.5 million or 0.8% to \$63.6 million and net earned premium decreased by \$2.0 million or 8.4% when compared against the same period last year. The decrease in net earned premium was due to a one-time adjustment of \$4.6 million in unearned premium reserves (UPR) in the corresponding period last year, resulting from netting of reinsurance to be in line with regulatory requirements and market practice. Net claims incurred was higher by \$1.2 million or 13.5% due to worsening claims experience in Work Injury Compensation and Motor classes of business. Net commission income decreased by \$0.3 million to \$1.3 million. Management expenses increased by \$0.4 million or 9.5%. Consequently, underwriting profit decreased by 32.5% to \$8.3 million. Without the one-time adjustment of UPR, underwriting profit would have been higher by \$0.6 million or 7.3%.

Non-underwriting income increased by \$0.9 million to \$9.3 million as compared to \$8.5 million in the corresponding period last year.

Overall profit before tax decreased by 15.1% to \$17.6 million.

2nd Quarter 2013 ("2Q13") versus 2nd Quarter 2012 ("2Q12")

The Group's gross premium decreased by \$0.8 million or 2.4% to \$33.1 million due to reduction in construction related business. Net earned premium decreased by \$3.1 million or 23.2% in 2Q13 as compared to 2Q12 due mainly to the change in the calculation of the Company's unearned premium reserves in the corresponding period as mentioned above. Net claims incurred was lower by \$0.1 million or 1.4%. Consequently, underwriting profit in 2Q13 decreased by \$3.6 million.

The Group recorded a lower non-underwriting gain of \$5.4 million due to lower profit from sale of investments.

Profit before tax decreased by \$4.0 million to 32.6% due mainly to lower profits from both underwriting and non-underwriting income.

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

NEWS RELEASE

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

Business growth in Singapore will continue to be challenging in view of slower economic growth and intense competition within the general insurance industry. Certain sectors will likely show negative growth due to premium rate reduction under competitive pressure and slowdown in economic activities. Selling initiatives with the support of the parent bank's Singapore and regional operations will continue to provide the Company with growth opportunities.

While the Company expects underwriting results to remain profitable, the outlook for investments is still uncertain. The level of investment income will likely remain unpredictable in light of continued economic 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 first half of 2013 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 (2012 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 27 August 2013.

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 20 August 2013 to 21 August 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 5.00 pm on 19 August 2013 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 maintained strong liquidity for its business operations and has no borrowings, contingent liabilities and loan capital as at 30 June 2013 (30 June 2012: nil).

14. Interested person transactions

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

NEWS RELEASE

15. 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 2013 to be false or misleading.

BY ORDER OF THE BOARD

MRS VIVIEN CHAN
SECRETARY

Dated this 30th July 2013