

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 2015

	1st Qtr 2015 \$'000	1st Qtr 2014 \$'000	Incr/ (Decr) %
(a) Gross premiums written	29,339	30,729	(4.5)
Net earned premiums	11,870	11,748	1.0
Less/(Add) :			
Net claims incurred	2,854	3,472	(17.8)
Net commissions	(998)	88	NM
Management expenses :			
Staff cost	1,723	1,613	6.8
Rental expenses	313	313	-
Depreciation	25	21	19.0
Foreign exchange loss	6	11	(45.5)
Other operating expenses	1,070	572	87.1
Underwriting profit	6,877	5,658	21.5
Gross dividends from investments	606	434	39.6
Interest income from investments	1,658	1,618	2.5
Interest on fixed deposits and bank balances	41	26	57.7
Amortisation of investments	3	(15)	NM
Miscellaneous income	-	1	(100.0)
Net fair value losses on financial derivatives - realised	(2,528)	(993)	154.6
Net fair value gains on financial derivatives - unrealised	105	1,136	NM
Net gains on disposal of available-for-sale investments	2,352	5,976	(60.6)
(Less)/Add :			
Management expenses not charged to insurance revenue account:			
Management fees	(239)	(244)	(2.0)
Other operating expenses	(173)	(98)	76.5
Exchange differences	2,431	629	286.5
Non-underwriting income	4,256	8,470	(49.8)
Profit before tax	11,133	14,128	(21.2)
Tax expense	(1,776)	(2,321)	(23.5)
Profit after tax	9,357	11,807	(20.8)
Profit attributable to equity holders of the Company	9,357	11,807	(20.8)
(b) Annualised earnings per share :			
Basic and diluted (cents)	59.74	58.86	1.5

Note : NM = Not Meaningful

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2. Unaudited statement of comprehensive income for the first quarter ended 31 March 2015

	1st Qtr 2015 \$'000	1st Qtr 2014 \$'000	Incr/ (Decr) %
Net profit	9,357	11,807	(20.8)
Other comprehensive income :			
Items that may be reclassified subsequently to profit or loss			
Net gains on fair value changes of available-for-sale investments	3,275	741	342.0
Income tax relating to available-for-sale investments	(520)	(125)	316.0
Other comprehensive income for the financial year, net of tax	<u>2,755</u>	<u>616</u>	347.2
Total comprehensive income attributable to equity holders of the Company	<u>12,112</u>	<u>12,423</u>	(2.5)

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3. Unaudited statement of financial position

	<u>31-Mar-15</u> \$'000	<u>31-Dec-14</u> \$'000
(a) Share capital - Issued and fully paid	91,733	91,733
Reserves	<u>223,415</u>	<u>211,303</u>
	315,148	303,036
Liabilities		
Insurance creditors	17,412	14,678
Non-trade creditors and accrued liabilities	4,007	2,990
Amount owing to related companies	623	2,094
Derivative financial liabilities	1,092	1,208
Tax payable	10,315	8,617
Deferred tax liabilities	5,065	4,545
Deferred acquisition cost - reinsurers' share	9,742	9,947
Gross technical balances		
- Reserve for unexpired risks	64,813	64,007
- Reserve for outstanding claims	<u>163,543</u>	<u>165,748</u>
	276,612	273,834
Total Equity and Liabilities	<u>591,760</u>	<u>576,870</u>
Assets		
Bank balances and fixed deposits	76,125	60,284
Insurance debtors	17,166	12,074
Non-trade debtors and accrued interest receivables	3,086	2,954
Derivative financial assets	-	11
Associated company	1	1
Available-for-sale investments	347,150	353,423
Fixed assets	311	333
Deferred acquisition cost - gross	8,661	8,320
Reinsurers' share of technical balances		
- Reserve for unexpired risks	39,283	39,697
- Reserve for outstanding claims	<u>99,977</u>	<u>99,773</u>
Total Assets	<u>591,760</u>	<u>576,870</u>
(b) Net asset value per share (S\$)	5.15	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	-	-	-	9,357	9,357
Other comprehensive income for the quarter ended 31 March	-	-	2,755	-	2,755
Total comprehensive income for the quarter ended 31 March	-	-	2,755	9,357	12,112
Balance at 31 March 2015	91,733	22,880	25,193	175,342	315,148
Balance at 1 January 2014	91,733	22,880	17,928	146,022	278,563
Profit net of tax	-	-	-	11,807	11,807
Other comprehensive income for the quarter ended 31 March	-	-	616	-	616
Total comprehensive income for the quarter ended 31 March	-	-	616	11,807	12,423
Balance at 31 March 2014	91,733	22,880	18,544	157,829	290,986

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5. Unaudited statement of cash flows

	1st Qtr <u>2015</u> \$'000	1st Qtr <u>2014</u> \$'000
Cash flows from operating activities		
Profit before tax	11,133	14,128
Adjustments for:		
Movement in net reserve for unexpired risks	1,220	554
Movement in net deferred acquisition costs	(546)	(267)
Movement in net outstanding claims	(2,409)	68
Net fair value gains on financial derivatives-unrealised	(105)	(1,136)
Depreciation	25	21
Net gains on disposal of available-for-sale investments	(2,352)	(5,976)
Amortisation of investments	(3)	15
Gross dividends from investments	(606)	(434)
Interest income from investments	(1,658)	(1,618)
Interest on fixed deposits and bank balances	(41)	(26)
Exchange differences	(2,245)	(617)
Operating profit before working capital change	<u>2,413</u>	<u>4,712</u>
Changes in working capital:		
Trade and other receivables	(5,224)	(5,195)
Trade and other payables	3,751	3,811
Amount owing to related companies	(1,471)	(1,340)
Cash generated from operations	<u>(531)</u>	<u>1,988</u>
Tax (paid)/recovered	(78)	101
Net cash flow (used in)/from operating activities	<u>(609)</u>	<u>2,089</u>
Cash flows from investing activities		
Proceeds from sale of available-for-sale investments	34,773	38,833
Purchase of available-for-sale investments	(20,625)	(45,307)
Purchase of fixed assets	(3)	-
Placement in long-term fixed deposits	(1,015)	(7,904)
Unsecured term loans	-	2
Gross dividends from investments	606	434
Interest income from investments	1,658	1,618
Interest on fixed deposits and bank balances	41	26
Net cash inflow/(outflow) from investing activities	<u>15,435</u>	<u>(12,298)</u>
Net increase/(decrease) in cash and cash equivalents	<u>14,826</u>	<u>(10,209)</u>
Cash and cash equivalents at beginning of period	52,657	43,871
Cash and cash equivalents at end of period	<u><u>67,483</u></u>	<u><u>33,662</u></u>

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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 Qtr	1st Qtr
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Cash and bank balances	13,954	7,601
Fixed deposits placement less than 3 months	53,529	26,061
Cash and cash equivalents	<u>67,483</u>	<u>33,662</u>
Fixed deposits placement more than 3 months	8,642	11,302
	<u><u>76,125</u></u>	<u><u>44,964</u></u>

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6. Segment information

	<u>SIF</u>	<u>OIF</u>	<u>SHF</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000
<u>For 3 months ended 31 March 2015</u>				
Gross premiums written	23,506	5,833	-	29,339
Net earned premiums	8,728	3,142	-	11,870
Net claims incurred	2,053	801	-	2,854
Net commissions	(1,802)	804	-	(998)
Management expenses	2,840	297	-	3,137
Underwriting profit	5,637	1,240	-	6,877
Interest income from investments	918	164	576	1,658
Interest on fixed deposits and bank balances	21	14	6	41
Other income	49	100	389	538
Miscellaneous income not included in insurance revenue account	1,197	149	673	2,019
Profit before tax	7,822	1,667	1,644	11,133
Tax expense	(1,330)	(167)	(279)	(1,776)
Profit after tax	6,492	1,500	1,365	9,357
Segment total assets as at 31 March 2015	361,598	65,546	164,616	591,760
Segment total liabilities as at 31 March 2015	235,252	34,594	6,766	276,612
<u>For 3 months ended 31 March 2014</u>				
Gross premiums written	25,330	5,399	-	30,729
Net earned premiums	8,453	3,295	-	11,748
Net claims incurred	2,159	1,313	-	3,472
Net commissions	(781)	869	-	88
Management expenses	2,268	262	-	2,530
Underwriting profit	4,807	851	-	5,658
Interest income from investments	914	151	553	1,618
Interest on fixed deposits and bank balances	12	7	7	26
Other income	1,159	188	5,192	6,539
Miscellaneous income/(management expenses) not included in insurance revenue account	135	(32)	184	287
Profit before tax	7,027	1,165	5,936	14,128
Tax expense	(1,195)	(117)	(1,009)	(2,321)
Profit after tax	5,832	1,048	4,927	11,807
Segment total assets as at 31 March 2014	353,296	56,000	163,949	573,245
Segment total liabilities as at 31 March 2014	245,343	28,973	5,594	279,910

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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 quarter ended 31 March 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:

	Revenue for		Non-current assets as	
	<u>1Q2015</u>	<u>1Q2014</u>	<u>1Q2015</u>	<u>1Q2014</u>
	\$'000	\$'000	\$'000	\$'000
Singapore	21,696	23,695	311	235
Asean	3,961	3,170	-	-
Others	1,578	1,769	-	-
	<u>27,235</u>	<u>28,634</u>	<u>311</u>	<u>235</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 Quarter 2015	1st Quarter 2014	1Q15/ 1Q14 %
Gross premiums written	29,339	30,729	- 4.5
Underwriting profit	6,877	5,658	+ 21.5
Non-underwriting income	4,256	8,470	- 49.8
Profit before tax	11,133	14,128	- 21.2
Total comprehensive income	12,112	12,423	- 2.5

1st Quarter 2015 ("1Q2015") versus 1st Quarter 2014 ("1Q2014")

Gross premiums decreased by \$1.4 million or 4.5% to \$29.3 million due mainly to timing difference in the booking of an Insurance Scheme and portfolio pruning by management. In the absence of this timing difference, the reduction is only 0.9%. Net earned premiums increased by \$0.1 million or 1.0% as compared with the same period of last year. Net claims incurred decreased by \$0.6 million or 17.8%. With better underwriting results, net commission income increased by \$1.1 million. Management expenses increased by \$0.6 million to \$3.1 million.

Underwriting profit increased by 21.5% to \$6.9 million due mainly to lower net claims incurred and higher net commission income. Non-underwriting income decreased to \$4.3 million from \$8.5 million when compared against the corresponding period last year due largely to a one time investment gain available last year. Consequently, profit before tax was lower by \$3.0 million or 21.2% as compared with the same period of last year.

Total comprehensive income, which is inclusive of unrealised net gains on fair value changes of available-for-sale investments, was \$12.1 million a decrease of \$0.3 million or 2.5% when compared against the amount in the corresponding period last year.

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

Growing business in a matured and highly competitive market has become increasingly challenging even more so when quality is the emphasis. Despite signs of economic recovery globally, numerous unpredictable dynamic factors would likely persist to affect the operating environment and profitability.

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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 quarter ended 31 March 2015 are the same as those adopted in the preceding year.

10. Dividend

No dividend has been declared for the quarter ended 31 March 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 31 March 2015 (31 March 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 first quarter ended 31 March 2015 to be false or misleading.

BY ORDER OF THE BOARD

MRS VIVIEN CHAN
SECRETARY

Dated this 28 April 2015