

## 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 2014

	<b>Group</b>					
	<b>1st Half 2014</b>	1st Half 2013	<b>Incr/ (Decr)</b>	<b>2nd Qtr 2014</b>	2nd Qtr 2013	<b>Incr/ (Decr)</b>
	\$'000	\$'000	%	\$'000	\$'000	%
(a) Gross premiums written	<b>62,753</b>	63,648	(1.4)	<b>32,024</b>	33,137	(3.4)
Net earned premiums	<b>22,327</b>	22,084	1.1	<b>10,579</b>	10,249	3.2
Less/(Add) :						
Net claims incurred	<b>8,269</b>	9,962	(17.0)	<b>4,797</b>	5,459	(12.1)
Net commissions	<b>57</b>	(1,296)	NM	<b>(31)</b>	(562)	(94.5)
Management expenses :						
Staff cost	<b>3,315</b>	3,119	6.3	<b>1,702</b>	1,586	7.3
Rental expenses	<b>625</b>	584	7.0	<b>312</b>	292	6.8
Depreciation	<b>45</b>	53	(15.1)	<b>24</b>	25	(4.0)
Foreign exchange loss	<b>22</b>	44	(50.0)	<b>11</b>	35	(68.6)
Other operating expenses	<b>1,375</b>	1,346	2.2	<b>803</b>	651	23.3
Underwriting profit	<b>8,619</b>	8,272	4.2	<b>2,961</b>	2,763	7.2
Gross dividends from investments	<b>3,084</b>	2,922	5.5	<b>2,650</b>	2,727	(2.8)
Interest income from investments	<b>3,270</b>	3,187	2.6	<b>1,652</b>	1,585	4.2
Interest on fixed deposits and bank balances	<b>53</b>	43	23.3	<b>27</b>	22	22.7
Amortisation of investments	<b>(42)</b>	13	NM	<b>(27)</b>	8	NM
Miscellaneous income	<b>2</b>	23	(91.3)	<b>1</b>	20	(95.0)
Net fair value (losses)/gains on financial derivatives - realised	<b>(205)</b>	(372)	(44.9)	<b>788</b>	122	545.9
Net fair value gains/(losses) on financial derivatives - unrealised	<b>875</b>	(922)	NM	<b>(261)</b>	(783)	(66.7)
Net gains on disposal of available-for-sale investments	<b>8,385</b>	3,282	155.5	<b>2,409</b>	1,239	94.4
(Less)/Add :						
Management expenses not charged to insurance revenue account:						
Management fees	<b>(488)</b>	(469)	4.1	<b>(244)</b>	(235)	3.8
Other operating expenses	<b>(215)</b>	(201)	7.0	<b>(117)</b>	(100)	17.0
Exchange differences	<b>268</b>	1,841	(85.4)	<b>(361)</b>	799	NM
Non-underwriting income	<b>14,987</b>	9,347	60.3	<b>6,517</b>	5,404	20.6
Profit before tax	<b>23,606</b>	17,619	34.0	<b>9,478</b>	8,167	16.1
Tax expense	<b>(4,225)</b>	(2,818)	49.9	<b>(1,904)</b>	(1,324)	43.8
Profit from continuing operations, net of tax	<b>19,381</b>	14,801	30.9	<b>7,574</b>	6,843	10.7
Loss from discontinued operation, net of tax	-	(91)	(100.0)	-	(25)	(100.0)
Profit attributable to:						
Equity holders of the Company	<b>19,381</b>	14,710	31.8	<b>7,574</b>	6,818	11.1

Note : NM = Not Meaningful

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### 1. Unaudited income statement for the first half/second quarter ended 30 June 2014 (cont'd)

	<b>Group</b>					
	<b>1st Half 2014</b>	<b>1st Half 2013</b>	<b>Incr/ (Decr)</b>	<b>2nd Qtr 2014</b>	<b>2nd Qtr 2013</b>	<b>Incr/ (Decr)</b>
			%			%
(b) Annualised earnings per share from continuing operations:						
Basic and diluted (cents)	<b>57.3</b>	48.4	18.4	<b>49.5</b>	44.8	10.5
(c) Annualised earnings per share :						
Basic and diluted (cents)	<b>57.3</b>	48.1	19.1	<b>49.5</b>	44.6	11.0

### 2. Unaudited statement of comprehensive income for the first half/second quarter ended 30 June 2014

	<b>Group</b>					
	<b>1st Half 2014</b>	<b>1st Half 2013</b>	<b>Incr/ (Decr)</b>	<b>2nd Qtr 2014</b>	<b>2nd Qtr 2013</b>	<b>Incr/ (Decr)</b>
	<b>\$'000</b>	<b>\$'000</b>	%	<b>\$'000</b>	<b>\$'000</b>	%
Net profit	<b>19,381</b>	14,710	31.8	<b>7,574</b>	6,818	11.1
<b>Other comprehensive income :</b>						
Foreign currency translation difference	<b>(191)</b>	235	NM	<b>(165)</b>	128	NM
Net gains/(losses) on available-for-sale investments	<b>6,073</b>	(9,519)	NM	<b>5,332</b>	(16,221)	NM
Income tax relating to available-for-sale investments	<b>(1,031)</b>	1,619	NM	<b>(906)</b>	2,759	NM
<b>Other comprehensive income for the first half year/2nd Quarter ended 30 June, net of tax</b>	<b><u>4,851</u></b>	<b><u>(7,665)</u></b>	NM	<b><u>4,261</u></b>	<b><u>(13,334)</u></b>	NM
<b>Total comprehensive income for the first half/2nd Quarter ended 30 June</b>	<b><u>24,232</u></b>	<b><u>7,045</u></b>	244.0	<b><u>11,835</u></b>	<b><u>(6,516)</u></b>	NM
<b>Attributable to:</b>						
Total comprehensive income from continuing operations, net of tax	24,232	6,901	251.1	11,835	(6,619)	NM
Total comprehensive income from discontinued operation, net of tax	-	144	(100.0)	-	103	(100.0)
<b>Total comprehensive income attributable to equity holders of the Company</b>	<b><u>24,232</u></b>	<b><u>7,045</u></b>	244.0	<b><u>11,835</u></b>	<b><u>(6,516)</u></b>	(281.6)

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### 3. Unaudited statement of financial position

	<b>Group</b>		<b>Company</b>	
	<b>30-Jun-14</b>	<b>31-Dec-13</b>	<b>30-Jun-14</b>	<b>31-Dec-13</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
(a) Share capital - Issued and fully paid	<b>91,733</b>	91,733	<b>91,733</b>	91,733
Reserves	<b>204,876</b>	189,205	<b>204,876</b>	186,830
	<b>296,609</b>	280,938	<b>296,609</b>	278,563
<b>Liabilities</b>				
Insurance creditors	<b>24,289</b>	20,473	<b>24,289</b>	20,473
Non-trade creditors and accrued liabilities	<b>3,809</b>	3,187	<b>3,809</b>	3,187
Amount owing to related companies	<b>696</b>	2,020	<b>696</b>	9,326
Derivative financial liabilities	<b>1</b>	850	<b>1</b>	850
Tax payable	<b>8,877</b>	5,833	<b>8,877</b>	5,833
Deferred tax liabilities	<b>4,609</b>	3,578	<b>4,609</b>	3,578
Deferred acquisition cost - reinsurers' share	<b>10,748</b>	9,890	<b>10,748</b>	9,890
Gross technical balances				
- Reserve for unexpired risks	<b>72,804</b>	65,143	<b>72,804</b>	65,143
- Reserve for outstanding claims	<b>158,085</b>	170,095	<b>158,085</b>	170,095
	<b>283,918</b>	281,069	<b>283,918</b>	288,375
	<b>580,527</b>	562,007	<b>580,527</b>	566,938
<b>Assets</b>				
Bank balances and fixed deposits	<b>50,290</b>	47,269	<b>50,290</b>	47,269
Insurance debtors	<b>18,495</b>	12,121	<b>18,495</b>	12,121
Non-trade debtors and accrued interest receivable	<b>2,748</b>	2,597	<b>2,748</b>	2,597
Derivative financial assets	<b>33</b>	7	<b>33</b>	7
Associated company	<b>1</b>	1	<b>1</b>	1
Available-for-sale investments	<b>361,979</b>	347,403	<b>361,979</b>	347,403
Unsecured term loan	-	13	-	13
Fixed assets	<b>241</b>	256	<b>241</b>	256
Deferred acquisition cost - gross	<b>9,232</b>	8,295	<b>9,232</b>	8,295
Reinsurers' share of technical balances				
- Reserve for unexpired risks	<b>45,311</b>	39,700	<b>45,311</b>	39,700
- Reserve for outstanding claims	<b>92,197</b>	104,336	<b>92,197</b>	104,336
	<b>580,527</b>	561,998	<b>580,527</b>	561,998
Investment in subsidiary	-	-	-	4,940
Assets of discontinued operation	-	9	-	-
	<b>580,527</b>	562,007	<b>580,527</b>	566,938
(b) Net asset value per share (S\$)	<b>4.85</b>	4.59	<b>4.85</b>	4.56
Number of shares issued ('000)	<b>61,155</b>	61,155	<b>61,155</b>	61,155

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### 4. Unaudited Group statement of changes in equity

	Share capital	General reserve	Available-for-sale investment reserve	Retained profits	Reserve of * discontinued operation	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2014	91,733	22,880	17,928	149,919	(1,522)	280,938
Profit net of tax	-	-	-	19,381	-	19,381
Other comprehensive income for the six months ended 30 June	-	-	5,042	-	(191)	4,851
Total comprehensive income for the six months ended 30 June	-	-	5,042	19,381	(191)	24,232
Liquidation of its subsidiary	-	-	-	(1,713)	1,713	-
Dividend for Year 2013	-	-	-	(8,561)	-	(8,561)
<b>Balance at 30 June 2014</b>	<b>91,733</b>	<b>22,880</b>	<b>22,970</b>	<b>159,026</b>	<b>-</b>	<b>296,609</b>
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)
<b>Balance at 30 June 2013</b>	<b>91,733</b>	<b>22,880</b>	<b>8,537</b>	<b>139,088</b>	<b>(1,534)</b>	<b>260,704</b>
Balance at 1 April 2014	91,733	22,880	18,544	161,726	(1,548)	293,335
Profit net of tax	-	-	-	7,574	-	7,574
Other comprehensive income for the quarter ended 30 June	-	-	4,426	-	(165)	4,261
Total comprehensive income for the quarter ended 30 June	-	-	4,426	7,574	(165)	11,835
Liquidation of its subsidiary	-	-	-	(1,713)	1,713	-
Dividend for Year 2013	-	-	-	(8,561)	-	(8,561)
<b>Balance at 30 June 2014</b>	<b>91,733</b>	<b>22,880</b>	<b>22,970</b>	<b>159,026</b>	<b>-</b>	<b>296,609</b>
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)
<b>Balance at 30 June 2013</b>	<b>91,733</b>	<b>22,880</b>	<b>8,537</b>	<b>139,088</b>	<b>(1,534)</b>	<b>260,704</b>

\* Liquidation of Hong Kong subsidiary was completed on 29 April 2014.

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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 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)
<b>Balance at 30 June 2014</b>	<b>91,733</b>	<b>22,880</b>	<b>22,970</b>	<b>159,026</b>	<b>296,609</b>
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)
<b>Balance at 30 June 2013</b>	<b>91,733</b>	<b>22,880</b>	<b>8,537</b>	<b>135,173</b>	<b>258,323</b>
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)
<b>Balance at 30 June 2014</b>	<b>91,733</b>	<b>22,880</b>	<b>22,970</b>	<b>159,026</b>	<b>296,609</b>
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)
<b>Balance at 30 June 2013</b>	<b>91,733</b>	<b>22,880</b>	<b>8,537</b>	<b>135,173</b>	<b>258,323</b>

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### 6. Unaudited statement of cash flows

	<b>Group</b>			
	<b>1st Half</b>	<b>1st Half</b>	<b>2nd Qtr</b>	<b>2nd Qtr</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>				
Profit before tax from continuing operations	<b>23,606</b>	17,619	<b>9,478</b>	8,167
Loss before tax from discontinued operation	-	(91)	-	(25)
	<b>23,606</b>	17,528	<b>9,478</b>	8,142
Adjustments for:				
Movement in net reserve for unexpired risks	<b>2,050</b>	2,730	<b>1,496</b>	1,761
Movement in net deferred acquisition costs	<b>(79)</b>	157	<b>188</b>	458
Movement in net outstanding claims	<b>129</b>	1,748	<b>61</b>	879
Net fair value (gains)/losses on financial derivatives - unrealised	<b>(875)</b>	922	<b>261</b>	783
Depreciation	<b>45</b>	53	<b>24</b>	25
Net gains on disposal of available-for-sale investments	<b>(8,385)</b>	(3,282)	<b>(2,409)</b>	(1,239)
Amortisation of Investments	<b>42</b>	(13)	<b>27</b>	(8)
Gross dividends from investments	<b>(3,084)</b>	(2,922)	<b>(2,650)</b>	(2,727)
Interest income from investments	<b>(3,270)</b>	(3,187)	<b>(1,652)</b>	(1,585)
Interest on fixed deposits and bank balances	<b>(53)</b>	(43)	<b>(27)</b>	(22)
Exchange differences	<b>(92)</b>	(1,885)	<b>525</b>	(716)
Operating profit before working capital change	<b>10,034</b>	11,806	<b>5,322</b>	5,751
Changes in working capital:				
Trade and other receivables	<b>(6,525)</b>	(8,631)	<b>(1,330)</b>	(3,067)
Trade and other payables	<b>4,438</b>	12,374	<b>627</b>	7,881
Amount owing to related companies	<b>(1,324)</b>	(358)	<b>(1)</b>	213
Cash generated from operations	<b>6,623</b>	15,191	<b>4,618</b>	10,778
Tax paid	<b>(1,172)</b>	(3,470)	<b>(1,282)</b>	(3,466)
<b>Net cash flows from operating activities</b>	<b>5,451</b>	11,721	<b>3,336</b>	7,312
<b>Cash flows from investing activities</b>				
Proceeds from sale of available-for-sale investments	<b>78,382</b>	51,773	<b>39,549</b>	26,050
Purchase of available-for-sale investments	<b>(78,450)</b>	(65,002)	<b>(33,143)</b>	(43,708)
Purchase of fixed assets	<b>(30)</b>	(3)	<b>(30)</b>	(3)
(Placement in)/proceeds from long-term fixed deposits	<b>(8)</b>	4,998	<b>7,896</b>	487
Unsecured term loans	<b>13</b>	-	<b>11</b>	-
Gross dividends from investments	<b>3,084</b>	2,922	<b>2,650</b>	2,727
Interest income from investments	<b>3,270</b>	3,187	<b>1,652</b>	1,585
Interest on fixed deposits and bank balances	<b>53</b>	43	<b>27</b>	22
<b>Net cash flows from/(used in) investing activities</b>	<b>6,314</b>	(2,082)	<b>18,612</b>	(12,840)
<b>Cash flow from financing activity</b>				
Dividend paid	<b>(8,561)</b>	(8,561)	<b>(8,561)</b>	(8,561)
<b>Cash flow used in financing activity</b>	<b>(8,561)</b>	(8,561)	<b>(8,561)</b>	(8,561)
Translation difference on foreign subsidiary company	<b>(191)</b>	235	<b>(165)</b>	128
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,013</b>	1,313	<b>13,222</b>	(13,961)
Cash and cash equivalents at beginning of period	<b>43,871</b>	36,024	<b>33,662</b>	51,415
Effects of exchange rate changes on cash and cash equivalents	-	-	-	(117)
<b>Cash and cash equivalents at end of period</b>	<b>46,884</b>	37,337	<b>46,884</b>	37,337

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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 :

	<b>Group</b>	
	<b>1st Half</b>	<b>1st Half</b>
	<b><u>2014</u></b>	<b><u>2013</u></b>
	<b>\$'000</b>	<b>\$'000</b>
Cash and bank balances	<b>8,671</b>	8,340
Fixed deposits placement less than 3 months	<b>38,213</b>	28,997
Cash and cash equivalents	<b>46,884</b>	37,337
Fixed deposits placement more than 3 months	<b>3,406</b>	2,386
	<b><u>50,290</u></b>	<b><u>39,723</u></b>



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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
<b><u>For first half year ended 30 June 2014</u></b>					
Gross premiums written	50,200	12,553	-	-	62,753
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	4,846	536	-	-	5,382
Underwriting profit	7,154	1,465	-	-	8,619
Interest income from investment	1,840	308	1,122	-	3,270
Interest on fixed deposits and bank balances	24	16	13	-	53
Other income	3,767	594	7,738	-	12,099
Management (expenses)/income not charged to insurance revenue account	(359)	(107)	31	-	(435)
Profit before tax	12,426	2,276	8,904	-	23,606
Tax expense	(2,112)	(228)	(1,885)	-	(4,225)
Profit after tax	10,314	2,048	7,019	-	19,381
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
<b><u>For first half year ended 30 June 2013</u></b>					
Gross premiums written	50,952	12,696	-	-	63,648
Net earned premiums	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

\* Liquidation of Hong Kong subsidiary was completed on 29 April 2014.



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### 7. Segment information (cont'd)

	<u>SIF</u>	<u>OIF</u>	<u>SHF</u>	<u>HK Subsidiary*</u>	<u>Consolidated</u>
	\$'000	\$'000	\$'000	\$'000	\$'000
<b><u>3 months ended 30 June 2014</u></b>					
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 investment	926	157	569	-	1,652
Interest on fixed deposits and bank balances	12	9	6	-	27
Other income	2,608	406	2,546	-	5,560
Management expenses not charged to insurance revenue account	(494)	(75)	(153)	-	(722)
Profit before tax	5,399	1,111	2,968	-	9,478
Tax expense	(917)	(111)	(876)	-	(1,904)
Profit after tax	4,482	1,000	2,092	-	7,574
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
<b><u>3 months ended 30 June 2013</u></b>					
Gross premiums written	26,238	6,899	-	-	33,137
Net earned premiums	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

\* Liquidation of Hong Kong subsidiary was completed on 29 April 2014.

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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. The liquidation of the HK Subsidiary was completed on 29 April 2014.

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 2014 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:

	<u>Revenue</u>		<u>Non-current assets as at</u>	
	<u>1st Half</u> <u>2014</u>	<u>1st Half</u> <u>2013</u>	<u>1st Half</u> <u>2014</u>	<u>1st Half</u> <u>2013</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Singapore	<b>44,012</b>	44,891	<b>241</b>	249
Asean	<b>8,719</b>	8,618	-	-
Others	<b>2,582</b>	2,989	-	-
	<b><u>55,313</u></b>	<u>56,498</u>	<b><u>241</u></b>	<u>249</u>

	<u>Revenue</u>		<u>Non-current assets as at</u>	
	<u>2nd Qtr</u> <u>2014</u>	<u>2nd Qtr</u> <u>2013</u>	<u>2nd Qtr</u> <u>2014</u>	<u>2nd Qtr</u> <u>2013</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Singapore	<b>20,317</b>	21,635	<b>241</b>	249
Asean	<b>5,549</b>	5,482	-	-
Others	<b>813</b>	822	-	-
	<b><u>26,679</u></b>	<u>27,939</u>	<b><u>241</u></b>	<u>249</u>

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

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### 8. Review of performance

#### Highlights and Performance Indicators for the Group's continuing operations

\$'000	<b>1st Half 2014</b>	1st Half 2013	1H14/ 1H13 %	<b>2nd Quarter 2014</b>	2nd Quarter 2013	2Q14/ 2Q13 %
Gross premiums written	<b>62,753</b>	63,648	- 1.4	<b>32,024</b>	33,137	- 3.4
Underwriting profit	<b>8,619</b>	8,272	+ 4.2	<b>2,961</b>	2,763	+ 7.2
Non-underwriting Income	<b>14,987</b>	9,347	+60.3	<b>6,517</b>	5,404	+20.6
Profit before tax	<b>23,606</b>	17,619	+34.0	<b>9,478</b>	8,167	+16.1

Gross premiums decreased by \$0.9 million or 1.4% to \$62.8 million due mainly to portfolio pruning by management while net earned premiums increased by \$0.2 million or 1.1% when compared against the same period last year. Net claims incurred reduced by \$1.7 million or 17.0% due mainly to improvements in statutory classes of insurance and offshore business. Net commissions increased by \$1.4 million. Management expenses increased by \$0.2 million or 4.6%. Consequently, underwriting profit increased by 4.2% to \$8.6 million.

Non-underwriting income increased by \$5.6 million to \$15.0 million as compared to \$9.3 million in the corresponding period last year due mainly to higher gains from the sales of investments.

Overall profit before tax increased by 34.0% to \$23.6 million.

#### 2nd Quarter 2014 ("2Q14") versus 2nd Quarter 2013 ("2Q13")

The Group's gross premiums decreased by \$1.1 million or 3.4% to \$32.0 million. Net earned premiums increased by \$0.3 million or 3.2% in 2Q14 as compared to 2Q13. Net claims incurred was lower by \$0.7 million or 12.1% due to pruning measures. Consequently, underwriting profit in 2Q14 increased by \$0.2 million.

The Group recorded a higher non-underwriting gain of \$6.5 million in 2Q14.

Profit before tax increased by \$1.3 million to \$9.5 million due mainly to higher profits from both underwriting and non-underwriting income.

## 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. Operating costs will likely trend upwards while the unpredictability of climate change will add to the challenges of the operating environment. Sustained marketing efforts with new initiatives aiming at widening the scope of services and leveraging on e-commerce supported by the parent bank will ensure continued growth.

The Company expects underwriting results to remain profitable. However, the outlook for investments would likely be volatile in light of continuing geopolitical and economic uncertainties.

### **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 2014 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 (2013 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 2 September 2014.

### **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 26 August 2014 to 27 August 2014, 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 25 August 2014 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 2014 (30 June 2013: nil).

### **14. Interested person transactions**

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

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## 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 2014 to be false or misleading.

BY ORDER OF THE BOARD

MRS VIVIEN CHAN  
SECRETARY

Dated this 5th August 2014