

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 2014

	Group		
	1st Qtr 2014	1st Qtr 2013	Incr/ (Decr)
	\$'000	\$'000	%
(a) Gross premiums written	30,729	30,511	0.7
Net earned premiums	11,748	11,835	(0.7)
Less/(Add) :			
Net claims incurred	3,472	4,503	(22.9)
Net commissions	88	(734)	(112.0)
Management expenses :			
Staff cost	1,613	1,533	5.2
Rental expenses	313	292	7.2
Depreciation	21	28	(25.0)
Foreign exchange loss	11	9	22.2
Other operating expenses	572	695	(17.7)
Underwriting profit	5,658	5,509	2.7
Gross dividends from investments	434	195	122.6
Interest income from investments	1,618	1,602	1.0
Interest on fixed deposits and bank balances	26	21	23.8
Amortisation of investments	(15)	5	NM
Miscellaneous income	1	3	(66.7)
Net fair value losses on financial derivatives - realised	(993)	(494)	101.0
Net fair value gains/(losses) on financial derivatives - unrealised	1,136	(139)	NM
Net gains on disposal of available-for-sale investments	5,976	2,043	192.5
(Less)/Add :			
Management expenses not charged to insurance revenue account:			
Management fees	(244)	(234)	4.3
Other operating expenses	(98)	(101)	(3.0)
Exchange differences	629	1,042	(39.6)
Non-underwriting income	8,470	3,943	114.8
Profit before tax	14,128	9,452	49.5
Tax expense	(2,321)	(1,494)	55.4
Profit from continuing operations, net of tax	11,807	7,958	48.4
Loss from discontinued operation, net of tax	-	(66)	(100.0)
Profit attributable to:			
Equity holders of the Company	11,807	7,892	49.6

Note : NM = Not Meaningful

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1. Unaudited income statement for the first quarter ended 31 March 2014 (cont'd)

	Group		
	1st Qtr <u>2014</u>	1st Qtr <u>2013</u>	Incr/ (Decr) %
(b) Annualised earnings per share from continuing operations : Basic and diluted (cents)	<u>58.86</u>	<u>52.05</u>	13.1
(c) Annualised earnings per share : Basic and diluted (cents)	<u>58.86</u>	<u>51.62</u>	14.0

2. Unaudited statement of comprehensive income for the first quarter ended 31 March 2014

	Group		
	1st Qtr <u>2014</u>	1st Qtr <u>2013</u>	Incr/ (Decr) %
	\$'000	\$'000	%
Net profit	11,807	7,892	49.6
Other comprehensive income :			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	(26)	107	(124.3)
Net gains on fair value changes of available-for-sale investments	741	6,702	(88.9)
Income tax relating to available-for-sale investments	(125)	(1,140)	(89.0)
Other comprehensive income for the financial year, net of tax	<u>590</u>	<u>5,669</u>	(89.6)
Total comprehensive income for the financial year	<u>12,397</u>	<u>13,561</u>	(8.6)
Attributable to:			
Total comprehensive income from continuing operations, net of tax	12,423	13,520	(8.1)
Total comprehensive (loss)/income from discontinued operation, net of tax	(26)	41	(163.4)
Total comprehensive income attributable to equity holders of the Company	<u>12,397</u>	<u>13,561</u>	(8.6)

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3. Unaudited statement of financial position

	<u>Group</u>		<u>Company</u>	
	<u>31-Mar-14</u>	<u>31-Dec-13</u>	<u>31-Mar-14</u>	<u>31-Dec-13</u>
	\$'000	\$'000	\$'000	\$'000
(a) Share capital - Issued and fully paid	91,733	91,733	91,733	91,733
Reserves	201,602	189,205	199,253	186,830
	<u>293,335</u>	<u>280,938</u>	<u>290,986</u>	<u>278,563</u>
Liabilities				
Insurance creditors	23,369	20,473	23,369	20,473
Non-trade creditors and accrued liabilities	4,102	3,187	4,102	3,187
Amount owing to related companies	697	2,020	7,986	9,326
Derivative financial liabilities	33	850	33	850
Tax payable	8,255	5,833	8,255	5,833
Deferred tax liabilities	3,703	3,578	3,703	3,578
Deferred acquisition cost - reinsurers' share	10,090	9,890	10,090	9,890
Gross technical balances				
- Reserve for unexpired risks	67,254	65,143	67,254	65,143
- Reserve for outstanding claims	162,407	170,095	162,407	170,095
	<u>279,910</u>	<u>281,069</u>	<u>287,199</u>	<u>288,375</u>
	<u>573,245</u>	<u>562,007</u>	<u>578,185</u>	<u>566,938</u>
Assets				
Bank balances and fixed deposits	44,964	47,269	44,964	47,269
Insurance debtors	17,413	12,121	17,413	12,121
Non-trade debtors and accrued interest receivable	2,500	2,597	2,500	2,597
Derivative financial assets	326	7	326	7
Associated company	1	1	1	1
Available-for-sale investments	361,196	347,403	361,196	347,403
Unsecured term loan	11	13	11	13
Fixed assets	235	256	235	256
Deferred acquisition cost - gross	8,762	8,295	8,762	8,295
Reinsurers' share of technical balances				
- Reserve for unexpired risks	41,257	39,700	41,257	39,700
- Reserve for outstanding claims	96,580	104,336	96,580	104,336
	<u>573,245</u>	<u>561,998</u>	<u>573,245</u>	<u>561,998</u>
Investment in subsidiary	-	-	4,940	4,940
Assets of discontinued operation	-	9	-	-
	<u>573,245</u>	<u>562,007</u>	<u>578,185</u>	<u>566,938</u>
(b) Net asset value per share (S\$)	4.80	4.59	4.76	4.56
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	Retained profits \$'000	Reserve of discontinued operation \$'000	Total \$'000
Balance at 1 January 2014	91,733	22,880	17,928	149,919	(1,522)	280,938
Profit net of tax	-	-	-	11,807	-	11,807
Other comprehensive income for the quarter ended 31 March	-	-	616	-	(26)	590
Total comprehensive income for the quarter ended 31 March	-	-	616	11,807	(26)	12,397
Balance at 31 March 2014	91,733	22,880	18,544	161,726	(1,548)	293,335
Balance at 1 January 2013	91,733	22,880	16,437	132,939	(1,769)	262,220
Profit net of tax	-	-	-	7,892	-	7,892
Other comprehensive income for the quarter ended 31 March	-	-	5,562	-	107	5,669
Total comprehensive income for the quarter ended 31 March	-	-	5,562	7,892	107	13,561
Balance at 31 March 2013	91,733	22,880	21,999	140,831	(1,662)	275,781

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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	-	-	-	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
Balance at 1 January 2013	91,733	22,880	16,437	128,933	259,983
Profit net of tax	-	-	-	7,958	7,958
Other comprehensive income for the quarter ended 31 March	-	-	5,562	-	5,562
Total comprehensive income for the quarter ended 31 March	-	-	5,562	7,958	13,520
Balance at 31 March 2013	91,733	22,880	21,999	136,891	273,503

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6. Unaudited statement of cash flows

	Group	
	1st Qtr <u>2014</u> \$'000	1st Qtr <u>2013</u> \$'000
Cash flows from operating activities		
Profit before tax from continuing operations	14,128	9,452
Loss before tax from discontinued operation	-	(66)
	<u>14,128</u>	<u>9,386</u>
Adjustments for:		
Movement in net reserve for unexpired risks	554	969
Movement in net deferred acquisition costs	(267)	(301)
Movement in net outstanding claims	68	869
Net fair value (gains)/losses on financial derivatives-unrealised	(1,136)	139
Depreciation	21	28
Net gains on disposal of available-for-sale investments	(5,976)	(2,043)
Amortisation of investments	15	(5)
Gross dividends from investments	(434)	(195)
Interest income from investments	(1,618)	(1,602)
Interest on fixed deposits and bank balances	(26)	(21)
Exchange differences	(617)	(1,169)
Operating profit before working capital change	<u>4,712</u>	<u>6,055</u>
Changes in working capital:		
Trade and other receivables	(5,195)	(5,564)
Trade and other payables	3,811	4,493
Amount owing to related companies	(1,323)	(571)
Cash generated from operations	<u>2,005</u>	<u>4,413</u>
Tax paid	110	(4)
Net cash flow from operating activities	<u>2,115</u>	<u>4,409</u>
Cash flows from investing activities		
Proceeds from sale of available-for-sale investments	38,833	25,723
Purchase of available-for-sale investments	(45,307)	(21,294)
(Placement in)/proceed from long-term fixed deposits	(7,904)	4,511
Unsecured term loans	2	-
Gross dividends from investments	434	195
Interest income from investments	1,618	1,602
Interest on fixed deposits and bank balances	26	21
Net cash (outflow)/inflow from investing activities	<u>(12,298)</u>	<u>10,758</u>
Translation difference on foreign subsidiary company	(26)	107
Net (decrease)/increase in cash and cash equivalents	<u>(10,209)</u>	<u>15,274</u>
Cash and cash equivalents at beginning of period	43,871	36,024
Effects of exchange rate changes on cash and cash equivalents	-	117
Cash and cash equivalents at end of period	<u>33,662</u>	<u>51,415</u>

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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 period :

	Group	
	1st Qtr 2014 \$'000	1st Qtr 2013 \$'000
Cash and bank balances		
- continuing operations	33,662	43,708
- discontinued operation	-	7,707
	33,662	51,415

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

	Group	
	1st Qtr 2014 \$'000	1st Qtr 2013 \$'000
Cash and bank balances	7,601	8,202
Fixed deposits placement less than 3 months	26,061	35,506
Cash and cash equivalents	33,662	43,708
Fixed deposits placement more than 3 months	11,302	2,873
	44,964	46,581

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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
<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
Management income/(expenses) not charged to 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
<u>For 3 months ended 31 March 2013</u>					
Gross premiums written	24,714	5,797	-	-	30,511
Net earned premiums	8,169	3,666	-	-	11,835
Net claims incurred	3,404	1,099	-	-	4,503
Net commissions	(1,766)	1,032	-	-	(734)
Management expenses	2,310	247	-	-	2,557
Underwriting profit	4,221	1,288	-	-	5,509
Interest income from investments	932	132	538	-	1,602
Interest on fixed deposits and bank balances	10	9	2	-	21
Other income	1,168	148	297	-	1,613
Management income/(expenses) not charged to insurance revenue account	358	38	311	-	707
Profit before tax	6,689	1,615	1,148	-	9,452
Tax expense	(1,137)	(162)	(195)	-	(1,494)
Profit from continuing operations, net of tax	5,552	1,453	953	-	7,958
Loss from discontinued operation, net of tax	-	-	-	(66)	(66)
Profit after tax	5,552	1,453	953	(66)	7,892
Segment total assets as at 31 March 2013	323,862	51,264	145,947	7,756	528,829
Segment total liabilities as at 31 March 2013	219,463	27,477	5,584	524	253,048

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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, which is in the process of members' voluntary winding up and liquidators were appointed on 2 September 2013.

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 quarter ended 31 March 2014 and the preceding period, 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 for		Non-current assets as at	
	<u>1Q2013</u>	<u>1Q2013</u>	<u>1Q2013</u>	<u>1Q2013</u>
	\$'000	\$'000	\$'000	\$'000
Singapore	23,695	23,256	235	271
Asean	3,170	3,136	-	-
Others	1,769	2,167	-	-
	<u>28,634</u>	<u>28,559</u>	<u>235</u>	<u>271</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	1st Quarter 2014	1st Quarter 2013	1Q14/ 1Q13 %
Gross premiums written	30,729	30,511	+ 0.7
Underwriting profit	5,658	5,509	+ 2.7
Non-underwriting income	8,470	3,943	+114.8
Profit before tax	14,128	9,452	+ 49.5

1st Quarter 2014 ("1Q14") versus 1st Quarter 2013 ("1Q13")

Gross premiums increased by \$0.2 million or 0.7% to \$30.7 million and net earned premiums decreased by \$0.1 million or 0.7% as compared with the same period of last year. The growth in gross premiums was due mainly to increased business regionally and through insurance intermediaries. Net commission income decreased by \$0.8 million or 112%. Net claims incurred decreased by \$1.0 million or 23.0%. Management expenses decreased from \$2.6 million to \$2.5 million.

Underwriting profit increased by 3% to \$5.7 million due mainly to lower net claims incurred. Non-underwriting income increased to \$8.5 million from \$3.9 million in the corresponding period last year due mainly to higher gains from the sale of investments and higher exchange gains.

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

Competition for corporate accounts will likely intensify further as evidenced by the increasing frequency of reckless rate cutting without regard for the commensurability between price and risk. Claims and operating costs will likely trend upwards whilst the unpredictability of climate change will add to the challenges of the operating environment.

On the investment front, investment income would likely remain volatile in light of geopolitical and economic uncertainties.

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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 quarter ended 31 March 2014 are the same as those adopted in the preceding year.

11. Dividend

No dividend has been declared for the quarter ended 31 March 2014.

12. 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 31 March 2014 (31 March 2013: nil).

13. Interested person transactions

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

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 group financial results for the first quarter ended 31 March 2014 to be false or misleading.

BY ORDER OF THE BOARD

MRS VIVIEN CHAN
SECRETARY

Dated this 29 April 2014