

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 2019

	1st Half 2019 \$'000	1st Half 2018 \$'000	Incr/ (Decr) %	2nd Qtr 2019 \$'000	2nd Qtr 2018 \$'000	Incr/ (Decr) %
(a) Gross premium written	58,458	56,725	3.1	30,602	29,536	3.6
Net earned premium	20,074	20,394	(1.6)	9,565	10,236	(6.6)
Net claims incurred	(6,611)	(5,165)	28.0	(3,505)	(2,024)	73.2
Net commission	2,203	1,158	90.2	302	(316)	(195.6)
Management expenses :						
Staff cost	(4,202)	(4,029)	4.3	(2,109)	(2,005)	5.2
Rental expenses	-	(653)	(100.0)	-	(326)	(100.0)
Depreciation	(701)	(46)	NM	(351)	(24)	NM
Foreign exchange (losses)/gains	(38)	59	(164.4)	(46)	(8)	475.0
Other operating expenses	(1,889)	(2,022)	(6.6)	(872)	(876)	(0.5)
Underwriting profit	8,836	9,696	(8.9)	2,984	4,657	(35.9)
Gross dividends from investments	5,642	1,876	200.7	5,381	1,622	231.8
Interest income from investments	3,818	4,016	(4.9)	1,955	2,053	(4.8)
Interest on fixed deposits and bank balances	350	169	107.1	158	83	90.4
Net (provision)/write-back of expected credit loss on investments	(26)	20	(230.0)	(23)	18	(227.8)
Amortisation of discount/(premium) on investments	1	(25)	(104.0)	(2)	(13)	(84.6)
Other income	253	6	NM	228	6	NM
Net losses on interest rate futures - realised	(2,013)	-	NM	(1,046)	-	NM
Net gains/(losses) on interest rate futures - unrealised	51	-	NM	(514)	-	NM
Net fair value gains/(losses) on mandatorily measured at fair value through profit or loss ("FVTPL") investments - unrealised	5,837	(853)	NM	(809)	610	(232.6)
Net loss on sale of fixed assets	(1)	-	NM	(1)	-	NM
Net gains on disposal of mandatorily measured at FVTPL investments	2,544	-	NM	2,480	-	NM
Net gains/(losses) on disposal of fair value through other comprehensive income ("FVOCI") investments	57	(152)	(137.5)	46	(134)	(134.3)
Net fair value losses on forward contracts - realised	(630)	(1,162)	(45.8)	(2,259)	(4,553)	(50.4)
Net fair value gains/(losses) on forward contracts - unrealised	1,172	(2,640)	(144.4)	2,276	(2,030)	(212.1)
Exchange (losses)/gains	(1,315)	3,321	(139.6)	(401)	6,197	(106.5)
	(773)	(481)		(384)	(386)	
Management expenses not charged to insurance revenue account:						
Management fees	(537)	(529)	1.5	(274)	(274)	-
Other operating expenses	(473)	(295)	60.3	(194)	(142)	36.6
Non-underwriting income	14,730	3,752	292.6	7,001	3,443	103.3
Profit before tax	23,566	13,448	75.2	9,985	8,100	23.3
Tax expense	(3,775)	(2,033)	85.7	(1,622)	(1,202)	34.9
Profit after tax	19,791	11,415	73.4	8,363	6,898	21.2
Profit attributable to equity holders of the Company	19,791	11,415	73.4	8,363	6,898	21.2

Note : NM = Not Meaningful

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1. Unaudited income statement for the first half/second quarter ended 30 June 2019 (Cont'd)

	1st Half 2019 \$'000	1st Half 2018 \$'000	Incr/ (Decr) %	2nd Qtr 2019 \$'000	2nd Qtr 2018 \$'000	Incr/ (Decr) %
(b) Annualised earnings per share :						
Basic and diluted (cents)	<u>64.72</u>	<u>37.33</u>	73.4	<u>54.70</u>	<u>45.12</u>	21.2

2. Unaudited statement of comprehensive income for the first half/second quarter ended 30 June 2019

Net profit	19,791	11,415	73.4	8,363	6,898	21.2
Other comprehensive income :						
Items that will not be reclassified to profit or loss :						
Net fair value gains on equity securities at FVOCI	12,207	6,374	91.5	12,446	6,374	95.3
Tax related to the above	<u>(2,075)</u>	<u>(1,083)</u>	91.6	<u>(2,115)</u>	<u>(1,083)</u>	95.3
	<u>10,132</u>	<u>5,291</u>	91.5	<u>10,331</u>	<u>5,291</u>	95.3
Items that may be reclassified subsequently to profit or loss :						
Debt securities at FVOCI						
Changes in fair value	7,626	(7,150)	(206.7)	(3,299)	(6,228)	(47.0)
Transfer to profit or loss on disposal	(57)	152	(137.5)	(68)	134	(150.7)
Changes in allowance for expected credit losses	26	(20)	(230.0)	23	(18)	(227.8)
Tax related to the above	<u>(1,293)</u>	<u>1,193</u>	(208.4)	<u>566</u>	<u>1,039</u>	(45.5)
	<u>6,302</u>	<u>(5,825)</u>	(208.2)	<u>(2,778)</u>	<u>(5,073)</u>	(45.2)
Other comprehensive income for the first half year/2nd Quarter ended 30 June, net of tax	<u>16,434</u>	<u>(534)</u>	NM	<u>7,553</u>	<u>218</u>	NM
Total comprehensive income for the first half year/2nd Quarter ended 30 June, net of tax	<u>36,225</u>	<u>10,881</u>	232.9	<u>15,916</u>	<u>7,116</u>	123.7
Total comprehensive income attributable to equity holders of the Company	<u>36,225</u>	<u>10,881</u>	232.9	<u>15,916</u>	<u>7,116</u>	123.7

Note : NM = Not Meaningful

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3. Unaudited statement of financial position

	<u>30-Jun-19</u> \$'000	<u>31-Dec-18</u> \$'000
(a) Share capital - Issued and fully paid	91,733	91,733
Reserves	<u>314,610</u>	<u>286,641</u>
	406,343	378,374
Liabilities		
Insurance creditors	20,892	15,516
Non-trade creditors and accrued liabilities	6,700	5,706
Lease liabilities	3,282	-
Amount owing to related companies	387	566
Derivative financial liabilities	831	882
Tax payable	7,642	6,562
Deferred tax liabilities	10,766	7,355
Deferred acquisition cost - reinsurers' share	10,420	9,470
Gross technical balances		
- Reserve for unexpired risks	63,117	56,170
- Reserve for outstanding claims	<u>123,230</u>	<u>130,123</u>
	247,267	232,350
	<u>653,610</u>	<u>610,724</u>
Assets		
Bank balances and fixed deposits	56,557	63,895
Insurance debtors	20,119	11,310
Non-trade debtors and accrued interest receivables	5,387	4,114
Derivative financial assets	1,817	645
Associated company	1	1
Investments	446,199	408,828
Fixed assets	160	203
Right-of-use assets	3,214	-
Deferred acquisition cost - gross	9,387	8,175
Reinsurers' share of technical balances		
- Reserve for unexpired risks	39,358	35,183
- Reserve for outstanding claims	<u>71,411</u>	<u>78,370</u>
	653,610	610,724
	<u>653,610</u>	<u>610,724</u>
(b) Net asset value per share (S\$)	6.64	6.19
Number of shares issued ('000)	61,155	61,155

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4. Unaudited statement of changes in equity

	Share capital \$'000	General reserve \$'000	Revaluation on investment reserve \$'000	Retained profits \$'000	Total \$'000
Balance at 1 January 2019	91,733	22,880	34,523	229,238	378,374
Profit net of tax	-	-	-	19,791	19,791
Other comprehensive income for the six month ended 30 June, net of tax	-	-	16,434	-	16,434
Total comprehensive income for the six months ended 30 June	-	-	16,434	19,791	36,225
Transfer of fair value reserves of equity securities at FVOCI upon disposal, net of tax	-	-	212	(212)	-
Dividend for Year 2018	-	-	-	(8,256)	(8,256)
Balance at 30 June 2019	91,733	22,880	51,169	240,561	406,343
Balance at 1 January 2018	91,733	22,880	49,717	213,250	377,580
- as previously reported	-	-	(9,616)	9,569	(47)
- effect of adopting SFRS(I) 9	91,733	22,880	40,101	222,819	377,533
- as restated	-	-	-	11,415	11,415
Profit net of tax	-	-	-	11,415	11,415
Other comprehensive income for the six months ended 30 June	-	-	(534)	-	(534)
Total comprehensive income for the six months ended 30 June	-	-	(534)	11,415	10,881
Dividend for Year 2017	-	-	-	(11,620)	(11,620)
Balance at 30 June 2018	91,733	22,880	39,567	222,614	376,794
Balance at 1 April 2019	91,733	22,880	43,603	240,467	398,683
Profit net of tax	-	-	-	8,363	8,363
Other comprehensive income for the quarter ended 30 June	-	-	7,553	-	7,553
Total comprehensive income for the quarter ended 30 June	-	-	7,553	8,363	15,916
Transfer of fair value reserves of equity securities at FVOCI upon disposal, net of tax	-	-	13	(13)	-
Dividend for Year 2018	-	-	-	(8,256)	(8,256)
Balance at 30 June 2019	91,733	22,880	51,169	240,561	406,343
Balance at 1 April 2018	91,733	22,880	39,349	227,336	381,298
Profit net of tax	-	-	-	6,898	6,898
Other comprehensive income for the quarter ended 30 June	-	-	218	-	218
Total comprehensive income for the quarter ended 30 June	-	-	218	6,898	7,116
Dividend for Year 2017	-	-	-	(11,620)	(11,620)
Balance at 30 June 2018	91,733	22,880	39,567	222,614	376,794

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5. Unaudited statement of cash flows

	1st Half 2019 \$'000	1st Half 2018 \$'000	2nd Qtr 2019 \$'000	2nd Qtr 2018 \$'000
Cash flows from operating activities				
Profit before tax	23,566	13,448	9,985	8,100
Adjustments for:				
Movement in net reserve for unexpired risks	2,772	2,170	1,039	1,094
Movement in net deferred acquisition costs	(262)	(729)	224	(350)
Movement in net outstanding claims	66	(693)	(158)	(510)
Depreciation	701	46	351	24
Interest paid	38	-	18	-
Net losses on disposal of fixed assets	1	-	1	-
Net fair value (gains)/losses on forward contracts-unrealised	(1,172)	2,640	(2,276)	2,030
Net (gains)/losses on interest rate futures-unrealised	(51)	-	514	-
Net fair value (gains)/losses on mandatorily measured at FVTPL investments - unrealised	(5,837)	853	809	(610)
Net gains on disposal of mandatorily measured at FVTPL investments	(2,544)	-	(2,480)	-
Net (gains)/losses on disposal of FVOCI investments	(57)	152	(46)	134
Amortisation of (discount)/premium on investments	(1)	25	2	13
Net provision/(write-back) of expected credit loss on debts securities at FVOCI	26	(20)	23	(18)
Gross dividend from investments	(5,642)	(1,876)	(5,381)	(1,622)
Interest income from investments	(3,818)	(4,016)	(1,955)	(2,053)
Interest on fixed deposits and bank balances	(350)	(169)	(158)	(83)
Exchange losses/(gains)	1,258	(3,308)	361	(6,186)
Operating profit before working capital changes	8,694	8,523	873	(37)
Changes in working capital:				
Trade and other receivables	(9,939)	(7,256)	(3,192)	(1,966)
Trade and other payables	6,370	1,585	4,172	1,774
Amount owing to related companies	(179)	(1,132)	(180)	-
Cash generated from operations	4,946	1,720	1,673	(229)
Tax paid	(2,652)	(2,765)	(2,638)	(2,752)
Interest paid	(38)	-	(18)	-
Net cash flows from/(used in) operating activities	2,256	(1,045)	(983)	(2,981)
Cash flows from investing activities				
Proceeds from disposal of investments	120,943	12,641	79,271	7,817
Purchase of investments	(131,357)	(22,749)	(88,989)	(17,955)
Purchase of fixed assets	(4)	(39)	(4)	(39)
(Placement in)/proceeds from long-term fixed deposits	(2)	6,213	(1)	4,357
Gross dividend from investments	5,715	1,868	5,434	1,573
Interest income from investments	3,592	3,944	1,630	2,104
Interest on fixed deposits and bank balances	360	189	161	99
Net cash flows (used in)/from investing activities	(753)	2,067	(2,498)	(2,044)
Cash flows from financing activity				
Leases paid	(587)	-	(295)	-
Dividend paid	(8,256)	(11,620)	(8,256)	(11,620)
Cash flows used in financing activity	(8,843)	(11,620)	(8,551)	(11,620)
Net decrease in cash and cash equivalents	(7,340)	(10,598)	(12,032)	(16,645)
Cash and cash equivalents at beginning of period	61,466	45,860	66,158	51,907
Cash and cash equivalents at end of period	54,126	35,262	54,126	35,262

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5. Unaudited statement of cash flows (cont'd)

For the purpose of statement of cash flows, cash and cash equivalents comprise the following :

	1st Half 2019 \$'000	1st Half 2018 \$'000
Cash and bank balances	23,592	10,111
Fixed deposits placement with maturity less than 3 months	30,534	25,151
Cash and cash equivalents	54,126	35,262
Fixed deposits placement with maturity more than 3 months	2,431	2,379
	<u>56,557</u>	<u>37,641</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 first half year ended 30 June 2019</u>				
Gross premium written	40,462	17,996	-	58,458
Net earned premium	13,776	6,298	-	20,074
Net claims incurred	(4,289)	(2,322)	-	(6,611)
Net commission	3,448	(1,245)	-	2,203
Management expenses	(6,053)	(777)	-	(6,830)
Underwriting profit	6,882	1,954	-	8,836
Gross dividends from investments	679	122	4,841	5,642
Interest income from investments	2,093	455	1,270	3,818
Interest on fixed deposits and bank balances	189	87	74	350
Net fair value losses on financial derivatives	(779)	(167)	(474)	(1,420)
Net fair value gains on mandatorily measured at FVTPL investments - unrealised	3,170	760	1,907	5,837
Net loss on sale of fixed assets	(1)	-	-	(1)
Net gains on disposal of mandatorily measured at FVTPL investments	1,322	335	887	2,544
Net gains on disposal of FVOCI investments	27	5	25	57
Exchange losses	(727)	(157)	(431)	(1,315)
Other income	228	(4)	4	228
Management expenses not charged to insurance revenue account - net	(360)	(80)	(570)	(1,010)
Profit before tax	12,723	3,310	7,533	23,566
Tax expense	(2,163)	(331)	(1,281)	(3,775)
Profit after tax	10,560	2,979	6,252	19,791
Segment total assets as at 30 June 2019	358,468	89,125	206,017	653,610
Segment total liabilities as at 30 June 2019	188,071	47,307	11,889	247,267
<u>For first half year ended 30 June 2018</u>				
Gross premium written	41,543	15,182	-	56,725
Net earned premium	13,937	6,457	-	20,394
Net claims incurred	(3,977)	(1,188)	-	(5,165)
Net commission	2,491	(1,333)	-	1,158
Management expenses	(5,945)	(746)	-	(6,691)
Underwriting profit	6,506	3,190	-	9,696
Gross dividends from investments	716	139	1,021	1,876
Interest income from investments	2,178	472	1,366	4,016
Interest on fixed deposits and bank balances	82	60	27	169
Net fair value losses on financial derivatives	(2,057)	(453)	(1,292)	(3,802)
Net fair value losses on mandatorily measured at FVTPL investments - unrealised	(547)	(91)	(215)	(853)
Net losses on disposal of FVOCI investments	(77)	(17)	(58)	(152)
Exchange gains	1,793	396	1,132	3,321
Other income	10	(12)	3	1
Management expenses not charged to insurance revenue account - net	(297)	(63)	(464)	(824)
Profit before tax	8,307	3,621	1,520	13,448
Tax expense	(1,412)	(363)	(258)	(2,033)
Profit after tax	6,895	3,258	1,262	11,415
Segment total assets as at 30 June 2018	357,902	84,625	193,902	636,429
Segment total liabilities as at 30 June 2018	205,398	44,778	9,728	259,904

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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 June 2019</u>				
Gross premium written	21,174	9,428	-	30,602
Net earned premium	6,904	2,661	-	9,565
Net claims incurred	(2,472)	(1,033)	-	(3,505)
Net commission	768	(466)	-	302
Management expenses	(2,943)	(435)	-	(3,378)
Underwriting profit	2,257	727	-	2,984
Gross dividends from investments	538	93	4,750	5,381
Interest income from investments	1,080	232	643	1,955
Interest on fixed deposits and bank balances	87	36	35	158
Net fair value losses on financial derivatives	(841)	(179)	(523)	(1,543)
Net fair value losses on mandatorily measured at FVTPL investments - unrealised	(429)	(58)	(322)	(809)
Net loss on sale of fixed assets	(1)	-	-	(1)
Net gains on disposal of mandatorily measured at FVTPL investments	1,325	315	840	2,480
Net gains on disposal of FVOCI investments	21	4	21	46
Exchange losses	(230)	(46)	(125)	(401)
Other income	201	(4)	6	203
Management expenses not charged to insurance revenue account - net	(178)	(40)	(250)	(468)
Profit before tax	3,830	1,080	5,075	9,985
Tax expense	(651)	(108)	(863)	(1,622)
Profit after tax	3,179	972	4,212	8,363
Segment total assets as at 30 June 2019	358,468	89,125	206,017	653,610
Segment total liabilities as at 30 June 2019	188,071	47,307	11,889	247,267
<u>For 3 months ended 30 June 2018</u>				
Gross premium written	20,388	9,148	-	29,536
Net earned premium	7,104	3,132	-	10,236
Net claims incurred	(2,150)	126	-	(2,024)
Net commission	396	(712)	-	(316)
Management expenses	(2,826)	(413)	-	(3,239)
Underwriting profit	2,524	2,133	-	4,657
Gross dividends from investments	578	111	933	1,622
Interest income from investments	1,112	242	699	2,053
Interest on fixed deposits and bank balances	37	31	15	83
Net fair value losses on financial derivatives	(3,562)	(784)	(2,237)	(6,583)
Net fair value gains on mandatorily measured at FVTPL investments - unrealised	235	83	292	610
Net losses on disposal of FVOCI investments	(70)	(13)	(51)	(134)
Exchange gains	3,353	735	2,109	6,197
Other income	5	-	6	11
Management expenses not charged to insurance revenue account - net	(154)	(33)	(229)	(416)
Profit before tax	4,058	2,505	1,537	8,100
Tax expense	(690)	(251)	(261)	(1,202)
Profit after tax	3,368	2,254	1,276	6,898
Segment total assets as at 30 June 2018	357,902	84,625	193,902	636,429
Segment total liabilities as at 30 June 2018	205,398	44,778	9,728	259,904

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6. Segment information (cont'd)

The Company is principally engaged in the business of underwriting general insurance. As the Company has 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 (International) ("SFRS(I)").

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>1st Half</u> <u>2019</u> <u>\$'000</u>	<u>1st Half</u> <u>2018</u> <u>\$'000</u>	<u>1st Half</u> <u>2019</u> <u>\$'000</u>	<u>1st Half</u> <u>2018</u> <u>\$'000</u>
Singapore	41,776	42,751	3,374	240
Asean	13,044	11,510	-	-
Others	3,638	2,464	-	-
	<u>58,458</u>	<u>56,725</u>	<u>3,374</u>	<u>240</u>

	<u>Revenue for</u>		<u>Non-current assets as at</u>	
	<u>2nd Qtr</u> <u>2019</u> <u>\$'000</u>	<u>2nd Qtr</u> <u>2018</u> <u>\$'000</u>	<u>2nd Qtr</u> <u>2019</u> <u>\$'000</u>	<u>2nd Qtr</u> <u>2018</u> <u>\$'000</u>
Singapore	21,980	21,247	3,374	240
Asean	7,207	7,398	-	-
Others	1,415	891	-	-
	<u>30,602</u>	<u>29,536</u>	<u>3,374</u>	<u>240</u>

The Company's non-current assets presented above consist of fixed assets and right-of-use assets.

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7. Review of performance

Highlights and Performance Indicators

\$'000	1st Half 2019	1st Half 2018	1H19/ 1H18 %	2nd Quarter 2019	2nd Quarter 2018	2Q19/ 2Q18 %
Gross premium written	58,458	56,725	+3.1	30,602	29,536	+3.6
Net earned premium	20,074	20,394	-1.6	9,565	10,236	-6.6
Net claims incurred	(6,611)	(5,165)	+28.0	(3,505)	(2,024)	+73.2
Net commission	2,203	1,158	+90.2	302	(316)	-195.6
Management expenses	(6,830)	(6,691)	+2.1	(3,378)	(3,239)	+4.3
Underwriting profit	8,836	9,696	-8.9	2,984	4,657	-35.9
Non-underwriting income	14,730	3,752	+292.6	7,001	3,443	+103.3
Profit before tax	23,566	13,448	+75.2	9,985	8,100	+23.3
Profit after tax	19,791	11,415	+73.4	8,363	6,898	+21.2
Other comprehensive income, net of tax	16,434	(534)	NM	7,553	218	NM
Total comprehensive income	36,225	10,881	+232.9	15,916	7,116	+123.7
Net asset value per share (\$)	6.64	6.16	+7.8	6.64	6.16	+7.8

Note : NM = Not Meaningful

1st Half 2019 ("1H19") versus 1st Half 2018 ("1H18")

Gross premium increased by \$1.7 million or 3.1% to \$58.5 million due mainly to increase in fire and reinsurance classes of insurance. Net earned premium decreased by \$0.3 million or 1.6% as compared with 1H18 due to higher unearned premium reserve strain totalling \$1.07 million caused by growth in business. Net claims incurred increased by \$1.4 million or 28.0% due mainly from offshore reinsurance accounts. Net commission income increased by \$1.0 million or 90.2% due to higher reinsurance commission recoveries from treaty reinsurers. Management expenses increased by \$0.1 million or 2.1% due mainly to higher staff costs. Consequently, underwriting profit decreased by \$0.9 million or 8.9% to \$8.8 million.

Non-underwriting income increased to \$14.7 million or 292.6% as compared to \$3.8 million in the corresponding period last year. The increase was mainly due to increase in unrealised fair value gains from the Company's investments in unit trusts and exchange-traded funds and higher dividends received.

Consequently, overall profit before tax was \$23.6 million, an increase of 75.2%.

The other comprehensive income which affects the balance sheet and not the profit before tax had net gains of \$16.4 million instead of a loss of \$0.5 million in the corresponding period last year, due to better market sentiments in the 1H2019.

Overall, total comprehensive income increased by \$25.3 million or 232.9%, when compared to the corresponding period last year due mainly to better investment results.

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7. Review of performance (cont'd)

Highlights and Performance Indicators (cont'd)

2nd Quarter 2019 ("2Q19") versus 2nd Quarter 2018 ("2Q18")

The Company's gross premium increased by \$1.1 million or 3.6% to \$30.6 million. Net earned premium decreased by \$0.7 million or 6.6% in 2Q19 as compared to 2Q18 due to higher unearned premium reserve strain. Net claims incurred increased by \$1.5 million or 73.2%. Net commission income was \$0.3 million as against net commission expenses of \$0.3 million in the corresponding period. Consequently, underwriting profit in 2Q19 decreased by 35.9% to \$3.0 million.

The Company recorded a higher non-underwriting income of \$7.0 million in 2Q19 for reasons as mentioned earlier.

Profit before tax increased to \$10.0 million due to higher profit from non-underwriting income.

Total comprehensive income for 2Q19 was \$15.9 million, an increase of \$8.8 million to \$15.9 million when compared with the same period last year due to better investment results.

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

Intense competition in the general insurance market which has led to severe premium erosion and negative underwriting results will likely persist. This, combining with deepening economic slowdown will render it highly challenging to achieve meaningful growth. Claims experience could deteriorate in light of worsening weather conditions resulting from climate change. The Company remains confident of delivering underwriting profit given its prudent underwriting practices, bancassurance arrangements and distribution channels.

In view of global uncertainties, the Company remains cautious in its investment activities.

9. Accounting policy

The financial statements, expressed in Singapore dollars are prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). The accounting policies and computation methods adopted in the financial statements for the first half/second quarter ended 30 June 2019 are the same as those adopted in the preceding year except for the adoption of SFRS(I) 16 Leases.

The Company adopted SFRS(I) 16 Leases on 1 January 2019, leading to the recognition of the right-of-use assets of \$3.9 million and lease liabilities of \$3.5 million for its leases previously classified as operating leases as of 1 January 2019. The right-of-use assets included an amount of \$0.4 million pertaining to reinstatement cost.

10. Dividend

The Directors are pleased to declare an interim dividend of 8.5 cents (2018 : 8.5 cents) per share (one-tier tax-exempt) in respect of the current financial year. The total interim dividend would amount to \$5.2 million. The dividend will be paid on 23 August 2019.

NEWS RELEASE

11. Closure of books

Notice is hereby given that the Share Transfer Books and the Register of Members of the Company will be closed on 15 August 2019, for determining shareholders' entitlements to the interim dividend. 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 14 August 2019 will be registered for the interim dividend. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), entitlements to the interim dividend will be computed based on the shareholdings position after settlement of all trades on 14 August 2019 ("Record Date"). The interim dividend will be paid by the Company to CDP which will in turn distribute the dividend to holders of the securities accounts.

12. 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 June 2019 (30 June 2018: 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 its knowledge, nothing has come to its attention which may render the unaudited financial results for the first half/second quarter ended 30 June 2019 to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the SGX-ST Listing Manual.

BY ORDER OF THE BOARD

MRS VIVIEN CHAN
SECRETARY

Dated this 30 July 2019