

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 nine months/third quarter ended 30 September 2019

	9 Months 2019 \$'000	9 Months 2018 \$'000	Incr/ (Decr) %	3rd Qtr 2019 \$'000	3rd Qtr 2018 \$'000	Incr/ (Decr) %
(a) Gross premium written	83,370	79,743	4.5	24,912	23,018	8.2
Net earned premium	30,284	30,153	0.4	10,210	9,759	4.6
Net claims incurred	(9,673)	(10,268)	(5.8)	(3,062)	(5,103)	(40.0)
Net commission	1,905	1,137	67.5	(298)	(21)	NM
Management expenses :						
Staff cost	(6,309)	(6,111)	3.2	(2,107)	(2,082)	1.2
Rental expenses	-	(979)	(100.0)	-	(326)	(100.0)
Depreciation	(1,057)	(70)	NM	(356)	(24)	NM
Foreign exchange gains/(losses)	59	23	156.5	97	(36)	(369.4)
Other operating expenses	(2,953)	(2,732)	8.1	(1,064)	(710)	49.9
Underwriting profit	12,256	11,153	9.9	3,420	1,457	134.7
Gross dividends from investments	7,250	3,297	119.9	1,608	1,421	13.2
Interest income from investments	6,196	6,009	3.1	2,378	1,993	19.3
Interest on fixed deposits and bank balances	539	252	113.9	189	83	127.7
Net (provision)/write-back of expected credit loss on investments	(87)	73	(219.2)	(61)	53	(215.1)
Amortisation of premium on investment	(104)	(44)	136.4	(105)	(19)	452.6
Other income	286	8	NM	33	2	NM
Net (losses)/gains on interest rate futures - realised	(3,008)	15	NM	(995)	15	NM
Net gains on interest rate futures - unrealised	882	153	476.5	831	153	443.1
Net fair value (losses)/gains on mandatorily measured at fair value through profit or loss ("FVTPL") investments - unrealised	(2,394)	2,184	(209.6)	(8,231)	3,037	(371.0)
Net loss on sale of fixed assets	(1)	-	NM	-	-	-
Net gains/(losses) on disposal of mandatorily measured at FVTPL investments	11,164	(62)	NM	8,620	(62)	NM
Net gains/(losses) on disposal of fair value through other comprehensive income ("FVOCI") investments	584	(483)	(220.9)	527	(331)	(259.2)
Net fair value losses on forward contracts - realised	(2,340)	(2,910)	(19.6)	(1,710)	(1,748)	(2.2)
Net fair value (losses)/gains on forward contracts - unrealised	(1,363)	(1,499)	(9.1)	(2,535)	1,141	(322.2)
Exchange gains	2,658	3,911	(32.0)	3,973	590	NM
	(1,045)	(498)		(272)	(17)	
Management expenses not charged to insurance revenue account:						
Management fees	(839)	(796)	5.4	(302)	(267)	13.1
Other operating expenses	(593)	(458)	29.5	(120)	(163)	(26.4)
Non-underwriting income	18,830	9,650	95.1	4,100	5,898	(30.5)
Profit before tax	31,086	20,803	49.4	7,520	7,355	2.2
Tax expense	(4,969)	(3,369)	47.5	(1,194)	(1,336)	(10.6)
Profit after tax	26,117	17,434	49.8	6,326	6,019	5.1
Profit attributable to equity holders of the Company	26,117	17,434	49.8	6,326	6,019	5.1

Note : NM = Not Meaningful

NEWS RELEASE

1. Unaudited income statement for the nine months/third quarter ended 30 September 2019 (Cont'd)

	9 Months 2019 \$'000	9 Months 2018 \$'000	Incr/ (Decr) %	3rd Qtr 2019 \$'000	3rd Qtr 2018 \$'000	Incr/ (Decr) %
(b) Annualised earnings per share : Basic and diluted (cents)	<u>56.94</u>	<u>38.01</u>	49.8	<u>41.38</u>	<u>39.37</u>	5.1

2. Unaudited statement of comprehensive income for the nine months/third quarter ended 30 September 2019

Net profit	26,117	17,434	49.8	6,326	6,019	5.1
Other comprehensive income :						
Items that will not be reclassified to profit or loss :						
Net fair value gains on equity securities at FVOCI	8,086	7,079	14.2	(4,121)	705	NM
Tax related to the above	(1,374)	(1,204)	14.1	701	(121)	NM
	<u>6,712</u>	<u>5,875</u>	14.2	<u>(3,420)</u>	<u>584</u>	NM
Items that may be reclassified subsequently to profit or loss :						
Debt securities at FVOCI						
Changes in fair value	10,256	(7,873)	(230.3)	2,630	(723)	(463.8)
Transfer to profit or loss on disposal	(584)	483	(220.9)	(527)	331	(259.2)
Changes in allowance for expected credit losses	87	(73)	(219.2)	61	(53)	(215.1)
Tax related to the above	(1,661)	1,268	(231.0)	(368)	75	NM
	<u>8,098</u>	<u>(6,195)</u>	(230.7)	<u>1,796</u>	<u>(370)</u>	NM
Other comprehensive income for the nine months/3rd Quarter ended 30 September, net of tax	<u>14,810</u>	<u>(320)</u>	NM	<u>(1,624)</u>	<u>214</u>	NM
Total comprehensive income for the nine months/3rd Quarter ended 30 September, net of tax	<u>40,927</u>	<u>17,114</u>	139.1	<u>4,702</u>	<u>6,233</u>	(24.6)
Total comprehensive income attributable to equity holders of the Company	<u>40,927</u>	<u>17,114</u>	139.1	<u>4,702</u>	<u>6,233</u>	(24.6)

Note : NM = Not Meaningful

NEWS RELEASE

3. Unaudited statement of financial position

	<u>30-Sep-19</u> \$'000	<u>31-Dec-18</u> \$'000
(a) Share capital - Issued and fully paid	91,733	91,733
Reserves	<u>314,114</u>	<u>286,641</u>
	405,847	378,374
Liabilities		
Insurance creditors	19,464	15,516
Non-trade creditors and accrued liabilities	6,690	5,706
Lease liabilities	2,994	-
Amount owing to related companies	573	566
Derivative financial liabilities	718	882
Tax payable	6,272	6,562
Deferred tax liabilities	10,366	7,355
Deferred acquisition cost - reinsurers' share	9,979	9,470
Gross technical balances		
- Reserve for unexpired risks	62,565	56,170
- Reserve for outstanding claims	<u>126,475</u>	<u>130,123</u>
	246,096	232,350
	<u>651,943</u>	<u>610,724</u>
Assets		
Bank balances and fixed deposits	91,980	63,895
Insurance debtors	20,638	11,310
Non-trade debtors and accrued interest receivables	5,022	4,114
Derivative financial assets	-	645
Associated company	1	1
Investments	408,887	408,828
Fixed assets	321	203
Right-of-use assets	2,890	-
Deferred acquisition cost - gross	9,173	8,175
Reinsurers' share of technical balances		
- Reserve for unexpired risks	39,191	35,183
- Reserve for outstanding claims	<u>73,840</u>	<u>78,370</u>
	651,943	610,724
	<u>651,943</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 <u>capital</u> \$'000	General <u>reserve</u> \$'000	Revaluation on investment <u>reserve</u> \$'000	Retained <u>profits</u> \$'000	<u>Total</u> \$'000
Balance at 1 January 2019	91,733	22,880	34,523	229,238	378,374
Profit net of tax	-	-	-	26,117	26,117
Other comprehensive income for the nine month ended 30 September, net of tax	-	-	14,810	-	14,810
Total comprehensive income for the nine months ended 30 September, net of tax	-	-	14,810	26,117	40,927
Transfer of fair value reserves of equity securities at FVOCI upon disposal, net of tax	-	-	(120)	120	-
Dividend for Year 2018	-	-	-	(8,256)	(8,256)
Dividend for Year 2019	-	-	-	(5,198)	(5,198)
Balance at 30 September 2019	91,733	22,880	49,213	242,021	405,847
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	-	-	-	17,434	17,434
Profit net of tax	-	-	-	17,434	17,434
Other comprehensive income for the nine month ended 30 September, net of tax	-	-	(320)	-	(320)
Total comprehensive income for the nine months ended 30 September, net of tax	-	-	(320)	17,434	17,114
Transfer of fair value reserves of equity securities at FVOCI upon disposal, net of tax	-	-	316	(316)	-
Dividend for Year 2017	-	-	-	(11,620)	(11,620)
Dividend for Year 2018	-	-	-	(5,198)	(5,198)
Balance at 30 September 2018	91,733	22,880	40,097	223,119	377,829
Balance at 1 July 2019	91,733	22,880	51,169	240,561	406,343
Profit net of tax	-	-	-	6,326	6,326
Other comprehensive income for the quarter ended 30 September, net of tax	-	-	(1,624)	-	(1,624)
Total comprehensive income for the quarter ended 30 September, net of tax	-	-	(1,624)	6,326	4,702
Transfer of fair value reserves of equity securities at FVOCI upon disposal, net of tax	-	-	(332)	332	-
Dividend for Year 2019	-	-	-	(5,198)	(5,198)
Balance at 30 September 2019	91,733	22,880	49,213	242,021	405,847
Balance at 1 July 2018	91,733	22,880	39,567	222,614	376,794
Profit net of tax	-	-	-	6,019	6,019
Other comprehensive income for the quarter ended 30 September, net of tax	-	-	214	-	214
Total comprehensive income for the quarter ended 30 September, net of tax	-	-	214	6,019	6,233
Transfer of fair value reserves of equity securities at FVOCI upon disposal, net of tax	-	-	316	(316)	-
Dividend for Year 2018	-	-	-	(5,198)	(5,198)
Balance at 30 September 2018	91,733	22,880	40,097	223,119	377,829

NEWS RELEASE

5. Unaudited statement of cash flows

	9 Months <u>2019</u> \$'000	9 Months <u>2018</u> \$'000	3rd Qtr <u>2019</u> \$'000	3rd Qtr <u>2018</u> \$'000
Cash flows from operating activities				
Profit before tax	31,086	20,803	7,520	7,355
Adjustments for:				
Movement in net reserve for unexpired risks	2,387	903	(385)	(1,267)
Movement in net deferred acquisition costs	(489)	(603)	(227)	126
Movement in net outstanding claims	882	(929)	816	(236)
Depreciation	1,057	70	356	24
Interest paid	54	-	16	-
Net losses on disposal of fixed assets	1	-	-	-
Net fair value losses/(gains) on forward contracts-unrealised	1,363	1,499	2,535	(1,141)
Net gains on interest rate futures-unrealised	(882)	(153)	(831)	(153)
Net fair value losses/(gains) on mandatorily measured at FVTPL investments - unrealised	2,394	(2,184)	8,231	(3,037)
Net (gains)/losses on disposal of mandatorily measured at FVTPL investments	(11,164)	62	(8,620)	62
Net (gains)/losses on disposal of FVOCI investments	(584)	483	(527)	331
Amortisation of premium on investments	104	44	105	19
Net provision/(write-back) of expected credit loss on debts securities at FVOCI	87	(73)	61	(53)
Gross dividend from investments	(7,250)	(3,297)	(1,608)	(1,421)
Interest income from investments	(6,196)	(6,009)	(2,378)	(1,993)
Interest on fixed deposits and bank balances	(539)	(252)	(189)	(83)
Exchange gains	(2,767)	(3,909)	(4,025)	(601)
Operating profit before working capital changes	9,544	6,455	850	(2,068)
Changes in working capital:				
Trade and other receivables	(9,472)	(2,260)	467	4,996
Trade and other payables	4,932	4,053	(1,438)	2,468
Amount owing to related companies	7	(1,219)	186	(87)
Cash generated from operations	5,011	7,029	65	5,309
Tax paid	(5,283)	(5,441)	(2,631)	(2,676)
Interest paid	(54)	-	(16)	-
Net cash flows (used in)/from operating activities	(326)	1,588	(2,582)	2,633
Cash flows from investing activities				
Proceeds from disposal of investments	279,538	52,634	158,595	39,993
Purchase of investments	(249,822)	(55,081)	(118,465)	(32,332)
Purchase of fixed assets	(188)	(41)	(184)	(2)
(Placement in)/proceeds from long-term fixed deposits	(3)	6,123	(1)	(90)
Gross dividend from investments	7,238	3,285	1,523	1,417
Interest income from investments	5,475	5,952	1,883	2,008
Interest on fixed deposits and bank balances	508	267	148	78
Net cash flows from investing activities	42,746	13,139	43,499	11,072
Cash flows from financing activity				
Leases paid	(884)	-	(297)	-
Dividend paid	(13,454)	(16,818)	(5,198)	(5,198)
Cash flows used in financing activity	(14,338)	(16,818)	(5,495)	(5,198)
Net increase/(decrease) in cash and cash equivalents	28,082	(2,091)	35,422	8,507
Cash and cash equivalents at beginning of period	61,466	45,860	54,126	35,262
Cash and cash equivalents at end of period	89,548	43,769	89,548	43,769

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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 :

	9 Months 2019 \$'000	9 Months 2018 \$'000
Cash and bank balances	18,306	17,770
Fixed deposits placement with maturity less than 3 months	71,242	25,999
Cash and cash equivalents	89,548	43,769
Fixed deposits placement with maturity more than 3 months	2,432	2,469
	<u>91,980</u>	<u>46,238</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 nine months ended 30 September 2019</u>				
Gross premium written	<u>60,713</u>	<u>22,657</u>	<u>-</u>	<u>83,370</u>
Net earned premium	21,354	8,930	-	30,284
Net claims incurred	(6,455)	(3,218)	-	(9,673)
Net commission	3,521	(1,616)	-	1,905
Management expenses	<u>(8,803)</u>	<u>(1,457)</u>	<u>-</u>	<u>(10,260)</u>
Underwriting profit	9,617	2,639	-	12,256
Gross dividends from investments	1,169	215	5,866	7,250
Interest income from investments	3,374	739	2,083	6,196
Interest on fixed deposits and bank balances	294	126	119	539
Net fair value losses on financial derivatives	(3,157)	(752)	(1,920)	(5,829)
Net fair value losses on mandatorily measured at FVTPL investments - unrealised	(1,455)	(420)	(519)	(2,394)
Net loss on sale of fixed assets	(1)	-	-	(1)
Net gains on disposal of mandatorily measured at FVTPL investments	6,149	1,648	3,367	11,164
Net gains on disposal of FVOCI investments	283	120	181	584
Exchange gains	1,414	334	910	2,658
Other income	182	(25)	(62)	95
Management expenses not charged to insurance revenue account - net	<u>(528)</u>	<u>(114)</u>	<u>(790)</u>	<u>(1,432)</u>
Profit before tax	<u>17,341</u>	<u>4,510</u>	<u>9,235</u>	<u>31,086</u>
Tax expense	<u>(2,948)</u>	<u>(451)</u>	<u>(1,570)</u>	<u>(4,969)</u>
Profit after tax	<u>14,393</u>	<u>4,059</u>	<u>7,665</u>	<u>26,117</u>
Segment total assets as at 30 September 2019	362,075	87,156	202,712	651,943
Segment total liabilities as at 30 September 2019	190,414	44,112	11,570	246,096
<u>For nine months ended 30 September 2018</u>				
Gross premium written	<u>60,117</u>	<u>19,626</u>	<u>-</u>	<u>79,743</u>
Net earned premium	21,350	8,803	-	30,153
Net claims incurred	(6,083)	(4,185)	-	(10,268)
Net commission	2,795	(1,658)	-	1,137
Management expenses	<u>(8,247)</u>	<u>(1,622)</u>	<u>-</u>	<u>(9,869)</u>
Underwriting profit	9,815	1,338	-	11,153
Gross dividends from investments	1,110	212	1,975	3,297
Interest income from investments	3,260	709	2,040	6,009
Interest on fixed deposits and bank balances	119	95	38	252
Net fair value losses on financial derivatives	(2,299)	(502)	(1,440)	(4,241)
Net fair value gains on mandatorily measured at FVTPL investments - unrealised	1,190	223	771	2,184
Net (losses)/gains on disposal of mandatorily measured at FVTPL investments	(114)	28	24	(62)
Net losses on disposal of FVOCI investments	(240)	(77)	(166)	(483)
Exchange gains	2,099	484	1,328	3,911
Other income	29	(8)	16	37
Management expenses not charged to insurance revenue account - net	<u>(482)</u>	<u>(102)</u>	<u>(670)</u>	<u>(1,254)</u>
Profit before tax	<u>14,487</u>	<u>2,400</u>	<u>3,916</u>	<u>20,803</u>
Tax expense	<u>(2,463)</u>	<u>(240)</u>	<u>(666)</u>	<u>(3,369)</u>
Profit after tax	<u>12,024</u>	<u>2,160</u>	<u>3,250</u>	<u>17,434</u>
Segment total assets as at 30 September 2018	354,223	81,625	196,086	631,934
Segment total liabilities as at 30 September 2018	201,782	42,881	9,711	254,374

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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 September 2019</u>				
Gross premium written	20,251	4,661	-	24,912
Net earned premium	7,578	2,632	-	10,210
Net claims incurred	(2,166)	(896)	-	(3,062)
Net commission	73	(371)	-	(298)
Management expenses	(2,750)	(680)	-	(3,430)
Underwriting profit	2,735	685	-	3,420
Gross dividends from investments	490	93	1,025	1,608
Interest income from investments	1,281	284	813	2,378
Interest on fixed deposits and bank balances	105	39	45	189
Net fair value losses on financial derivatives	(2,378)	(585)	(1,446)	(4,409)
Net fair value losses on mandatorily measured at FVTPL investments - unrealised	(4,625)	(1,180)	(2,426)	(8,231)
Net gains on disposal of mandatorily measured at FVTPL investments	4,827	1,313	2,480	8,620
Net gains on disposal of FVOCI investments	256	115	156	527
Exchange gains	2,141	491	1,341	3,973
Other expenses	(46)	(21)	(66)	(133)
Management expenses not charged to insurance revenue account - net	(168)	(34)	(220)	(422)
Profit before tax	4,618	1,200	1,702	7,520
Tax expense	(785)	(120)	(289)	(1,194)
Profit after tax	3,833	1,080	1,413	6,326
Segment total assets as at 30 September 2019	362,075	87,156	202,712	651,943
Segment total liabilities as at 30 September 2019	190,414	44,112	11,570	246,096
<u>For 3 months ended 30 September 2018</u>				
Gross premium written	18,574	4,444	-	23,018
Net earned premium	7,413	2,346	-	9,759
Net claims incurred	(2,106)	(2,997)	-	(5,103)
Net commission	304	(325)	-	(21)
Management expenses	(2,302)	(876)	-	(3,178)
Underwriting profit	3,309	(1,852)	-	1,457
Gross dividends from investments	394	73	954	1,421
Interest income from investments	1,082	237	674	1,993
Interest on fixed deposits and bank balances	37	35	11	83
Net fair value losses on financial derivatives	(242)	(49)	(148)	(439)
Net fair value gains on mandatorily measured at FVTPL investments - unrealised	1,737	314	986	3,037
Net (losses)/gains on disposal of mandatorily measured at FVTPL investments	(114)	28	24	(62)
Net losses on disposal of FVOCI investments	(163)	(60)	(108)	(331)
Exchange gains	306	88	196	590
Other income	19	4	13	36
Management expenses not charged to insurance revenue account - net	(185)	(39)	(206)	(430)
Profit before tax	6,180	(1,221)	2,396	7,355
Tax expense	(1,051)	123	(408)	(1,336)
Profit after tax	5,129	(1,098)	1,988	6,019
Segment total assets as at 30 September 2018	354,223	81,625	196,086	631,934
Segment total liabilities as at 30 September 2018	201,782	42,881	9,711	254,374

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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>9 Months</u> <u>2019</u> \$'000	9 Months <u>2018</u> \$'000	<u>9 Months</u> <u>2019</u> \$'000	9 Months <u>2018</u> \$'000
Singapore	63,214	62,142	3,211	218
Asean	15,482	14,002	-	-
Others	4,674	3,599	-	-
	<u>83,370</u>	<u>79,743</u>	<u>3,211</u>	<u>218</u>

	<u>Revenue for</u>		<u>Non-current assets as at</u>	
	<u>3rd Qtr</u> <u>2019</u> \$'000	3rd Qtr <u>2018</u> \$'000	<u>3rd Qtr</u> <u>2019</u> \$'000	3rd Qtr <u>2018</u> \$'000
Singapore	21,438	19,391	3,211	218
Asean	2,438	2,492	-	-
Others	1,036	1,135	-	-
	<u>24,912</u>	<u>23,018</u>	<u>3,211</u>	<u>218</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

Selected Financial Items	9 Months 2019 \$'000	9 Months 2018 \$'000	Incr/ (Decr) %	3rd Qtr 2019 \$'000	3rd Qtr 2018 \$'000	Incr/ (Decr) %
Gross premium written	83,370	79,743	+4.5	24,912	23,018	+8.2
Net earned premium	30,284	30,153	+0.4	10,210	9,759	+4.6
Net claims incurred	(9,673)	(10,268)	-5.8	(3,062)	(5,103)	-40.0
Net commission	1,905	1,137	+67.5	(298)	(21)	NM
Management expenses	(10,260)	(9,869)	+4.0	(3,430)	(3,178)	+7.9
Underwriting profit	12,256	11,153	9.9	3,420	1,457	+134.7
Non-underwriting income	18,830	9,650	+95.1	4,100	5,898	-30.5
Profit before tax	31,086	20,803	+49.4	7,520	7,355	+2.2
Profit after tax	26,117	17,434	+49.8	6,326	6,019	+5.1
Other comprehensive income, net of tax	14,810	(320)	NM	(1,624)	214	NM
Total comprehensive income	40,927	17,114	+139.1	4,702	6,233	-24.6
Net asset value per share (\$)	6.64	6.17	+7.6	6.64	6.17	+7.6

Financial Ratios	9 Months 2019 %	9 Months 2018 %	Incr/ (Decr) % - point	3rd Qtr 2019 %	3rd Qtr 2018 %	Incr/ (Decr) % - point
Net incurred loss ratio ⁽¹⁾	31.9	34.1	-2.2	30.0	52.3	-22.3
Net commission ratio ⁽²⁾	(6.3)	(3.8)	-2.5	2.9	0.2	+2.7
Management expenses ratio ⁽³⁾	33.9	32.7	+1.2	33.6	32.6	+1.0
Underwriting profit ratio ⁽⁴⁾	40.5	37.0	+3.5	33.5	14.9	+18.6

NM = Not Meaningful

Note :

- (1) Net incurred loss ratio is computed by dividing net claims incurred by net earned premium.
- (2) Net commission ratio is computed by dividing net commission by net earned premium. When this ratio is in negative, net commission is an income to the Company.
- (3) Management expenses ratio is computed by dividing management expenses for insurance operations by net earned premium.
- (4) Underwriting profit ratio is computed by dividing net underwriting profit by net earned premium.

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7. Review of performance (cont'd)

Highlights and Performance Indicators (cont'd)

9 Months 2019 ("9M19") versus 9 Months 2018 ("9M18")

Gross premium increased by \$3.6 million or 4.5% to \$83.4 million due mainly to growth in fire class of insurance. Consequently, net earned premium increased by \$0.1 million or 0.4%. Net claims incurred decreased by \$0.6 million or 5.8% due mainly to better claims experience in fire class of insurance. Net commission income increased by \$0.8 million or 67.5% due to higher reinsurance commission recoveries from reinsurers. Management expenses increased by \$0.4 million or 4.0% due mainly to higher staff costs. Consequently, underwriting profit increased by \$1.1 million or 9.9% to \$12.3 million.

Non-underwriting income increased to \$18.8 million or 95.1% as compared to \$9.7 million in the corresponding period last year. The increase was mainly due to higher gains from the Company's investments in unit trusts and increase in dividends received.

Consequently, overall profit before tax was \$31.1 million, an increase of 49.4%.

The other comprehensive income which affects the balance sheet and not the profit before tax had net gains of \$14.8 million instead of a loss of \$0.3 million in the corresponding period last year, due to better market sentiments in the 9M2019.

Overall, total comprehensive income increased by \$23.8 million or 139.1%, when compared to the corresponding period last year due mainly to better underwriting and investment results.

All financial ratios remained stable when compared against the ratios in the comparative period.

3rd Quarter 2019 ("3Q19") versus 3rd Quarter 2018 ("3Q18")

The Company's gross premium increased by \$1.9 million or 8.2% to \$24.9 million. Consequently, net earned premium increased by \$0.5 million or 4.6% in 3Q19 as compared to 3Q18. Net claims incurred decreased by \$2.0 million or 40.0% due to better claims experience. Net commission expenses was \$0.3 million as against \$21,000 in the corresponding period. Consequently, underwriting profit in 3Q19 increased by 134.7% to \$3.4 million.

The Company recorded a lower non-underwriting income of \$4.1 million in 3Q19.

Profit before tax increased by \$0.2 million to \$7.5 million due to higher underwriting profit.

Other comprehensive income for 3Q19 was a loss of \$1.6 million.

Hence, total comprehensive income for 3Q19 was \$4.7 million, a decrease of \$1.5 million when compared with the same period last year.

Net incurred loss ratio for 3Q19 was 30.0%, lower than that of 3Q18 by 22.3 percent point due to improvement in claims experience.

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

The general insurance market continues to be affected by intense competition resulting in severe premium erosion and negative underwriting results. Furthermore, the worsening weather conditions brought about by climate change will cause claims to increase. It will be very challenging to achieve profitable growth in such a situation amidst a general global economic slowdown. Nevertheless, the Company remains confident of delivering underwriting profit given its time-tested underwriting prudence, bancassurance initiatives and diversified distribution channels.

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

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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 nine months/third quarter ended 30 September 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

No Dividend has been declared for the third quarter ended 30 September 2019.

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 30 September 2019 (30 September 2018: 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 its knowledge, nothing has come to its attention which may render the unaudited financial results for the nine months/third quarter ended 30 September 2019 to be false or misleading in any material aspect.

14. 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 24 October 2019