

## 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 2016

	1st Qtr 2016 \$'000	1st Qtr 2015 \$'000	Incr/ (Decr) %
(a) Gross premium written	<u>30,423</u>	<u>29,339</u>	3.7
Net earned premium	11,857	11,870	(0.1)
Less/(Add) :			
Net claims incurred	2,372	2,854	(16.9)
Net commissions	(2,317)	(998)	132.2
Management expenses :			
Staff cost	1,799	1,723	4.4
Rental expenses	327	313	4.5
Depreciation	57	25	128.0
Foreign exchange (gain)/loss	(7)	6	(216.7)
Other operating expenses	1,187	1,070	10.9
Underwriting profit	<u>8,439</u>	<u>6,877</u>	22.7
Gross dividends from investments	512	606	(15.5)
Interest income from investments	1,718	1,658	3.6
Interest on fixed deposits and bank balances	90	41	119.5
Amortisation of discount on investments	34	3	NM
Miscellaneous income	17	-	NM
Net fair value gains/(losses) on financial derivatives - realised	148	(2,528)	(105.9)
Net fair value gains on financial derivatives - unrealised	1,616	105	NM
Net (losses)/gains on disposal of available-for-sale	(81)	2,352	(103.4)
(Less)/Add :			
Management expenses not charged to insurance revenue account:			
Management fees	(218)	(239)	(8.8)
Other operating expenses	(162)	(173)	(6.4)
Exchange differences	(3,717)	2,431	(252.9)
Non-underwriting (loss)/income	<u>(43)</u>	<u>4,256</u>	(101.0)
Profit before tax	8,396	11,133	(24.6)
Tax expense	(1,350)	(1,776)	(24.0)
Profit after tax	<u>7,046</u>	<u>9,357</u>	(24.7)
Profit attributable to equity holders of Company	<u>7,046</u>	<u>9,357</u>	(24.7)
(b) Annualised earnings per share :			
Basic and diluted (cents)	<u>46.09</u>	<u>59.74</u>	(22.9)

Note : NM = Not Meaningful

## NEWS RELEASE

### 2. Unaudited statement of comprehensive income for the first quarter ended 31 March 2016

	<b>1st Qtr 2016 \$'000</b>	1st Qtr 2015 \$'000	Incr/ (Decr) %
Net profit	<b>7,046</b>	9,357	(24.7)
<b>Other comprehensive income :</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Net (losses)/gains on fair value changes of available-for-sale investments	<b>(89)</b>	3,275	(102.7)
Income tax relating to available-for-sale investments	<b>24</b>	(520)	(104.6)
<b>Other comprehensive income for the first quarter ended 31 March, net of tax</b>	<b><u>(65)</u></b>	<u>2,755</u>	(102.4)
<b>Total comprehensive income attributable to equity holders of the Company</b>	<b><u>6,981</u></b>	<u>12,112</u>	(42.4)

## NEWS RELEASE

### 3. Unaudited statement of financial position

	<u>31-Mar-16</u>	<u>31-Dec-15</u>
	\$'000	\$'000
(a) Share capital - Issued and fully paid	91,733	91,733
Reserves	<u>226,767</u>	<u>219,786</u>
	<b>318,500</b>	<b>311,519</b>
<b>Liabilities</b>		
Insurance creditors	13,880	15,364
Non-trade creditors and accrued liabilities	3,343	3,119
Amount owing to related companies	966	2,459
Derivative financial liabilities	174	128
Tax payable	7,168	6,166
Deferred tax liabilities	4,122	4,146
Deferred acquisition cost - reinsurers' share	9,399	9,428
Gross technical balances		
- Reserve for unexpired risks	62,377	60,893
- Reserve for outstanding claims	<u>144,138</u>	<u>144,013</u>
	<b>245,567</b>	<b>245,716</b>
	<u><b>564,067</b></u>	<u><b>557,235</b></u>
<b>Assets</b>		
Bank balances and fixed deposits	75,355	62,535
Insurance debtors	16,668	13,912
Non-trade debtors and accrued interest receivables	2,850	2,845
Derivative financial assets	1,667	5
Associated company	1	1
Available-for-sale investments	340,465	352,568
Fixed assets	275	332
Deferred acquisition cost - gross	8,164	7,888
Reinsurers' share of technical balances		
- Reserve for unexpired risks	36,791	37,140
- Reserve for outstanding claims	<u>81,831</u>	<u>80,009</u>
	<b>564,067</b>	<b>557,235</b>
	<u><b>564,067</b></u>	<u><b>557,235</b></u>
(b) Net asset value per share (S\$)	5.21	5.09
Number of shares issued ('000)	61,155	61,155

## NEWS RELEASE

### 4. Unaudited statement of changes in equity

	Share <u>capital</u> \$'000	General <u>reserve</u> \$'000	Available- for-sale <u>investment</u> <u>reserve</u> \$'000	Retained <u>profits</u> \$'000	<u>Total</u> \$'000
Balance at 1 January 2016	91,733	22,880	18,940	177,966	311,519
Profit net of tax	-	-	-	7,046	7,046
Other comprehensive income for the quarter ended 31 March	-	-	(65)	-	(65)
Total comprehensive income for the quarter ended 31 March	-	-	(65)	7,046	6,981
<b>Balance at 31 March 2016</b>	<b>91,733</b>	<b>22,880</b>	<b>18,875</b>	<b>185,012</b>	<b>318,500</b>
Balance at 1 January 2015	91,733	22,880	22,438	165,985	303,036
Profit net of tax	-	-	-	9,357	9,357
Other comprehensive income for the quarter ended 31 March	-	-	2,755	-	2,755
Total comprehensive income for the quarter ended 31 March	-	-	2,755	9,357	12,112
<b>Balance at 31 March 2015</b>	<b>91,733</b>	<b>22,880</b>	<b>25,193</b>	<b>175,342</b>	<b>315,148</b>

## NEWS RELEASE

### 5. Unaudited statement of cash flows

	1st Qtr <u>2016</u> \$'000	1st Qtr <u>2015</u> \$'000
<b>Cash flows from operating activities</b>		
Profit before tax	8,396	11,133
Adjustments for:		
Movement in net reserve for unexpired risks	1,833	1,220
Movement in net deferred acquisition costs	(305)	(546)
Movement in net outstanding claims	(1,697)	(2,409)
Net fair value gains on financial derivatives-unrealised	(1,616)	(105)
Depreciation	57	25
Net losses/(gains) on disposal of available-for-sale investments	81	(2,352)
Amortisation of discount on investments	(34)	(3)
Gross dividends from investments	(512)	(606)
Interest income from investments	(1,718)	(1,658)
Interest on fixed deposits and bank balances	(90)	(41)
Exchange differences	3,754	(2,245)
Operating profit before working capital changes	<u>8,149</u>	<u>2,413</u>
Changes in working capital:		
Trade and other receivables	(2,500)	(4,766)
Trade and other payables	(1,260)	3,751
Amount owing to related companies	(1,493)	(1,471)
Cash generated from operations	<u>2,896</u>	<u>(73)</u>
Tax paid	(348)	(78)
<b>Net cash flow from/(used in) operating activities</b>	<u>2,548</u>	<u>(151)</u>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of available-for-sale investments	56,778	34,773
Purchase of available-for-sale investments	(48,565)	(20,625)
Purchase of fixed assets	-	(3)
Placement in long-term fixed deposits	(1,506)	(1,015)
Gross dividends from investments	741	558
Interest income from investments	1,229	1,261
Interest on fixed deposits and bank balances	89	28
<b>Net cash flow from investing activities</b>	<u>8,766</u>	<u>14,977</u>
<b>Net increase in cash and cash equivalents</b>	<u>11,314</u>	<u>14,826</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>60,349</u>	<u>52,657</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>71,663</u></u>	<u><u>67,483</u></u>

---

## NEWS RELEASE

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

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

	<b>1st Qtr <u>2016</u> \$'000</b>	1st Qtr <u>2015</u> \$'000
Cash and bank balances	<b>14,332</b>	13,954
Fixed deposits placement less than 3 months	<b>57,331</b>	53,529
Cash and cash equivalents	<b>71,663</b>	67,483
Fixed deposits placement more than 3 months	<b>3,692</b>	8,642
	<b><u>75,355</u></b>	<u>76,125</u>

## NEWS RELEASE

### 6. Segment information

	<u>SIF</u> \$'000	<u>OIF</u> \$'000	<u>SHF</u> \$'000	<u>Total</u> \$'000
<b><u>For 3 months ended 31 March 2016</u></b>				
Gross premium written	23,832	6,591	-	30,423
Net earned premium	8,141	3,716	-	11,857
Net claims incurred	1,427	945	-	2,372
Net commissions	(3,444)	1,127	-	(2,317)
Management expenses	3,071	292	-	3,363
Underwriting profit	7,087	1,352	-	8,439
Interest income from investments	944	168	606	1,718
Interest on fixed deposits and bank balances	52	29	9	90
Other (loss)/income - net	(536)	(76)	2,858	2,246
Management expenses not charged to insurance revenue account - net	(2,217)	(368)	(1,512)	(4,097)
Profit before tax	5,330	1,105	1,961	8,396
Tax expense	(906)	(111)	(333)	(1,350)
Profit after tax	4,424	994	1,628	7,046
Segment total assets as at 31 March 2016	334,671	68,943	160,453	564,067
Segment total liabilities as at 31 March 2016	203,716	37,557	4,294	245,567
<b><u>For 3 months ended 31 March 2015</u></b>				
Gross premium written	23,506	5,833	-	29,339
Net earned premium	8,728	3,142	-	11,870
Net claims incurred	2,053	801	-	2,854
Net commissions	(1,802)	804	-	(998)
Management expenses	2,840	297	-	3,137
Underwriting profit	5,637	1,240	-	6,877
Interest income from investments	918	164	576	1,658
Interest on fixed deposits and bank balances	21	14	6	41
Other income - net	49	100	389	538
Miscellaneous income not included in insurance revenue account - net	1,197	149	673	2,019
Profit before tax	7,822	1,667	1,644	11,133
Tax expense	(1,330)	(167)	(279)	(1,776)
Profit after tax	6,492	1,500	1,365	9,357
Segment total assets as at 31 March 2015	361,598	65,546	164,616	591,760
Segment total liabilities as at 31 March 2015	235,252	34,594	6,766	276,612

## NEWS RELEASE

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

The Company is principally engaged in the business of underwriting general insurance. With different operating segments, its businesses are segregated into separate fund accounts in accordance with the requirements of the Singapore Insurance Act (Chapter 142).

As required under the Singapore Insurance Act, the Company has established and maintained a Singapore Insurance Fund (SIF) for insurance business relating to Singapore policies and an Offshore Insurance Fund (OIF) for insurance business relating to offshore policies. Shareholders' Fund (SHF) relates to the Company's investment activities of its non-insurance funds.

The segment information has been prepared in accordance with the Company's accounting policy and Singapore Financial Reporting Standards (FRS).

#### Information about major external customer

For the quarter ended 31 March 2016 and the preceding period, the Company did not have any external customer whose premium income exceeded 10% of the Company's total revenue.

#### Geographical information

Geographical information of the Company's revenue derived from external customers based on location of insurance risks and non-current assets are as follows:

	Revenue for		Non-current assets as at	
	<u>1Q2016</u>	<u>1Q2015</u>	<u>1Q2016</u>	<u>1Q2015</u>
	\$'000	\$'000	\$'000	\$'000
Singapore	<b>24,380</b>	23,800	<b>275</b>	311
Asean	<b>3,761</b>	3,961	-	-
Others	<b>2,282</b>	1,578	-	-
	<b><u>30,423</u></b>	<u>29,339</u>	<b><u>275</u></b>	<u>311</u>

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



## NEWS RELEASE

### 7. Review of performance

#### Highlights and Performance Indicators

\$'000	1st Quarter 2016	1st Quarter 2015	1Q16/ 1Q15 %
Gross premium written	<b>30,423</b>	29,339	+ 3.7
Underwriting profit	<b>8,439</b>	6,877	+ 22.7
Non-underwriting (loss)/income	<b>(43)</b>	4,256	- 101.0
Profit before tax	<b>8,396</b>	11,133	- 24.6

#### 1st Quarter 2016 ("1Q2016") versus 1st Quarter 2015 ("1Q2015")

Gross premium increased by \$1.1 million or 3.7% to \$30.4 million attributable mainly to organic growth and increase in new business. Management expenses increased by \$0.2 million or 7.2% due to additional costs incurred arising from intensified marketing activities. Net claims incurred decreased by \$0.5 million or 16.9% due to improvement in claims experience. Net commission income increased by \$1.3 million or 132.2% to \$2.3 million due to increase in reinsurance commission recovery from reinsurers. Consequently, underwriting profit increased by 22.7% to \$8.4 million.

Non-underwriting income decreased by \$4.3 million to a loss position of S\$43,000. The decrease was mainly due to disposal of investments with losses incurred in the Company's portfolio repositioning exercise and unrealised exchange loss under fixed-income securities.

Consequently, overall profit before tax decreased by 24.6% to \$8.4 million.

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

Intensifying competition amidst a weak economic outlook at the marketplace will inhibit premium and profit growth.

Unquantifiable headwinds caused by geopolitical, economic and other factors globally will continue to render it difficult to achieve reasonable investment returns.

## NEWS RELEASE

### 9. Accounting policy

The financial statements, expressed in Singapore dollars are prepared in accordance with Singapore Financial Reporting Standards (FRS). The accounting policies and computation methods adopted in the financial statements for the quarter ended 31 March 2016 are the same as those adopted in the preceding year.

### 10. Dividend

No dividend has been declared for the quarter ended 31 March 2016.

### 11. Borrowings, contingent liabilities and loan capital

The Company has maintained strong liquidity for its business operations and has no borrowings, contingent liabilities and loan capital as at 31 March 2016 (31 March 2015: nil).

### 12. Interested person transactions

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

### 13. Confirmation by directors

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to its attention which may render the unaudited financial results for the first quarter ended 31 March 2016 to be false or misleading.

BY ORDER OF THE BOARD

MRS VIVIEN CHAN  
SECRETARY

Dated this 26 April 2016