

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 2020**

	<b>1st Half 2020 \$'000</b>	<b>1st Half 2019 \$'000</b>	<b>Incr/ (Decr) %</b>	<b>2nd Qtr 2020 \$'000</b>	<b>2nd Qtr 2019 \$'000</b>	<b>Incr/ (Decr) %</b>
(a) Gross premium written	<b>56,561</b>	58,458	(3.2)	<b>28,540</b>	30,602	(6.7)
Net earned premium	<b>19,880</b>	20,074	(1.0)	<b>9,037</b>	9,565	(5.5)
Net claims incurred	<b>(6,452)</b>	(6,611)	(2.4)	<b>(2,078)</b>	(3,505)	(40.7)
Net commission	<b>2,629</b>	2,203	19.3	<b>741</b>	302	145.4
Management expenses :						
Staff cost	<b>(4,210)</b>	(4,202)	0.2	<b>(1,946)</b>	(2,109)	(7.7)
Depreciation	<b>(699)</b>	(701)	(0.3)	<b>(349)</b>	(351)	(0.6)
Foreign exchange gains/(losses)	<b>292</b>	(38)	NM	<b>188</b>	(46)	NM
Other operating expenses	<b>(1,912)</b>	(1,889)	1.2	<b>(900)</b>	(872)	3.2
Underwriting profit	<b>9,528</b>	8,836	7.8	<b>4,693</b>	2,984	57.3
Gross dividends from investments	<b>898</b>	5,642	(84.1)	<b>547</b>	5,381	(89.8)
Interest income from investments	<b>4,676</b>	3,818	22.5	<b>2,196</b>	1,955	12.3
Interest on fixed deposits and bank balances	<b>218</b>	350	(37.7)	<b>41</b>	158	(74.1)
Net write-back/(provision) of expected credit loss on investments	<b>48</b>	(26)	(284.6)	<b>(8)</b>	(23)	(65.2)
Amortisation of (premium)/discount on investments	<b>(340)</b>	1	NM	<b>(159)</b>	(2)	(65.2)
Rental income from investment property	<b>476</b>	-	NM	<b>357</b>	-	NM
Other income	<b>56</b>	253	(77.9)	<b>26</b>	228	(88.6)
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 (losses)/gains on mandatorily measured at fair value through profit or loss ("FVTPL") investments - unrealised	<b>(199)</b>	5,837	(103.4)	<b>153</b>	(809)	(118.9)
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 (losses)/gains on disposal of fair value through other comprehensive income ("FVOCI") investments	<b>(738)</b>	57	NM	<b>(547)</b>	46	NM
Net fair value losses on forward contracts - realised	<b>(15,625)</b>	(630)	NM	<b>(24)</b>	(2,259)	(98.9)
Net fair value gains on forward contracts - unrealised	<b>5,636</b>	1,172	380.9	<b>3,564</b>	2,276	56.6
Exchange gains/(losses)	<b>7,011</b>	(1,315)	NM	<b>(4,323)</b>	(401)	NM
	<b>(2,978)</b>	(773)		<b>(783)</b>	(384)	
Management expenses not charged to insurance revenue account:						
Depreciation on property	<b>(164)</b>	-	NM	<b>(123)</b>	-	NM
Management fees	<b>(648)</b>	(537)	20.7	<b>(317)</b>	(274)	15.7
Other operating expenses	<b>(700)</b>	(473)	48.0	<b>(375)</b>	(194)	93.3
Non-underwriting income	<b>605</b>	14,730	(95.9)	<b>1,008</b>	7,001	(85.6)
Profit before tax	<b>10,133</b>	23,566	(57.0)	<b>5,701</b>	9,985	(42.9)
Tax expense	<b>(1,571)</b>	(3,775)	(58.4)	<b>(848)</b>	(1,622)	(47.7)
Profit after tax	<b>8,562</b>	19,791	(56.7)	<b>4,853</b>	8,363	(42.0)
Profit attributable to equity holders of the Company	<b>8,562</b>	19,791	(56.7)	<b>4,853</b>	8,363	(42.0)

Note : NM = Not Meaningful

NEWS RELEASE

1. **Unaudited income statement for the first half/second quarter ended 30 June 2020 (Cont'd)**

	<b>1st Half 2020 \$'000</b>	1st Half 2019 \$'000	Incr/ (Decr) %	<b>2nd Qtr 2020 \$'000</b>	2nd Qtr 2019 \$'000	Incr/ (Decr) %
(b) Annualised earnings per share : Basic and diluted (cents)	<b>28.00</b>	64.72	(56.7)	<b>31.74</b>	54.70	(42.0)

2. **Unaudited statement of comprehensive income  
for the first half/second quarter ended 30 June 2020**

Net profit	<b>8,562</b>	19,791	(56.7)	<b>4,853</b>	8,363	(42.0)
<b>Other comprehensive income :</b>						
<b>Items that will not be reclassified to profit or loss :</b>						
Net fair value (losses)/gains on equity securities at FVOCI	<b>(17,391)</b>	12,207	(242.5)	<b>6,698</b>	12,446	(46.2)
Tax related to the above	<b>3,141</b>	(2,075)	(251.4)	<b>(1,262)</b>	(2,115)	(40.3)
	<b>(14,250)</b>	10,132	(240.6)	<b>5,436</b>	10,331	(47.4)
<b>Items that may be reclassified subsequently to profit or loss :</b>						
<b>Debt securities at FVOCI</b>						
Changes in fair value	<b>2,576</b>	7,626	(66.2)	<b>5,951</b>	(3,299)	(280.4)
Transfer to profit or loss on disposal	<b>738</b>	(57)	NM	<b>929</b>	(68)	NM
Changes in allowance for expected credit losses	<b>(48)</b>	26	(284.6)	<b>8</b>	23	(65.2)
Tax related to the above	<b>(562)</b>	(1,293)	(56.5)	<b>(1,167)</b>	566	(306.2)
	<b>2,704</b>	6,302	(57.1)	<b>5,721</b>	(2,778)	(305.9)
<b>Other comprehensive income for the first half year/2nd Quarter ended 30 June, net of tax</b>	<b>(11,546)</b>	16,434	(170.3)	<b>11,157</b>	7,553	47.7
<b>Total comprehensive income for the first half year/2nd Quarter ended 30 June, net of tax</b>	<b>(2,984)</b>	36,225	(108.2)	<b>16,010</b>	15,916	0.6
<b>Total comprehensive income attributable to equity holders of the Company</b>	<b>(2,984)</b>	36,225	(108.2)	<b>16,010</b>	15,916	0.6

Note : NM = Not Meaningful

## NEWS RELEASE

### 3. Unaudited statement of financial position

	<u>30-Jun-20</u>	<u>31-Dec-19</u>
	\$'000	\$'000
(a) Share capital - Issued and fully paid	91,733	91,733
Reserves	<u>314,076</u>	<u>326,539</u>
	<b>405,809</b>	<b>418,272</b>
<b>Liabilities</b>		
Insurance creditors	16,872	10,780
Non-trade creditors and accrued liabilities	16,982	6,557
Lease liabilities	1,870	2,368
Amount owing to related companies	1,381	640
Derivative financial liabilities	316	84
Tax payable	8,737	7,210
Deferred tax liabilities	7,335	10,009
Deferred acquisition cost - reinsurers' share	10,047	9,424
Gross technical balances		
- Reserve for unexpired risks	61,888	56,473
- Reserve for outstanding claims	<u>121,754</u>	<u>113,847</u>
	<b>247,182</b>	<b>217,392</b>
	<u><b>652,991</b></u>	<u><b>635,664</b></u>
<b>Assets</b>		
Bank balances and fixed deposits	56,061	92,965
Insurance debtors	19,191	16,827
Non-trade debtors and accrued interest receivables	4,718	8,905
Derivative financial assets	7,616	1,748
Associated company	1	1
Investments	390,082	404,167
Investment property	28,973	-
Fixed asset - property	24,418	-
Fixed asset - others	898	825
Right-of-use assets	1,897	2,556
Deferred acquisition cost - gross	8,711	8,439
Reinsurers' share of technical balances		
- Reserve for unexpired risks	38,341	34,264
- Reserve for outstanding claims	<u>72,084</u>	<u>64,967</u>
	<b>652,991</b>	<b>635,664</b>
	<u><b>652,991</b></u>	<u><b>635,664</b></u>
(b) Net asset value per share (S\$)	<b>6.64</b>	6.84
Number of shares issued ('000)	<b>61,155</b>	61,155

## NEWS RELEASE

### 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 2020	91,733	22,880	47,363	256,296	418,272
Profit net of tax	-	-	-	8,562	8,562
Other comprehensive income for the six month ended 30 June, net of tax	-	-	(11,546)	-	(11,546)
Total comprehensive income for the six months ended 30 June	-	-	(11,546)	8,562	(2,984)
Transfer of fair value reserves of equity securities at FVOCI upon disposal, net of tax	-	-	(458)	458	-
Dividend for Year 2019	-	-	-	(9,479)	(9,479)
<b>Balance at 30 June 2020</b>	<b>91,733</b>	<b>22,880</b>	<b>35,359</b>	<b>255,837</b>	<b>405,809</b>
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)
<b>Balance at 30 June 2019</b>	<b>91,733</b>	<b>22,880</b>	<b>51,169</b>	<b>240,561</b>	<b>406,343</b>
Balance at 1 April 2020	91,733	22,880	24,202	260,463	399,278
Profit net of tax	-	-	-	4,853	4,853
Other comprehensive income for the quarter ended 30 June	-	-	11,157	-	11,157
Total comprehensive income for the quarter ended 30 June	-	-	11,157	4,853	16,010
Transfer of fair value reserves of equity securities at FVOCI upon disposal, net of tax	-	-	-	-	-
Dividend for Year 2019	-	-	-	(9,479)	(9,479)
<b>Balance at 30 June 2020</b>	<b>91,733</b>	<b>22,880</b>	<b>35,359</b>	<b>255,837</b>	<b>405,809</b>
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)
<b>Balance at 30 June 2019</b>	<b>91,733</b>	<b>22,880</b>	<b>51,169</b>	<b>240,561</b>	<b>406,343</b>

NEWS RELEASE

5. Unaudited statement of cash flows

	<b>1st Half</b>	1st Half	<b>2nd Qtr</b>	2nd Qtr
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>Cash flows from operating activities</b>				
Profit before tax	<b>10,133</b>	23,566	<b>5,701</b>	9,985
Adjustments for:				
Movement in net reserve for unexpired risks	<b>1,338</b>	2,772	<b>139</b>	1,039
Movement in net deferred acquisition costs	<b>351</b>	(262)	<b>613</b>	224
Movement in net outstanding claims	<b>790</b>	66	<b>501</b>	(158)
Depreciation	<b>863</b>	701	<b>472</b>	351
Interest paid	<b>24</b>	38	<b>11</b>	18
Net losses on disposal of fixed assets	-	1	-	1
Net fair value gains on forward contracts-unrealised	<b>(5,636)</b>	(1,172)	<b>(3,564)</b>	(2,276)
Net (gains)/losses on interest rate futures-unrealised	-	(51)	-	514
Net fair value losses/(gains) on mandatorily measured at FVTPL investments - unrealised	<b>199</b>	(5,837)	<b>(153)</b>	809
Net gains on disposal of mandatorily measured at FVTPL investments	-	(2,544)	-	(2,480)
Net losses/(gains) on disposal of FVOCI investments	<b>738</b>	(57)	<b>547</b>	(46)
Amortisation of premium/(discount) on investments	<b>340</b>	(1)	<b>159</b>	2
Net (write-back)/provision of expected credit loss on debts securities at FVOCI	<b>(48)</b>	26	<b>8</b>	23
Gross dividend from investments	<b>(898)</b>	(5,642)	<b>(547)</b>	(5,381)
Interest income from investments	<b>(4,676)</b>	(3,818)	<b>(2,196)</b>	(1,955)
Interest on fixed deposits and bank balances	<b>(218)</b>	(350)	<b>(41)</b>	(158)
Exchange (gains)/losses	<b>(6,953)</b>	1,258	<b>4,345</b>	361
Operating profit before working capital changes	<b>(3,653)</b>	8,694	<b>5,995</b>	873
Changes in working capital:				
Trade and other receivables	<b>1,784</b>	(9,939)	<b>2,521</b>	(3,192)
Trade and other payables	<b>16,517</b>	6,370	<b>16,679</b>	4,172
Amount owing to related companies	<b>741</b>	(179)	<b>456</b>	(180)
Cash generated from operations	<b>15,389</b>	4,946	<b>25,651</b>	1,673
Tax paid	<b>(139)</b>	(2,652)	<b>(48)</b>	(2,638)
Interest paid	<b>(24)</b>	(38)	<b>(11)</b>	(18)
<b>Net cash flows from/(used in) operating activities</b>	<b>15,226</b>	2,256	<b>25,592</b>	(983)
<b>Cash flows from investing activities</b>				
Proceeds from disposal of investments	<b>122,653</b>	120,943	<b>28,029</b>	79,271
Purchase of investments	<b>(116,969)</b>	(131,357)	<b>(26,716)</b>	(88,989)
Purchase of investments property	<b>(28,973)</b>	-	-	-
Purchase of fixed assets - property	<b>(24,582)</b>	-	-	-
Purchase of fixed assets	<b>(113)</b>	(4)	<b>(65)</b>	(4)
Proceeds from/(placement in) long-term fixed deposits	<b>101</b>	(2)	<b>102</b>	(1)
Gross dividend from investments	<b>952</b>	5,715	<b>534</b>	5,434
Interest income from investments	<b>4,610</b>	3,592	<b>2,335</b>	1,630
Interest on fixed deposits and bank balances	<b>269</b>	360	<b>45</b>	161
<b>Net cash flows (used in)/from investing activities</b>	<b>(42,052)</b>	(753)	<b>4,264</b>	(2,498)

NEWS RELEASE

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

	<b>1st Half</b>	1st Half	<b>2nd Qtr</b>	2nd Qtr
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>Cash flows from financing activity</b>				
Leases paid	(498)	(587)	(199)	(295)
Dividend paid	(9,479)	(8,256)	(9,479)	(8,256)
<b>Cash flows used in financing activity</b>	<b>(9,977)</b>	(8,843)	<b>(9,678)</b>	(8,551)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(36,803)</b>	(7,340)	<b>20,178</b>	(12,032)
Cash and cash equivalents at beginning of period	<b>90,532</b>	61,466	<b>33,551</b>	66,158
<b>Cash and cash equivalents at end of period</b>	<b>53,729</b>	54,126	<b>53,729</b>	54,126

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

	<b>1st Half</b>	1st Half
	<b>2020</b>	2019
	<b>\$'000</b>	\$'000
Cash and bank balances	<b>17,166</b>	23,592
Fixed deposits placement with maturity less than 3 months	<b>36,563</b>	30,534
Cash and cash equivalents	<b>53,729</b>	54,126
Fixed deposits placement with maturity more than 3 months	<b>2,332</b>	2,431
	<b>56,061</b>	56,557

## NEWS RELEASE

### 6. Segment information

	SIF \$'000	OIF \$'000	SHF \$'000	Total \$'000
<b><u>For first half year ended 30 June 2020</u></b>				
Gross premium written	39,332	17,229	-	56,561
Net earned premium	13,276	6,604	-	19,880
Net claims incurred	(3,902)	(2,550)	-	(6,452)
Net commission	3,867	(1,238)	-	2,629
Management expenses	(6,083)	(446)	-	(6,529)
Underwriting profit	7,158	2,370	-	9,528
Gross dividends from investments	482	106	310	898
Interest income from investments	2,520	538	1,618	4,676
Interest on fixed deposits and bank balances	131	47	40	218
Net fair value losses on financial derivatives	(5,387)	(1,351)	(3,251)	(9,989)
Net fair value losses on mandatorily measured at FVTPL investments - unrealised	(100)	(99)	-	(199)
Net losses on disposal of FVOCI investments	(278)	(114)	(346)	(738)
Exchange gains	3,793	800	2,418	7,011
Other income	(110)	(29)	379	240
Management expenses not charged to insurance revenue account - net	(400)	(93)	(1,019)	(1,512)
Profit before tax	7,809	2,175	149	10,133
Tax expense	(1,328)	(218)	(25)	(1,571)
Profit after tax	6,481	1,957	124	8,562
Segment total assets as at 30 June 2020	338,061	86,878	228,052	652,991
Segment total liabilities as at 30 June 2020	177,698	52,078	17,406	247,182
<b><u>For first half year ended 30 June 2019</u></b>				
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

## NEWS RELEASE

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

	SIF \$'000	OIF \$'000	SHF \$'000	Total \$'000
<b><u>For 3 months ended 30 June 2020</u></b>				
Gross premium written	19,551	8,989	-	28,540
Net earned premium	6,535	2,502	-	9,037
Net claims incurred	(1,485)	(593)	-	(2,078)
Net commission	983	(242)	-	741
Management expenses	(2,884)	(123)	-	(3,007)
Underwriting profit	3,149	1,544	-	4,693
Gross dividends from investments	288	66	193	547
Interest income from investments	1,188	249	759	2,196
Interest on fixed deposits and bank balances	24	12	5	41
Net fair value gains on financial derivatives	1,889	409	1,242	3,540
Net fair value gains on mandatorily measured at FVTPL investments - unrealised	76	77	-	153
Net losses on disposal of FVOCI investments	(205)	(94)	(248)	(547)
Exchange losses	(2,300)	(512)	(1,511)	(4,323)
Other income	(70)	(17)	303	216
Management expenses not charged to insurance revenue account - net	(192)	(47)	(576)	(815)
Profit before tax	3,847	1,687	167	5,701
Tax expense	(654)	(169)	(25)	(848)
Profit after tax	3,193	1,518	142	4,853
Segment total assets as at 30 June 2020	338,061	86,878	228,052	652,991
Segment total liabilities as at 30 June 2020	177,698	52,078	17,406	247,182
<b><u>For 3 months ended 30 June 2019</u></b>				
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



## NEWS RELEASE

### 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>2020</u> \$'000	1st Half <u>2019</u> \$'000	<u>1st Half</u> <u>2020</u> \$'000	1st Half <u>2019</u> \$'000
Singapore	<b>41,057</b>	41,776	<b>27,213</b>	3,374
Asean	<b>12,067</b>	13,044	-	-
Others	<b>3,437</b>	3,638	-	-
	<b><u>56,561</u></b>	<u>58,458</u>	<b><u>27,213</u></b>	<u>3,374</u>

	<u>Revenue for</u>		<u>Non-current assets as at</u>	
	<u>2nd Qtr</u> <u>2020</u> \$'000	2nd Qtr <u>2019</u> \$'000	<u>2nd Qtr</u> <u>2020</u> \$'000	2nd Qtr <u>2019</u> \$'000
Singapore	<b>20,500</b>	21,980	<b>27,213</b>	3,374
Asean	<b>7,079</b>	7,207	-	-
Others	<b>961</b>	1,415	-	-
	<b><u>28,540</u></b>	<u>30,602</u>	<b><u>27,213</u></b>	<u>3,374</u>

The Company's non-current assets presented above consist of fixed assets, right-of-use assets and property for its own occupation.

NEWS RELEASE

7. **Review of performance**

Highlights and Performance Indicators

Selected Financial Items	1st Half 2020 \$'000	1st Half 2019 \$'000	Incr/ (Decr) %	2nd Qtr 2020 \$'000	2nd Qtr 2019 \$'000	Incr/ (Decr) %
Gross premium written	<b>56,561</b>	58,458	-3.2	<b>28,540</b>	30,602	-6.7
Net earned premium	<b>19,880</b>	20,074	-1.0	<b>9,037</b>	9,565	-5.5
Net claims incurred	<b>(6,452)</b>	(6,611)	-2.4	<b>(2,078)</b>	(3,505)	-40.7
Net commission	<b>2,629</b>	2,203	+19.3	<b>741</b>	302	+145.4
Management expenses	<b>(6,529)</b>	(6,830)	-4.4	<b>(3,007)</b>	(3,378)	-11.0
Underwriting profit	<b>9,528</b>	8,836	+7.8	<b>4,693</b>	2,984	+57.3
Non-underwriting income	<b>605</b>	14,730	-95.9	<b>1,008</b>	7,001	-85.6
Profit before tax	<b>10,133</b>	23,566	-57.0	<b>5,701</b>	9,985	-42.9
Profit after tax	<b>8,562</b>	19,791	-56.7	<b>4,853</b>	8,363	-42.0
Other comprehensive income, net of tax	<b>(11,546)</b>	16,434	-170.3	<b>11,157</b>	7,553	+47.7
Total comprehensive income	<b>(2,984)</b>	36,225	-108.2	<b>16,010</b>	15,916	+0.6
Net asset value per share (\$)	<b>6.64</b>	6.64	-	<b>6.64</b>	6.64	-

Note : NM = Not Meaningful

Financial Ratios	1st Half 2020 %	1st Half 2019 %	Incr/ (Decr) % - point	2nd Qtr 2020 %	2nd Qtr 2019 %	Incr/ (Decr) % - point
Net incurred loss ratio <sup>(1)</sup>	<b>32.5</b>	32.9	-0.4	<b>23.0</b>	36.6	-13.6
Net commission ratio <sup>(2)</sup>	<b>(13.2)</b>	(11.0)	-2.2	<b>(8.2)</b>	<b>(3.2)</b>	-5.0
Management expenses ratio <sup>(3)</sup>	<b>32.8</b>	34.0	-1.2	<b>33.3</b>	35.3	-2.0
Underwriting profit ratio <sup>(4)</sup>	<b>47.9</b>	44.0	+3.9	<b>51.9</b>	31.2	+20.7

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.

---

## NEWS RELEASE

### 7. **Review of performance (cont'd)**

#### Highlights and Performance Indicators (cont'd)

##### 1st Half 2020 ("1H2020") versus 1st Half 2019 ("1H2019")

Gross premium decreased by \$1.9 million or 3.2% to \$56.6 million. The decrease was mainly due to lower business activities caused by the COVID-19 pandemic. Net earned premium decreased by \$0.2 million or 1.0% to \$19.9 million and net claims incurred decreased by \$0.2 million or 2.4%. Net commission income increased by \$0.4 million due to higher reinsurance commission recovery in the current period. Management expenses decreased by 4.4% to \$6.5 million due mainly to financial support for employers under the government's Jobs Support Scheme and lower Call Centre expenses during the COVID-19 circuit breaker period. Consequently, underwriting profit increased by 7.8% to \$9.5 million and underwriting profit ratio increased by 3.9 percentage point to 47.9%.

Non-underwriting income was \$0.6 million as compared to \$14.7 million in the corresponding period last year. The decrease was due mainly to the adverse market conditions arising from the COVID-19 pandemic and global recession. In addition, in the comparative period last year, there were realised and unrealised gains of \$8.4 million from unit trusts and a one-time special dividend of \$3.6 million received from an equity investment, which are not repeated in 1H2020.

Consequently, overall profit before tax decreased by 57.0% to \$10.1 million.

Other comprehensive income, net of tax, which affects the balance sheet and not the profit before tax had recorded an unrealised loss of \$11.5 million instead of an unrealised income of \$16.4 million in the corresponding period last year mainly due to mark-to-market price movement of equity securities brought about by COVID-19 pandemic and global recession.

Overall, total comprehensive income decreased by \$39.2 million or 108.2% when compared to the corresponding period last year due mainly to unfavourable investment market conditions in the current period.

##### 2nd Quarter 2020 ("2Q2020") versus 2nd Quarter 2019 ("2Q2019")

The Company's gross premium decreased by \$2.1 million or 6.7% to \$28.5 million. Net earned premium decreased by \$0.5 million or 5.5% in 2Q2020 as compared to 2Q2019. Net claims incurred decreased by \$1.4 million or 40.7%. Net commission income increased by \$0.4 million to \$0.7 million. Management expenses was lower by \$0.4 million or 11.0%. Consequently, underwriting profit increased by \$1.7 million or 57.3% due to lower net claims incurred.

The Company recorded a lower non-underwriting income of \$1.0 million as compared to \$7.0 million in the corresponding quarter last year for reasons as mentioned earlier.

Consequently, overall profit before tax decreased by 42.9% to \$5.7 million.

Other comprehensive income, net of tax, which affects the balance sheet and not the profit before tax recorded an unrealised fair value gain of \$11.2 million in 2Q2020 after some market recoveries.

Overall, total comprehensive income increased by \$0.09 million or 0.6%, when compared to the corresponding period last year.

Net claims incurred ratio for 2Q2020 was 23.0%, which was lower than 36.6% for the corresponding period. Hence, underwriting profit ratio increased by 20.7% point.

---

## NEWS RELEASE

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

As COVID-19 pandemic continues, there is likely to be further reductions in gross premium written. Claims experience may worsen given the prevailing adverse business conditions and severe weather conditions brought about by climate change. As such, underwriting profit whilst still achievable is expected to be much lower than the corresponding period in the previous year.

Although the latest indications are that the GDP has dropped 12.6% year on year, the full extent of adverse impact on the insurance industry is as yet unquantifiable. Management will remain vigilant in both underwriting and investment so as to ensure continued viability.

### **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 second quarter ended 30 June 2020 are the same as those adopted in the preceding year.

### **10. Dividend**

The Directors are pleased to declare an interim dividend of 8.5 cents (2019 : 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 17 August 2020.

### **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 5 August 2020, 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 4 August 2020 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 shareholding position after settlement of all trades on 4 August 2020 ("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 2020 (30 June 2019: nil).

### **13. Interested person transactions**

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

---

## NEWS RELEASE

### **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 2020 to be false or misleading in any material aspect.

### **15. Undertakings from all its directors and executive officers**

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 23 July 2020