

## 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 2018

	<b>1st Half 2018 \$'000</b>	1st Half 2017 \$'000	<b>Incr/ (Decr) %</b>	<b>2nd Qtr 2018 \$'000</b>	2nd Qtr 2017 \$'000	<b>Incr/ (Decr) %</b>
(a) Gross premium written	<b>56,725</b>	58,759	(3.5)	<b>29,536</b>	29,819	(0.9)
Net earned premium	<b>20,394</b>	20,933	(2.6)	<b>10,236</b>	10,169	0.7
Less/(Add) :						
Net claims incurred	<b>5,165</b>	3,322	55.5	<b>2,024</b>	2,226	(9.1)
Net commission	<b>(1,158)</b>	(626)	85.0	<b>316</b>	120	163.3
Management expenses :						
Staff cost	<b>4,029</b>	3,765	7.0	<b>2,005</b>	1,872	7.1
Rental expenses	<b>653</b>	653	-	<b>326</b>	326	-
Depreciation	<b>46</b>	57	(19.3)	<b>24</b>	27	(11.1)
Foreign exchange (gain)/loss	<b>(59)</b>	85	(169.4)	<b>8</b>	(3)	(366.7)
Other operating expenses	<b>2,022</b>	2,022	-	<b>876</b>	934	(6.2)
Underwriting profit	<b>9,696</b>	11,655	(16.8)	<b>4,657</b>	4,667	(0.2)
Gross dividend from investments	<b>1,876</b>	1,460	28.5	<b>1,622</b>	1,277	27.0
Interest income from investments	<b>4,016</b>	4,093	(1.9)	<b>2,053</b>	2,058	(0.2)
Interest on fixed deposits and bank balances	<b>169</b>	170	(0.6)	<b>83</b>	85	(2.4)
Write-back of expected credit loss on investments	<b>20</b>	-	NM	<b>18</b>	-	NM
Amortisation of (premium)/discount on investments	<b>(25)</b>	60	(141.7)	<b>(13)</b>	33	(139.4)
Miscellaneous income	<b>6</b>	26	(76.9)	<b>6</b>	25	(76.0)
Net fair value (losses)/gains on FVTPL investments - unrealised	<b>(853)</b>	-	NM	<b>610</b>	-	NM
Net losses on disposal of FVOCI investments	<b>(152)</b>	-	NM	<b>(134)</b>	-	NM
Net gains on disposal of available-for-sale investments	-	1,477	(100.0)	-	1,833	(100.0)
Net fair value (losses)/gains on financial derivatives - realised	<b>(1,162)</b>	2,135	(154.4)	<b>(4,553)</b>	2,261	(301.4)
Net fair value (losses)/gains on financial derivatives - unrealised	<b>(2,640)</b>	3,103	(185.1)	<b>(2,030)</b>	(420)	383.3
Exchange gains/(losses)	<b>3,321</b>	(5,472)	(160.7)	<b>6,197</b>	(1,750)	(454.1)
	<b>(481)</b>	(234)		<b>(386)</b>	91	
(Less)/Add :						
Management expenses not charged to insurance revenue account:						
Management fees	<b>(529)</b>	(521)	1.5	<b>(274)</b>	(261)	5.0
Other operating expenses	<b>(295)</b>	(332)	(11.1)	<b>(142)</b>	(159)	(10.7)
Non-underwriting income	<b>3,752</b>	6,199	(39.5)	<b>3,443</b>	4,982	(30.9)
Profit before tax	<b>13,448</b>	17,854	(24.7)	<b>8,100</b>	9,649	(16.1)
Tax expense	<b>(2,033)</b>	(2,682)	(24.2)	<b>(1,202)</b>	(1,482)	(18.9)
Profit after tax	<b>11,415</b>	15,172	(24.8)	<b>6,898</b>	8,167	(15.5)
Profit attributable to equity holders of the Company	<b>11,415</b>	15,172	(24.8)	<b>6,898</b>	8,167	(15.5)

Note : NM = Not Meaningful

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### 1. Unaudited income statement for the first half/second quarter ended 30 June 2018 (Cont'd)

	<b>1st Half 2018 \$'000</b>	<b>1st Half 2017 \$'000</b>	<b>Incr/ (Decr) %</b>	<b>2nd Qtr 2018 \$'000</b>	<b>2nd Qtr 2017 \$'000</b>	<b>Incr/ (Decr) %</b>
(b) Annualised earnings per share : Basic and diluted (cents)	<u><b>37.33</b></u>	<u>49.62</u>	(24.8)	<u><b>45.12</b></u>	<u>53.42</u>	(15.5)

### 2. Unaudited statement of comprehensive income for the first half/second quarter ended 30 June 2018

Net profit	<u><b>11,415</b></u>	<u>15,172</u>	(24.8)	<u><b>6,898</b></u>	<u>8,167</u>	(15.5)
<b>Other comprehensive income :</b>						
Net (losses)/gains on fair value of investments	<b>(644)</b>	19,493	(103.3)	<b>262</b>	8,351	(96.9)
Tax relating to fair value of investments	<b>110</b>	(3,315)	(103.3)	<b>(44)</b>	(1,420)	(96.9)
<b>Other comprehensive income for the first half year/2nd Quarter ended 30 June, net of tax</b>	<u><b>(534)</b></u>	<u>16,178</u>	(103.3)	<u><b>218</b></u>	<u>6,931</u>	(96.9)
<b>Total comprehensive income attributable to equity holders of the Company</b>	<u><b>10,881</b></u>	<u>31,350</u>	(65.3)	<u><b>7,116</b></u>	<u>15,098</u>	(52.9)

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### 3. Unaudited statement of financial position

	<u>30-Jun-18</u> \$'000	<u>31-Dec-17</u> \$'000
(a) Share capital - Issued and fully paid	91,733	91,733
Reserves	<u>284,792</u>	<u>285,847</u>
	<b>376,525</b>	<b>377,580</b>
<b>Liabilities</b>		
Insurance creditors	14,946	13,755
Non-trade creditors and accrued liabilities	6,068	5,674
Amount owing to related companies	836	1,968
Derivative financial liabilities	791	-
Tax payable	9,571	8,334
Deferred tax liabilities	8,445	10,524
Deferred acquisition cost - reinsurers' share	9,537	9,354
Gross technical balances		
- Reserve for unexpired risks	68,468	64,153
- Reserve for outstanding claims	<u>141,242</u>	<u>155,414</u>
	<b>259,904</b>	<b>269,176</b>
Total Equity and Liabilities	<u><b>636,429</b></u>	<u><b>646,756</b></u>
<b>Assets</b>		
Bank balances and fixed deposits	37,641	54,452
Insurance debtors	19,138	11,655
Non-trade debtors and accrued interest receivables	2,915	3,082
Derivative financial assets	-	1,849
Associated company	1	1
Investments	438,847	427,401
Fixed assets	240	247
Deferred acquisition cost - gross	8,986	8,074
Reinsurers' share of technical balances		
- Reserve for unexpired risks	44,507	42,362
- Reserve for outstanding claims	<u>84,154</u>	<u>97,633</u>
Total Assets	<u><b>636,429</b></u>	<u><b>646,756</b></u>
(b) Net asset value per share (\$)	6.16	6.17
Number of shares issued ('000)	61,155	61,155

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### 4. Unaudited Company 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 2018					
- as previously reported	91,733	22,880	49,717	213,250	377,580
- effect of adopting SFRS(I) 9	-	-	(9,616)	9,300	(316)
	<u>91,733</u>	<u>22,880</u>	<u>40,101</u>	<u>222,550</u>	<u>377,264</u>
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)
<b>Balance at 30 June 2018</b>	<b><u>91,733</u></b>	<b><u>22,880</u></b>	<b><u>39,567</u></b>	<b><u>222,345</u></b>	<b><u>376,525</u></b>
Balance at 1 January 2017	91,733	22,880	29,691	190,698	335,002
Profit net of tax	-	-	-	15,172	15,172
Other comprehensive income for the six months ended 30 June	-	-	16,178	-	16,178
Total comprehensive income for the six months ended 30 June	-	-	16,178	15,172	31,350
Dividend for Year 2016	-	-	-	(8,561)	(8,561)
Balance at 30 June 2017	<u>91,733</u>	<u>22,880</u>	<u>45,869</u>	<u>197,309</u>	<u>357,791</u>
Balance at 1 April 2018	91,733	22,880	39,349	227,067	381,029
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)
<b>Balance at 30 June 2018</b>	<b><u>91,733</u></b>	<b><u>22,880</u></b>	<b><u>39,567</u></b>	<b><u>222,345</u></b>	<b><u>376,525</u></b>
Balance at 1 April 2017	91,733	22,880	38,938	197,703	351,254
Profit net of tax	-	-	-	8,167	8,167
Other comprehensive income for the quarter ended 30 June	-	-	6,931	-	6,931
Total comprehensive income for the quarter ended 30 June	-	-	6,931	8,167	15,098
Dividend for Year 2016	-	-	-	(8,561)	(8,561)
Balance at 30 June 2017	<u>91,733</u>	<u>22,880</u>	<u>45,869</u>	<u>197,309</u>	<u>357,791</u>

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### 5. Unaudited statement of cash flows

	<b>1st Half 2018 \$'000</b>	1st Half 2017 \$'000	<b>2nd Qtr 2018 \$'000</b>	2nd Qtr 2017 \$'000
<b>Cash flows from operating activities</b>				
Profit before tax	13,448	17,854	8,100	9,649
Adjustments for:				
Movement in net reserve for unexpired risks	2,170	2,571	1,094	1,189
Movement in net deferred acquisition costs	(729)	(424)	(350)	(141)
Movement in net outstanding claims	(693)	(2,422)	(510)	(693)
Net fair value losses/(gains) on financial derivatives				
- unrealised	2,640	(3,103)	2,030	420
Net fair value losses/(gains) on FVTPL investments				
- unrealised	853	-	(610)	-
Depreciation	46	57	24	27
Net losses on disposal FVOCI investments	152	-	134	-
Net gains on disposal of available-for-sale investments	-	(1,477)	-	(1,833)
Amortisation of premium/(discount) on investments	25	(60)	13	(33)
Write-back of expected credit loss on investments	(20)	-	(18)	-
Gross dividend from investments	(1,876)	(1,460)	(1,622)	(1,277)
Interest income from investments	(4,016)	(4,093)	(2,053)	(2,058)
Interest on fixed deposits and bank balances	(169)	(170)	(83)	(85)
Exchange (gains)/losses	(3,308)	5,467	(6,186)	1,741
Operating profit before working capital changes	<u>8,523</u>	<u>12,740</u>	<u>(37)</u>	<u>6,906</u>
Changes in working capital:				
Trade and other receivables	(7,256)	3,333	(1,966)	8,935
Trade and other payables	1,585	667	1,774	(4,928)
Amount owing to related companies	(1,132)	(848)	-	319
Cash generated from operations	<u>1,720</u>	<u>15,892</u>	<u>(229)</u>	<u>11,232</u>
Tax paid	(2,765)	(2,601)	(2,752)	(2,632)
<b>Net cash flows (used in)/from operating activities</b>	<u>(1,045)</u>	<u>13,291</u>	<u>(2,981)</u>	<u>8,600</u>
<b>Cash flows from investing activities</b>				
Proceeds from disposal of investments	12,641	61,870	7,817	33,924
Purchase of investments	(22,749)	(75,600)	(17,955)	(50,330)
Purchase of fixed assets	(39)	(19)	(39)	(19)
Proceeds from/(placement in) long-term fixed deposits	6,213	(1,555)	4,357	(1,549)
Gross dividend from investments	1,868	1,510	1,573	1,216
Interest income from investments	3,944	4,007	2,104	2,422
Interest on fixed deposits and bank balances	189	174	99	100
<b>Net cash flows from/(used in) investing activities</b>	<u>2,067</u>	<u>(9,613)</u>	<u>(2,044)</u>	<u>(14,236)</u>
<b>Cash flows from financing activity</b>				
Dividend paid	(11,620)	(8,561)	(11,620)	(8,561)
<b>Cash flows used in financing activity</b>	<u>(11,620)</u>	<u>(8,561)</u>	<u>(11,620)</u>	<u>(8,561)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(10,598)</u>	<u>(4,883)</u>	<u>(16,645)</u>	<u>(14,197)</u>
Cash and cash equivalents at beginning of period	45,860	54,311	51,907	63,625
<b>Cash and cash equivalents at end of period</b>	<u>35,262</u>	<u>49,428</u>	<u>35,262</u>	<u>49,428</u>

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

For the purpose of cash flow statement, bank balances and fixed deposits in the balance sheet comprise the following at the end of the period :

	<b>1st Half 2018 \$'000</b>	1st Half 2017 \$'000
Cash and bank balances	<b>10,111</b>	15,295
Fixed deposits placement with maturity less than 3 months	<b>25,151</b>	34,133
Cash and cash equivalents	<b>35,262</b>	49,428
Fixed deposits placement with maturity more than 3 months	<b>2,379</b>	6,892
	<b>37,641</b>	56,320

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### 6. Segment information

	<u>SIF</u> \$'000	<u>OIF</u> \$'000	<u>SHF</u> \$'000	<u>Total</u> \$'000
<b><u>For first half year ended 30 June 2018</u></b>				
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 FVTPL investments - unrealised	(547)	(91)	(215)	(853)
Exchange gains	1,793	396	1,132	3,321
Net losses on disposal of FVOCI investments	(77)	(17)	(58)	(152)
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
<b><u>For first half year ended 30 June 2017</u></b>				
Gross premium written	42,632	16,127	-	58,759
Net earned premium	14,469	6,464	-	20,933
Net claims incurred	3,269	53	-	3,322
Net commission	(1,816)	1,190	-	(626)
Management expenses	5,766	816	-	6,582
Underwriting profit	7,250	4,405	-	11,655
Gross dividend income from investments	495	78	887	1,460
Interest income from investments	2,229	433	1,431	4,093
Interest on fixed deposits and bank balances	90	52	28	170
Net fair value gains on financial derivatives	2,848	649	1,741	5,238
Net gains on disposal of available-for-sale investments	968	168	341	1,477
Exchange losses	(2,974)	(674)	(1,824)	(5,472)
Other income	55	9	22	86
Management expenses not charged to insurance revenue account - net	(315)	(63)	(475)	(853)
Profit before tax	10,646	5,057	2,151	17,854
Tax expense	(1,810)	(506)	(366)	(2,682)
Profit after tax	8,836	4,551	1,785	15,172
Segment total assets as at 30 June 2017	362,621	83,356	184,812	630,789
Segment total liabilities as at 30 June 2017	219,055	44,970	8,973	272,998

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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
<b><u>For 3 months ended 30 June 2018</u></b>				
Gross premium written	<u>20,388</u>	<u>9,148</u>	<u>-</u>	<u>29,536</u>
Net earned premium	7,104	3,132	-	10,236
Net claims incurred	2,150	(126)	-	2,024
Net commission	(396)	712	-	316
Management expenses	<u>2,826</u>	<u>413</u>	<u>-</u>	<u>3,239</u>
Underwriting profit	<u>2,524</u>	<u>2,133</u>	<u>-</u>	<u>4,657</u>
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 FVTPL investments - unrealised	235	83	292	610
Exchange gains	3,353	735	2,109	6,197
Net losses on disposal of FVOCI investments	(70)	(13)	(51)	(134)
Other income	5	-	6	11
Management expenses not charged to insurance revenue account - net	<u>(154)</u>	<u>(33)</u>	<u>(229)</u>	<u>(416)</u>
Profit before tax	<u>4,058</u>	<u>2,505</u>	<u>1,537</u>	<u>8,100</u>
Tax expense	<u>(690)</u>	<u>(251)</u>	<u>(261)</u>	<u>(1,202)</u>
Profit after tax	<u>3,368</u>	<u>2,254</u>	<u>1,276</u>	<u>6,898</u>
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
<b><u>For 3 months ended 30 June 2017</u></b>				
Gross premium written	<u>20,190</u>	<u>9,629</u>	<u>-</u>	<u>29,819</u>
Net earned premium	6,866	3,303	-	10,169
Net claims incurred	1,633	593	-	2,226
Net commission	(436)	556	-	120
Management expenses	<u>2,796</u>	<u>360</u>	<u>-</u>	<u>3,156</u>
Underwriting profit	<u>2,873</u>	<u>1,794</u>	<u>-</u>	<u>4,667</u>
Gross dividend income from investments	394	59	824	1,277
Interest income from investments	1,117	220	721	2,058
Interest on fixed deposits and bank balances	44	27	14	85
Net fair value gains on financial derivatives	1,008	223	610	1,841
Exchange losses	(945)	(215)	(590)	(1,750)
Net gains on disposal of available-for-sale investments	1,092	191	550	1,833
Other income	38	5	15	58
Management expenses not charged to insurance revenue account - net	<u>(162)</u>	<u>(32)</u>	<u>(226)</u>	<u>(420)</u>
Profit before tax	<u>5,459</u>	<u>2,272</u>	<u>1,918</u>	<u>9,649</u>
Tax expense	<u>(928)</u>	<u>(228)</u>	<u>(326)</u>	<u>(1,482)</u>
Profit after tax	<u>4,531</u>	<u>2,044</u>	<u>1,592</u>	<u>8,167</u>
Segment total assets as at 30 June 2017	362,621	83,356	184,812	630,789
Segment total liabilities as at 30 June 2017	219,055	44,970	8,973	272,998



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### 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 (International) ("SFRS(I)").

#### Information about major external customer

For the first half/second quarter ended 30 June 2018 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	
	1st Half <u>2018</u> \$'000	1st Half <u>2017</u> \$'000	1st Half <u>2018</u> \$'000	1st Half <u>2017</u> \$'000
Singapore	42,751	43,907	240	186
Asean	11,510	12,083	-	-
Others	2,464	2,769	-	-
	<u>56,725</u>	<u>58,759</u>	<u>240</u>	<u>186</u>

	Revenue for		Non-current assets as at	
	2nd Qtr <u>2018</u> \$'000	2nd Qtr <u>2017</u> \$'000	2nd Qtr <u>2018</u> \$'000	2nd Qtr <u>2017</u> \$'000
Singapore	21,247	20,950	240	186
Asean	7,398	7,502	-	-
Others	891	1,367	-	-
	<u>29,536</u>	<u>29,819</u>	<u>240</u>	<u>186</u>

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

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### 7. Review of performance

#### Highlights and Performance Indicators

\$'000	1st Half 2018	1st Half 2017	1H18/1H17 %	2nd Quarter 2018	2nd Quarter 2017	2Q18/2Q17 %
Gross premium written	<b>56,725</b>	58,759	-3.5	<b>29,536</b>	29,819	-0.9
Net earned premium	<b>20,394</b>	20,933	-2.6	<b>10,236</b>	10,169	+0.7
Net claims incurred	<b>5,165</b>	3,322	+55.5	<b>2,024</b>	2,226	-9.1
Net commission	<b>(1,158)</b>	(626)	+85.0	<b>316</b>	120	+163.3
Management expenses	<b>6,691</b>	6,582	+1.7	<b>3,239</b>	3,156	+2.6
Underwriting profit	<b>9,696</b>	11,655	-16.8	<b>4,657</b>	4,667	-0.2
Non-underwriting income	<b>3,752</b>	6,199	-39.5	<b>3,443</b>	4,982	-30.9
Profit before tax	<b>13,448</b>	17,854	-24.7	<b>8,100</b>	9,649	-16.1
Profit after tax	<b>11,415</b>	15,172	-24.8	<b>6,898</b>	8,167	-15.5
Other comprehensive income, net of tax	<b>(534)</b>	16,178	-103.3	<b>218</b>	6,931	-96.9
Total comprehensive income	<b>10,881</b>	31,350	-65.3	<b>7,116</b>	15,098	-52.9
Net asset value per share (\$)	<b>6.16</b>	5.85	+5.3	<b>6.16</b>	5.85	+5.3

#### 1st Half 2018 ("1H18") versus 1st Half 2017 ("1H17")

Gross premium decreased by \$2.0 million or 3.5% to \$56.7 million due mainly to market-wide erosion of premium rates and the Company's risk control efforts to weed out unprofitable business and catastrophe prone offshore insurance accounts. Correspondingly, net earned premium decreased by \$0.5 million or 2.6% as compared with 1H17. Net claims incurred increased by \$1.8 million or 55.5% when compared against the exceptionally low claims incurred in the corresponding period caused mainly by lower net claims paid and better results from offshore reinsurance accounts. Net commission income increased by \$0.5 million or 85.0% due to higher reinsurance commission recoveries from treaty reinsurers. Management expenses increased by \$0.1 million or 1.7% due mainly to higher staff costs. Consequently, underwriting profit decreased by \$2.0 million or 16.8% to \$9.7 million.

Non-underwriting income decreased to \$3.8 million or 39.5% as compared to \$6.2 million in the corresponding period last year. The decrease was mainly due to reduction in unrealised fair value gains from the Company's "fair value through profit or loss" investments which are reported in the income statement under the new financial reporting standard SFRS(I) 9 Financial Instruments, whereas they would have been reported as other comprehensive income previously. If the Profit and Loss Statement were prepared on the same basis as that done in 1H17, non-underwriting income would have been \$4.6 million, a smaller decrease of \$1.6 million or 25.7%.

Consequently, overall profit before tax was \$13.4 million, a decrease of 24.7%. Again, if the Profit and Loss Statement were prepared on the old basis, the overall profit before tax would be \$14.3 million, a smaller decrease of 19.9%.

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## NEWS RELEASE

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

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

##### 1st Half 2018 ("1H18") versus 1st Half 2017 ("1H17") (cont'd)

As shown in the above table, other comprehensive income which affects the balance sheet and not the profit before tax had net unrealised losses of \$0.5 million instead of an unrealised gain of \$16.2 million in the corresponding period last year. The decrease was mainly due to mark-to-market losses for bonds and equities caused by market sell-off in response to heightened concerns over inflation risk, rise in US Treasury yields, trade tension between the US and China and uncertainty in the European politics.

##### 2nd Quarter 2018 ("2Q18") versus 2nd Quarter 2017 ("2Q17")

The Company's gross premium decreased by \$0.3 million or 0.9% to \$29.5 million. Net earned premium increased by \$0.1 million or 0.7% in 2Q18 as compared to 2Q17 due to lower unearned premium reserve strain. Net claims incurred decreased by \$0.2 million or 9.1%. Net commission was an expense of \$0.3 million. Consequently, underwriting profit in 2Q18 decreased slightly by 0.2% to \$4.7 million.

The Company recorded a lower non-underwriting income of \$3.4 million in 2Q18 for reasons as mentioned earlier.

Profit before tax decreased to \$8.1 million due to lower profit from both underwriting and non-underwriting income.

Total comprehensive income for 2Q18 was \$7.1 million, a decrease of \$8.0 million or 52.9% when compared with the same period last year due to reduction in both underwriting and investment results.

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

The general insurance market will continue to be affected by intense competition resulting from unabated growth in worldwide market capacity. Premium rates are likely to continue its slide and erode underwriting margins in many lines of business. The Company is confident to remain on a profitable track as it continues to pursue its time-tested underwriting prudence and grow its business from all sources.

On the investment front, the Company will continue to calibrate its investment strategies to ride the volatility arising from the many global uncertainties.

### 9. Accounting policy

Singapore listed companies are required to apply a new reporting framework - Singapore Financial Reporting Standards (International) ("SFRS(I)") that is equivalent to the International Financial Reporting Standards ("IFRS") with effect from 1 January 2018. Accordingly, the financial statements have been prepared based on the new reporting framework. SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) was applied with no impact on the financial statements.

The adoption of the SFRS(I) 9 Financial Instruments did not have a significant impact on the Company's financial statements on transition date. The impact of applying SFRS(I) 9 was an increase in retained earnings of \$9.3 million and a decrease in the fair value reserves of \$9.6 million arising from reclassification and remeasurement of certain financial assets and financial liabilities.

Other than the above change, the accounting policies and computation methods adopted in the financial statements for the first half/second quarter ended 30 June 2018 are the same as those applied in the audited financial statements for the financial year ended 31 December 2017.

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## NEWS RELEASE

### 10. **Dividend**

The Directors are pleased to declare an interim dividend of 8.5 cents per share (one-tier tax-exempt) in respect of the current financial year (2017 interim dividend : 3 cents per share - one-tier tax-exempt). The total interim dividend would amount to \$5.2 million. The dividend will be paid on 13 August 2018.

### 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 2 August 2018, for the preparation of dividend warrants. 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 1 August 2018 will be registered for the interim dividend. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), 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 2018 (30 June 2017: nil).

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

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

### 14. **Confirmation by directors**

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to its attention which may render the unaudited financial results for the first half/second quarter ended 30 June 2018 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 18th July 2018