

**SUMMARY**

At 31 March 2014 Gross Written Premium registered robust growth of 23.0% to reach 195.0m (Q1 2013: 158.6m).

Net Earned Insurance Revenue (NEIR) rose by 31.3% compared to 12 months ago, to stand at 73.0m.

The Underwriting Profit Margin improved slightly by 0.2 percentage points.

Net Underwriting Profit for the first quarter appreciated significantly year-on-year to reach 4.5m at 31 March 2014 (Q1 2013: 3.3m), driven mainly by the growth in the top-line.

Strong non-technical income further supported the bottom-line and registered 50.0% growth year on year.

Solid cash generation continued during the quarter, increasing the bank balances to 397.9m (Q4 2013: 380.5m).

**HIGHLIGHTS**
**HIGHLIGHTS Q1 2014 vs. Q1 2013**

- GWP up 23.0% to reach 195.0m
  - Net Underwriting Profit up 36.4% at 4.5m
  - Investment income up 85.2%
- STRONG BALANCE SHEET**
- Total assets at 1.2 billion (up 18.8%)
  - Consistently strong cash position (33.3% of total assets)
  - Net Technical Reserves up 21.5% to 460.1m

**KEY RESULTS (actual)**

<i>(in millions)</i>	Q1 2014	Q1 2013	CHANGE (%)
Gross Written Premium	195.0	158.6	<b>23.0</b>
Net Written Premium	142.4	112.6	<b>26.5</b>
Net Earned Insurance Revenue	73.0	55.6	<b>31.3</b>
Net Underwriting Profit	4.5	3.3	<b>36.4</b>
<b>Net Profit</b>	7.2	4.7	<b>53.2</b>
<b>KEY RATIOS (%)</b>			
Retention Ratio	73.1	71.0	-
Combined Ratio	93.9	94.1	-
Profit Margin	6.1	5.9	-
Return on Equity	2.6	2.0	-
<b>RESERVE RATIOS (%)</b>			
Loss Reserves/Net Earned Insurance Revenue ( <b>NEIR</b> )	<b>379.6</b>	<b>384.2</b>	-
Net Technical Reserves ( <b>NTR</b> )/Net Written Premium ( <b>NWP</b> )	<b>323.1</b>	<b>336.1</b>	-

Reserving ratios declined slightly due to the strong growth in Q1 2014 that resulted in increased NEIR and NWP.

*Figures in USD*

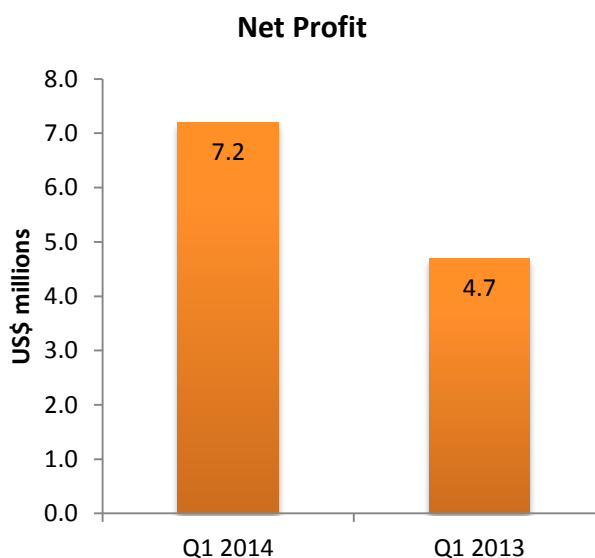
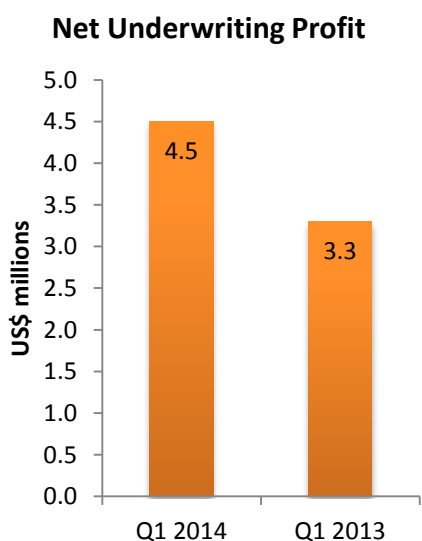
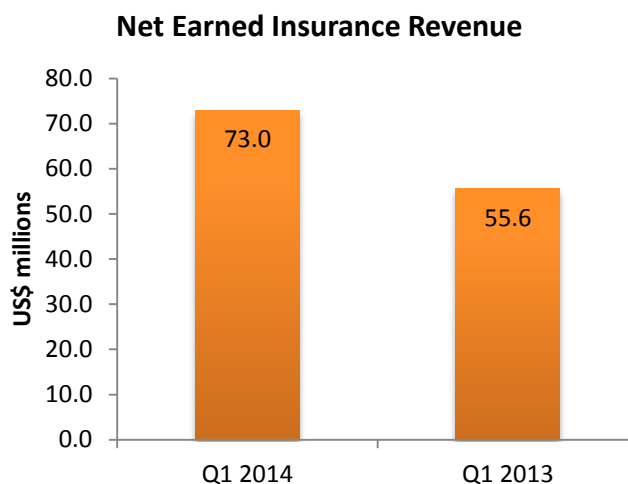
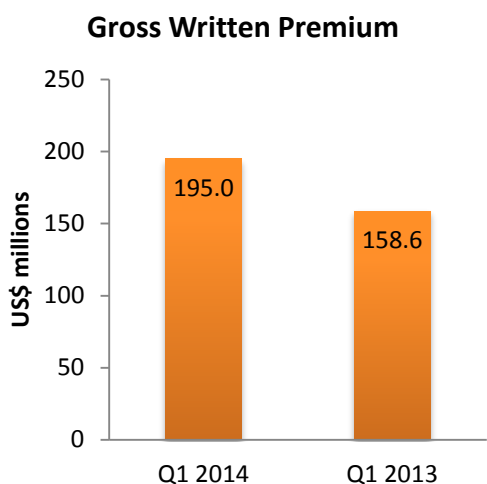
*Basis of preparation: Management Accounts (excluding TUL)*

## UNDERWRITING PERFORMANCE

Gross Written Premium climbed by 23.0% compared to 12 months ago. Large losses, however, had a negative impact on the Bahrain Facultative portfolio's loss ratio which reached 70.6% (Q1 2013: 63.7%).

The performance of Cyprus and Labuan portfolios reported significant improvement compared to Q1 2013. Cyprus Treaty portfolio reported Net Underwriting Profit of 0.6m compared to a 0.1m loss in the corresponding period last year (combined ratio of 63.5% vs 107.5%). Labuan Facultative and Treaty portfolios generated a Net Underwriting Profit of 0.6m and 0.8m respectively (Q1 2013: 0.0m and loss of 0.1m respectively).

Overall, the combined ratio improved by 0.2 points to reach 93.9% (Q1 2013: 94.1%).



Figures in USD  
Basis of preparation: Management Accounts (excluding TUL)

**Company's Summary Statement of Income – excluding TUL (actual)**

	Q1 2014	Q1 2013
Gross Written Premium	194,956,736	158,594,502
Ceded Written Premium	52,535,420	45,961,587
<b>Total Insurance Revenue*</b>	<b>72,994,436</b>	<b>55,561,587</b>
Net incurred acquisition cost	14,766,610	11,577,970
Net incurred claims	48,429,118	36,332,316
Gross underwriting profit	9,798,707	7,651,301
Less operational expenses	5,313,808	4,380,634
<b>Net underwriting profit</b>	<b>4,484,899</b>	<b>3,270,667</b>
Net non-technical income	2,771,147	1,406,498
Taxation	100,000	-
<b>NET PROFIT</b>	<b>7,156,046</b>	<b>4,677,165</b>

\*Net Earned Revenue

**NON- TECHNICAL INCOME DISTRIBUTION (in millions)**
**INVESTED ASSET DISTRIBUTION**

	Q1 2014	Q1 2013
Interest, Dividends and Realised Gains	5.0	2.7
Fees and Other Income	0.4	1.5
FOREX	(0.5)	(0.9)
<b>Gross non-technical income</b>	<b>4.9</b>	<b>3.3</b>
Non-Technical Expenses	(2.1)	(1.9)
<b>Net non-technical income</b>	<b>2.8</b>	<b>1.4</b>

	Q1 2014 (%)	Q4 2013 (%)	Q1 2013 (%)
Equities	20.9	21.9	74.9
Fixed Income	4.7	4.8	2.7
Cash	74.4	73.3	22.4
<b>TOTAL INVESTED (millions)</b>	<b>535.1</b>	<b>518.9</b>	<b>428.1</b>

**NON-TECHNICAL PERFORMANCE**

Non-technical income reported a significant increase compared to Q1 2013. Investment income performed strongly due to increased dividend on equity investments. Fees and other income were down, due to a lower profit commission from FAIR Syndicate when compared to Q1 2013. Non-technical expenses were slightly higher, though within the budget.

Figures in USD

Basis of preparation: Management Accounts (excluding TUL)

**MAJOR LOSSES AND NET IMPACT**

Major losses and net impact	Millions <i>(net claim)</i>	Loss ratio <i>(% points contribution)</i>
Energy Development Corp	3.9	5.3
Tanker Pacific	2.3	3.1
PT Perusahaan Gas Negara	2.1	2.9
<b>TOTAL</b>	<b>8.3</b>	<b>11.3</b>

The largest loss during Q1 2014 was the EDC (Philippines) Typhoon Haiyan, Tanker Pacific Management and the PT Perusahaan Gas Negara (Indonesia). They cost the Company 8.3m net and contributed 11.3 percentage points to the loss ratio.

**KEY RESULTS** *(actual vs. budget)*

<i>(in millions)</i>	Q1 2014 <i>(actual)</i>	Q1 2014 <i>(budget)</i>	CHANGE (%)
Gross Written Premium	195.0	185.6	<b>5.1</b>
Net Written Premium	142.4	134.4	<b>6.0</b>
Net Earned Insurance Revenue	73.0	57.9	<b>26.1</b>
<b>Net Underwriting Profit</b>	4.5	2.7	<b>66.7</b>
<b>Total Profit</b>	7.2	5.4	<b>33.3</b>
<b>KEY RATIOS (%)</b>			
Retention Ratio	73.1	72.4	-
Combined Ratio	93.9	95.3	-
Profit Margin	6.1	4.7	-

Overall production was 5.1% higher than the budget.

Net Underwriting Profit registered a 66.7% rise vs. the budget as a result of top-line growth and improved combined ratio compared to the budget.

*Figures in USD*

*Basis of preparation: Management Accounts (excluding TUL)*