

NEWS RELEASE

To: All Shareholders

The Board of Directors of United Overseas Insurance Limited wishes to make the following announcement:

1. AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

	<u>Group</u>		<u>Incr/ (Decr)</u> %
	<u>2008</u> \$'000	<u>2007</u> \$'000	
(a) Gross premiums written	<u>83,021</u>	<u>71,282</u>	16.5
Net earned premiums	23,720	21,028	12.8
Less/(Add) :			
Net claims incurred	6,631	6,534	1.5
Net commissions	(4,772)	(6,151)	(22.4)
Management expenses :			
Staff cost	5,446	5,113	6.5
Rental expenses	672	668	0.6
Management fees	131	102	28.4
Depreciation	219	204	7.4
Foreign exchange loss	60	5	NM
Other operating expenses	<u>1,046</u>	<u>784</u>	33.4
Underwriting profit	<u>14,287</u>	13,769	3.8
Gross dividends from investments	3,310	3,964	(16.5)
Interest income	3,954	4,288	(7.8)
Profit on sale of fixed assets	-	19	NM
Miscellaneous income	403	13	NM
Net (losses)/gains on investments at fair value through profit or loss	(4,849)	3,702	(231.0)
Net (losses)/gains on available-for-sale investments	(2,943)	1,528	(292.6)
Impairment on investments	(1,300)	-	NM
Less/(Add) :			
Management expenses not charged to insurance revenue account:			
Management fees	492	532	(7.5)
Other operating expenses	205	636	(67.8)
Exchange differences	<u>1,051</u>	<u>333</u>	215.6
Profit before tax	<u>11,114</u>	<u>25,782</u>	(56.9)
Less: Tax expense	<u>1,380</u>	<u>4,490</u>	(69.3)
Net profit	<u>9,734</u>	<u>21,292</u>	(54.3)

Note : NM = Not Meaningful

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1. AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008 (Cont'd)

	<u>Group</u>		<u>Incr/ (Decr)</u> %
	<u>2008</u> \$'000	<u>2007</u> \$'000	
(b) Gross premium income			
6 months ended 30 June	49,595	41,806	18.6
6 months ended 31 December	33,426	29,476	13.4
Total for the year	<u>83,021</u>	<u>71,282</u>	16.5
(c) Net profit after tax			
6 months ended 30 June	4,110	14,665	(72.0)
6 months ended 31 December	5,624	6,627	(15.1)
Total for the year	<u>9,734</u>	<u>21,292</u>	(54.3)
(d) Net earnings per share (cents) - basic and diluted	15.9	36.1	

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2. BALANCE SHEET

	<u>Group</u>		<u>Company</u>	
	<u>31-Dec-08</u>	<u>31-Dec-07</u>	<u>31-Dec-08</u>	<u>31-Dec-07</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
(a) Share capital - Issued & fully paid	91,733	91,733	91,733	91,733
Reserves	80,756	106,436	78,754	104,509
	172,489	198,169	170,487	196,242
Deferred tax liabilities	-	5,733	-	5,733
Technical balances				
Reserve for unexpired risks	42,503	33,876	41,912	33,231
Outstanding claims	118,121	108,447	114,185	104,613
	160,624	142,323	156,097	137,844
Current liabilities				
Insurance creditors	15,297	12,112	15,194	11,917
Non-trade creditors & accrued liabilities	2,860	2,943	2,775	2,858
Deferred acquisition cost-reinsurers' share	5,606	4,690	5,526	4,586
Amount owing to related companies				
- non-trade	115	134	115	134
Tax payables	3,495	8,305	3,458	8,284
	27,373	28,184	27,068	27,779
Total equity and liabilities	360,486	374,409	353,652	367,598
Fixed assets	393	462	393	462
Investment in subsidiary	-	-	4,940	4,940
Available-for-sale investments	139,086	83,315	139,086	83,315
Non-current debtors	-	14	-	14
Statutory deposit	500	500	500	500
Unsecured term loan	24	26	24	26
Reinsurers' share of technical balances				
Reserve for unexpired risks	23,272	18,026	22,832	17,530
Outstanding claims	72,781	63,708	69,927	61,346
	96,053	81,734	92,759	78,876
Current assets				
Insurance debtors	6,878	8,939	6,729	8,686
Deferred acquisition cost-gross	4,621	4,035	4,506	3,893
Non-trade debtors and accrued interest receivable	1,678	1,365	1,668	1,350
Amount owing by related companies	162	6	187	66
Investments at fair value through profit or loss	-	86,600	-	86,600
Cash and cash equivalents	111,091	107,413	102,860	98,870
	124,430	208,358	115,950	199,465
Total assets	360,486	374,409	353,652	367,598
(b) Net asset value per share (S\$)	2.82	3.24	2.79	3.21

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3. GROUP STATEMENT OF CHANGES IN EQUITY

	Share capital \$'000	General reserve \$'000	Available- for-sale investment reserve \$'000	Foreign currency translation reserve \$'000	Retained profits \$'000	Total \$'000
Balance at 1 January 2008	91,733	18,880	25,340	(673)	62,889	198,169
Net valuation loss taken to equity	-	-	(27,576)	-	-	(27,576)
Foreign currency translation differences	-	-	-	35	-	35
Net (losses)/gains not recognised in profit and loss accounts	-	-	(27,576)	35	-	(27,541)
Impairment on investments	-	-	1,300	-	-	1,300
Net profit	-	-	-	-	9,734	9,734
Total recognised (losses)/gains for the financial year	-	-	(26,276)	35	9,734	(16,507)
Transfer from retained profits	-	1,000	-	-	(1,000)	-
Dividend for Year 2007	-	-	-	-	(7,339)	(7,339)
Dividend for Year 2008	-	-	-	-	(1,834)	(1,834)
Balance at 31 December 2008	91,733	19,880	(936)	(638)	62,450	172,489
Balance at 1 January 2007	40,770	17,880	26,123	(227)	78,536	163,082
Net valuation loss taken to equity	-	-	(783)	-	-	(783)
Foreign currency translation differences	-	-	-	(446)	-	(446)
Net losses not recognised in profit and loss accounts	-	-	(783)	(446)	-	(1,229)
Net profit	-	-	-	-	21,292	21,292
Total recognised (losses)/gains for the financial year	-	-	(783)	(446)	21,292	20,063
Issue of rights shares	50,963	-	-	-	-	50,963
Transfer from retained profits	-	1,000	-	-	(1,000)	-
Dividend for Year 2006	-	-	-	-	(5,015)	(5,015)
Dividend for Year 2007	-	-	-	-	(30,924)	(30,924)
Balance at 31 December 2007	91,733	18,880	25,340	(673)	62,889	198,169

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4. COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital \$'000	General reserve \$'000	Available- for-sale investment reserve \$'000	Retained profits \$'000	Total \$'000
Balance at 1 January 2008	91,733	18,880	25,340	60,289	196,242
Net valuation loss taken to equity	-	-	(27,576)	-	(27,576)
Net losses not recognised in profit and loss accounts	-	-	(27,576)	-	(27,576)
Impairment on investments	-	-	1,300	-	1,300
Net profit	-	-	-	9,694	9,694
Total recognised (losses)/gains for the financial year	-	-	(26,276)	9,694	(16,582)
Transfer from retained profits	-	1,000	-	(1,000)	-
Dividend for Year 2007	-	-	-	(7,339)	(7,339)
Dividend for Year 2008	-	-	-	(1,834)	(1,834)
Balance at 31 December 2008	91,733	19,880	(936)	59,810	170,487
Balance at 1 January 2007	40,770	17,880	26,123	76,344	161,117
Net valuation loss taken to equity	-	-	(783)	-	(783)
Net losses not recognised in profit and loss accounts	-	-	(783)	-	(783)
Net profit	-	-	-	20,884	20,884
Total recognised (losses)/gains for the financial year	-	-	(783)	20,884	20,101
Issue of rights shares	50,963	-	-	-	50,963
Transfer from retained profits	-	1,000	-	(1,000)	-
Dividend for Year 2006	-	-	-	(5,015)	(5,015)
Dividend for Year 2007	-	-	-	(30,924)	(30,924)
Balance at 31 December 2007	91,733	18,880	25,340	60,289	196,242

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5. CASH FLOW STATEMENT

	Group	
	<u>2008</u>	<u>2007</u>
	\$'000	\$'000
Cash flows from operating activities		
Profit before tax	11,114	25,782
Adjustments for:		
Foreign currency difference on reserve for unexpired risks (net of deferred acquisition cost)	-	(9)
Foreign currency difference on provision for outstanding claims	9	(18)
Movement in net reserve for unexpired risks (net of movement in net deferred acquisition cost)	3,711	2,154
Movement in net outstanding claims	592	2,029
Depreciation	219	204
Net losses/(gains) on available-for-sale investments	2,943	(1,528)
Net losses/(gains) on investments at fair value through profit or loss	4,849	(3,702)
Impairment on investments	1,300	-
Profit on sale of fixed assets	-	(19)
Gross dividends from investments	(3,310)	(3,964)
Interest income	(3,954)	(4,288)
Exchange differences	462	830
Operating profit before working capital change	<u>17,935</u>	<u>17,471</u>
Changes in working capital:		
Trade and other receivables	1,762	(640)
Trade and other payables	3,102	2,012
Amount owing by related companies	(156)	24
Amount owing to related companies	(19)	18
Cash generated from operations	<u>22,624</u>	<u>18,885</u>
Tax paid	<u>(6,196)</u>	<u>(3,797)</u>
Net cash flow from operating activities	16,428	15,088
Cash flows from investing activities		
Proceeds from sale of investments at fair value through profit or loss	28,696	56,897
Proceeds from sale of available-for-sale investments	32,193	13,146
Proceeds from sale of fixed assets	-	19
Purchase of investments at fair value through profit or loss	(2,495)	(27,675)
Purchase of available-for-sale investments	(69,169)	(45,863)
Purchase of fixed assets	(150)	(137)
Placement in long-term fixed deposits	(2,098)	-
Unsecured term loan	2	3
Gross dividends from investments	3,310	3,964
Interest income	3,954	4,288
Net cash flow (used in)/from investing activities	(5,757)	4,642

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5. CASH FLOW STATEMENT (Cont'd)

	<u>Group</u>	
	<u>2008</u> \$'000	<u>2007</u> \$'000
Cash flow from financing activities		
Dividend paid	(9,173)	(35,939)
Proceeds from issuance of share capital	-	50,963
Cash flow (used in)/from financing activities	(9,173)	15,024
Translation difference on foreign subsidiary company	35	(446)
Net increase in cash and cash equivalents	1,533	34,308
Cash and cash equivalents at beginning of year	107,413	73,582
Effects of exchange rate changes on cash and cash equivalents	47	(477)
Cash and cash equivalents at end of year	108,993	107,413

6. SEGMENT INFORMATION

The Group is principally engaged in the business of underwriting general insurance business. No segment information by geographical location has been presented as the Group's overseas operations in Hong Kong are relatively insignificant.

7. REVIEW OF PERFORMANCE

Highlights and Performance Indicators for the Group

(\$'000)	2008	2007	2008/ 2007 %	4th Quarter 2008	4th Quarter 2007	4Q08 / 4Q07 %
Gross premiums written	83,021	71,282	+ 16.5	14,326	14,061	+ 1.9
Underwriting profit	14,287	13,769	+ 3.8	4,101	4,092	+ 0.2
Non-underwriting income/(loss)	(3,173)	12,013	NM	(1,161)	644	NM
Profit before tax	11,114	25,782	- 56.9	2,940	4,736	- 37.9

Note : NM = Not Meaningful

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7. REVIEW OF PERFORMANCE (Cont'd)

2008 versus 2007

Gross premiums grew by 16.5% to \$83.0 million due largely to intensified efforts to leverage on the synergies with the UOB Group and group-linked companies. Underwriting profit increased by 3.8% to \$14.3 million. Non-underwriting income was a negative \$3.2 million due to the meltdown in global stock markets. Consequently, overall profit before tax decreased by 56.9% to \$11.1 million.

4th Quarter 2008 ("4Q08") versus 4th Quarter 2007 ("4Q07")

The Group's gross premiums written grew by 1.9% to \$14.3 million in 4Q08 as compared against \$14.1 million in 4Q07. The underwriting profit increased by 0.2% to \$4.1 million. The Group recorded a non-underwriting loss of \$1.2 million due to weak market sentiments. It achieved a profit before tax of \$2.9 million in 4Q08.

8. PROSPECTS FOR THE NEXT REPORTING PERIOD AND THE NEXT 12 MONTHS

Business prospects for the next 12 months will be most challenging given the dismal economic outlook worldwide. Lower levels of economic activities and intense competition within the general insurance market would exert pressure on premium growth and underwriting profit margins.

The Company expects underwriting profits and overall profitability to be lower in the coming year as the world economies, including that of Singapore, seek solutions to the global financial credit crunch and economic slowdown.

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 year ended 31 December 2008 are the same as those adopted in the preceding year.

10. DIVIDEND

The Directors recommend the payment of a final dividend of 3 cents per share (one-tier tax-exempt) (2007 final dividend: 12 cents per share one-tier tax-exempt) in respect of the financial year ended 31 December 2008.

Together with the interim dividend of 3 cents per share paid previously, the total dividend for the financial year ended 31 December 2008 would be 6 cents per share (2007: \$1.02 per share) amounting to a total net dividend payment of \$3.7 million (2007: \$38.3 million). If approved at the forthcoming Annual General Meeting, the proposed final dividend will be paid on 25 May 2009.

11. BORROWINGS, CONTINGENT LIABILITIES AND LOAN CAPITAL

There were no borrowings, contingent liabilities and loan capital for the Group as at 31 December 2008 (2007: nil). The Group has maintained strong liquidity for its business operations.

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12. CLOSURE OF BOOKS

Notice is hereby given that, subject to shareholders' approval of the payment of the abovementioned dividend at the Annual General Meeting scheduled for 29 April 2009, the Share Transfer Books and the Register of Members of the Company will be closed from 12 May 2009 to 13 May 2009, both dates inclusive for the preparation of dividend warrants. Registrable transfers received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 3 Church Street, #08-01 Samsung Hub, Singapore 049483, up to 5.00 pm on 11 May 2009 will be registered for the final dividend. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), the final dividend will be paid by the Company to CDP which will, in turn, distribute the dividend to holders of the securities accounts.

BY ORDER OF THE BOARD

MRS VIVIEN CHAN
SECRETARY

Dated this 23rd February 2009