

## 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 2009

	Group					
	1st Half	1st Half	Incr/ (Decr)	2nd Qtr	2nd Qtr	Incr/ (Decr)
	<u>2009</u>	<u>2008</u>	<u>%</u>	<u>2009</u>	<u>2008</u>	<u>%</u>
	<b>\$'000</b>	<b>\$'000</b>		<b>\$'000</b>	<b>\$'000</b>	
(a) Gross premiums written	<u>50,566</u>	<u>49,595</u>	2.0	<u>26,553</u>	<u>21,503</u>	23.5
Net earned premiums	11,988	10,271	16.7	4,825	5,969	(19.2)
Less/(Add) :						
Net claims incurred	3,253	3,130	3.9	2,102	1,679	25.2
Net commissions	(1,556)	(2,293)	(32.1)	(704)	(212)	232.1
Management expenses :						
Staff cost	2,154	2,279	(5.5)	1,077	1,150	(6.3)
Rental expenses	327	327	-	164	164	-
Management fees	34	72	(52.8)	11	47	(76.6)
Depreciation	60	112	(46.4)	30	58	(48.3)
Foreign exchange (gain)/loss	(2)	18	NM	13	20	(35.0)
Other operating expenses	423	486	(13.0)	101	155	(34.8)
Underwriting profit	<u>7,295</u>	<u>6,140</u>	18.8	<u>2,031</u>	<u>2,908</u>	(30.2)
Gross dividends from investments	1,370	2,239	(38.8)	1,190	1,839	(35.3)
Interest income	1,836	2,014	(8.8)	957	934	2.5
Amortisation of Investments	52	-	NM	52	-	NM
Miscellaneous income	7	7	-	3	4	(25.0)
Net losses on investments at fair value through profit or loss	-	(4,513)	(100.0)	-	(1,742)	(100.0)
Net gains/(losses) on available-for-sale investments	2,184	(493)	NM	1,825	(1,234)	NM
Less/(Add) :						
Management expenses not charged to insurance revenue account:						
Management fees	244	253	(3.6)	126	126	-
Other operating expenses	108	123	(12.2)	61	61	-
Exchange differences	(342)	82	NM	(473)	109	NM
Profit before tax	<u>12,734</u>	<u>4,936</u>	158.0	<u>6,344</u>	<u>2,413</u>	162.9
Less : Tax expense	2,111	826	155.6	965	417	131.4
Net profit	<u>10,623</u>	<u>4,110</u>	158.5	<u>5,379</u>	<u>1,996</u>	169.5
Note : NM = Not Meaningful						
(b) Annualised earnings per share (cents) - basic & diluted	<b>34.7</b>	13.4		<b>35.2</b>	13.1	

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### 2. Unaudited statement of comprehensive income for the first half/second quarter ended 30 June 2009

	<u>Group</u>	
	<u>1st Half 2009</u> \$'000	<u>1st Half 2008</u> \$'000
Net profit	10,623	4,110
<b>Other comprehensive income :</b>		
Foreign currency translation difference	80	(367)
Available-for-sale investments	10,182	(8,770)
Income tax relating to available-for-sale investments	(1,711)	1,581
<b>Other comprehensive income for the first half, net of tax</b>	<u>8,551</u>	<u>(7,556)</u>
<b>Total comprehensive income for the first half ended 30 June</b>	<u><u>19,174</u></u>	<u><u>(3,446)</u></u>

	<u>Group</u>	
	<u>2nd Qtr 2009</u> \$'000	<u>2nd Qtr 2008</u> \$'000
Net profit	5,379	1,996
<b>Other comprehensive income :</b>		
Foreign currency translation difference	(333)	(109)
Available-for-sale investments	13,104	(2,215)
Income tax relating to available-for-sale investments	(2,228)	403
<b>Other comprehensive income for the quarter, net of tax</b>	<u>10,543</u>	<u>(1,921)</u>
<b>Total comprehensive income for the quarter ended 30 June</b>	<u><u>15,922</u></u>	<u><u>75</u></u>

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### 3. Unaudited statement of financial position

	<u>Group</u>		<u>Company</u>	
	<u>30-Jun-09</u>	<u>31-Dec-08</u>	<u>30-Jun-09</u>	<u>31-Dec-08</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
(a) Share capital - Issued & fully paid	<b>91,733</b>	91,733	<b>91,733</b>	91,733
Reserves	<b>98,095</b>	80,756	<b>96,072</b>	78,754
	<b>189,828</b>	172,489	<b>187,805</b>	170,487
Technical balances				
Reserve for unexpired risks	<b>53,281</b>	42,503	<b>52,818</b>	41,912
Outstanding claims	<b>118,842</b>	118,121	<b>115,410</b>	114,185
	<b>172,123</b>	160,624	<b>168,228</b>	156,097
Current liabilities				
Insurance creditors	<b>22,129</b>	15,297	<b>22,075</b>	15,194
Non-trade creditors & accrued liabilities	<b>3,430</b>	2,860	<b>3,382</b>	2,775
Deferred acquisition cost-reinsurers' share	<b>6,508</b>	5,606	<b>6,435</b>	5,526
Amount owing to related companies				
- non-trade	-	115	<b>89</b>	115
Tax payables	<b>7,150</b>	3,495	<b>7,106</b>	3,458
	<b>39,217</b>	27,373	<b>39,087</b>	27,068
Total equity and liabilities	<b>401,168</b>	360,486	<b>395,120</b>	353,652
Fixed assets	<b>337</b>	393	<b>337</b>	393
Investment in subsidiary	-	-	<b>4,940</b>	4,940
Available-for-sale investments	<b>157,949</b>	139,086	<b>157,949</b>	139,086
Statutory deposit	<b>500</b>	500	<b>500</b>	500
Unsecured term loan	<b>24</b>	24	<b>24</b>	24
Reinsurers' share of technical balances				
Reserve for unexpired risks	<b>28,819</b>	23,272	<b>28,468</b>	22,832
Outstanding claims	<b>73,799</b>	72,781	<b>71,423</b>	69,927
	<b>102,618</b>	96,053	<b>99,891</b>	92,759
Current assets				
Insurance debtors	<b>12,823</b>	6,878	<b>12,588</b>	6,729
Deferred acquisition cost-gross	<b>5,443</b>	4,621	<b>5,323</b>	4,506
Non-trade debtors and accrued interest receivable	<b>1,516</b>	1,678	<b>1,506</b>	1,668
Amount owing by related companies	-	162	-	187
Cash and cash equivalents	<b>119,958</b>	111,091	<b>112,062</b>	102,860
	<b>139,740</b>	124,430	<b>131,479</b>	115,950
Total assets	<b>401,168</b>	360,486	<b>395,120</b>	353,652
(b) Net asset value per share (S\$)	<b>3.10</b>	2.82	<b>3.07</b>	2.79
Number of shares issued ('000)	<b>61,155</b>	61,155	<b>61,155</b>	61,155

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#### 4. Unaudited Group statement of changes in equity

	Share capital	General reserve	Available- for-sale investment reserve	Foreign currency translation reserve	Retained profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2009	91,733	19,880	(936)	(638)	62,450	172,489
<b>Changes in equity for period</b>						
Total comprehensive income for the six months ended 30 June 2009	-	-	8,471	80	10,623	19,174
Dividend for Year 2008	-	-	-	-	(1,835)	(1,835)
<b>Balance at 30 June 2009</b>	<b>91,733</b>	<b>19,880</b>	<b>7,535</b>	<b>(558)</b>	<b>71,238</b>	<b>189,828</b>
Balance at 1 January 2008	91,733	18,880	25,340	(673)	62,889	198,169
<b>Changes in equity for period</b>						
Total comprehensive income for the six months ended 30 June 2008	-	-	(7,189)	(367)	4,110	(3,446)
Dividend for Year 2007	-	-	-	-	(7,339)	(7,339)
<b>Balance at 30 June 2008</b>	<b>91,733</b>	<b>18,880</b>	<b>18,151</b>	<b>(1,040)</b>	<b>59,660</b>	<b>187,384</b>
Balance at 1 April 2009	91,733	19,880	(3,341)	(225)	67,694	175,741
<b>Changes in equity for period</b>						
Total comprehensive income for the quarter ended 30 June 2009	-	-	10,876	(333)	5,379	15,922
Dividend for Year 2008	-	-	-	-	(1,835)	(1,835)
<b>Balance at 30 June 2009</b>	<b>91,733</b>	<b>19,880</b>	<b>7,535</b>	<b>(558)</b>	<b>71,238</b>	<b>189,828</b>
Balance at 1 April 2008	91,733	18,880	19,963	(931)	65,003	194,648
<b>Changes in equity for period</b>						
Total comprehensive income for the quarter ended 30 June 2008	-	-	(1,812)	(109)	1,996	75
Dividend for Year 2007	-	-	-	-	(7,339)	(7,339)
<b>Balance at 30 June 2008</b>	<b>91,733</b>	<b>18,880</b>	<b>18,151</b>	<b>(1,040)</b>	<b>59,660</b>	<b>187,384</b>

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### 5. Unaudited Company statement of changes in equity

	Share capital	General reserve	Available- for-sale investment reserve	Retained profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2009	91,733	19,880	(936)	59,810	170,487
<b>Changes in equity for period</b>					
Total comprehensive income for the six months ended 30 June 2009	-	-	8,471	10,682	19,153
Dividend for Year 2008	-	-	-	(1,835)	(1,835)
<b>Balance at 30 June 2009</b>	<b>91,733</b>	<b>19,880</b>	<b>7,535</b>	<b>68,657</b>	<b>187,805</b>
Balance at 1 January 2008	91,733	18,880	25,340	60,289	196,242
<b>Changes in equity for period</b>					
Total comprehensive income for the six months ended 30 June 2008	-	-	(7,189)	3,756	(3,433)
Dividend for Year 2007	-	-	-	(7,339)	(7,339)
<b>Balance at 30 June 2008</b>	<b>91,733</b>	<b>18,880</b>	<b>18,151</b>	<b>56,706</b>	<b>185,470</b>
Balance at 1 April 2009	91,733	19,880	(3,341)	65,574	173,846
<b>Changes in equity for period</b>					
Total comprehensive income for the quarter ended 30 June 2009	-	-	10,876	4,918	15,794
Dividend for Year 2008	-	-	-	(1,835)	(1,835)
<b>Balance at 30 June 2009</b>	<b>91,733</b>	<b>19,880</b>	<b>7,535</b>	<b>68,657</b>	<b>187,805</b>
Balance at 1 April 2008	91,733	18,880	19,963	62,378	192,954
<b>Changes in equity for period</b>					
Total comprehensive income for the quarter ended 30 June 2008	-	-	(1,812)	1,667	(145)
Dividend for Year 2007	-	-	-	(7,339)	(7,339)
<b>Balance at 30 June 2008</b>	<b>91,733</b>	<b>18,880</b>	<b>18,151</b>	<b>56,706</b>	<b>185,470</b>

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### 6. Unaudited statement of cash flows

	<b>Group</b>			
	<b>1st Half</b>	<b>1st Half</b>	<b>2nd Qtr</b>	<b>2nd Qtr</b>
	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>				
Profit before tax	12,734	4,936	6,344	2,413
Adjustments for:				
Foreign currency difference on reserve for unexpired risks (net of deferred acquisition cost)	4	(5)	(4)	(1)
Foreign currency difference on provision for outstanding claims	11	(79)	(52)	(24)
Movement in net reserve for unexpired risks (net of movement in net deferred acquisition cost)	5,307	4,355	3,917	1,534
Movement in net outstanding claims	(308)	510	194	245
Depreciation	60	112	30	58
Net (gains)/losses on available-for-sale investments	(2,184)	493	(1,825)	1,234
Net losses on investments at fair value through profit or loss	-	4,513	-	1,742
Amortisation of Investments	(52)	-	(52)	-
Gross dividends from investments	(1,370)	(2,239)	(1,190)	(1,839)
Interest income	(1,836)	(2,014)	(957)	(934)
Exchange differences	(461)	490	341	190
Operating profit before working capital change	<b>11,905</b>	11,072	<b>6,746</b>	4,618
Changes in working capital:				
Trade and other receivables	(5,783)	(7,590)	(92)	4,799
Trade and other payables	7,402	11,473	3,864	298
Amount owing by related companies	162	6	-	-
Amount owing to related companies	(115)	(134)	-	-
Cash generated from operations	<b>13,571</b>	14,827	<b>10,518</b>	9,715
Tax paid	(167)	(3,283)	-	(2,866)
<b>Net cash flows from operating activities</b>	<b>13,404</b>	11,544	<b>10,518</b>	6,849
<b>Cash flows from investing activities</b>				
Proceeds from sale of investments at fair value through profit or loss	-	18,823	-	4,997
Proceeds from sale of available-for-sale investments	22,313	14,806	18,580	5,670
Purchase of investments as fair value through profit or loss	-	(7,274)	-	(2,086)
Purchase of available-for-sale investments	(28,360)	(33,727)	(15,683)	(4,582)
Purchase of fixed assets	(4)	(98)	-	(78)
Placement in long-term fixed deposits	(1,820)	-	(813)	-
Gross dividends from investments	1,370	2,239	1,190	1,839
Interest income	1,836	2,014	957	934
<b>Net cash flows (used in)/from investing activities</b>	<b>(4,665)</b>	(3,217)	<b>4,231</b>	6,694
<b>Cash flow from financing activity</b>				
Dividend paid	(1,835)	(7,339)	(1,835)	(7,339)
<b>Cash flow used in financing activity</b>	<b>(1,835)</b>	(7,339)	<b>(1,835)</b>	(7,339)
Translation difference on foreign subsidiary company	80	(367)	(333)	(109)
<b>Net increase in cash and cash equivalents</b>	<b>6,984</b>	621	12,581	6,095
Cash and cash equivalents at beginning of period	108,993	107,413	103,881	101,618
Effects of exchange rate changes on cash and cash equivalents	63	(458)	(422)	(137)
<b>Cash and cash equivalents at end of period</b>	<b>116,040</b>	107,576	<b>116,040</b>	107,576



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### 7. Segment information

	<u>SIF</u>	<u>OIF</u>	<u>SHE</u>	<u>HK Subsidiary</u>	<u>Consolidated</u>
	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000
<b><u>1st Half ended 30 June 2009</u></b>					
Gross premiums written	<u>42,141</u>	<u>7,856</u>	<u>-</u>	<u>569</u>	<u>50,566</u>
Net earned premiums	7,914	3,893	-	181	11,988
Net claims incurred	1,745	1,513	-	(5)	3,253
Net commission	(2,866)	1,252	-	58	(1,556)
Management expenses	<u>2,595</u>	<u>278</u>	<u>-</u>	<u>123</u>	<u>2,996</u>
Underwriting profit/(loss)	6,440	850	-	5	7,295
Other Income	3,380	152	1,911	6	5,449
Management expenses not charged to insurance revenue account	<u>(67)</u>	<u>17</u>	<u>(4)</u>	<u>64</u>	<u>10</u>
Profit/(loss) before tax	<u>9,887</u>	<u>985</u>	<u>1,915</u>	<u>(53)</u>	<u>12,734</u>
Segment total assets	241,164	31,059	117,870	11,075	401,168
Segment total liabilities	187,166	18,761	1,301	4,112	211,340
<b><u>1st Half ended 30 June 2008</u></b>					
Gross premiums written	<u>42,568</u>	<u>6,281</u>	<u>-</u>	<u>746</u>	<u>49,595</u>
Net earned premiums	6,800	3,302	-	169	10,271
Net claims incurred	2,343	1,247	-	(460)	3,130
Net commission	(3,256)	898	-	65	(2,293)
Management expenses	<u>2,777</u>	<u>364</u>	<u>-</u>	<u>153</u>	<u>3,294</u>
Underwriting profit/(loss)	4,936	793	-	411	6,140
Other Income	(2,272)	87	1,340	99	(746)
Management expenses not charged to insurance revenue account	<u>290</u>	<u>24</u>	<u>116</u>	<u>28</u>	<u>458</u>
Profit/(loss) before tax	<u>2,374</u>	<u>856</u>	<u>1,224</u>	<u>482</u>	<u>4,936</u>
Segment total assets	222,311	24,466	131,226	11,343	389,346
Segment total liabilities	176,201	17,378	3,894	4,489	201,962

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### 7. Segment information (Cont'd)

	SIF \$' 000	OIF \$' 000	SHE \$' 000	HK Subsidiary \$' 000	Consolidated \$' 000
<b><u>3 months ended 30 June 2009</u></b>					
Gross premiums written	22,721	3,639	-	193	26,553
Net earned premiums	2,872	1,894	-	59	4,825
Net claims incurred	1,336	802	-	(36)	2,102
Net commission	(1,239)	516	-	19	(704)
Management expenses	1,210	159	-	27	1,396
Underwriting profit/(loss)	1,565	417	-	49	2,031
Other Income	2,429	116	1,480	2	4,027
Management expenses not charged to insurance revenue account	55	32	36	(409)	(286)
Profit/(loss) before tax	3,939	501	1,444	460	6,344
Segment total assets	241,164	31,059	117,870	11,075	401,168
Segment total liabilities	187,166	18,761	1,301	4,112	211,340
<b><u>3 months ended 30 June 2008</u></b>					
Gross premiums written	17,539	3,636	-	328	21,503
Net earned premiums	4,034	1,873	-	62	5,969
Net claims incurred	1,370	774	-	(465)	1,679
Net commission	(869)	644	-	13	(212)
Management expenses	1,341	191	-	62	1,594
Underwriting profit/(loss)	2,192	264	-	452	2,908
Other Income	(1,260)	36	989	36	(199)
Management expenses not charged to insurance revenue account	190	21	48	37	296
Profit/(loss) before tax	742	279	941	451	2,413
Segment total assets	222,311	24,466	131,226	11,343	389,346
Segment total liabilities	176,201	17,378	3,894	4,489	201,962

As required under the Insurance Act (Cap. 142), 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 HK Subsidiary refers to the Company's wholly-owned subsidiary, UOB Insurance (H.K.) Limited, incorporated in Hong Kong S.A.R.

The segment information are prepared based on the Group's accounting policy, which is in accordance with Singapore Financial Reporting Standards (FRS).



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### 8. Review of performance

#### Highlights and Performance Indicators for the Group

\$'000	1st Half 2009	1st Half 2008	1H09 / 1H08 %	2nd Quarter 2009	2nd Quarter 2008	2Q09 / 2Q08 %
Gross premiums written	<b>50,566</b>	49,595	+2.0	<b>26,553</b>	21,503	+23.5
Underwriting profit	<b>7,295</b>	6,140	+18.8	<b>2,031</b>	2,908	-30.2
Non-underwriting income/(loss)	<b>5,439</b>	(1,204)	NM	<b>4,313</b>	(495)	NM
Profit before tax	<b>12,734</b>	4,936	+158.0	<b>6,344</b>	2,413	+162.9

Note : NM = Not Meaningful

#### 1st Half 2009 ("1H09") versus 1st Half 2008 ("1H08")

Gross premium grew by 2.0% to \$50.6 million due largely to synergies generated with the UOB Group of companies. Net earned premiums increased by \$1.7 million or 16.7% due to the Group's deliberate move to selectively raise its net retentions to retain more of the quality risks. This was reflected in the net written premiums ratio, which rose from 29.5% to 34.2%. Despite a small increase in net claims incurred of \$0.1 million, the net claims incurred ratio dropped from 30.5% to 27.1% due to higher net earned premiums. Management expenses decreased by \$0.3 million or 9.0% due to reduction in both staff cost and other expenses. Management expenses ratio decreased from 6.6% to 5.9%.

Underwriting profit increased by 18.8% to \$7.3 million due mainly to the combined effect of higher net earned premiums and lower management expenses. Non-underwriting income was a positive \$5.4 million as compared to a non-underwriting loss of \$1.2 million in the corresponding period last year due to better market sentiments. Consequently, overall profit before tax increased by 158.0% to \$12.7 million.

#### 2nd Quarter 2009 ("2Q09") versus 2nd Quarter 2008 ("2Q08")

The Group's gross premiums written grew by 23.5% to \$26.6 million in 2Q09 from \$21.5 million in 2Q08 due mainly to timing difference in the premium booking of a major account which was booked in this quarter instead of last quarter. Net earned premiums decreased by 19.2% or \$1.1 million due to higher unearned premium reserve strain in the current quarter. Net incurred claims was higher by \$0.4 million or 25.2% due mainly to a one-time write-back in 2Q08 of claims reserve which was no longer required. Consequently, underwriting profit in 2Q09 decreased to \$2.0 million due to lower net earned premiums and higher net incurred claims. The Group recorded a non-underwriting gain of \$4.3 million due to better sentiment in the investment markets in the current quarter. Profit before tax increased by 162.9% to \$6.3 million due mainly to non-underwriting gains.

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

Although the Government has revised its 2009 growth forecast upwards after three downgrades, the local economy still faces many uncertainties. The lack of a clear turnaround in the real economy will continue to put a damper on premium growth. Underwriting profit margins are expected to be under stress as insurers compete aggressively for business while investment income will be influenced by market sentiments.

Notwithstanding the challenging environment, the Group remains on track to achieve overall profitability.

### **10. 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 first half year ended 30 June 2009 are the same as those adopted in the preceding year, except for the adoption of the Amendments to FRS 39 Financial Instruments: Recognition and Measurement and FRS 107 Financial Instruments: Disclosures – Reclassification of Financial Assets on 31 October 2008. The Group has adopted the revised FRS 1 Presentation of Financial Statements and FRS 108 Operating Segments, which are effective for annual periods beginning on or after 1 January 2009.

### **11. Interim Dividend**

The Directors are pleased to declare an interim dividend of 3 cents per share (one-tier tax-exempt) in respect of the current financial year (2008 interim dividend : 3 cents per share – one-tier tax-exempt). The total interim dividend would amount to \$1.8 million. The dividend will be paid on 31 August 2009.

### **12. Closure of Books**

Notice is hereby given that the Share Transfer Books and the Register of Members of the Company will be closed from 20 August 2009 to 21 August 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 5.00pm on 19 August 2009 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.

### **13. Borrowings, contingent liabilities and loan capital**

The Group has no borrowings, contingent liabilities and loan capital as at 30 June 2009 (30 June 2008: nil).

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## NEWS RELEASE

### **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 group financial results for the first half/second quarter ended 30 June 2009 to be false or misleading.

BY ORDER OF THE BOARD

MRS VIVIEN CHAN  
SECRETARY

Dated this 3rd August 2009