

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 nine months/third quarter ended 30 September 2009

	Group					
	9 Months <u>2009</u> \$'000	9 Months <u>2008</u> \$'000	Incr/ (Decr) %	3rd Qtr <u>2009</u> \$'000	3rd Qtr <u>2008</u> \$'000	Incr/ (Decr) %
(a) Gross premiums written	68,225	68,695	(0.7)	17,659	19,100	(7.5)
Net earned premiums	20,344	17,346	17.3	8,356	7,075	18.1
Less/(Add) :						
Net claims incurred	6,023	4,281	40.7	2,770	1,151	140.7
Net commissions	(1,494)	(2,234)	(33.1)	62	59	5.1
Management expenses :						
Staff cost	3,221	3,544	(9.1)	1,067	1,265	(15.7)
Rental expenses	490	490	-	163	163	-
Management fees	43	93	(53.8)	9	21	(57.1)
Depreciation	89	170	(47.6)	29	58	(50.0)
Foreign exchange loss	9	23	(60.9)	11	5	120.0
Other operating expenses	656	793	(17.3)	233	307	(24.1)
Underwriting profit	11,307	10,186	11.0	4,012	4,046	(0.8)
Gross dividends from investments	2,282	2,874	(20.6)	912	635	43.6
Interest income	2,741	2,955	(7.2)	905	941	(3.8)
Amortisation of Investments	99	-	NM	47	-	NM
Miscellaneous income	30	399	(92.5)	23	392	(94.1)
Net losses on investments at fair value through profit or loss	-	(6,581)	(100.0)	-	(2,068)	(100.0)
Net gains/(losses) on available-for-sale investments	2,473	(485)	NM	289	8	NM
Less/(Add) :						
Management expenses not charged to insurance revenue account:						
Management fees	55	503	(89.1)	(189)	250	(175.6)
Other operating expenses	153	175	(12.6)	45	52	(13.5)
Exchange differences	(284)	496	(157.3)	58	414	(86.0)
Profit before tax	19,008	8,174	132.5	6,274	3,238	93.8
Less : Tax expense	3,134	1,399	124.0	1,023	573	78.5
Net profit	15,874	6,775	134.3	5,251	2,665	97.0
Note : NM = Not Meaningful						
(b) Annualised earnings per share (cents) - basic & diluted	34.6	14.8		34.3	17.4	

NEWS RELEASE

2. Unaudited statement of comprehensive income for the nine months/third quarter ended 30 September 2009

	<u>Group</u>	
	<u>9 Months</u> <u>2009</u> \$'000	<u>9 Months</u> <u>2008</u> \$'000
Net profit	15,874	6,775
Other comprehensive income :		
Foreign currency translation difference	(76)	(22)
Available-for-sale investments	22,816	(21,672)
Income tax relating to available-for-sale investments	(3,857)	3,900
Other comprehensive income for the nine months, net of tax	<u>18,883</u>	<u>(17,794)</u>
Total comprehensive income for the nine months ended 30 September	<u>34,757</u>	<u>(11,019)</u>

	<u>Group</u>	
	<u>3rd Qtr</u> <u>2009</u> \$'000	<u>3rd Qtr</u> <u>2008</u> \$'000
Net profit	5,251	2,665
Other comprehensive income :		
Foreign currency translation difference	(156)	345
Available-for-sale investments	12,634	(12,902)
Income tax relating to available-for-sale investments	(2,146)	2,319
Other comprehensive income for the quarter, net of tax	<u>10,332</u>	<u>(10,238)</u>
Total comprehensive income for the quarter ended 30 September	<u>15,583</u>	<u>(7,573)</u>

NEWS RELEASE

3. Unaudited statement of financial position

	Group		Company	
	30-Sep-09	31-Dec-08	30-Sep-09	31-Dec-08
	\$'000	\$'000	\$'000	\$'000
(a) Share capital - Issued & fully paid	91,733	91,733	91,733	91,733
Reserves	111,844	80,756	109,684	78,754
	203,577	172,489	201,417	170,487
Technical balances				
Reserve for unexpired risks	50,586	42,503	50,205	41,912
Outstanding claims	120,061	118,121	117,774	114,185
	170,647	160,624	167,979	156,097
Current liabilities				
Insurance creditors	18,177	15,297	18,132	15,194
Non-trade creditors & accrued liabilities	2,947	2,860	2,899	2,775
Deferred acquisition cost-reinsurers' share	6,147	5,606	6,085	5,526
Amount owing to related companies				
- non-trade	-	115	120	115
Tax payables	10,560	3,495	10,464	3,458
	37,831	27,373	37,700	27,068
Total equity and liabilities	412,055	360,486	407,096	353,652
Fixed assets	340	393	340	393
Investment in subsidiary	-	-	4,940	4,940
Available-for-sale investments	173,886	139,086	173,886	139,086
Statutory deposit	500	500	500	500
Unsecured term loan	21	24	21	24
Reinsurers' share of technical balances				
Reserve for unexpired risks	27,108	23,272	26,825	22,832
Outstanding claims	74,213	72,781	72,632	69,927
	101,321	96,053	99,457	92,759
Current assets				
Insurance debtors	11,187	6,878	11,077	6,729
Deferred acquisition cost-gross	5,290	4,621	5,186	4,506
Non-trade debtors and accrued interest receivable	1,432	1,678	1,423	1,668
Amount owing by related companies	-	162	-	187
Cash and cash equivalents	118,078	111,091	110,266	102,860
	135,987	124,430	127,952	115,950
Total assets	412,055	360,486	407,096	353,652
(b) Net asset value per share (S\$)	3.33	2.82	3.29	2.79
Number of shares issued ('000)	61,155	61,155	61,155	61,155

NEWS RELEASE

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
Changes in equity for period						
Total comprehensive income for the nine months ended 30 September 2009	-	-	18,959	(76)	15,874	34,757
Dividend for Year 2008	-	-	-	-	(1,835)	(1,835)
Dividend for Year 2009	-	-	-	-	(1,834)	(1,834)
Balance at 30 September 2009	91,733	19,880	18,023	(714)	74,655	203,577
Balance at 1 January 2008	91,733	18,880	25,340	(673)	62,889	198,169
Changes in equity for period						
Total comprehensive income for the nine months ended 30 September 2008	-	-	(17,772)	(22)	6,775	(11,019)
Dividend for Year 2007	-	-	-	-	(7,339)	(7,339)
Dividend for Year 2008	-	-	-	-	(1,834)	(1,834)
Balance at 30 September 2008	91,733	18,880	7,568	(695)	60,491	177,977
Balance at 1 July 2009	91,733	19,880	7,535	(558)	71,238	189,828
Changes in equity for period						
Total comprehensive income for the quarter ended 30 September 2009	-	-	10,488	(156)	5,251	15,583
Dividend for Year 2009	-	-	-	-	(1,834)	(1,834)
Balance at 30 September 2009	91,733	19,880	18,023	(714)	74,655	203,577
Balance at 1 July 2008	91,733	18,880	18,151	(1,040)	59,660	187,384
Changes in equity for period						
Total comprehensive income for the quarter ended 30 September 2008	-	-	(10,583)	345	2,665	(7,573)
Dividend for Year 2008	-	-	-	-	(1,834)	(1,834)
Balance at 30 September 2008	91,733	18,880	7,568	(695)	60,491	177,977

NEWS RELEASE

5. Unaudited 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 2009	91,733	19,880	(936)	59,810	170,487
Changes in equity for period					
Total comprehensive income for the nine months ended 30 September 2009	-	-	18,959	15,640	34,599
Dividend for Year 2008	-	-	-	(1,835)	(1,835)
Dividend for Year 2009	-	-	-	(1,834)	(1,834)
Balance at 30 September 2009	91,733	19,880	18,023	71,781	201,417
Balance at 1 January 2008	91,733	18,880	25,340	60,289	196,242
Changes in equity for period					
Total comprehensive income for the nine months ended 30 September 2008	-	-	(17,772)	6,568	(11,204)
Dividend for Year 2007	-	-	-	(7,339)	(7,339)
Dividend for Year 2008	-	-	-	(1,834)	(1,834)
Balance at 30 September 2008	91,733	18,880	7,568	57,684	175,865
Balance at 1 July 2009	91,733	19,880	7,535	68,657	187,805
Changes in equity for period					
Total comprehensive income for the quarter ended 30 September 2009	-	-	10,488	4,958	15,446
Dividend for Year 2009	-	-	-	(1,834)	(1,834)
Balance at 30 September 2009	91,733	19,880	18,023	71,781	201,417
Balance at 1 July 2008	91,733	18,880	18,151	56,706	185,470
Changes in equity for period					
Total comprehensive income for the quarter ended 30 September 2008	-	-	(10,583)	2,812	(7,771)
Dividend for Year 2008	-	-	-	(1,834)	(1,834)
Balance at 30 September 2008	91,733	18,880	7,568	57,684	175,865

NEWS RELEASE

6. Unaudited statement of cash flows

	Group			
	9 Months	9 Months	3rd Qtr	3rd Qtr
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before tax	19,008	8,174	6,274	3,238
Adjustments for:				
Foreign currency difference on reserve for unexpired risks (net of deferred acquisition cost)	2	-	(2)	5
Foreign currency difference on provision for outstanding claims	(11)	(4)	(22)	75
Movement in net reserve for unexpired risks (net of movement in net deferred acquisition cost)	4,117	4,473	(1,190)	118
Movement in net outstanding claims	519	213	827	(297)
Depreciation	89	170	29	58
Net (gains)/losses on available-for-sale investments	(2,473)	485	(289)	(8)
Net losses on investments at fair value through profit or loss	-	6,581	-	2,068
Amortisation of Investments	(99)	-	(47)	-
Gross dividends from investments	(2,282)	(2,874)	(912)	(635)
Interest income	(2,741)	(2,955)	(905)	(941)
Exchange differences	(215)	248	246	(242)
Operating profit before working capital change	15,914	14,511	4,009	3,439
Changes in working capital:				
Trade and other receivables	(4,063)	(838)	1,720	6,752
Trade and other payables	2,967	9,811	(4,435)	(1,662)
Amount owing by related companies	162	6	-	-
Amount owing to related companies	(115)	(134)	-	-
Cash generated from operations	14,865	23,356	1,294	8,529
Tax paid	74	(6,148)	241	(2,865)
Net cash flows from operating activities	14,939	17,208	1,535	5,664
Cash flows from investing activities				
Proceeds from sale of investments at fair value through profit or loss	-	36,737	-	17,914
Proceeds from sale of available-for-sale investments	26,918	15,244	4,605	438
Purchase of investments as fair value through profit or loss	-	(7,983)	-	(709)
Purchase of available-for-sale investments	(35,992)	(55,022)	(7,632)	(21,295)
Purchase of fixed assets	(36)	(129)	(32)	(31)
Placement in long-term fixed deposits	(15,802)	-	(13,982)	-
Unsecured term loan	3	2	3	2
Gross dividends from investments	2,282	2,874	912	635
Interest income	2,741	2,955	905	941
Net cash flows used in investing activities	(19,886)	(5,322)	(15,221)	(2,105)
Cash flow from financing activity				
Dividend paid	(3,669)	(9,173)	(1,834)	(1,834)
Cash flow used in financing activity	(3,669)	(9,173)	(1,834)	(1,834)
Translation difference on foreign subsidiary company	(76)	(22)	(156)	345
Net (decrease)/increase in cash and cash equivalents	(8,692)	2,691	(15,676)	2,070
Cash and cash equivalents at beginning of period	108,993	107,413	116,040	107,576
Effects of exchange rate changes on cash and cash equivalents	(123)	(24)	(186)	434
Cash and cash equivalents at end of period	100,178	110,080	100,178	110,080

NEWS RELEASE

7. Segment information

	<u>SIF</u>	<u>OIF</u>	<u>SHE</u>	<u>HK Subsidiary</u>	<u>Consolidated</u>
	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000
<u>9 months ended 30 September 2009</u>					
Gross premiums written	<u>56,146</u>	<u>11,355</u>	<u>-</u>	<u>724</u>	<u>68,225</u>
Net earned premiums	14,104	6,007	-	233	20,344
Net claims incurred	3,915	2,438	-	(330)	6,023
Net commission	(3,241)	1,673	-	74	(1,494)
Management expenses	<u>3,794</u>	<u>563</u>	<u>-</u>	<u>151</u>	<u>4,508</u>
Underwriting profit/(loss)	9,636	1,333	-	338	11,307
Other Income	4,665	224	2,729	7	7,625
Management expenses not charged to insurance revenue account	<u>(119)</u>	<u>28</u>	<u>(36)</u>	<u>51</u>	<u>(76)</u>
Profit/(loss) before tax	<u>14,420</u>	<u>1,529</u>	<u>2,765</u>	<u>294</u>	<u>19,008</u>
Segment total assets	243,111	32,760	126,167	10,017	412,055
Segment total liabilities	183,040	19,798	2,724	2,916	208,478
<u>9 months ended 30 September 2008</u>					
Gross premiums written	<u>58,196</u>	<u>9,434</u>	<u>-</u>	<u>1,065</u>	<u>68,695</u>
Net earned premiums	11,920	5,176	-	250	17,346
Net claims incurred	2,612	2,125	-	(456)	4,281
Net commission	(3,767)	1,444	-	89	(2,234)
Management expenses	<u>4,198</u>	<u>722</u>	<u>-</u>	<u>193</u>	<u>5,113</u>
Underwriting profit/(loss)	8,877	885	-	424	10,186
Other Income	(2,490)	120	1,413	119	(838)
Management expenses not charged to insurance revenue account	<u>611</u>	<u>25</u>	<u>299</u>	<u>239</u>	<u>1,174</u>
Profit/(loss) before tax	<u>5,776</u>	<u>980</u>	<u>1,114</u>	<u>304</u>	<u>8,174</u>
Segment total assets	214,981	25,725	121,472	11,732	373,910
Segment total liabilities	170,185	18,525	2,543	4,680	195,933

NEWS RELEASE

7. Segment information (Cont'd)

	<u>SIF</u> \$' 000	<u>OIF</u> \$' 000	<u>SHF</u> \$' 000	<u>HK Subsidiary</u> \$' 000	<u>Consolidated</u> \$' 000
<u>3 months ended 30 September 2009</u>					
Gross premiums written	14,005	3,499	-	155	17,659
Net earned premiums	6,190	2,114	-	52	8,356
Net claims incurred	2,170	925	-	(325)	2,770
Net commission	(375)	421	-	16	62
Management expenses	1,199	285	-	28	1,512
Underwriting profit/(loss)	3,196	483	-	333	4,012
Other Income	1,285	72	818	1	2,176
Management expenses not charged to insurance revenue account	(52)	11	(32)	(13)	(86)
Profit/(loss) before tax	4,533	544	850	347	6,274
Segment total assets	243,111	32,760	126,167	10,017	412,055
Segment total liabilities	183,040	19,798	2,724	2,916	208,478
<u>3 months ended 30 September 2008</u>					
Gross premiums written	15,628	3,153	-	319	19,100
Net earned premiums	5,120	1,874	-	81	7,075
Net claims incurred	269	878	-	4	1,151
Net commission	(511)	546	-	24	59
Management expenses	1,421	358	-	40	1,819
Underwriting profit/(loss)	3,941	92	-	13	4,046
Other Income	(218)	33	73	20	(92)
Management expenses not charged to insurance revenue account	321	1	183	211	716
Profit/(loss) before tax	3,402	124	(110)	(178)	3,238
Segment total assets	214,981	25,725	121,472	11,732	373,910
Segment total liabilities	170,185	18,525	2,543	4,680	195,933

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).

NEWS RELEASE

8. Review of performance

Highlights and Performance Indicators for the Group

\$'000	9 Months 2009	9 Months 2008	9M09 / 9M08 %	3rd Quarter 2009	3rd Quarter 2008	3Q09 / 3Q08 %
Gross premiums written	68,225	68,695	-0.7	17,659	19,100	-7.5
Underwriting profit	11,307	10,186	+11.0	4,012	4,046	-0.8
Non-underwriting income/(loss)	7,701	(2,012)	NM	2,262	(808)	NM
Profit before tax	19,008	8,174	+132.5	6,274	3,238	+93.8

Note : NM = Not Meaningful

9 Months 2009 ("9M09") versus 9 Months 2008 ("9M08")

Gross premiums decreased marginally by 0.7% or \$0.5 million to \$68.2 million when compared against the same period last year. In the preceding period, there was a one-time adjustment which had the effect of raising last year's gross premiums by \$1.7 million. Without the adjustment, gross premiums would have been higher than the preceding year's by \$1.2 million, reflecting the early strengthening of the economy. In the current period, net earned premiums increased by \$3.0 million or 17.3% 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 31.8% to 35.9%. Net claims incurred increased by \$1.7 million with its net claims ratio raised from 24.7% to 29.6%. Management expenses decreased by \$0.6 million or 11.8% due to reduction in both staff cost and other expenses. Management expenses ratio decreased from 7.4% to 6.6%.

Underwriting profit increased by 11.0% to \$11.3 million due mainly to the combined effect of higher net earned premiums and lower management expenses. Non-underwriting income was a positive \$7.7 million as compared to a non-underwriting loss of \$2.0 million in the corresponding period last year due to better market sentiments in the current period. Consequently, overall profit before tax increased by 132.5% to \$19.0 million.

3rd Quarter 2009 ("3Q09") versus 3rd Quarter 2008 ("3Q08")

The Group's gross premiums written decreased by 7.5% to \$17.7 million in 3Q09 from \$19.1 million in 3Q08. As mentioned earlier, there was a one-time adjustment of \$1.7 million recorded in the same quarter last year. Net earned premiums increased by 18.1% or \$1.3 million. Net incurred claims increased by \$1.6 million or 140.7%. Consequently, underwriting profit in 3Q09 decreased marginally to \$4.0 million due to higher net incurred claims. The Group recorded a non-underwriting income of \$2.3 million due to better sentiment in the investment markets in the current quarter. Profit before tax increased by 93.8% to \$6.3 million due mainly to non-underwriting income.

NEWS RELEASE

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

The Ministry of Trade and Industry indicated that the economic growth forecast for 2009 had been revised upwards to between -2.5% and -2.0%. While a modest recovery appears to be underway globally, economic activity will likely remain below pre-crisis level. On the insurance front, the Company will benefit from the economic recovery but with competition remaining intense, any improvement in gross premiums would likely be subdued. The Company remains on track to achieve profitability in both insurance operations and investment income.

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 nine months ended 30 September 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. Dividend

No dividend has been declared for the third quarter ended 30 September 2009.

12. Borrowings, contingent liabilities and loan capital

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

13. 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 nine months/third quarter ended 30 September 2009 to be false or misleading.

BY ORDER OF THE BOARD

MRS VIVIEN CHAN
SECRETARY

Dated this 26th October 2009