

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 quarter ended 31 March 2010

	Group		
	1st Qtr 2010 \$'000	1st Qtr 2009 \$'000	Incr/ (Decr) %
(a) Gross premiums written	23,496	24,013	(2.2)
Net earned premiums	9,263	7,163	29.3
Less/(Add) :			
Net claims incurred	2,366	1,151	105.6
Net commissions	(351)	(852)	(58.8)
Management expenses :			
Staff cost	1,162	1,077	7.9
Rental expenses	202	163	23.9
Management fees	18	23	(21.7)
Depreciation	34	30	13.3
Foreign exchange gain	(28)	(15)	86.7
Other operating expenses	195	322	(39.4)
Underwriting profit	5,665	5,264	7.6
Gross dividends from investments	192	180	6.7
Interest income from investments	859	773	11.1
Interest on fixed deposits and bank balances	69	106	(34.9)
Amortisation of investments	(5)	-	NM
Miscellaneous income	3	4	(25.0)
Net gains on available-for-sale investments	6,728	359	NM
Less/(Add) :			
Management expenses not charged to insurance revenue account:			
Management fees	139	118	17.8
Other operating expenses	63	47	34.0
Exchange differences	(121)	131	NM
Profit before tax	13,430	6,390	110.2
Less:			
Tax expense	1,241	1,146	8.3
Net profit	12,189	5,244	132.4
Note : NM = Not Meaningful			
(b) Annualised earnings per share (cents) - basic & diluted	51.5	34.3	

NEWS RELEASE

2. Unaudited statement of comprehensive income for the first quarter ended 31 March 2010

	<u>Group</u>	
	<u>1st Qtr</u> <u>2010</u> <u>\$'000</u>	<u>1st Qtr</u> <u>2009</u> <u>\$'000</u>
Net profit	12,189	5,244
Other comprehensive income :		
Foreign currency translation difference	(25)	413
Net gains/(losses) on available-for-sale investments	1,057	(2,922)
Income tax relating to available-for-sale investments	(180)	517
Other comprehensive income for the quarter, net of tax	<u>852</u>	<u>(1,992)</u>
Total comprehensive income for the quarter ended 31 March	<u><u>13,041</u></u>	<u><u>3,252</u></u>
Total comprehensive income attributable to: Equity holders of the Company	<u><u>13,041</u></u>	<u><u>3,252</u></u>

NEWS RELEASE

3. Unaudited statement of financial position

	Group		Company	
	31-Mar-10	31-Dec-09	31-Mar-10	31-Dec-09
	\$'000	\$'000	\$'000	\$'000
(a) Share capital - Issued & fully paid	91,733	91,733	91,733	91,733
Reserves	136,068	123,027	133,727	120,593
	227,801	214,760	225,460	212,326
Deferred tax liabilities	4,875	4,695	4,875	4,695
Gross technical balances				
Reserve for unexpired risks	47,172	45,528	46,765	45,211
Provision for outstanding claims	125,770	123,969	123,996	122,081
	172,942	169,497	170,761	167,292
Current liabilities				
Insurance creditors	13,057	10,705	12,983	10,661
Non-trade creditors & accrued liabilities	3,758	3,191	3,648	3,046
Deferred acquisition cost-reinsurers' share	6,081	5,997	6,019	5,944
Amount owing to related companies				
- non-trade	-	124	-	217
Tax payables	8,286	7,045	8,262	7,021
	31,182	27,062	30,912	26,889
Total equity and liabilities	436,800	416,014	432,008	411,202
Fixed assets	501	369	501	369
Investment in subsidiary	-	-	4,940	4,940
Available-for-sale investments	204,691	205,708	204,691	205,708
Statutory deposit	500	500	500	500
Unsecured term loan	21	21	21	21
Reinsurers' share of technical balances				
Reserve for unexpired risks	24,353	24,522	24,053	24,298
Provision for outstanding claims	77,289	75,861	76,015	74,480
	101,642	100,383	100,068	98,778
Current assets				
Insurance debtors	14,228	8,889	14,061	8,762
Deferred acquisition cost-gross	5,493	5,153	5,390	5,069
Non-trade debtors and accrued interest receivable	1,349	1,934	1,341	1,926
Amount owing by related companies	-	17	3	17
Cash and cash equivalents	108,375	93,040	100,492	85,112
	129,445	109,033	121,287	100,886
Total assets	436,800	416,014	432,008	411,202
(b) Net asset value per share (S\$)	3.72	3.51	3.69	3.47
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 2010	91,733	20,880	22,000	(775)	80,922	214,760
Profit net of tax	-	-	-	-	12,189	12,189
Other comprehensive income for the quarter ended 31 March	-	-	877	(25)	-	852
Total comprehensive income for the quarter ended 31 March	-	-	877	(25)	12,189	13,041
Balance at 31 March 2010	91,733	20,880	22,877	(800)	93,111	227,801
Balance at 1 January 2009	91,733	19,880	(936)	(638)	62,450	172,489
Profit net of tax	-	-	-	-	5,244	5,244
Other comprehensive income for the quarter ended 31 March	-	-	(2,405)	413	-	(1,992)
Total comprehensive income for the quarter ended 31 March	-	-	(2,405)	413	5,244	3,252
Balance at 31 March 2009	91,733	19,880	(3,341)	(225)	67,694	175,741

NEWS RELEASE

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 2010	91,733	20,880	22,000	77,713	212,326
Profit net of tax	-	-	-	12,257	12,257
Other comprehensive income for the quarter ended 31 March	-	-	877	-	877
Total comprehensive income for quarter ended 31 March	-	-	877	12,257	13,134
Balance at 31 March 2010	91,733	20,880	22,877	89,970	225,460
Balance at 1 January 2009	91,733	19,880	(936)	59,810	170,487
Profit net of tax	-	-	-	5,764	5,764
Other comprehensive income for the quarter ended 31 March	-	-	(2,405)	-	(2,405)
Total comprehensive income for quarter ended 31 March	-	-	(2,405)	5,764	3,359
Balance at 31 March 2009	91,733	19,880	(3,341)	65,574	173,846

NEWS RELEASE

6. Unaudited statement of cash flows

	Group	
	1st Qtr	1st Qtr
	2010	2009
	\$'000	\$'000
Cash flows from operating activities		
Profit before tax	13,430	6,390
Adjustments for:		
Foreign currency difference on reserve for unexpired risks (net of deferred acquisition cost)	-	8
Foreign currency difference on provision for outstanding claims	(1)	63
Movement in net reserve for unexpired risks (net of movement in net deferred acquisition cost)	1,557	1,390
Movement in net outstanding claims	374	(502)
Depreciation	34	30
Net gains on available-for-sale investments	(6,728)	(359)
Amortisation of investments	5	-
Gross dividends from investments	(192)	(180)
Interest income from investments	(859)	(773)
Interest on fixed deposits and bank balances	(69)	(106)
Exchange differences	(77)	(802)
Operating profit before working capital change	7,474	5,159
Changes in working capital:		
Trade and other receivables	(4,754)	(5,691)
Trade and other payables	2,919	3,538
Amount owing by related companies	17	162
Amount owing to related companies	(124)	(115)
Cash generated from operations	5,532	3,053
Tax paid	-	(167)
Net cash flows from operating activities	5,532	2,886

NEWS RELEASE

6. Unaudited statement of cash flows (cont'd)

	Group	
	1st Qtr	1st Qtr
	<u>2010</u>	<u>2009</u>
	\$'000	\$'000
Cash flows from investing activities		
Proceeds from sale of available-for-sale investments	28,239	3,733
Purchase of available-for-sale investments	(19,339)	(12,677)
Purchase of fixed assets	(166)	(4)
Placement in long-term fixed deposits	1,311	(1,007)
Gross dividends from investments	192	180
Interest income from investments	859	773
Interest on fixed deposits and bank balances	69	106
Net cash flows from/(used in) investing activities	11,165	(8,896)
Translation difference on foreign subsidiary company	(25)	413
Net increase/(decrease) in cash and cash equivalents	16,672	(5,597)
Cash and cash equivalents at beginning of period	60,377	108,993
Effects of exchange rate changes on cash and cash equivalents	(26)	485
Cash and cash equivalents at end of period (see note below)	<u>77,023</u>	<u>103,881</u>

Note : Cash and cash equivalents

Cash and cash equivalents included in the consolidated cash flow statement comprise the following financial position amounts:

	Group	
	1st Qtr	1st Qtr
	<u>2010</u>	<u>2009</u>
	\$'000	\$'000
Cash and bank balances	14,338	7,700
Fixed deposits placement less than 3 months	62,685	96,181
	<u>77,023</u>	<u>103,881</u>
Fixed deposits placement more than 3 months	31,352	3,105
	<u>108,375</u>	<u>106,986</u>

NEWS RELEASE

7. Segment information

	<u>SIF</u>	<u>OIF</u>	<u>SHF</u>	<u>HK Subsidiary</u>	<u>Consolidated</u>
	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000
<u>For 3 months ended 31 March 2010</u>					
Gross premiums written	20,387	2,812	-	297	23,496
Net earned premiums	7,530	1,673	-	60	9,263
Net claims incurred	2,219	147	-	-	2,366
Net commission	(845)	463	-	31	(351)
Management expenses	1,348	151	-	84	1,583
Underwriting profit/ (loss)	4,808	912	-	(55)	5,665
Other Income	1,313	125	6,406	2	7,846
Management expenses/(income) not charged to insurance revenue account	(28)	(19)	113	15	81
Profit/(loss) before tax	6,149	1,056	6,293	(68)	13,430
Segment total assets as at 31 March 2010	256,077	33,614	137,373	9,736	436,800
Segment total liabilities as at 31 March 2010	183,305	19,389	3,851	2,454	208,999
<u>For 3 months ended 31 March 2009</u>					
Gross premiums written	19,420	4,217	-	376	24,013
Net earned premiums	5,042	1,999	-	122	7,163
Net claims incurred	409	711	-	31	1,151
Net commission	(1,627)	736	-	39	(852)
Management expenses	1,385	119	-	96	1,600
Underwriting profit/ (loss)	4,875	433	-	(44)	5,264
Other Income	951	36	431	4	1,422
Management expenses/(income) not charged to insurance revenue account	(122)	(15)	(40)	473	296
Profit/(loss) before tax	5,948	484	471	(513)	6,390
Segment total assets as at 31 March 2009	220,824	30,094	108,368	11,327	370,613
Segment total liabilities as at 31 March 2009	172,220	18,455	(295)	4,492	194,872

The Group 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 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 has been prepared in accordance with the Group's accounting policy and Singapore Financial Reporting Standards (FRS).

NEWS RELEASE

7. Segment information (Cont'd)

Information about major external customer

For the quarter ended 31 March 2010 and the corresponding period, the Group did not have any external customer whose premium income to the Group exceeded 10% of the Group's total revenue.

Geographical Information

Geographical information of the Group's revenue derived from external customers based on location of insurance risks and non-current assets are as follows:

	<u>Revenue</u>		<u>Non-current assets</u>	
	<u>1Q2010</u> \$'000	<u>1Q2009</u> \$'000	<u>1Q2010</u> \$'000	<u>1Q2009</u> \$'000
Singapore	19,796	18,872	501	367
Asean	1,931	2,850	-	-
Hong Kong	263	331	-	-
Others	724	1,304	-	-
	<u>22,714</u>	<u>23,357</u>	<u>501</u>	<u>367</u>

The Group's non-current assets presents above consist of fixed assets only.

8. Review of performance

Highlights and Performance Indicators for the Group

(\$'000)	1 st Quarter 2010	1 st Quarter 2009	1Q10/ 1Q09 %
Gross premiums written	23,496	24,013	-2.2
Underwriting profit	5,665	5,264	+7.6
Non-underwriting income	7,765	1,126	+589.6
Profit before tax	13,430	6,390	+110.2

NEWS RELEASE

8. **Review of performance (cont'd)**

1st Quarter 2010 ("1Q10") versus 1st Quarter 2009 ("1Q09")

Gross premium decreased by 2.2% to \$23.50 million for the first quarter due mainly to lower premium from contract job related classes of insurance including Work Injury Compensation and Contractor All Risks insurance. Competition in that sector had intensified further with continued drastic drop in premium rates.

Benefiting from the Company's decision to raise net retention limits effective from the current quarter, underwriting profit increased by 7.6% to \$5.67 million. Non-underwriting income was higher at \$7.77 million as compared to \$1.13 million in the corresponding quarter last year due to profit from sale of the Company's stake in a group-linked company.

Overall profit before tax increased by 110.2% to \$13.43 million.

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

Following a strong GDP growth in the first quarter of this year, the Singapore GDP growth rate had been revised between 7.0 and 9.0 per cent for 2010. The outlook for the global economy had improved. Within Asia, economic growth is expected to remain firm. Downside risks can still come from a sovereign debt crisis in Europe or withdrawal of stimulus packages by governments.

Growth in general insurance could be dampened by intense competition which could result in lower pricing of risks. The Company will continue to select risks prudently and expects to achieve positive underwriting results. Non-underwriting income is likely to improve with economic recovery.

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 quarter ended 31 March 2010 are the same as those adopted in the preceding year.

11. **Dividend**

No dividend has been declared for the quarter ended 31 March 2010.

12. **Borrowings, contingent liabilities and loan capital**

The Group has no borrowings, contingent liabilities and loan capital as at 31 March 2010 (31 March 2009: nil).

NEWS RELEASE

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 first quarter ended 31 March 2010 to be false or misleading.

BY ORDER OF THE BOARD

MRS VIVIEN CHAN
SECRETARY

Dated this 6th May 2010