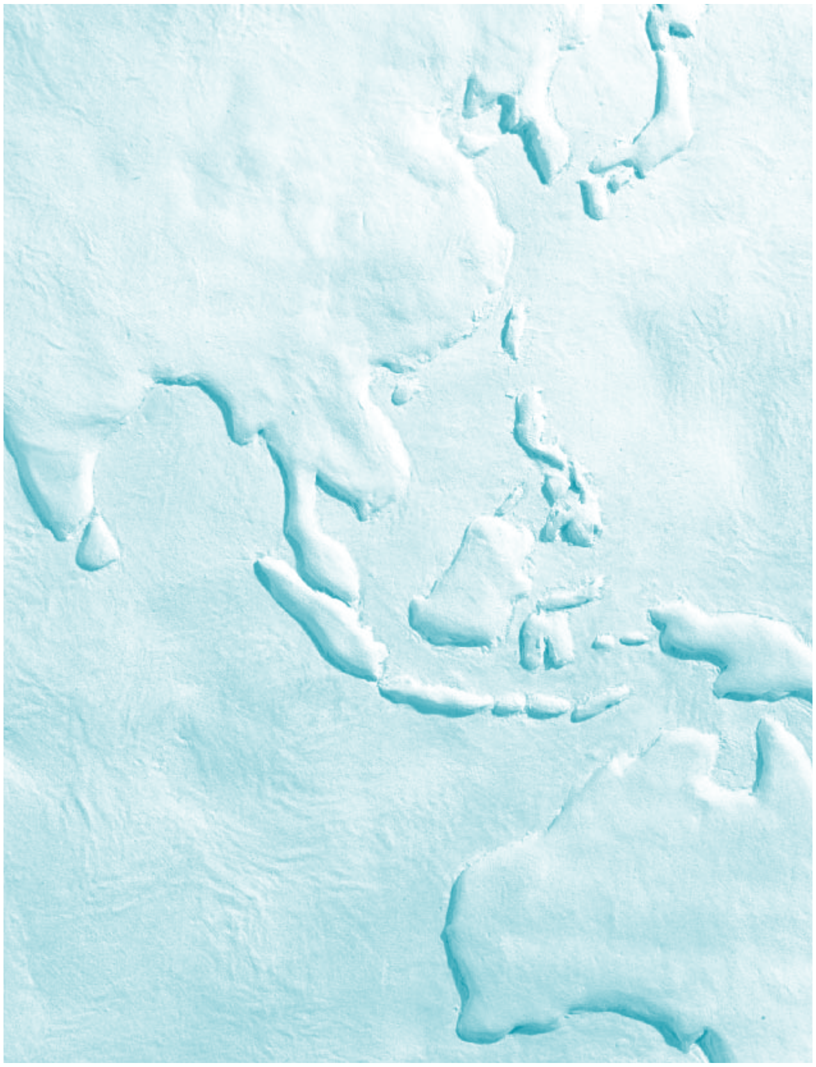
United Overseas Insurance Limited

Annual Report 2008



UOI 大華保險

Contents

All figures in this Annual Report are in Singapore dollars unless otherwise specified.

Our mission

To provide appropriate risk management solutions for selected market segments which will result in enhanced customer experience.

Brief profile

Founded in 1971, United Overseas Insurance Limited (“UOI”) very quickly made its mark in the business community and, in just seven years, UOI was listed on the Singapore Exchange. UOI’s profitable growth over the years reflects its financial strength and prudence. In 2004, Forbes Global put UOI on its list of ‘Best under a Billion’ companies that had under US$1 billion a year in revenue and five-year returns on capital of at least 5%. UOI was one of the six Singapore companies on the list of 100 of the best smaller-sized enterprises in Asia Pacific and Europe.

The Group’s principal activities are the underwriting of general insurance business and reinsurance. General insurance covers a broad spectrum of classes of insurance among which are fire, marine, motor, engineering, general accident and liability business.

The Management of the Group is located at 3 Anson Road, #28-01 Springleaf Tower, Singapore 079909, and its Singapore and international operations are supported by prominent insurance brokers, agents and international reinsurance companies. UOI has a representative office in Yangon, Myanmar.

Through its wholly-owned subsidiary, UOB Insurance (H.K.) Limited, the Group provides a complete range of general insurance services in Hong Kong.

UOI provides management services for Overseas Union Insurance, Limited.

Chairman's statement

Singapore's GDP growth dropped to 1.1% in 2008 (2007: 7. 8%), as a result of the global economic slowdown following the financial markets turmoil.

During the period under review, growth in the general insurance industry was driven largely by construction-related activities and motor insurance. The latter, which continued to form a significant portion of the general insurance industry, was still plagued by severe losses. Given the long-tail nature of construction-related insurance, the full extent of the incurred claims takes time to manifest but the margins for such insurance tend to be thin or non-existent.

Against such a backdrop, the Company achieved a record underwriting profit of $13.9 million derived mainly from net premium growth of better quality risks and stringent underwriting discipline. The underwriting profit would have been higher if not for the unexpired premium reserve strain resulting from the rapid premium growth. As for investment income, the current financial crisis weighed down heavily on our portfolio and the Company sustained a loss of $2.9 million. However, this represented only 2% of the Company's investment portfolio as at 31 December 2008. Consequently, the Company's profit before tax was lower at $11.0 million against $25.3 million achieved in 2007.

Gross premiums grew by 17.2% to $81.8 million due largely to the benefit of synergy arising from the Company working closely with other units in the United Overseas Bank ("UOB") Group, and selected insurance intermediaries. Due to intense competition particularly in the property insurance sector, fire insurance grew marginally to $26.5 million. The largest increase in premium came from general accident which rose to $50.9 million. This increase was fuelled by growth resulting from intra-group synergies as evidenced by higher contributions in business from regional markets. All the other classes of general insurance registered positive growth.

The Board has proposed to transfer $1 million to general reserve. It recommends a final one-tier tax-exempt dividend of 3 cents per share. Together with the interim dividend of 3 cents, the total dividend for the financial year 2008 would amount to 6 cents per share.

The Company's wholly-owned subsidiary in Hong Kong, UOB Insurance (H.K.) Limited, achieved a profit before tax of $104,000. There was an improvement in underwriting profit but the loss in other income pulled down overall results.

2009 Prospects

Business prospects for the next 12 months will be challenging as Singapore's 2009 GDP might contract by more than 5%. Lower levels of economic activities and intense competition within the general insurance market would exert pressure on premium growth and underwriting profit margins. The severe economic downturn being experienced globally would almost certainly impact our investment portfolio.

In an increasingly difficult and complex business environment, the Company will continue to pursue its proven judicious underwriting policy and minimise the threat of moral hazards. It will also raise the level of vigilance in all areas of management to bring about optimum cost effectiveness.

Acknowledgements

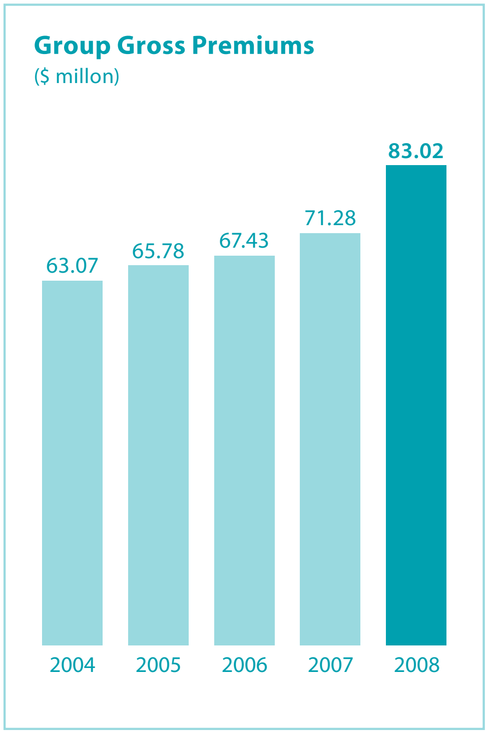
On behalf of the Board, I wish to thank management and staff for their dedication and hard work throughout the year. My thanks are also extended to our clients, brokers, agents, reinsurers and shareholders for their steadfast support. I also wish to express my gratitude to my colleagues on the Board for their invaluable counsel.

Wee Cho Yaw
March 2009

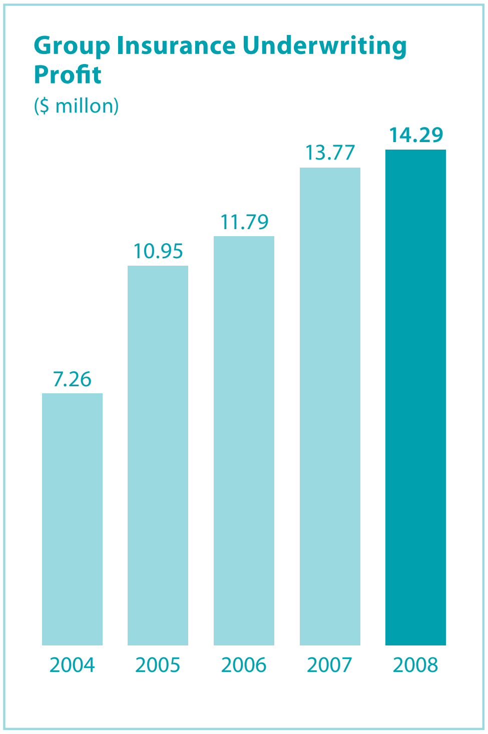
Financial highlights

	The Group		
Key indicators	2008	2007	Increase/ decrease
Profit For The Financial Year ($'000)			
Gross premiums	83,021	71,282	16.5%
Insurance underwriting profit	14,287	13,769	3.8%
Other income	(3,173)	12,013	NM
Profit before tax	11,114	25,782	-56.9%
Selected Balance Sheet Items As At Year-end ($'000)			
Total assets	360,486	374,409	-3.7%
Net technical reserves	65,556	61,244	7.0%
Shareholders' equity	172,489	198,169	-13.0%
Financial Ratios			
Earnings per share – basic and diluted (cents)	15.9	36.1	-56.0%
Return on average shareholders' equity (%)	5.3	11.8	-6.5% point
Return on average total assets (%)	2.7	6.1	-3.4% point
Expense/income ratio (%)	45.6	24.5	+ 21.1% point
Dividend per share (cents)			
Interim	3.0	5.0	-40.0%
Bonus	0.0	85.0	NM
Final	3.0	12.0	-75.0%
Net assets value per share ($)	2.82	3.24	-13.0%

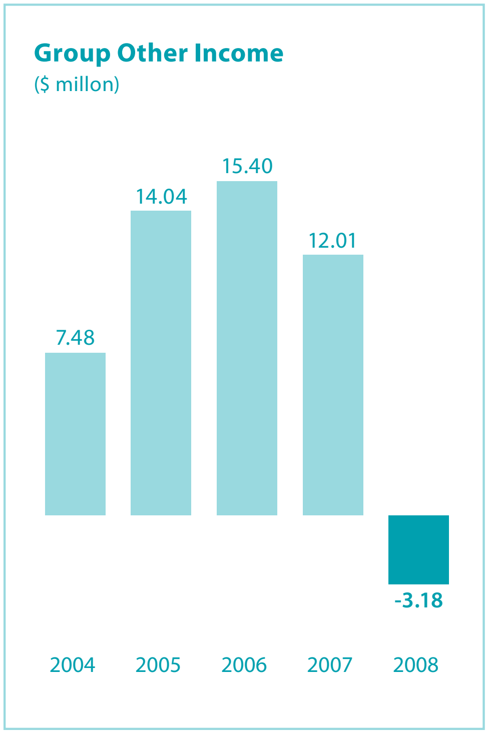
Note: NM = Not Meaningful



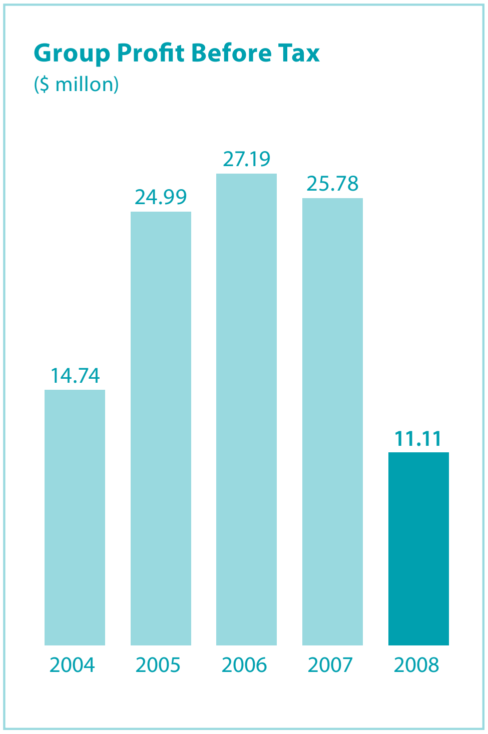
2008: $83.02 million
2007: $71.28 million



2008: $14.29 million
2007: $13.77 million



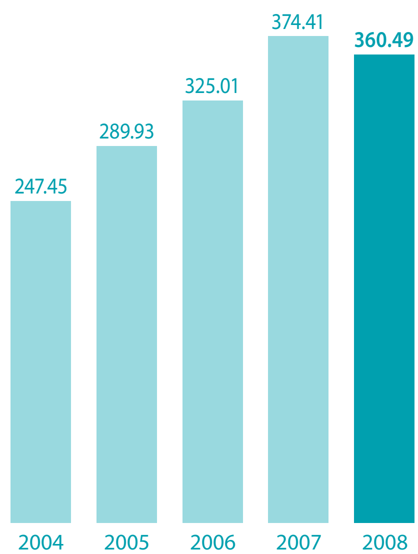
2008: ($3.18) million
2007: $12.01 million



2008: $11.11 million
2007: $25.78 million

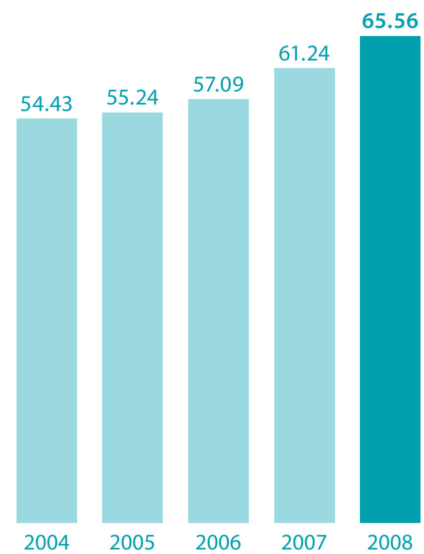
Financial highlights

Group Total Assets
($ millon)



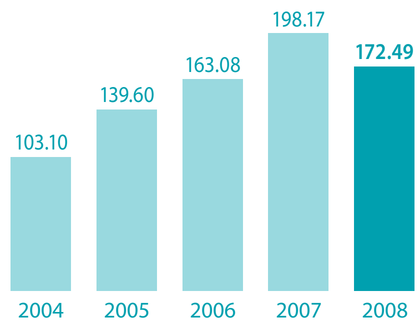
2008: $360.49 million
2007: $374.41 million

Group Net Technical Reserves
($ millon)



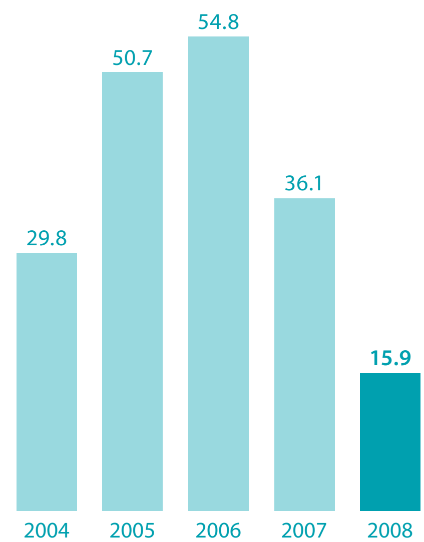
2008: $65.56 million
2007: $61.24 million

Group Shareholders' Equity
($ millon)



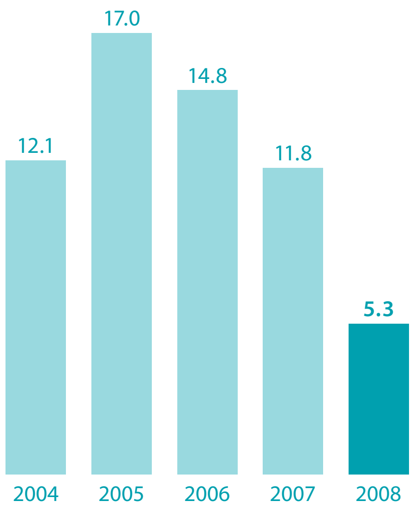
2008: $172.49 million
2007: $198.17 million

Group Earnings Per Share – Basic And Diluted
(cents)



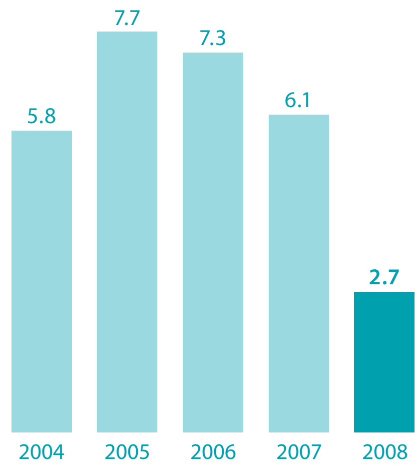
2008: 15.9 cents
2007: 36.1 cents

Group Return On Average Shareholders' Equity
(%)



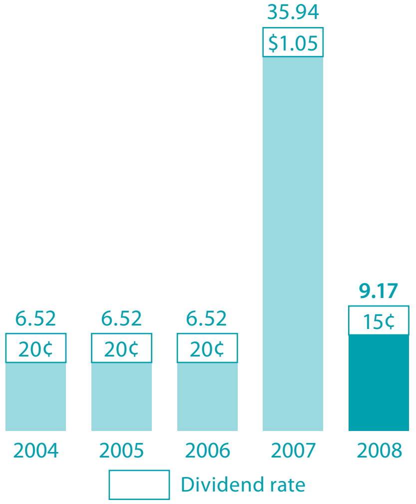
2008: 5.3%
2007: 11.8%

Group Return On Average Total Assets
(%)



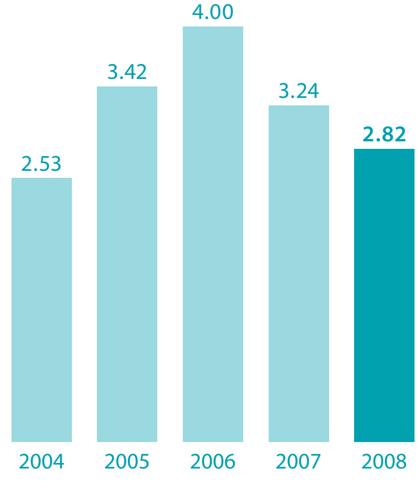
2008: 2.7%
2007: 6.1%

Group Dividend Payment
($ millon)



2008: $9.17 million
2007: $35.94 million

Group Net Assets Value Per Share
($)



2008: $2.82
2007: $3.24

Financial review

Comparative Group Growth Data (Figures In $ Million)

	2004	2005	2006	2007	2008
Gross premiums	63.07	65.78	67.43	71.28	83.02
Shareholders' equity	103.10	139.60	163.08	198.17	172.49
Total assets	247.45	289.93	325.01	374.41	360.49
Insurance underwriting profit before tax	7.26	10.95	11.79	13.77	14.29

Over the last five years the Group grew its gross premiums from $63.07 million in 2004 to $83.02 million in 2008. The increase in premium income was derived mainly from cross-selling with the parent bank and group-linked companies, new offshore insurance premiums from the bank's regional offices and the Group's reinsurance partners.

The Group shareholders' equity as at December 2008 decreased by 13.0% to $172.49 million when compared against the preceding year due to marked-to-market losses in the Group's investment portfolio. Over a five-year period, the shareholders' equity grew by $69.39 million or 67.3% whilst the total assets of the Group saw a growth of 45.7% from $247.45 million in 2004 to $360.49 million by the end of December 2008.

The Group achieved an underwriting profit before tax of $14.29 million in 2008, an increase of 3.8% over that of 2007. Insurance underwriting profit before tax for the Group showed a consistent growth from 2004 to 2008 from $7.26 million to $14.29 million.

Corporate information

Board Of Directors
Wee Cho Yaw
(Chairman)

Chan Mun Wai David
(Managing Director & Principal Officer)

Wee Ee Cheong
Hwang Soo Jin
Yang Soo Suan
Lee Soo Ann

Audit Committee
Yang Soo Suan
(Chairman)

Hwang Soo Jin
Lee Soo Ann

Nominating Committee
Hwang Soo Jin
(Chairman)

Wee Cho Yaw
Yang Soo Suan

Remuneration Committee
Wee Cho Yaw
(Chairman)

Hwang Soo Jin
Yang Soo Suan

Secretary
Chan Vivien

Assistant General Managers
Faridah Rahmat Ali
Underwriting

Seah Eng Wah Tony
Business Development/
Direct Marketing

Senior Managers
Tang Ming Leung Andrew
Corporate Services

Tan Siok Gek Jean
Business Development

Managers
Tan Hwee Ngoh Nellie
Corporate Services

Chia-Lim Siew Heah
Corporate Services

Teo Hock Chye
Business Development

Chia-Sie Lie Ming
Claims

Ler Seow Meng Stanley
Business Development

Deputy Managers
Sim Bee Heng Veronica
Corporate Services

Ng Sze Theng
Information System

Assistant Managers
Lai-Ng Hoe
Corporate Services

Wong-Tan Lay Hua Suzy
Claims

Lee-Lim Bee Geok
Underwriting

Lim Kok Hong
Underwriting

Leow Dan Liang Diana
Underwriting

Business Address
3 Anson Road
#28-01 Springleaf Tower
Singapore 079909
Phone: (65) 6222 7733
Fax: (65) 6327 3869 / 6327 3870
Email: ContactUs@uoi.com.sg
Website: uoi.com.sg

Registered Office
80 Raffles Place
UOB Plaza
Singapore 048624
Company Registration Number:
197100152R
Phone: (65) 6533 9898
Fax: (65) 6534 2334

Share Registrar
Boardroom Corporate &
Advisory Services Pte Ltd
3 Church Street
#08-01 Samsung Hub
Singapore 049483
Phone: (65) 6536 5355
Fax: (65) 6536 1360

Auditors
Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner-in-charge :
Mak Keat Meng
(Appointed on 29 April 2004)

Subsidiary
UOB Insurance (H.K.) Limited
16th Floor, Worldwide House
19 Des Voeux Road Central
Hong Kong
Phone: (852) 3606 9933
Fax: (852) 2810 0225

Myanmar Representative Office
Room No. 1401, 14th Floor
Olympic Tower
Corner of Mahar Bandoola Street &
Bo Aung Kyaw Street
Kyauktada Township
Yangon
Myanmar
Phone: (95) (1) 392 917
Fax: (95) (1) 392 916

Board of directors

Wee Cho Yaw
Chairman

Age 80. Dr Wee has been the Chairman of United Overseas Insurance since 1971. He was appointed to the Board on 17 February 1971 and last re-appointed as Director on 30 April 2008. A non-independent and non-executive director, he is the Chairman of the Remuneration Committee and member of the Nominating Committee.

Dr Wee is the Chairman of United Overseas Bank ("UOB") and its subsidiaries, Far Eastern Bank, United Overseas Bank (Malaysia) and United Overseas Bank (Thai) Public Company, President Commissioner of PT Bank UOB Indonesia and PT Bank UOB Buana, and Supervisor of United Overseas Bank (China). He is also the Chairman of United International Securities, Haw Par Corporation, UOL Group, Hotel Plaza, United Industrial Corporation, and Singapore Land and its subsidiary, Marina Centre Holdings. He is the former Chairman of Overseas Union Enterprise.

The Businessman Of The Year award was conferred twice on Dr Wee at the Singapore Business Awards in 2001 and 1990. In 2006, he received the inaugural Credit Suisse-Ernst & Young Lifetime Achievement Award for his outstanding achievements in the Singapore business community. Dr Wee is the Honorary President of the Singapore Chinese Chamber of Commerce & Industry, Pro-Chancellor of Nanyang Technological University and President of Singapore Federation of Chinese Clan Associations. He received Chinese high school education and was conferred Honorary Doctor of Letters by the National University of Singapore in 2008.

Chan Mun Wai David
Managing Director & Principal Officer

Age 55. Mr Chan is a professional insurer with more than 25 years of experience.

He was appointed to the Board on 10 March 1994 and last re-elected as Director on 27 April 2007. He is an executive director. He is the Deputy Chairman, Director and a member of the Executive Committee of Singapore Reinsurance Corporation. He is also the former President of the General Insurance Association of Singapore.

Mr Chan is a Chartered Insurer and Fellow of the Chartered Insurance Institute and holds a Bachelor of Business Administration from the University of Singapore.

Wee Ee Cheong

Age 56. Mr Wee was appointed to the Board on 20 March 1991 and last re-elected as Director on 27 April 2006. A non-independent and non-executive director, he is the Deputy Chairman and Chief Executive Officer of United Overseas Bank ("UOB") and is a director of several UOB subsidiaries and affiliates, including Far Eastern Bank, United Overseas Bank (Malaysia), United Overseas Bank (Thai) Public Company and United International Securities. He is the Chairman of United Overseas Bank (China) and a Commissioner of PT Bank UOB Buana.

He serves as a director of the Institute of Banking & Finance, and council member of the Association of Banks in Singapore and Singapore Chinese Chamber of Commerce & Industry. He is a member of the Board of Governors of the Singapore-China Foundation. He is also a member of Visa Inc Asia Pacific Advisory Council, the India-Singapore CEO Forum as well as Advisory Board of the INSEAD East Asia Council. He had previously served as Deputy Chairman of Housing & Development Board, and a director of Port of Singapore Authority, UOL Group and Hotel Plaza.

Mr Wee holds a Bachelor of Science (Business Administration) and a Master of Arts (Applied Economics) from The American University, Washington, DC.

Hwang Soo Jin

Age 73. Mr Hwang is a Chartered Insurer with more than 40 years of professional experience.

He was appointed to the Board on 17 February 1971 and last re-appointed as Director on 30 April 2008. An independent director, Mr Hwang is Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees.

He is the Chairman Emeritus, Director and Senior Advisor of Singapore Reinsurance Corporation and a director of Haw Par Corporation, United Industrial Corporation and Singapore Land. He is also a Justice of Peace, Adviser to the Asean Insurance Council and an Honorary Fellow of the Singapore Insurance Institute. He is a former director of Lee Kim Tah Holdings and the former Chairman of Singapore Reinsurance Corporation Ltd.

He is a Chartered Insurer of the Chartered Insurance Institute, UK.

Yang Soo Suan

Age 72. Mr Yang is an architect by training with more than 43 years of professional practice experience.

He was appointed to the Board on 20 March 1991 and last re-appointed as Director on 30 April 2008. An independent director, he is Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees. He is a director of United International Securities and RSP Architects Planners & Engineers. He is a fellow member of the Singapore Institute of Architects and Singapore Society of Project Managers, and a member of the Singapore Institute of Directors. He is the former Chairman of Architects 61 and National Fire Prevention Council. He is also a former board member of the Housing & Development Board and the Board of Architects, and the former President of the Singapore Institute of Architects.

Mr Yang holds a Bachelor of Architecture (Honours) in Design, Town Planning and Building (1961) from Melbourne University, Australia and was awarded the Bintang Bakti Masyarakat (Public Service Star, Singapore) in 1996.

Lee Soo Ann

Age 70. Dr Lee is an economist in the government and academia with more than 40 years of experience.

He was appointed to the Board on 16 February 2000 and last re-elected as Director on 30 April 2008. An independent director, he is a member of the Audit Committee. He is also a director of United International Securities and AGF Asia Asset Management, Fellow of the Singapore Institute of Directors and Senior Fellow in the Department of Economics, National University of Singapore. He is a former board member of the Port of Singapore Authority, Jurong Town Corporation, National Productivity Board and Science Council of Singapore.

Dr Lee is the former Dean of Accountancy and Business Administration and former Director of the School of Management in the National University of Singapore.

He holds a Bachelor of Arts (Honours) in Economics from The University of Malaya in Singapore, a Master of Arts (with Distinction) in Development Economics from Williams College, Massachusetts, a Master of Christian Studies from Regent College, Vancouver and a Doctor of Philosophy from the University of Singapore.

Corporate governance

The Company is committed to upholding high corporate governance standards. In governing the Company, the Board takes into account the recommendations and principles of the Singapore Code of Corporate Governance 2005 ("Code") and the Guidelines On Corporate Governance For Banks, Financial Holding Companies and Direct Insurers issued by the Monetary Authority of Singapore ("MAS Guidelines on Corporate Governance").

This statement describes the Company's corporate governance framework, policies and practices.

Board's Conduct Of Its Affairs

The Board's duties and responsibilities include:

- setting strategic directions for the Company;
- reviewing and approving business plans and budgets;
- monitoring financial performance;
- determining capital structure;
- declaring dividends;
- approving major acquisitions and divestments;
- reviewing risk management framework; and
- setting company values and standards.

The Board is assisted by the Nominating, Remuneration and the Audit Committees in the discharge of its duties. The composition, duties and responsibilities of these board committees are set out in the subsequent pages of this report. As the board of six members has close liaison with the Management and is available to deliberate on matters that arise between full board meetings, the Board has dispensed with the formation of an executive committee of directors.

The Board holds at least four meetings a year and additional meetings are held, whenever necessary. Directors may attend meetings via telephonic and/or video conference if they are unable to be present physically. Four board meetings were held last year and the directors' attendance record is set out below.

Name of directors	Number of meetings attended in 2008			
	Board of directors	Audit committee	Nominating committee	Remuneration committee
Wee Cho Yaw	4	NA	1	1
Chan Mun Wai David	4	NA	NA	NA
Wee Ee Cheong	4	NA	NA	NA
Hwang Soo Jin	4	4	1	1
Yang Soo Suan	4	4	1	1
Lee Soo Ann	4	4	NA	NA
Number of meetings held in 2008	**4**	**4**	**1**	**1**

NA: Not Applicable

The Chairman ensures that the directors are provided with the relevant reports before each board and committee meeting. The financial reports give detailed information on the Group's performance against budgeted results and explanations for any material variance. The directors have direct access to Management if they wish to seek any clarification or request additional information.

The Company has a budget each year for meeting educational and training expenses of directors. New directors are offered materials to guide them on their duties and responsibilities and on relevant regulatory requirements.

The Company Secretary, to whom the Board has direct access for advice, keeps the Board informed of relevant laws and regulations and on best practices in corporate governance. The directors may obtain independent professional advice on any matter that they deem necessary.

Board Composition
The present Board members are:

Wee Cho Yaw (*Chairman*)	Non-executive & non-independent
Chan Mun Wai David *(Managing Director & Principal Officer)*	Executive & non-independent
Wee Ee Cheong	Non-executive & non-independent
Hwang Soo Jin	Independent
Yang Soo Suan	Independent
Lee Soo Ann	Independent

Dr Wee Cho Yaw, the Chairman, provides leadership to the Board. He ensures that board meetings are held regularly and that the directors are provided with adequate and timely information to discharge their duties.

Mr Chan Mun Wai David is the Managing Director and Principal Officer of the Company. He is responsible for the day-to-day running of the business of the Company and implements decisions of the Board.

Having regard to the nature and scale of the Company's operations, the Board considers its present size of six members to be adequate. All the directors have a broad range of relevant financial and other skills. Two directors have extensive experience in the insurance industry. The Nominating Committee is satisfied that the directors possess the necessary skills.

Information on the directors are set out on pages 10 and 11.

The Company's constitution requires one-third of the directors to retire at every Annual General Meeting ("AGM"). The retiring directors are eligible for re-election. Dr Wee Cho Yaw, Mr Hwang Soo Jin, Mr Yang Soo Suan and Dr Lee Soo Ann retire annually under Section 153(6) of the Companies Act and may be re-appointed by shareholders at the AGM.

Corporate governance

Nominating Committee

The Nominating Committee ("NC") which comprises three directors is chaired by Mr Hwang Soo Jin, an independent director. The NC members are:

Hwang Soo Jin *(Chairman)*	Independent
Wee Cho Yaw	Non-independent
Yang Soo Suan	Independent

The NC reviews nominations for appointment and re-appointment to the Board, board committees and key positions. The NC assesses nominations against a range of criteria including the candidate's background, experience, skill and personal qualities. The NC also considers whether the skill and experience of the candidate will complement the existing Board and his availability to commit himself to the Board's activities.

The NC conducts an annual assessment of each director's performance and independence and the effectiveness of the whole Board. The NC's assessment is based on a wide range of criteria such as directors' attendance record, overall preparedness, participation, candour and clarity in communication, strategic insight, financial literacy, business judgment and sense of accountability. The Company's financial performance is taken into account in determining the Board's effectiveness as a whole.

The NC meets at least once a year.

Remuneration Committee

The members of the Remuneration Committee ("RC") are:

Wee Cho Yaw *(Chairman)*	Non-independent
Hwang Soo Jin	Independent
Yang Soo Suan	Independent

The RC reviews the Company's remuneration policy and practices, directors' remuneration, fees and allowances. RC members abstain from deliberations in respect of their own remuneration.

Under the Code and MAS Guidelines on Corporate Governance, the chairman of a remuneration committee should be an independent and non-executive director. The Board is of the view that Dr Wee Cho Yaw is the best person to chair the RC even though he is not an independent director because he has wide experience in remuneration matters acquired from his more than forty years as chairman of the United Overseas Bank Group.

The RC meets at least once a year.

The Board recommends the fees to be paid to directors for shareholders' approval annually. The fees are divided on the basis that directors with additional duties as members or chairmen of board committees would receive a higher portion of the total fees.

The Company adopts a competitive performance-based remuneration policy. The Company's top five executives are remunerated competitively. The Company does not disclose its top five executives' remuneration as it is not in the interest of the Company to do so. No immediate family member (as defined in the Singapore Exchange's Listing Manual) of a director is in the employ of the Company and whose annual remuneration exceeds $150,000. The Company does not have a staff share option incentive scheme.

The fees and remuneration of the directors for the financial year 2008, in bands of $250,000, are disclosed below.

Name of directors	Directors' fees %	Base or fixed salary %	Variable performance bonus %	Benefits-in-kind and others %	Total %
$500,000 to $749,999					
Chan Mun Wai David	2.3	55.0	32.9	9.8	100.0
Below $250,000					
Wee Cho Yaw	100.0	--	--	--	100.0
Wee Ee Cheong	100.0	--	--	--	100.0
Hwang Soo Jin	100.0	--	--	--	100.0
Yang Soo Suan	100.0	--	--	--	100.0
Lee Soo Ann	100.0	--	--	--	100.0

Audit Committee

The Audit Committee ("AC") is chaired by Mr Yang Soo Suan, an independent director. The AC has three independent members and they are:

Yang Soo Suan *(Chairman)*	Independent
Hwang Soo Jin	Independent
Lee Soo Ann	Independent

The AC's duties include reviewing:

- financial statements;
- internal and external audit plans and audit reports;
- external auditors' evaluation of the system of internal accounting controls;
- the scope and results of the internal and external audit procedures;
- the adequacy of internal audit resources;
- the cost effectiveness, independence and objectivity of external auditors;
- the significant findings of internal audit investigations; and
- interested person transactions.

The Managing Director of the Company, the internal and external auditors and the Chief Financial Officer of its parent, United Overseas Bank Limited, attend all AC meetings. The AC reviews the Group's audited financial statements, the quality of the accounting principles that are applied and Management's judgement on items that might affect the financials. The AC considers whether the financial statements are fairly presented in conformity with generally-accepted accounting principles in all material aspects.

The AC regularly reviews the independence of the external auditors having regard to the financial, business and professional relationships between the external auditors and the Company. In performing such reviews, the AC takes into account any non-audit services that may be provided by the external auditors to the Group. The external auditors re-affirm their independence and objectivity quarterly to the AC as an assurance to the Board.

The AC nominates the external auditors for re-appointment annually. The AC has nominated Messrs Ernst & Young LLP for re-appointment at the forthcoming AGM.

The AC has the power to conduct or authorise investigations into any matter concerning the Company. The AC is given adequate resources for the proper discharge of its duties.

Corporate governance

Last year, the AC held four meetings and also met separately with the internal and external auditors and among the AC members themselves without the Management being present.

The Company has an adequate system of internal controls. The internal control functions and risk management processes are overseen by a committee comprising senior management staff which is chaired by the Managing Director.

The AC reviews the Company's internal control systems and risk management processes with the internal and external auditors, and reports the results of its review to the Board. The Board is reasonably assured from reports submitted to it that the internal control systems, including the financial, operational and compliance controls and risk management processes, are adequate for the Company's business as presently conducted.

Internal Audit

The Internal Audit of its parent, United Overseas Bank Limited ("UOB Group Audit") provides internal audit services to the Company.

The head of UOB Group Audit is responsible for the Company's internal audit. He reports to the chairman of the AC.

UOB Group Audit has adopted the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The AC has reviewed the adequacy of the internal audit function and has received assurance that UOB Group Audit has adequate resources to carry out the necessary audit functions for the Company.

Risk Management

The Risk Management and Compliance Committee ("RMCC"), comprising heads of departments, managerial staff and the Managing Director who chairs the RMCC, oversees the Company's risk management processes and compliance function. The results of the RMCC's work were reviewed by UOB Group Audit and found to be satisfactory.

Communication With Shareholders

The Company is committed to giving shareholders timely and equal access to information on the Company's business and affairs. The Company's quarterly announcements of financial results and other relevant information are released on the SGXNET, the website of the Singapore Exchange ("SGX"). The Company's annual reports are sent to shareholders and posted on the SGX website.

Shareholders may attend general meetings to communicate their views. If shareholders are unable to attend, they may appoint up to two proxies to attend and vote in their place at general meetings.

Ethical Standards

To adhere to best practices, the Company has a Code on Dealing in Securities for the guidance of its directors and officers and a Code of Conduct for the guidance of staff in their conduct of the Company's business. A whistle-blowing policy is in place for staff to raise any concern, suspected breach or fraud, or activity or behaviour that they feel may not accord with the Company's policies or best practices or with the law.

Risk management

As the management of risk is fundamental to the financial soundness and integrity of the Group, risk evaluation forms an integral part of the Group's business strategy development. The risk management philosophy is that all risks taken must be identified, assessed, monitored and managed within a robust risk management framework, and that returns must commensurate with the risks taken.

The Board of Directors (the "Board") has overall responsibility for determining the type and level of business risks that the Group undertakes to achieve its corporate objectives. The Board has delegated to the Management the authority to formulate, review and approve policies and processes on monitoring and managing risk exposures. The major policy decisions and proposals on risk exposures approved by the Management are subject to review by the Board.

The Management of the Group has the responsibility of establishing and implementing appropriate systems and controls in managing and mitigating risks arising from its business operations. The systems and controls are designed to identify, assess, manage and monitor, rather than eliminate, the risks in the Group's business operations and can only provide reasonable and not absolute assurance.

Various committees, comprising the managerial staff of the Group, meet regularly to deliberate on matters relating to the key types of risks under their respective supervision.

The **Management Committee** monitors the overall operational matters of the Group. It formulates reviews and approves policies and strategies relating to the monitoring and management of operational risks and develops appropriate action plans across all business and support units. It also sets strategic directions of the Group, determines the allocation of resources and monitors the execution of strategic plans and key performance indicators.

The **Risk Management and Compliance Committee** addresses all risk management, corporate governance and compliance issues affecting the Group. These issues can emanate from regulatory authorities, industry associations, parent company, auditors and other relevant bodies. It monitors the implementation of risk management policies and procedures by all operational units. It also develops and implements compliance policies, procedures and guidelines to meet the regulatory requirements applicable to the Group.

The **Business Development Committee** develops and executes business plans of the Group, reviews business performance and formulates action plans to enhance business performance. Market trends and changes in business risks are identified, addressed and managed accordingly.

The **Underwriting and Claims Committee** establishes underwriting and claims policies and procedures. Appropriate risk management strategies are applied to address the variety of underwriting risks accepted. Issues arising from claims development and provisions are dealt with judiciously. It also monitors the compliance of such policies and procedures by all operational units.

The **Credit Control Committee** establishes credit control policies and procedures, and ensures that the premium collection process is implemented by all operational units. It approves write-off of bad debts and develops action plans to improve collection or initiate remedial recovery actions.

Risk management

Within the Group, risks are managed under the following headings:
- Underwriting of risks
- Reinsurance of risks
- Provisions of policy and claims liabilities
- Financial risks
- Investment and management of funds
- Business continuity risks

1. Underwriting Of Risks

The principal activity of the Group is the underwriting of general insurance business. As general insurance business encompasses a wide range of different insurance products, a prudent management of risks is fundamental to our business. This safeguards not only the interest of our shareholders but also that of our customers. The Group has developed a robust underwriting framework to ensure that risks accepted meet with all the underwriting guidelines issued to our trained pool of underwriters. This framework allows for the proper selection of risks at adequate but competitive pricing for our products.

2. Reinsurance Of Risks

Reinsurance refers to the cession of a portion of risks assumed by an insurer to another insurer or reinsurer. The Group has formulated a reinsurance management strategy, which incorporates the following principles and objectives:
- Protection of shareholders' equity
- Smoothing of the peaks and troughs
- Provision of competitive advantage and sound security rating
- Diversification of reinsurers
- Development of long-term strategic partnership with reinsurers

In particular, a written Reinsurance Management Strategy had been reviewed and approved by the Board to ensure that a prudent and appropriate reinsurance protection programme is in place.

The Group's activities lie primarily with policyholders located in Singapore and the region. Geographically, there is an inherent concentration of insurance risks in the Group's insurance portfolio. Based on historical experience of loss frequency and severity of similar risks and in similar geographical zones, the Group has developed its reinsurance strategy to manage such concentration of insurance risks.

3. Provisions Of Policy And Claim Liabilities

One of the purposes of insurance is to enable policyholders to protect themselves against uncertain future events. Insurance companies accept the transfer of uncertainty from policyholders and seek to add value through the aggregation and management of these risks. The uncertainty inherent in insurance is inevitably reflected in the financial statements of insurance companies. The uncertainty in the financial statements principally arises in the technical provisions, which include the provisions of policy and claim liabilities.

Policy liabilities refer to the reserves for unearned premium and include liabilities for all benefits, claims and expenses, acquisition costs, maintenance costs and policyholders' experience refund to be incurred after the balance sheet date. Claim liabilities refer to obligation, whether contractual or otherwise, to make future payments in relation to all claims that have been incurred as at the balance sheet date and include reserves for claims reported, incurred but not reported and incurred but not enough, as well as direct and indirect claim expenses. The Group's unearned premium reserves are calculated on a formula generally accepted by the industry whilst its outstanding claims liabilities are reviewed by our experienced claims officers. Both the policy and claim liabilities are reviewed and certified by an external actuary annually.

Generally, policy and claim liabilities are determined based upon previous claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Particularly relevant is past experience with similar cases, historical claims development trends, legislative changes, judicial decisions and economic conditions. It is certain that actual future policy and claim liabilities will not develop exactly as projected and may vary from our projection.

The other uncertainties arising under insurance contracts will include:

- Uncertainty as to whether an event has occurred which would give rise to a policyholder suffering an insured loss;
- Uncertainty as to the extent of policy coverage and limits applicable; and
- Uncertainty as to the amount of insured loss suffered by a policyholder as a result of the event occurring.

There may be significant reporting lags between the occurrence of the insured event and the time it is actually reported to the Group. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude of the claim. There are many factors that will determine the level of uncertainty such as inflation, inconsistent judicial interpretations, legislative changes and claims handling procedures.

The establishment of technical provisions is an inherently uncertain process and, as a consequence of this uncertainty, the eventual cost of settlement of policy and claim liabilities can vary substantially from the initial estimates.

4. Financial Risks

The Group's activities expose it to a variety of financial risks, including the effects of changes in equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

(a) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures. The Group does not consider its exposure to foreign exchange risk to be significant and therefore does not regularly enter into forward contracts to manage this risk. However, when necessary, the Group will use forward contracts to hedge its exposure to foreign exchange risk.

(b) Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's operating cash outflow commitment is substantially independent of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the interest income on the Group's fixed deposits and the fair value of debentures held for trading and available-for-sale.

Risk management

(c) Credit risk

The Group has no significant concentration of credit risk. The Group has credit control policies in place to ensure that sales made to customers and recoveries from reinsurers are duly collected. The Group has also established a selection and management policy for reinsurers to ensure that they are financially sound.

(d) Liquidity risk

Due to the nature of its business and type of assets owned, the Group is not exposed to significant liquidity risk. The Group has formulated a liquidity policy to manage its liquidity risk. It is the Group's policy to maintain adequate liquidity at all times. The Group aims to honour all cash outflow commitments on an on-going basis and to avoid raising funds from credit facilities or through the forced sale of investments.

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity instruments and has established an investment policy, which sets maximum exposure limits for its investment portfolio. These quoted equity instruments are listed on the Singapore Exchange in Singapore or other regulated stock exchanges overseas and are classified as held for trading or available-for-sale financial assets.

The Group does not have exposure to commodity price risk.

5. Investment And Management Of Funds

The Group's objective is to invest in quality investment for long-term appreciation and to achieve a target return. The Group has appointed a professional fund manager to manage its investment. Through regular meetings with the fund manager and performance reports, the Group reviews and monitors the performance of its investment funds. The Group has also established a policy to address the selection, review and management of its fund manager.

6. Business Continuity Risks

The Group has formulated a comprehensive Business Continuity Management Plan and test-runs have been conducted to ensure its readiness to handle any event that could affect business operations.

2008 in review

Significant growth in gross premiums for the Singapore insurance market was observed in certain business segments. Motor and work injury compensation insurances saw robust growth but these classes of business showed adverse loss trends in 2008. Income from the construction sector continued to drive premium growth during the year but the performance results for such classes of insurance would take some time to crystalise due to the long-term nature of these insurances. Accident and health products also contributed to the premium growth in the market during the year and continued to show positive underwriting results.

Intense competition in the property and casualty insurance markets for smaller-size risks remained a challenge for organic growth in 2008. Premium rates continued to fall across all classes of business in this market segment and with increasing losses and higher operating costs, underwriting margins were lower. The results of the insurance industry were also affected by the reduction in investment income due to the financial crisis.

Against this backdrop of a difficult operating environment, the Company built-on its proven business strategies and continued to focus on areas in which it has competitive advantages. Our business plans remained that of selling personal insurances through direct marketing, cross-selling corporate insurances to small and medium enterprises ("SMEs") and expanding regional business. In 2008, we intensified efforts to leverage synergies with the United Overseas Bank ("UOB") Group's network in Singapore and the region.

Personal-line Insurance

In 2008, we launched several product campaigns targeted at UOB credit/debit card customers through telemarketing. Through these initiatives, we increased the volume of personal-line products sold. Besides introducing new products to the marketplace, we continued our efforts on improving customer retention. This market segment remained one of the more significant contributors of premium growth for the Company.

In addition to telemarketing, the Company expanded its direct marketing initiatives throughout 2008 using the UOB Group's network to deepen its various distribution channels. Several promotions were held jointly with UOB for personal insurances especially travel insurance. Our travel insurance brochures and posters were distributed at all UOB Group branches and selected ATM lobbies. We also jointly participated in travel fairs with other members of the UOB Group. To further enhance these marketing plans, we developed an exclusive travel product for customers of the UOB Group with a dedicated travel activation hotline.

In selling travel insurance, we also tapped our extensive network of travel agents in Singapore and organised special promotions for our clients, agents and brokers during the year. We continued to leverage technology to support our major producers by extending our online policy processing system to them during the year. In mid 2008, we launched an online service for our customers to purchase travel insurance via our website.

In order to further expand our personal-line portfolio, we enhanced several of our existing insurance packages designed for the individuals. These enhanced insurance products were well received by our customers. To complement our product enhancements, we continually upgrade our website with new product information and additional policy administration services to improve our customer outreach programme.

2008 in review

Corporate Insurance
As part of the efforts to leverage synergies with the UOB Group, our business development teams stepped up their activities in cross-selling to the SME customers of UOB. The referrals for corporate insurances, which emanated mainly from the Commercial Banking and Corporate Banking sectors of UOB, contributed to our business growth. In 2008, we also worked closely with group-linked companies to develop new business opportunities.

In 2008, we selectively expanded our intermediary network. With the support of our agents and established insurance brokers, the Company grew its premium income in 2008 through securing more new accounts and greater focus on the marketing of some of our products.

Regional Business
During the year, we continued to focus on developing existing revenue streams together with our strategic partners especially in the ASEAN countries. Similar to the business strategies for the domestic market, we also leveraged UOB Group's regional network. As in Singapore, we used direct marketing as one of the delivery channels to promote bancassurance products to customers of the UOB Group.

In 2008, we continued to cultivate meaningful exchange in profitable reinsurance business with reputable insurers in the region notably Japan, Hong Kong, Thailand, Malaysia and Indonesia, and maintained selective participation in growing markets like China and India.

Overseas Operations
Our wholly-owned subsidiary, UOB Insurance (H.K.) Limited, continued to provide insurance support for the parent company's activities in Hong Kong. A prudent underwriting strategy was maintained in view of the competitive business environment.

Our representative office in Myanmar continued its strategy of selective underwriting of profitable business. For these reasons, the financial impact of the losses arising from Cyclone Nargis was not significant.

The Group's overseas operations were relatively unchanged in 2008.

Directors' report

for the financial year ended 31 December 2008

The directors are pleased to present their report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2008.

Directors

The directors of the Company holding office at the date of this report are:

Wee Cho Yaw *(Chairman)*
Chan Mun Wai David *(Managing Director & Principal Officer)*
Wee Ee Cheong
Hwang Soo Jin
Yang Soo Suan
Lee Soo Ann

Arrangements To Enable Directors To Acquire Shares Or Debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' Interests In Shares And Debentures

(a) According to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, the interests of the directors who held office at 31 December 2008, in the share capital of the Company and related corporations (other than wholly-owned subsidiary) were as follows:

	Number of ordinary shares			
	Shareholdings registered in name of directors		Shareholdings in which directors are deemed to have an interest	
	At 31.12.2008	At 1.1.2008	At 31.12.2008	At 1.1.2008
The Company				
United Overseas Insurance Limited				
Wee Cho Yaw	38,100	38,100	-	-
Hwang Soo Jin	100,000	100,000	-	-
Chan Mun Wai David	21,000	21,000	-	-
Holding Company				
United Overseas Bank Limited				
Wee Cho Yaw	16,390,248	16,390,248	247,208,142	247,008,142
Wee Ee Cheong	2,865,357	2,794,899	146,064,793	146,135,251
Chan Mun Wai David	5,600	5,600	-	-

	Number of preference shares			
	Shareholdings registered in name of directors		Shareholdings in which directors are deemed to have an interest	
	At 31.12.2008	At 1.1.2008	At 31.12.2008	At 1.1.2008
Holding Company				
United Overseas Bank Limited				
Wee Cho Yaw	155,900	-	-	-
Wee Ee Cheong	20,000	-	-	-
Lee Soo Ann	1,300	-	-	-
Chan Mun Wai David	5,000	-	-	-

(b) There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2009 (being the 21st day after the end of the financial year).

Directors' report for the financial year ended 31 December 2008

Directors' Contractual Benefits
Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than as disclosed in this report or in the consolidated financial statements) by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except that the directors received remuneration from related corporations in their capacities as directors and/or executives of those related corporations.

Share Options
There was no share option granted by the Company or its subsidiary during the financial year.

No share has been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary.

There was no unissued share of the Company or its subsidiary under option as at 31 December 2008.

Audit Committee
The Audit Committee ("AC") comprises three members, all of whom are independent directors. The members of the AC are:

Yang Soo Suan *(Chairman)*
Hwang Soo Jin
Lee Soo Ann

The AC has reviewed the financial statements, the internal and external audit plans and audit reports, the external auditors' evaluation of the system of internal accounting controls, the scope and results of internal and external audit procedures, the adequacy of internal audit resources, the cost effectiveness, independence and objectivity of external auditors, the significant findings of internal audit investigations and interested person transactions. The reviews were made with the internal and external auditors, the Chief Financial Officer of the parent company and the Managing Director.

Auditors
The Audit Committee has nominated Messrs Ernst & Young LLP for re-appointment as auditors of the Company and Messrs Ernst & Young LLP have expressed their willingness to be re-appointed.

On behalf of the Board of Directors,

Wee Cho Yaw
Chairman

Chan Mun Wai David
Managing Director & Principal Officer

Singapore
23 February 2009

Statement by directors

for the financial year ended 31 December 2008

We, Wee Cho Yaw and Chan Mun Wai David, being two of the directors of United Overseas Insurance Limited, do hereby state that, in the opinion of the directors:

(i) the accompanying profit and loss accounts, insurance revenue accounts, balance sheets, statements of changes in equity and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008 and of the results of the business, changes in equity of the Group and of the Company and the cash flows of the Group for the financial year ended on that date; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors,

Wee Cho Yaw
Chairman

Chan Mun Wai David
Managing Director & Principal Officer

Singapore
23 February 2009

Independent auditors' report to the members of United Overseas Insurance Limited

for the financial year ended 31 December 2008

We have audited the accompanying financial statements of United Overseas Insurance Limited (the "Company") and its subsidiary (collectively, the "Group") for the financial year ended 31 December 2008, set out on pages 27 to 63, which comprise the balance sheets of the Group and the Company as at 31 December 2008, profit and loss accounts, insurance revenue accounts, statements of changes in equity of the Group and the Company and the cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility For The Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

(a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion,

(a) the consolidated financial statements of the Group and the financial statements of the Company are properly drawn up in accordance with the provisions of the Act, and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008, and the results, changes in equity of the Group and of the Company, and the cash flows of the Group for the financial year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP

Public Accountants and Certified Public Accountants

Singapore

23 February 2009

Profit and loss accounts

for the financial year ended 31 December 2008

	Note	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Insurance underwriting profit transferred from insurance revenue accounts		**14,287**	13,769	**13,904**	13,596
Other income:					
Gross dividends from investments	5a	**3,310**	3,964	**3,354**	4,013
Interest income from investments	5b	**2,777**	2,029	**2,777**	2,029
Interest on fixed deposits and bank balances from:					
- Holding company		**936**	1,486	**813**	1,202
- Fellow subsidiaries		**18**	44	**18**	44
- Other financial institutions		**223**	729	**215**	710
Profit on sale of fixed assets		**-**	19	**-**	19
Miscellaneous income		**403**	13	**401**	11
Net (losses)/gains on investments at fair value through profit or loss		**(4,849)**	3,702	**(4,849)**	3,702
Net (losses)/gains on available-for-sale investments		**(2,943)**	1,528	**(2,943)**	1,528
Impairment on investments		**(1,300)**	-	**(1,300)**	-
		(1,425)	13,514	**(1,514)**	13,258
Add/(Less):					
Management expenses not charged to insurance revenue accounts:	6				
- Management fees		**(492)**	(532)	**(492)**	(532)
- Other operating expenses		**(205)**	(636)	**(201)**	(632)
- Exchange differences		**(1,051)**	(333)	**(687)**	(342)
Profit before tax		**11,114**	25,782	**11,010**	25,348
Tax expense	9	**(1,380)**	(4,490)	**(1,316)**	(4,464)
Net profit		**9,734**	21,292	**9,694**	20,884
Earnings per share:					
Basic and diluted	10	**16 cents**	36 cents		

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

Insurance revenue accounts

for the financial year ended 31 December 2008

	Note	Group				
		Fire $'000	General accident $'000	Marine $'000	2008 Total $'000	2007 Total $'000
Gross premiums written		**26,692**	**51,854**	**4,475**	**83,021**	71,282
Reinsurance premiums ceded		**(14,529)**	**(38,461)**	**(2,600)**	**(55,590)**	(48,100)
Net premiums written		**12,163**	**13,393**	**1,875**	**27,431**	23,182
Movement in net reserve for unexpired risks	17	**520**	**(3,585)**	**(317)**	**(3,382)**	(2,697)
Movement in net deferred acquisition cost	18	**(109)**	**(210)**	**(10)**	**(329)**	543
Net earned premiums		**12,574**	**9,598**	**1,548**	**23,720**	21,028
Less:						
Gross claims paid		**3,404**	**11,569**	**640**	**15,613**	15,381
Reinsurance claims recoveries		**(1,818)**	**(7,445)**	**(311)**	**(9,574)**	(9,600)
Net Incoming Claims from Portfolio Transfer		**-**	**-**	**-**	**-**	(1,276)
Net claims paid	19	**1,586**	**4,124**	**329**	**6,039**	4,505
Change in net outstanding claims		**972**	**(379)**	**(1)**	**592**	2,029
Net claims incurred	19	**2,558**	**3,745**	**328**	**6,631**	6,534
Gross commissions		**5,362**	**6,946**	**730**	**13,038**	11,480
Reinsurance commissions		**(6,380)**	**(10,714)**	**(716)**	**(17,810)**	(17,631)
Net commissions		**(1,018)**	**(3,768)**	**14**	**(4,772)**	(6,151)
Management expenses:	6					
Staff cost	7	**2,419**	**2,652**	**375**	**5,446**	5,113
Rental expenses		**299**	**327**	**46**	**672**	668
Management fees		**49**	**79**	**3**	**131**	102
Other operating expenses		**580**	**658**	**87**	**1,325**	993
Total expenses		**4,887**	**3,693**	**853**	**9,433**	7,259
Insurance underwriting profit transferred to profit and loss accounts		**7,687**	**5,905**	**695**	**14,287**	13,769

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

	Note	Company				
		Fire $'000	General accident $'000	Marine $'000	2008 Total $'000	2007 Total $'000
Gross premiums written		**26,455**	**50,937**	**4,399**	**81,791**	69,779
Reinsurance premiums ceded		**(14,397)**	**(37,714)**	**(2,532)**	**(54,643)**	(46,937)
Net premiums written		**12,058**	**13,223**	**1,867**	**27,148**	22,842
Movement in net reserve for unexpired risks	17	**541**	**(3,602)**	**(318)**	**(3,379)**	(2,719)
Movement in net deferred acquisition cost	18	**(108)**	**(209)**	**(10)**	**(327)**	547
Net earned premiums		**12,491**	**9,412**	**1,539**	**23,442**	20,670
Less:						
Gross claims paid		**3,338**	**10,880**	**640**	**14,858**	15,150
Reinsurance claims recoveries		**(1,782)**	**(6,737)**	**(311)**	**(8,830)**	(9,424)
Net claims paid	19	**1,556**	**4,143**	**329**	**6,028**	5,726
Change in net outstanding claims		**946**	**44**	**1**	**991**	814
Net claims incurred	19	**2,502**	**4,187**	**330**	**7,019**	6,540
Gross commissions		**5,259**	**6,754**	**729**	**12,742**	11,145
Reinsurance commissions		**(6,357)**	**(10,499)**	**(693)**	**(17,549)**	(17,261)
Net commissions		**(1,098)**	**(3,745)**	**36**	**(4,807)**	(6,116)
Management expenses:	6					
Staff cost	7	**2,419**	**2,652**	**375**	**5,446**	5,113
Rental expenses		**299**	**327**	**46**	**672**	668
Other operating expenses		**537**	**588**	**83**	**1,208**	869
Total expenses		**4,659**	**4,009**	**870**	**9,538**	7,074
Insurance underwriting profit transferred to profit and loss accounts		**7,832**	**5,403**	**669**	**13,904**	13,596

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

Balance sheets

as at 31 December 2008

	Note	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Share capital					
Issued and fully paid	12	**91,733**	91,733	**91,733**	91,733
Reserves					
General reserve	14	**19,880**	18,880	**19,880**	18,880
Available-for-sale investment reserve	15	**(936)**	25,340	**(936)**	25,340
Foreign currency translation reserve		**(638)**	(673)	**-**	-
Retained profits		**62,450**	62,889	**59,810**	60,289
		80,756	106,436	**78,754**	104,509
Total equity attributable to equity holders of the Company		**172,489**	198,169	**170,487**	196,242
Deferred tax liabilities	16	-	5,733	**-**	5,733
Gross technical balances					
Reserve for unexpired risks	17	**42,503**	33,876	**41,912**	33,231
Provision for outstanding claims	19	**118,121**	108,447	**114,185**	104,613
		160,624	142,323	**156,097**	137,844
Current liabilities and provisions					
Amount owing to agents		**841**	911	**841**	911
Amount owing to reinsurers		**9,394**	5,303	**9,363**	5,210
Amount retained from reinsurers		**5,062**	4,425	**4,990**	4,322
Benefits payable to policyholders – gross		**-**	1,473	**-**	1,474
Non-trade creditors and accrued liabilities		**2,860**	2,943	**2,775**	2,858
Deferred acquisition cost – reinsurers' share	18	**5,606**	4,690	**5,526**	4,586
Amount owing to related companies – non-trade		**115**	134	**115**	134
Tax payables	9	**3,495**	8,305	**3,458**	8,284
		27,373	28,184	**27,068**	27,779
		360,486	374,409	**353,652**	367,598

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

	Note	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Non-current assets					
Fixed assets	22	**393**	462	**393**	462
Investment in subsidiary	23	**-**	-	**4,940**	4,940
Available-for-sale investments	24	**139,086**	83,315	**139,086**	83,315
Non-current debtors	25	**-**	14	**-**	14
Statutory deposit	26	**500**	500	**500**	500
Unsecured term loan		**24**	26	**24**	26
Reinsurers' share of technical balances					
Reserve for unexpired risks	17	**23,272**	18,026	**22,832**	17,530
Provision for outstanding claims	19	**72,781**	63,708	**69,927**	61,346
		96,053	81,734	**92,759**	78,876
Current assets					
Amount due from policyholders and agents	20	**4,274**	3,902	**4,126**	3,656
Amount due from reinsurers	21	**1,420**	3,159	**1,419**	3,152
Amount retained by ceding companies		**1,184**	903	**1,184**	903
Benefits payable to policyholders – reinsurers' share		**-**	975	**-**	975
Deferred acquisition cost – gross	18	**4,621**	4,035	**4,506**	3,893
Non-trade debtors and accrued interest receivable	27	**1,678**	1,365	**1,668**	1,350
Amount owing by related companies	28	**162**	6	**187**	66
Investments at fair value through profit or loss	29	**-**	86,600	**-**	86,600
Fixed deposits	30	**104,748**	100,247	**98,576**	93,882
Cash and bank balances	31	**6,343**	7,166	**4,284**	4,988
		124,430	208,358	**115,950**	199,465
		360,486	374,409	**353,652**	367,598

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

Statements of changes in equity

for the financial year ended 31 December 2008

	Note	Attributable to equity holders of the Group					
		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	15	**-**	**-**	**(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	15	**-**	**-**	**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	14	**-**	**1,000**	**-**	**-**	**(1,000)**	**-**
Dividend for Year 2007	11	**-**	**-**	**-**	**-**	**(7,339)**	**(7,339)**
Dividend for Year 2008	11	**-**	**-**	**-**	**-**	**(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	15	-	-	(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	12	50,963	-	-	-	-	50,963
Transfer from retained profits	14	-	1,000	-	-	(1,000)	-
Dividend for Year 2006	11	-	-	-	-	(5,015)	(5,015)
Dividend for Year 2007	11	-	-	-	-	(30,924)	(30,924)
Balance at 31 December 2007		91,733	18,880	25,340	(673)	62,889	198,169

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

		Attributable to equity holders of the Company				
	Note	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	15	**-**	**-**	**(27,576)**	**-**	**(27,576)**
Net losses not recognised in profit and loss accounts		**-**	**-**	**(27,576)**	**-**	**(27,576)**
Impairment on investments	15	**-**	**-**	**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	14	**-**	**1,000**	**-**	**(1,000)**	**-**
Dividend for Year 2007	11	**-**	**-**	**-**	**(7,339)**	**(7,339)**
Dividend for Year 2008	11	**-**	**-**	**-**	**(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	15	-	-	(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	12	50,963	-	-	-	50,963
Transfer from retained profits	14	-	1,000	-	(1,000)	-
Dividend for Year 2006	11	-	-	-	(5,015)	(5,015)
Dividend for Year 2007	11	-	-	-	(30,924)	(30,924)
Balance at 31 December 2007		91,733	18,880	25,340	60,289	196,242

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

Consolidated cash flow statement

for the financial year ended 31 December 2008

	2008 $'000	2007 $'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 from investments	**(2,777)**	(2,029)
Interest on fixed deposits and bank balances	**(1,177)**	(2,259)
Exchange differences	**462**	830
Operating profit before working capital change	**17,935**	17,471
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	**22,624**	18,885
Tax paid	**(6,196)**	(3,797)
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 from investments	**2,777**	2,029
Interest on fixed deposits and bank balances	**1,177**	2,259
Net cash flow (used in)/from investing activities	**(5,757)**	4,642

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

	2008 $'000	2007 $'000
Cash flow from financing activities		
Dividend paid	**(9,173)**	(35,939)
Proceeds from issuance of share capital	-	50,963
Net 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 (see note below)	**107,413**	73,582
Effects of exchange rate changes on cash and cash equivalents	**47**	(477)
Cash and cash equivalents at end of year (see note below)	**108,993**	107,413

Note: Cash and cash equivalents

Cash and cash equivalents included in the consolidated cash flow statement comprise the following balance sheet amounts:

	2008 $'000	2007 $'000
Cash and bank balances	**6,343**	7,166
Fixed deposits (Note 30)	**102,650**	100,247
	108,993	107,413

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

Notes to the financial statements

for the financial year ended 31 December 2008

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

United Overseas Insurance Limited (the "Company") is a limited liability company domiciled and incorporated in Singapore and is listed on the Singapore Exchange.

The Company is a member of the United Overseas Bank Group. The holding company which is also the ultimate holding company is United Overseas Bank Limited ("UOB"). UOB is incorporated in Singapore and owns 58% of the issued share capital of the Company.

The address of the Company's registered office is as follows:
80 Raffles Place
UOB Plaza
Singapore 048624

The address of the Company's principal place of business is as follows:
3 Anson Road
#28-01, Springleaf Tower
Singapore 079909

2. Significant Accounting Policies

(a) Basis of preparation

The consolidated financial statements of the Group and the financial statements of the Company, which are presented in Singapore dollars ("$") and rounded to the nearest thousand ("$'000"), have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") as required by the Companies Act.

The preparation of the financial statements in conformity with FRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

The financial statements have been prepared in accordance with the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and available-for-sale financial assets.

The accounting policies have been consistently applied by the Group and the Company and are consistent with those used in the previous financial year.

(b) Adoption of new Singapore financial reporting standards ("FRS") and FRS not yet effective

The Company has adopted Amendments to FRS 39 Financial Instruments: Recognition and Measurement. As a result, additional disclosures are made to provide users of the financial statements with more information about the Company's financial instruments. The adoption of the amendments to FRS 39 has resulted in additional disclosures being included in Note 24 to explain the recognition and measurement impact.

The Group and the Company have not applied the following FRS that have been issued but not yet effective:

		Effective date (Annual periods beginning on or after)
FRS 1	: Presentation of financial statements – revised presentation	1 January 2009
FRS 108	: Operating segments	1 January 2009

The directors expect that the adoption of the above pronouncement will have the following impact to the financial statements in the period of initial application.

2. Significant Accounting Policies (continued)

(b) Adoption of new Singapore financial reporting standards ("FRS") and FRS not yet effective (continued)

(i) FRS 1 Presentation of Financial Statements – Revised Presentation

The revised FRS 1 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line item. In addition, the revised standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together will all other items of recognised income and expenses, either in one single statement, or in two linked statements. The Company is currently evaluating the format to adopt.

(ii) FRS 108 Operating Segments

FRS 108 requires entities to disclose segment information based on the information reviewed by the entity's chief operating decision maker. The impact of the standard on the other segment disclosures is still to be determined. As this is a disclosure standard, it will have no impact on the financial position and results of the Company when implemented in 2009.

(c) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary made up to the end of the financial year. Inter-company balances and transactions and resulting unrealised profits or losses are eliminated in full on consolidation.

(d) Revenue recognition

(i) Premium income

Premium income from direct and facultative reinsurance business is taken up as income at the time a policy is issued which approximates the inception date of the risk.

Premium income from treaty reinsurance is taken up in the insurance revenue account based on statements received up to the time of closing of the books.

(ii) Investment income

Dividend income is recognised when such dividends are declared. Interest income is accounted for on an accrual basis. Profits or losses on disposal of investments are taken to the profit and loss accounts.

(e) Product classification

All the Group's existing products are insurance contracts as defined in FRS 104. Insurance contracts are defined as those containing significant insurance risk at the inception of the contract, or where at inception of the contract there is a scenario with commercial substance where the level of insurance risk may be significant over time. The significance of insurance risk is dependent on both the probability of an insurance event and the magnitude of its potential effect.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during the period.

(f) Reserve for unexpired risks

Reserve for unexpired risks comprises the sum of unearned premium reserves and premium deficiency reserves.

Unearned premium reserves are calculated on the following basis:

(i) Unearned premium reserves, other than for marine cargo and inward treaties, are calculated using the 1/24th method based on gross premiums written less premiums on reinsurances in Singapore and premiums on which reinsurance deposits are withheld.

(ii) Unearned premium reserves on marine cargo direct business are calculated at 25% of the gross premiums written less premiums on reinsurances in Singapore and premiums on which reinsurance deposits are withheld.

(iii) Unearned premium reserves on inward treaties are calculated at 40% of gross premiums written less premiums on reinsurances.

Premium deficiency reserves are derived using actuarial methods on loss statistics and are recognised when the expected value of claims and expenses attributable to the unexpired periods of policies in force at the balance sheet date for any line of business exceeds the unearned premium reserves in relation to such policies.

Notes to the financial statements for the financial year ended 31 December 2008

2. Significant Accounting Policies (continued)

(f) Reserve for unexpired risks (continued)

Reserve for unexpired risks are compared with the report issued by a qualified actuary, which is prepared for a valuation of the premium liabilities in accordance with Section 37 of the Insurance Act, Cap. 142, on a yearly basis.

(g) Deferred acquisition costs

Commission and other acquisition costs incurred during the financial period that vary with and are related to securing new insurance contracts and or renewing existing insurance contracts, but which relates to subsequent financial periods, are deferred to the extent that they are recoverable out of future revenue margins. Deferred acquisition costs ("DAC") are calculated using the 1/24th method on actual commission. All other acquisition costs are recognised as an expense when incurred.

An impairment review is performed at each reporting date and the carrying value is written down to the recoverable amount.

(h) Reinsurance

The Company assumes and/or cedes reinsurance in the normal course of business. Reinsurance assets primarily include balances due from both insurance and reinsurance companies for ceded insurance liabilities. Amounts due to reinsurers are determined in a manner consistent with the associated reinsured policies and in accordance with the reinsurance contract.

(i) Claims paid and provision for outstanding claims

Claims are charged against the insurance revenue account when incurred based on the estimated liability for compensation owed to policyholders or damage suffered by third party claimants. They comprise direct and indirect claims settlement costs, including loss adjustment expenses and professional fees, and arise from events that have occurred up to the balance sheet date even if they have not been reported to the Group.

Provision is made for the estimated costs of all claims notified but not settled as at the balance sheet date using the best information available at that time for individual cases. Provision is also made for the estimated costs of claims incurred but not reported as at the balance sheet date using statistical methods and compared with the assessment of a qualified actuary as required under the Insurance Act. The Group does not discount its provision for outstanding claims. Any reduction or increase in the provision is dealt with in the insurance revenue account of the year in which the reduction or increase arises. Any difference between the estimated cost and subsequent settlement is dealt with in the insurance revenue account of the year in which settlement takes place. For claims from reinsurance, an additional provision is made based on developmental trends as discerned in the running-off of outstanding claims in respect of prior underwriting years.

As explained in Note 4, the assumptions used to estimate the provision require judgement and are subject to uncertainty.

(j) Provisions

Provisions are recognised when the Group has a legal or constructive obligation where as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

(k) Trade and other debtors

Trade debtors comprising receivables related to insurance contracts and include amounts due from policyholders, agents and reinsurers. Bad debts are written-off when identified and specific provisions for impairment are made for those debts considered to be doubtful. Other debtors including amount owing by related companies are recognised and carried at amortised cost less an allowance for doubtful debts on any uncollectible amounts. The accounting policies applicable to trade and other debtors can be found in Note 2(m)(ii).

2. Significant Accounting Policies (continued)

(l) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated so as to write-off the cost of fixed assets on a straight-line basis over the expected useful lives of the assets concerned. The annual rates used for this purpose are:

	%
Furniture and fixtures	10
Office equipment	20
Motor vehicles	20

Where an indication of impairment exists, the carrying amount of the asset is assessed and written-down to its recoverable amount. If, in subsequent periods, circumstances and events that led to the provision for impairment in value cease to exist, a write-back up to the full provision may be made, net of depreciation which would have been charged had the provision not been made.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the profit and loss accounts.

(m) Financial assets

The Group classifies its investments into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates this at every reporting date.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified into this category at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit-taking, or if so designated by management.

The Group does not designate any financial assets not held for trading as financial assets at fair value through profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group intends to sell in the short term or that it has designated as at fair value through profit or loss or available-for-sale. Cash and bank balances, fixed deposits, receivables arising from insurance contracts and other debtors are also classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables.

(iii) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities – other than those that meet the definition of loans and receivables – that the Group's management has the positive intention and ability to hold to maturity.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that at initial recognition are either designated in this category or not classified in any of the other categories. Under some rare circumstances, a non-derivative financial asset that has been classified in other categories at initial recognition can be reclassified into the available-for-sale category.

Regular way purchases and sales of investments are recognised on settlement date – the date that an asset is delivered to or by the Group. Regular way purchase or sale refers to purchase or sale of financial assets that requires delivery of assets within the time frame generally established by regulation or convention or the market place.

Notes to the financial statements for the financial year ended 31 December 2008

2. Significant Accounting Policies (continued)

(m) Financial assets (continued)

Investments are initially recognised at fair value plus, in the case of all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Investments are derecognised when the rights to receive cash flows from the investments have expired or where they have been transferred and the Group has also transferred substantially all risks and rewards of ownership.

Investments that are reclassified from other categories into the available-for-sale category are recognised at fair value as at date of reclassification if the reclassification takes place on or after 1 November 2008 or at fair value as at 1 July 2008 if the reclassification is made prior to 1 November 2008.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the profit and loss accounts in the period in which they arise.

Unrealised gains and losses arising from changes in the fair value of investment securities classified as available-for-sale are recognised in equity in the available-for-sale investment reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the profit and loss accounts as net realised gains/losses on financial assets.

Gains and losses on loans and receivables are recognised in the profit and loss account when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(n) Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(i) Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The amount of the loss is recognised in the profit and loss accounts.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the profit and loss accounts, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are subject to impairment review at each balance sheet date. Impairment loss is recognised when there is objective evidence such as significant financial difficulty of the issuer/obligor, significant or prolonged decline in market prices and adverse economic indicators that the recoverable amount of an asset is below its carrying amount.

2. Significant Accounting Policies (continued)

(o) Trade and other creditors

Liabilities for trade and other creditors and amounts owing to related companies are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit and loss accounts when the liabilities are derecognised as well as through the amortisation process.

(p) Foreign currency translation

(i) Functional currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the functional currency"). The financial statements of the Group and the Company are presented in Singapore dollars, which is the functional currency of the Company.

(ii) Transactions and balances and foreign subsidiary companies

Foreign currency monetary assets and liabilities, including those in foreign subsidiary companies, are converted to Singapore dollars at the rates of exchange ruling at the balance sheet date. Foreign currency transactions during the year and the results of foreign subsidiary companies are converted into the functional currency using the rates of exchange ruling on the transaction dates. Exchange differences are taken up in the insurance revenue accounts or in the profit and loss accounts as appropriate except for those arising from the retranslation of the opening net investment in foreign subsidiary companies, which are taken directly to the foreign currency translation reserve.

Exchange differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Exchange differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the available-for-sale investment reserve in equity.

(q) Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

(r) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred income tax is provided on temporary differences arising on investment in subsidiary, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

(s) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash and bank balances, and fixed deposits with three months or less.

(t) Dividend distribution

Dividends are recorded in the Group's financial statements in the period in which they are approved by the Group's shareholders.

Notes to the financial statements for the financial year ended 31 December 2008

2. Significant Accounting Policies (continued)

(u) Employees' benefits

(i) Defined contribution plan

As required by law, the Company makes contributions to the state pension scheme, the Central Provident Fund ("CPF"). CPF contributions are recognised in compensation expense in the same period as the employment that gives rise to the contributions.

(ii) Employees' leave entitlement

Employees' entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balances sheet date.

(v) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(w) Subsidiary

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investment in subsidiary is accounted for at cost less impairment losses.

(x) Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity.

3. Principal Activities

The principal activities of the Company and its subsidiary are the underwriting of general insurance business. There have been no significant changes in the nature of these activities during the financial year.

4. Management Of Insurance Risk And Inherent Uncertainty In Accounting Estimates

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

As general insurance business encompasses a wide range of different insurance products, a prudent management of risks is fundamental to the Group's business. This safeguards not only the interest of its shareholders but also that of its customers. The Group has developed a robust underwriting framework to ensure that all risks accepted meet with its guidelines and standards.

The Group's business is primarily derived from Singapore and the region. Geographically, there is an inherent concentration of insurance risks in the Group's insurance portfolio. The Group has developed a reinsurance management strategy which manages such concentration of insurance risks based on historical experience of loss frequency and severity of similar risks and in similar geographical zones. The primary objectives of the Group's reinsurance management strategy include protecting shareholders' fund, smoothing out the peaks and troughs of underwriting result, providing competitive advantage, sound and diversified reinsurance securities to the Group and developing long-term strategic partnership with key reinsurers.

One of the purposes of insurance is to enable policyholders to protect themselves against uncertain future events. Insurance companies accept the transfer of uncertainty from policyholders and seek to add value through the aggregation and management of these risks. The uncertainty inherent in insurance is inevitably reflected in the financial statements of insurance companies. The principal uncertainty in the Group's financial statements primarily arises in the technical provisions which include the provisions of premium and claim liabilities. The premium liabilities comprise reserve for unexpired risks, net of deferred acquisition cost while the claim liabilities comprise provision for outstanding claims and their values are carried in the balance sheet as disclosed in Notes 17, 18 and 19 to the financial statements.

4. Management Of Insurance Risk And Inherent Uncertainty In Accounting Estimates (continued)

Generally, premium and claim liabilities are determined based upon previous claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Particularly relevant is past experience with similar cases, historical claims development trends, legislative changes, judicial decisions and economic conditions. It is certain that actual future premium and claim liabilities will not develop exactly as projected and may vary from our projection.

The other uncertainties arising under insurance contracts include:

- uncertainty as to whether an event has occurred which would give rise to a policyholder suffering an insured loss;
- uncertainty as to the extent of policy coverage and limits applicable; and
- uncertainty as to the amount of insured loss suffered by a policyholder as a result of the event occurring.

There may be significant reporting lags between the occurrence of the insured event and the time it is actually reported to the Group. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude of the claim. There are many factors that will determine the level of uncertainty such as inflation, judicial interpretations, legislative changes and claims handling procedures.

The estimates of premium and claim liabilities are therefore sensitive to various factors and uncertainties. The establishment of technical provisions is an inherently uncertain process and, as a consequence of this uncertainty, the eventual cost of settlement of premium and claim liabilities can vary from the initial estimates.

5. Other Income

	Group		Company	
	2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**
(a) Dividend income (gross) from:				
Available-for-sale investments				
- Quoted equity investments	**2,782**	2,658	**2,782**	2,658
- Unquoted equity investments in a subsidiary company	**-**	-	**44**	49
- Other unquoted equity investments	**5**	5	**5**	5
Investments at fair value through profit or loss				
- Quoted equity investments	**243**	900	**243**	900
- Unquoted equity investments (marketable unit trusts)	**280**	401	**280**	401
	3,310	3,964	**3,354**	4,013
(b) Interest income from:				
Available-for-sale investments				
- Singapore Government securities	**354**	27	**354**	27
- Other government securities	**190**	-	**190**	-
- Other quoted investments	**1,073**	31	**1,073**	31
- Other unquoted investments	**32**	-	**32**	-
Investments at fair value through profit or loss				
- Singapore Government securities	**164**	359	**164**	359
- Other quoted investments	**870**	1,487	**870**	1,487
- Other unquoted investments	**94**	125	**94**	125
	2,777	2,029	**2,777**	2,029

Notes to the financial statements for the financial year ended 31 December 2008

6. Management Expenses

Included in management expenses are the following:

	Charge to insurance revenue accounts 2008 $'000	Charge to insurance revenue accounts 2007 $'000
(a) Group		
Depreciation on:		
Furniture and fixtures	**14**	14
Office equipment	**195**	189
Motor vehicles	**10**	1
	219	204
Auditors' remuneration:		
Payable to the auditors of the Company – audit fees		
- Current year	**110**	100
- Underprovision in respect of prior year	**10**	-
Payable to other auditors – audit fees		
- Current year	**33**	33
Payable to other auditors – non-audit fees		
- Current year	**1**	1
	154	134
Foreign exchange loss	**60**	5
Provision for bad and doubtful debts	**-**	39
(b) Company		
Depreciation on:		
Furniture and fixtures	**14**	14
Office equipment	**195**	189
Motor vehicles	**10**	1
	219	204
Auditors' remuneration:		
Payable to the auditors of the Company – audit fees		
- Current year	**110**	100
- Underprovision in respect of prior year	**10**	-
	120	100
Foreign exchange loss	**60**	5
Provision for bad and doubtful debts	**-**	39

7. Staff Information (Including An Executive Director)

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Wages, salaries and other employee benefits	**4,941**	4,659	**4,941**	4,659
Central Provident Fund contribution	**505**	454	**505**	454
	5,446	5,113	**5,446**	5,113

	Group and Company	
	2008	2007
Number of persons employed at the end of year	**91**	86

8. Directors' Remuneration

The number of directors of the Company whose total remuneration from the Group falls into the following bands is:

	2008	2007
$500,000 to $799,999	**1**	-
$250,000 to $499,999	**-**	1
Below $250,000	**5**	5
Total	**6**	6

9. Income Tax

(a) Tax expense

The tax expense attributable to profit is made up of:

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
On the profit of the year:				
Singapore current income tax	**1,322**	4,598	**1,322**	4,598
Transfer from deferred taxation	**(6)**	(14)	**(6)**	(14)
	1,316	4,584	**1,316**	4,584
Overprovision in respect of prior years	**-**	(120)	**-**	(120)
	1,316	4,464	**1,316**	4,464
Overseas current income tax	**68**	33	**-**	-
Overprovision in respect of prior years	**(4)**	(7)	**-**	-
	64	26	**-**	-
	1,380	4,490	**1,316**	4,464

Notes to the financial statements for the financial year ended 31 December 2008

9. Income Tax (continued)

(a) Tax expense (continued)

The tax expense on the results of the Group and the Company for the financial year differs from the theoretical amount that would arise by applying the Singapore statutory income tax rate to profit before tax due to the following:

	Group		Company	
	2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**
Profit before tax	**11,114**	25,782	**11,010**	25,348
Tax calculated at a tax rate of 18% (2007: 18%)	**2,000**	4,641	**1,982**	4,563
Singapore statutory stepped income exemption	**(27)**	(27)	**(27)**	(27)
Expenses not deductible for tax purposes	**98**	722	**92**	719
Income not subject to tax	**(502)**	(560)	**(548)**	(506)
Income from qualifying debt securities and offshore insurance which are taxed at a rate of 10%	**(183)**	(148)	**(183)**	(149)
Overprovision in prior financial year (net)	**(4)**	(127)	**-**	(120)
Effect of change in tax rate	**-**	(13)	**-**	(13)
Effect of difference in tax rates in other countries	**(2)**	(3)	**-**	-
Others	**-**	5	**-**	(3)
Actual tax expense	**1,380**	4,490	**1,316**	4,464

(b) Movements in tax payables

	Group 2008	Group 2007	Company 2008	Company 2007
Balance at beginning of the financial year	**8,305**	7,598	**8,284**	7,620
Income tax paid	**(6,196)**	(3,797)	**(6,148)**	(3,814)
Current financial year's tax payable on profit	**1,390**	4,632	**1,322**	4,598
Overprovision in respect of prior years	**(4)**	(128)	**-**	(120)
Balance at end of the financial year	**3,495**	8,305	**3,458**	8,284

10. Earnings Per Share

	Group	
	2008 $'000	**2007 $'000**
Profit after taxation	**9,734**	21,292
Weighted average number of ordinary shares issued ('000)	**61,155**	58,907
Basic and diluted earnings per share	**16 cents**	36 cents

Basic earnings per share is calculated by dividing the profit after tax attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year.

11. Dividend Paid

	Group and Company	
	2008 $'000	**2007 $'000**
Interim dividend of 3 cents per share (one-tier tax-exempt) (2007: 5 cents per share less 18% Singapore income tax), in respect of the financial year 2008	**1,834**	2,507
Bonus dividend of nil cents per share (2007: 85 cents per share less 18% Singapore income tax), in respect of the financial year 2008	**-**	28,417
Final dividend of 12 cents per share (one-tier tax-exempt) (2007: 15 cents per share less 18% Singapore income tax), in respect of the financial year 2007.	**7,339**	5,015
	9,173	35,939

The directors have proposed a final one-tier tax-exempt dividend of 3 cents per share in respect of the financial year ended 31 December 2008, amounting to $1,835,000. These financial statements do not reflect this dividend payable, which will be accounted for in the shareholders' equity as an appropriation of retained earnings in the year ending 31 December 2009.

12. Share Capital

	Group and Company	
	2008 $'000	**2007 $'000**
Issued and fully paid	**91,733**	91,733

Status report on the use of proceeds from rights issue

Following the Company's announcement of 7 May 2007 in respect of the renounceable non-underwritten rights issue of up to 20,385,000 new ordinary shares ("Rights Shares"), at an issue price of $2.50 each on the basis of one Rights Share for every two existing ordinary shares of the Company, with the availability of an option to elect to utilise the net bonus dividend of $0.697 per share to subscribe for the Rights Shares, the Company has allotted and issued 20,385,000 new Rights Shares on 20 July 2007. The Rights Shares were listed and quoted on the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST"). Net proceeds from the Right Issue of approximately $22 million have been deposited with banks pending deployment for business expansion opportunity.

13. Capital

The Group's capital management policy is to ensure that it maintains a strong capital position to support its growth.

The Company has complied with the capital requirements in the Insurance Act (Chapter 142) Insurance (Valuation and Capital) Regulations.

The Company has no borrowings, contingent liabilities and loan capital as at 31 December 2008.

14. General Reserve

In each financial year, a certain amount of retained profits may be transferred to general reserve of the Group. The general reserve has not been earmarked for any particular purpose.

Notes to the financial statements for the financial year ended 31 December 2008

15. Available-for-sale Investment Reserve

Available-for-sale investment reserve records the cumulative fair value changes of available-for-sale investments, net of deferred income tax, until they are derecognised or impaired.

	Group and Company	
	2008 $'000	**2007 $'000**
Balance at 1 January	**25,340**	26,123
Net change in the reserve	**(27,576)**	(783)
Impairment on investments	**1,300**	-
Balance at 31 December	**(936)**	25,340
Net change in the reserve arises from:		
- Net loss on fair value changes during the financial year	**(27,801)**	(159)
- Recognised in the profit and loss amount on disposal of investments	**225**	(624)
	(27,576)	(783)

16. Deferred Tax Liabilities

Deferred tax liabilities as at 31 December relate to the following:

	Group and Company			
	Balance sheet		Profit and loss	
	2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**
Differences in tax depreciation	**54**	70	**(16)**	(29)
Differences in interest receivable	**111**	101	**10**	15
Revaluation of available-for-sale investments				
- Balance at 1 January	**5,562**	6,531	**-**	-
- Debited during the financial year directly against available-for-sale investment reserve	**(5,727)**	(969)	**-**	-
	-	5,733		
Deferred income tax credit			**(6)**	(14)

Deferred tax liabilities have not been established for the withholding and other taxes that would be payable on the unremitted earnings of an overseas subsidiary as such amounts are permanently reinvested. Such unremitted earnings totalled $3,236,000 as at 31 December 2008 (2007: $3,181,000).

17. Reserve For Unexpired Risks

Movements in reserve for unexpired risks:

	Group					
	2008			2007		
	Gross $'000	Reinsurance $'000	Net $'000	Gross $'000	Reinsurance $'000	Net $'000
Balance at beginning of the financial year	**33,876**	**(18,026)**	**15,850**	30,453	(17,288)	13,165
Foreign currency translation difference	**3**	**(4)**	**(1)**	(49)	37	(12)
Movement in reserve during the financial year	**8,624**	**(5,242)**	**3,382**	3,472	(775)	2,697
Balance at end of the financial year	**42,503**	**(23,272)**	**19,231**	33,876	(18,026)	15,850

	Company					
	2008			2007		
	Gross $'000	Reinsurance $'000	Net $'000	Gross $'000	Reinsurance $'000	Net $'000
Balance at beginning of the financial year	**33,231**	**(17,530)**	**15,701**	29,700	(16,718)	12,982
Movement in reserve during the financial year	**8,681**	**(5,302)**	**3,379**	3,531	(812)	2,719
Balance at end of the financial year	**41,912**	**(22,832)**	**19,080**	33,231	(17,530)	15,701

18. Deferred Acquisition Cost

	Group					
	2008			2007		
	Gross $'000	Reinsurance $'000	Net $'000	Gross $'000	Reinsurance $'000	Net $'000
Balance at beginning of the financial year	**4,035**	**(4,690)**	**(655)**	3,541	(4,736)	(1,195)
Foreign currency translation difference	**-**	**(1)**	**(1)**	(11)	8	(3)
Movement in deferred acquisition cost during the financial year	**586**	**(915)**	**(329)**	505	38	543
Balance at end of the financial year	**4,621**	**(5,606)**	**(985)**	4,035	(4,690)	(655)

	Company					
	2008			2007		
	Gross $'000	Reinsurance $'000	Net $'000	Gross $'000	Reinsurance $'000	Net $'000
Balance at beginning of the financial year	**3,893**	**(4,586)**	**(693)**	3,378	(4,618)	(1,240)
Movement in deferred acquisition cost during the financial year	**613**	**(940)**	**(327)**	515	32	547
Balance at end of the financial year	**4,506**	**(5,526)**	**(1,020)**	3,893	(4,586)	(693)

Notes to the financial statements for the financial year ended 31 December 2008

19. Provision For Outstanding Claims

Provision for outstanding claims will become payable and materialise into claims paid as and when the amounts of insured losses suffered by policyholders or third party claimants are ascertained and agreed, without any contractual maturity date. The timing of future cash outflow arising from the provision is not ascertainable but is likely to fall within six years.

The provision is sensitive to many factors such as interpretation of circumstances, legislative changes, judicial decisions and economic conditions and is also subject to uncertainties such as:

- uncertainty as to whether an event has occurred which would give rise to a policyholder or a third party claimant an insured loss;
- uncertainty as to the extent of policy coverage and limits applicable; and
- uncertainty as to the amount of insured loss suffered by a policyholder or a third party claimant as a result of the event occurring.

Movements in provision for outstanding claims:

	Group					
	2008			2007		
	Gross $'000	Reinsurance $'000	Net $'000	Gross $'000	Reinsurance $'000	Net $'000
Balance at beginning of the financial year	**108,447**	**(63,708)**	**44,739**	99,268	(56,540)	42,728
Foreign currency translation difference	**21**	**(12)**	**9**	(107)	89	(18)
Claims paid during the financial year	**(15,613)**	**9,574**	**(6,039)**	(17,411)	11,630	(5,781)
Outstanding claims from portfolio transfer	**-**	**-**	**-**	2,030	(754)	1,276
Claims incurred	**25,266**	**(18,635)**	**6,631**	24,667	(18,133)	6,534
Balance at end of the financial year	**118,121**	**(72,781)**	**45,340**	108,447	(63,708)	44,739

	Company					
	2008			2007		
	Gross $'000	Reinsurance $'000	Net $'000	Gross $'000	Reinsurance $'000	Net $'000
Balance at beginning of the financial year	**104,613**	**(61,346)**	**43,267**	97,612	(55,159)	42,453
Claims paid during the financial year	**(14,858)**	**8,830**	**(6,028)**	(15,150)	9,424	(5,726)
Claims incurred	**24,430**	**(17,411)**	**7,019**	22,151	(15,611)	6,540
Balance at end of the financial year	**114,185**	**(69,927)**	**44,258**	104,613	(61,346)	43,267

19. Provision For Outstanding Claims (continued)

The following are the Group's and Company's actual claims compared with previous estimates on gross and net basis:

(a) Group

Accident year	2000 & prior	2001	2002	2003	2004	2005	2006	2007	2008	Total ($'000)
Estimate of claims incurred* – **gross**										
- at end of accident year		16,472	20,994	18,497	30,622	20,805	27,156	36,587	38,597	
- one year later		17,581	22,426	18,874	31,827	20,266	27,997	34,879		
- two years later		16,135	22,756	18,222	36,320	19,193	24,679			
- three years later		15,722	22,073	18,501	28,324	17,892				
- four years later		14,908	17,833	18,199	27,178					
- five years later		14,627	17,152	17,339						
- six years later		14,225	16,826							
- seven years later		13,369								
Current estimate of cumulative claims		13,369	16,826	17,339	27,178	17,892	24,679	34,879	38,597	
Less: Cumulative claims paid to date		11,892	13,917	7,195	20,458	11,090	15,292	10,291	4,785	
Liability recognised in the balance sheet	3,757	1,477	2,909	10,144	6,720	6,802	9,387	24,588	33,812	**99,596**

Estimate of claims incurred arising from portfolio transfers – **gross**	Non-DOR	HKB	
- as at 1 January of year of transfer	42,309	2,030	
- one year later	36,877	2,019	
- two years later	35,987	2,230	
- three years later	35,158		
- four years later	31,325		
- five years later	27,878		
Current estimate of cumulative claims	27,878	2,230	
Less: Cumulative claims paid to date	11,127	456	
Liability recognised in the balance sheet	16,751	1,774	**18,525**
Total reserve included in the balance sheet			**118,121**

** Claims incurred other than claims arising from portfolio transfers from another local insurance company in respect of its Non-Discontinued Offshore Reinsurance business ("Non-DOR") on 1 January 2004 and in respect of its Hong Kong business ("HKB") on 1 January 2007.*

Notes to the financial statements for the financial year ended 31 December 2008

19. Provision For Outstanding Claims (continued)
(a) Group (continued)

Accident year	2000 & prior	2001	2002	2003	2004	2005	2006	2007	2008	Total ($'000)
Estimate of claims incurred* – **net**										
- at end of accident year		6,605	5,383	4,805	12,298	8,434	10,024	11,275	13,790	
- one year later		7,475	5,865	5,166	14,448	8,763	10,038	10,562		
- two years later		7,224	6,012	4,957	14,078	8,267	8,784			
- three years later		7,100	5,665	4,904	12,986	7,654				
- four years later		6,872	5,518	4,496	12,477					
- five years later		6,779	5,305	4,178						
- six years later		6,462	4,998							
- seven years later		6,147								
Current estimate of cumulative claims		6,147	4,998	4,178	12,477	7,654	8,784	10,562	13,790	
Less: Cumulative claims paid to date		5,631	4,246	2,991	8,680	4,725	5,229	4,173	1,574	
Liability recognised in the balance sheet	2,826	516	752	1,187	3,797	2,929	3,555	6,389	12,216	**34,167**

Estimate of claims incurred arising from portfolio transfers – **net**	Non-DOR	HKB	
- as at 1 January of year of transfer	21,704	1,276	
- one year later	19,902	1,257	
- two years later	20,915	824	
- three years later	20,460		
- four years later	18,078		
- five years later	15,762		
Current estimate of cumulative claims	15,762	824	
Less: Cumulative claims paid to date	5,398	15	
Liability recognised in the balance sheet	10,364	809	**11,173**
Total reserve included in the balance sheet			**45,340**

** Claims incurred other than claims arising from portfolio transfers from another local insurance company in respect of its Non-Discontinued Offshore Reinsurance business ("Non-DOR") on 1 January 2004 and in respect of its Hong Kong business ("HKB") on 1 January 2007.*

19. Provision For Outstanding Claims (continued)

(b) Company

Accident year	2000 & prior	2001	2002	2003	2004	2005	2006	2007	2008	Total ($'000)
Estimate of claims incurred* – **gross**										
- at end of accident year		16,415	20,948	18,488	29,952	19,476	25,614	35,096	36,694	
- one year later		17,530	22,377	18,870	31,033	19,879	27,680	34,685		
- two years later		16,084	22,706	18,219	35,629	18,708	24,376			
- three years later		15,671	22,022	18,498	27,669	17,317				
- four years later		14,857	17,788	18,196	26,538					
- five years later		14,581	17,110	17,336						
- six years later		14,182	16,798							
- seven years later		13,326								
Current estimate of cumulative claims		13,326	16,798	17,336	26,538	17,317	24,376	34,685	36,694	
Less: Cumulative claims paid to date		11,849	13,889	7,192	19,888	10,597	15,035	10,176	4,717	
Liability recognised in the balance sheet	3,707	1,477	2,909	10,144	6,650	6,720	9,341	24,509	31,977	**97,434**

Estimate of claims incurred arising from portfolio transfers – **gross**	Non-DOR	Total ($'000)
- as at 1 January of year of transfer	42,309	
- one year later	36,877	
- two years later	35,987	
- three years later	35,158	
- four years later	31,325	
- five years later	27,878	
Current estimate of cumulative claims	27,878	
Less: Cumulative claims paid to date	11,127	
Liability recognised in the balance sheet	16,751	**16,751**
Total reserve included in the balance sheet		**114,185**

** Claims incurred other than claims arising from portfolio transfers from another local insurance company in respect of its Non-Discontinued Offshore Reinsurance business ("Non-DOR") on 1 January 2004.*

Notes to the financial statements for the financial year ended 31 December 2008

19. Provision For Outstanding Claims (continued)
(b) Company (continued)

Accident year	2000 & prior	2001	2002	2003	2004	2005	2006	2007	2008	Total ($'000)
Estimate of claims incurred* – **net**										
- at end of accident year		6,595	5,365	4,804	12,267	8,343	9,785	11,076	13,528	
- one year later		7,468	5,846	5,165	14,406	8,724	10,003	10,554		
- two years later		7,217	5,993	4,956	14,048	8,228	8,750			
- three years later		7,093	5,646	4,903	12,959	7,617				
- four years later		6,865	5,507	4,495	12,456					
- five years later		6,772	5,294	4,177						
- six years later		6,456	4,993							
- seven years later		6,141								
Current estimate of cumulative claims		6,141	4,993	4,177	12,456	7,617	8,750	10,554	13,528	
Less: Cumulative claims paid to date		5,625	4,241	2,990	8,659	4,690	5,197	4,172	1,545	
Liability recognised in the balance sheet	2,797	516	752	1,187	3,797	2,927	3,553	6,382	11,983	**33,894**

Estimate of claims incurred arising from portfolio transfers – **net**	Non-DOR	
- as at 1 January of year of transfer	21,704	
- one year later	19,902	
- two years later	20,915	
- three years later	20,460	
- four years later	18,078	
- five years later	15,762	
Current estimate of cumulative claims	15,762	
Less: Cumulative claims paid to date	5,398	
Liability recognised in the balance sheet	10,364	**10,364**
Total reserve included in the balance sheet		**44,258**

** Claims incurred other than claims arising from portfolio transfers from another local insurance company in respect of its Non-Discontinued Offshore Reinsurance business ("Non-DOR") on 1 January 2004.*

20. Amount Due From Policyholders And Agents

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Amount due from policyholders and agents	**4,274**	3,941	**4,126**	3,695
Less: Allowance for doubtful debts	**-**	(39)	**-**	(39)
	4,274	3,902	**4,126**	3,656

These amounts are unsecured and non-interest bearing with payment terms not exceeding 90 days.

21. Amount Due From Reinsurers

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Amount due from reinsurers	**1,478**	3,213	**1,477**	3,206
Less: Allowance for doubtful debts	**(58)**	(54)	**(58)**	(54)
	1,420	3,159	**1,419**	3,152

These amounts are unsecured and non-interest bearing with payment terms not exceeding 90 days.

22. Fixed Assets

(a) Group and Company

	Furniture and fixtures $'000	Office equipment $'000	Motor vehicles $'000	Total $'000
Cost				
At 1 January 2007	189	1,941	82	2,212
Additions	-	88	49	137
Disposals	-	(92)	(82)	(174)
At 31 December 2007 and 1 January 2008	189	1,937	49	2,175
Additions	17	133	-	150
Disposals	-	(85)	-	(85)
At 31 December 2008	**206**	**1,985**	**49**	**2,240**
Accumulated depreciation				
At 1 January 2007	94	1,507	82	1,683
Depreciation charge for the year	14	189	1	204
Disposals	-	(92)	(82)	(174)
At 31 December 2007 and 1 January 2008	108	1,604	1	1,713
Depreciation charge for the year	14	195	10	219
Disposals	-	(85)	-	(85)
At 31 December 2008	**122**	**1,714**	**11**	**1,847**
Net book value				
At 31 December 2007	81	333	48	462
At 31 December 2008	**84**	**271**	**38**	**393**

(b) Fully depreciated assets

Original cost of fully depreciated assets still in use as at 31 December 2008 amounted to $1,559,000 (2007: $1,033,000).

23. Investment In Subsidiary

	2008 $'000	2007 $'000
Unquoted equity shares, at cost	**4,940**	4,940

The wholly-owned subsidiary is UOB Insurance (H.K.) Limited *, incorporated in Hong Kong S.A.R. The subsidiary underwrites general insurance business in Hong Kong S.A.R.

** Audited by a member firm of Ernst & Young Global in Hong Kong S.A.R.*

Notes to the financial statements for the financial year ended 31 December 2008

24. Available-for-sale Investments

	Group and Company	
	2008 Fair value $'000	**2007 Fair value $'000**
(a) Quoted*		
Equity shares in corporations	**38,187**	70,163
Debentures in corporations	**50,621**	5,967
Singapore Government securities	**22,875**	7,184
Other government securities	**5,854**	-
	117,537	83,314
(b) Unquoted		
Unit trusts (marketable)*	**18,977**	-
Debentures in corporations*	**2,571**	-
	21,548	-
Equity shares in related corporations**	**5,000**	5,000
Equity shares in a corporation**	**1**	1
Less: Provision for impairment**	**(5,000)**	(5,000)
	1	1
Total	**139,086**	83,315

The quoted and unquoted debentures bear an effective weighted average interest rate of 3.83% (2007: 3.61%) and 5.00% (2007: Nil) per annum respectively with maturity dates from May 2009 to December 2049 (2007: November 2009 to November 2017).

The government securities bear an effective weighted average interest rate of 3.50% (2007: 3.26%) per annum with maturity dates from July 2014 to March 2027 (2007: September 2020).

The other government securities bear an effective weighted average interest rate of 4.75% (2007: Nil) per annum with maturity dates from April 2009 to January 2030 (2007: Nil).

** The fair value of these quoted and unquoted investments are determined by quoted prices listed on a recognised exchange, independent broker quotations or published prices.*

*** These assets are carried at cost less impairment losses. It is not practicable to determine with sufficient reliability the fair value of unquoted equity shares.*

24. Available-for-sale Investments (continued)

Reclassification of financial assets

In September 2008, the equity markets plunged after the incidences of Lehman Brothers and AIG. Arising from these circumstances, on 31 October 2008 the Group decided to reclassify all its investments at fair value through profit or loss out of such category into the available-for-sale category. Pursuant to the Amendments to FRS 39 Financial Instruments: Recognition and Measurement and FRS 107 Financial Instruments: Disclosures – Reclassification of Financial Assets, the aforesaid reclassification took effect from 1 July 2008. The amounts reclassified out of investments at fair value through profit or loss and into available-for-sale investments category, their carrying amount and fair value are as follows:

	Group and Company		
		Reclassified assets held on 31 December	
	Fair value on effective date of reclassification $'000	2008 Carrying amount $'000	2008 Fair value $'000
(a) Quoted			
Equity shares in corporations	2,140	2,140	906
Debentures in corporations	20,429	18,918	18,504
Singapore Government securities	4,900	4,900	6,093
(b) Unquoted			
Unit trusts (marketable)	22,306	22,306	18,977
Debentures in corporations	2,577	2,577	2,572
	52,352	50,841	47,052

As at the date of reclassification of 31 October 2008, the Group expected to recover the carrying amount of the aforesaid investments in full when the conditions in the equity markets improve.

Arising from the aforesaid reclassification, on 31 October 2008 an unrealised fair value loss of $4,668,000 was reclassified out from the profit and loss accounts and into the available-for-sale investment reserve in the equity. Subsequent to this reclassification, investments of carrying amount of $1,511,000 was sold and a loss of $12,000 was realised during the year.

If the aforesaid reclassification had not been carried out, an unrealised fair value loss of $3,789,000 would have been recognised in the profit and loss accounts in the year.

25. Non-current Debtors

The non-current debtors in 2007 was the portion of a loan that was due after one year from an executive director who is employed on a full-time basis by the Company. The portion of the loan which is due within one year, amounting to $14,000 (2007: $21,000), is included in non-trade debtors and accrued interest receivable under current assets.

26. Statutory Deposit

The statutory deposit of $500,000 (2007: $500,000) was lodged by the Company with the Monetary Authority of Singapore as required under Section 14(1) of the Singapore Insurance Act, Cap. 142.

Notes to the financial statements for the financial year ended 31 December 2008

27. Non-trade Debtors And Accrued Interest Receivable

Non-trade debtors and accrued interest receivable include accrued interest receivable from:

	Group		Company	
	2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**
Holding company	**34**	136	**34**	135
Fellow subsidiaries	**4**	6	**4**	6
	38	142	**38**	141

These amounts are unsecured, interest-free and refundable on demand.

28. Amount Owing By Related Companies

	Group		Company	
	2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**
Amount owing by:				
Holding company – trade	**162**	6	**162**	6
Subsidiary – non-trade	**-**	-	**25**	60
	162	6	**187**	66

The non-trade balance due from the subsidiary is unsecured, interest-free and repayable on demand.

29. Investments At Fair Value Through Profit Or Loss

	Group and Company	
	2008 Fair value $'000	**2007 Fair value $'000**
(a) Quoted		
Equity shares in corporations	**-**	6,788
Debentures in corporations	**-**	36,090
Singapore Government securities	**-**	8,409
(b) Unquoted		
Unit trusts (marketable)	**-**	32,623
Debentures in corporations	**-**	2,690
	-	86,600

The fair value of quoted and unquoted investments is determined by quoted prices listed on a recognised exchange, independent broker quotations or published prices.

On 31 October 2008, the Group reclassified all its investments at fair value through profit or loss out of such category into the available-for-sale category. Further information about this reclassification can be found in Note 24.

30. Fixed Deposits

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Fixed deposits with:				
Holding company	**80,470**	72,791	**74,298**	66,874
Fellow subsidiaries	**1,350**	1,330	**1,350**	1,330
Other financial institutions	**22,928**	26,126	**22,928**	25,678
	104,748	100,247	**98,576**	93,882
Fixed deposits with:				
3 months or less	**102,650**	100,247	**96,478**	93,882
More than 3 months	**2,098**	-	**2,098**	-
	104,748	100,247	**98,576**	93,882

The fixed deposits with the holding company, fellow subsidiaries and other financial institutions for the Group and the Company mature on varying dates within 6 months (2007: 3 months) from the financial year end. The weighted average effective interest rate of these deposits at 31 December 2008 for the Group and the Company was 0.53% (2007: 2.23%) and 0.55% (2007: 2.07%) respectively per annum.

31. Cash And Bank Balances

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Bank balances with:				
Holding company	**3,918**	5,459	**1,859**	3,281
Fellow subsidiaries	**586**	728	**586**	728
Other financial institutions	**1,837**	977	**1,837**	977
Cash on hand	**2**	2	**2**	2
	6,343	7,166	**4,284**	4,988

32. Collaterals Received

The Group and the Company have fixed deposits of $2,191,000 (2007: $949,000) and bank balances of $82,000 (2007: $73,000) held as collateral against performance bonds issued on behalf of policyholders throughout the period of the insurance policies. The fair values of the collaterals as at the balance sheet date approximate their carrying amounts.

33. Commitments

At the balance sheet date, the Group and the Company has rental commitments under a non-cancellable operating lease. The minimum lease payments are:

	Group and Company	
	2008 $'000	2007 $'000
Lease which expires:		
Within one year	**599**	653
Between one and three years	**-**	599
	599	1,252

Notes to the financial statements for the financial year ended 31 December 2008

34. Related Party Transactions

The following related party transactions took place between the Company and related parties during the financial year on terms agreed by the parties concerned:

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Gross premium income from:				
- Holding company	**9,751**	9,869	**9,671**	9,812
- Related companies	**332**	344	**332**	344
Commission expenses paid to:				
- Holding company	**3,699**	3,338	**3,690**	3,328
- Related companies	**-**	1	**-**	1
Gross claims incurred from:				
- Holding company	**2,209**	3,899	**2,209**	3,899
- Related companies	**110**	22	**110**	22
Rental paid to an associated company of the holding company	**653**	653	**653**	653
Management fee received from an associated company of the holding company	**750**	750	**750**	750
Management fee charged by a related company	**492**	532	**492**	532
Interest income earned from:				
- Holding company	**936**	1,486	**813**	1,202
- Related companies	**18**	44	**18**	44
Directors' remuneration:				
- Directors of the Company	**636**	630	**636**	630
- Directors of subsidiary	**1**	1	**-**	-

Directors' remuneration included fees, salary, bonus, Central Provident Fund contribution and other emoluments (including benefits-in-kind) computed based on cost incurred by the Group and the Company.

35. 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 are relatively insignificant.

36. Financial Risk Factors And Management

The Group's activities expose it to a variety of financial risks, including the effects of changes in equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

(a) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures. The Group does not consider its exposure to foreign exchange risk to be significant and therefore does not regularly enter into forward contracts to manage this risk. However, when necessary, the Group will use forward contracts to hedge its exposure to foreign exchange risk.

Due to the business operation of its Hong Kong subsidiary, the Group's balance sheet can be affected by movements in the exchange rate between Hong Kong dollar and the local reporting currency. The Group also has transactional currency exposures arising from its offshore business and the business operation of the Hong Kong subsidiary.

36. Financial Risk Factors And Management (continued)

(a) Foreign exchange risk (continued)

The Group monitors its exposure in each foreign currency as well as its aggregate exposure in all foreign currencies on a regular basis. The Group's net position in foreign currencies is as follows:

	Group			
	Total net assets/(liabilities) position			
	2008		2007	
	Amount in foreign currency 1,000 units	Amount in reporting currency $'000	Amount in foreign currency 1,000 units	Amount in reporting currency $'000
Australian dollar	**632**	**629**	2,105	2,666
British pound	**580**	**1,204**	1	2
Canadian dollar	**138**	**163**	-	-
Euro	**995**	**2,015**	(179)	(380)
Hong Kong dollar	**(5,228)**	**(969)**	37,014	6,822
Indian rupee	**(4,085)**	**(122)**	-	-
Indonesian rupiah	**(98,056)**	**(12)**	(598,144)	(92)
Japanese yen	**(47,918)**	**(763)**	(39,383)	(506)
Korean won	**(236,693)**	**(255)**	(67,198)	(103)
Malaysian ringgit	**5,993**	**2,484**	8,649	3,761
New Taiwan dollar	**24**	**1**	103	5
Thai baht	**(7,876)**	**(326)**	(13,077)	(626)
US dollar	**1,740**	**2,499**	55	79
		6,548		11,628

The following table shows the sensitivity of the Group's profit before tax and the Group's equity to a reasonable possible change in the Singapore dollar exchange rate against all other currencies, with all other variables held constant:

	Increase/ decrease in $ exchange rate	Effect on profit before tax $'000	Effect on equity $'000
2008	**+5%**	**(289)**	**(347)**
	-5%	**289**	**347**
2007	+5%	(238)	(343)
	-5%	238	343

The method used for deriving sensitivity information and significant variables did not change from the previous year.

(b) Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's operating cash outflow commitment is substantially independent of changes in market interest rates.

The Group's exposure to the risk of changes in market interest rates relates primarily to the interest income on the Group's fixed deposits and the fair value of debentures held for trading and available-for-sale.

During 2008 and as at 31 December 2008, if interest rates had been 10 basis points higher, with all other variables held constant, the Group's profit before tax for the year is estimated to be $10,475 (2007: $57,268) higher, due mainly to higher interest income on fixed deposits. The Group's equity as at 31 December 2008 is estimated to be $676,904 (2007: $99,715) lower due to unrealised loss on available-for-sale debentures. If interest rates, during 2008 and as at 31 December 2008, had been 10 basis points lower, with all other variables held constant, the Group's profit before tax for the year is estimated to be $10,475 (2007: $57,268) lower, due mainly to lower interest income on fixed deposits. The Group's equity as at 31 December 2008 is estimated to be $676,904 (2007: $99,715) higher due to unrealised gain on available-for-sale debentures.

The method used for deriving sensitivity information and significant variables did not change from the previous year.

Notes to the financial statements for the financial year ended 31 December 2008

36. Financial Risk Factors And Management (continued)

(c) Credit risk

The Group has no significant concentration of credit risk.

The Group has credit control policies in place to ensure that sale made to customers and recoveries from reinsurers are duly collected. The Group has also established a selection and management policy for reinsurers to ensure that they are financially sound.

Notwithstanding the measures taken, the failure of one or more of the Group's policyholders, agents, ceding companies, reinsurers and other counterparties to honour their contractual obligations, may result in doubtful or bad debts being incurred and this will adversely affect the Group's financial position.

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group.

The Group generally considers that balances outstanding for more than 90 days as due. The ageing summary of balances due to the Group are as follows:

	Group					
	2008			2007		
	Below 6 months $'000	**Over 6 months $'000**	**Total $'000**	**Below 6 months $'000**	**Over 6 months $'000**	**Total $'000**
Amount due from policyholders and agents	**3,911**	**373**	**4,284**	3,411	531	3,942
Provision for doubtful debts			**-**			(39)
Exchange difference			**(10)**			(1)
			4,274			3,902
Amount due from reinsurers	**1,485**	**-**	**1,485**	2,101	1,150	3,251
Provision for doubtful debts			**(58)**			(54)
Exchange difference			**(7)**			(38)
			1,420			3,159

Movements in the provision for doubtful debts are as follows:

	Group	
	2008 $'000	**2007 $'000**
Balance at 1 January	**93**	205
Bad debts written-off against provision account	**(35)**	(152)
Charged to insurance revenue account	**4**	40
Write-back of provision for doubtful debts	**(4)**	-
Balance at 31 December	**58**	93

Amounts due from policyholders, agents and reinsurers are mainly creditworthy debtors with good payment record.

With regard to other financial assets of the Group, which comprise cash and bank balances, fixed deposits, receivables and investments, they are placed with or entered into with reputable financial institutions or companies with high credit rating and no history of default. The Group's exposure to credit risk, arising from default of the counterparty, has a maximum exposure equal to the carrying amount of these assets in the balance sheet.

36. Financial Risk Factors And Management (continued)

(d) Liquidity risk

The Group is not exposed to significant liquidity risk.

Liquidity risk is the risk that the Group is unable to meet its cash outflow commitment as and when they fall due. These commitments are generally met through cash and time deposits held by the Group and cash inflows generated from its operation, supplemented by assets readily convertible into cash. Liquidity risk may also arise if the cash flows related to assets and liabilities are mismatched.

Due to the nature of its business, the Group's policy and claim liabilities, which comprise reserve for unexpired risks and provision for outstanding claims, are expected to be short-tail, without contractual maturity date, and likely be materialised within six years. The Group's available-for-sale investments and investments at fair value through profit or loss are mainly marketable securities. The carrying amount of these liabilities and investments are as shown in the Group's balance sheet. In view of the nature of its business and type of assets owned, maturity mismatch is unlikely.

The Group has formulated a liquidity policy to manage its liquidity risk. It is the Group's policy to maintain adequate liquidity at all times. The Group aims to honour all cash outflow commitments on an on-going basis and to avoid raising funds from credit facilities or through the forced sale of investments.

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity instruments and has established an investment policy, which sets maximum exposure limits for its investment portfolio. These quoted equity instruments are listed on the Singapore Exchange in Singapore or other regulated stock exchanges overseas and are classified as held for trading or available-for-sale financial assets.

At the balance sheet date, if the market prices of the equity investments had been 2% (2007: 2%) higher/lower with all other variables held constant, the Group's profit net of tax would have been nil (2007: $111,000) higher/lower, due mainly to reclassification of investments on 31 October 2008 as detailed in Note 24. In addition, the Group's equity would have been $626,000 (2007: $1,151,000) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as available-for-sale.

The Group does not have exposure to commodity price risk.

The method used for deriving sensitivity information and significant variables did not change from the previous year.

37. Fair Values Of Financial Instruments

The financial assets and financial liabilities of the Group and the Company comprise its available-for-sale investments, current assets and current liabilities, with the exception of taxation. Other than the fair values of quoted and unquoted investments as detailed in Notes 24 and 29, the fair values of the financial assets and financial liabilities as at the balance sheet date approximate their carrying amounts as shown in the balance sheet.

38. Events After Balance Sheet Date

The Singapore corporate tax rate, as announced on 22 January 2009, will be reduced from 18% to 17% with effect from Year of Assessment 2010. This is considered as a non-adjusting subsequent event and the financial effect of the reduced tax rate will be reflected in the financial year ending 31 December 2009.

The Company's deferred tax provision has been computed on the year-end prevailing tax rate of 18%. The effect of the reduction in the tax rate does not have a significant impact on the Group and the Company's financial statements.

39. Authorisation Of Financial Statements

The financial statements were authorised for issue in accordance with a resolution of the directors on 23 February 2009.

Statistics of shareholdings

As at 9 March 2009

Distribution Of Shareholdings

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 – 999	327	16.04	101,713	0.17
1,000 - 10,000	1,370	67.19	5,003,116	8.18
10,001 - 1,000,000	341	16.72	20,342,671	33.26
1,000,001 and above	1	0.05	35,707,500	58.39
Total	2,039	100.00	61,155,000	100.00

Public Float

Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited requires that at least 10% of the total number of issued shares (excluding treasury shares, preference shares and convertible equity securities) of a listed company in a class that is listed is at all times held by the public.

Based on information available to the Company as at 9 March 2009, approximately 41% of the issued ordinary shares of the Company was held by the public and therefore, Rule 723 of the Listing Manual has been complied with.

Twenty Largest Shareholders (As Shown In The Register Of Members And Depository Register)

Name of shareholders	No. of shares	%
Tye Hua Nominees Private Limited	35,707,500	58.39
Citibank Nominees Singapore Pte Ltd	927,400	1.52
Chong Chew Lim @ Chong Ah Kau	925,000	1.51
Ng Poh Cheng	732,550	1.20
India International Insurance Pte Ltd	603,750	0.99
Lim Jun Ying	600,000	0.98
Chan Tut Sai	522,000	0.85
Ng Ean Nee @ Ooi Ean Nee	500,000	0.82
Singapore Reinsurance Corporation Ltd - Shareholders	473,000	0.77
Chen Swee Kwong	460,000	0.75
Chong Chin Chin (Zhang Jingjing)	448,000	0.73
Chong Kian Chun (Zhang Jianjun)	441,000	0.72
United Overseas Bank Nominees Pte Ltd	397,055	0.65
Tenet Insurance Company Ltd	375,000	0.61
Yeoh Phaik Ean	375,000	0.61
Tan Chong Hock	317,250	0.52
Tang Ngiik Ung @ Tang Nguik Huat	292,000	0.48
Thia Cheng Song	285,000	0.47
Yim Chee Chong	266,000	0.44
Tan Suat Lay @ Tan Suat Ngor	245,250	0.40
Total	44,892,755	73.41

Substantial Shareholder (As Shown In The Register Of Substantial Shareholder)

Name of substantial shareholder	Shareholding registered in the name of substantial shareholder No. of Shares	Other shareholding in which the substantial shareholder is deemed to have an interest No. of Shares
United Overseas Bank Limited	-	35,707,500

Notice of annual general meeting

United Overseas Insurance Limited (Incorporated in the Republic of Singapore)
Company Registration No. 197100152R

Notice is hereby given that the Thirty-Eighth Annual General Meeting of members of the Company will be held at the Penthouse of United Overseas Bank Limited, 80 Raffles Place, 61st Storey, UOB Plaza 1, Singapore 048624 on Wednesday, 29 April 2009 at 12.00 noon to transact the following business:

As Ordinary Business

Resolution 1 To receive the Financial Statements, the Directors' Report and the Auditors' Report for the year ended 31 December 2008.

Resolution 2 To declare a Final One-Tier Tax-Exempt Dividend of 3 cents per share for the year ended 31 December 2008.

Resolution 3 To approve Directors' fees of $132,000 for 2008 (2007: $165,000).

Resolution 4 To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and authorise the Directors to fix their remuneration.

Resolution 5 To re-elect Mr Wee Ee Cheong as Director.

To pass the following resolution under Section 153(6) of the Companies Act, Cap. 50:

"THAT pursuant to Section 153(6) of the Companies Act, Cap. 50, ________________ be and is hereby re-appointed as a Director of the Company to hold such office until the next Annual General Meeting of the Company."

in respect of:

Resolution 6 Dr Wee Cho Yaw

Resolution 7 Mr Hwang Soo Jin

Resolution 8 Mr Yang Soo Suan

Resolution 9 Dr Lee Soo Ann

As Special Business

To consider and, if thought fit, pass the following ordinary resolution:

Resolution 10 "THAT authority be and is hereby given to the Directors of the Company to:

(a) (i) issue ordinary shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/ or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares;

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

Notice of annual general meeting

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force,

provided that:

(1) the aggregate number of ordinary shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 percent of the total number of issued shares, excluding treasury shares, in the capital of the Company (as calculated in accordance with paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20 percent of the total number of issued shares, excluding treasury shares, in the capital of the Company (as calculated in accordance with paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of shares that may be issued under paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares, excluding treasury shares, in the capital of the Company at the time this Resolution is passed, after adjusting for:

(i) new ordinary shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."

Notes to Resolutions

Resolution 2 is to approve a final dividend. The Share Transfer Books and Register of Members will be closed from 12 May 2009 to 13 May 2009, both dates inclusive, for the preparation of dividend warrants. Registrable transfers received up to 5.00 pm on 11 May 2009 will be entitled to the dividend. If approved, the dividend will be paid on 25 May 2009.

Resolution 6 is to re-appoint Dr Wee Cho Yaw. Dr Wee is a non-independent member and Chairman of the Remuneration Committee, and a non-independent member of the Nominating Committee.

Resolution 7 is to re-appoint Mr Hwang Soo Jin. Mr Hwang is an independent member and Chairman of the Nominating Committee, and an independent member of the Audit and Remuneration Committees.

Resolution 8 is to re-appoint Mr Yang Soo Suan. Mr Yang is an independent member and Chairman of the Audit Committee, and an independent member of the Nominating and Remuneration Committees.

Resolution 9 is to re-appoint Dr Lee Soo Ann who is an independent member of the Audit Committee.

Resolution 10 is to empower the Directors to issue ordinary shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into ordinary shares, and to issue ordinary shares in pursuance of such instruments, up to an amount not exceeding in total 50 percent of the total number of issued shares, excluding treasury shares, in the capital of the Company, but with a sub-limit of 20 percent for issue of shares other than on a pro-rata basis to shareholders. For the purpose of determining the aggregate number of ordinary shares that may be issued, the percentage of issued shares in the capital shall be based on the total number of issued shares, excluding treasury shares, in the capital of the Company at the time that Resolution 10 is passed, after adjusting for (a) new ordinary shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution 10 is passed, and (b) any subsequent bonus issue, consolidation or subdivision of ordinary shares.

By Order of the Board

Chan Vivien
Secretary
Singapore, 8 April 2009

Notes:

1 *A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company.*

2 *To be effective, the instrument appointing a proxy or proxies must be deposited at 80 Raffles Place, #04-20, UOB Plaza 2, Singapore 048624 (Attention: The Company Secretary), not less than 48 hours before the time set for holding the Meeting.*

This page has been intentionally left blank.

Proxy Form

United Overseas Insurance Limited
(Incorporated in the Republic of Singapore)
Company Registration No. 197100152R

IMPORTANT
1. The Annual Report 2008 is sent to investors who have used their CPF monies to buy shares of United Overseas Insurance Limited, FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

I/We ______________________________ (Name)

of ______________________________ (Address)

being (a) member/members of United Overseas Insurance Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or *

Name	NRIC/Passport No	Proportion of Shareholdings	
		No. of Shares	%
Address			

* *Please delete as appropriate.*

or failing him/her, the **Chairman of the Meeting** as my/our proxy, to attend and vote for me/us on my/our behalf at the **Thirty-Eighth Annual General Meeting** of members of the Company, to be held at the Penthouse of United Overseas Bank Limited, 80 Raffles Place, 61st Storey, UOB Plaza 1, Singapore 048624 on Wednesday, 29 April 2009, at 12.00 noon and at any adjournment thereof.

(Please indicate with an "X" in the space provided how you wish your proxy to vote. In the absence of specific directions, the proxy will vote as the proxy deems fit.)

No.	Ordinary Resolutions	For	Against
Resolution 1	Financial Statements, Directors' Report & Auditors' Report		
Resolution 2	Final dividend		
Resolution 3	Directors' fees		
Resolution 4	Auditors & their remuneration		
Resolution 5	Re-election (Mr Wee Ee Cheong)		
Resolution 6	Re-appointment (Dr Wee Cho Yaw)		
Resolution 7	Re-appointment (Mr Hwang Soo Jin)		
Resolution 8	Re-appointment (Mr Yang Soo Suan)		
Resolution 9	Re-appointment (Dr Lee Soo Ann)		
Resolution 10	Authority to issue shares		

Dated this __________ day of ___________ 2009.

Shares in:	No. of Shares
(i) Depository Register	
(ii) Register of Members	
Total	

____
Signature(s) or Common Seal of Shareholder(s)

IMPORTANT: PLEASE READ NOTE OVERLEAF

Notes:

1. Please insert the number of shares held by you and registered in your name in the Register of Members and in the Depository Register of The Central Depository (Pte) Limited. If no number is inserted, the instrument of proxy will be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at a Meeting of the Company is entitled to appoint not more than two proxies to attend and vote instead of him. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under this instrument of proxy, to the Meeting.
5. The instrument appointing a proxy or proxies must be deposited at 80 Raffles Place #04-20 UOB Plaza 2, Singapore 048624 (Attention: The Company Secretary) not less than 48 hours before the time appointed for the Meeting.
6. The instrument appointing a proxy or proxies must be signed under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of an officer or attorney duly authorised.

   Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof (failing previous registration with the Company) must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation which is a member may authorise by a resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.
8. The Company shall be entitled to reject the instrument of proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.
9. Agent Banks acting on the request of CPF Investors who wish to attend the Meeting as Observers are required to submit in writing, a list with details of the investors' name, NRIC/Passport numbers, addresses and number of shares held. The list, signed by an authorised signatory of the agent bank, should reach the Company Secretary's office not later than 48 hours before the time appointed for holding the Meeting.

1st FOLD

2nd FOLD

UOI

Postage will be paid by addressee. For posting in Singapore only.

BUSINESS REPLY SERVICE
PERMIT NO. 07399

The Company Secretary
80 Raffles Place, #04-20, UOB Plaza 2
Singapore 048624

FOLD AND GLUE OVERLEAF. DO NOT STAPLE.

uoi.com.sg

United Overseas Insurance Limited

Registered Office
80 Raffles Place
UOB Plaza
Singapore 048624
Company Registration No.: 197100152R

Phone (65) 6533 9898
Fax (65) 6534 2334