大華保險

United Overseas Insurance Limited
Annual Report 2009

The Dune
Goh Beng Kwan

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

The Dune, by Singapore's Cultural Medallion recipient Mr Goh Beng Kwan, is part of the UOB Art Collection. The artwork is the winning piece at the inaugural UOB Painting Of The Year ("POY") Competition in 1982, and was inspired by a dune in a small town in Massachusetts, USA, where Mr Goh had studied to be an artist. The UOB POY Competition and Exhibition is a flagship event under the corporate social responsibility programme of United Overseas Bank Limited.

Contents

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

Company 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 have under US$1 billion a year in revenue and five-year returns on capital of at least 5%. UOI was one of 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 Union (2009) Limited (formerly known as Overseas Union Insurance, Limited).

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
Chia-Sie Lie Ming
Claims

Managers
Tan Hwee Ngoh Nellie
Corporate Services
Chia-Lim Siew Heah
Corporate Services
Teo Hock Chye
Business Development
Ler Seow Meng Stanley
Business Development

Deputy Managers
Ng Sze Theng
Information System
Sim Bee Heng Veronica
Corporate Services

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
Oh-Ong Lay Hong
Business Development

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3 Anson Road
#28-01 Springleaf Tower
Singapore 079909
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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 No: 197100152R
Phone: (65) 6533 9898
Fax: (65) 6534 2334

Share Registrar
Boardroom Corporate & Advisory
Services Pte Ltd
50 Raffles Place
Singapore Land Tower #32-01
Singapore 048623
Phone: (65) 6536 5355
Fax: (65) 6536 1360

Auditors
Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge:
Yap Swee Gek
(Appointed on 29 April 2009)

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

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Chairman's statement

"In the general insurance market, competition is expected to remain intense thereby tempering the growth in premiums. The Company will continue to pursue its proven judicious underwriting policy and achieve a quality portfolio to ensure positive returns."

In 2009, the Singapore economy contracted by 2%. The decline would have been worse if not for the Government's $20.5 billion stimulus package. Although the worst appears to be over, and the economy is on track to return to positive growth, the recovery is expected to be gradual.

As for the general insurance market, its growth was largely driven by the motor insurance segment as insurers raised premiums after sustaining significant losses the year before. The other areas of growth came from hull, fire and certain classes of construction-related insurance. However, the industry was affected by contraction in the other classes of insurance such as cargo, work injury compensation, personal accident and health.

Notwithstanding the economic slowdown, I am pleased to report that the Company achieved another record underwriting profit of $16.9 million in 2009. This was due mainly to our strict discipline of prudent selection and retention of quality risks. As a result of improvements in the equity markets, the Company recorded a gain of $9.2 million in our investment income. Consequently, the Company's profit before tax was higher at $26.1 million against $11.0 million attained in 2008.

Gross premiums increased by 2% to $83.6 million due largely to increasing contributions from bancassurance initiatives with the parent bank, growing support from selected insurance intermediaries and higher premiums from offshore markets. Even as competition remained intense, the Company managed to increase its business from all classes of insurance except for marine cargo and other accidents. While there was a reduction in the other accidents' business, the Company further strengthened its position in the fire insurance market when it increased its gross premiums to $30.1 million.

The Board has proposed to transfer $1 million to general reserve. It recommends a final one-tier tax-exempt dividend of 12 cents per share. Together with the interim dividend of 3 cents, the total dividend for the financial year 2009 would amount to 15 cents per share.

The Company's wholly-owned subsidiary in Hong Kong, UOB Insurance (H.K.) Limited, achieved a profit before tax of $661,000. This improvement came from a turnaround in other income and better underwriting profit.

2010 Prospects

The global recovery is still in its nascent stage and any return to pre-crisis levels of trade and consumption is likely to be gradual. According to official estimates, Singapore's economic growth in 2010 is likely to range between 4.5% and 6.5%.

In the general insurance market, competition is expected to remain intense thereby tempering the growth in premiums.

The Company will continue to pursue its proven judicious underwriting policy and achieve a quality portfolio to ensure positive returns.

Acknowledgement

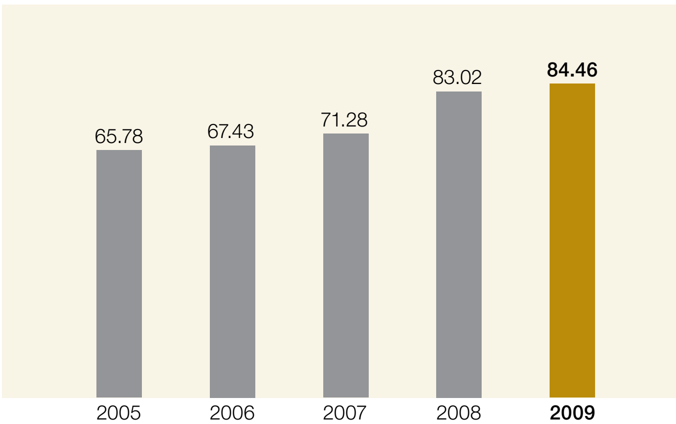
On behalf of the Board, I wish to thank management and staff for their dedication and hard work throughout the year. My thanks are also extended to our clients, brokers, agents, reinsurers and shareholders for their steadfast support. I also wish to express my gratitude to my colleagues on the Board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

Wee Cho Yaw

March 2010

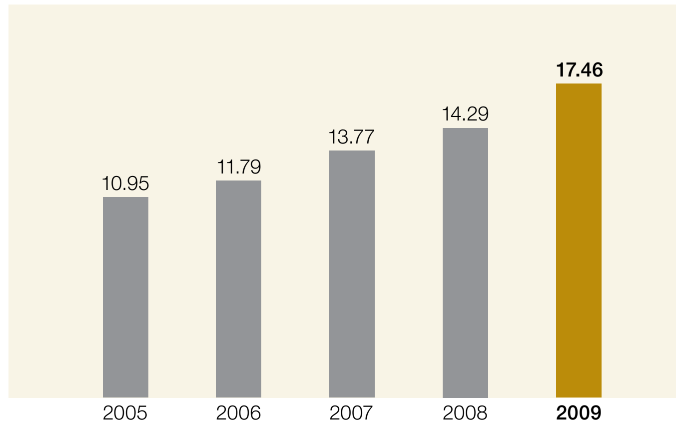
Financial highlights

Group gross premiums ($ million)



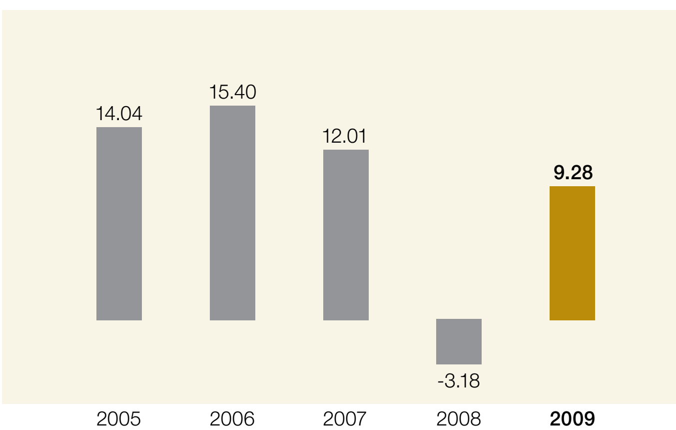
2009: $84.46 million
2008: $83.02 million

Group insurance underwriting profit ($ million)



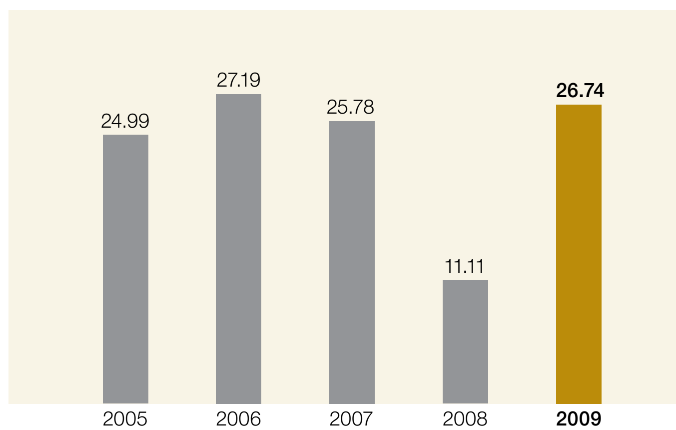
2009: $17.46 million
2008: $14.29 million

Group other income ($ million)



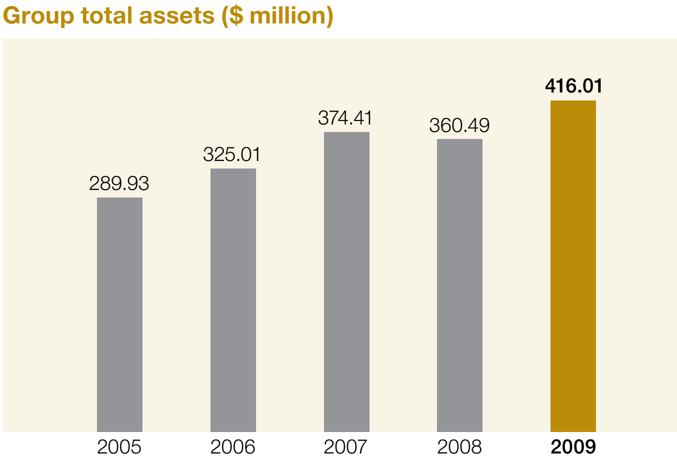
2009: $9.28 million
2008: ($3.18) million

Group profit before tax ($ million)



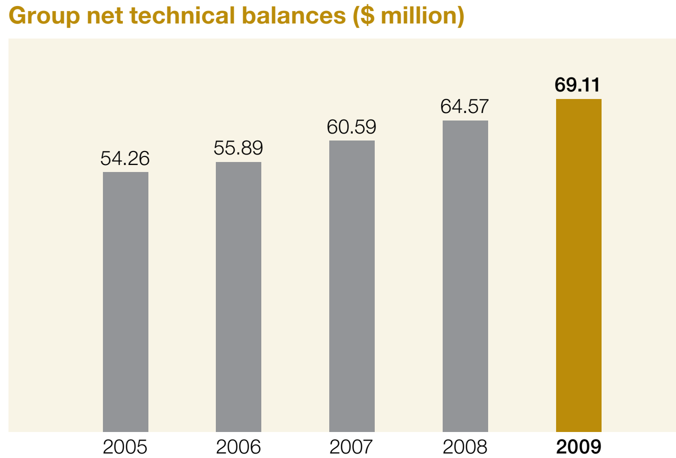
2009: $26.74 million
2008: $11.11 million

Group total assets ($ million)



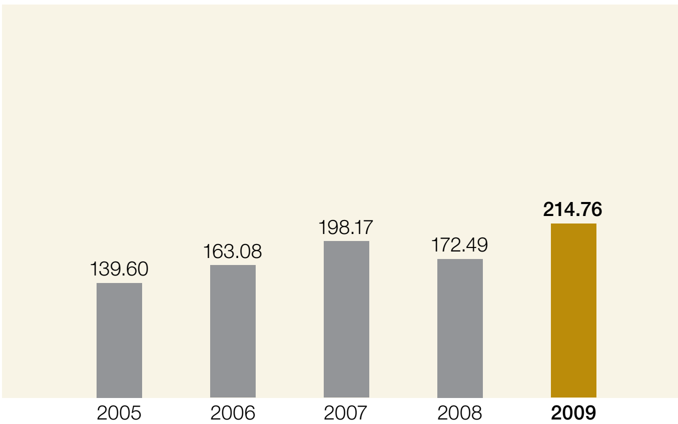
2009: $416.01 million
2008: $360.49 million

Group net technical balances ($ million)



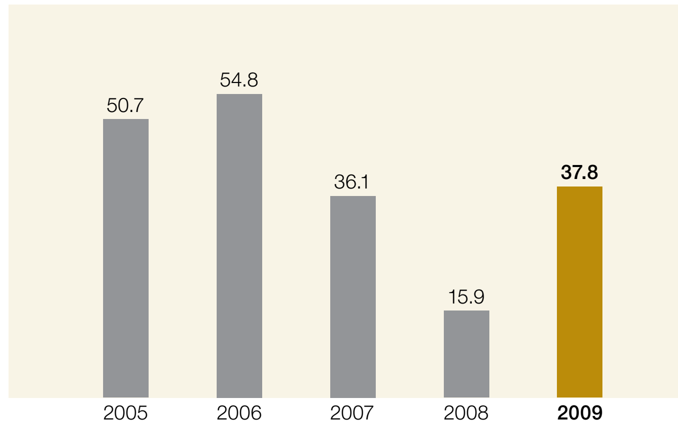
2009: $69.11 million
2008: $64.57 million

Group shareholders' equity ($ million)



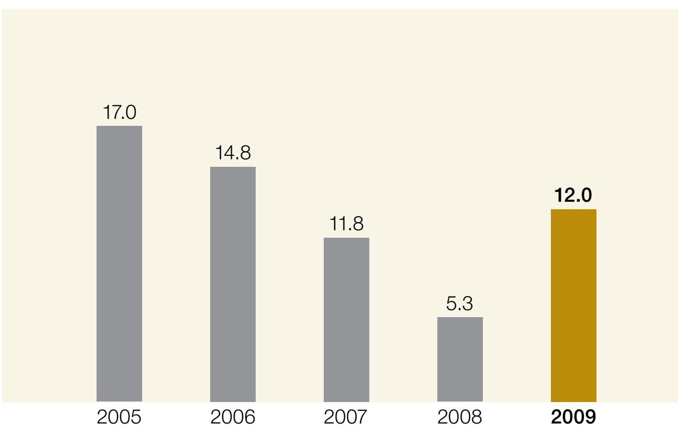
2009: $214.76 million
2008: $172.49 million

Group earnings per share - basic and diluted (cents)



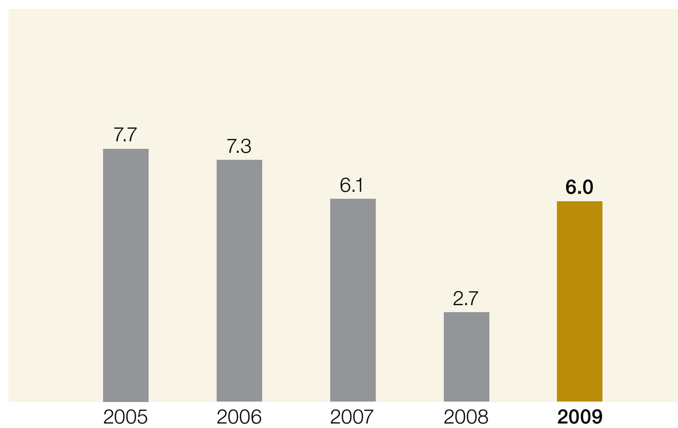
2009: 37.8 cents
2008: 15.9 cents

Group return on average sharesholders' equity (%)



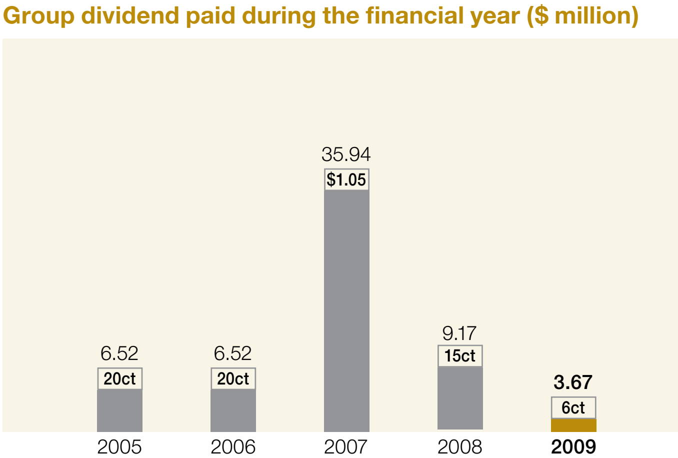
2009: 12.0%
2008: 5.3%

Group return on average total assets (%)



2009: 6.0%
2008: 2.7%

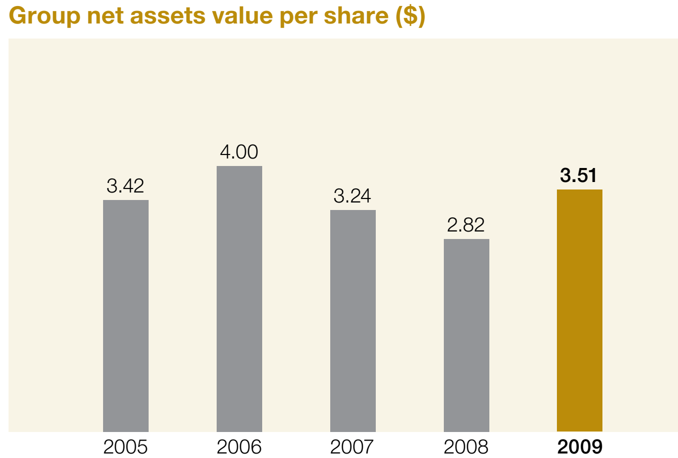
Group dividend paid during the financial year ($ million)



2009: $3.67 million
2008: $9.17 million

Dividend rate

Group net assets value per share ($)



2009: $3.51
2008: $2.82

Financial highlights

Key Indicators	The Group 2009	2008	Increase/ decrease
Profit For The Financial Year ($'000)			
Gross premiums	84,464	83,021	1.7%
Insurance underwriting profit	17,462	14,287	22.2%
Other income	9,281	(3,173)	NM
Profit before tax	26,743	11,114	140.6%
Selected Balance Sheet Items As At Year-end ($'000)			
Total assets	416,014	360,486	15.4%
Net technical balances	69,114	64,571	7.0%
Shareholders' equity	214,760	172,489	24.5%
Financial Ratios			
Earnings per share - basic and diluted (cents)	37.8	15.9	137.7%
Return on average shareholders' equity (ROE) (%)	12.0	5.3	6.7% point
Return on average total assets (ROA) (%)	6.0	2.7	3.3% point
Expense/income ratio (%)	21.1	45.6	-24.5% point
Declared dividend per share (cents)			
Interim	3.0	3.0	-
Final	12.0	3.0	300%
Net assets value per share ($)	3.51	2.82	24.5%

Note: NM = Not Meaningful

Financial review

Comparative Group Growth Data (Figures In $ Million)

	2005	2006	2007	2008	2009
Gross premiums	65.78	67.43	71.28	83.02	84.46
Shareholders' equity	139.60	163.08	198.17	172.49	214.76
Total assets	289.93	325.01	374.41	360.49	416.01
Insurance underwriting profit before tax	10.95	11.79	13.77	14.29	17.46

Over the last five years, the Group grew its gross premiums from $65.78 million in 2005 to $84.46 million in 2009. The increase in premium income was largely derived from insurance intermediaries' strong support, 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 31 December 2009 increased by 24.5% to $214.76 million when compared against the preceding year due to higher insurance underwriting profits and investment income. Over a five-year period, shareholders' equity grew by $75.16 million or 53.8% whilst the total assets of the Group saw a growth of 43.5% from $289.93 million in 2005 to $416.01 million by the end of December 2009.

The Group achieved a record underwriting profit before tax of $17.46 million in 2009, an increase of 22.2% over that of 2008. From 2005 to 2009, insurance underwriting profit before tax for the Group had grown consistently from $10.95 million to $17.46 million.

Board of directors

Wee Cho Yaw
Chairman
Age 81. 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 29 April 2009. 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 the Chairman of United International Securities, Haw Par Corporation, UOL Group, Pan Pacific Hotels Group, United Industrial Corporation, and Singapore Land and its subsidiary, Marina Centre Holdings. He is also the Chairman of Wee Foundation. He is the former Chairman of Overseas Union Enterprise.

Dr Wee was conferred the Businessman of the Year award twice 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. In 2009, he was conferred the Lifetime Achievement Award by The Asian Banker. 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 56. 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 57. Mr Wee was appointed to the Board on 20 March 1991 and last re-elected as Director on 29 April 2009. A non-independent and non-executive director, he is the Deputy Chairman and Chief Executive Officer of 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.

Mr Wee is the current Chairman of the Association of Banks in Singapore. He serves as a director of Wee Foundation and the Institute of Banking & Finance and a council member of 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, India-Singapore CEO Forum and 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 Pan Pacific Hotels Group.

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

Hwang Soo Jin
Age 74. 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 29 April 2009. 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.

Mr Hwang is a Chartered Insurer of the Chartered Insurance Institute, UK.

Yang Soo Suan
Age 73. 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 29 April 2009. 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 life fellow member of the Singapore Institute of Architects and fellow member of the 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 71. 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-appointed as Director on 29 April 2009. 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

This statement sets out the Company's corporate governance framework, policies and practices. The Company is committed to maintaining high corporate governance standards. In setting the framework, the Company 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").

Board's Conduct of its Affairs

The Board's duties and responsibilities, in summary, include:
- setting strategic directions;
- 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 has delegated certain duties and responsibilities to each of the Nominating, Remuneration and Audit Committees. The composition, duties and responsibilities of these board committees are set out in the subsequent pages of this statement. The Board does not consider it necessary to form an executive committee of directors because board members work closely with the Management in overseeing the Company's business.

The Board has four scheduled meetings a year and additional meetings are held whenever necessary. Telephonic and/or video conference facilities are available for directors to participate in the meetings if they are unable to be present physically. Four board meetings were held last year and the directors' attendance record is set out on page 13.

All directors receive detailed financial and operational reports before each board and committee meeting. The financial reports track the Group's performance against budgeted results and provide explanations for any material variance. Directors have unrestricted access to Management.

The Company sets aside a budget each year for the directors' continuing education and training. New directors will receive materials on directors' duties and responsibilities and relevant regulatory requirements.

All directors have direct access to advice from the Company Secretary who keeps them informed of the changes in regulations that affect the Company, and the 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

The current Chairman of the Board is Dr Wee Cho Yaw. He provides leadership to the Board in relation to all board matters. The Chairman ensures board meetings are held regularly and directors are provided with adequate and timely information before meetings.

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.

The Board considers its present size of six members to be adequate. All the directors have appropriate financial experience and knowledge of the financial services industry. Two directors have extensive experience in the insurance industry. The Nominating Committee is satisfied that the directors possess the necessary skills.

The profiles of the directors are described in pages 10 and 11.

All directors submit themselves for re-election at regular intervals and at least once every three years. Directors above 70 years of age are subject to annual re-appointment under the Companies Act.

Nominating Committee

Mr Hwang Soo Jin, an independent director, is the chairman of the Nominating Committee ("NC").

The members of the NC are:

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

The NC makes recommendations for the nomination of new directors to the Board. The NC also reviews appointment and re-appointment to the Board, board committees and key positions. Candidates are assessed against a range of criteria including their background, experience, skills and personal qualities as well as whether their skills and experience will complement the existing Board and their availability to commit themselves to the Board's activities.

Name of Director	Number of meetings attended in 2009 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 2009	**4**	**4**	**1**	**1**

NA: Not Applicable

The NC assesses each director's performance and independence, and the effectiveness of the whole Board at least once a year. Directors are assessed on 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 Board as a whole is generally assessed based on the Company's financial performance.

The NC meets at least once a year.

Remuneration Committee

The Remuneration Committee ("RC") comprises:

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

The RC assists the Board in reviewing 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 had considered the requirements and conferred the chairmanship of the RC on Dr Wee Cho Yaw although he is a non-independent director. The Board is of the view that Dr Wee Cho Yaw is the best person to chair the RC because of his wide experience in remuneration matters as the chairman of United Overseas Bank Group.

The RC has one scheduled meeting a year but may meet at other times when necessary.

The RC recommends to the Board the amount of directors' fees to be paid for shareholders' approval annually. Directors are paid fees according to their level of responsibilities. Directors who have additional responsibilities as members or chairmen of board committees would receive more fees.

The Company has a competitive performance-based remuneration policy which remunerates its top five executives competitively. The Company does not consider disclosing its top five executives' remuneration to be in its interest. 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 2009, in bands of $250,000, are disclosed on page 14.

Audit Committee

The Audit Committee ("AC") comprises the following independent directors:

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

In summary, the AC's duties include reviewing:
- quarterly 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, the internal and external auditors and the Chief Financial Officer of the parent company, 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.

Corporate governance

The AC also reviews the independence of the external auditors having regard to the external auditors' financial, business and professional relationships with the Company. The AC takes into account any fee that the external auditors may have received for non-audit services rendered to the Group. The external auditors give the AC an affirmation of their independence at every quarterly AC meeting.

The AC has nominated Messrs Ernst & Young LLP for re-appointment as external auditors at the forthcoming Annual General Meeting.

The AC has been given adequate resources to discharge its duties. Under its terms of reference, the AC has power to conduct or authorise investigations into any matter concerning the Company.

The AC held four meetings last year. At the end of each meeting, whenever necessary, the AC would meet separately with the internal and external auditors and among the AC members themselves without the Management being present.

The Company has in place an adequate system of internal controls. 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. The results of the AC's review are reported to the Board. From the reports received and enquiries made, the Board was satisfied that the internal control systems, including the financial, operational and compliance controls and risk management processes, were adequate.

Internal Audit

United Overseas Bank Limited's Internal Audit ("UOB Group Audit") provides internal audit services to the Company. The head of UOB Group Audit is responsible for the Company's internal audit functions. He reports directly to the AC chairman.

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

The AC has received assurance that UOB Group Audit has adequate resources to carry out the necessary internal audit functions for the Company and that the Company's internal controls were adequate.

Risk Management

The Risk Management and Compliance Committee ("RMCC"), which comprises the Managing Director (as chairman), heads of departments and managerial staff, oversees the Company's risk management processes and compliance function. The UOB Group Audit provides independent check on the RMCC's work.

Communication with Shareholders

The Company is committed to giving shareholders timely and equal access to information on the Company's activities so that they can make informed investment decisions. Quarterly announcements of financial results and other relevant information are released on the SGXNET, the website of the Singapore Exchange ("SGX") and the Company's corporate website. The Company's annual reports are sent to shareholders and posted on SGXNET and the Company's corporate website.

General meetings are opportunities for the Company to engage and communicate with shareholders. 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

The Company considers the conduct of officers and staff as important for its business. The Company has a Code on Dealing in Securities for guidance of directors and officers and a Code of Conduct for guidance of staff. 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, industry best practices or with the law.

Name of Director	Directors' Fees %	Base or fixed salary %	Variable performance bonus %	Benefits-in-kind and others %	Total %
$500,000 to $749,999					
Chan Mun Wai David	3.0	56.5	30.1	10.4	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

Risk management

As the management of risks 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.

Within the Group, risks are managed under the following headings:

- Underwriting of Risks
- Reinsurance of Risks
- Provisions of Premium 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 Out the Peaks and Troughs
- Providing Competitive Advantage
- Sound Security Rating and Diversification of Reinsurers
- Reinsurers as Long-Term Strategic Partners.

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 Premium 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 premium and claim liabilities

Premium 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 ("IBNR") and incurred but not enough reported ("IBNER"), 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 premium and claim liabilities are reviewed and certified by an external actuary annually.

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 lag 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 premium 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, which are classified as available-for-sale financial assets.

(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 ongoing 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 or other regulated stock exchanges overseas and are classified as 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.

2009 in review

2009 was a challenging year for the insurance industry as the global economic conditions impacted both premium income and investment earnings. Premium growth for the Singapore market in 2009 came mainly from the motor and hull businesses. Revenues from other major lines of business were adversely affected by the slowdown in business activities.

Intense competition in the property and casualty insurance markets for smaller-sized risks remained a challenge for organic growth in 2009. Premium rates continued to fall across all classes of business in this market segment, and increasing losses and higher operating costs lowered underwriting margins.

During 2009, 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 insurance through direct marketing, cross-selling corporate insurance to small and medium enterprises (“SMEs”) and expanding regional businesses. In this difficult operating environment, we concentrated our efforts to further leverage synergies with the United Overseas Bank (“UOB”) Group’s network in Singapore and the region to achieve premium growth.

Personal-Line Insurance

It was a challenge to grow this market segment in 2009 against a backdrop of shrinking consumer demand due to the recession and the adverse public perception of financial products following the failures of Lehman-linked structured deposit products. Organic growth, however, sustained the premium volume of personal-line portfolio through our efforts on improving customer retention. This market segment continued to be one of the more significant contributors of premium growth for the Company.

The Company expanded its direct marketing initiatives throughout 2009, tapping on the UOB Group’s network to widen its distribution channels. Several promotions were held jointly with UOB for personal insurance especially travel insurance. Posters of our exclusive travel insurance product for customers of the UOB Group 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 initiatives, we set up a 24-hour dedicated travel activation hotline for UOB customers.

The travel insurance market slowed down especially in the first half of 2009 due to the H1N1 pandemic outbreak and the economic downturn. However, in the last quarter of the year, it showed a much better performance. We tapped on our extensive network of travel agents in Singapore and organised special promotions with our agents during the year. We expanded our network of travel agents and introduced travel insurance product tailored for certain niche markets. Our online service enabled customers to purchase travel insurance product from our website.

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

Corporate Insurance

In 2009, we intensified our efforts to leverage synergies with the UOB Group to grow our portfolio in the corporate insurance market. Our business development teams stepped up their activities to cross-sell to SME customers of UOB. The referrals for corporate insurance, which emanated mainly from the Institutional Banking sector of UOB, contributed to our business growth. Furthermore, we continued to work closely with group-linked companies to develop new business opportunities.

With the support of our agents and established insurance brokers, the Company managed to grow its premium income in 2009 through securing more new accounts and greater focus on our marketing efforts.

Regional Business

During the year, we continued to focus on developing existing revenue streams together with our strategic partners, especially in the ASEAN countries. We adopted the same strategies for the domestic market and leveraged on UOB Group’s regional network. In Singapore, we used direct marketing as one of the delivery channels to promote bancassurance products to customers of the UOB Group.

In 2009, we continued to cultivate meaningful exchange in profitable reinsurance business with reputable insurers in the region notably Japan, Hong Kong, Thailand, Malaysia, Brunei and Indonesia, and participated selectively in growing markets such as 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. Likewise, we continued our strategy of selective underwriting of profitable business from the Myanmar market introduced to us by our representative office.

The Group's overseas operations were relatively unchanged in 2009.

Corporate Development

During the year, we rolled-out several staff development programmes not only to foster the development of our staff but also to enhance our customer servicing capability. We also restructured some of our work systems to increase the operational efficiency of the Company.

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 2009.

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 2009, 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 31.12.2009	At 1.1.2009	At 31.12.2009	At 1.1.2009
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	248,208,142	247,208,142
Wee Ee Cheong	2,865,357	2,865,357	147,064,793	146,064,793
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 31.12.2009	At 1.1.2009	At 31.12.2009	At 1.1.2009
Holding Company				
United Overseas Bank Limited				
Wee Cho Yaw	-	155,900	167,700	-
Wee Ee Cheong	20,000	20,000	167,700	-
Lee Soo Ann	1,300	1,300	-	-
Chan Mun Wai David	5,000	5,000	-	-

(b) There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2010 (being the 21st day after the end of the financial year).

Directors' Contractual Benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any 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 shares had 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 at 31 December 2009.

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 AC 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
22 February 2010

Statement by directors

for the financial year ended 31 December 2009

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, statements of comprehensive income, 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 2009 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
22 February 2010

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

for the financial year ended 31 December 2009

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 2009, set out on pages 24 to 68, which comprise the balance sheets of the Group and the Company as at 31 December 2009, profit and loss accounts, statements of comprehensive income, insurance revenue accounts, statements of changes in equity of the Group and the Company and the consolidated 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 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; selecting and applying appropriate accounting policies; and 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 judgment, 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 2009, 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
22 February 2010

Profit and loss accounts

for the financial year ended 31 December 2009

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Insurance underwriting profit transferred from insurance revenue accounts		**17,462**	14,287	**16,925**	13,904
Other income:					
Gross dividends from investments	5a	**2,819**	3,310	**2,819**	3,354
Interest income from investments	5b	**3,337**	2,777	**3,337**	2,777
Interest on fixed deposits and bank balances from:					
- Holding company		**199**	936	**193**	813
- Fellow subsidiaries		**5**	18	**5**	18
- Other financial institutions		**123**	223	**123**	215
Miscellaneous income		**155**	403	**154**	401
Net losses on investments at fair value through profit or loss		**-**	(4,849)	**-**	(4,849)
Net gains/(losses) on available-for-sale investments		**2,574**	(2,943)	**2,574**	(2,943)
Amortisation of investments		**34**	-	**34**	-
Impairment on available-for-sale investments		**-**	(1,300)	**-**	(1,300)
		9,246	(1,425)	**9,239**	(1,514)
Add/(Less):					
Management expenses not charged to insurance revenue accounts:					
- Management fees		**(160)**	(492)	**(160)**	(492)
- Other operating expenses		**(185)**	(205)	**(184)**	(201)
- Exchange differences		**380**	(1,051)	**262**	(687)
Profit before tax		**26,743**	11,114	**26,082**	11,010
Tax expense	9	**(3,602)**	(1,380)	**(3,510)**	(1,316)
Net profit		**23,141**	9,734	**22,572**	9,694
Profit attributable to:					
Equity holders of the Company		**23,141**	9,734	**22,572**	9,694
Earnings per share:					
Basic and diluted	10	**38 cents**	16 cents		

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

Statements of comprehensive income

for the financial year ended 31 December 2009

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Net profit	**23,141**	9,734	**22,572**	9,694
Other comprehensive income:				
Foreign currency translation difference	**(137)**	35	**-**	-
Net gains/(losses) on available-for-sale investments	**27,608**	(27,741)	**27,608**	(27,741)
Impairment on available-for-sale investments	**-**	1,300	**-**	1,300
Income tax relating to available-for-sale investments	**(4,672)**	165	**(4,672)**	165
Other comprehensive income for the financial year, net of tax	**22,799**	(26,241)	**22,936**	(26,276)
Total comprehensive income for the financial year	**45,940**	(16,507)	**45,508**	(16,582)
Total comprehensive income attributable to:				
Equity holders of the Company	**45,940**	(16,507)	**45,508**	(16,582)

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 2009

	Note	Group				
		Fire $'000	General Accident $'000	Marine $'000	2009 Total $'000	2008 Total $'000
Gross premiums written		30,315	49,381	4,768	84,464	83,021
Reinsurance premiums ceded		(15,635)	(35,204)	(2,639)	(53,478)	(55,590)
Net premiums written		14,680	14,177	2,129	30,986	27,431
Movement in net reserve for unexpired risks	17	(1,263)	(392)	(117)	(1,772)	(3,382)
Movement in net deferred acquisition cost	18	20	97	23	140	(329)
Net earned premiums		13,437	13,882	2,035	29,354	23,720
Less						
Gross claims paid		5,235	12,998	714	18,947	15,613
Reinsurance claims recoveries		(3,029)	(8,594)	(401)	(12,024)	(9,574)
Net claims paid	19	2,206	4,404	313	6,923	6,039
Change in net outstanding claims		622	1,559	605	2,786	592
Net claims incurred	19	2,828	5,963	918	9,709	6,631
Gross commissions		6,137	6,868	816	13,821	13,038
Reinsurance commissions		(7,762)	(10,326)	(735)	(18,823)	(17,810)
Net commissions		(1,625)	(3,458)	81	(5,002)	(4,772)
Management expenses:	6					
Staff cost	7	2,439	2,355	355	5,149	5,446
Rental expenses		324	313	47	684	672
Management fees		69	70	4	143	131
Other operating expenses		574	557	78	1,209	1,325
Total outgo		4,609	5,800	1,483	11,892	9,433
Insurance underwriting profit transferred to profit and loss accounts		8,828	8,082	552	17,462	14,287

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

	Note	Company				
			General		2009	2008
		Fire	Accident	Marine	Total	Total
		$'000	$'000	$'000	$'000	$'000
Gross premiums written		30,079	48,822	4,700	83,601	81,791
Reinsurance premiums ceded		(15,499)	(34,744)	(2,577)	(52,820)	(54,643)
Net premiums written		14,580	14,078	2,123	30,781	27,148
Movement in net reserve						
for unexpired risks	17	(1,293)	(423)	(117)	(1,833)	(3,379)
Movement in net deferred acquisition cost	18	21	102	22	145	(327)
Net earned premiums		13,308	13,757	2,028	29,093	23,442
Less						
Gross claims paid		4,841	12,795	714	18,350	14,858
Reinsurance claims recoveries		(2,677)	(8,385)	(401)	(11,463)	(8,830)
Net claims paid	19	2,164	4,410	313	6,887	6,028
Change in net outstanding claims		685	2,125	533	3,343	991
Net claims incurred	19	2,849	6,535	846	10,230	7,019
Gross commissions		6,035	6,752	816	13,603	12,742
Reinsurance commissions		(7,685)	(10,199)	(703)	(18,587)	(17,549)
Net commissions		(1,650)	(3,447)	113	(4,984)	(4,807)
Management expenses:	6					
Staff cost	7	2,439	2,355	355	5,149	5,446
Rental expenses		324	313	47	684	672
Other operating expenses		516	498	75	1,089	1,208
Total outgo		4,478	6,254	1,436	12,168	9,538
Insurance underwriting profit transferred to profit and loss accounts		8,830	7,503	592	16,925	13,904

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

Balance sheets
as at 31 December 2009

	Note	Group		Company	
		2009	2008	2009	2008
		$'000	$'000	$'000	$'000
Share capital					
Issued and fully paid	12	**91,733**	91,733	**91,733**	91,733
Reserves					
General reserve	14	**20,880**	19,880	**20,880**	19,880
Available-for-sale investment reserve	15	**22,000**	(936)	**22,000**	(936)
Foreign currency translation reserve		**(775)**	(638)	**-**	-
Retained profits		**80,922**	62,450	**77,713**	59,810
		123,027	80,756	**120,593**	78,754
Total equity attributable to equity holders of the Company		**214,760**	172,489	**212,326**	170,487
Deferred tax liabilities	16	**4,695**	-	**4,695**	-
Gross technical balances					
Reserve for unexpired risks	17	**45,528**	42,503	**45,211**	41,912
Provision for outstanding claims	19	**123,969**	118,121	**122,081**	114,185
		169,497	160,624	**167,292**	156,097
Current liabilities	25				
Amount owing to agents	25	**344**	841	**344**	841
Amount owing to reinsurers	25	**5,565**	9,394	**5,565**	9,363
Amount retained from reinsurers	25	**4,796**	5,062	**4,752**	4,990
Non-trade creditors and accrued liabilities	25	**3,191**	2,860	**3,046**	2,775
Deferred acquisition cost - reinsurers' share	18	**5,997**	5,606	**5,944**	5,526
Amount owing to related companies - non-trade	25	**124**	115	**217**	115
Tax payables	9	**7,045**	3,495	**7,021**	3,458
		27,062	27,373	**26,889**	27,068
		416,014	360,486	**411,202**	353,652

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

	Note	Group		Company	
		2009	2008	2009	2008
		$'000	$'000	$'000	$'000
Non-current assets					
Fixed assets	22	**369**	393	**369**	393
Investment in subsidiary	23	**-**	-	**4,940**	4,940
Available-for-sale investments	24	**205,708**	139,086	**205,708**	139,086
Statutory deposit	26	**500**	500	**500**	500
Unsecured term loan		**21**	24	**21**	24
Reinsurers' share of technical balances					
Reserve for unexpired risks	17	**24,522**	23,272	**24,298**	22,832
Provision for outstanding claims	19	**75,861**	72,781	**74,480**	69,927
		100,383	96,053	**98,778**	92,759
Current assets	20				
Amount due from policyholders and agents	21	**4,757**	4,274	**4,644**	4,126
Amount due from reinsurers	21	**2,834**	1,420	**2,820**	1,419
Amount retained by ceding companies		**1,298**	1,184	**1,298**	1,184
Deferred acquisition cost - gross	18	**5,153**	4,621	**5,069**	4,506
Non-trade debtors and accrued interest receivable	27	**1,934**	1,678	**1,926**	1,668
Amount owing by related companies	28	**17**	162	**17**	187
Fixed deposits	29	**85,612**	104,748	**79,434**	98,576
Cash and bank balances	30	**7,428**	6,343	**5,678**	4,284
		109,033	124,430	**100,886**	115,950
		416,014	360,486	**411,202**	353,652

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

Statement of changes in equity

for the financial year ended 31 December 2009

	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 2009		**91,733**	**19,880**	**(936)**	**(638)**	**62,450**	**172,489**
Profit net of tax		**-**	**-**	**-**	**-**	**23,141**	**23,141**
Other comprehensive income for the financial year		**-**	**-**	**22,936**	**(137)**	**-**	**22,799**
Total comprehensive income for the financial year		**-**	**-**	**22,936**	**(137)**	**23,141**	**45,940**
Transfer from retained profits	14	**-**	**1,000**	**-**	**-**	**(1,000)**	**-**
Dividend for Year 2008	11	**-**	**-**	**-**	**-**	**(1,835)**	**(1,835)**
Dividend for Year 2009	11	**-**	**-**	**-**	**-**	**(1,834)**	**(1,834)**
Balance at 31 December 2009		**91,733**	**20,880**	**22,000**	**(775)**	**80,922**	**214,760**
Balance at 1 January 2008		91,733	18,880	25,340	(673)	62,889	198,169
Profit net of tax		-	-	-	-	9,734	9,734
Other comprehensive income for the financial year		-	-	(26,276)	35	-	(26,241)
Total comprehensive income 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

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 2009		**91,733**	**19,880**	**(936)**	**59,810**	**170,487**
Profit net of tax		**-**	**-**	**-**	**22,572**	**22,572**
Other comprehensive income for the financial year		**-**	**-**	**22,936**	**-**	**22,936**
Total comprehensive income for the financial year		**-**	**-**	**22,936**	**22,572**	**45,508**
Transfer from retained profits	14	**-**	**1,000**	**-**	**(1,000)**	**-**
Dividend for Year 2008	11	**-**	**-**	**-**	**(1,835)**	**(1,835)**
Dividend for Year 2009	11	**-**	**-**	**-**	**(1,834)**	**(1,834)**
Balance at 31 December 2009		**91,733**	**20,880**	**22,000**	**77,713**	**212,326**
Balance at 1 January 2008		91,733	18,880	25,340	60,289	196,242
Profit net of tax		-	-	-	9,694	9,694
Other comprehensive income for the financial year		-	-	(26,276)	-	(26,276)
Total comprehensive income 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

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 2009

	2009 $'000	2008 $'000
Cash flows from operating activities		
Profit before tax	**26,743**	11,114
Adjustments for:		
Foreign currency difference on reserve for unexpired risks (net of deferred acquisition cost)	**2**	-
Foreign currency difference on provision for outstanding claims	**(18)**	9
Movement in net reserve for unexpired risks (net of movement in net deferred acquisition cost)	**1,632**	3,711
Movement in net provision for outstanding claims	**2,786**	592
Depreciation	**120**	219
Net (gains)/losses on available-for-sale investments	**(2,574)**	2,943
Net losses on investments at fair value through profit or loss	**-**	4,849
Impairment on available-for-sale investments	**-**	1,300
Amortisation of investments	**(34)**	-
Gross dividends from investments	**(2,819)**	(3,310)
Interest income from investments	**(3,337)**	(2,777)
Interest on fixed deposits and bank balances	**(327)**	(1,177)
Exchange differences	**(103)**	462
Operating profit before working capital change	**22,071**	17,935
Changes in working capital:		
Trade and other receivables	**(2,267)**	1,762
Trade and other payables	**(4,261)**	3,102
Amount owing by related companies	**145**	(156)
Amount owing to related companies	**9**	(19)
Cash generated from operations	**15,697**	22,624
Tax paid	**(26)**	(6,196)
Net cash flow from operating activities	**15,671**	16,428
Cash flows from investing activities		
Proceeds from sale of investments at fair value through profit or loss	**-**	28,696
Proceeds from sale of available-for-sale investments	**37,069**	32,193
Purchase of investments at fair value through profit or loss	**-**	(2,495)
Purchase of available-for-sale investments	**(73,181)**	(69,169)
Purchase of fixed assets	**(96)**	(150)
Placement in long-term fixed deposits	**(30,565)**	(2,098)
Unsecured term loan	**3**	2
Gross dividends from investments	**2,819**	3,310
Interest income from investments	**3,337**	2,777
Interest on fixed deposits and bank balances	**327**	1,177
Net cash flow used in investing activities	**(60,287)**	(5,757)

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

	2009 $'000	2008 $'000
Cash flow from financing activities		
Dividend paid	**(3,669)**	(9,173)
Cash flow used in financing activities	**(3,669)**	(9,173)
Translation difference on foreign subsidiary company	**(137)**	35
Net (decrease)/increase in cash and cash equivalents	**(48,422)**	1,533
Cash and cash equivalents at beginning of year (Note A)	**108,993**	107,413
Effects of exchange rate changes on cash and cash equivalents	**(194)**	47
Cash and cash equivalents at end of year (Note A)	**60,377**	108,993

Note A: Cash and cash equivalents

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

	Note	2009 $'000	2008 $'000
Cash and bank balances	30	**7,428**	6,343
Fixed deposits	29	**52,949**	102,650
		60,377	108,993

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

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, incorporated in Singapore, which 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.

(b) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2009, the Group adopted the following applicable standards and interpretations mandatory for annual financial periods beginning on or after 1 January 2009.

- FRS 1 Presentation of Financial Statements (Revised)
- Amendments to FRS 107 Financial Instruments: Disclosures
- FRS 108 Operating Segments

Adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group. They did however give rise to additional disclosures.

The principal effects of these changes are as follows:

FRS 1 Presentation of Financial Statements – (Revised)

The revised FRS 1 separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of other comprehensive income. In addition, the standard introduces the statement of comprehensive income which presents income and expense recognised in the period. This statement may be presented in one single statement, or two linked statements. The Group has elected to present this statement as two linked statements.

2 Significant Accounting Policies (continued)

(b) Changes in accounting policies (continued)

Amendments to FRS 107 Financial Instruments: Disclosures

The amendments to FRS 107 require additional disclosure about fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy of each class of financial instruments. In addition, reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well as significant transfers between Level 1 and Level 2 fair value measurements. The amendments also clarify the requirements for liquidity risk disclosures. The fair value measurement disclosures and liquidity risk disclosures are presented in Note 24 and Note 35 to the financial statements respectively.

FRS 108 Operating Segments

FRS 108 requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary and secondary reporting segments of the Group. The Group determined that the reportable operating segments are the same as the business segments previously identified under FRS 14 Segment Reporting. Additional disclosures about each of the segments are shown in Note 34, including revised comparative information.

(c) Standards issued but not yet effective

The Group has not adopted the following applicable standards and interpretations that have been issued but not yet effective:

	Effective date (Annual periods beginning on or after)
Amendments to FRS 27 Consolidated and Separate Financial Statements	1 July 2009
Improvements to FRSs issued in 2009	
- Amendments to FRS 108 Operating Segments	1 July 2009
- Amendments to FRS 1 Presentation of Financial Statements	1 January 2010
- Amendments to FRS 7 Statement of Cash Flows	1 January 2010
- Amendments to FRS 36 Impairment of Assets	1 January 2010
- FRS 39 Financial Instruments: Recognition and Measurement	1 January 2010
- Amendments to FRS 108 Operating Segments	1 January 2010

Except for the amendments to FRS 27, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the amendments to FRS 27 is described below.

Amendments to FRS 27 Consolidated and Separate Financial Statements

The amendments to FRS 27 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to FRS 7 Statement of Cash Flows, FRS 12 Income Taxes, FRS 21 The Effects of Changes in Foreign Exchange Rates, FRS 28 Investments in Associates and FRS 31 Interests in Joint Ventures. Amendments to FRS 27 will affect future acquisitions or loss of control and transactions with minority interests. The standard may be early applied. However, the Group does not intend to early adopt.

(d) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary as at the balance sheet date. The financial statements of the subsidiary used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances. Intercompany balances and transactions and resulting unrealised profits or losses are eliminated in full on consolidation.

(e) 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.

2 Significant Accounting Policies (continued)

(e) Revenue recognition (continued)

(ii) Investment income

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

(f) 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.

(g) 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.

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.

(h) 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.

(i) 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.

(j) 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.

2 Significant Accounting Policies (continued)

(j) Claims paid and provision for outstanding claims (continued)

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 ("IBNR") 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 judgment and are subject to uncertainty.

(k) 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 the amount of the obligation can be estimated reliably.

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.

(l) Trade and other debtors

Trade debtors comprise 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(o)(ii).

(m) Fixed assets and depreciation

All items of fixed assets are initially recorded at cost. The cost of an item of fixed asset is recognised as an asset if, and only if, it is probable that future economic benefits associated with them will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. 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.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the profit or loss in the year the asset is derecognised.

2 Significant Accounting Policies (continued)

(n) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent to those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in the profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

(o) Financial assets

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

The Group classifies its financial assets 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 financial assets were acquired. Management determines the classification of its financial assets 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 investments

Held-to-maturity investments 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.

2 Significant Accounting Policies (continued)

(o) Financial assets (continued)

(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 financial assets 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 require delivery of assets within the time frame generally established by regulation or convention or the market place.

Financial assets 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. Financial assets are derecognised when the rights to receive cash flows from the financial assets 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. Investments in equity instruments classified as available-for-sale financial assets whose fair value cannot be reliably measured are measured at cost less impairment loss. 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 or loss 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 other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Gains and losses on loans and receivables and held-to-maturity investments are recognised in profit or loss when the loans and receivables and held-to-maturity investments are derecognised or impaired, as well as through the amortisation process.

(p) 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 carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significiant delay in payments.

2 Significant Accounting Policies (continued)

(p) Impairment of financial assets (continued)

(i) Assets carried at amortised cost (continued)

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 to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) 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 par value below cost and adverse economic indicators that the recoverable amount of an asset is below its carrying amount.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss. Reversals of impairment losses on debt instruments are recognised in profit or loss if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(q) 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 profit or loss when the liabilities are derecognised as well as through the amortisation process.

(r) 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 profit or loss as appropriate except for those arising from the retranslation of the opening net investment in foreign subsidiary companies, which are recognised in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign subsidiary companies.

2 Significant Accounting Policies (continued)

(r) Foreign currency translation (continued)

(ii) Transactions and balances and foreign subsidiary companies (continued)

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 recognised in other comprehensive income and accumulated under the available-for-sale investment reserve in equity.

(s) 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.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(t) Deferred income tax

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities, and their carrying amounts in the financial statements at the balance sheet date. 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.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

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.

Deferred income tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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.

(u) 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.

(v) Dividend distribution

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

(w) 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.

2 Significant Accounting Policies (continued)

(w) Employees' benefits (continued)

(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 balance sheet date.

(x) 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 profit or loss 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.

(y) 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.

(z) Share Capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

(aa) Segment reporting

The Group is organised into operating segments based on its separate fund accounts in accordance with the Singapore Insurance Act (Chapter 142). Additional disclosures on each of these segments are shown in Note 34, including the factors used to identify the reportable segments and the measurement basis of segment information.

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 protection of shareholders' fund, smoothing out the peaks and troughs of underwriting result, providing the Group with competitive advantage, sound and diversified reinsurance securities 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	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
(a) Dividend income (gross) from:				
Available-for-sale investments				
- Quoted equity investments	**2,745**	2,782	**2,745**	2,782
- Unquoted equity investments in a subsidiary company	**-**	-	**-**	44
- Other unquoted equity investments	**5**	5	**5**	5
- Unquoted equity investments (marketable unit trusts)	**69**	-	**69**	-
Investments at fair value through profit or loss				
- Quoted equity investments	**-**	243	**-**	243
- Unquoted equity investments (marketable unit trusts)	**-**	280	**-**	280
	2,819	3,310	**2,819**	3,354
(b) Interest income from:				
Available-for-sale investments				
- Singapore Government securities	**320**	354	**320**	354
- Other government securities	**251**	190	**251**	190
- Other quoted investments	**2,641**	1,073	**2,641**	1,073
- Other unquoted investments	**125**	32	**125**	32
Investments at fair value through profit or loss				
- Singapore Government securities	**-**	164	**-**	164
- Other quoted investments	**-**	870	**-**	870
- Other unquoted investments	**-**	94	**-**	94
	3,337	2,777	**3,337**	2,777

6 Management Expenses

Included in management expenses are the following:

	Charged to insurance revenue accounts 2009 $'000	Charged to insurance revenue accounts 2008 $'000
(a) Group		
Depreciation on:		
Furniture and fixtures	**16**	14
Office equipment	**95**	195
Motor vehicles	**9**	10
	120	219
Auditors' remuneration:		
Payable to the auditors of the Company – audit fees		
- Current year	**114**	110
- Underprovision in respect of prior year	**3**	10
Payable to other auditors – audit fees		
- Current year	**35**	33
Payable to other auditors – non audit fees		
- Current year	**-**	1
	152	154
Foreign exchange loss	**39**	60
Write-back of bad and doubtful debts	**(24)**	-
Rental expenses	**684**	672
(b) Company		
Depreciation on:		
Furniture and fixtures	**16**	14
Office equipment	**95**	195
Motor vehicles	**9**	10
	120	219
Auditors' remuneration:		
Payable to the auditors of the Company – audit fees		
- Current year	**114**	110
- Underprovision in respect of prior year	**3**	10
	117	120
Foreign exchange loss	**39**	60
Write-back of bad and doubtful debts	**(24)**	-
Rental expenses	**684**	672

7 Staff Information (Including An Executive Director)

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Wages, salaries and other employee benefits	**4,649**	4,941	**4,649**	4,941
Central Provident Fund contribution	**500**	505	**500**	505
	5,149	5,446	**5,149**	5,446

	Group and Company	
	2009	2008
Number of persons employed at the end of year	**90**	91

8 Directors' Remuneration

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

	2009	2008
$500,000 to $749,999	**1**	1
$250,000 to $499,999	**-**	-
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	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
On the profit of the year:				
Singapore current income tax	**3,738**	1,322	**3,738**	1,322
Transfer from deferred taxation	**23**	(6)	**23**	(6)
	3,761	1,316	**3,761**	1,316
Overprovision in respect of prior years	**(251)**	-	**(251)**	-
	3,510	1,316	**3,510**	1,316
Overseas current income tax	**92**	68	**-**	-
Overprovision in respect of prior years	**-**	(4)	**-**	-
	92	64	**-**	-
	3,602	1,380	**3,510**	1,316

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	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Profit before tax	**26,743**	11,114	**26,082**	11,010
Tax calculated at a tax rate of 17% (2008 : 18%)	**4,546**	2,000	**4,434**	1,982
Singapore statutory stepped income exemption	**(26)**	(27)	**(26)**	(27)
Exempt income	**(427)**	(456)	**(427)**	(548)
Expenses not deductible for tax purposes	**32**	98	**29**	92
Income not subject to tax	**(26)**	(46)	**-**	-
Income from qualifying debt securities and offshore insurance which are taxed at a rate of 10%	**(258)**	(183)	**(258)**	(183)
Overprovision in prior financial year (net)	**(251)**	(4)	**(251)**	-
Effect of exchange differences	**6**	-	**-**	-
Effect of difference in tax rates in other countries	**(3)**	(2)	**-**	-
Others	**9**	-	**9**	-
Actual tax expense	**3,602**	1,380	**3,510**	1,316

The corporate income tax rate applicable to the Company in Singapore was reduced to 17% for the year of assessment 2010 onwards from 18% for year of assessment 2009.

(b) Movements in tax payables

	Group 2009	Group 2008	Company 2009	Company 2008
Balance at beginning of the financial year	**3,495**	8,305	**3,458**	8,284
Income tax (paid)/refund	**(26)**	(6,196)	**76**	(6,148)
Current financial year's tax payable on profit	**3,830**	1,390	**3,738**	1,322
Overprovision in respect of prior years	**(251)**	(4)	**(251)**	-
Foreign currency translation difference	**(3)**	-	**-**	-
Balance at end of the financial year	**7,045**	3,495	**7,021**	3,458

10 Earnings Per Share

	Group	
	2009	**2008**
	$'000	**$'000**
Net profit	**23,141**	9,734
Weighted average number of ordinary shares issued ('000)	**61,155**	61,155
Basic and diluted earnings per share	**38 cents**	16 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	
	2009	2008
	$'000	$'000
Interim dividend of 3 cents per share (one-tier tax-exempt) (2008: 3 cents per share one-tier tax-exempt), in respect of the financial year 2009	**1,834**	1,834
Final dividend of 3 cents per share (one-tier tax-exempt) (2008: 12 cents per share one-tier tax-exempt), in respect of the financial year 2008	**1,835**	7,339
	3,669	9,173

The directors have proposed a final one-tier tax-exempt dividend of 12 cents per share in respect of the financial year ended 31 December 2009 amounting to $7,339,000. 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 2010.

12 Share Capital

	Group and Company			
	2009		2008	
	No. of shares issued '000	$'000	No. of shares issued '000	$'000
Issued and fully paid, at beginning and end of the financial year	**61,155**	**91,733**	61,155	91,733

On 20 July 2007, the Company issued 20,385,000 Rights Shares and raised net proceeds of approximately $22 million which 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 2009.

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.

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	
	2009	2008
	$'000	$'000
Balance at 1 January	**(936)**	25,340
Net change in the reserve	**22,936**	(27,576)
Impairment on investments	**-**	1,300
Balance at 31 December	**22,000**	(936)
Net change in the reserve arises from:		
- Net gain/(loss) on fair value changes during the financial year	**23,620**	(27,801)
- Recognised in the profit and loss account on disposal of investments	**(684)**	225
	22,936	(27,576)

16 Deferred Tax Liabilities

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

	Group and Company			
	Balance sheet		Profit and loss	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Differences in tax depreciation	**54**	54	**-**	(16)
Differences in interest receivable	**134**	111	**23**	10
Deferred income tax related to other comprehensive income:				
Revaluation of available-for-sale investments				
- Balance at 1 January	**(165)**	5,562	**-**	-
- Debited during the financial year directly against available-for-sale investment reserve	**4,672**	(5,727)	**-**	-
	4,695	-		
Deferred income tax expense/(credit)			**23**	(6)

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 $3,755,000 as at 31 December 2009 (2008: $3,236,000).

17 Reserve For Unexpired Risks

Movements in reserve for unexpired risks:

	Group					
	2009			2008		
	Gross $'000	Reinsurance $'000	Net $'000	Gross $'000	Reinsurance $'000	Net $'000
Balance at beginning of the financial year	**42,503**	**(23,272)**	**19,231**	33,876	(18,026)	15,850
Foreign currency translation difference	**11**	**(8)**	**3**	3	(4)	(1)
Movement in reserve during the financial year	**3,014**	**(1,242)**	**1,772**	8,624	(5,242)	3,382
Balance at end of the financial year	**45,528**	**(24,522)**	**21,006**	42,503	(23,272)	19,231

	Company					
	2009			2008		
	Gross $'000	Reinsurance $'000	Net $'000	Gross $'000	Reinsurance $'000	Net $'000
Balance at beginning of the financial year	**41,912**	**(22,832)**	**19,080**	33,231	(17,530)	15,701
Movement in reserve during the financial year	**3,299**	**(1,466)**	**1,833**	8,681	(5,302)	3,379
Balance at end of the financial year	**45,211**	**(24,298)**	**20,913**	41,912	(22,832)	19,080

18 Deferred Acquisition Cost

	Group					
	2009			2008		
	Gross $'000	Reinsurance $'000	Net $'000	Gross $'000	Reinsurance $'000	Net $'000
Balance at beginning of the financial year	**4,621**	**(5,606)**	**(985)**	4,035	(4,690)	(655)
Foreign currency translation difference	**4**	**(3)**	**1**	-	(1)	(1)
Movement in deferred acquisition cost during the financial year	**528**	**(388)**	**140**	586	(915)	(329)
Balance at end of the financial year	**5,153**	**(5,997)**	**(844)**	4,621	(5,606)	(985)

	Company					
	2009			2008		
	Gross $'000	Reinsurance $'000	Net $'000	Gross $'000	Reinsurance $'000	Net $'000
Balance at beginning of the financial year	**4,506**	**(5,526)**	**(1,020)**	3,893	(4,586)	(693)
Movement in deferred acquisition cost during the financial year	**563**	**(418)**	**145**	613	(940)	(327)
Balance at end of the financial year	**5,069**	**(5,944)**	**(875)**	4,506	(5,526)	(1,020)

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					
	2009			2008		
	Gross $'000	Reinsurance $'000	Net $'000	Gross $'000	Reinsurance $'000	Net $'000
Balance at beginning of the financial year	**118,121**	**(72,781)**	**45,340**	108,447	(63,708)	44,739
Foreign currency translation difference	**(63)**	**45**	**(18)**	21	(12)	9
Claims paid during the financial year	**(18,947)**	**12,024**	**(6,923)**	(15,613)	9,574	(6,039)
Claims incurred	**24,858**	**(15,149)**	**9,709**	25,266	(18,635)	6,631
Balance at end of the financial year	**123,969**	**(75,861)**	**48,108**	118,121	(72,781)	45,340

	Company					
	2009			2008		
	Gross $'000	Reinsurance $'000	Net $'000	Gross $'000	Reinsurance $'000	Net $'000
Balance at beginning of the financial year	**114,185**	**(69,927)**	**44,258**	104,613	(61,346)	43,267
Claims paid during the financial year	**(18,350)**	**11,463**	**(6,887)**	(14,858)	8,830	(6,028)
Claims incurred	**26,246**	**(16,016)**	**10,230**	24,430	(17,411)	7,019
Balance at end of the financial year	**122,081**	**(74,480)**	**47,601**	114,185	(69,927)	44,258

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	2009	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	35,144	
- one year later		17,581	22,426	18,874	31,827	20,266	27,997	34,879	39,850		
- two years later		16,135	22,756	18,222	36,320	19,193	24,679	34,234			
- three years later		15,722	22,073	18,501	28,324	17,892	23,248				
- four years later		14,908	17,833	18,199	27,178	16,789					
- five years later		14,627	17,152	17,339	26,040						
- six years later		14,225	16,826	15,760							
- seven years later		13,369	16,111								
- eight years later		12,691									
Current estimate of cumulative claims		12,691	16,111	15,760	26,040	16,789	23,248	34,234	39,850	35,144	
Less: cumulative claims paid to date		11,916	14,925	7,231	20,816	11,557	15,577	13,064	14,863	3,733	
Liability recognised in the balance sheet	2,963	775	1,186	8,529	5,224	5,232	7,671	21,170	24,987	31,411	**109,148**

Estimate of claims incurred arising from portfolio transfers – **gross**	Non-DOR	HKB	Total $'000
- 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	1,026	
- four years later	31,325		
- five years later	27,878		
- six years later	25,489		
Current estimate of cumulative claims	25,489	1,026	
Less: cumulative claims paid to date	11,127	567	
Liability recognised in the balance sheet	14,362	459	**14,821**
Total reserve included in the balance sheet			**123,969**

* 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)

(a) Group (continued)

Accident Year	2000 & prior	2001	2002	2003	2004	2005	2006	2007	2008	2009	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	14,852	
- one year later		7,475	5,865	5,166	14,448	8,763	10,038	10,562	14,068		
- two years later		7,224	6,012	4,957	14,078	8,267	8,784	10,773			
- three years later		7,100	5,665	4,904	12,986	7,654	8,128				
- four years later		6,872	5,518	4,496	12,477	7,006					
- five years later		6,779	5,305	4,178	11,696						
- six years later		6,462	4,998	3,755							
- seven years later		6,147	4,561								
- eight years later		5,919									
Current estimate of cumulative claims		5,919	4,561	3,755	11,696	7,006	8,128	10,773	14,068	14,852	
Less: cumulative claims paid to date		5,651	4,367	2,995	8,931	4,892	5,374	5,693	5,786	501	
Liability recognised in the balance sheet	2,214	268	194	760	2,765	2,114	2,754	5,080	8,282	14,351	**38,782**

Estimate of claims incurred arising from portfolio transfers – **net**	Non-DOR	HKB	Total $'000
- 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	418	
- four years later	18,078		
- five years later	15,762		
- six years later	14,302		
Current estimate of cumulative claims	14,302	418	
Less: cumulative claims paid to date	5,393	1	
Liability recognised in the balance sheet	8,909	417	**9,326**
Total reserve included in the balance sheet			**48,108**

* 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	2009	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	33,901	
- one year later		17,530	22,377	18,870	31,033	19,879	27,680	34,685	39,358		
- two years later		16,084	22,706	18,219	35,629	18,708	24,376	34,065			
- three years later		15,671	22,022	18,498	27,669	17,317	22,937				
- four years later		14,857	17,788	18,196	26,538	16,241					
- five years later		14,581	17,110	17,336	25,481						
- six years later		14,182	16,798	15,757							
- seven years later		13,326	16,083								
- eight years later		12,649									
Current estimate of cumulative claims		12,649	16,083	15,757	25,481	16,241	22,937	34,065	39,358	33,901	
Less: cumulative claims paid to date		11,874	14,897	7,228	20,259	11,030	15,326	12,951	14,411	3,726	
Liability recognised in the balance sheet	2,949	775	1,186	8,529	5,222	5,211	7,611	21,114	24,947	30,175	**107,719**

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	
- six years later	25,489	
Current estimate of cumulative claims	25,489	
Less: cumulative claims paid to date	11,127	
Liability recognised in the balance sheet	14,362	**14,362**
Total reserve included in the balance sheet		**122,081**

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

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

Accident Year	2000 & prior	2001	2002	2003	2004	2005	2006	2007	2008	2009	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	14,784	
- one year later		7,468	5,846	5,165	14,406	8,724	10,003	10,554	13,997		
- two years later		7,217	5,993	4,956	14,048	8,228	8,750	10,766			
- three years later		7,093	5,646	4,903	12,959	7,617	8,095				
- four years later		6,865	5,507	4,495	12,456	6,971					
- five years later		6,772	5,294	4,177	11,676						
- six years later		6,456	4,993	3,754							
- seven years later		6,141	4,556								
- eight years later		5,913									
Current estimate of cumulative claims		5,913	4,556	3,754	11,676	6,971	8,095	10,766	13,997	14,784	
Less: cumulative claims paid to date		5,645	4,362	2,994	8,911	4,857	5,342	5,690	5,719	501	
Liability recognised in the balance sheet	2,201	268	194	760	2,765	2,114	2,753	5,076	8,278	14,283	**38,692**
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						
- six years later					14,302						
Current estimate of cumulative claims					14,302						
Less: cumulative claims paid to date					5,393						
Liability recognised in the balance sheet					8,909						**8,909**
Total reserve included in the balance sheet											**47,601**

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

20 Current Assets

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Amount due from policyholders and agents (note 21)	**4,757**	4,274	**4,644**	4,126
Amount due from reinsurers (note 21)	**2,834**	1,420	**2,820**	1,419
Amount retained by ceding companies	**1,298**	1,184	**1,298**	1,184
Non-trade debtors and accrued interest receivable (note 27)	**1,934**	1,678	**1,926**	1,668
Amount owing by related companies (note 28)	**17**	162	**17**	187
Fixed deposits (note 29)	**85,612**	104,748	**79,434**	98,576
Cash and bank balances (note 30)	**7,428**	6,343	**5,678**	4,284
Total loans and receivables	**103,880**	119,809	**95,817**	111,444

21 Amount Due From Policyholders And Agents And Reinsurers

(i) Amount Due From Policyholders And Agents

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Amount due from policyholders and agents	**4,757**	4,274	**4,644**	4,126
Less: Allowance for doubtful debts	**-**	-	**-**	-
	4,757	4,274	**4,644**	4,126

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

(ii) Amount Due From Reinsurers

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Amount due from reinsurers	**2,868**	1,478	**2,854**	1,477
Less: Allowance for doubtful debts	**(34)**	(58)	**(34)**	(58)
	2,834	1,420	**2,820**	1,419

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 2008	189	1,937	49	2,175
Additions	17	133	-	150
Disposals	-	(85)	-	(85)
At 31 December 2008 and 1 January 2009	206	1,985	49	2,240
Additions	-	96	-	96
Disposals	-	(34)	-	(34)
At 31 December 2009	**206**	**2,047**	**49**	**2,302**
Accumulated depreciation				
At 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 and 1 January 2009	122	1,714	11	1,847
Depreciation charge for the year	16	95	9	120
Disposals	-	(34)	-	(34)
At 31 December 2009	**138**	**1,775**	**20**	**1,933**
Net book value				
At 31 December 2008	84	271	38	393
At 31 December 2009	**68**	**272**	**29**	**369**

(b) Fully depreciated assets

Original cost of fully depreciated assets still in use as at 31 December 2009 amounted to $1,596,000 (2008: $1,559,000).

23 Investment In Subsidiary

	2009 $'000	2008 $'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.

24 Available-for-sale Investments

		Group and Company	
		2009 Fair value $'000	2008 Fair value $'000
(i)	**Quoted**		
	Equity shares in corporations	**63,348**	32,470
	Equity shares in a related corporation	**7,950**	5,717
	Fixed income securities in corporations	**79,973**	50,621
	Singapore Government securities	**3,217**	22,875
	Singapore Treasury bills	**13,182**	-
	Other government securities	**5,292**	5,854
		172,962	117,537
(ii)	**Unquoted**		
	Unit trusts (marketable)	**30,218**	18,977
	Fixed income securities in corporations	**2,527**	2,571
		32,745	21,548
	Equity shares in a related corporation	**5,000**	5,000
	Equity shares in a corporation	**1**	1
	Less: Provision for impairment	**(5,000)**	(5,000)
		1	1
	Total	**205,708**	139,086

The quoted and unquoted fixed income securities bear an effective weighted average interest rate of 3.93% (2008: 3.83%) and 5.00% (2008: 5.00%) per annum respectively with maturity dates from January 2010 to December 2049 (2008: May 2009 to December 2049).

The government securities bear an effective weighted average interest rate of 3.58% (2008: 3.50%) per annum with maturity dates from July 2014 to September 2022 (2008: July 2014 to March 2027).

The other government securities bear an effective weighted average interest rate of 4.81% (2008: 4.75%) per annum with maturity dates from July 2010 to January 2030 (2008: April 2009 to January 2030).

24 Available-for-sale Investments (continued)

Fair value measurements

Effective 1 January 2009, the Group adopted the amendment to FRS 107 which requires disclosure of fair value measurements by level of the following hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The available-for-sale investments are measured at fair value at 31 December 2009 as follows:

	Group and Company			
	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Equity shares in corporations - quoted	63,348	-	-	63,348
Equity shares in a related corporation - quoted	7,950	-	-	7,950
Equity shares in related corporations - unquoted *	-	-	1	1
Fixed income securities in corporations - quoted	79,973	-	-	79,973
Fixed income securities in corporations - unquoted	-	2,527	-	2,527
Singapore Government securities and Treasury bills	16,399	-	-	16,399
Other government securities	5,292	-	-	5,292
Unit trusts (marketable)	30,218	-	-	30,218
	203,180	2,527	1	205,708

The fair value of investments traded in active markets is based on the quoted market bid prices at the balance sheet date. These investments are included in Level 1.

The fair value of investments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the balance sheet date. Quoted market prices or dealer quotes for similar instruments as well as other techniques, such as estimated discounted cash flows are used to estimate fair value of these instruments. These investments are included in Level 2.

In infrequent circumstances, where a valuation technique for an investment is based on significant unobservable inputs, such instruments are included in Level 3.

During the financial year ended 31 December 2009, there was no transfer of investments between Level 1 and Level 2.

*These unquoted equity shares in related corporations are carried at cost less impairment losses. It is not practicable to determine with sufficient reliability the fair value of unquoted equity shares. The Group through the United Overseas Bank Group has announced the sale of its unquoted equity shares in a related corporation in January 2010. Please see note 37 for further details. For the remaining unquoted equity shares that the Group holds in a related corporation, the Group does not intend to dispose of this investment in the foreseeable future.

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 ("effective date of reclassification"). 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			
	On effective date of reclassification Fair value $'000	<Reclassified assets held on 31 December> 2009 Carrying amount $'000	2009 Fair value $'000	2008 Carrying amount $'000	2008 Fair value $'000
Quoted					
Equity shares in corporations	2,140	**1,285**	**1,285**	906	906
Fixed income securities in corporations	20,429	**15,166**	**15,166**	18,504	18,504
Singapore Government securities	4,900	**-**	**-**	6,093	6,093
Unquoted					
Unit trusts (marketable)	22,306	**22,867**	**22,867**	18,977	18,977
Fixed income securities in corporations	2,577	**2,527**	**2,527**	2,572	2,572
	52,352	**41,845**	**41,845**	47,052	47,052

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

During the year, investments of carrying amount of $10,212,000 were sold and a gain of $604,000 was recognised in the profit and loss accounts.

If the aforesaid reclassification had not been carried out, an unrealised fair value loss of $408,000 (2008: $3,789,000) would have been recognised in the profit or loss.

25 Amount Owing To Trade And Non-trade Creditors

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Amount owing to agents	**344**	841	**344**	841
Amount owing to reinsurers	**5,565**	9,394	**5,565**	9,363
Amount retained from reinsurers	**4,796**	5,062	**4,752**	4,990
Non-trade creditors and accrued liabilities	**3,191**	2,860	**3,046**	2,775
Amount owing to related companies-non-trade	**124**	115	**217**	115
Total financial liabilities carried at amortised cost	**14,020**	18,272	**13,924**	18,084

(a) Amount owing to agents and reinsurers
These amounts are non-interest bearing and are normally settled on 90-days term.

(b) Amount retained from reinsurers
These amounts are interest bearing. They are normally settled on yearly basis.

(c) Non-trade creditors and accrued liabilities
These amounts are unsecured, non-interest bearing and are repayable on demand.

25 Amount Owing To Trade And Non-trade Creditors (continued)

(d) Amount owing to related companies – non-trade

These amounts are unsecured, non-interest bearing and repayable on demand.

26 Statutory Deposit

The statutory deposit of $500,000 (2008: $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.

27 Non-trade Debtors And Accrued Interest Receivable

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

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Holding company	**2**	34	**2**	34
Fellow subsidiaries	**-**	4	**-**	4
	2	38	**2**	38

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

28 Amount Owing By Related Companies

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Amount owing by :				
Holding company - trade	**17**	162	**17**	162
Subsidiary - non-trade	**-**	-	**-**	25
	17	162	**17**	187

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

29 Fixed Deposits

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Fixed deposits with:				
Holding company	**35,848**	80,470	**29,670**	74,298
Fellow subsidiaries	**-**	1,350	**-**	1,350
Other financial institutions	**49,764**	22,928	**49,764**	22,928
	85,612	104,748	**79,434**	98,576
Fixed deposits with:				
3 months or less	**52,949**	102,650	**46,771**	96,478
More than 3 months	**32,663**	2,098	**32,663**	2,098
	85,612	104,748	**79,434**	98,576

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 (2008: 6 months) from the financial year end. The weighted average effective interest rate of these deposits at 31 December 2009 for the Group and the Company was 0.31% (2008: 0.53%) and 0.33% (2008: 0.55%) respectively per annum.

30 Cash And Bank Balances

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Bank balances with:				
Holding company	**4,770**	3,918	**3,020**	1,859
Fellow subsidiaries	**423**	586	**423**	586
Other financial institutions	**2,233**	1,837	**2,233**	1,837
Cash on hand	**2**	2	**2**	2
	7,428	6,343	**5,678**	4,284

31 Collaterals Received

The Group and the Company have fixed deposits of $1,928,000 (2008: $2,191,000) and bank balances of $16,000 (2008: $82,000) 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.

32 Commitments

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

	Group and Company	
	2009	2008
	$'000	$'000
Lease which expires:		
Within one year	**808**	599
Between one and three years	**1,548**	-
	2,356	599

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2009 amounted to $666,000 (2008: $653,000).

33 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	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Gross premium income from:				
- Holding company	**8,594**	9,751	**8,538**	9,671
- Related companies	**231**	332	**231**	332
Commission expenses paid to:				
- Holding company	**3,924**	3,699	**3,914**	3,690
- Related companies	**-**	-	**-**	-
Gross claims incurred from:				
- Holding company	**1,022**	2,209	**1,022**	2,209
- Related companies	**(90)**	110	**(90)**	110
Rental paid to an associated company of the holding company	**666**	653	**666**	653
Management fee received from an associated company of the holding company	**750**	750	**750**	750
Management fee charged by a related company	**160**	492	**160**	492
Interest income earned from:				
- Holding company	**199**	936	**193**	813
- Related companies	**5**	18	**5**	18
Directors' remuneration:				
- Directors of the Company	**649**	636	**649**	636
- 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.

34 Segment Information

	SIF	OIF	SHF	HK Subsidiary	Consolidated
	$'000	$'000	$'000	$'000	$'000
For Year 2009					
Gross premiums written	**69,466**	**14,135**	**-**	**863**	**84,464**
Net earned premiums	**21,469**	**7,624**	**-**	**261**	**29,354**
Net claims incurred	**6,727**	**3,503**	**-**	**(521)**	**9,709**
Net commission	**(6,428)**	**1,444**	**-**	**(18)**	**(5,002)**
Management expenses	**5,746**	**1,176**	**-**	**263**	**7,185**
Underwriting profit	**15,424**	**1,501**	**-**	**537**	**17,462**
Other income	**5,493**	**394**	**3,352**	**7**	**9,246**
Management expenses/(income) not charged to insurance revenue account	**(10)**	**66**	**26**	**(117)**	**(35)**
Profit before tax	**20,927**	**1,829**	**3,326**	**661**	**26,743**
Segment total assets as at 31 December 2009	**243,256**	**33,797**	**129,116**	**9,845**	**416,014**
Segment total liabilities as at 31 December 2009	**175,836**	**20,125**	**2,822**	**2,471**	**201,254**
For Year 2008					
Gross premiums written	70,203	11,587	-	1,231	83,021
Net earned premiums	16,390	7,052	-	278	23,720
Net claims incurred	3,553	3,466	-	(388)	6,631
Net commission	(6,197)	1,390	-	35	(4,772)
Management expenses	6,268	1,058	-	248	7,574
Underwriting profit	12,766	1,138	-	383	14,287
Other income	(3,279)	150	1,571	133	(1,425)
Management expenses not charged to insurance revenue account	855	50	474	369	1,748
Profit before tax	8,632	1,238	1,097	147	11,114
Segment total assets as at 31 December 2008	210,020	24,985	113,682	11,799	360,486
Segment total liabilities as at 31 December 2008	165,658	17,490	(8)	4,857	187,997

The Group is principally engaged in the business of underwriting general insurance. With different operating segments, its businesses are segregated into separate fund accounts in accordance with the requirements of the Singapore Insurance Act (Chapter 142).

As required under the Singapore Insurance Act, the Company has established and maintained a Singapore Insurance Fund ("SIF") for insurance business relating to Singapore policies and an Offshore Insurance Fund ("OIF") for insurance business relating to offshore policies. Shareholders' Fund ("SHF") relates to the Company's investment activities of its non-insurance funds. The HK Subsidiary refers to the Company's wholly-owned subsidiary, UOB Insurance (H.K.) Limited, incorporated in Hong Kong S.A.R.

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

34 Segment Information (continued)

Information about major external customers

For the year ended 31 December 2009 and the preceding period, the Group did not have any external customer whose premium income to the Group exceeded 10% of the Group's total revenue.

Geographical Information

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

	Revenue		Non-current assets	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Singapore	**60,773**	60,323	**369**	393
Asean	**9,782**	8,038	**-**	-
Hong Kong	**863**	1,231	**-**	-
Others	**4,221**	3,346	**-**	-
	75,639	72,938	**369**	393

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

35 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.

35 **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			
	2009		2008	
	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	**663**	**835**	632	629
British Pound	**558**	**1,260**	580	1,204
Canadian Dollar	**128**	**171**	138	163
Euro	**805**	**1,624**	995	2,015
Hong Kong Dollar	**17,812**	**3,235**	(5,228)	(969)
Indian Rupee	**(14,781)**	**(436)**	(4,085)	(122)
Indonesian Rupiah	**(883,835)**	**(131)**	(98,056)	(12)
Japanese Yen	**(45,490)**	**(709)**	(47,918)	(763)
Korean Won	**(145,657)**	**(181)**	(236,693)	(255)
Malaysian Ringgit	**7,303**	**2,992**	5,993	2,484
New Taiwan Dollar	**58**	**2**	24	1
Thai Baht	**(8,734)**	**(371)**	(7,876)	(326)
US Dollar	**1,597**	**2,231**	1,740	2,499
		10,522		6,548

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
2009	**+5%**	**(466)**	**(369)**
	-5%	**466**	**369**
2008	+5%	(289)	(347)
	-5%	289	347

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

35 Financial Risk Factors And Management (continued)

(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 fixed income securities held for trading and available-for-sale.

During 2009 and as at 31 December 2009, 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 $18,000 (2008: $19,000) higher, due mainly to higher interest income on fixed deposits and fixed income securities. The Group's equity as at 31 December 2009 is estimated to be $518,000 (2008: a loss of $677,000) higher due to unrealised gain on available-for-sale fixed income securities. If interest rates, during 2009 and as at 31 December 2009, 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 $18,000 (2008: $19,000) lower, due mainly to lower interest income on fixed deposits and fixed income securities. The Group's equity as at 31 December 2009 is estimated to be $518,000 (2008: a loss of $677,000) lower due to unrealised loss on available-for-sale fixed income securities.

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

(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.

Notwithstanding the measures taken, the failure of one or more of the Group's policyholders, agents, ceding companies, reinsurers and other counter-parties to honor 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 aging summary of balances due to the Group are as follows:-

	Group					
	2009			2008		
	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	**4,553**	**208**	**4,761**	3,911	373	4,284
Exchange difference			**(4)**			(10)
			4,757			4,274
Amount due from reinsurers	**2,637**	**241**	**2,878**	1,485	-	1,485
Allowance for doubtful debts			**(34)**			(58)
Exchange difference			**(10)**			(7)
			2,834			1,420

35 Financial Risk Factors And Management (continued)

(c) Credit risk (continued)

The Group's trade receivables that are impaired at the balance sheet date and the movements of the allowance account used to record the impairment are as follows:

	Group	
	Individually impaired	
	2009	2008
	$'000	$'000
Amount due from reinsurers (nominal amount)	**150**	155
Less: Allowance for impairment	**(34)**	(58)
	116	97

Movements in the allowance for doubtful debts are as follows:

	Group	
	2009	2008
	$'000	$'000
Balance at 1 January	**58**	93
Bad debts written-off against provision account	**-**	(35)
Charged to insurance revenue account	**15**	4
Write-back of allowance for doubtful debts	**(39)**	(4)
Balance at 31 December	**34**	58

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.

(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 to 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.

35 Financial Risk Factors And Management (continued)

(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% (2008: 2%) higher/lower with all other variables held constant, there will be no impact on the Group's profit before tax (2008: nil) as the Group did not hold any equity investments classified as held for trading. The Group's equity would have been $1,184,000 (2008: $626,000) higher/lower, arising as a result of an increase/decrease in the fair value of available-for-sale equity instruments.

The Group does not have exposure to commodity price risk.

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

36 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 Note 24, 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.

37 Events After Balance Sheet Date

The Group through the United Overseas Bank Group has announced the sale of its unquoted equity shares in a related corporation in January 2010.

The Group has considered the sale as a non-adjusting subsequent event and it does not have a significant impact on the Group and the Company's financial statements.

38 Authorisation Of Financial Statements

The financial statements were authorised for issue in accordance with a resolution of the directors on 22 February 2010.

Statistics of shareholdings

as at 10 March 2010

Distribution of Shareholdings

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 – 999	315	15.78	96,432	0.16
1,000 – 10,000	1,341	67.19	4,982,788	8.15
10,001 – 1,000,000	338	16.93	19,307,280	31.57
1,000,001 and above	2	0.10	36,768,500	60.12
Total	1,996	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 (excluding 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 10 March 2010, 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
Chong Chew Lim @ Chong Ah Kau	1,061,000	1.73
Citibank Nominees Singapore Pte Ltd	915,400	1.50
Ng Poh Cheng	791,550	1.29
India International Insurance Pte Ltd	603,750	0.99
Lim Jun Ying	600,000	0.98
Chan Tut Sai	530,000	0.87
Ng Ean Nee @ Ooi Ean Nee	500,000	0.82
Singapore Reinsurance Corporation Ltd - Shareholders	485,000	0.79
Chong Chin Chin (Zhang Jingjing)	469,000	0.77
Chong Kian Chun (Zhang Jianjun)	467,000	0.76
Chen Swee Kwong	460,000	0.75
Tenet Insurance Company Ltd	375,000	0.61
Yeoh Phaik Ean	375,000	0.61
United Overseas Bank Nominees Pte Ltd	373,355	0.61
Tang Ngiik Ung @ Tang Nguik Huat	343,000	0.56
Tan Chong Hock	317,250	0.52
Thia Cheng Song	310,000	0.51
DBS Nominees Pte Ltd	292,717	0.48
Tan Suat Lay @ Tan Suat Ngor	245,250	0.40
Total	45,221,772	73.94

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 shareholdings 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-Ninth 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 Friday, 30 April 2010 at 11.00 am 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 2009.

Resolution 2 To declare a final one-tier tax exempt dividend of 12 cents per share for the year ended 31 December 2009.

Resolution 3 To approve Directors' fees of $165,000 for 2009 (2008: $132,000).

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 Chan Mun Wai David 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

(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 per cent 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 per cent 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 Transfer Books and Register of Members will be closed from 12 May 2010 to 13 May 2010, both dates inclusive, for the preparation of dividend warrants. Registrable transfers received up to 5.00 pm on 11 May 2010 will be entitled to the dividend. If approved, the dividend will be paid on 25 May 2010.

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 per cent of the total number of issued shares, excluding treasury shares, in the capital of the Company, but with a sub-limit of 20 per cent 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, 5 April 2010

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.

Proxy form

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

Important
1. The Annual Report 2009 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		**Proportion of Shareholdings**	
NRIC/Passport No.		**No. of Shares**	**%**
Address			

and/or *

Name		**Proportion of Shareholdings**	
NRIC/Passport No.		**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-Ninth 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 Friday, 30 April 2010 at 11.00 am 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 Chan Mun Wai David)		
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 ______________ 2010.

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

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

Important: Please read notes overleaf

Notes:

1. Please insert the number of shares held by you and registered in your name in the Depository Register of The Central Depository (Pte) Limited and in the Register of Members. 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 (if not previously registered 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' names, NRIC/Passport numbers, addresses and number of shares held. The list should be signed by an authorised signatory of the agent bank and should reach the Company Secretary's office not later than 48 hours before the time appointed for holding the Meeting.

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The Company Secretary
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Singapore 048624

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