

NEWS RELEASE

To: All Shareholders

The Board of Directors of United Overseas Insurance Limited wishes to make the following announcement:

1. UNAUDITED RESULTS FOR THE FIRST HALF/SECOND QUARTER ENDED 30 JUNE 2008

	Group					
	1st Half	1st Half	Incr/ (Decr)	2nd Qtr	2nd Qtr	Incr/ (Decr)
	2008	2007	%	2008	2007	%
	\$'000	\$'000		\$'000	\$'000	
(a) Gross premiums written	49,595	41,806	18.6	21,503	16,299	31.9
Net earned premiums	10,271	9,233	11.2	5,969	5,457	9.4
Less/(Add) :						
Net claims incurred	3,130	2,095	49.4	1,679	1,292	30.0
Net commissions	(2,293)	(2,593)	(11.6)	(212)	(570)	(62.8)
Management expenses :						
Staff cost	2,279	2,099	8.6	1,150	1,059	8.6
Rental expenses	327	327	-	164	164	-
Management fees	72	58	24.1	47	25	88.0
Depreciation	112	101	10.9	58	51	13.7
Foreign exchange loss	18	2	800.0	20	3	566.7
Other operating expenses	486	256	89.8	155	111	39.6
Underwriting profit	6,140	6,888	(10.9)	2,908	3,322	(12.5)
Gross dividends from investments	2,239	2,293	(2.4)	1,839	1,839	-
Interest income	2,014	2,057	(2.1)	934	1,001	(6.7)
Miscellaneous income	7	6	16.7	4	3	33.3
Net (losses)/gains on investment at fair value through profit or loss	(4,513)	6,933	NM	(1,742)	3,513	NM
Net (losses)/gains on available-for-sale investments	(493)	141	NM	(1,234)	69	NM
Less/(Add) :						
Management expenses not charged to insurance revenue account:						
Management fees	253	262	(3.4)	126	135	(6.7)
Other operating expenses	123	252	(51.2)	61	144	(57.6)
Exchange differences	82	(4)	NM	109	62	75.8
Profit before tax	4,936	17,808	(72.3)	2,413	9,406	(74.3)
Less: Tax expense	826	3,143	(73.7)	417	1,658	(74.8)
Net profit	4,110	14,665	(72.0)	1,996	7,748	(74.2)

Note : NM = Not Meaningful

(b) Annualised earnings per share (cents)

- basic	13.4	71.9	13.1	76.0
- diluted	13.4	49.8	13.1	52.6

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2. UNAUDITED BALANCE SHEET

	<u>Group</u>		<u>Company</u>	
	<u>30-Jun-08</u>	<u>31-Dec-07</u>	<u>30-Jun-08</u>	<u>31-Dec-07</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
(a) Share capital - Issued & fully paid	91,733	91,733	91,733	91,733
Reserves	95,651	106,436	93,737	104,509
	187,384	198,169	185,470	196,242
Deferred tax liabilities	4,152	5,733	4,152	5,733
Gross technical balances				
Reserve for unexpired risks	47,167	33,876	46,482	33,231
Provision for outstanding claims	111,927	108,447	108,559	104,613
	159,094	142,323	155,041	137,844
Current liabilities				
Insurance creditors	23,686	12,112	23,558	11,917
Non-trade creditors & accrued liabilities	2,842	2,943	2,742	2,858
Deferred acquisition cost-reinsurers' share	6,340	4,690	6,237	4,586
Amount owing to related companies				
- non-trade	-	134	10	134
Tax payables	5,848	8,305	5,744	8,284
	38,716	28,184	38,291	27,779
Total equity and liabilities	389,346	374,409	382,954	367,598
Fixed assets	448	462	448	462
Investment in subsidiary	-	-	4,940	4,940
Available-for-sale investments	92,907	83,315	92,907	83,315
Non-current debtors	4	14	4	14
Statutory deposit	500	500	500	500
Unsecured term loan	26	26	26	26
Reinsurers' share of technical balances				
Reserve for unexpired risks	27,626	18,026	27,093	17,530
Provision for outstanding claims	66,757	63,708	64,293	61,346
	94,383	81,734	91,386	78,876
Current assets				
Insurance debtors	16,407	8,939	16,135	8,686
Deferred acquisition cost - gross	5,026	4,035	4,870	3,893
Non-trade debtors and accrued interest receivable	1,497	1,365	1,486	1,350
Amount owing by related companies	-	6	-	66
Investments at fair value through profit or loss	70,572	86,600	70,572	86,600
Cash and cash equivalents	107,576	107,413	99,680	98,870
	201,078	208,358	192,743	199,465
Total assets	389,346	374,409	382,954	367,598
(b) Net asset value per share (S\$)	3.06	3.24	3.03	3.21

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3. UNAUDITED GROUP STATEMENT OF CHANGES IN EQUITY

	Share capital \$'000	General reserve \$'000	Available- for-sale investment reserve \$'000	Foreign currency translation reserve \$'000	Retained profits \$'000	Total \$'000
Balance at 1 January 2008	91,733	18,880	25,340	(673)	62,889	198,169
Net valuation loss taken to equity	-	-	(7,189)	-	-	(7,189)
Foreign currency translation differences	-	-	-	(367)	-	(367)
Net losses not recognised in profit and loss accounts	-	-	(7,189)	(367)	-	(7,556)
Net profit	-	-	-	-	4,110	4,110
Total recognised (losses)/gains for the six months ended 30 June 2008	-	-	(7,189)	(367)	4,110	(3,446)
Dividend for Year 2007	-	-	-	-	(7,339)	(7,339)
Balance at 30 June 2008	91,733	18,880	18,151	(1,040)	59,660	187,384
Balance at 1 January 2007	40,770	17,880	26,123	(227)	78,536	163,082
Net valuation gain taken to equity	-	-	6,419	-	-	6,419
Foreign currency translation differences	-	-	-	(38)	-	(38)
Net gains/(losses) not recognised in profit and loss accounts	-	-	6,419	(38)	-	6,381
Net profit	-	-	-	-	14,665	14,665
Total recognised gains/(losses) for the six months ended 30 June 2007	-	-	6,419	(38)	14,665	21,046
Dividend for Year 2006	-	-	-	-	(5,015)	(5,015)
Balance at 30 June 2007	40,770	17,880	32,542	(265)	88,186	179,113

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3. UNAUDITED GROUP STATEMENT OF CHANGES IN EQUITY (Cont'd)

	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 April 2008	91,733	18,880	19,963	(931)	65,003	194,648
Net valuation loss taken to equity	-	-	(1,812)	-	-	(1,812)
Foreign currency translation differences	-	-	-	(109)	-	(109)
Net losses not recognised in profit and loss accounts	-	-	(1,812)	(109)	-	(1,921)
Net profit	-	-	-	-	1,996	1,996
Total recognised gains/(losses) for the quarter ended 30 June 2008	-	-	(1,812)	(109)	1,996	75
Dividend for Year 2007	-	-	-	-	(7,339)	(7,339)
Balance at 30 June 2008	91,733	18,880	18,151	(1,040)	59,660	187,384
Balance at 1 April 2007	40,770	17,880	28,523	(330)	85,453	172,296
Net valuation gain taken to equity	-	-	4,019	-	-	4,019
Foreign currency translation differences	-	-	-	65	-	65
Net gains not recognised in profit and loss accounts	-	-	4,019	65	-	4,084
Net profit	-	-	-	-	7,748	7,748
Total recognised gains for the quarter ended 30 June 2007	-	-	4,019	65	7,748	11,832
Dividend for Year 2006	-	-	-	-	(5,015)	(5,015)
Balance at 30 June 2007	40,770	17,880	32,542	(265)	88,186	179,113

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4. UNAUDITED COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital \$'000	General reserve \$'000	Available- for-sale investment reserve \$'000	Retained profits \$'000	Total \$'000
Balance at 1 January 2008	91,733	18,880	25,340	60,289	196,242
Net valuation loss taken to equity	-	-	(7,189)	-	(7,189)
Net losses not recognised in profit and loss accounts	-	-	(7,189)	-	(7,189)
Net profit	-	-	-	3,756	3,756
Total recognised (losses)/gains for six months ended 30 June 2008	-	-	(7,189)	3,756	(3,433)
Dividend for Year 2007	-	-	-	(7,339)	(7,339)
Balance at 30 June 2008	91,733	18,880	18,151	56,706	185,470
Balance at 1 January 2007	40,770	17,880	26,123	76,344	161,117
Net valuation gain taken to equity	-	-	6,419	-	6,419
Net gains not recognised in profit and loss accounts	-	-	6,419	-	6,419
Net profit	-	-	-	14,548	14,548
Total recognised gains for six months ended 30 June 2007	-	-	6,419	14,548	20,967
Dividend for Year 2006	-	-	-	(5,015)	(5,015)
Balance at 30 June 2007	40,770	17,880	32,542	85,877	177,069

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4. UNAUDITED COMPANY STATEMENT OF CHANGES IN EQUITY (Cont'd)

	Share capital \$'000	General reserve \$'000	Available- for-sale investment reserve \$'000	Retained profits \$'000	Total \$'000
Balance at 1 April 2008	91,733	18,880	19,963	62,378	192,954
Net valuation loss taken to equity	-	-	(1,812)	-	(1,812)
Net losses not recognised in profit and loss accounts	-	-	(1,812)	-	(1,812)
Net profit	-	-	-	1,667	1,667
Total recognised (losses)/gains for the quarter ended 30 June 2008	-	-	(1,812)	1,667	(145)
Dividend for Year 2007	-	-	-	(7,339)	(7,339)
Balance at 30 June 2008	91,733	18,880	18,151	56,706	185,470
Balance at 1 April 2007	40,770	17,880	28,523	83,206	170,379
Net valuation gain taken to equity	-	-	4,019	-	4,019
Net gains not recognised in profit and loss accounts	-	-	4,019	-	4,019
Net profit	-	-	-	7,686	7,686
Total recognised gains for the quarter ended 30 June 2007	-	-	4,019	7,686	11,705
Dividend for Year 2006	-	-	-	(5,015)	(5,015)
Balance at 30 June 2007	40,770	17,880	32,542	85,877	177,069

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5. UNAUDITED CASH FLOW STATEMENT

	Group			
	1st Half	1st Half	2nd Qtr	2nd Qtr
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before tax	4,936	17,808	2,413	9,406
Adjustments for :				
Foreign currency difference on reserve for unexpired risks (net of deferred acquisition cost)	(5)	(1)	(1)	2
Foreign currency difference on provision for outstanding claims	(79)	(2)	(24)	2
Movement in net reserves for unexpired risks (net of movement in net deferred acquisition cost)	4,355	2,161	1,534	15
Movement in net outstanding claims	510	(635)	245	(158)
Depreciation	112	101	58	51
Net losses/(gains) on available-for-sale investments	493	(141)	1,234	(69)
Net losses/(gains) on investments at fair value through profit or loss	4,513	(6,933)	1,742	(3,513)
Gross dividends from investments	(2,239)	(2,293)	(1,839)	(1,839)
Interest income	(2,014)	(2,057)	(934)	(1,001)
Exchange differences	490	63	190	(5)
Operating cash flow before working capital change	11,072	8,071	4,618	2,891
Changes in working capital :				
Trade and other receivables	(7,590)	(3,656)	4,799	8,625
Trade and other payables	11,473	7,884	298	(2,216)
Amount owing by related companies	6	30	-	-
Amount owing to related companies	(134)	(116)	-	-
Cash generated from operations	14,827	12,213	9,715	9,300
Tax paid	(3,283)	(1,980)	(2,866)	(1,976)
Net Cash flow from operating activities	11,544	10,233	6,849	7,324
Cash flows from investing activities				
Proceeds from sale of investments at fair value through profit or loss	18,823	32,880	4,997	24,996
Proceeds from sale of available-for-sale investments	14,806	716	5,670	193
Purchase of investments at fair value through profit or loss	(7,274)	(23,997)	(2,086)	(5,744)
Purchase of available-for-sale investments	(33,727)	(11,812)	(4,582)	(11,489)
Purchase of fixed assets	(98)	(36)	(78)	(36)
Gross dividends from investments	2,239	2,293	1,839	1,839
Interest income	2,014	2,057	934	1,001
Net Cash flow (used in)/from investing activities	(3,217)	2,101	6,694	10,760
Cash flow from financing activity				
Dividend paid	(7,339)	(5,015)	(7,339)	(5,015)
Cash flow used in financing activity	(7,339)	(5,015)	(7,339)	(5,015)
Translation difference on foreign subsidiary company	(367)	(38)	(109)	65
Net increase in cash and cash equivalents	621	7,281	6,095	13,134
Cash and cash equivalents at beginning of period	107,413	73,582	101,618	67,620
Effects of exchange rate changes on cash and cash equivalents	(458)	(40)	(137)	69
Cash and cash equivalents at end of period	107,576	80,823	107,576	80,823

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6. SEGMENT INFORMATION

The Group is principally engaged in the business of underwriting general insurance business. No segment information by geographical location has been presented as the Group's overseas operations in Hong Kong are relatively insignificant.

7. REVIEW OF PERFORMANCE

Highlights and Performance Indicators for the Group

(\$'000)	1st Half 2008	1st Half 2007	1H08 / 1H07 %	2nd Quarter 2008	2nd Quarter 2007	2Q08 / 2Q07 %
Gross premiums written	49,595	41,806	+18.6	21,503	16,299	+31.9
Underwriting profit	6,140	6,888	-10.9	2,908	3,322	-12.5
Non-underwriting income/(loss)	(1,204)	10,920	NM	(495)	6,084	NM
Profit before tax	4,936	17,808	-72.3	2,413	9,406	-74.3

Note : NM = Not Meaningful

1st Half 2008 ("1H08") versus 1st Half 2007 ("1H07")

Gross premiums grew by 18.6% to \$49.6 million due largely to synergies generated within the UOB Group and group-linked companies. Underwriting profit decreased by 10.9% to \$6.1 million because more unexpired premium reserves were being set aside due to business growth and also because of higher net incurred claims. Non-underwriting income was a negative \$1.2 million due to weak sentiments in the stock markets resulting from adverse economic conditions globally. Consequently, overall profit before tax decreased by 72.3% to \$4.9 million.

2nd Quarter 2008 ("2Q08") versus 2nd Quarter 2007 ("2Q07")

The Group's gross premiums written grew by 31.9% to \$21.5 million in 2Q08 from \$16.3 million in 2Q07. The underwriting profit decreased to \$2.9 million due to higher unexpired premium reserve strain and higher net incurred claims. The Group recorded a non-underwriting loss of \$0.5 million due to weak market sentiments. Profit before tax decreased by 74.3% to \$2.4 million due mainly to non-underwriting loss.

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8. PROSPECTS FOR THE NEXT REPORTING PERIOD AND THE NEXT 12 MONTHS

Intense competition will continue to drive premium rates downwards, and margins for most classes of insurance will remain thin. Selling activities with the parent bank's regional operations will provide growth opportunities. Higher claims are expected from Workmen's Compensation insurance when the higher benefits payable under the new legislation come into full effect.

The Company expects underwriting to continue to be profitable but the outlook on investments is uncertain as financial markets are expected to remain volatile. While overall profitability is expected to remain satisfactory, any further deterioration in investment income would have an adverse impact.

9. ACCOUNTING POLICY

The financial statements, expressed in Singapore dollars are prepared in accordance with Singapore Financial Reporting Standards (FRS). The accounting policies and computation methods adopted in the financial statements for the first half year ended 30 June 2008 are the same as those adopted in the preceding year.

10. INTERIM DIVIDEND

The Directors are pleased to declare an interim dividend of 3 cents per share (one-tier tax-exempt) (2007 interim dividend: 5 cents per share less 18% Singapore income tax) in respect of the financial year ending 31 December 2008. The total interim dividend would amount to \$1.8 million. The dividend will be paid on 10 September 2008.

11. CLOSURE OF BOOKS

Notice is hereby given that the Share Transfer Books and the Register of Members of the Company will be closed from 1 September 2008 to 2 September 2008, both dates inclusive for the preparation of dividend warrants. Registrable transfers received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 3 Church Street, #08-01 Samsung Hub, Singapore 049483, up to 5.00 pm on 29 August 2008 will be registered for the interim dividend. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), the interim dividend will be paid by the Company to CDP which will, in turn, distribute the dividend to holders of the securities accounts.

12. BORROWINGS, CONTINGENT LIABILITIES AND LOAN CAPITAL

The Group has no borrowings, contingent liabilities and loan capital as at 30 June 2008 (2007: nil).

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13. CONFIRMATION BY DIRECTORS

The Board of Directors of the Company hereby confirm that, to the best of its knowledge, nothing has come to its attention which may render the unaudited group financial results for the first half/second quarter ended 30 June 2008 to be false or misleading.

BY ORDER OF THE BOARD

MRS VIVIEN CHAN
SECRETARY

Dated this 13th August 2008