

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 NINE MONTHS/THIRD QUARTER ENDED 30 SEPTEMBER 2008

| | Group | | | | | |
|---|-----------------------|-----------------------|-----------------|-----------------------|-----------------------|-----------------|
| | 9 Months | 9 Months | Incr/ (Decr) | 3rd Qtr | 3rd Qtr | Incr/ (Decr) |
| | <u>2008</u> \$'000 | <u>2007</u> \$'000 | % | <u>2008</u> \$'000 | <u>2007</u> \$'000 | % |
| (a) Gross premiums written | 68,695 | 57,221 | 20.1 | 19,100 | 15,415 | 23.9 |
| Net earned premiums | 17,346 | 15,377 | 12.8 | 7,075 | 6,144 | 15.2 |
| Less/(Add) : | | | | | | |
| Net claims incurred | 4,281 | 4,064 | 5.3 | 1,151 | 1,969 | (41.5) |
| Net commissions | (2,234) | (2,656) | (15.9) | 59 | (63) | NM |
| Management expenses : | | | | | | |
| Staff cost | 3,544 | 3,156 | 12.3 | 1,265 | 1,057 | 19.7 |
| Rental expenses | 490 | 490 | - | 163 | 163 | - |
| Management fees | 93 | 77 | 20.8 | 21 | 19 | 10.5 |
| Depreciation | 170 | 153 | 11.1 | 58 | 52 | 11.5 |
| Foreign exchange loss | 23 | 8 | 187.5 | 5 | 6 | (16.7) |
| Other operating expenses | 793 | 408 | 94.4 | 307 | 152 | 102.0 |
| Underwriting profit | 10,186 | 9,677 | 5.3 | 4,046 | 2,789 | 45.1 |
| Gross dividends from investments | 2,874 | 3,068 | (6.3) | 635 | 775 | (18.1) |
| Interest income | 2,955 | 3,162 | (6.5) | 941 | 1,105 | (14.8) |
| Miscellaneous income | 399 | 9 | NM | 392 | 3 | NM |
| Net (losses)/gains on investment at fair value through profit or loss | (6,581) | 6,075 | NM | (2,068) | (858) | 141.0 |
| Net (losses)/gains on available-for-sale investments | (485) | 141 | NM | 8 | - | - |
| Less/(Add) : | | | | | | |
| Management expenses not charged to insurance revenue account: | | | | | | |
| Management fees | 503 | 398 | 26.4 | 250 | 136 | 83.8 |
| Other operating expenses | 175 | 536 | (67.4) | 52 | 284 | (81.7) |
| Exchange differences | 496 | 152 | 226.3 | 414 | 156 | 165.4 |
| Profit before tax | 8,174 | 21,046 | (61.2) | 3,238 | 3,238 | - |
| Less: Tax expense | 1,399 | 3,709 | (62.3) | 573 | 566 | 1.2 |
| Net profit | 6,775 | 17,337 | (60.9) | 2,665 | 2,672 | (0.3) |

Note : NM = Not Meaningful

(b) Annualised earnings per share (cents)

| | | | | |
|-----------|-------------|------|-------------|------|
| - basic | 14.8 | 56.7 | 17.4 | 26.2 |
| - diluted | 14.8 | 39.2 | 17.4 | 18.1 |

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2. UNAUDITED BALANCE SHEET

| | <u>Group</u> | | <u>Company</u> | |
|---|------------------|------------------|------------------|------------------|
| | <u>30-Sep-08</u> | <u>31-Dec-07</u> | <u>30-Sep-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 | 86,244 | 106,436 | 84,132 | 104,509 |
| | 177,977 | 198,169 | 175,865 | 196,242 |
| Deferred tax liabilities | 1,833 | 5,733 | 1,833 | 5,733 |
| Gross technical balances | | | | |
| Reserve for unexpired risks | 46,851 | 33,876 | 46,195 | 33,231 |
| Provision for outstanding claims | 112,730 | 108,447 | 109,167 | 104,613 |
| | 159,581 | 142,323 | 155,362 | 137,844 |
| Current liabilities | | | | |
| Insurance creditors | 21,110 | 12,112 | 20,875 | 11,917 |
| Non-trade creditors & accrued liabilities | 3,756 | 2,943 | 3,710 | 2,858 |
| Deferred acquisition cost-reinsurers' share | 6,097 | 4,690 | 5,996 | 4,586 |
| Amount owing to related companies | | | | |
| - non-trade | - | 134 | 143 | 134 |
| Tax payables | 3,556 | 8,305 | 3,482 | 8,284 |
| | 34,519 | 28,184 | 34,206 | 27,779 |
| Total equity and liabilities | 373,910 | 374,409 | 367,266 | 367,598 |
| Fixed assets | 421 | 462 | 421 | 462 |
| Investment in subsidiary | - | - | 4,940 | 4,940 |
| Available-for-sale investments | 100,679 | 83,315 | 100,679 | 83,315 |
| Non-current debtors | - | 14 | - | 14 |
| Statutory deposit | 500 | 500 | 500 | 500 |
| Unsecured term loan | 24 | 26 | 24 | 26 |
| Reinsurers' share of technical balances | | | | |
| Reserve for unexpired risks | 26,969 | 18,026 | 26,462 | 17,530 |
| Provision for outstanding claims | 67,782 | 63,708 | 65,247 | 61,346 |
| | 94,751 | 81,734 | 91,709 | 78,876 |
| Current assets | | | | |
| Insurance debtors | 9,928 | 8,939 | 9,656 | 8,686 |
| Deferred acquisition cost - gross | 5,001 | 4,035 | 4,850 | 3,893 |
| Non-trade debtors and accrued interest receivable | 1,228 | 1,365 | 1,218 | 1,350 |
| Amount owing by related companies | - | 6 | - | 66 |
| Investments at fair value through profit or loss | 51,298 | 86,600 | 51,298 | 86,600 |
| Cash and cash equivalents | 110,080 | 107,413 | 101,971 | 98,870 |
| | 177,535 | 208,358 | 168,993 | 199,465 |
| Total assets | 373,910 | 374,409 | 367,266 | 367,598 |
| (b) Net asset value per share (S\$) | 2.91 | 3.24 | 2.88 | 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 | - | - | (17,772) | - | - | (17,772) |
| Foreign currency translation differences | - | - | - | (22) | - | (22) |
| Net losses not recognised in profit and loss accounts | - | - | (17,772) | (22) | - | (17,794) |
| Net profit | - | - | - | - | 6,775 | 6,775 |
| Total recognised (losses)/gains for the nine months ended 30 September 2008 | - | - | (17,772) | (22) | 6,775 | (11,019) |
| Dividend for Year 2007 | - | - | - | - | (7,339) | (7,339) |
| Dividend for Year 2008 | - | - | - | - | (1,834) | (1,834) |
| Balance at 30 September 2008 | 91,733 | 18,880 | 7,568 | (695) | 60,491 | 177,977 |
| Balance at 1 January 2007 | 40,770 | 17,880 | 26,123 | (227) | 78,536 | 163,082 |
| Net valuation gain taken to equity | - | - | 6,659 | - | - | 6,659 |
| Foreign currency translation differences | - | - | - | (177) | - | (177) |
| Net gains/(losses) not recognised in profit and loss accounts | - | - | 6,659 | (177) | - | 6,482 |
| Net profit | - | - | - | - | 17,337 | 17,337 |
| Total recognised gains/(losses) for the nine months ended 30 September 2007 | - | - | 6,659 | (177) | 17,337 | 23,819 |
| Issue of rights shares | 50,963 | - | - | - | - | 50,963 |
| Dividend for Year 2006 | - | - | - | - | (5,015) | (5,015) |
| Dividend for Year 2007 | - | - | - | - | (30,924) | (30,924) |
| Balance at 30 September 2007 | 91,733 | 17,880 | 32,782 | (404) | 59,934 | 201,925 |

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

| | <u>Share capital</u> \$'000 | <u>General reserve</u> \$'000 | <u>Available- for-sale investment reserve</u> \$'000 | <u>Foreign currency translation reserve</u> \$'000 | <u>Retained profits</u> \$'000 | <u>Total</u> \$'000 |
|---|--------------------------------|----------------------------------|---|---|---------------------------------------|------------------------|
| Balance at 1 July 2008 | 91,733 | 18,880 | 18,151 | (1,040) | 59,660 | 187,384 |
| Net valuation loss taken to equity | - | - | (10,583) | - | - | (10,583) |
| Foreign currency translation differences | - | - | - | 345 | - | 345 |
| Net (losses)/gains not recognised in profit and loss accounts | - | - | (10,583) | 345 | - | (10,238) |
| Net profit | - | - | - | - | 2,665 | 2,665 |
| Total recognised (losses)/gains for the quarter ended 30 September 2008 | - | - | (10,583) | 345 | 2,665 | (7,573) |
| Dividend for Year 2008 | - | - | - | - | (1,834) | (1,834) |
| Balance at 30 September 2008 | 91,733 | 18,880 | 7,568 | (695) | 60,491 | 177,977 |
| Balance at 1 July 2007 | 40,770 | 17,880 | 32,542 | (265) | 88,186 | 179,113 |
| Net valuation gain taken to equity | - | - | 240 | - | - | 240 |
| Foreign currency translation differences | - | - | - | (139) | - | (139) |
| Net gains/(losses) not recognised in profit and loss accounts | - | - | 240 | (139) | - | 101 |
| Net profit | - | - | - | - | 2,672 | 2,672 |
| Total recognised gains/(losses) for the quarter ended 30 September 2007 | - | - | 240 | (139) | 2,672 | 2,773 |
| Issue of rights shares | 50,963 | - | - | - | - | 50,963 |
| Dividend for Year 2007 | - | - | - | - | (30,924) | (30,924) |
| Balance at 30 September 2007 | 91,733 | 17,880 | 32,782 | (404) | 59,934 | 201,925 |

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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 | - | - | (17,772) | - | (17,772) |
| Net losses not recognised in profit and loss accounts | - | - | (17,772) | - | (17,772) |
| Net profit | - | - | - | 6,568 | 6,568 |
| Total recognised (losses)/gains for nine months ended 30 September 2008 | - | - | (17,772) | 6,568 | (11,204) |
| Dividend for Year 2007 | - | - | - | (7,339) | (7,339) |
| Dividend for Year 2008 | - | - | - | (1,834) | (1,834) |
| Balance at 30 September 2008 | 91,733 | 18,880 | 7,568 | 57,684 | 175,865 |
| Balance at 1 January 2007 | 40,770 | 17,880 | 26,123 | 76,344 | 161,117 |
| Net valuation gain taken to equity | - | - | 6,659 | - | 6,659 |
| Net gains not recognised in profit and loss accounts | - | - | 6,659 | - | 6,659 |
| Net profit | - | - | - | 17,121 | 17,121 |
| Total recognised gains for nine months ended 30 September 2007 | - | - | 6,659 | 17,121 | 23,780 |
| Issue of rights shares | 50,963 | - | - | - | 50,963 |
| Dividend for Year 2006 | - | - | - | (5,015) | (5,015) |
| Dividend for Year 2007 | - | - | - | (30,924) | (30,924) |
| Balance at 30 September 2007 | 91,733 | 17,880 | 32,782 | 57,526 | 199,921 |

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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 July 2008 | 91,733 | 18,880 | 18,151 | 56,706 | 185,470 |
| Net valuation loss taken to equity | - | - | (10,583) | - | (10,583) |
| Net losses not recognised in profit and loss accounts | - | - | (10,583) | - | (10,583) |
| Net profit | - | - | - | 2,812 | 2,812 |
| Total recognised (losses)/gains for the quarter ended 30 September 2008 | - | - | (10,583) | 2,812 | (7,771) |
| Dividend for Year 2008 | - | - | - | (1,834) | (1,834) |
| Balance at 30 September 2008 | 91,733 | 18,880 | 7,568 | 57,684 | 175,865 |
| Balance at 1 July 2007 | 40,770 | 17,880 | 32,542 | 85,877 | 177,069 |
| Net valuation gain taken to equity | - | - | 240 | - | 240 |
| Net gains not recognised in profit and loss accounts | - | - | 240 | - | 240 |
| Net profit | - | - | - | 2,573 | 2,573 |
| Total recognised gains for the quarter ended 30 September 2007 | - | - | 240 | 2,573 | 2,813 |
| Issue of rights shares | 50,963 | - | - | - | 50,963 |
| Dividend for Year 2007 | - | - | - | (30,924) | (30,924) |
| Balance at 30 September 2007 | 91,733 | 17,880 | 32,782 | 57,526 | 199,921 |

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5. UNAUDITED CASH FLOW STATEMENT

| | Group | | | |
|--|-----------------------------------|-----------------------------------|----------------------------------|----------------------------------|
| | 9 Months <u>2008</u> \$'000 | 9 Months <u>2007</u> \$'000 | 3rd Qtr <u>2008</u> \$'000 | 3rd Qtr <u>2007</u> \$'000 |
| Cash flows from operating activities | | | | |
| Profit before tax | 8,174 | 21,046 | 3,238 | 3,238 |
| Adjustments for : | | | | |
| Foreign currency difference on reserve for unexpired risks (net of deferred acquisition cost) | - | (4) | 5 | (3) |
| Foreign currency difference on provision for outstanding claims | (4) | (7) | 75 | (5) |
| Movement in net reserves for unexpired risks (net of movement in net deferred acquisition cost) | 4,473 | 2,067 | 118 | (94) |
| Movement in net outstanding claims | 213 | (359) | (297) | 276 |
| Depreciation | 170 | 153 | 58 | 52 |
| Net losses/(gains) on available-for-sale investments | 485 | (141) | (8) | - |
| Net losses/(gains) on investments at fair value through profit or loss | 6,581 | (6,075) | 2,068 | 858 |
| Gross dividends from investments | (2,874) | (3,068) | (635) | (775) |
| Interest income | (2,955) | (3,162) | (941) | (1,105) |
| Exchange differences | 248 | 366 | (242) | 303 |
| Operating cash flow before working capital change | 14,511 | 10,816 | 3,439 | 2,745 |
| Changes in working capital : | | | | |
| Trade and other receivables | (838) | (2,490) | 6,752 | 1,166 |
| Trade and other payables | 9,811 | 8,607 | (1,662) | 723 |
| Amount owing by related companies | 6 | 30 | - | - |
| Amount owing to related companies | (134) | (116) | - | - |
| Cash generated from operations | 23,356 | 16,847 | 8,529 | 4,634 |
| Tax paid | (6,148) | (3,788) | (2,865) | (1,808) |
| Net Cash flow from operating activities | 17,208 | 13,059 | 5,664 | 2,826 |
| Cash flows from investing activities | | | | |
| Proceeds from sale of investments at fair value through profit or loss | 36,737 | 44,647 | 17,914 | 11,767 |
| Proceeds from sale of available-for-sale investments | 15,244 | 716 | 438 | - |
| Purchase of investments at fair value through profit or loss | (7,983) | (24,604) | (709) | (607) |
| Purchase of available-for-sale investments | (55,022) | (19,559) | (21,295) | (7,747) |
| Purchase of fixed assets | (129) | (44) | (31) | (8) |
| Unsecured term Loan | 2 | 3 | 2 | 3 |
| Gross dividends from investments | 2,874 | 3,068 | 635 | 775 |
| Interest income | 2,955 | 3,162 | 941 | 1,105 |
| Net Cash flow (used in)/from investing activities | (5,322) | 7,389 | (2,105) | 5,288 |
| Cash flow from financing activity | | | | |
| Dividend paid | (9,173) | (35,939) | (1,834) | (30,924) |
| Proceeds from issuance of share capital | - | 50,963 | - | 50,963 |
| Cash flow (used in)/from financing activity | (9,173) | 15,024 | (1,834) | 20,039 |
| Translation difference on foreign subsidiary company | (22) | (177) | 345 | (139) |
| Net increase in cash and cash equivalents | 2,691 | 35,295 | 2,070 | 28,014 |
| Cash and cash equivalents at beginning of period | 107,413 | 73,582 | 107,576 | 80,823 |
| Effects of exchange rate changes on cash and cash equivalents | (24) | (189) | 434 | (149) |
| Cash and cash equivalents at end of period | 110,080 | 108,688 | 110,080 | 108,688 |

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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) | 9 Months 2008 | 9 Months 2007 | 9M08 / 9M07 % | 3rd Quarter 2008 | 3rd Quarter 2007 | 3Q08 / 3Q07 % |
|-----------------------------------|------------------------------|---------------------|---------------------|---------------------------------|------------------------|---------------------|
| Gross premiums written | 68,695 | 57,221 | +20.1 | 19,100 | 15,415 | +23.9 |
| Underwriting profit | 10,186 | 9,677 | +5.3 | 4,046 | 2,789 | +45.1 |
| Non-underwriting income/(loss) | (2,012) | 11,369 | NM | (808) | 449 | NM |
| Profit before tax | 8,174 | 21,046 | -61.2 | 3,238 | 3,238 | - |

Note : NM = Not Meaningful

9 Months 2008 ("9M08") versus 9 Months 2007 ("9M07")

Gross premiums grew by 20.1% to \$68.7 million due largely to synergies generated within the UOB Group and group-linked companies. Underwriting profit increased by 5.3% to \$10.2 million. Non-underwriting income was a negative \$2.0 million due to weak sentiments in the stock markets resulting from global financial turmoil. Consequently, overall profit before tax decreased by 61.2% to \$8.2 million.

3rd Quarter 2008 ("3Q08") versus 3rd Quarter 2007 ("3Q07")

The Group's gross premiums written grew by 23.9% to \$19.1 million in 3Q08 from \$15.4 million in 3Q07. The underwriting profit increased by 45.1% to \$4.0 million. The Group recorded a non-underwriting loss of \$0.8 million due to weak market sentiments. It achieved a profit before tax of \$3.2 million in 3Q08.

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

With the economy slipping into a technical recession in 3rd quarter 2008, business growth is expected to be very challenging. Intense competition will continue to drive down premium rates leading to thinner margins. Higher Work Injury Insurance claims are flowing through due to the higher benefits payable under the new legislation.

The Company expects underwriting profits and overall profitability to continue, albeit, at lower levels in light of the global financial turmoil.

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 nine months ended 30 September 2008 are the same as those adopted in the preceding year.

10. DIVIDEND

No dividend has been declared for the third quarter ended 30 September 2008.

11. BORROWINGS, CONTINGENT LIABILITIES AND LOAN CAPITAL

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

12. 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 nine months/third quarter ended 30 September 2008 to be false or misleading.

BY ORDER OF THE BOARD

MRS VIVIEN CHAN
SECRETARY

Dated this 28th October 2008