

## NEWS RELEASE

To: All Shareholders

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

### 1. Unaudited income statement for the three months/first quarter ended 31 March 2009

	<b>Group</b>		
	<b>1st Qtr 2009 \$'000</b>	<b>1st Qtr 2008 \$'000</b>	<b>Incr/ (Decr) %</b>
(a) Gross premiums written	<u>24,013</u>	<u>28,092</u>	(14.5)
Net earned premiums	7,163	4,302	66.5
Less/(Add) :			
Net claims incurred	1,151	1,451	(20.7)
Net commissions	(852)	(2,081)	(59.1)
Management expenses :			
Staff cost	1,077	1,129	(4.6)
Rental expenses	163	163	-
Management fees	23	25	(8.0)
Depreciation	30	54	(44.4)
Foreign exchange gain	(15)	(2)	NM
Other operating expenses	<u>322</u>	<u>331</u>	(2.7)
Underwriting profit	5,264	3,232	62.9
Gross dividends from investments	180	400	(55.0)
Interest income	879	1,080	(18.6)
Miscellaneous income	4	3	33.3
Net losses on investments at fair value through profit or loss	-	(2,771)	(100.0)
Net gains on available-for-sale investments	359	741	(51.6)
Less/(Add) :			
Management expenses not charged to insurance revenue account:			
Management fees	118	127	(7.1)
Other operating expenses	47	62	(24.2)
Exchange differences	<u>131</u>	<u>(27)</u>	NM
Profit before tax	6,390	2,523	153.3
Less:			
Tax expense	<u>1,146</u>	<u>409</u>	180.2
Net profit	<u>5,244</u>	<u>2,114</u>	148.1
Note : NM = Not Meaningful			
(b) Annualised earnings per share (cents) - basic & diluted	34.3	13.8	

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### 2. Unaudited statement of comprehensive income for the three months/first quarter ended 31 March 2009

	<u>Group</u>	
	<u>1st Qtr 2009 \$'000</u>	<u>1st Qtr 2008 \$'000</u>
Net profit	5,244	2,114
<b>Other comprehensive income :</b>		
Foreign currency translation difference	413	(258)
Available-for-sale investments	(2,922)	(6,555)
Income tax relating to available-for-sale investments	517	1,178
<b>Other comprehensive income for the quarter, net of tax</b>	<u>(1,992)</u>	<u>(5,635)</u>
<b>Total comprehensive income for the quarter ended 31 March</b>	<u><u>3,252</u></u>	<u><u>(3,521)</u></u>

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### 3. Unaudited statement of financial position

	<b>Group</b>		<b>Company</b>	
	<b>31-Mar-09</b>	<b>31-Dec-08</b>	<b>31-Mar-09</b>	<b>31-Dec-08</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
(a) Share capital - Issued & fully paid	<b>91,733</b>	91,733	<b>91,733</b>	91,733
Reserves	<b>84,008</b>	80,756	<b>82,113</b>	78,754
	<b>175,741</b>	172,489	<b>173,846</b>	170,487
Technical balances				
Reserve for unexpired risks	<b>46,052</b>	42,503	<b>45,487</b>	41,912
Outstanding claims	<b>117,115</b>	118,121	<b>113,491</b>	114,185
	<b>163,167</b>	160,624	<b>158,978</b>	156,097
Current liabilities				
Insurance creditors	<b>17,957</b>	15,297	<b>17,891</b>	15,194
Non-trade creditors & accrued liabilities	<b>3,738</b>	2,860	<b>3,636</b>	2,775
Deferred acquisition cost-reinsurers' share	<b>6,053</b>	5,606	<b>5,968</b>	5,526
Amount owing to related companies				
- non-trade	-	115	-	115
Tax payables	<b>3,957</b>	3,495	<b>3,912</b>	3,458
	<b>31,705</b>	27,373	<b>31,407</b>	27,068
Total equity and liabilities	<b>370,613</b>	360,486	<b>364,231</b>	353,652
Fixed assets	<b>367</b>	393	<b>367</b>	393
Investment in subsidiary	-	-	<b>4,940</b>	4,940
Available-for-sale investments	<b>145,784</b>	139,086	<b>145,784</b>	139,086
Statutory deposit	<b>500</b>	500	<b>500</b>	500
Unsecured term loan	<b>24</b>	24	<b>24</b>	24
Reinsurers' share of technical balances				
Reserve for unexpired risks	<b>25,193</b>	23,272	<b>24,757</b>	22,832
Outstanding claims	<b>72,214</b>	72,781	<b>69,637</b>	69,927
	<b>97,407</b>	96,053	<b>94,394</b>	92,759
Current assets				
Insurance debtors	<b>12,932</b>	6,878	<b>12,704</b>	6,729
Deferred acquisition cost-gross	<b>5,298</b>	4,621	<b>5,162</b>	4,506
Non-trade debtors and accrued interest receivable	<b>1,315</b>	1,678	<b>1,305</b>	1,668
Amount owing by related companies	-	162	<b>5</b>	187
Cash and cash equivalents	<b>106,986</b>	111,091	<b>99,046</b>	102,860
	<b>126,531</b>	124,430	<b>118,222</b>	115,950
Total assets	<b>370,613</b>	360,486	<b>364,231</b>	353,652
(b) Net asset value per share (S\$)	<b>2.87</b>	2.82	<b>2.84</b>	2.79
Number of shares issued ('000)	<b>61,155</b>	61,155	<b>61,155</b>	61,155

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#### 4. 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 2009	91,733	19,880	(936)	(638)	62,450	172,489
<b>Changes in equity for period</b>						
Total comprehensive income for the quarter ended 31 March 2009	-	-	(2,405)	413	5,244	3,252
<b>Balance at 31 March 2009</b>	<b>91,733</b>	<b>19,880</b>	<b>(3,341)</b>	<b>(225)</b>	<b>67,694</b>	<b>175,741</b>
Balance at 1 January 2008	91,733	18,880	25,340	(673)	62,889	198,169
<b>Changes in equity for period</b>						
Total comprehensive income for the quarter ended 31 March 2008	-	-	(5,377)	(258)	2,114	(3,521)
<b>Balance at 31 March 2008</b>	<b>91,733</b>	<b>18,880</b>	<b>19,963</b>	<b>(931)</b>	<b>65,003</b>	<b>194,648</b>

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### 5. 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 2009	91,733	19,880	(936)	59,810	170,487
<b>Changes in equity for period</b>					
Total comprehensive income for the quarter ended 31 March 2009	-	-	(2,405)	5,764	3,359
<b>Balance at 31 March 2009</b>	<b>91,733</b>	<b>19,880</b>	<b>(3,341)</b>	<b>65,574</b>	<b>173,846</b>
Balance at 1 January 2008	91,733	18,880	25,340	60,289	196,242
<b>Changes in equity for period</b>					
Total comprehensive income for the quarter ended 31 March 2008	-	-	(5,377)	2,089	(3,288)
<b>Balance at 31 March 2008</b>	<b>91,733</b>	<b>18,880</b>	<b>19,963</b>	<b>62,378</b>	<b>192,954</b>

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### 6. Unaudited statement of cash flows

	<b>Group</b>	
	<b>1st Qtr 2009 \$'000</b>	<b>1st Qtr 2008 \$'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	6,390	2,523
Adjustments for:		
Foreign currency difference on reserve for unexpired risks (net of deferred acquisition cost)	8	(4)
Foreign currency difference on provision for outstanding claims	63	(55)
Movement in net reserve for unexpired risks (net of movement in net deferred acquisition cost)	1,390	2,821
Movement in net outstanding claims	(502)	265
Depreciation	30	54
Net gains on available-for-sale investments	(359)	(741)
Net losses on investments at fair value through profit or loss	-	2,771
Gross dividends from investments	(180)	(400)
Interest income	(879)	(1,080)
Exchange differences	(802)	300
Operating profit before working capital change	5,159	6,454
Changes in working capital:		
Trade and other receivables	(5,691)	(12,389)
Trade and other payables	3,538	11,175
Amount owing by related companies	162	6
Amount owing to related companies	(115)	(134)
Cash generated from operations	3,053	5,112
Tax paid	(167)	(417)
<b>Net cash flows from operating activities</b>	<b>2,886</b>	<b>4,695</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments at fair value through profit or loss	-	13,826
Proceeds from sale of available-for-sale investments	3,733	9,136
Purchase of investments as fair value through profit or loss	-	(5,188)
Purchase of available-for-sale investments	(12,677)	(29,145)
Purchase of fixed assets	(4)	(20)
Placement in long-term fixed deposits	(1,007)	-
Gross dividends from investments	180	400
Interest income	879	1,080
<b>Net cash flows used in investing activities</b>	<b>(8,896)</b>	<b>(9,911)</b>
Translation difference on foreign subsidiary company	413	(258)
<b>Net decrease in cash and cash equivalents</b>	<b>(5,597)</b>	<b>(5,474)</b>
Cash and cash equivalents at beginning of period	108,993	107,413
Effects of exchange rate changes on cash and cash equivalents	485	(321)
<b>Cash and cash equivalents at end of period</b>	<b>103,881</b>	<b>101,618</b>

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### 7. Segment information

	<u>SIF</u> (\$' 000)	<u>OIF</u> (\$' 000)	<u>SHF</u> (\$' 000)	<u>HK Subsidiary</u> (\$' 000)	<u>Consolidated</u> (\$' 000)
<b><u>3 months ended 31 March 2009</u></b>					
Gross premiums written	19,420	4,217	-	376	24,013
Net earned premiums	5,042	1,999	-	122	7,163
Net claims incurred	409	711	-	31	1,151
Net commission	(1,627)	736	-	39	(852)
Management expenses	1,385	119	-	96	1,600
Underwriting profit/ (loss)	4,875	433	-	(44)	5,264
Other Income	951	36	431	4	1,422
Management expenses not charged to insurance revenue account	(122)	(15)	(40)	473	296
Profit/(loss) before tax	5,948	484	471	(513)	6,390
Segment total assets	220,824	30,094	108,368	11,327	370,613
Segment total liabilities	172,220	18,455	(295)	4,492	194,872
<b><u>3 months ended 31 March 2008</u></b>					
Gross premiums written	25,029	2,645	-	418	28,092
Net earned premiums	2,766	1,429	-	107	4,302
Net claims incurred	973	473	-	5	1,451
Net commission	(2,387)	254	-	52	(2,081)
Management expenses	1,436	173	-	91	1,700
Underwriting profit/ (loss)	2,744	529	-	(41)	3,232
Other Income	(1,012)	51	351	63	(547)
Management expenses not charged to insurance revenue account	100	3	68	(9)	162
Profit before tax	1,632	577	283	31	2,523
Segment total assets	222,169	22,629	135,590	11,603	391,991
Segment total liabilities	172,098	15,792	4,483	4,970	197,343

As required under the Insurance Act (Cap. 142), 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 segment information are prepared based on the Group's accounting policy, which is in accordance with Singapore Financial Reporting Standards (FRS).

The HK Subsidiary refers to the Company's wholly-owned subsidiary, UOB Insurance (H.K.) Limited, incorporated in Hong Kong S.A.R.

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### 8. Review of performance

#### Highlights and Performance Indicators for the Group

(\$'000)	1 <sup>st</sup> Quarter 2009	1 <sup>st</sup> Quarter 2008	1Q09/ 1Q08 %
Gross premiums written	<b>24,013</b>	<b>28,092</b>	-14.5
Underwriting profit	<b>5,264</b>	<b>3,232</b>	+62.9
Non-underwriting income/(loss)	<b>1,126</b>	<b>(709)</b>	NM
Profit before tax	<b>6,390</b>	<b>2,523</b>	+153.3

Note : NM = Not Meaningful

#### 1<sup>st</sup> Quarter 2009 ("1Q09") versus 1<sup>st</sup> Quarter 2008 ("1Q08")

Gross premium decreased by 14.5% to \$24.01 million due mainly to timing difference in premium booking. Without such timing difference, gross premium would have grown by 14%.

Underwriting profit increased by 62.9% to \$5.26 million due mainly to higher release in unearned premium reserves, improvement in net claims incurred and lower management expenses in the current quarter. Non-underwriting income registered a profit of \$1.13 million as compared to a loss of \$0.71 million in the corresponding quarter last year due to a reclassification of investments.

Overall profit before tax increased by 153.3% to \$6.39 million.

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

The business outlook remained uncertain as the local economy was recently projected to contract more than the original estimate. The economic slowdown coupled with prevailing intense competition are expected to affect premium growth and underwriting profit margin. The threat of global flu epidemic would also have an adverse impact on business.

Notwithstanding the negative factors, the Group expects to continue achieving underwriting profit and overall profitability.



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### **10. Accounting policy**

The financial statements, expressed in Singapore dollars are prepared in accordance with Singapore Financial Reporting Standards (FRS). The accounting policies and computation methods adopted in the financial statements for the quarter ended 31 March 2009 are the same as those adopted in the preceding year, except for the adoption of the Amendments to FRS 39 Financial Instruments: Recognition and Measurement and FRS 107 Financial Instruments: Disclosures – Reclassification of Financial Assets on 31 October 2008 and the adoption of revised FRS 1 Presentation of Financial Statements and FRS 108 Operating Segments which are effective for annual periods beginning on or after 1 January 2009.

### **11. Dividend**

No dividend has been declared for the quarter ended 31 March 2009.

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

The Group has no borrowings, contingent liabilities and loan capital as at 31 March 2009 (31 March 2008: nil).

### **13. Confirmation by directors**

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to its attention which may render the unaudited group financial results for the three months/first quarter ended 31 March 2009 to be false or misleading.

BY ORDER OF THE BOARD

MRS VIVIEN CHAN  
SECRETARY

Dated this 4th May 2009