

NEWS RELEASE

To: All Shareholders

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

1. Audited income statement for the year ended 31 December 2009

	<u>Group</u>		<u>Incr/ (Decr)</u>
	<u>2009</u>	<u>2008</u>	
	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>
(a) Gross premiums written	<u>84,464</u>	<u>83,021</u>	1.7
Net earned premiums	29,354	23,720	23.8
Less/(Add) :			
Net claims incurred	9,709	6,631	46.4
Net commissions	(5,002)	(4,772)	4.8
Management expenses :			
Staff cost	5,149	5,446	(5.5)
Rental expenses	684	672	1.8
Management fees	143	131	9.2
Depreciation	120	219	(45.2)
Foreign exchange loss	39	60	(35.0)
Other operating expenses	<u>1,050</u>	<u>1,046</u>	0.4
Underwriting profit	<u>17,462</u>	14,287	22.2
Gross dividends from investments	2,819	3,310	(14.8)
Interest income from investments	3,337	2,777	20.2
Interest on fixed deposits and bank balances	327	1,177	(72.2)
Amortisation of investments	34	-	NM
Miscellaneous income	155	403	(61.5)
Net losses on investments at fair value through profit or loss	-	(4,849)	(100.0)
Net gains/(losses) on available-for-sale investments	2,574	(2,943)	NM
Impairment on available-for-sale investments	-	(1,300)	(100.0)
Less/(Add) :			
Management expenses not charged to insurance revenue account:			
Management fees	160	492	(67.5)
Other operating expenses	185	205	(9.8)
Exchange differences	<u>(380)</u>	<u>1,051</u>	(136.2)
Profit before tax	<u>26,743</u>	11,114	140.6
Less : Tax expense	<u>3,602</u>	<u>1,380</u>	161.0
Net profit	<u>23,141</u>	<u>9,734</u>	137.7
Profit attributable to:			
Equity holders of the Company	<u>23,141</u>	<u>9,734</u>	

Note : NM = Not Meaningful

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1. Audited income statement for the year ended 31 December 2009 (cont'd)

	<u>Group</u>		<u>Incr/ (Decr)</u> %
	<u>2009</u> \$'000	<u>2008</u> \$'000	
(b) Gross premium income			
6 months ended 30 June	50,566	49,595	2.0
6 months ended 31 December	33,898	33,426	1.4
Total for the year	<u>84,464</u>	<u>83,021</u>	1.7
(c) Net profit after tax			
6 months ended 30 June	10,623	4,110	158.5
6 months ended 31 December	12,518	5,624	122.6
Total for the year	<u>23,141</u>	<u>9,734</u>	137.7
(d) Net earnings per share (cents) - basic and diluted	37.8	15.9	

2. Audited statement of comprehensive income for the year ended 31 December 2009

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

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3. Audited statement of financial position

	Group		Company	
	31-Dec-09	31-Dec-08	31-Dec-09	31-Dec-08
	\$'000	\$'000	\$'000	\$'000
(a) Share capital - Issued & fully paid	91,733	91,733	91,733	91,733
Reserves	123,027	80,756	120,593	78,754
	214,760	172,489	212,326	170,487
Deferred tax liabilities	4,695	-	4,695	-
Gross technical balances				
Reserve for unexpired risks	45,528	42,503	45,211	41,912
Provision for outstanding claims	123,969	118,121	122,081	114,185
	169,497	160,624	167,292	156,097
Current liabilities				
Insurance creditors	10,705	15,297	10,661	15,194
Non-trade creditors & accrued liabilities	3,191	2,860	3,046	2,775
Deferred acquisition cost-reinsurers' share	5,997	5,606	5,944	5,526
Amount owing to related companies				
- non-trade	124	115	217	115
Tax payables	7,045	3,495	7,021	3,458
	27,062	27,373	26,889	27,068
Total equity and liabilities	416,014	360,486	411,202	353,652
Fixed assets	369	393	369	393
Investment in subsidiary	-	-	4,940	4,940
Available-for-sale investments	205,708	139,086	205,708	139,086
Statutory deposit	500	500	500	500
Unsecured term loan	21	24	21	24
Reinsurers' share of technical balances				
Reserve for unexpired risks	24,522	23,272	24,298	22,832
Provision for outstanding claims	75,861	72,781	74,480	69,927
	100,383	96,053	98,778	92,759
Current assets				
Insurance debtors	8,889	6,878	8,762	6,729
Deferred acquisition cost-gross	5,153	4,621	5,069	4,506
Non-trade debtors and accrued interest receivable	1,934	1,678	1,926	1,668
Amount owing by related companies	17	162	17	187
Cash and cash equivalents	93,040	111,091	85,112	102,860
	109,033	124,430	100,886	115,950
Total assets	416,014	360,486	411,202	353,652
(b) Net asset value per share (S\$)	3.51	2.82	3.47	2.79
Number of shares issued ('000)	61,155	61,155	61,155	61,155

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4. Audited Group statement of changes in equity

	Share capital	General reserve	Available- for-sale investment reserve	Foreign currency translation reserve	Retained profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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	-	1,000	-	-	(1,000)	-
Dividend for Year 2008	-	-	-	-	(1,835)	(1,835)
Dividend for Year 2009	-	-	-	-	(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	-	1,000	-	-	(1,000)	-
Dividend for Year 2007	-	-	-	-	(7,339)	(7,339)
Dividend for Year 2008	-	-	-	-	(1,834)	(1,834)
Balance at 31 December 2008	91,733	19,880	(936)	(638)	62,450	172,489

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5. Audited Company statement of changes in equity

	Share capital	General reserve	Available- for-sale investment reserve	Retained profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'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	-	1,000	-	(1,000)	-
Dividend for Year 2008	-	-	-	(1,835)	(1,835)
Dividend for Year 2009	-	-	-	(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	-	1,000	-	(1,000)	-
Dividend for Year 2007	-	-	-	(7,339)	(7,339)
Dividend for Year 2008	-	-	-	(1,834)	(1,834)
Balance at 31 December 2008	91,733	19,880	(936)	59,810	170,487

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6. Audited statement of cash flows

	Group	
	2009	2008
	\$'000	\$'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 flow 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 as 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)
Cash flow from financing activity		
Dividend paid	(3,669)	(9,173)
Cash flow used in financing activity	(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	108,993	107,413
Effects of exchange rate changes on cash and cash equivalents	(194)	47
Cash and cash equivalents at end of year	60,377	108,993

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7. Segment information

	<u>SIF</u>	<u>OIF</u>	<u>SHF</u>	<u>HK Subsidiary</u>	<u>Consolidated</u>
	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000
<u>For Year 2009</u>					
Gross premiums written	<u>69,466</u>	<u>14,135</u>	<u>-</u>	<u>863</u>	<u>84,464</u>
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	<u>5,746</u>	<u>1,176</u>	<u>-</u>	<u>263</u>	<u>7,185</u>
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	<u>(10)</u>	<u>66</u>	<u>26</u>	<u>(117)</u>	<u>(35)</u>
Profit before tax	<u>20,927</u>	<u>1,829</u>	<u>3,326</u>	<u>661</u>	<u>26,743</u>
Segment total assets as at 31 December 2009	<u>243,256</u>	<u>33,797</u>	<u>129,116</u>	<u>9,845</u>	<u>416,014</u>
Segment total liabilities as at 31 December 2009	<u>175,836</u>	<u>20,125</u>	<u>2,822</u>	<u>2,471</u>	<u>201,254</u>
<u>For Year 2008</u>					
Gross premiums written	<u>70,203</u>	<u>11,587</u>	<u>-</u>	<u>1,231</u>	<u>83,021</u>
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	<u>6,268</u>	<u>1,058</u>	<u>-</u>	<u>248</u>	<u>7,574</u>
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	<u>855</u>	<u>50</u>	<u>474</u>	<u>369</u>	<u>1,748</u>
Profit before tax	<u>8,632</u>	<u>1,238</u>	<u>1,097</u>	<u>147</u>	<u>11,114</u>
Segment total assets as at 31 December 2008	<u>210,020</u>	<u>24,985</u>	<u>113,682</u>	<u>11,799</u>	<u>360,486</u>
Segment total liabilities as at 31 December 2008	<u>165,658</u>	<u>17,490</u>	<u>(8)</u>	<u>4,857</u>	<u>187,997</u>

The Group is principally engaged in the business of underwriting general insurance business. 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).

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7. Segment information (Cont'd)

Information about major external customer

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:

	<u>Revenue</u>		<u>Non-current assets</u>	
	<u>2009</u> \$'000	<u>2008</u> \$'000	<u>2009</u> \$'000	<u>2008</u> \$'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 presents above consist of fixed assets only.

8. Review of performance

Highlights and Performance Indicators for the Group

\$'000	2009	2008	2009/ 2008 %	4th Quarter 2009	4th Quarter 2008	4Q09 / 4Q08 %
Gross premiums written	84,464	83,021	+1.7	16,239	14,326	+13.4
Underwriting profit	17,462	14,287	+22.2	6,155	4,101	+50.1
Non-underwriting income/(loss)	9,281	(3,173)	NM	1,580	(1,161)	NM
Profit before tax	26,743	11,114	+140.6	7,735	2,940	+163.1

Note : NM = Not Meaningful

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8. Review of performance (cont'd)

2009 versus 2008

Gross premiums increased marginally by 1.7% or \$1.4 million to \$84.5 million when compared to that of last year. In the previous year, gross premiums had benefited from a one-time adjustment of \$1.7 million. Without that adjustment, gross premiums would have been higher by \$3.1 million, reflecting the strengthening economy. In 2009, net earned premiums increased by \$5.6 million or 23.8% due to the Group's deliberate move to selectively retain more quality risks by reducing the extent of reliance on reinsurance. Consequently, the net premium ratio rose from 33.0% to 36.7%. Net claims incurred increased by \$3.1 million and ratio-wise from 28.0% to 33.1%. Management expenses decreased by \$0.4 million or 5.1% due to reduction in both staff cost and other expenses with corresponding reduction in ratio from 9.1% to 8.5%.

Underwriting profit increased by 22.2% to \$17.5 million due mainly to higher net earned premiums and lower management expenses. Non-underwriting income was \$9.3 million as compared to a non-underwriting loss of \$3.2 million in the corresponding period last year due to better market conditions. Consequently, overall profit before tax increased by 140.6% to \$26.7 million.

4th Quarter 2009 ("4Q09") versus 4th Quarter 2008 ("4Q08")

The Group's gross premiums written increased by 13.4% to \$16.2 million in 4Q09 from \$14.3 million in 4Q08. Net earned premiums increased by 41.4% or \$2.6 million. Net incurred claims increased by \$1.3 million or 56.8%. Net commission income increased by \$1.0 million or 38.2% in 4Q09. Consequently, underwriting profit increased from \$4.1 million to \$6.2 million in 4Q09. The Group non-underwriting income recorded a gain of \$1.6 million as against a loss of \$1.2 million incurred in the same quarter last year. Profit before tax from both underwriting and non-underwriting income increased by 163.1% to \$7.7 million.

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

Global economic developments indicate that GDP growth in key economies around the world has apparently improved. The recovery is still in its early stage and any return to pre-crisis levels of output is likely to be gradual. According to official estimate, Singapore's economic growth in 2010 is likely to range between 4.5% and 6.5%.

As for the general insurance market, competition is expected to remain intense and to inhibit growth in premiums. The Company will continue to pursue its proven judicious underwriting policy and achieve a quality portfolio to deliver positive returns. With additional contribution from investment income, arising from the sale of its stake in a group-linked company, the Company expects to remain profitable.

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 year ended 31 December 2009 are the same as those adopted in the preceding year. In 2009, the Group has adopted the revised FRS 1 Presentation of Financial Statements, amendments to FRS 107 Financial Instruments: Disclosures and FRS 108 Operating Segments, which are effective for annual periods beginning on or after 1 January 2009.

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11. Dividend

The Directors recommend the payment of a final dividend of 12 cents per share (one-tier tax-exempt) (2008 final dividend: 3 cents per share one-tier tax-exempt) in respect of the financial year ended 31 December 2009.

Together with the interim dividend of 3 cents per share paid on 31 August 2009, the total dividend for the financial year ended 31 December 2009 would be 15 cents per share (2008: 6 cents per share) amounting to a total net dividend payment of \$9.2 million (2008: \$3.7 million). If approved at the forthcoming Annual General Meeting, the proposed final dividend will be paid on 25 May 2010.

12. Borrowings, contingent liabilities and loan capital

The Group has no borrowings, contingent liabilities and loan capital as at 31 December 2009 (31 December 2008: nil). The Group has maintained strong liquidity for its business operations.

13. Closure of Books

Notice is hereby given that, subject to shareholders' approval of the payment of the abovementioned dividend at the Annual General Meeting scheduled for 30 April 2010, the Share Transfer Books and the Register of Members of the Company will be closed from 12 May 2010 to 13 May 2010, both dates inclusive for the preparation of dividend warrants. Registrable transfers received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623, up to 5.00pm on 11 May 2010 will be registered for the final dividend. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), the final dividend will be paid by the Company to CDP which will, in turn, distribute the dividend to holders of the securities accounts.

BY ORDER OF THE BOARD

MRS VIVIEN CHAN
SECRETARY

Dated this 22nd February 2010