

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 nine months/third quarter ended 30 September 2010

	Group					
	9 Months	9 Months	Incr/	3rd Qtr	3rd Qtr	Incr/
	<u>2010</u>	<u>2009</u>	<u>(Decr)</u>	<u>2010</u>	<u>2009</u>	<u>(Decr)</u>
	\$'000	\$'000	%	\$'000	\$'000	%
(a) Gross premium written	72,226	68,225	5.9	20,742	17,659	17.5
Net earned premium	26,271	20,344	29.1	10,060	8,356	20.4
Less/(Add) :						
Net claims incurred	8,232	6,023	36.7	4,153	2,770	49.9
Net commissions	35	(1,494)	NM	619	62	NM
Management expenses :						
Staff cost	3,549	3,221	10.2	1,177	1,067	10.3
Rental expenses	606	490	23.7	202	163	23.9
Management fees	43	43	-	13	9	44.4
Depreciation	108	89	21.3	38	29	31.0
Foreign exchange (gain)/loss	(23)	9	(355.6)	13	11	18.2
Other operating expenses	1,343	656	104.7	364	233	56.2
Underwriting profit	12,378	11,307	9.5	3,481	4,012	(13.2)
Gross dividends from investments	2,898	2,282	27.0	930	912	2.0
Interest income from investments	2,727	2,489	9.6	1,007	836	20.5
Interest on fixed deposits and bank balances	182	252	(27.8)	46	69	(33.3)
Amortisation of Investments	(28)	99	(128.3)	(23)	47	(148.9)
Miscellaneous income	10	30	(66.7)	3	23	(87.0)
Net gains on available-for-sale investments	10,137	2,473	309.9	2,264	289	NM
Less/(Add) :						
Management expenses not charged to insurance revenue account:						
Management fees	464	55	NM	170	(189)	NM
Other operating expenses	206	153	34.6	79	45	75.6
Exchange differences	(645)	(284)	127.1	(461)	58	NM
Profit before tax	28,279	19,008	48.8	7,920	6,274	26.2
Less : Tax expense	3,663	3,134	16.9	1,297	1,023	26.8
Net profit	24,616	15,874	55.1	6,623	5,251	26.1

Note : NM = Not Meaningful

(b) Annualised earnings per share (cents)						
- basic & diluted	50.5	34.6		43.3	34.3	

NEWS RELEASE

2. Unaudited statement of comprehensive income for the nine months/third quarter ended 30 September 2010

	Group	
	9 Months	9 Months
	<u>2010</u>	<u>2009</u>
	\$'000	\$'000
Net profit	24,616	15,874
Other comprehensive income :		
Foreign currency translation difference	(466)	(76)
Net gains on available-for-sale investments	538	22,816
Income tax relating to available-for-sale investments	(93)	(3,857)
Other comprehensive income for the nine months, net of tax	<u>(21)</u>	<u>18,883</u>
Total comprehensive income for the nine months ended 30 September	<u>24,595</u>	<u>34,757</u>
Total comprehensive income attributable to: Equity holders of the Company	<u>24,595</u>	<u>34,757</u>

	Group	
	3rd Qtr	3rd Qtr
	<u>2010</u>	<u>2009</u>
	\$'000	\$'000
Net profit	6,623	5,251
Other comprehensive income :		
Foreign currency translation difference	(412)	(156)
Net gains on available-for-sale investments	6,212	12,634
Income tax relating to available-for-sale investments	(1,065)	(2,146)
Other comprehensive income for the quarter, net of tax	<u>4,735</u>	<u>10,332</u>
Total comprehensive income for the quarter ended 30 September	<u>11,358</u>	<u>15,583</u>
Total comprehensive income attributable to: Equity holders of the Company	<u>11,358</u>	<u>15,583</u>

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3. Unaudited statement of financial position

	<u>Group</u>		<u>Company</u>	
	<u>30-Sep-10</u>	<u>31-Dec-09</u>	<u>30-Sep-10</u>	<u>31-Dec-09</u>
	\$'000	\$'000	\$'000	\$'000
(a) Share capital - Issued & fully paid	91,733	91,733	91,733	91,733
Reserves	137,225	123,027	135,066	120,593
	228,958	214,760	226,799	212,326
Deferred tax liabilities	4,788	4,695	4,788	4,695
Gross technical balances				
Reserve for unexpired risks	52,628	45,528	52,218	45,211
Provision for outstanding claims	122,307	123,969	120,684	122,081
	174,935	169,497	172,902	167,292
Current liabilities				
Insurance creditors	16,665	10,705	16,421	10,661
Non-trade creditors & accrued liabilities	3,430	3,191	3,374	3,046
Deferred acquisition cost-reinsurers' share	6,351	5,997	6,286	5,944
Amount owing to related companies				
- non-trade	58	124	94	217
Tax payables	4,802	7,045	4,742	7,021
	31,306	27,062	30,917	26,889
Total equity and liabilities	439,987	416,014	435,406	411,202
Fixed assets	485	369	485	369
Investment in subsidiary	-	-	4,940	4,940
Available-for-sale investments	250,420	205,708	250,420	205,708
Statutory deposit	500	500	500	500
Unsecured term loan	19	21	19	21
Reinsurers' share of technical balances				
Reserve for unexpired risks	26,926	24,522	26,621	24,298
Provision for outstanding claims	72,625	75,861	71,421	74,480
	99,551	100,383	98,042	98,778
Current assets				
Insurance debtors	15,503	8,889	15,362	8,762
Deferred acquisition cost-gross	5,648	5,153	5,546	5,069
Non-trade debtors and accrued interest receivable	2,728	1,934	2,719	1,926
Amount owing by related companies	-	17	-	17
Bank balances and fixed deposits	65,133	93,040	57,373	85,112
	89,012	109,033	81,000	100,886
Total assets	439,987	416,014	435,406	411,202
(b) Net asset value per share (S\$)	3.74	3.51	3.71	3.47
Number of shares issued ('000)	61,155	61,155	61,155	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 2010	91,733	20,880	22,000	(775)	80,922	214,760
Profit net of tax	-	-	-	-	24,616	24,616
Other comprehensive income for the nine months ended 30 September	-	-	445	(466)	-	(21)
Total comprehensive income for the nine months ended 30 September	-	-	445	(466)	24,616	24,595
Dividend for Year 2009	-	-	-	-	(7,339)	(7,339)
Dividend for Year 2010	-	-	-	-	(3,058)	(3,058)
Balance at 30 September 2010	91,733	20,880	22,445	(1,241)	95,141	228,958
Balance at 1 January 2009	91,733	19,880	(936)	(638)	62,450	172,489
Profit net of tax	-	-	-	-	15,874	15,874
Other comprehensive income for the nine months ended 30 September	-	-	18,959	(76)	-	18,883
Total comprehensive income for the nine months ended 30 September	-	-	18,959	(76)	15,874	34,757
Dividend for Year 2008	-	-	-	-	(1,835)	(1,835)
Dividend for Year 2009	-	-	-	-	(1,834)	(1,834)
Balance at 30 September 2009	91,733	19,880	18,023	(714)	74,655	203,577
Balance at 1 July 2010	91,733	20,880	17,298	(829)	91,576	220,658
Profit net of tax	-	-	-	-	6,623	6,623
Other comprehensive income for the quarter ended 30 September	-	-	5,147	(412)	-	4,735
Total comprehensive income for the quarter ended 30 September	-	-	5,147	(412)	6,623	11,358
Dividend for Year 2010	-	-	-	-	(3,058)	(3,058)
Balance at 30 September 2010	91,733	20,880	22,445	(1,241)	95,141	228,958
Balance at 1 July 2009	91,733	19,880	7,535	(558)	71,238	189,828
Profit net of tax	-	-	-	-	5,251	5,251
Other comprehensive income for the quarter ended 30 September	-	-	10,488	(156)	-	10,332
Total comprehensive income for the quarter ended 30 September	-	-	10,488	(156)	5,251	15,583
Dividend for Year 2009	-	-	-	-	(1,834)	(1,834)
Balance at 30 September 2009	91,733	19,880	18,023	(714)	74,655	203,577

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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 2010	91,733	20,880	22,000	77,713	212,326
Profit net of tax	-	-	-	24,425	24,425
Other comprehensive income for the nine months ended 30 September	-	-	445	-	445
Total comprehensive income for the nine months ended 30 September	-	-	445	24,425	24,870
Dividend for Year 2009	-	-	-	(7,339)	(7,339)
Dividend for Year 2010	-	-	-	(3,058)	(3,058)
Balance at 30 September 2010	91,733	20,880	22,445	91,741	226,799
Balance at 1 January 2009	91,733	19,880	(936)	59,810	170,487
Profit net of tax	-	-	-	15,640	15,640
Other comprehensive income for the nine months ended 30 September	-	-	18,959	-	18,959
Total comprehensive income for the nine months ended 30 September	-	-	18,959	15,640	34,599
Dividend for Year 2008	-	-	-	(1,835)	(1,835)
Dividend for Year 2009	-	-	-	(1,834)	(1,834)
Balance at 30 September 2009	91,733	19,880	18,023	71,781	201,417
Balance at 1 July 2010	91,733	20,880	17,298	88,369	218,280
Profit net of tax	-	-	-	6,430	6,430
Other comprehensive income for the quarter ended 30 September	-	-	5,147	-	5,147
Total comprehensive income for the quarter ended 30 September	-	-	5,147	6,430	11,577
Dividend for Year 2010	-	-	-	(3,058)	(3,058)
Balance at 30 September 2010	91,733	20,880	22,445	91,741	226,799
Balance at 1 July 2009	91,733	19,880	7,535	68,657	187,805
Profit net of tax	-	-	-	4,958	4,958
Other comprehensive income for the quarter ended 30 September	-	-	10,488	-	10,488
Total comprehensive income for the quarter ended 30 September	-	-	10,488	4,958	15,446
Dividend for Year 2009	-	-	-	(1,834)	(1,834)
Balance at 30 September 2009	91,733	19,880	18,023	71,781	201,417

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6. Unaudited statement of cash flows

	Group			
	9 Months	9 Months	3rd Qtr	3rd Qtr
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before tax	28,279	19,008	7,920	6,274
Adjustments for:				
Foreign currency difference on reserve for unexpired risks (net of deferred acquisition cost)	(4)	2	(5)	(2)
Foreign currency difference on provision for outstanding claims	(30)	(11)	(27)	(22)
Movement in net reserve for unexpired risks (net of movement in net deferred acquisition cost)	4,559	4,117	(313)	(1,190)
Movement in net outstanding claims	1,604	519	1,940	827
Depreciation	108	89	38	29
Net gains on available-for-sale investments	(10,137)	(2,473)	(2,264)	(289)
Amortisation of Investments	28	(99)	23	(47)
Gross dividends from investments	(2,898)	(2,282)	(930)	(912)
Interest income from investments	(2,727)	(2,489)	(1,007)	(836)
Interest on fixed deposits and bank balances	(182)	(252)	(46)	(69)
Exchange differences	1,097	(215)	1,119	246
Operating profit before working capital change	19,697	15,914	6,448	4,009
Changes in working capital:				
Trade and other receivables	(7,408)	(4,063)	(534)	1,720
Trade and other payables	6,199	2,967	(2,448)	(4,435)
Amount owing by related companies	17	162	38	-
Amount owing to related companies	(66)	(115)	(18)	-
Cash generated from operations	18,439	14,865	3,486	1,294
Tax paid	(5,904)	74	(2,951)	241
Net cash flows from operating activities	12,535	14,939	535	1,535
Cash flows from investing activities				
Proceeds from sale of available-for-sale investments	83,017	26,918	37,175	4,605
Purchase of available-for-sale investments	(117,683)	(35,992)	(68,490)	(7,632)
Purchase of fixed assets	(224)	(36)	(58)	(32)
Placement in long-term fixed deposits	28,187	(15,802)	15,030	(13,982)
Unsecured term loans	2	3	2	3
Gross dividends from investments	2,898	2,282	930	912
Interest income from investments	2,727	2,489	1,007	836
Interest on fixed deposits and bank balances	182	252	46	69
Net cash flows used in investing activities	(894)	(19,886)	(14,358)	(15,221)
Cash flow from financing activity				
Dividend paid	(10,397)	(3,669)	(3,058)	(1,834)
Cash flow used in financing activity	(10,397)	(3,669)	(3,058)	(1,834)
Translation difference on foreign subsidiary company	(466)	(76)	(412)	(156)
Net increase/(decrease) in cash and cash equivalents	778	(8,692)	(17,293)	(15,676)
Cash and cash equivalents at beginning of period	60,377	108,993	78,389	116,040
Effects of exchange rate changes on cash and cash equivalents	(498)	(123)	(439)	(186)
Cash and cash equivalents at end of period	60,657	100,178	60,657	100,178

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6. Unaudited statement of cash flows (Cont'd)

Bank balances and fixed deposits in the statement of financial position comprise the following :

	Group	
	9 Months 2010 \$'000	9 Months 2009 \$'000
Cash and bank balances	25,242	7,873
Fixed deposit placement less than 3 months	35,415	92,305
Cash and cash equivalents	<u>60,657</u>	100,178
Fixed deposits placement more than 3 months	4,476	17,900
Bank balances and fixed deposits	<u><u>65,133</u></u>	<u><u>118,078</u></u>

7. Segment Information

	<u>SIF</u> \$'000	<u>OIF</u> \$'000	<u>SHE</u> \$'000	<u>HK Subsidiary</u> \$'000	<u>Consolidated</u> \$'000
<u>For nine months ended 30 September 2010</u>					
Gross premium written	59,092	12,420	-	714	72,226
Net earned premium	19,715	6,404	-	152	26,271
Net claims incurred	6,542	1,742	-	(52)	8,232
Net commissions	(2,095)	2,065	-	65	35
Management expenses	4,775	712	-	139	5,626
Underwriting profit	10,493	1,885	-	-	12,378
Other Income	5,433	472	10,017	4	15,926
Management expenses/(income) not charged to insurance revenue account	167	15	68	(225)	25
Profit before tax	<u>15,759</u>	<u>2,342</u>	<u>9,949</u>	<u>229</u>	<u>28,279</u>
Segment total assets as at 30 Sept 2010	253,027	36,796	140,609	9,555	439,987
Segment total liabilities as at 30 Sept 2010	183,671	21,295	3,606	2,457	211,029
<u>For nine months ended 30 September 2009</u>					
Gross premium written	56,146	11,355	-	724	68,225
Net earned premium	14,104	6,007	-	233	20,344
Net claims incurred	3,915	2,438	-	(330)	6,023
Net commissions	(3,241)	1,673	-	74	(1,494)
Management expenses	3,794	563	-	151	4,508
Underwriting profit	9,636	1,333	-	338	11,307
Other Income	4,665	224	2,729	7	7,625
Management expenses/(income) not charged to insurance revenue account	(119)	28	(36)	51	(76)
Profit before tax	<u>14,420</u>	<u>1,529</u>	<u>2,765</u>	<u>294</u>	<u>19,008</u>
Segment total assets as at 30 Sept 2009	243,111	32,760	126,167	10,017	412,055
Segment total liabilities as at 30 Sept 2009	183,040	19,798	2,724	2,916	208,478

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7. Segment Information (cont'd)

	<u>SIF</u> \$'000	<u>OIF</u> \$'000	<u>SHF</u> \$'000	<u>HK Subsidiary</u> \$'000	<u>Consolidated</u> \$'000
<u>3 months ended 30 September 2010</u>					
Gross premium written	16,768	3,761	-	213	20,742
Net earned premium	7,254	2,757	-	49	10,060
Net claims incurred	3,110	1,094	-	(51)	4,153
Net commissions	(235)	835	-	19	619
Management expenses	1,394	384	-	29	1,807
Underwriting profit	2,985	444	-	52	3,481
Other Income	2,260	267	1,699	1	4,227
Management expenses/(income) not charged to insurance revenue account	90	27	(151)	(178)	(212)
Profit before tax	5,155	684	1,850	231	7,920
Segment total assets as at 30 Sept 2010	253,027	36,796	140,609	9,555	439,987
Segment total liabilities as at 30 Sept 2010	183,671	21,295	3,606	2,457	211,029
<u>3 months ended 30 September 2009</u>					
Gross premium written	14,005	3,499	-	155	17,659
Net earned premium	6,190	2,114	-	52	8,356
Net claims incurred	2,170	925	-	(325)	2,770
Net commissions	(375)	421	-	16	62
Management expenses	1,199	285	-	28	1,512
Underwriting profit	3,196	483	-	333	4,012
Other Income	1,285	72	818	1	2,176
Management expenses/(income) not charged to insurance revenue account	(52)	11	(32)	(13)	(86)
Profit before tax	4,533	544	850	347	6,274
Segment total assets as at 30 Sept 2009	243,111	32,760	126,167	10,017	412,055
Segment total liabilities as at 30 Sept 2009	183,040	19,798	2,724	2,916	208,478

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).

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7. Segment information (cont'd)

Information about major external customer

For the nine months/third quarter ended 30 September 2010 and the corresponding period last year, the Group did not have any external customer whose premium income 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>	
	9 Months 2010 \$'000	9 Months 2009 \$'000	9 Months 2010 \$'000	9 Months 2009 \$'000
Singapore	53,472	47,970	485	340
Asean	8,215	7,442	-	-
Hong Kong	671	672	-	-
Others	3,646	3,423	-	-
	66,004	59,507	485	340

	<u>Revenue</u>		<u>Non-current assets</u>	
	3rd Qtr 2010 \$'000	3rd Qtr 2009 \$'000	3rd Qtr 2010 \$'000	3rd Qtr 2009 \$'000
Singapore	16,887	6,073	485	340
Asean	1,999	2,080	-	-
Hong Kong	201	142	-	-
Others	1,631	1,296	-	-
	20,718	9,591	485	340

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

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8. Review of performance

Highlights and Performance Indicators for the Group

\$'000	9 Months 2010	9 Months 2009	9M10/ 9M09 %	3rd Quarter 2010	3rd Quarter 2009	3Q10/ 3Q09 %
Gross premium written	72,226	68,225	+5.9	20,742	17,659	+17.5
Underwriting profit	12,378	11,307	+9.5	3,481	4,012	-13.2
Non-underwriting Income	15,901	7,701	+106.5	4,439	2,262	+96.2
Profit before tax	28,279	19,008	+48.8	7,920	6,274	+26.2

9 Months 2010 ("9M10") versus 9 Months 2009 ("9M09")

Gross premium increased by \$4.0 million or 5.9% to \$72.2 million and net earned premium increased by \$5.9 million or 29.1% when compared against the same period last year. The increase was due mainly to increased business derived from the UOB Group of Companies and reinsurance partners as well as the implementation of the risk selection and retention policy. As a result, the net written premium ratio rose from 35.9% to 42.7%. Net claims incurred increased by \$2.2 million or 36.7% and management expenses increased by \$1.1 million or 24.8% due to increase in staff cost and other expenses.

Underwriting profit increased by 9.5% to \$12.4 million due mainly to higher net earned premium. Non-underwriting income was higher at \$15.9 million as compared to \$7.7 million in the corresponding period last year due to a one-time gain from the sale of the Company's stake in a group-linked company in 1Q10 and better market sentiments in the current period.

Overall profit before tax increased by 48.8% to \$28.3 million.

3rd Quarter 2010 ("3Q10") versus 3rd Quarter 2009 ("3Q09")

The Group's gross premium grew by 17.5% to \$20.7 million and net earned premium increased by 20.4% or \$1.7 million in 3Q10 as compared to 3Q09 due to selective increase in the Group's net retention. Net claims incurred was higher by \$1.4 million or 49.9%. Consequently, underwriting profit in 3Q10 decreased by \$0.5 million. The Group recorded a higher non-underwriting gain of \$4.4 million due to higher profit from sale of investments. Profit before tax increased by 26.2% to \$7.9 million due mainly to better non-underwriting profit.

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

For the rest of the year, growth in the general insurance industry is expected to be contributed mainly by the motor insurance business. Growth would be moderated by intense competition resulting in lower premium rates. As the focus continues to be on underwriting profitability, the Company will maintain a prudent risk selection and retention policy. Non-underwriting income is expected to remain positive.

Beyond 2010, management remains confident that its portfolio of quality risks would yield positive underwriting results. The Company aims to increase the contribution of non-underwriting income to the bottom line.

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 nine months ended 30 September 2010 are the same as those adopted in the preceding year.

11. Dividend

No dividend has been declared for the third quarter ended 30 September 2010.

12. Borrowings, contingent liabilities and loan capital

The Group has no borrowings, contingent liabilities and loan capital as at 30 September 2010 (30 September 2009: 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 nine months/third quarter ended 30 September 2010 to be false or misleading.

BY ORDER OF THE BOARD

MRS VIVIEN CHAN
SECRETARY

Dated this 25th October 2010