

## 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 first quarter ended 31 March 2011

	<b>Group</b>		
	<b>1st Qtr 2011 \$'000</b>	<b>1st Qtr 2010 \$'000</b>	<b>Incr/ (Decr) %</b>
(a) Gross premium written	<b>26,810</b>	<b>23,496</b>	14.1
Net earned premium	<b>9,627</b>	9,263	3.9
Less/(Add) :			
Net claims incurred	<b>2,423</b>	2,366	2.4
Net commissions	<b>(709)</b>	(351)	102.0
Management expenses :			
Staff cost	<b>1,265</b>	1,162	8.9
Rental expenses	<b>202</b>	202	-
Management fees	<b>17</b>	18	(5.6)
Depreciation	<b>36</b>	34	5.9
Foreign exchange loss	<b>(14)</b>	(28)	(50.0)
Other operating expenses	<b>614</b>	195	214.9
Underwriting profit	<b>5,793</b>	5,665	2.3
Gross dividends from investments	<b>221</b>	192	15.1
Interest income from investments	<b>1,174</b>	859	36.7
Interest on fixed deposits and bank balances	<b>14</b>	69	(79.7)
Amortisation of Investments	<b>(1)</b>	(5)	(80.0)
Miscellaneous income	<b>4</b>	3	33.3
Net fair value gains on financial derivatives - realised	<b>1,015</b>	-	NM
Net fair value losses on financial derivatives - unrealised	<b>(718)</b>	(7)	NM
Net gains on available-for-sale investments	<b>2,535</b>	6,728	(62.3)
(Less)/Add :			
Management expenses not charged to insurance revenue account:			
Management fees	<b>(176)</b>	(139)	26.6
Other operating expenses	<b>(97)</b>	(63)	54.0
Exchange differences	<b>(81)</b>	128	(163.3)
Profit before tax	<b>9,683</b>	13,430	(27.9)
Tax expense	<b>(1,594)</b>	(1,241)	28.4
Net profit	<b>8,089</b>	12,189	(33.6)
(d) Annualised earnings per share (cents) - basic and diluted	<b>52.9</b>	51.5	

Note : NM = Not Meaningful

## NEWS RELEASE

### 2. Unaudited statement of comprehensive income for the first quarter ended 31 March 2011

	<u>Group</u>		<b>Incr/ (Decr) %</b>
	<b>1st Qtr 2011 \$'000</b>	<b>1st Qtr 2010 \$'000</b>	
Net profit	<b>8,089</b>	12,189	(33.6)
<b>Other comprehensive income :</b>			
Foreign currency translation difference	<b>(140)</b>	(25)	460.0
Net (losses)/gains on available-for-sale investments	<b>(2,156)</b>	1,057	(304.0)
Income tax relating to available-for-sale investments	<b>367</b>	(180)	NM
<b>Other comprehensive income for the quarter, net of tax</b>	<b><u>(1,929)</u></b>	<u>852</u>	(326.4)
<b>Total comprehensive income for the quarter ended 31 March</b>	<b><u>6,160</u></b>	<u>13,041</u>	(52.8)
<b>Total comprehensive income attributable to: Equity holders of the Company</b>	<b><u>6,160</u></b>	<u>13,041</u>	(52.8)

Note : NM = Not Meaningful

## NEWS RELEASE

### 3. Unaudited statement of financial position

	<u>Group</u>		<u>Company</u>	
	<u>31-Mar-11</u>	<u>31-Dec-10</u>	<u>31-Mar-11</u>	<u>31-Dec-10</u>
	\$'000	\$'000	\$'000	\$'000
(a) Share capital - Issued & fully paid	91,733	91,733	91,733	91,733
Reserves	152,810	146,650	150,387	144,113
	<b>244,543</b>	<b>238,383</b>	<b>242,120</b>	<b>235,846</b>
Deferred tax liabilities	4,642	5,009	4,642	5,009
Gross technical balances				
Reserve for unexpired risks	52,663	49,038	52,228	48,670
Provision for outstanding claims	125,433	124,185	124,401	123,116
	<b>178,096</b>	<b>173,223</b>	<b>176,629</b>	<b>171,786</b>
Current liabilities				
Insurance creditors	12,753	10,366	12,535	10,210
Non-trade creditors & accrued liabilities	4,128	3,163	4,042	3,057
Deferred acquisition cost-reinsurers' share	6,346	5,769	6,279	5,711
Amount owing to related companies				
- non-trade	1,325	1,145	1,325	1,145
Derivative financial liabilities	57	231	57	231
Tax payables	7,241	5,515	7,272	5,551
	<b>31,850</b>	<b>26,189</b>	<b>31,510</b>	<b>25,905</b>
Total equity and liabilities	<b>459,131</b>	<b>442,804</b>	<b>454,901</b>	<b>438,546</b>
Fixed assets	449	485	449	485
Investment in subsidiary	-	-	4,940	4,940
Available-for-sale investments	262,426	274,209	262,426	274,209
Statutory deposit	500	500	500	500
Unsecured term loan	19	19	19	19
Reinsurers' share of technical balances				
Reserve for unexpired risks	26,837	24,017	26,508	23,742
Provision for outstanding claims	74,398	73,385	73,546	72,498
	<b>101,235</b>	<b>97,402</b>	<b>100,054</b>	<b>96,240</b>
Current assets				
Insurance debtors	16,533	10,893	16,351	10,765
Deferred acquisition cost-gross	6,364	5,464	6,255	5,375
Non-trade debtors and accrued interest				
receivable	2,121	2,343	2,114	2,335
Amount owing by related companies	-	7	23	10
Derivative financial assets	1,447	2,339	1,447	2,339
Bank balances and fixed deposits	68,037	49,143	60,323	41,329
	<b>94,502</b>	<b>70,189</b>	<b>86,513</b>	<b>62,153</b>
Total assets	<b>459,131</b>	<b>442,804</b>	<b>454,901</b>	<b>438,546</b>
(b) Net asset value per share (S\$)	4.00	3.90	3.96	3.86
Number of shares issued ('000)	61,155	61,155	61,155	61,155

## NEWS RELEASE

### 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 2011	91,733	21,880	23,243	(1,440)	102,967	238,383
Profit net of tax	-	-	-	-	8,089	8,089
Other comprehensive income for the quarter ended 31 March	-	-	(1,789)	(140)	-	(1,929)
Total comprehensive income for the quarter ended 31 March	-	-	(1,789)	(140)	8,089	6,160
<b>Balance at 31 March 2011</b>	<b>91,733</b>	<b>21,880</b>	<b>21,454</b>	<b>(1,580)</b>	<b>111,056</b>	<b>244,543</b>
Balance at 1 January 2010	91,733	20,880	22,000	(775)	80,922	214,760
Profit net of tax	-	-	-	-	12,189	12,189
Other comprehensive income for the quarter ended 31 March	-	-	877	(25)	-	852
Total comprehensive income for the quarter ended 31 March	-	-	877	(25)	12,189	13,041
<b>Balance at 31 March 2010</b>	<b>91,733</b>	<b>20,880</b>	<b>22,877</b>	<b>(800)</b>	<b>93,111</b>	<b>227,801</b>

## NEWS RELEASE

### 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 2011	91,733	21,880	23,243	98,990	235,846
Profit net of tax	-	-	-	8,063	8,063
Other comprehensive income for the quarter ended 31 March	-	-	(1,789)	-	(1,789)
Total comprehensive income for the quarter ended 31 March	-	-	(1,789)	8,063	6,274
<b>Balance at 31 March 2011</b>	<b>91,733</b>	<b>21,880</b>	<b>21,454</b>	<b>107,053</b>	<b>242,120</b>
Balance at 1 January 2010	91,733	20,880	22,000	77,713	212,326
Profit net of tax	-	-	-	12,257	12,257
Other comprehensive income for the quarter ended 31 March	-	-	877	-	877
Total comprehensive income for the quarter ended 31 March	-	-	877	12,257	13,134
<b>Balance at 31 March 2010</b>	<b>91,733</b>	<b>20,880</b>	<b>22,877</b>	<b>89,970</b>	<b>225,460</b>

## NEWS RELEASE

### 6. Unaudited statement of cash flows

	Group	
	1st Qtr <u>2011</u> \$'000	1st Qtr <u>2010</u> \$'000
<b>Cash flows from operating activities</b>		
Profit before tax	9,683	13,430
Adjustments for:		
Foreign currency difference on reserve for unexpired risks (net of deferred acquisition cost)	(2)	-
Foreign currency difference on provision for outstanding claims	(3)	(1)
Movement in net reserve for unexpired risks (net of movement in net deferred acquisition cost)	484	1,557
Movement in net outstanding claims	238	374
Net fair value losses on financial derivatives - unrealised	718	7
Depreciation	36	34
Net gains on available-for-sale investments	(2,535)	(6,728)
Amortisation of Investments	1	5
Gross dividends from investments	(221)	(192)
Interest income from investments	(1,174)	(859)
Interest on fixed deposits and bank balances	(14)	(69)
Exchange differences	318	(77)
Operating profit before working capital change	<u>7,529</u>	<u>7,481</u>
Changes in working capital:		
Trade and other receivables	(5,418)	(4,754)
Trade and other payables	3,352	2,912
Amount owing by related companies	7	17
Amount owing to related companies	180	(124)
Cash generated from operations	<u>5,650</u>	<u>5,532</u>
Tax recovered	132	-
<b>Net cash flow from operating activities</b>	<u>5,782</u>	<u>5,532</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of available-for-sale investments	29,211	28,239
Purchase of available-for-sale investments	(17,221)	(19,339)
Purchase of fixed assets	-	(166)
(Placement in)/maturity of long-term fixed deposits	(2)	1,311
Gross dividends from investments	221	192
Interest income from investments	1,174	859
Interest on fixed deposits and bank balances	14	69
<b>Net cash flow from investing activities</b>	<u>13,397</u>	<u>11,165</u>
Translation difference on foreign subsidiary company	(140)	(25)
<b>Net increase in cash and cash equivalents</b>	<u>19,039</u>	<u>16,672</u>
Cash and cash equivalents at beginning of period	47,681	60,377
Effects of exchange rate changes on cash and cash equivalents	(147)	(26)
<b>Cash and cash equivalents at end of period</b>	<u>66,573</u>	<u>77,023</u>

## NEWS RELEASE

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

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

	<b>Group</b>	
	<b>1st Qtr 2011 \$'000</b>	<b>1st Qtr 2010 \$'000</b>
Cash and bank balances	<b>18,425</b>	14,338
Fixed deposit placement less than 3 months	<b>48,148</b>	62,685
Cash and cash equivalents	<b>66,573</b>	77,023
Fixed deposits placement more than 3 months	<b>1,464</b>	31,352
Bank balances and fixed deposits	<b>68,037</b>	108,375

### 7. Segment Information

	<u>SIF</u> \$'000	<u>OIF</u> \$'000	<u>SHE</u> \$'000	<u>HK Subsidiary</u> \$'000	<u>Consolidated</u> \$'000
<b><u>For 3 months ended 31 March 2011</u></b>					
Gross premium written	<u>22,774</u>	<u>3,747</u>	<u>-</u>	<u>289</u>	<u>26,810</u>
Net earned premium	7,660	1,909	-	58	9,627
Net claims incurred	1,597	827	-	(1)	2,423
Net commissions	(1,294)	555	-	30	(709)
Management expenses	<u>1,875</u>	<u>167</u>	<u>-</u>	<u>78</u>	<u>2,120</u>
Underwriting profit	5,482	360	-	(49)	5,793
Other Income	1,921	382	1,643	1	3,947
Management expenses/(income) not charged to insurance revenue account	<u>66</u>	<u>3</u>	<u>67</u>	<u>(79)</u>	<u>57</u>
Profit before tax	<u>7,337</u>	<u>739</u>	<u>1,576</u>	<u>31</u>	<u>9,683</u>
Segment total assets as at 31 March 2011	266,963	38,696	144,248	9,224	459,131
Segment total liabilities as at 31 March 2011	186,570	22,442	3,714	1,862	214,588
<b><u>For 3 months ended 31 March 2010</u></b>					
Gross premium written	<u>20,387</u>	<u>2,812</u>	<u>-</u>	<u>297</u>	<u>23,496</u>
Net earned premium	7,530	1,673	-	60	9,263
Net claims incurred	2,219	147	-	-	2,366
Net commissions	(845)	463	-	31	(351)
Management expenses	<u>1,348</u>	<u>151</u>	<u>-</u>	<u>84</u>	<u>1,583</u>
Underwriting profit/(loss)	4,808	912	-	(55)	5,665
Other Income	1,313	125	6,406	2	7,846
Management expenses/(income) not charged to insurance revenue account	<u>(28)</u>	<u>(19)</u>	<u>113</u>	<u>15</u>	<u>81</u>
Profit/(loss) before tax	<u>6,149</u>	<u>1,056</u>	<u>6,293</u>	<u>(68)</u>	<u>13,430</u>
Segment total assets as at 31 March 2010	256,077	33,614	137,373	9,736	436,800
Segment total liabilities as at 31 March 2010	183,305	19,389	3,851	2,454	208,999

## NEWS RELEASE

### 7. Segment information (cont'd)

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).

#### Information about major external customer

For the quarter ended 31 March 2011 and the preceding period, 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:

	Revenue		Non-current assets	
	1Q2011	1Q2010	1Q2011	1Q2010
	\$'000	\$'000	\$'000	\$'000
Singapore	20,562	19,796	449	501
Asean	2,955	1,931	-	-
Others	814	987	-	-
	<b>24,331</b>	<b>22,714</b>	<b>449</b>	<b>501</b>

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



## NEWS RELEASE

### 8. Review of performance

#### Highlights and Performance Indicators for the Group

\$'000	1st Quarter 2011	1st Quarter 2010	1Q11/ 1Q10 %
Gross premium written	<b>26,810</b>	23,496	+14.1
Underwriting profit	<b>5,793</b>	5,665	+ 2.3
Non-underwriting Income	<b>3,890</b>	7,765	-49.9
Profit before tax	<b>9,683</b>	13,430	-27.9

#### 1st Quarter 2011 ("1Q11") versus 1st Quarter 2010 ("1Q10")

Gross premium increased by \$3.3 million or 14.1% to \$26.8 million and net earned premium grew by \$0.4 million or 3.9% as compared with the same period of last year. The growth was due mainly to increased business from the corporate sector, certain reinsurance partners and regional countries. Net commission income increased by \$0.4 million or 102.0% due to higher reinsurance commission earnings. Net claims incurred rose by \$0.06 million or 2.4% which was in line with the growth in net earned premium. Management expenses increased by \$0.5 million representing an increase of 1.2 percentage points from 6.7% to 7.9% in management expense ratio.

Underwriting profit grew by 2.3% to \$5.8 million due mainly to both higher net earned premium and net commission income. Non-underwriting income decreased to \$3.9 million from \$7.8 million in the corresponding period last year due to a one-time gain from the sale of investment in a group-linked company in 1Q10. Excluding this one-time gain from the comparison, the non-underwriting income in fact increased by 94%.

Overall profit before tax decreased by 27.9% to \$9.7million.

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

Growth in premiums is expected to be marginal as competition fuelled by excess insurance and reinsurance capacities will lead to further softening of premium rates in both new and renewal business. Through careful risk selection, the Company expects, however, to maintain its underwriting profit at a credible level. Given the uncertain outlook in the world economy, growing investment income will be challenging.

---

## NEWS RELEASE

### 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 2011 are the same as those adopted in the preceding year.

### 11. Dividend

No dividend has been declared for the quarter ended 31 March 2011.

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

The Group has no borrowings, contingent liabilities and loan capital as at 31 March 2011 (31 March 2010: nil). The Group has maintained strong liquidity for its business operations.

### 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 first quarter ended 31 March 2011 to be false or misleading.

BY ORDER OF THE BOARD

MRS VIVIEN CHAN  
SECRETARY

Dated this 3rd May 2011