

UNITED OVERSEAS INSURANCE LIMITED

(Incorporated in the Republic of Singapore)
Company Registration Number : 197100152R

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 2004

	Group					
	9 Months	9 Months	Incr/ (Decr)	3rd Quarter	3rd Quarter	Incr/ (Decr)
	<u>2004</u>	<u>2003</u>	%	<u>2004</u>	<u>2003</u>	%
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
(a) Gross premium income	60,503	35,121	72.3	13,772	9,814	40.3
Net earned premiums	13,839	8,625	60.5	6,169	3,367	83.2
Less/(Add) :						
Net claims incurred	5,252	2,592	102.6	1,022	783	30.5
Net commission	(2,302)	(1,755)	31.2	(303)	(398)	(23.9)
Management expenses :						
Staff cost	3,263	1,909	70.9	1,066	588	81.3
Rental expenses	334	449	(25.6)	111	149	(25.5)
Management fees	122	93	31.2	61	31	96.8
Depreciation	279	193	44.6	89	64	39.1
Foreign exchange loss	1	-	NM	2	-	NM
Other operating expenses	572	391	46.3	178	105	69.5
Underwriting profit	6,318	4,753	32.9	3,943	2,045	92.8
Gross dividends from investments	3,118	2,298	35.7	755	694	8.8
Interest income from investments	1,187	1,336	(11.2)	372	430	(13.5)
Interest on fixed deposits and bank balances	226	183	23.5	95	49	93.9
Miscellaneous income	11	10	10.0	3	3	-
Profit/(loss) on sale of investments	1,942	626	210.2	(48)	788	(106.1)
Loss on sale of fixed assets	(1)	-	NM	-	-	-
Less/(Add) :						
Management expenses not charged to insurance revenue account:						
- Management fees	289	280	3.2	97	88	10.2
- Other operating expenses	171	211	(19.0)	56	112	(50.0)
Exchange differences	(29)	2	NM	(2)	3	(166.7)
Write back of provision for diminution in value of investments	(100)	(1,312)	(92.4)	(13)	-	NM
Net profit before tax	12,470	10,025	24.4	4,982	3,806	30.9
Less:						
Taxation	2,505	2,221	12.8	978	835	17.1
Net profit after tax	9,965	7,804	27.7	4,004	2,971	34.8

Note : NM = Not Meaningful

(b) Annualised earnings per share (cents) **32.6** 25.5 **39.3** 29.1

The provision for taxation does not contain any adjustment for under or over provision of tax in respect of prior years. There is no pre-acquisition profit.

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2. BALANCE SHEET

	Group		Company	
	30-Sep-04	31-Dec-03	30-Sep-04	31-Dec-03
	S\$'000	S\$'000	S\$'000	S\$'000
(a) Share Capital - Issued & fully paid	40,770	40,770	40,770	40,770
Reserves	60,364	56,994	58,490	55,000
	101,134	97,764	99,260	95,770
Deferred Taxation	357	357	357	357
Technical Balances				
Reserve for unexpired risks	32,846	17,961	31,663	17,740
Outstanding claims	86,762	46,169	86,626	46,088
	119,608	64,130	118,289	63,828
Current Liabilities				
Insurance creditors	15,378	5,090	14,873	5,050
Non-trade creditors & other payables	3,616	2,288	3,528	2,240
Deferred acquisition cost	1,334	736	1,470	739
Provision for taxation	2,668	2,540	2,666	2,540
	22,996	10,654	22,537	10,569
Total Equity and Liabilities	244,095	172,905	240,443	170,524
Fixed Assets	1,100	1,352	1,100	1,352
Long-Term Investments	11,272	12,099	16,212	17,039
Non-Current Debtors	83	96	83	96
Statutory Deposit	500	500	500	500
Unsecured Term Loan	34	36	34	36
Reinsurers' Share of Technical Balances				
Reserve for unexpired risks	18,495	11,104	17,666	10,942
Outstanding claims	50,105	30,560	50,015	30,518
	68,600	41,664	67,681	41,460
Current Assets				
Insurance debtors	8,793	2,356	8,421	2,330
Non-trade debtors and other receivables	616	763	622	783
Investments	92,426	75,408	92,426	75,408
Cash and cash equivalents	60,671	38,631	53,364	31,520
	162,506	117,158	154,833	110,041
Total Assets	244,095	172,905	240,443	170,524
(b) Net asset value per share (S\$)	2.48	2.40	2.43	2.35

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3. STATEMENT OF CHANGES IN EQUITY

<u>Group</u>	<u>Share Capital</u> S\$'000	<u>General Reserve</u> S\$'000	<u>Foreign Currency Translation Reserve</u> S\$'000	<u>Retained Profits</u> S\$'000	<u>Total</u> S\$'000
Balance at 1 January 2004	40,770	14,880	500	41,614	97,764
Foreign currency translation differences	-	-	(72)	-	(72)
Net losses not recognised in income statement	-	-	(72)	-	(72)
Net profit	-	-	-	9,965	9,965
Total recognised gains and losses for nine months ended 30 September 2004	-	-	(72)	9,965	9,893
Dividend for Year 2003	-	-	-	(4,892)	(4,892)
Dividend for Year 2004	-	-	-	(1,631)	(1,631)
Balance at 30 September 2004	40,770	14,880	428	45,056	101,134
Balance at 1 January 2003	40,770	13,880	610	39,074	94,334
Foreign currency translation differences	-	-	22	-	22
Net gains not recognised in income statement	-	-	22	-	22
Net profit	-	-	-	7,804	7,804
Total recognised gains for nine months ended 30 September 2003	-	-	22	7,804	7,826
Dividend for Year 2002	-	-	-	(4,770)	(4,770)
Dividend for Year 2003	-	-	-	(1,590)	(1,590)
Balance at 30 September 2003	40,770	13,880	632	40,518	95,800

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

<u>Company</u>	<u>Share Capital</u> S\$'000	<u>General Reserve</u> S\$'000	<u>Retained Profits</u> S\$'000	<u>Total</u> S\$'000
Balance at 1 January 2004	40,770	14,880	40,120	95,770
Total recognised gains for nine months ended 30 September 2004				
- Net profit	-	-	10,013	10,013
Dividend for Year 2003	-	-	(4,892)	(4,892)
Dividend for Year 2004	-	-	(1,631)	(1,631)
Balance at 30 September 2004	40,770	14,880	43,610	99,260
Balance at 1 January 2003	40,770	13,880	37,539	92,189
Total recognised gains for nine months ended 30 September 2003				
- Net profit	-	-	7,873	7,873
Dividend for Year 2002	-	-	(4,770)	(4,770)
Dividend for Year 2003	-	-	(1,590)	(1,590)
Balance at 30 September 2003	40,770	13,880	39,052	93,702

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4. CASH FLOW STATEMENT

	Group			
	9 Months	9 Months	3rd	3rd
	<u>2004</u>	<u>2003</u>	<u>Quarter</u>	<u>Quarter</u>
	S\$'000	S\$'000	S\$'000	S\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	12,470	10,025	4,982	3,806
Adjustments for :				
Foreign currency difference on unexpired risks	(1)	-	(1)	(1)
Increase in unexpired risks	8,093	1,437	(529)	(116)
Depreciation	279	193	89	64
Loss on sale of fixed assets	1	-	-	-
(Profit)/loss on sale of short-term investments	(1,769)	(574)	221	(788)
Profit on sale of long-term investments	(173)	(52)	(173)	-
Gross dividends from investments	(3,118)	(2,298)	(755)	(694)
Interest income from investments	(1,187)	(1,336)	(372)	(430)
Interest on fixed deposits and bank balances	(226)	(183)	(95)	(49)
Write back of provision for diminution in value of short-term investments	(100)	(1,312)	(13)	-
Exchange differences	74	(22)	119	(126)
Operating cash flow before working capital change	14,343	5,878	3,473	1,666
Changes in working capital :				
Trade and other receivables	(6,277)	(2,086)	2,172	(942)
Creditors and claims	32,747	4,169	(3,825)	(1,636)
Amount owing to related companies	(83)	(95)	-	-
Cash generated from/(used in) operations	40,730	7,866	1,820	(912)
Tax paid	(2,377)	(1,402)	(498)	(623)
Net Cash Inflow/(Outflow) From Operating Activities	38,353	6,464	1,322	(1,535)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of short-term investments	37,305	18,260	7,553	8,051
Proceeds from sale of long-term investments	1,000	2,216	1,000	-
Purchase of investments	(52,454)	(30,953)	(10,499)	(12,405)
Purchase of fixed assets	(28)	(38)	(7)	(28)
Unsecured term loan	2	2	2	2
Gross dividends from investments	3,118	2,298	755	694
Interest income from investments	1,187	1,336	372	430
Interest on fixed deposits and bank balances	226	183	95	49
Net Cash Outflow From Investing Activities	(9,644)	(6,696)	(729)	(3,207)
CASH FLOW FROM FINANCING ACTIVITY				
Dividend paid	(6,523)	(6,360)	(1,631)	(1,590)
Cash Outflow From Financing Activity	(6,523)	(6,360)	(1,631)	(1,590)
Translation difference on foreign subsidiary company	(72)	22	(115)	(79)
Net increase/(decrease) in cash and cash equivalents	22,114	(6,570)	(1,153)	(6,411)
Cash and cash equivalents at beginning of period	38,631	41,164	61,943	40,901
Effects of exchange rate changes on cash and cash equivalents	(74)	22	(119)	126
Cash and cash equivalents at end of period	60,671	34,616	60,671	34,616

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5. 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.

6. REVIEW OF PERFORMANCE

Gross premium grew by 72.3% or S\$25.38 million compared to the same period last year. The increase was due to the Company's organic growth, increased cross selling activities with the parent bank and the transfer of business from Overseas Union Insurance, Limited.

Net underwriting profit improved by 32.9% or S\$1.57 million to S\$6.32 million when compared against the corresponding period. This improvement was mainly due to higher net earned premiums and net commission recovery. Non-underwriting income rose by S\$0.88 million or 16.7% due mainly to profit from the sale of investments.

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between 30 September 2004 and the date of this announcement which is likely to affect substantially the results of the Company and the Group for the current financial year.

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

The Group expects its operating results this financial year to remain profitable.

Moving into the new financial year, the expected moderation in economic growth and the cyclical softening of premium rates would affect premium growth. However, through disciplined underwriting, higher productivity from economies of scale and strict cost control, the Group should continue to achieve underwriting profitability. The achievement of non-underwriting income will still be dependent on stock market sentiments.

8. ACCOUNTING POLICY

The financial statements are prepared in accordance with Singapore Financial Reporting Standards and are expressed in Singapore Dollars. The accounting policies and computation methods adopted in the financial statements for the nine months ended 30 September 2004 were the same as those adopted in the audited financial statements for the year ended 31 December 2003.

9. DIVIDEND

No dividend has been declared for the third quarter ended 30 September 2004.

BY ORDER OF THE BOARD

MRS VIVIEN CHAN
SECRETARY

Dated this 29th day of October 2004