

**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. AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2004**

	<b>Group</b>		<b>Incr/ (Decr) %</b>
	<b>2004 S\$'000</b>	<b>2003 S\$'000</b>	
(a) Gross premium income	<b>72,159</b>	<b>42,269</b>	70.7
Net earned premiums	<b>18,823</b>	12,173	54.6
Less/(Add) :			
Net claims incurred	<b>9,863</b>	4,504	119.0
Net commission	<b>(4,324)</b>	(2,619)	65.1
Management expenses :			
Staff cost	<b>4,708</b>	2,544	85.1
Rental expenses	<b>450</b>	635	(29.1)
Management fees	<b>144</b>	121	19.0
Depreciation	<b>369</b>	269	37.2
Foreign exchange loss/(gain)	<b>4</b>	(4)	(200.0)
Other operating expenses	<b>350</b>	469	(25.4)
Underwriting profit	<b>7,259</b>	6,254	16.1
Gross dividends from investments	<b>3,566</b>	2,613	36.5
Interest income from investments	<b>1,564</b>	1,765	(11.4)
Interest on fixed deposits and bank balances	<b>370</b>	229	61.6
Miscellaneous income	<b>420</b>	14	nm
Profit on sale of investments	<b>2,036</b>	882	130.8
Loss on sale of fixed assets	<b>(1)</b>	(28)	(96.4)
Less/(Add) :			
Management expenses not charged to insurance revenue account:			
- Management fees	<b>389</b>	362	7.5
- Other operating expenses	<b>192</b>	287	(33.1)
Exchange differences	<b>(3)</b>	27	(111.1)
Write-back of provision for diminution in value of investments	<b>(101)</b>	(1,211)	(91.7)
Net profit before tax	<b>14,737</b>	12,264	20.2
Less:			
Taxation	<b>2,600</b>	2,364	10.0
Net profit after tax	<b>12,137</b>	9,900	22.6

Note : nm = not meaningful

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**1. AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2004 (Cont'd)**

	<b>Group</b>		<b>Incr/ (Decr) %</b>
	<b><u>2004</u> S\$'000</b>	<b><u>2003</u> S\$'000</b>	
(b) Gross premium income			
6 months ended 30 June	<b>46,731</b>	25,307	84.7
6 months ended 31 December	<b>25,428</b>	16,962	49.9
Total for the year	<b><u>72,159</u></b>	<u>42,269</u>	70.7
(c) Net profit after tax			
6 months ended 30 June	<b>5,961</b>	4,833	23.3
6 months ended 31 December	<b>6,176</b>	5,067	21.9
Total for the year	<b><u>12,137</u></b>	<u>9,900</u>	22.6
(d) Net earnings per share (cents)	<b>29.8</b>	24.3	

The provision for taxation does not contain an adjustment for under or over provision of tax in respect of prior years. There are no pre-acquisition profits.

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## 2. BALANCE SHEET

	<u>Group</u>		<u>Company</u>	
	<u>31-Dec-04</u> S\$'000	<u>31-Dec-03</u> S\$'000	<u>31-Dec-04</u> S\$'000	<u>31-Dec-03</u> S\$'000
(a) Share Capital - Issued & fully paid	<b>40,770</b>	40,770	<b>40,770</b>	40,770
Reserves	<b>62,327</b>	56,994	<b>60,517</b>	55,000
	<b>103,097</b>	97,764	<b>101,287</b>	95,770
Deferred Taxation	<b>249</b>	357	<b>249</b>	357
Technical Balances				
Reserve for unexpired risks	<b>29,973</b>	17,961	<b>28,973</b>	17,740
Outstanding claims	<b>94,946</b>	46,169	<b>94,340</b>	46,088
	<b>124,919</b>	64,130	<b>123,313</b>	63,828
Current Liabilities				
Insurance creditors	<b>9,766</b>	5,090	<b>9,377</b>	5,050
Non-trade creditors & other payables	<b>3,379</b>	2,288	<b>3,299</b>	2,240
Deferred acquisition cost	<b>1,100</b>	736	<b>1,211</b>	739
Provision for taxation	<b>2,661</b>	2,540	<b>2,661</b>	2,540
	<b>16,906</b>	10,654	<b>16,548</b>	10,569
Total Equity and Liabilities	<b>245,171</b>	172,905	<b>241,397</b>	170,524
Fixed Assets	<b>1,055</b>	1,352	<b>1,055</b>	1,352
Long-Term Investments	<b>11,272</b>	12,099	<b>16,212</b>	17,039
Non-Current Debtors	<b>77</b>	96	<b>77</b>	96
Statutory Deposit	<b>500</b>	500	<b>500</b>	500
Unsecured Term Loan	<b>34</b>	36	<b>34</b>	36
Reinsurers' Share of Technical Balances				
Reserve for unexpired risks	<b>15,829</b>	11,104	<b>15,133</b>	10,942
Outstanding claims	<b>55,764</b>	30,560	<b>55,220</b>	30,518
	<b>71,593</b>	41,664	<b>70,353</b>	41,460
Current Assets				
Insurance debtors	<b>6,720</b>	2,356	<b>6,421</b>	2,330
Non-trade debtors and other receivables	<b>1,222</b>	763	<b>1,277</b>	783
Investments	<b>95,147</b>	75,408	<b>95,147</b>	75,408
Cash and cash equivalents	<b>57,551</b>	38,631	<b>50,321</b>	31,520
	<b>160,640</b>	117,158	<b>153,166</b>	110,041
Total Assets	<b>245,171</b>	172,905	<b>241,397</b>	170,524
(b) Net asset value per share (S\$)	<b>2.53</b>	2.40	<b>2.48</b>	2.35

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### 3. STATEMENT OF CHANGES IN EQUITY

<u>Group</u>	<u>Share Capital</u> \$'000	<u>General Reserve</u> \$'000	<u>Foreign Currency Translation Reserve</u> \$'000	<u>Retained Profits</u> \$'000	<u>Total</u> \$'000
Balance at 1 January 2004	40,770	14,880	500	41,614	97,764
Foreign currency translation differences	-	-	(281)	-	(281)
Net losses not recognised in profit and loss account	-	-	(281)	-	(281)
Net profit	-	-	-	12,137	12,137
Total recognised gains and (losses) for the financial year	-	-	(281)	12,137	11,856
Transfer from retained profits	-	1,000	-	(1,000)	-
Dividend for Year 2003	-	-	-	(4,892)	(4,892)
Dividend for Year 2004	-	-	-	(1,631)	(1,631)
Balance at 31 December 2004	<b>40,770</b>	<b>15,880</b>	<b>219</b>	<b>46,228</b>	<b>103,097</b>
Balance at 1 January 2003	40,770	13,880	610	39,074	94,334
Foreign currency translation differences	-	-	(110)	-	(110)
Net losses not recognised in profit and loss account	-	-	(110)	-	(110)
Net profit	-	-	-	9,900	9,900
Total recognised gains and (losses) for the financial year	-	-	(110)	9,900	9,790
Transfer from retained profits	-	1,000	-	(1,000)	-
Dividend for Year 2002	-	-	-	(4,770)	(4,770)
Dividend for Year 2003	-	-	-	(1,590)	(1,590)
Balance at 31 December 2003	<b>40,770</b>	<b>14,880</b>	<b>500</b>	<b>41,614</b>	<b>97,764</b>

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

<u>Company</u>	<u>Share Capital</u> \$'000	<u>General Reserve</u> \$'000	<u>Retained Profits</u> \$'000	<u>Total</u> \$'000
Balance at 1 January 2004	40,770	14,880	40,120	95,770
Total recognised gain for the financial year - Net profit	-	-	12,040	12,040
Transfer from retained profits	-	1,000	(1,000)	-
Dividend for Year 2003	-	-	(4,892)	(4,892)
Dividend for Year 2004	-	-	(1,631)	(1,631)
Balance at 31 December 2004	<b>40,770</b>	<b>15,880</b>	<b>44,637</b>	<b>101,287</b>
Balance at 1 January 2003	40,770	13,880	37,539	92,189
Total recognised gain for the financial year - Net profit	-	-	9,941	9,941
Transfer from retained profits	-	1,000	(1,000)	-
Dividend for Year 2002	-	-	(4,770)	(4,770)
Dividend for Year 2003	-	-	(1,590)	(1,590)
Balance at 31 December 2003	<b>40,770</b>	<b>14,880</b>	<b>40,120</b>	<b>95,770</b>

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#### 4. CASH FLOW STATEMENT

	<b>Group</b>	
	<u>2004</u>	<u>2003</u>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	14,737	12,264
Adjustments for :		
Foreign currency difference on reserve for unexpired risks	(2)	(3)
Increase in reserve for unexpired risks	7,653	636
Depreciation	369	269
Profit on sale of long-term investments	(173)	(52)
Profit on sale of short-term investments	(1,863)	(830)
Loss on sale of fixed assets	1	28
Gross dividends from investments	(3,566)	(2,613)
Interest income from investments	(1,564)	(1,765)
Interest on fixed deposits and bank balances	(370)	(229)
Write-back of provision for diminution in value of investments	(101)	(1,211)
Exchange differences	290	115
Operating profit before working capital change	15,411	6,609
Changes in working capital :		
Trade and other receivables	(4,948)	1,138
Creditors and claims	29,323	1,860
Amount owing by related companies	144	151
Amount owing to related companies	17	(13)
Cash generated from operations	39,947	9,745
Tax paid	(2,587)	(1,450)
<b>Net Cash Inflow From Operating Activities</b>	<b>37,360</b>	<b>8,295</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of short-term investments	40,820	25,788
Proceeds from sale of long-term investments	1,000	2,215
Proceeds from sale of fixed assets	-	2
Purchase of short-term investments	(58,595)	(36,114)
Purchase of fixed assets	(73)	(743)
Unsecured term loan	2	2
Gross dividends from investments	3,566	2,613
Interest income from investments	1,564	1,765
Interest on fixed deposits and bank balances	370	229
<b>Net Cash Outflow From Investing Activities</b>	<b>(11,346)</b>	<b>(4,243)</b>
<b>CASH FLOW FROM FINANCING ACTIVITY</b>		
Dividend paid	(6,523)	(6,360)
<b>Cash Outflow From Financing Activity</b>	<b>(6,523)</b>	<b>(6,360)</b>
Translation difference on foreign subsidiary company	(281)	(110)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>19,210</b>	<b>(2,418)</b>
Cash and cash equivalents at beginning of year	38,631	41,164
Effects of exchange rate changes on cash and cash equivalents	(290)	(115)
<b>Cash and cash equivalents at end of year</b>	<b>57,551</b>	<b>38,631</b>

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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 70.7% or S\$29.89 million for the year due to organic growth, increased cross-selling activities with the parent bank, the one-time regrossing of the reserve for unexpired risks transferred from Overseas Union Insurance, Limited (OUI) and OUI's renewable business. Discounting the regrossing of the reserve for unexpired risks transferred from OUI, the growth in gross premium was still a significant 49.2% or S\$20.8 million.

Net underwriting profit increased by 16.1% or S\$1.01 million year on year. Non-underwriting income rose by S\$1.47 million or 24.4% due mainly to higher dividends and profit from sale of investments. Consequently, the Group achieved a record net profit before tax of S\$14.74 million, representing an increase of 20.2% over that of the previous year.

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between 31 December 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**

In the new financial year, the expected moderation in economic growth and the continued softening of premium rates would affect premium growth. Although the record net profit before tax may not be repeated in the coming year, the Group nevertheless expects the operating results to remain profitable at a satisfactory level.

The Group is confident that the consistently high level of profit contribution from underwriting can be sustained in view of the judicious underwriting policy and stringent cost control pursued by management. Stock market sentiments will continue to influence the level of investment income.

## **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 year ended 31 December 2004 were the same as those adopted in the preceding year.

## **9. DIVIDEND**

The Directors recommend the payment of a final dividend of 15% or 15 cents per share (2003 final dividend : 15% or 15 cents per share) less 20% Singapore income tax in respect of the financial year ended 31 December 2004.

Together with the interim dividend of 5% or 5 cents per share paid previously, the total dividend for the financial year ended 31 December 2004 would be 20% or 20 cents per share (2003 : 20% or 20 cents) amounting to a total net dividend payment of S\$6.5 million (2003 : S\$6.4 million). If approved at the forthcoming Annual General Meeting, the proposed final dividend will be paid on 20 May 2005.

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#### **10. 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 27 April 2005, the Share Transfer Books and the Register of Members of the Company will be closed from 10 May 2005 to 11 May 2005, both dates inclusive for the preparation of dividend warrants. Registrable transfers received by the Company's Registrar, Lim Associates (Pte) Ltd at 10 Collyer Quay, #19-08, Ocean Building, Singapore 049315, up to 5.00 pm on 9 May 2005 will be registered for the abovementioned dividend. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), the abovementioned dividend, if approved, will be paid by the Company to CDP who will distribute the dividend to holders of the securities accounts.

BY ORDER OF THE BOARD

MRS VIVIEN CHAN  
SECRETARY

Dated this 24th day of February 2005



**United Overseas Insurance Limited and its Subsidiary**

**Auditor's Report to the Members of  
United Overseas Insurance Limited**

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We have audited the accompanying financial statements of United Overseas Insurance Limited (the Company) and its subsidiary (the Group) for the financial year ended 31 December 2004, set out on pages 6 to 37. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements for the financial year ended 31 December 2003 were audited by another auditor whose report dated 20 February 2004 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform our audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the consolidated financial statements of the Group and the financial statements of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2004 and of the results and changes in equity of the Group and of the Company, and the cash flows of the Group for the financial year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

ERNST & YOUNG  
Certified Public Accountants

Singapore

24 February 2005