

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 THREE MONTHS/FIRST QUARTER ENDED 31 MARCH 2005

	Group		
	1st Qtr 2005 S\$'000	1st Qtr 2004 S\$'000	Incr/ (Decr) %
(a) Gross premiums written	25,728	22,568	14.0
Gross incoming premiums from portfolio transfer	-	9,086	(100.0)
Gross premium income	<u>25,728</u>	<u>31,654</u>	(18.7)
Net earned premiums	2,921	2,770	5.5
Less/(Add) :			
Net claims incurred	1,387	1,472	(5.8)
Net commission	(1,698)	(1,039)	63.4
Management expenses :			
Staff cost	986	1,020	(3.3)
Rental expenses	112	111	0.9
Management fees	59	30	96.7
Depreciation	90	96	(6.3)
Foreign exchange loss	2	4	(50.0)
Other operating expenses	50	202	(75.2)
Underwriting profit	<u>1,933</u>	<u>874</u>	121.2
Dividends	397	93	326.9
Interest income	590	481	22.7
Miscellaneous income	1	4	(75.0)
Profit on trading securities	1,783	1,752	1.8
Less/(Add) :			
Management expenses not charged to insurance revenue account:			
- Management fees	104	95	9.5
- Other operating expenses	69	71	(2.8)
Exchange differences	(26)	(1)	nm
Provision for diminution in value of investments	-	35	(100.0)
Net profit before tax	<u>4,557</u>	<u>3,004</u>	51.7
Less:			
Taxation	910	501	81.6
Net profit after tax	<u>3,647</u>	<u>2,503</u>	45.7

Note : nm = not meaningful

(b) Annualised earnings per share (cents)	35.8	24.6
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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		
	31-Mar-05	(Restated) 31-Dec-04	31-Dec-04
	S\$'000	S\$'000	S\$'000
(a) Share Capital - Issued & fully paid	40,770	40,770	40,770
Reserves	89,371	84,831	62,327
	130,141	125,601	103,097
Deferred Taxation	3,748	3,537	249
Technical Balances			
Reserve for unexpired risks	39,837	29,973	29,973
Outstanding claims	92,799	94,946	94,946
	132,636	124,919	124,919
Current Liabilities			
Insurance creditors	21,364	9,766	9,766
Non-trade creditors & other payables	4,374	3,379	3,379
Deferred acquisition cost	2,031	1,100	1,100
Provision for taxation	4,636	3,750	2,661
	32,405	17,995	16,906
Total Equity and Liabilities	298,930	272,052	245,171
Fixed Assets	965	1,055	1,055
Long-Term Investments	36,505	35,445	11,272
Non-Current Debtors	71	77	77
Statutory Deposit	500	500	500
Unsecured Term Loan	34	34	34
Reinsurers' Share of Technical Balances			
Reserve for unexpired risks	23,957	15,829	15,829
Outstanding claims	53,768	55,764	55,764
	77,725	71,593	71,593
Current Assets			
Insurance debtors	19,382	6,720	6,720
Non-trade debtors and other receivables	610	1,222	1,222
Trading securities	97,920	97,855	95,147
Cash and cash equivalents	65,218	57,551	57,551
	183,130	163,348	160,640
Total Assets	298,930	272,052	245,171
(b) Net asset value per share (S\$)	3.19	3.08	2.53

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2. BALANCE SHEET (CONT'D)

	<u>Company</u>		
	<u>31-Mar-05</u>	(Restated)	<u>31-Dec-04</u>
	<u>S\$'000</u>	<u>31-Dec-04</u>	<u>31-Dec-04</u>
		S\$'000	S\$'000
(a) Share Capital - Issued & fully paid	40,770	40,770	40,770
Reserves	87,452	83,021	60,517
	128,222	123,791	101,287
Deferred Taxation	3,748	3,537	249
Technical Balances			
Reserve for unexpired risks	38,480	28,973	28,973
Outstanding claims	92,511	94,340	94,340
	130,991	123,313	123,313
Current Liabilities			
Insurance creditors	20,957	9,377	9,377
Non-trade creditors & other payables	4,321	3,299	3,299
Deferred acquisition cost	2,169	1,211	1,211
Provision for taxation	4,622	3,750	2,661
	32,069	17,637	16,548
Total Equity and Liabilities	295,030	268,278	241,397
Fixed Assets	965	1,055	1,055
Long-Term Investments	41,445	40,385	16,212
Non-Current Debtors	71	77	77
Statutory Deposit	500	500	500
Unsecured Term Loan	34	34	34
Reinsurers' Share of Technical Balances			
Reserve for unexpired risks	22,953	15,133	15,133
Outstanding claims	53,539	55,220	55,220
	76,492	70,353	70,353
Current Assets			
Insurance debtors	18,770	6,421	6,421
Non-trade debtors and other receivables	692	1,277	1,277
Trading securities	97,920	97,855	95,147
Cash and cash equivalents	58,141	50,321	50,321
	175,523	155,874	153,166
Total Assets	295,030	268,278	241,397
(b) Net asset value per share (S\$)	3.15	3.04	2.48

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3. STATEMENT OF CHANGES IN EQUITY

<u>Group</u>	<u>Share Capital</u> \$'000	<u>General Reserve</u> \$'000	<u>Available For Sale Reserve</u> \$'000	<u>Foreign Currency Translation Reserve</u> \$'000	<u>Retained Profits</u> \$'000	<u>Total</u> \$'000
Balance at 1 January 2005						
- as previously reported	40,770	15,880	-	219	46,228	103,097
- effect of adopting FRS 39	-	-	13,150	-	9,354	22,504
- as restated	40,770	15,880	13,150	219	55,582	125,601
Valuation gain taken to equity	-	-	849	-	-	849
Foreign currency translation differences	-	-	-	44	-	44
Net gains not recognised in income statement	-	-	849	44	-	893
Net profit	-	-	-	-	3,647	3,647
Total recognised gains for quarter ended 31 March 2005	-	-	849	44	3,647	4,540
Balance at 31 March 2005	40,770	15,880	13,999	263	59,229	130,141
Balance at 1 January 2004	40,770	14,880	-	500	41,614	97,764
Foreign currency translation differences	-	-	-	(128)	-	(128)
Net losses not recognised in income statement	-	-	-	(128)	-	(128)
Net profit	-	-	-	-	2,503	2,503
Total recognised gains/(losses) for quarter ended 31 March 2004	-	-	-	(128)	2,503	2,375
Balance at 31 March 2004	40,770	14,880	-	372	44,117	100,139

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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	Available For Sale <u>Reserve</u> \$'000	Retained <u>Profits</u> \$'000	<u>Total</u> \$'000
Balance at 1 January 2005					
- as previously reported	40,770	15,880	-	44,637	101,287
- effect of adopting FRS 39	-	-	13,150	9,354	22,504
- as restated	40,770	15,880	13,150	53,991	123,791
Valuation gain taken to equity	-	-	849	-	849
Net gains not recognised in income statement	-	-	849	-	849
Net profit	-	-	-	3,582	3,582
Total recognised gain for quarter ended 31 March 2005	-	-	849	3,582	4,431
Balance at 31 March 2005	40,770	15,880	13,999	57,573	128,222
Balance at 1 January 2004	40,770	14,880	-	40,120	95,770
Total recognised gain for quarter ended 31 March 2004					
- Net profit	-	-	-	2,494	2,494
Balance at 31 March 2004	40,770	14,880	-	42,614	98,264

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4. CASH FLOW STATEMENT

	Group	
	1st Qtr <u>2005</u> \$'000	1st Qtr <u>2004</u> \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	4,557	3,004
Adjustments for :		
Foreign currency difference on reserve for unexpired risks	1	-
Increase in reserve for unexpired risks	2,666	8,613
Depreciation	90	96
Profit on trading securities	(1,783)	(1,752)
Dividends	(397)	(93)
Interest income	(590)	(481)
Provision for diminution in value of short-term investments	-	35
Exchange differences	39	132
Operating cash flow before working capital change	<u>4,583</u>	<u>9,554</u>
Changes in working capital :		
Trade and other receivables	(12,044)	(15,342)
Creditors and claims	<u>12,442</u>	<u>37,322</u>
Cash generated from operations	4,981	31,534
Tax paid	(24)	(680)
Net Cash Inflow From Operating Activities	<u>4,957</u>	<u>30,854</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of trading securities	8,453	11,753
Purchase of trading securities	(6,727)	(20,639)
Purchase of fixed assets	-	(2)
Dividends	397	93
Interest income	590	481
Net Cash Inflow/(Outflow) From Investing Activities	<u>2,713</u>	<u>(8,314)</u>
Translation difference on foreign subsidiary company	44	(128)
Net increase in cash and cash equivalents	<u>7,714</u>	<u>22,412</u>
Cash and cash equivalents at beginning of period	57,551	38,631
Effects of exchange rate changes on cash and cash equivalents	(47)	(132)
Cash and cash equivalents at end of period	<u>65,218</u>	<u>60,911</u>

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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

Last year, there was a one-time transfer of a portfolio of unexpired premium reserve from Overseas Union Insurance, Limited to the Company on 1 January 2004. This unexpired premium reserve enhanced last year's gross premium by S\$9.09 million to S\$31.65 million. By excluding this unexpired premium reserve that came with the portfolio transfer, the actual premium this quarter increased by 14% to S\$25.73 million as against the actual premium of S\$22.57 million last year.

Net underwriting profit increased by 121.2% to S\$1.93 million due mainly to improvements in net commissions and reduction in other operating expenses. Non-underwriting income also rose by 23.2% to S\$2.62 million quarter on quarter due mainly to an unrealised profit of S\$1.8 million following the adoption of the new accounting FRS 39-Financial Instruments : Recognition and Measurement.

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between 31 March 2005 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

With the continued softening of premium rates, it is expected that premium growth may moderate. Nevertheless, the Group is still on track to achieve a satisfactory level of operating profit. Disciplined underwriting and judicious risk management will continue to be maintained so that a satisfactory level of underwriting profit can be attained. The underlying strength of the Group's investment portfolio is expected to deliver a regular stream of investment income.

8. 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 2005 are the same as those adopted in the audited financial statements for the year ended 31 December 2004, except for changes required by the new or revised FRS.

9. DIVIDEND

No dividend has been declared for the quarter ended 31 March 2005.

BY ORDER OF THE BOARD

MRS VIVIEN CHAN
SECRETARY
Dated this 4th day of May 2005