

**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 2005**

	<b>Group</b>					
	<b>9 Months</b>	9 Months	<b>Incr/</b>	<b>3rd Qtr</b>	3rd Qtr	<b>Incr/</b>
	<b>2005</b>	<u>2004</u>	<b>(Decr)</b>	<b>2005</b>	<u>2004</u>	<b>(Decr)</b>
	<b>\$'000</b>	\$'000	<b>%</b>	<b>\$'000</b>	\$'000	<b>%</b>
(a) Gross premiums written	<b>54,303</b>	51,417	5.6	<b>12,160</b>	13,772	(11.7)
Gross incoming premiums from portfolio transfer	-	9,086	(100.0)	-	-	-
Gross premium income	<b>54,303</b>	<u>60,503</u>	(10.2)	<b>12,160</b>	<u>13,772</u>	(11.7)
Net earned premiums	<b>14,876</b>	13,839	7.5	<b>6,604</b>	6,169	7.1
Less/(Add) :						
Net claims incurred	<b>6,417</b>	5,252	22.2	<b>3,756</b>	1,022	267.5
Net commissions	<b>(2,531)</b>	(2,302)	9.9	<b>(214)</b>	(303)	(29.4)
Management expenses :						
Staff cost	<b>2,988</b>	3,263	(8.4)	<b>1,020</b>	1,066	(4.3)
Rental expenses	<b>338</b>	334	1.2	<b>113</b>	111	1.8
Management fees	<b>121</b>	122	(0.8)	<b>27</b>	61	(55.7)
Depreciation	<b>270</b>	279	(3.2)	<b>90</b>	89	1.1
Foreign exchange (gain)/loss	<b>(9)</b>	1	NM	<b>(8)</b>	2	NM
Other operating expenses	<b>(198)</b>	572	NM	<b>(443)</b>	178	NM
Underwriting profit	<b>7,480</b>	6,318	18.4	<b>2,263</b>	3,943	(42.6)
Dividends	<b>2,920</b>	3,118	(6.4)	<b>978</b>	755	29.5
Interest income	<b>1,999</b>	1,413	41.5	<b>726</b>	467	55.5
Miscellaneous income	<b>8</b>	11	(27.3)	<b>4</b>	3	33.3
Profit/(loss) on sale of trading securities	<b>2,914</b>	1,769	64.7	<b>339</b>	(221)	NM
Profit on sale of long-term securities	<b>228</b>	173	31.8	-	173	(100.0)
Unrealised profit on trading securities	<b>6,681</b>	-	NM	<b>3,535</b>	-	NM
Loss on sale of fixed assets	-	(1)	(100.0)	-	-	-
Less/(Add) :						
Management expenses not charged to insurance revenue account:						
Management fees	<b>327</b>	289	13.1	<b>113</b>	97	16.5
Other operating expenses	<b>236</b>	171	38.0	<b>77</b>	56	37.5
Exchange differences	<b>(42)</b>	(29)	44.8	<b>(1)</b>	(2)	(50.0)
Provision for valuation adjustment - Scheme for transfer (UOI/OUI)	<b>1,500</b>	-	NM	-	-	-
Write back of provision for diminution in value of investments	-	(100)	(100.0)	-	(13)	(100.0)
Profit before tax	<b>20,209</b>	12,470	62.1	<b>7,656</b>	4,982	53.7
Less : Tax	<b>4,032</b>	2,505	61.0	<b>1,213</b>	978	24.0
Net profit	<b>16,177</b>	<u>9,965</u>	62.3	<b>6,443</b>	<u>4,004</u>	60.9

Note : NM = Not Meaningful

(b) Annualised earnings per share (cents) **52.9**      32.6      **63.2**      39.3

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**

	<b>30-Sep-05</b>	<b>Group (Restated) 31-Dec-04</b>	<b>31-Dec-04</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
(a) Share Capital - Issued & fully paid	<b>40,770</b>	40,770	40,770
Reserves	<b>95,667</b>	84,831	62,327
	<b>136,437</b>	125,601	103,097
Deferred Tax Liabilities	<b>3,770</b>	3,537	249
Technical Balances			
Reserve for unexpired risks	<b>34,452</b>	29,973	29,973
Outstanding claims	<b>96,186</b>	94,946	94,946
	<b>130,638</b>	124,919	124,919
Current Liabilities			
Insurance creditors	<b>15,986</b>	9,766	9,766
Non-trade creditors & other payables	<b>3,559</b>	3,379	3,379
Deferred acquisition cost	<b>1,493</b>	1,100	1,100
Tax payables	<b>5,583</b>	3,750	2,661
	<b>26,621</b>	17,995	16,906
Total Equity and Liabilities	<b>297,466</b>	272,052	245,171
Fixed Assets	<b>792</b>	1,055	1,055
Long-Term Investments	<b>36,557</b>	35,445	11,272
Non-Current Debtors	<b>61</b>	77	77
Statutory Deposit	<b>500</b>	500	500
Unsecured Term Loan	<b>31</b>	34	34
Reinsurers' Share of Technical Balances			
Reserve for unexpired risks	<b>19,722</b>	15,829	15,829
Outstanding claims	<b>56,090</b>	55,764	55,764
	<b>75,812</b>	71,593	71,593
Current Assets			
Insurance debtors	<b>6,674</b>	6,720	6,720
Non-trade debtors and other receivables	<b>712</b>	1,222	1,222
Trading securities	<b>105,977</b>	97,855	95,147
Cash and cash equivalents	<b>70,350</b>	57,551	57,551
	<b>183,713</b>	163,348	160,640
Total Assets	<b>297,466</b>	272,052	245,171
(b) Net asset value per share (S\$)	<b>3.35</b>	3.08	2.53

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**2. BALANCE SHEET (Cont'd)**

	<b>30-Sep-05</b>	<b>Company (Restated) 31-Dec-04</b>	<b>31-Dec-04</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
(a) Share Capital - Issued & fully paid	<b>40,770</b>	40,770	40,770
Reserves	<b>93,496</b>	83,021	60,517
	<b>134,266</b>	123,791	101,287
Deferred Tax Liabilities	<b>3,770</b>	3,537	249
Technical Balances			
Reserve for unexpired risks	<b>33,321</b>	28,973	28,973
Outstanding claims	<b>95,842</b>	94,340	94,340
	<b>129,163</b>	123,313	123,313
Current Liabilities			
Insurance creditors	<b>15,527</b>	9,377	9,377
Non-trade creditors & other payables	<b>3,574</b>	3,299	3,299
Deferred acquisition cost	<b>1,587</b>	1,211	1,211
Tax payables	<b>5,549</b>	3,750	2,661
	<b>26,237</b>	17,637	16,548
Total Equity and Liabilities	<b>293,436</b>	268,278	241,397
Fixed Assets	<b>792</b>	1,055	1,055
Long-Term Investments	<b>41,497</b>	40,385	16,212
Non-Current Debtors	<b>61</b>	77	77
Statutory Deposit	<b>500</b>	500	500
Unsecured Term Loan	<b>31</b>	34	34
Reinsurers' Share of Technical Balances			
Reserve for unexpired risks	<b>18,885</b>	15,133	15,133
Outstanding claims	<b>55,825</b>	55,220	55,220
	<b>74,710</b>	70,353	70,353
Current Assets			
Insurance debtors	<b>6,341</b>	6,421	6,421
Non-trade debtors and other receivables	<b>692</b>	1,277	1,277
Trading securities	<b>105,977</b>	97,855	95,147
Cash and cash equivalents	<b>62,835</b>	50,321	50,321
	<b>175,845</b>	155,874	153,166
Total Assets	<b>293,436</b>	268,278	241,397
(b) Net asset value per share (S\$)	<b>3.29</b>	3.04	2.48

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**3. GROUP STATEMENT OF CHANGES IN EQUITY**

	Share Capital \$'000	General Reserve \$'000	Available for Sale Reserve \$'000	Foreign Currency Translation Reserve \$'000	Retained Profits \$'000	Total \$'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	-	-	932	-	-	932
Foreign currency translation differences	-	-	-	250	-	250
Net gains not recognised in income statement	-	-	932	250	-	1,182
Net profit	-	-	-	-	16,177	16,177
Total recognised gains for nine months ended 30 September 2005	-	-	932	250	16,177	17,359
Dividend for Year 2004	-	-	-	-	(4,892)	(4,892)
Dividend for Year 2005	-	-	-	-	(1,631)	(1,631)
Balance at 30 September 2005	<b>40,770</b>	<b>15,880</b>	<b>14,082</b>	<b>469</b>	<b>65,236</b>	<b>136,437</b>
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

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

	Share Capital \$'000	General Reserve \$'000	Available for Sale Reserve \$'000	Foreign Currency Translation Reserve \$'000	Retained Profits \$'000	Total \$'000
Balance at 1 July 2005	40,770	15,880	13,260	429	60,424	130,763
Valuation gain taken to equity	-	-	822	-	-	822
Foreign currency translation differences	-	-	-	40	-	40
Net gains not recognised in income statement	-	-	822	40	-	862
Net profit	-	-	-	-	6,443	6,443
Total recognised gains for the financial period	-	-	822	40	6,443	7,305
Dividend for Year 2005	-	-	-	-	(1,631)	(1,631)
Balance at 30 September 2005	<b>40,770</b>	<b>15,880</b>	<b>14,082</b>	<b>469</b>	<b>65,236</b>	<b>136,437</b>
Balance at 1 July 2004	40,770	14,880	-	543	42,683	98,876
Foreign currency translation differences	-	-	-	(115)	-	(115)
Net losses not recognised in income statement	-	-	-	(115)	-	(115)
Net profit	-	-	-	-	4,004	4,004
Total recognised gains and losses for the financial period	-	-	-	(115)	4,004	3,889
Dividend for Year 2004	-	-	-	-	(1,631)	(1,631)
Balance at 30 September 2004	<b>40,770</b>	<b>14,880</b>	<b>-</b>	<b>428</b>	<b>45,056</b>	<b>101,134</b>

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**4. COMPANY STATEMENT OF CHANGES IN EQUITY**

	Share Capital \$'000	General Reserve \$'000	Available for Sale Reserve \$'000	Retained Profits \$'000	Total \$'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	-	-	932	-	932
Net gains not recognised in income statement	-	-	932	-	932
Net profit	-	-	-	16,066	16,066
Total recognised gains for nine months ended 30 September 2005	-	-	932	16,066	16,998
Dividend for Year 2004	-	-	-	(4,892)	(4,892)
Dividend for Year 2005	-	-	-	(1,631)	(1,631)
Balance at 30 September 2005	<b>40,770</b>	<b>15,880</b>	<b>14,082</b>	<b>63,534</b>	<b>134,266</b>
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

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

	Share Capital \$'000	General Reserve \$'000	Available for Sale Reserve \$'000	Retained Profits \$'000	Total \$'000
Balance at 1 July 2005	40,770	15,880	13,260	58,801	128,711
Valuation gain taken to equity	-	-	822	-	822
Net gains not recognised in income statement	-	-	822	-	822
Net profit	-	-	-	6,364	6,364
Total recognised gains for the financial period	-	-	822	6,364	7,186
Dividend for Year 2005	-	-	-	(1,631)	(1,631)
Balance at 30 September 2005	<b>40,770</b>	<b>15,880</b>	<b>14,082</b>	<b>63,534</b>	<b>134,266</b>
Balance at 1 July 2004	40,770	14,880	-	41,332	96,982
Total recognised gains for the financial period					
- Net profit	-	-	-	3,909	3,909
Dividend for Year 2004	-	-	-	(1,631)	(1,631)
Balance at 30 September 2004	<b>40,770</b>	<b>14,880</b>	<b>-</b>	<b>43,610</b>	<b>99,260</b>

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## 5. CASH FLOW STATEMENT

	<b>Group</b>			
	<b>9 Months</b>	9 Months	<b>3rd Qtr</b>	3rd Qtr
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax	<b>20,209</b>	12,470	<b>7,656</b>	4,982
Adjustments for :				
Foreign currency difference on reserve for unexpired risks	<b>7</b>	(1)	<b>1</b>	(1)
Increase/(decrease) in reserve for unexpired risks	<b>972</b>	8,093	<b>(1,675)</b>	(529)
Depreciation	<b>270</b>	279	<b>90</b>	89
Loss on sale of fixed assets	<b>-</b>	1	<b>-</b>	-
(Profit)/loss on sale of trading securities	<b>(2,914)</b>	(1,769)	<b>(339)</b>	221
Profit on sale of long-term investments	<b>(228)</b>	(173)	<b>-</b>	(173)
Unrealised profit on trading securities	<b>(6,681)</b>	-	<b>(3,535)</b>	-
Dividends	<b>(2,920)</b>	(3,118)	<b>(978)</b>	(755)
Interest income	<b>(1,999)</b>	(1,413)	<b>(726)</b>	(467)
Write back of provision for diminution in value of short-term investments	<b>-</b>	(100)	<b>-</b>	(13)
Exchange differences	<b>(300)</b>	74	<b>(47)</b>	119
Operating cash flow before working capital change	<b>6,416</b>	14,343	<b>447</b>	3,473
Changes in working capital :				
Trade and other receivables	<b>572</b>	(6,277)	<b>2,603</b>	2,172
Creditors and claims	<b>7,314</b>	32,664	<b>(792)</b>	(3,825)
Cash generated from operations	<b>14,302</b>	40,730	<b>2,258</b>	1,820
Tax paid	<b>(2,199)</b>	(2,377)	<b>(1,017)</b>	(498)
<b>Net Cash Inflow From Operating Activities</b>	<b>12,103</b>	38,353	<b>1,241</b>	1,322
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sale of trading securities	<b>25,815</b>	37,305	<b>10,120</b>	7,553
Proceeds from sale of long-term investments	<b>281</b>	1,000	<b>-</b>	1,000
Purchase of trading securities	<b>(24,311)</b>	(52,454)	<b>(4,718)</b>	(10,499)
Purchase of fixed assets	<b>(7)</b>	(28)	<b>(6)</b>	(7)
Unsecured term loan	<b>3</b>	2	<b>3</b>	2
Dividends	<b>2,920</b>	3,118	<b>978</b>	755
Interest income	<b>1,999</b>	1,413	<b>726</b>	467
<b>Net Cash Inflow/(Outflow) From Investing Activities</b>	<b>6,700</b>	(9,644)	<b>7,103</b>	(729)
<b>CASH FLOW FROM FINANCING ACTIVITY</b>				
Dividend paid	<b>(6,523)</b>	(6,523)	<b>(1,631)</b>	(1,631)
<b>Cash Outflow From Financing Activity</b>	<b>(6,523)</b>	(6,523)	<b>(1,631)</b>	(1,631)
Translation difference on foreign subsidiary company	<b>250</b>	(72)	<b>40</b>	(115)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>12,530</b>	22,114	<b>6,753</b>	(1,153)
Cash and cash equivalents at beginning of period	<b>57,551</b>	38,631	<b>63,554</b>	61,943
Effects of exchange rate changes on cash and cash equivalents	<b>269</b>	(74)	<b>43</b>	(119)
<b>Cash and cash equivalents at end of period</b>	<b>70,350</b>	60,671	<b>70,350</b>	60,671

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**6. 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.

**7. REVIEW OF PERFORMANCE**

Gross premiums written grew for the 9 months to 30 September 2005 by 5.6% to S\$54.3 million from S\$51.4 million achieved for the same period last year, excluding the one-time transfer of a portfolio of unexpired gross premium reserve of S\$9.09 million from Overseas Union Insurance, Limited (OUI).

Net underwriting profit increased by 18.4% to S\$7.48 million which exceeded the underwriting profit of S\$7.26 million for the whole of last year. This increase was due to higher net earned premiums, improvement in net commissions and reduction in management expenses. The satisfactory situation was in line with the trend seen in the preceding quarters and attributable to a large extent to the benefits of economies of scale consequent upon the absorption of OUI's portfolio. Non-underwriting income also rose by 106.9% from S\$6.15 million to S\$12.73 million due mainly to the recognition for the first time this year of an unrealised profit of S\$6.68 million resulting from the classification of about 75% of the Group's investment portfolio securities as "Fair Value to Profit & Loss" securities in accordance with the new accounting FRS 39-Financial Instruments : Recognition and Measurement. The investment income had also surpassed that attained for the whole of last year.

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 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.

**8. PROSPECTS FOR THE NEXT REPORTING PERIOD AND THE NEXT 12 MONTHS**

With continuing adherence to a policy of disciplined underwriting and judicious risk management and so long as the investment sentiments remain positive, the Company is on track to achieve a credible level of underwriting profit and investment income at the end of the financial year. Beyond that date, the prospects are as yet unclear and would depend on the dynamics of change in the operating environment.

**9. 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 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.

**10. DIVIDEND**

No dividend has been declared for the third quarter ended 30 September 2005.

**BY ORDER OF THE BOARD**

MRS VIVIEN CHAN  
SECRETARY

Dated this 28th day of October 2005