

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 2007

	Group		Incr/ (Decr)
	1st Qtr 2007	1st Qtr 2006	
	\$'000	\$'000	%
(a) Gross premiums written	25,507	24,205	5.4
Net earned premiums	3,776	3,163	19.4
Less/(Add) :			
Net claims incurred	803	1,630	(50.7)
Net commissions	(2,023)	(2,990)	(32.3)
Management expenses :			
Staff cost	1,040	1,017	2.3
Rental expenses	163	112	45.5
Management fees	33	41	(19.5)
Depreciation	50	91	(45.1)
Foreign exchange (gain)/loss	(1)	6	NM
Other operating expenses	145	(56)	NM
Underwriting profit	3,566	3,312	7.7
Gross dividends from investments	454	260	74.6
Interest income	1,056	882	19.7
Miscellaneous income	3	3	-
Realised gains on investments at fair value through profit or loss	998	1,967	(49.3)
Realised gains on available-for-sale investments	72	-	NM
Unrealised gains on investments at fair value through profit or loss	2,422	2,721	(11.0)
Less/(Add) :			
Management expenses not charged to insurance revenue account:			
Management fees	127	117	8.5
Other operating expenses	108	55	96.4
Exchange differences	(66)	33	NM
Profit before tax	8,402	8,940	(6.0)
Less: Tax expense	1,485	1,783	(16.7)
Net profit	6,917	7,157	(3.4)

Note : NM = Not Meaningful

(b) Annualised earnings per share (cents) – basic & diluted 67.9 70.2

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2. BALANCE SHEET

	<u>Group</u>		<u>Company</u>	
	<u>31-Mar-07</u>	<u>31-Dec-06</u>	<u>31-Mar-07</u>	<u>31-Dec-06</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
(a) Share capital - Issued & fully paid	40,770	40,770	40,770	40,770
Reserves	131,526	122,312	129,609	120,347
	172,296	163,082	170,379	161,117
Deferred tax liabilities	6,447	6,716	6,447	6,716
Gross technical balances				
Reserve for unexpired risks	39,452	30,453	38,585	29,700
Provision for outstanding claims	99,426	99,268	97,704	97,612
	138,878	129,721	136,289	127,312
Current liabilities				
Insurance creditors	19,767	9,352	19,322	9,092
Non-trade creditors & accrued liabilities	3,376	3,691	3,311	3,629
Deferred acquisition cost-reinsurers's share	5,775	4,736	5,642	4,618
Amount owing to related companies				
- non-trade	-	116	-	116
Tax payables	9,079	7,598	9,089	7,620
	37,997	25,493	37,364	25,075
Total equity and liabilities	355,618	325,012	350,479	320,220
Fixed assets	479	529	479	529
Investment in subsidiary	-	-	4,940	4,940
Available-for-sale investments	53,069	51,066	53,069	51,066
Non-current debtors	30	35	30	35
Statutory deposit	500	500	500	500
Unsecured term loan	29	29	29	29
Reinsurers' share of technical balances				
Reserve for unexpired risks	24,775	17,288	24,109	16,718
Provision for outstanding claims	57,179	56,540	55,729	55,159
	81,954	73,828	79,838	71,877
Current assets				
Insurance debtors	20,918	8,389	20,468	8,059
Non-trade debtors and accrued interest receivable	1,011	1,254	982	1,249
Amount owing by related companies	-	30	95	106
Deferred acquisition cost - gross	3,949	3,541	3,762	3,378
Investments at fair value through profit or loss	126,059	112,229	126,059	112,229
Cash and cash equivalents	67,620	73,582	60,228	66,223
	219,557	199,025	211,594	191,244
Total assets	355,618	325,012	350,479	320,220
(b) Net asset value per share (S\$)	4.23	4.00	4.18	3.95

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3. STATEMENT OF CHANGES IN EQUITY

<u>Group</u>	Share <u>capital</u> \$'000	General <u>reserve</u> \$'000	Available- for-sale <u>reserve</u> \$'000	Foreign currency translation <u>reserve</u> \$'000	Retained <u>profits</u> \$'000	<u>Total</u> \$'000
Balance at 1 January 2007	40,770	17,880	26,123	(227)	78,536	163,082
Net valuation gain taken to equity	-	-	2,400	-	-	2,400
Foreign currency translation differences	-	-	-	(103)	-	(103)
Net gains/(losses) not recognised in profit and loss accounts	-	-	2,400	(103)	-	2,297
Net profit	-	-	-	-	6,917	6,917
Total recognised gains/(losses) for the quarter ended 31 March 2007	-	-	2,400	(103)	6,917	9,214
Balance at 31 March 2007	40,770	17,880	28,523	(330)	85,453	172,296
Balance at 1 January 2006	40,770	16,880	17,871	358	63,725	139,604
Net valuation gain taken to equity	-	-	3,371	-	-	3,371
Foreign currency translation differences	-	-	-	(201)	-	(201)
Net gains/(losses) not recognised in profit and loss accounts	-	-	3,371	(201)	-	3,170
Net profit	-	-	-	-	7,157	7,157
Total recognised gains/(losses) for the quarter ended 31 March 2006	-	-	3,371	(201)	7,157	10,327
Balance at 31 March 2006	40,770	16,880	21,242	157	70,882	149,931

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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>Available- for-sale reserve</u> \$'000	<u>Retained profits</u> \$'000	<u>Total</u> \$'000
Balance at 1 January 2007	40,770	17,880	26,123	76,344	161,117
Net valuation gain taken to equity	-	-	2,400	-	2,400
Net gains not recognised in profit and loss accounts	-	-	2,400	-	2,400
Net profit	-	-	-	6,862	6,862
Total recognised gains for the quarter ended 31 March 2007	-	-	2,400	6,862	9,262
Balance at 31 March 2007	40,770	17,880	28,523	83,206	170,379
Balance at 1 January 2006	40,770	16,880	17,871	61,791	137,312
Net valuation gain taken to equity	-	-	3,371	-	3,371
Net gains not recognised in profit and loss accounts	-	-	3,371	-	3,371
Net profit	-	-	-	7,092	7,092
Total recognised gains for the quarter ended 31 March 2006	-	-	3,371	7,092	10,463
Balance at 31 March 2006	40,770	16,880	21,242	68,883	147,775

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4. CASH FLOW STATEMENT

	Group	
	1st Qtr	1st Qtr
	<u>2007</u>	<u>2006</u>
	\$'000	\$'000
Cash flows from operating activities		
Profit before taxation	8,402	8,940
Adjustments for:		
Foreign currency difference on reserve for unexpired risks (net of deferred acquisition cost)	(3)	(5)
Foreign currency difference on provision for outstanding claims	(4)	(4)
Movement in net reserve for unexpired risks (net of movement in net deferred acquisition cost)	2,146	1,703
Movement in net outstanding claims	(477)	272
Depreciation	50	91
Realised gains on available-for-sale investments	(72)	-
Realised gains on investments at fair value through profit or loss	(998)	(1,967)
Unrealised gains on investments at fair value through profit or loss	(2,422)	(2,721)
Gross dividends from investments	(454)	(260)
Interest income	(1,056)	(882)
Exchange differences	68	236
Operating profit before working capital change	<u>5,180</u>	<u>5,403</u>
Changes in working capital:		
Trade and other receivables	(12,281)	(13,872)
Trade and other payables	10,100	13,287
Amount owing by related companies	30	52
Amount owing to related companies	(116)	-
Cash generated from operations	<u>2,913</u>	<u>4,870</u>
Tax paid	(4)	-
Net cash flow from operating activities	<u>2,909</u>	<u>4,870</u>
Cash flows from investing activities		
Proceeds from sale of investments at fair value through profit or loss	7,884	7,437
Proceeds from sale of available-for-sale investments	523	-
Purchase of investments as fair value through profit or loss	(18,253)	(2,414)
Purchase of available-for-sale investments	(323)	-
Purchase of fixed assets	-	(2)
Gross dividends from investments	454	260
Interest income	1,056	882
Net cash flow (used in)/from investing activities	<u>(8,659)</u>	<u>6,163</u>
Translation difference on foreign subsidiary company	(103)	(201)
Net (decrease)/increase in cash and cash equivalents	<u>(5,853)</u>	<u>10,832</u>
Cash and cash equivalents at beginning of period	73,582	73,303
Effects of exchange rate changes on cash and cash equivalents	(109)	(212)
Cash and cash equivalents at end of period	<u><u>67,620</u></u>	<u><u>83,923</u></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

Gross premiums grew by 5.4% to \$25.5 million. Despite intense competition and higher operating expenses, growth was attained through new businesses secured by leveraging on the parent bank's increased regional activities. The Company's acceptances of offshore risks provided the bulk of the increase in premium income. The majority of domestic risks were renewed at lower premium rates.

Underwriting profit rose by 7.7% to \$3.6 million due to lower net claims incurred and stronger net earned premiums following the adoption of a more flexible risk retention policy. Non-underwriting income was lower at \$4.8 million due mainly to lower realised gains from investments. Consequently, overall profit before tax decreased by 6% to \$8.4 million.

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 2007 and the date of this announcement which is likely to affect substantially the results of the Company and the Group for the current financial period.

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

Premium rates in the domestic market are expected to remain soft because of intense competition and excess market capacity. The risk pricings are expected to trend lower, adding further pressures onto thinning underwriting margins. Domestic premium growth will remain challenging. However, the Company's business synergies with the parent bank and increasing premium streams from the regional markets will present opportunities for the Company to expand in the region.

The Company expects to continue to derive profits from both underwriting and 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 2007 are the same as those adopted in the preceding year.

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9. BONUS DIVIDEND AND RIGHTS ISSUE

The Board of Directors of the Company wish to announce the following exercises to be undertaken by the Company:

- (a) a proposed interim bonus cash dividend for the financial year ending 31 December 2007 of 85 cents less tax of 18% (or 69.7 cents net) per ordinary share of the Company ("Share"), in respect of Shares held as at a books closure date to be announced by the Company ("Books Closure Date"), amounting in aggregate to approximately \$28.42 million net; and
- (b) a proposed renounceable non-underwritten rights issue of up to 20,385,000 new Shares ("Rights Shares"), at an issue price of \$2.50 for each Rights Share on the basis of one (1) Rights Share for every two (2) existing Shares held by entitled shareholders as at the Books Closure Date, fractional entitlements to be disregarded, amounting in aggregate to approximately \$50.96 million in gross proceeds.

A separate announcement for the above exercises will be released by the Company.

10. CONFIRMATION BY DIRECTORS

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited group financial results for the three months/first quarter ended 31 March 2007 to be false or misleading.

BY ORDER OF THE BOARD

MRS VIVIEN CHAN
SECRETARY

Dated this 7th May 2007