

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 2007

| | Group | | | | | |
|---|-----------------|-------------|---------------|----------------|-------------|---------------|
| | 9 Months | 9 Months | Incr/ | 3rd Qtr | 3rd Qtr | Incr/ |
| | 2007 | 2006 | (Decr) | 2007 | 2006 | (Decr) |
| | \$'000 | \$'000 | % | \$'000 | \$'000 | % |
| (a) Gross premiums written | 57,221 | 54,623 | 4.8 | 15,415 | 13,504 | 14.2 |
| Net earned premiums | 15,377 | 14,129 | 8.8 | 6,144 | 5,722 | 7.4 |
| Less/(Add) : | | | | | | |
| Net claims incurred | 4,064 | 4,914 | (17.3) | 1,969 | 2,182 | (9.8) |
| Net commissions | (2,656) | (3,730) | (28.8) | (63) | (243) | (74.1) |
| Management expenses : | | | | | | |
| Staff cost | 3,156 | 3,024 | 4.4 | 1,057 | 992 | 6.6 |
| Rental expenses | 490 | 340 | 44.1 | 163 | 114 | 43.0 |
| Management fees | 77 | 87 | (11.5) | 19 | 23 | (17.4) |
| Depreciation | 153 | 273 | (44.0) | 52 | 91 | (42.9) |
| Foreign exchange loss | 8 | 20 | (60.0) | 6 | 9 | (33.3) |
| Other operating expenses | 408 | 13 | NM | 152 | 3 | NM |
| Underwriting profit | 9,677 | 9,188 | 5.3 | 2,789 | 2,551 | 9.3 |
| Gross dividends from investments | 3,068 | 3,346 | (8.3) | 775 | 817 | (5.1) |
| Interest income | 3,162 | 2,926 | 8.1 | 1,105 | 1,045 | 5.7 |
| Miscellaneous income | 9 | 10 | (10.0) | 3 | 3 | - |
| Realised gains on investments at fair value through profit or loss | 13,733 | 3,963 | 246.5 | 4,910 | 647 | 658.9 |
| Realised gains on available-for-sale investments | 141 | - | NM | - | - | NM |
| Unrealised (losses)/gains on investments at fair value through profit or loss | (7,658) | (400) | NM | (5,768) | 1,830 | NM |
| Less/(Add) : | | | | | | |
| Management expenses not charged to insurance revenue account: | | | | | | |
| Management fees | 398 | 337 | 18.1 | 136 | 109 | 24.8 |
| Other operating expenses | 536 | 185 | 189.7 | 284 | 72 | 294.4 |
| Exchange differences | 152 | (76) | NM | 156 | (136) | NM |
| Profit before tax | 21,046 | 18,587 | 13.2 | 3,238 | 6,848 | (52.7) |
| Less: Tax expense | 3,709 | 3,639 | 1.9 | 566 | 1,324 | (57.3) |
| Net profit | 17,337 | 14,948 | 16.0 | 2,672 | 5,524 | (51.6) |

Note : NM = Not Meaningful

(b) Annualised earnings per share (cents)

| | | | | |
|-----------|-------------|------|-------------|------|
| - basic | 56.7 | 48.9 | 26.2 | 54.2 |
| - diluted | 39.2 | 48.9 | 18.1 | 54.2 |

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2. UNAUDITED BALANCE SHEET

| | <u>Group</u> | | <u>Company</u> | |
|---|------------------|------------------|------------------|------------------|
| | <u>30-Sep-07</u> | <u>31-Dec-06</u> | <u>30-Sep-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 | 91,733 | 40,770 | 91,733 | 40,770 |
| Reserves | 110,192 | 122,312 | 108,188 | 120,347 |
| | 201,925 | 163,082 | 199,921 | 161,117 |
| Deferred tax liabilities | 7,382 | 6,716 | 7,382 | 6,716 |
| Gross technical balances | | | | |
| Reserve for unexpired risks | 36,537 | 30,453 | 35,766 | 29,700 |
| Provision for outstanding claims | 101,194 | 99,268 | 99,390 | 97,612 |
| | 137,731 | 129,721 | 135,156 | 127,312 |
| Current liabilities | | | | |
| Insurance creditors | 17,836 | 9,352 | 17,393 | 9,092 |
| Non-trade creditors & accrued liabilities | 3,814 | 3,691 | 3,760 | 3,629 |
| Deferred acquisition cost-reinsurers's share | 5,368 | 4,736 | 5,238 | 4,618 |
| Amount owing to related companies | | | | |
| - non-trade | - | 116 | - | 116 |
| Tax payables | 7,519 | 7,598 | 7,484 | 7,620 |
| | 34,537 | 25,493 | 33,875 | 25,075 |
| Total equity and liabilities | 381,575 | 325,012 | 376,334 | 320,220 |
| Fixed assets | 420 | 529 | 420 | 529 |
| Investment in subsidiary | - | - | 4,940 | 4,940 |
| Available-for-sale investments | 77,344 | 51,066 | 77,344 | 51,066 |
| Non-current debtors | 20 | 35 | 20 | 35 |
| Statutory deposit | 500 | 500 | 500 | 500 |
| Unsecured term loan | 26 | 29 | 26 | 29 |
| Reinsurers' share of technical balances | | | | |
| Reserve for unexpired risks | 21,478 | 17,288 | 20,883 | 16,718 |
| Provision for outstanding claims | 58,832 | 56,540 | 57,291 | 55,159 |
| | 80,310 | 73,828 | 78,174 | 71,877 |
| Current assets | | | | |
| Insurance debtors | 10,967 | 8,389 | 10,683 | 8,059 |
| Non-trade debtors and accrued interest receivable | 1,181 | 1,254 | 1,140 | 1,249 |
| Amount owing by related companies | - | 30 | 38 | 106 |
| Deferred acquisition cost - gross | 4,004 | 3,541 | 3,833 | 3,378 |
| Investments at fair value through profit or loss | 98,115 | 112,229 | 98,115 | 112,229 |
| Cash and cash equivalents | 108,688 | 73,582 | 101,101 | 66,223 |
| | 222,955 | 199,025 | 214,910 | 191,244 |
| Total assets | 381,575 | 325,012 | 376,334 | 320,220 |
| (b) Net asset value per share (S\$) | 3.30 | 4.00 | 3.27 | 3.95 |

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3. UNAUDITED GROUP STATEMENT OF CHANGES IN EQUITY

| | Share <u>capital</u> \$'000 | General <u>reserve</u> \$'000 | Available- for-sale <u>investment</u> <u>reserve</u> \$'000 | Foreign currency <u>translation</u> <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 | - | - | 6,659 | - | - | 6,659 |
| Foreign currency translation differences | - | - | - | (177) | - | (177) |
| Net gains/(losses) not recognised in profit and loss accounts | - | - | 6,659 | (177) | - | 6,482 |
| Net profit | - | - | - | - | 17,337 | 17,337 |
| Total recognised gains/(losses) for the nine months ended 30 September 2007 | - | - | 6,659 | (177) | 17,337 | 23,819 |
| Issue of rights shares | 50,963 | - | - | - | - | 50,963 |
| Dividend for Year 2006 | - | - | - | - | (5,015) | (5,015) |
| Dividend for Year 2007 | - | - | - | - | (30,924) | (30,924) |
| Balance at 30 September 2007 | 91,733 | 17,880 | 32,782 | (404) | 59,934 | 201,925 |
| Balance at 1 January 2006 | 40,770 | 16,880 | 17,871 | 358 | 63,725 | 139,604 |
| Net valuation gain taken to equity | - | - | 4,109 | - | - | 4,109 |
| Foreign currency translation differences | - | - | - | (365) | - | (365) |
| Net gains/(losses) not recognised in profit and loss accounts | - | - | 4,109 | (365) | - | 3,744 |
| Net profit | - | - | - | - | 14,948 | 14,948 |
| Total recognised gains/(losses) for the nine months ended 30 September 2006 | - | - | 4,109 | (365) | 14,948 | 18,692 |
| Dividend for Year 2005 | - | - | - | - | (4,892) | (4,892) |
| Dividend for Year 2006 | - | - | - | - | (1,631) | (1,631) |
| Balance at 30 September 2006 | 40,770 | 16,880 | 21,980 | (7) | 72,150 | 151,773 |

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

| | Share <u>capital</u> \$'000 | General <u>reserve</u> \$'000 | Available- for-sale investment <u>reserve</u> \$'000 | Foreign currency translation <u>reserve</u> \$'000 | Retained <u>profits</u> \$'000 | <u>Total</u> \$'000 |
|--|-----------------------------------|-------------------------------------|--|--|--------------------------------------|------------------------|
| Balance at 1 July 2007 | 40,770 | 17,880 | 32,542 | (265) | 88,186 | 179,113 |
| Net valuation gain taken to equity | - | - | 240 | - | - | 240 |
| Foreign currency translation differences | - | - | - | (139) | - | (139) |
| Net gains/(losses) not recognised in profit and loss accounts | - | - | 240 | (139) | - | 101 |
| Net profit | - | - | - | - | 2,672 | 2,672 |
| Total recognised gains/(losses) for the quarter ended 30 September 2007 | - | - | 240 | (139) | 2,672 | 2,773 |
| Issue of rights shares | 50,963 | - | - | - | - | 50,963 |
| Dividend for Year 2007 | - | - | - | - | (30,924) | (30,924) |
| Balance at 30 September 2007 | 91,733 | 17,880 | 32,782 | (404) | 59,934 | 201,925 |
| Balance at 1 July 2006 | 40,770 | 16,880 | 19,281 | 14 | 68,257 | 145,202 |
| Net valuation gain taken to equity | - | - | 2,699 | - | - | 2,699 |
| Foreign currency translation differences | - | - | - | (21) | - | (21) |
| Net gains/(losses) not recognised in profit and loss accounts | - | - | 2,699 | (21) | - | 2,678 |
| Net profit | - | - | - | - | 5,524 | 5,524 |
| Total recognised gains/(losses) for the quarter ended 30 September 2006 | - | - | 2,699 | (21) | 5,524 | 8,202 |
| Dividend for Year 2006 | - | - | - | - | (1,631) | (1,631) |
| Balance at 30 September 2006 | 40,770 | 16,880 | 21,980 | (7) | 72,150 | 151,773 |

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4. UNAUDITED COMPANY STATEMENT OF CHANGES IN EQUITY

| | Share <u>capital</u> \$'000 | General <u>reserve</u> \$'000 | Available- for-sale <u>investment</u> <u>reserve</u> \$'000 | Retained <u>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 | - | - | 6,659 | - | 6,659 |
| Net gains not recognised in profit and loss accounts | - | - | 6,659 | - | 6,659 |
| Net profit | - | - | - | 17,121 | 17,121 |
| Total recognised gains for the nine months ended 30 September 2007 | - | - | 6,659 | 17,121 | 23,780 |
| Issue of rights shares | 50,963 | - | - | - | 50,963 |
| Dividend for Year 2006 | - | - | - | (5,015) | (5,015) |
| Dividend for Year 2007 | - | - | - | (30,924) | (30,924) |
| Balance at 30 September 2007 | 91,733 | 17,880 | 32,782 | 57,526 | 199,921 |
| Balance at 1 January 2006 | 40,770 | 16,880 | 17,871 | 61,791 | 137,312 |
| Net valuation gain taken to equity | - | - | 4,109 | - | 4,109 |
| Net gains not recognised in profit and loss accounts | - | - | 4,109 | - | 4,109 |
| Net profit | - | - | - | 14,785 | 14,785 |
| Total recognised gains for the nine months ended 30 September 2006 | - | - | 4,109 | 14,785 | 18,894 |
| Dividend for Year 2005 | - | - | - | (4,892) | (4,892) |
| Dividend for Year 2006 | - | - | - | (1,631) | (1,631) |
| Balance at 30 September 2006 | 40,770 | 16,880 | 21,980 | 70,053 | 149,683 |

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

| | Share <u>capital</u> \$'000 | General <u>reserve</u> \$'000 | Available- for-sale investment <u>reserve</u> \$'000 | Retained <u>profits</u> \$'000 | <u>Total</u> \$'000 |
|---|-----------------------------------|-------------------------------------|--|--------------------------------------|------------------------|
| Balance at 1 July 2007 | 40,770 | 17,880 | 32,542 | 85,877 | 177,069 |
| Net valuation gain taken to equity | - | - | 240 | - | 240 |
| Net gains not recognised in profit and loss accounts | - | - | 240 | - | 240 |
| Net profit | - | - | - | 2,573 | 2,573 |
| Total recognised gains for the quarter ended 30 September 2007 | - | - | 240 | 2,573 | 2,813 |
| Issue of rights shares | 50,963 | - | - | - | 50,963 |
| Dividend for Year 2007 | - | - | - | (30,924) | (30,924) |
| Balance at 30 September 2007 | 91,733 | 17,880 | 32,782 | 57,526 | 199,921 |
| Balance at 1 July 2006 | 40,770 | 16,880 | 19,281 | 66,261 | 143,192 |
| Net valuation gain taken to equity | - | - | 2,699 | - | 2,699 |
| Net gains not recognised in profit and loss accounts | - | - | 2,699 | - | 2,699 |
| Net profit | - | - | - | 5,423 | 5,423 |
| Total recognised gains for the quarter ended 30 September 2006 | - | - | 2,699 | 5,423 | 8,122 |
| Dividend for Year 2006 | - | - | - | (1,631) | (1,631) |
| Balance at 30 September 2006 | 40,770 | 16,880 | 21,980 | 70,053 | 149,683 |

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5. UNAUDITED CASH FLOW STATEMENT

| | Group | | | |
|--|-----------------|-------------|----------------|-------------|
| | 9 Months | 9 Months | 3rd Qtr | 3rd Qtr |
| | <u>2007</u> | <u>2006</u> | <u>2007</u> | <u>2006</u> |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Cash flows from operating activities | | | | |
| Profit before tax | 21,046 | 18,587 | 3,238 | 6,848 |
| Adjustments for : | | | | |
| Foreign currency difference on reserve for unexpired risks (net of deferred acquisition cost) | (4) | (9) | (3) | - |
| Foreign currency difference on provision for outstanding claims | (7) | (7) | (5) | (1) |
| Movement in net reserves for unexpired risks (net of movement in net deferred acquisition cost) | 2,067 | 1,551 | (94) | (604) |
| Movement in net outstanding claims | (359) | 276 | 276 | 322 |
| Depreciation | 153 | 273 | 52 | 91 |
| Realised gains on available-for-sale investments | (141) | - | - | - |
| Realised gains on investments at fair value through profit or loss | (13,733) | (3,963) | (4,910) | (647) |
| Unrealised losses/(gains) on investments at fair value through profit or loss | 7,658 | 400 | 5,768 | (1,830) |
| Gross dividends from investments | (3,068) | (3,346) | (775) | (817) |
| Interest income | (3,162) | (2,926) | (1,105) | (1,045) |
| Exchange differences | 366 | 291 | 303 | (113) |
| Operating cash flow before working capital change | 10,816 | 11,127 | 2,745 | 2,204 |
| Changes in working capital : | | | | |
| Trade and other receivables | (2,490) | (2,478) | 1,166 | 3,386 |
| Trade and other payables | 8,607 | 9,067 | 723 | (2,339) |
| Amount owing by related companies | 30 | 52 | - | - |
| Amount owing to related companies | (116) | (113) | - | - |
| Cash generated from operations | 16,847 | 17,655 | 4,634 | 3,251 |
| Tax paid | (3,788) | (3,077) | (1,808) | (456) |
| Net cash flow from operating activities | 13,059 | 14,578 | 2,826 | 2,795 |
| Cash flows from investing activities | | | | |
| Proceeds from sale of investments at fair value through profit or loss | 44,647 | 21,574 | 11,767 | 7,974 |
| Proceeds from sale of available-for-sale investments | 716 | - | - | - |
| Purchase of investments at fair value through profit or loss | (24,604) | (9,631) | (607) | (2,612) |
| Purchase of available-for-sale investments | (19,559) | (6,325) | (7,747) | (5,017) |
| Purchase of fixed assets | (44) | (48) | (8) | (33) |
| Unsecured term loan | 3 | 2 | 3 | 2 |
| Gross dividends from investments | 3,068 | 3,346 | 775 | 817 |
| Interest income | 3,162 | 2,926 | 1,105 | 1,045 |
| Net cash flow from investing activities | 7,389 | 11,844 | 5,288 | 2,176 |

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5. UNAUDITED CASH FLOW STATEMENT (Cont'd)

| | Group | | | |
|---|-----------------------|---------------|-----------------------|---------------|
| | 9 Months | 9 Months | 3rd Qtr | 3rd Qtr |
| | <u>2007</u> | <u>2006</u> | <u>2007</u> | <u>2006</u> |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Cash flow from financing activities | | | | |
| Dividend paid | (35,939) | (6,523) | (30,924) | (1,631) |
| Proceeds from issuance of share capital | <u>50,963</u> | - | <u>50,963</u> | - |
| Cash flow from/(used in) financing activities | 15,024 | (6,523) | 20,039 | (1,631) |
| Translation difference on foreign subsidiary company | <u>(177)</u> | (365) | <u>(139)</u> | (21) |
| Net increase in cash and cash equivalents | 35,295 | 19,534 | 28,014 | 3,319 |
| Cash and cash equivalents at beginning of period | 73,582 | 73,303 | 80,823 | 89,156 |
| Effects of exchange rate changes on cash and cash equivalents | <u>(189)</u> | (385) | <u>(149)</u> | (23) |
| Cash and cash equivalents at end of period | <u>108,688</u> | <u>92,452</u> | <u>108,688</u> | <u>92,452</u> |

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

Highlights and Performance Indicators for the Group

| (\$'000) | 9 Months 2007 | 9 Months 2006 | 9M07/ 9M06 % | 3rd Quarter 2007 | 3rd Quarter 2006 | 3Q07 / 3Q06 % |
|-------------------------|---------------------|---------------------|--------------------|------------------------|------------------------|---------------------|
| Gross premiums written | 57,221 | 54,623 | +4.8 | 15,415 | 13,504 | +14.2 |
| Underwriting profit | 9,677 | 9,188 | +5.3 | 2,789 | 2,551 | +9.3 |
| Non-underwriting income | 11,369 | 9,399 | +21.0 | 449 | 4,297 | -89.6 |
| Profit before tax | 21,046 | 18,587 | +13.2 | 3,238 | 6,848 | -52.7 |

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7. REVIEW OF PERFORMANCE (Cont'd)

9 Months 2007 ("9M07") versus 9 Months 2006 ("9M06")

The Group's gross premium grew by 4.8% to \$57.2 million for the 9M07. Underwriting profit increased by 5.3% to \$9.7 million due mainly to lower net incurred claims and higher net earned premiums gained from a more flexible risk retention policy. Non-underwriting income increased by 21.0% to \$11.4 million following improved market sentiments. Overall profit before tax rose by 13.2% to \$21.0 million.

3rd Quarter 2007 ("3Q07") versus 3rd Quarter 2006 ("3Q06")

The Group's gross premium written increased 14.2% to \$15.4 million in 3Q07 as compared with \$13.5 million attained in 3Q06. Underwriting profit rose 9.3% to \$2.8 million as against the \$2.6 million achieved in the corresponding quarter last year. Non-underwriting income decreased to \$0.4 million as against \$4.3 million in 3Q06 due to "marked-to-market" losses arising from the weak market sentiments. Profit before tax decreased 52.7% to \$3.2 million due mainly to lower investment income.

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

Domestically intense competition will continue to erode premium rates across the board and to inhibit organic growth. Growth if any will likely come from the high-risk and non-renewable business generated by the construction sector. To sustain meaningful growth not only in premium volume but also underwriting profitability, the Company will have to look increasingly to offshore sources, in particular from UOB Group-linked activities in the region.

Both underwriting and investment profits are achievable for the next reporting period and the next 12 months.

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 2007 are the same as those adopted in the preceding year.

10. BONUS DIVIDEND AND RIGHTS ISSUE

Following the Company's announcement of 7 May 2007 on the bonus dividend of \$0.85 per share less tax and the rights issue of up to 20,385,000 new ordinary shares ("Rights Share"), at \$2.50 per share, with an option for shareholders to utilise the net bonus dividend to subscribe for the Rights Shares, the Company had allotted and issued 20,385,000 Rights Shares on 20 July 2007. The Rights Shares were listed on the SGX-ST on 23 July 2007.

11. DIVIDEND

No Dividend has been declared for the third quarter ended 30 September 2007.

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12. 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 nine months/third quarter ended 30 September 2007 to be false or misleading.

BY ORDER OF THE BOARD

MRS VIVIEN CHAN
SECRETARY

Dated this 29th day of October 2007