

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 2007

	Group		Incr/ (Decr) %
	2007 \$'000	2006 \$'000	
(a) Gross premiums written	71,282	67,430	5.7
Net earned premiums	21,028	20,004	5.1
Less/(Add) :			
Net claims incurred	6,534	8,316	(21.4)
Net commissions	(6,151)	(5,985)	2.8
Management expenses :			
Staff cost	5,113	4,831	5.8
Rental expenses	668	470	42.1
Management fees	102	109	(6.4)
Depreciation	204	350	(41.7)
Foreign exchange loss	5	12	(58.3)
Other operating expenses	784	111	606.3
Underwriting profit	13,769	11,790	16.8
Gross dividends from investments	3,964	3,820	3.8
Interest income	4,288	3,979	7.8
Profit on sale of fixed assets	19	-	NM
Miscellaneous income	13	13	-
Net gains on investments at fair value through profit or loss	3,702	8,109	(54.3)
Net gains on available-for-sale investments	1,528	77	NM
Less/(Add) :			
Management expenses not charged to insurance revenue account:			
Management fees	532	453	17.4
Other operating expenses	636	244	160.7
Exchange differences	333	(94)	NM
Profit before tax	25,782	27,185	(5.2)
Less: Tax expense	4,490	4,851	(7.4)
Net profit	21,292	22,334	(4.7)

Note : NM = Not Meaningful

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1. AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007 (Cont'd)

	Group		Incr/ (Decr) %
	<u>2007</u> \$'000	<u>2006</u> \$'000	
(b) Gross premium income			
6 months ended 30 June	41,806	41,119	1.7
6 months ended 31 December	29,476	26,311	12.0
Total for the year	<u>71,282</u>	<u>67,430</u>	5.7
(c) Net profit after tax			
6 months ended 30 June	14,665	9,424	55.6
6 months ended 31 December	6,627	12,910	(48.7)
Total for the year	<u>21,292</u>	<u>22,334</u>	(4.7)
(d) Net earnings per share (cents) – basic and diluted	36.1	54.8	

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2. BALANCE SHEET

	<u>Group</u>		<u>Company</u>	
	<u>31-Dec-07</u>	<u>31-Dec-06</u>	<u>31-Dec-07</u>	<u>31-Dec-06</u>
	\$'000	\$'000	\$'000	\$'000
(a) Share capital - Issued & fully paid	91,733	40,770	91,733	40,770
Reserves	106,436	122,312	104,509	120,347
	198,169	163,082	196,242	161,117
Deferred tax liabilities	5,733	6,716	5,733	6,716
Technical balances				
Reserve for unexpired risks	33,876	30,453	33,231	29,700
Outstanding claims	108,447	99,268	104,613	97,612
	142,323	129,721	137,844	127,312
Current liabilities				
Insurance creditors	12,112	9,352	11,917	9,092
Non-trade creditors & accrued liabilities	2,943	3,691	2,858	3,629
Deferred acquisition cost-reinsurers' share	4,690	4,736	4,586	4,618
Amount owing to related companies				
- non-trade	134	116	134	116
Tax payables	8,305	7,598	8,284	7,620
	28,184	25,493	27,779	25,075
Total equity and liabilities	374,409	325,012	367,598	320,220
Fixed assets	462	529	462	529
Investment in subsidiary	-	-	4,940	4,940
Available-for-sale investments	83,315	51,066	83,315	51,066
Non-current debtors	14	35	14	35
Statutory deposit	500	500	500	500
Unsecured term loan	26	29	26	29
Reinsurers' share of technical balances				
Reserve for unexpired risks	18,026	17,288	17,530	16,718
Outstanding claims	63,708	56,540	61,346	55,159
	81,734	73,828	78,876	71,877
Current assets				
Insurance debtors	8,939	8,389	8,686	8,059
Deferred acquisition cost - gross	4,035	3,541	3,893	3,378
Non-trade debtors and accrued interest receivable	1,365	1,254	1,350	1,249
Amount owing by related companies	6	30	66	106
Investments at fair value through profit or loss	86,600	112,229	86,600	112,229
Cash and cash equivalents	107,413	73,582	98,870	66,223
	208,358	199,025	199,465	191,244
Total assets	374,409	325,012	367,598	320,220
(b) Net asset value per share (S\$)	3.24	4.00	3.21	3.95

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3. GROUP STATEMENT OF CHANGES IN EQUITY

	Share capital \$'000	General reserve \$'000	Available- for-sale investment reserve \$'000	Foreign currency translation reserve \$'000	Retained profits \$'000	Total \$'000
Balance at 1 January 2007	40,770	17,880	26,123	(227)	78,536	163,082
Net valuation loss taken to equity	-	-	(783)	-	-	(783)
Foreign currency translation differences	-	-	-	(446)	-	(446)
Net losses not recognised in profit and loss accounts	-	-	(783)	(446)	-	(1,229)
Net profit	-	-	-	-	21,292	21,292
Total recognised gains/(losses) for the financial year	-	-	(783)	(446)	21,292	20,063
Issue of rights shares	50,963	-	-	-	-	50,963
Transfer from retained profits	-	1,000	-	-	(1,000)	-
Dividend for Year 2006	-	-	-	-	(5,015)	(5,015)
Dividend for Year 2007	-	-	-	-	(30,924)	(30,924)
Balance at 31 December 2007	91,733	18,880	25,340	(673)	62,889	198,169
Balance at 1 January 2006	40,770	16,880	17,871	358	63,725	139,604
Net valuation gain taken to equity	-	-	8,252	-	-	8,252
Foreign currency translation differences	-	-	-	(585)	-	(585)
Net gains/(losses) not recognised in profit and loss accounts	-	-	8,252	(585)	-	7,667
Net profit	-	-	-	-	22,334	22,334
Total recognised gains/(losses) for the financial year	-	-	8,252	(585)	22,334	30,001
Transfer from retained profits	-	1,000	-	-	(1,000)	-
Dividend for Year 2005	-	-	-	-	(4,892)	(4,892)
Dividend for Year 2006	-	-	-	-	(1,631)	(1,631)
Balance at 31 December 2006	40,770	17,880	26,123	(227)	78,536	163,082

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4. COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital \$'000	General reserve \$'000	Available- for-sale investment reserve \$'000	Retained profits \$'000	Total \$'000
Balance at 1 January 2007	40,770	17,880	26,123	76,344	161,117
Net valuation loss taken to equity	-	-	(783)	-	(783)
Net losses not recognised in profit and loss accounts	-	-	(783)	-	(783)
Net profit	-	-	-	20,884	20,884
Total recognised gains/(losses) for the financial year	-	-	(783)	20,884	20,101
Issue of rights shares	50,963	-	-	-	50,963
Transfer from retained profits	-	1,000	-	(1,000)	-
Dividend for Year 2006	-	-	-	(5,015)	(5,015)
Dividend for Year 2007	-	-	-	(30,924)	(30,924)
Balance at 31 December 2007	91,733	18,880	25,340	60,289	196,242
Balance at 1 January 2006	40,770	16,880	17,871	61,791	137,312
Net valuation gain taken to equity	-	-	8,252	-	8,252
Net gains not recognised in profit and loss accounts	-	-	8,252	-	8,252
Net profit	-	-	-	22,076	22,076
Total recognised gains for the financial year	-	-	8,252	22,076	30,328
Transfer from retained profits	-	1,000	-	(1,000)	-
Dividend for Year 2005	-	-	-	(4,892)	(4,892)
Dividend for Year 2006	-	-	-	(1,631)	(1,631)
Balance at 31 December 2006	40,770	17,880	26,123	76,344	161,117

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5. CASH FLOW STATEMENT

	Group	
	<u>2007</u>	<u>2006</u>
	\$'000	\$'000
Cash flows from operating activities		
Profit before tax	25,782	27,185
Adjustments for:		
Foreign currency difference on reserve for unexpired risks (net of deferred acquisition cost)	(9)	(13)
Foreign currency difference on provision for outstanding claims	(18)	(11)
Movement in net reserve for unexpired risks (net movement in net deferred acquisition cost)	2,154	179
Movement in net outstanding claims	2,029	1,693
Depreciation	204	350
Net gains on available-for-sale investments	(1,528)	(77)
Net gains on investments at fair value through profit or loss	(3,702)	(8,109)
Profit on sale of fixed assets	(19)	-
Gross dividends from investments	(3,964)	(3,820)
Interest income	(4,288)	(3,979)
Exchange differences	830	514
Operating profit before working capital change	17,471	13,912
Changes in working capital:		
Trade and other receivables	(640)	(2,291)
Trade and other payables	2,012	2,465
Amount owing by related companies	24	22
Amount owing to related companies	18	3
Cash generated from operations	18,885	14,111
Tax paid	(3,797)	(3,150)
Net cash flow from operating activities	15,088	10,961
Cash flows from investing activities		
Proceeds from sale of investments at fair value through profit or loss	56,897	27,881
Proceeds from sale of available-for-sale investments	13,146	1,944
Proceeds from sale of fixed assets	19	-
Purchase of investments as fair value through profit or loss	(27,675)	(34,174)
Purchase of available-for-sale investments	(45,863)	(6,325)
Purchase of fixed assets	(137)	(84)
Unsecured term loan	3	2
Gross dividends from investments	3,964	3,820
Interest income	4,288	3,979
Net cash flow from/(used in) investing activities	4,642	(2,957)

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5. CASH FLOW STATEMENT (Cont'd)

	Group	
	<u>2007</u> \$'000	<u>2006</u> \$'000
Cash flow from financing activities		
Dividend paid	(35,939)	(6,523)
Proceeds from issuance of share capital	<u>50,963</u>	-
Cash flow from/(used in) financing activities	<u>15,024</u>	(6,523)
Translation difference on foreign subsidiary company	(446)	(585)
Net increase in cash and cash equivalents	<u>34,308</u>	896
Cash and cash equivalents at beginning of year	<u>73,582</u>	73,303
Effects of exchange rate changes on cash and cash equivalents	(477)	(617)
Cash and cash equivalents at end of year	<u><u>107,413</u></u>	<u><u>73,582</u></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)	2007	2006	2007/ 2006 %	4th Quarter 2007	4th Quarter 2006	4Q07 / 4Q06 %
Gross premiums written	71,282	67,430	+5.7	14,061	12,807	+9.8
Underwriting profit	13,769	11,790	+16.8	4,092	2,602	+57.3
Non-underwriting income	12,013	15,395	-22.0	644	5,996	-89.3
Profit before tax	25,782	27,185	-5.2	4,736	8,598	-44.9

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7. REVIEW OF PERFORMANCE (Cont'd)

2007 versus 2006

The Group's gross premiums grew by 5.7% to \$71.3 million due mainly to cross-selling within the UOB group and underwriting of offshore risks. Underwriting profit grew 16.8% to a record \$13.8 million due mainly to higher net retention, prudent selection of risks and lower net incurred claims. Non-underwriting income declined by 22.0% to \$12.0 million due to weak stock market sentiments caused by the US sub-prime mortgage crisis. Overall profit before tax was \$25.8 million, being 5.2% lower than the profit recorded last year.

4th Quarter 2007 ("4Q07") versus 4th Quarter 2006 ("4Q06")

The Group's gross premiums written increased 9.8% to \$14.1 million in 4Q07 as compared with \$12.8 million attained in 4Q06. Underwriting profit rose 57.3% to \$4.1 million as against the \$2.6 million achieved in the corresponding quarter last year. Non-underwriting income decreased to \$0.6 million as against \$6.0 million in 4Q06 due to "marked-to-market" losses arising from weak market sentiments. Profit before tax decreased 44.9% to \$4.7 million due to lower investment income.

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

The Singapore economy is expected to slow down. Within the industry, intense competition and higher operating costs will continue to put further pressure on the already thin underwriting margins. The Company's prudent underwriting policy coupled with judicious risk management and the strong intra-group business support should put the Group in good stead to face the challenges ahead. Revenue contribution from overseas markets will likely grow as the Company steps up its portfolio diversification by selectively writing more offshore businesses. Initially, any profit improvement may not be apparent from this direction as growth implies unexpired premium reserve strain and greater exposure to high risk areas.

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 year ended 31 December 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.

Net proceeds from the Rights Issue of approximately \$22 million have been deposited with banks pending deployment for business expansion opportunity.

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11. DIVIDEND

The Directors recommend the payment of a final dividend of 12 cents per share (one-tier tax-exempt) (2006 final dividend: 15 cents per share less 18% Singapore income tax) in respect of the financial year ended 31 December 2007.

Together with the interim dividend of 5 cents per share and the bonus dividend of 85 cents per share paid previously, the total dividend for the financial year ended 31 December 2007 would be \$1.02 per share (2006: 20 cents per share) amounting to a total net dividend payment of S\$38.3 million (2006: S\$6.6 million). If approved at the forthcoming Annual General Meeting, the proposed final dividend will be paid on 26 May 2008.

12. BORROWINGS, CONTINGENT LIABILITIES AND LOAN CAPITAL

There were no borrowings, contingent liabilities and loan capital for the Group as at 31 December 2007 (2006: nil). The Group has maintained strong liquidity for its business operations.

13. 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 30 April 2008, the Share Transfer Books and the Register of Members of the Company will be closed from 13 May 2008 to 14 May 2008, both dates inclusive for the preparation of dividend warrants. Registrable transfers received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 3 Church Street, #08-01, Samsung Hub, Singapore 049483, up to 5.00 pm on 12 May 2008 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 25th day of February 2008