

**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 FIRST HALF/SECOND QUARTER ENDED 30 JUNE 2005**

	<b>Group</b>					
	<b>1st Half</b>	1st Half	<b>Incr/</b>	<b>2nd Qtr</b>	2nd Qtr	<b>Incr/</b>
	<b>2005</b>	2004	<b>(Decr)</b>	<b>2005</b>	2004	<b>(Decr)</b>
	<b>S\$'000</b>	S\$'000	<b>%</b>	<b>S\$'000</b>	S\$'000	<b>%</b>
(a) Gross premiums written	<b>42,143</b>	37,645	11.9	<b>16,415</b>	15,077	8.9
Gross incoming premiums from portfolio transfer	-	9,086	(100.0)	-	-	-
Gross premium income	<b>42,143</b>	<b>46,731</b>	(9.8)	<b>16,415</b>	<b>15,077</b>	8.9
Net earned premiums	<b>8,272</b>	7,670	7.8	<b>5,351</b>	4,900	9.2
Less/(Add) :						
Net claims incurred	<b>2,661</b>	4,230	(37.1)	<b>1,274</b>	2,758	(53.8)
Net commissions	<b>(2,317)</b>	(1,999)	15.9	<b>(619)</b>	(960)	(35.5)
Management expenses :						
Staff cost	<b>1,968</b>	2,197	(10.4)	<b>982</b>	1,177	(16.6)
Rental expenses	<b>225</b>	223	0.9	<b>113</b>	112	0.9
Management fees	<b>94</b>	61	54.1	<b>35</b>	31	12.9
Depreciation	<b>180</b>	190	(5.3)	<b>90</b>	94	(4.3)
Foreign exchange (gain)/loss	<b>(1)</b>	(1)	-	<b>(3)</b>	(5)	(40.0)
Other operating expenses	<b>245</b>	394	(37.8)	<b>195</b>	192	1.6
Underwriting profit	<b>5,217</b>	2,375	119.7	<b>3,284</b>	1,501	118.8
Dividends	<b>1,942</b>	2,363	(17.8)	<b>1,545</b>	2,270	(31.9)
Interest income	<b>1,273</b>	946	34.6	<b>683</b>	465	46.9
Miscellaneous income	<b>4</b>	8	(50.0)	<b>3</b>	4	(25.0)
Profit on sale of trading securities	<b>2,575</b>	1,990	29.4	<b>2,592</b>	238	NM
Profit on sale of long-term securities	<b>228</b>	-	NM	<b>228</b>	-	NM
Unrealised profit on trading securities	<b>3,146</b>	-	NM	<b>1,346</b>	-	NM
Loss on sale of fixed assets	-	(1)	(100.0)	-	(1)	(100.0)
Less/(Add) :						
Management expenses not charged to insurance revenue account:						
Management fees	<b>214</b>	192	11.5	<b>110</b>	97	13.4
Other operating expenses	<b>159</b>	115	38.3	<b>90</b>	44	104.5
Exchange differences	<b>(41)</b>	(27)	51.9	<b>(15)</b>	(26)	(42.3)
Provision for valuation adjustment - Scheme for transfer (UOI/OUI)	<b>1,500</b>	-	NM	<b>1,500</b>	-	NM
Write back of provision for diminution in value of investments	-	(87)	(100.0)	-	(122)	(100.0)
Profit before tax	<b>12,553</b>	7,488	67.6	<b>7,996</b>	4,484	78.3
Less : Tax	<b>2,819</b>	1,527	84.6	<b>1,909</b>	1,026	86.1
Net profit	<b>9,734</b>	5,961	63.3	<b>6,087</b>	3,458	76.0

Note : NM = Not Meaningful

(b) Annualised earnings per share (cents) **47.8**      29.2      **59.7**      33.9

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-Jun-05</b>	<b>Group (Restated) 31-Dec-04</b>	<b>31-Dec-04</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
(a) Share Capital - Issued & fully paid	<b>40,770</b>	40,770	40,770
Reserves	<b>89,993</b>	84,831	62,327
	<b>130,763</b>	125,601	103,097
Deferred Tax Liabilities	<b>3,565</b>	3,537	249
Technical Balances			
Reserve for unexpired risks	<b>39,452</b>	29,973	29,973
Outstanding claims	<b>92,258</b>	94,946	94,946
	<b>131,710</b>	124,919	124,919
Current Liabilities			
Insurance creditors	<b>18,188</b>	9,766	9,766
Non-trade creditors & other payables	<b>3,614</b>	3,379	3,379
Deferred acquisition cost	<b>1,921</b>	1,100	1,100
Tax payables	<b>5,387</b>	3,750	2,661
	<b>29,110</b>	17,995	16,906
Total Equity and Liabilities	<b>295,148</b>	272,052	245,171
Fixed Assets	<b>876</b>	1,055	1,055
Long-Term Investments	<b>35,530</b>	35,445	11,272
Non-Current Debtors	<b>66</b>	77	77
Statutory Deposit	<b>500</b>	500	500
Unsecured Term Loan	<b>34</b>	34	34
Reinsurers' Share of Technical Balances			
Reserve for unexpired risks	<b>23,476</b>	15,829	15,829
Outstanding claims	<b>53,627</b>	55,764	55,764
	<b>77,103</b>	71,593	71,593
Current Assets			
Insurance debtors	<b>9,041</b>	6,720	6,720
Non-trade debtors and other receivables	<b>943</b>	1,222	1,222
Trading securities	<b>107,501</b>	97,855	95,147
Cash and cash equivalents	<b>63,554</b>	57,551	57,551
	<b>181,039</b>	163,348	160,640
Total Assets	<b>295,148</b>	272,052	245,171
(b) Net asset value per share (S\$)	<b>3.21</b>	3.08	2.53

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

	<b>30-Jun-05</b>	<b>Company (Restated) 31-Dec-04</b>	<b>31-Dec-04</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
(a) Share Capital - Issued & fully paid	<b>40,770</b>	40,770	40,770
Reserves	<b>87,941</b>	83,021	60,517
	<b>128,711</b>	123,791	101,287
Deferred Tax Liabilities	<b>3,565</b>	3,537	249
Technical Balances			
Reserve for unexpired risks	<b>38,139</b>	28,973	28,973
Outstanding claims	<b>91,965</b>	94,340	94,340
	<b>130,104</b>	123,313	123,313
Current Liabilities			
Insurance creditors	<b>17,742</b>	9,377	9,377
Non-trade creditors & other payables	<b>3,645</b>	3,299	3,299
Deferred acquisition cost	<b>2,041</b>	1,211	1,211
Tax payables	<b>5,369</b>	3,750	2,661
	<b>28,797</b>	17,637	16,548
Total Equity and Liabilities	<b>291,177</b>	268,278	241,397
Fixed Assets	<b>876</b>	1,055	1,055
Long-Term Investments	<b>40,470</b>	40,385	16,212
Non-Current Debtors	<b>66</b>	77	77
Statutory Deposit	<b>500</b>	500	500
Unsecured Term Loan	<b>34</b>	34	34
Reinsurers' Share of Technical Balances			
Reserve for unexpired risks	<b>22,505</b>	15,133	15,133
Outstanding claims	<b>53,399</b>	55,220	55,220
	<b>75,904</b>	70,353	70,353
Current Assets			
Insurance debtors	<b>8,656</b>	6,421	6,421
Non-trade debtors and other receivables	<b>942</b>	1,277	1,277
Trading securities	<b>107,501</b>	97,855	95,147
Cash and cash equivalents	<b>56,228</b>	50,321	50,321
	<b>173,327</b>	155,874	153,166
Total Assets	<b>291,177</b>	268,278	241,397
(b) Net asset value per share (S\$)	<b>3.16</b>	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	-	-	110	-	-	110
Foreign currency translation differences	-	-	-	210	-	210
Net gains not recognised in income Statement	-	-	110	210	-	320
Net profit	-	-	-	-	9,734	9,734
Total recognised gains for six months ended 30 June 2005	-	-	110	210	9,734	10,054
Dividend for Year 2004	-	-	-	-	(4,892)	(4,892)
<b>Balance at 30 June 2005</b>	<b>40,770</b>	<b>15,880</b>	<b>13,260</b>	<b>429</b>	<b>60,424</b>	<b>130,763</b>
Balance at 1 January 2004	40,770	14,880	-	500	41,614	97,764
Foreign currency translation differences	-	-	-	43	-	43
Net gains not recognised in income statement	-	-	-	43	-	43
Net profit	-	-	-	-	5,961	5,961
Total recognised gains for six months ended 30 June 2004	-	-	-	43	5,961	6,004
Dividend for Year 2003	-	-	-	-	(4,892)	(4,892)
<b>Balance at 30 June 2004</b>	<b>40,770</b>	<b>14,880</b>	<b>-</b>	<b>543</b>	<b>42,683</b>	<b>98,876</b>

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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 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	-	-	110	-	110
Net gains not recognised in income statement	-	-	110	-	110
Net profit	-	-	-	9,702	9,702
Total recognised gains for six months ended 30 June 2005	-	-	110	9,702	9,812
Dividend for Year 2004	-	-	-	(4,892)	(4,892)
Balance at 30 June 2005	<b>40,770</b>	<b>15,880</b>	<b>13,260</b>	<b>58,801</b>	<b>128,711</b>
Balance at 1 January 2004	40,770	14,880	-	40,120	95,770
Total recognised gain for six months ended 30 June 2004					
- Net profit	-	-	-	6,104	6,104
Dividend for Year 2003	-	-	-	(4,892)	(4,892)
Balance at 30 June 2004	<b>40,770</b>	<b>14,880</b>	<b>-</b>	<b>41,332</b>	<b>96,982</b>

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#### 4. CASH FLOW STATEMENT

	<b>Group</b>			
	<b>1st Half</b>	1st Half	<b>2nd Qtr</b>	2nd Qtr
	<b>2005</b>	2004	<b>2005</b>	2004
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax	<b>12,553</b>	7,488	<b>7,996</b>	4,484
Adjustments for :				
Foreign currency difference on reserve for unexpired risks	<b>6</b>	-	<b>5</b>	-
Increase/(decrease) in reserve for unexpired risks	<b>2,647</b>	8,622	<b>(19)</b>	9
Depreciation	<b>180</b>	190	<b>90</b>	94
Loss on sale of fixed assets	-	1	-	1
Profit on sale of trading securities	<b>(2,575)</b>	(1,990)	<b>(2,592)</b>	(238)
Profit on sale of long-term investments	<b>(228)</b>	-	<b>(228)</b>	-
Unrealised gain on trading securities	<b>(3,146)</b>	-	<b>(1,346)</b>	-
Dividends	<b>(1,942)</b>	(2,363)	<b>(1,545)</b>	(2,270)
Interest income	<b>(1,273)</b>	(946)	<b>(683)</b>	(465)
Write back of provision for diminution in value of short-term investments	-	(87)	-	(122)
Exchange differences	<b>(253)</b>	(45)	<b>(292)</b>	(177)
Operating cash flow before working capital change	<b>5,969</b>	10,870	<b>1,386</b>	1,316
Changes in working capital :				
Trade and other receivables	<b>(2,031)</b>	(8,449)	<b>10,013</b>	6,893
Creditors and claims	<b>8,106</b>	36,489	<b>(4,336)</b>	(833)
Cash generated from operations	<b>12,044</b>	38,910	<b>7,063</b>	7,376
Tax paid	<b>(1,182)</b>	(1,879)	<b>(1,158)</b>	(1,199)
<b>Net Cash Inflow From Operating Activities</b>	<b>10,862</b>	37,031	<b>5,905</b>	6,177
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sale of trading securities	<b>15,695</b>	29,752	<b>7,242</b>	17,999
Proceeds from sale of long-term investments	<b>281</b>	-	<b>281</b>	-
Purchase of trading securities	<b>(19,593)</b>	(41,955)	<b>(12,866)</b>	(21,316)
Purchase of fixed assets	<b>(1)</b>	(21)	<b>(1)</b>	(19)
Dividends	<b>1,942</b>	2,363	<b>1,545</b>	2,270
Interest income	<b>1,273</b>	946	<b>683</b>	465
<b>Net Cash Outflow From Investing Activities</b>	<b>(403)</b>	(8,915)	<b>(3,116)</b>	(601)
<b>CASH FLOW FROM FINANCING ACTIVITY</b>				
Dividend paid	<b>(4,892)</b>	(4,892)	<b>(4,892)</b>	(4,892)
<b>Cash Outflow From Financing Activity</b>	<b>(4,892)</b>	(4,892)	<b>(4,892)</b>	(4,892)
Translation difference on foreign subsidiary company	<b>210</b>	43	<b>166</b>	171
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>5,777</b>	23,267	<b>(1,937)</b>	855
Cash and cash equivalents at beginning of period	<b>57,551</b>	38,631	<b>65,218</b>	60,911
Effects of exchange rate changes on cash and cash equivalents	<b>226</b>	45	<b>273</b>	177
<b>Cash and cash equivalents at end of period</b>	<b>63,554</b>	61,943	<b>63,554</b>	61,943

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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 for the first half grew by a credible 11.9% to S\$42.14 million as compared with the gross premiums of S\$37.65 million achieved during the corresponding period last year, discounting 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 119.7% to S\$5.22 million due to higher net earned premiums, improvements in net incurred claims and net commissions coupled with reduction in other operating expenses. Non-underwriting income also rose by 43.5% to S\$7.34 million due mainly to the recognition for the first time this year of an unrealised profit of S\$3.15 million resulting from the decision to classify about 75% of the Group's investment portfolio securities as "Held For Trading" securities consequent upon the implementation of the new accounting FRS 39—Financial Instruments : Recognition and Measurement. Arising from the Scheme for transfer between the Company and OUI, a provision of S\$1.5 million was set aside as a valuation adjustment in accordance with the development of the claims reserves that were transferred from OUI.

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between 30 June 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**

Given the proven disciplined underwriting policy and judicious risk management, the Company expects to maintain a satisfactory level of underwriting profit 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 first half year ended 30 June 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**

The Directors are pleased to declare an interim dividend of 5% or 5 cents per share less 20% Singapore income tax (2004 interim dividend : 5% or 5 cents per share less 20% Singapore income tax) in respect of the financial year ending 31 December 2005. The total net interim dividend would amount to S\$1.63 million. The dividend will be paid on 26 August 2005.

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**10. CLOSURE OF BOOKS**

Notice is hereby given that the Share Transfer Books and the Register of Members of the Company will be closed from 16 August 2005 to 17 August 2005, both dates inclusive for the preparation of dividend warrants. Registrable transfers received by the Company's Registrar, Lim Associates (Pte) Ltd at 10 Collyer Quay, #19-08, Ocean Building, Singapore 049315, up to 5.00 pm on 15 August 2005 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 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 29th day of July 2005