

UNITED OVERSEAS INSURANCE LIMITED

(Incorporated in the Republic of Singapore)

To: All Shareholders

The Board of Directors of United Overseas Insurance Limited wishes to make the following announcement:

1. UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2002

	<u>GROUP</u>			<u>COMPANY</u>		
	<u>30.6.2002</u>	<u>30.6.2001</u>	Incr/ (Decr)	<u>30.6.2002</u>	<u>30.6.2001</u>	Incr/ (Decr)
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
(a) Gross premium income	<u>21,282</u>	<u>18,424</u>	15.5	<u>20,982</u>	<u>18,086</u>	16.0
Net earned premiums	7,240	6,635	9.1	7,159	6,537	9.5
Less/(Add):						
Net claims incurred	1,668	2,510	(33.5)	1,650	2,505	(34.1)
Net commission	(841)	(189)	345.0	(842)	(204)	312.7
Management expenses :						
Staff cost	1,202	1,157	3.9	1,202	1,157	3.9
Rental expenses	296	296	-	296	296	-
Management fees	62	65	(4.6)	-	-	-
Other operating expenses	535	504	6.2	456	422	8.1
Underwriting Profit	<u>4,318</u>	<u>2,292</u>	88.4	<u>4,397</u>	<u>2,361</u>	86.2
Gross Investment income	2,450	3,356	(27.0)	2,449	3,213	(23.8)
(Loss)/profit on sale of investments	(324)	788	NM	(324)	788	NM
Other income	18	4	350.0	18	4	350.0
Non-underwriting income	<u>2,144</u>	<u>4,148</u>	(48.3)	<u>2,143</u>	<u>4,005</u>	(46.5)
(b) Net profit before tax, depreciation and provision for investments	6,288	5,964	5.4	6,367	5,891	8.1
Less/(Add):						
Depreciation	125	36	247.2	125	36	247.2
Provision/(writeback of provision) for diminution in value of Investments	151	(140)	NM	151	(140)	NM
Net profit before tax	<u>6,012</u>	<u>6,068</u>	(0.9)	<u>6,091</u>	<u>5,995</u>	1.6
Less:						
Taxation	1,340	1,490	(10.1)	1,340	1,469	(8.8)
Net profit after tax	<u>4,672</u>	<u>4,578</u>	2.1	<u>4,751</u>	<u>4,526</u>	5.0

Note : NM = Not Meaningful

1. UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2002(CONT'D)

	<u>GROUP</u>		<u>COMPANY</u>	
(c) Net profit after tax as percentage of gross premium income (%)	22.0	24.9	22.6	25.0
(d) Annualised net profit as a percentage of average issued capital and reserves (%)	9.9	10.1	10.3	10.2
(e) Annualised earnings per share (cents)	22.9	22.5	23.3	22.2
(f) Net tangible asset backing per share (S\$)	2.32	2.23	2.26	2.17

The provision for taxation does not contain any adjustment for under or over provision of tax in respect of prior years. There are no pre-acquisition profits nor any profit on sale of properties.

2. 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 are relatively insignificant.

3. DIRECTORS' COMMENTS

The 16% growth in gross premium was due mainly to business synergies with the parent bank and a general increase in insurance premium rates. Underwriting profit improved due to higher net earned premiums following a change in the regulation affecting unearned premium reserves and lower underwriting expenses. Investment income was much lower because of poor market sentiments.

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 2002 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.

4. CURRENT YEAR'S PROSPECTS

The business environment will continue to be challenging. A prudent underwriting stance will be maintained. Underwriting profit gains in the first half should result in an overall improvement in underwriting profit for the year. Investment earnings will remain volatile and are likely to be lower than that attained in the previous year.

5. CHANGE IN ACCOUNTING POLICY

The same accounting policies and methods of computation are followed in the financial statements in this first half year of 2002 as compared to the audited annual financial statements for the year ended 31 December 2001 except for the following :

- (a) the method of calculation of unearned premium reserves which was changed to comply with the amended Regulation 20 of the Insurance Regulations. The unearned premium reserves, where the 1/24 method is used, are now calculated on premiums reduced by the actual commissions payable. Previously, such unearned premium reserves were calculated on premiums reduced by commission at an assumed rate of 20% of premiums. The effect of the change is a decrease in unearned premium reserves and an increase in underwriting profit by S\$1.1 million for the six month ended 30 June 2002.
- (b) with effect from 1 January 2002, the Company has adopted the revised Statement of Accounting Standard (SAS) 12 on Income Taxes and there is no material impact on the financial statements of the Company and the Group.

6. BALANCE SHEET

	<u>GROUP</u>		<u>COMPANY</u>	
	As At <u>30.6.2002</u> S\$'000	As At 31.12.2001 S\$'000	As At <u>30.6.2002</u> S\$'000	As At 31.12.2001 S\$'000
Fixed Assets	962	1,087	962	1,087
Long-Term Investments	12,248	12,248	17,188	17,188
Other Non-Current Debtors	133	135	133	135
Unsecured Term Loan	41	41	41	41
Current Assets (includes investments)	149,312	135,916	141,542	127,956
Less : Current Liabilities	67,917	54,187	67,267	53,789
Net Current Assets	81,395	81,729	74,275	74,167
Deferred Taxation	(358)	(358)	(358)	(358)
	94,421	94,882	92,241	92,260
Represented by :-				
Share Capital	40,770	40,770	40,770	40,770
Revenue Reserve	53,651	54,112	51,471	51,490
	94,421	94,882	92,241	92,260

7. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital S\$'000	General Reserve S\$'000	Foreign Currency Translation Reserve S\$'000	Retained Profits S\$'000	Total S\$'000
Balance at 1 January 2002	40,770	12,880	1,079	40,153	94,882
Foreign currency translation differences	-	-	(363)	-	(363)
Net loss not recognised in income statement	-	-	(363)	-	(363)
Net profit	-	-	-	4,672	4,672
Total recognised gains for six months ended 30 June 2002	-	-	-	4,672	4,672
Dividend for Year 2001	-	-	-	(4,770)	(4,770)
Balance at 30 June 2002	40,770	12,880	716	40,055	94,421
Balance at 1 January 2001					
- as previously reported	40,770	11,880	607	32,570	85,827
- effect of adopting SAS 31	-	-	2	4,615	4,617
- as restated	40,770	11,880	609	37,185	90,444
Foreign currency translation differences	-	-	470	-	470
Net gains not recognised in income statement	-	-	470	-	470
Net profit	-	-	-	10,124	10,124
Total recognised gains for the financial year	-	-	-	10,124	10,124
Transfer from retained profits	-	1,000	-	(1,000)	-
Dividend for Year 2000	-	-	-	(4,617)	(4,617)
Dividend for Year 2001	-	-	-	(1,539)	(1,539)
Balance at 31 December 2001	40,770	12,880	1,079	40,153	94,882

8. CONSOLIDATED CASH FLOW STATEMENT

	<u>30.6.2002</u>	<u>30.6.2001</u>
	S\$'000	S\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	6,012	6,068
Adjustments for :		
Foreign currency difference on reserve for unexpired risks	(3)	3
(Decrease)/increase in reserve for unexpired risks	(838)	536
Depreciation	125	36
Loss/(profit) on sale of investments	324	(788)
Gross dividends from investments	(1,326)	(1,856)
Interest income from investments	(968)	(1,050)
Interest on fixed deposits and bank balances	(156)	(450)
Provision/(write-back of provision) for diminution in value of short-term investments	151	(127)
Write-back of provision in value of long-term investments	-	(13)
Exchange differences	373	(361)
Operating cash flow before working capital change	<u>3,694</u>	<u>1,998</u>
Changes in working capital :		
Trade and other receivables	(7,912)	(3,142)
Creditors and claims	8,545	7,441
Amount owing to related companies	(95)	(98)
Cash generated from operations	<u>4,232</u>	<u>6,199</u>
Tax paid	(1,551)	(1,789)
Net Cash Inflow From Operating Activities	<u>2,681</u>	<u>4,410</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	23,074	8,050
Purchase of investments	(13,880)	(3,373)
Purchase of fixed assets	-	(15)
Gross dividends from investments	1,326	1,856
Interest income from investments	968	1,050
Interest on fixed deposits and bank balances	156	450
Net Cash Inflow From Investing Activities	<u>11,644</u>	<u>8,018</u>
CASH FLOW FROM FINANCING ACTIVITY		
Dividend paid	(4,770)	(4,617)
Cash Outflow From Financing Activity	<u>(4,770)</u>	<u>(4,617)</u>
Translation difference on foreign subsidiary company	(363)	348
Net increase in cash and cash equivalents	<u>9,192</u>	<u>8,159</u>
Cash and cash equivalents at beginning of year	<u>34,664</u>	<u>27,574</u>
Effects of exchange rate changes on cash and cash equivalents	<u>(373)</u>	<u>361</u>
Cash and cash equivalents at end of year	<u>43,483</u>	<u>36,094</u>

9. DIVIDEND

The Directors are pleased to declare an interim dividend of 5% or 5 cents per share (2001 : 5% or 5 cents per share) less 22% Singapore income tax (2001 : 24.5%) for the year ending 31 December 2002. The total net interim dividend would amount to S\$1.6 million. The dividend will be paid on 4 September 2002.

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 23 August 2002 to 24 August 2002, 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 22 August 2002 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 the holders of the securities accounts.

BY ORDER OF THE BOARD

MRS VIVIEN CHAN
SECRETARY

Dated this 7th day of August 2002