

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 RESULTS FOR THE NINE MONTHS/THIRD QUARTER ENDED 30 SEPTEMBER 2003

	Group					
	9 Months 2003 S\$'000	9 Months 2002 S\$'000	Incr/ (Decr) %	3rd Quarter 2003 S\$'000	3rd Quarter 2002 S\$'000	Incr/ (Decr) %
(a) Gross premium income	35,121	30,180	16.4	9,814	8,898	10.3
Net earned premiums	8,625	10,580	(18.5)	3,367	3,340	0.8
Less/(Add) :						
Net claims incurred	2,592	3,447	(24.8)	783	1,779	(56.0)
Net commission	(1,755)	(906)	93.7	(398)	(65)	512.3
Management expenses :						
Staff cost	1,641	1,815	(9.6)	495	613	(19.2)
Rental expenses	449	444	1.1	149	148	0.7
Management fees	93	94	(1.1)	31	32	(3.1)
Depreciation	193	188	2.7	64	63	1.6
Foreign exchange loss/(gain)	-	7	NM	-	(9)	NM
Other operating expenses	659	631	4.4	198	237	(16.5)
Underwriting profit	4,753	4,860	(2.2)	2,045	542	277.3
Gross investment income	3,817	3,282	16.3	1,173	832	41.0
Profit/(loss) on sale of investments	626	(517)	NM	788	(193)	NM
Other income	10	21	(52.4)	3	3	-
Less/(Add) :						
Non-underwriting expenses :						
Management fees	280	297	(5.7)	88	97	(9.3)
(Write back of provision)/provision for diminution in value of investments	(1,312)	1,036	NM	-	885	NM
Foreign exchange loss	2	28	(92.9)	3	2	50.0
Other operating expenses	211	138	52.9	112	65	72.3
Net profit before tax	10,025	6,147	63.1	3,806	135	NM
Less:						
Taxation	2,221	1,365	62.7	835	25	NM
Net profit after tax	7,804	4,782	63.2	2,971	110	NM
Note : NM = Not Meaningful						
(b) Annualised earnings per share (cents)	25.5	15.6		29.1	1.1	

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.

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2. **BALANCE SHEET**

	Group		Company	
	30-Sept-03	31-Dec-02	30-Sept-03	31-Dec-02
	S\$'000	S\$'000	S\$'000	S\$'000
(a) Fixed Assets	753	908	753	908
Long-Term Investments	12,098	14,262	17,038	19,202
Other Non-Current Debtors	101	116	101	116
Unsecured Term Loan	36	38	36	38
Current Assets (includes investments)	163,914	144,420	156,351	136,930
Less : Current Liabilities	80,830	65,138	80,305	64,733
Net Current Assets	83,084	79,282	76,046	72,197
Deferred Taxation	(272)	(272)	(272)	(272)
	95,800	94,334	93,702	92,189
Represented by :-				
Issued & paid-up capital	40,770	40,770	40,770	40,770
Revenue Reserve	55,030	53,564	52,932	51,419
	95,800	94,334	93,702	92,189
(b) Net asset value per share (S\$)	2.35	2.31	2.30	2.26

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3. STATEMENT OF CHANGES IN EQUITY

<u>Group</u>	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 2003	40,770	13,880	610	39,074	94,334
Foreign currency translation differences	-	-	22	-	22
Net gains not recognised in income statement	-	-	22	-	22
Net profit	-	-	-	7,804	7,804
Total recognised gains for nine months ended 30 September 2003	-	-	22	7,804	7,826
Dividend for Year 2002	-	-	-	(4,770)	(4,770)
Dividend for Year 2003	-	-	-	(1,590)	(1,590)
Balance at 30 September 2003	40,770	13,880	632	40,518	95,800
Balance at 1 January 2002	40,770	12,880	1,079	40,153	94,882
Foreign currency translation differences	-	-	(305)	-	(305)
Net loss not recognised in income statement	-	-	(305)	-	(305)
Net profit	-	-	-	4,782	4,782
Total recognised gain/(loss) for nine months ended 30 September 2002	-	-	(305)	4,782	4,477
Dividend for Year 2001	-	-	-	(4,770)	(4,770)
Dividend for Year 2002	-	-	-	(1,590)	(1,590)
Balance at 30 September 2002	40,770	12,880	774	38,575	92,999

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

<u>Company</u>	<u>Share Capital</u> S\$'000	<u>General Reserve</u> S\$'000	<u>Retained Profits</u> S\$'000	<u>Total</u> S\$'000
Balance at 1 January 2003	40,770	13,880	37,539	92,189
Total recognised gain for nine months ended 30 September 2003				
- Net profit	-	-	7,873	7,873
Dividend for Year 2002	-	-	(4,770)	(4,770)
Dividend for Year 2003	-	-	(1,590)	(1,590)
Balance at 30 September 2003	40,770	13,880	39,052	93,702
Balance at 1 January 2002	40,770	12,880	38,610	92,260
Total recognised gain for nine months ended 30 September 2002				
- Net profit	-	-	4,835	4,835
Dividend for Year 2001	-	-	(4,770)	(4,770)
Dividend for Year 2002	-	-	(1,590)	(1,590)
Balance at 30 September 2002	40,770	12,880	37,085	90,735

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4. CASH FLOW STATEMENT

	Group	
	9 Months 2003 S\$'000	9 Months 2002 S\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	10,025	6,147
Adjustments for :		
Foreign currency difference on unearned premium reserves	-	(3)
Increase/(decrease) in unearned premium reserves	1,437	(606)
Depreciation	193	188
(Profit)/loss on sale of short-term investments	(574)	517
Profit on sale of long-term investments	(52)	-
Gross dividends from investments	(2,298)	(1,600)
Interest income from investments	(1,336)	(1,440)
Interest on fixed deposits and bank balances	(183)	(242)
(Write back of provision)/provision for diminution in value of short-term investments	(1,312)	1,036
Exchange differences	(22)	313
Operating cash flow before working capital change	<u>5,878</u>	<u>4,310</u>
Changes in working capital :		
Trade and other receivables	(2,086)	(4,836)
Creditors and claims	4,169	8,795
Amount owing to related companies	(95)	(95)
Cash generated from operations	<u>7,866</u>	<u>8,174</u>
Tax paid	(1,402)	(2,211)
Net Cash Inflow From Operating Activities	<u>6,464</u>	<u>5,963</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of short-term investments	18,260	25,225
Proceeds from sale of long-term investments	2,216	-
Proceeds from sale of fixed assets	-	1
Purchase of investments	(30,953)	(17,865)
Purchase of fixed assets	(38)	(24)
Unsecured term loan	2	3
Gross dividends from investments	2,298	1,600
Interest income from investments	1,336	1,440
Interest on fixed deposits and bank balances	183	242
Net Cash (Outflow)/Inflow From Investing Activities	<u>(6,696)</u>	<u>10,622</u>
CASH FLOW FROM FINANCING ACTIVITY		
Dividend paid	(6,360)	(6,360)
Cash Outflow From Financing Activity	<u>(6,360)</u>	<u>(6,360)</u>
Translation difference on foreign subsidiary company	22	(305)
Net (decrease)/increase in cash and cash equivalents	<u>(6,570)</u>	<u>9,920</u>
Cash and cash equivalents at beginning of period	41,164	34,664
Effects of exchange rate changes on cash and cash equivalents	22	(313)
Cash and cash equivalents at end of period	<u>34,616</u>	<u>44,271</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 premium to-date grew by 16.4% to S\$35.1 million due mainly to new business synergies derived from the enlarged UOB Group. The revised basis of computing unearned premium reserves continued to pose a high strain. However, improvement in net commission, lower net incurred claims and management expenses combined to moderate the impact of the premium reserve strain. Consequently, underwriting profit was only slightly less than that obtained in the corresponding period last year. Non-underwriting income increased due mainly to write back in provision for diminution in value of investments and higher profit from sale of investments. Net profit before tax rose by 63.1% to S\$10 million.

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between 30 September 2003 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. CURRENT YEAR'S PROSPECTS

Given that the net profit before tax for the year to-date has already exceeded the pre-tax profit for the whole of last year, the Group is on track to achieve higher profit this year, barring unforeseen circumstances.

8. CHANGE IN ACCOUNTING POLICY

There was no change in accounting policy adopted in the preparation of the financial statements for the nine months ended 30 September 2003 from those adopted for the preparation of the audited financial statement for year ended 31 December 2002.

9. DIVIDEND

No dividend has been declared for the third quarter ended 30 September 2003 in respect of the financial year ending 31 December 2003.

BY ORDER OF THE BOARD

MRS VIVIEN CHAN
SECRETARY

Dated this 31st day of October 2003