

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 THREE MONTHS/FIRST QUARTER ENDED 31 MARCH 2004

	Group		Incr/ (Decr) %
	1st Qtr 2004 S\$'000	1st Qtr 2003 S\$'000	
(a) Gross premium income	31,654	14,644	116.2
Net earned premiums	2,770	2,256	22.8
Less/(Add) :			
Net claims incurred	1,472	1,297	13.5
Net commission	(1,039)	(818)	27.0
Management expenses :			
Staff cost	1,020	680	50.0
Rental expenses	111	151	(26.5)
Management fees	30	31	(3.2)
Depreciation	96	65	47.7
Foreign exchange loss/(gain)	4	(1)	nm
Other operating expenses	202	130	55.4
Underwriting profit	874	721	21.2
Gross dividends from investments	93	233	(60.1)
Interest income from investments	416	451	(7.8)
Interest on fixed deposits and bank balances	65	71	(8.5)
Miscellaneous income	4	3	33.3
Profit on sale of investments	1,752	64	nm
Less/(Add) :			
Management expenses not charged to insurance revenue account:			
- Management fees	95	94	1.1
- Other operating expenses	71	26	173.1
Exchange differences	(1)	(4)	(75.0)
Provision for diminution in value of investments	35	162	(78.4)
Net profit before tax	3,004	1,265	137.5
Less:			
Taxation	501	278	80.2
Net profit after tax	2,503	987	153.6

Note : nm = not meaningful

(b) Annualised earnings per share (cents) 24.6 9.7

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

	<u>Group</u>		<u>Company</u>	
	<u>31-Mar-04</u> <u>S\$'000</u>	<u>31-Dec-03</u> <u>S\$'000</u>	<u>31-Mar-04</u> <u>S\$'000</u>	<u>31-Dec-03</u> <u>S\$'000</u>
(a) Share Capital - Issued & fully paid	40,770	40,770	40,770	40,770
Reserves	59,369	56,994	57,494	55,000
	100,139	97,764	98,264	95,770
Deferred Taxation	357	357	357	357
Technical Balances				
Unearned premium reserves	35,442	17,961	34,534	17,740
Outstanding claims	89,884	46,169	89,794	46,088
	125,326	64,130	124,328	63,828
Current Liabilities				
Insurance creditors	19,343	5,090	18,910	5,050
Non-trade creditors & other payables	3,736	2,288	3,661	2,240
Deferred acquisition cost	1,457	736	1,540	739
Provision for taxation	2,361	2,540	2,359	2,540
	26,897	10,654	26,470	10,569
Total Equity and Liabilities	252,719	172,905	249,419	170,524
Fixed Assets	1,258	1,352	1,258	1,352
Long-Term Investments	12,099	12,099	17,039	17,039
Non-Current Debtors	92	96	92	96
Statutory Deposit	500	500	500	500
Unsecured Term Loan	36	36	36	36
Reinsurers' Share of Technical Balances				
Unearned premium reserves	20,693	11,104	20,037	10,942
Outstanding claims	52,654	30,560	52,605	30,518
	73,347	41,664	72,642	41,460
Current Assets				
Insurance debtors	16,371	2,356	15,882	2,330
Non-trade debtors and other receivables	2,094	763	2,092	783
Investments	86,011	75,408	86,011	75,408
Cash and cash equivalents	60,911	38,631	53,867	31,520
	165,387	117,158	157,852	110,041
Total Assets	252,719	172,905	249,419	170,524
(b) Net asset value per share (S\$)	2.46	2.40	2.41	2.35

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3. STATEMENT OF CHANGES IN EQUITY

<u>Group</u>	<u>Share Capital</u> \$'000	<u>General Reserve</u> \$'000	Foreign Currency Translation <u>Reserve</u> \$'000	<u>Retained Profits</u> \$'000	<u>Total</u> \$'000
Balance at 1 January 2004	40,770	14,880	500	41,614	97,764
Foreign currency translation differences	-	-	(128)	-	(128)
Net losses not recognised in income statement	-	-	(128)	-	(128)
Net profit	-	-	-	2,503	2,503
Total recognised gains/(losses) for quarter ended 31 March 2004	-	-	(128)	2,503	2,375
Balance at 31 March 2004	40,770	14,880	372	44,117	100,139
Balance at 1 January 2003	40,770	13,880	610	39,074	94,334
Foreign currency translation differences	-	-	110	-	110
Net gains not recognised in income statement	-	-	110	-	110
Net profit	-	-	-	987	987
Total recognised gains for quarter ended 31 March 2003	-	-	110	987	1,097
Balance at 31 March 2003	40,770	13,880	720	40,061	95,431

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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>Retained Profits</u> \$'000	<u>Total</u> \$'000
Balance at 1 January 2004	40,770	14,880	40,120	95,770
Total recognised gain for quarter ended 31 March 2004				
- Net profit	-	-	2,494	2,494
Balance at 31 March 2004	40,770	14,880	42,614	98,264
Balance at 1 January 2003	40,770	13,880	37,539	92,189
Total recognised gain for quarter ended 31 March 2003				
- Net profit	-	-	983	983
Balance at 31 March 2003	40,770	13,880	38,522	93,172

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4. CASH FLOW STATEMENT

	Group	
	1st Qtr	1st Qtr
	<u>2004</u>	<u>2003</u>
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,004	1,265
Adjustments for :		
Foreign currency difference on unearned premium reserves	-	1
Increase in unearned premium reserves	8,613	1,455
Depreciation	96	65
Profit on sale of investments	(1,752)	(64)
Gross dividends from investments	(93)	(233)
Interest income from investments	(416)	(451)
Interest on fixed deposits and bank balances	(65)	(71)
Provision for diminution in value of short-term investments	35	162
Exchange differences	132	(115)
Operating cash flow before working capital change	9,554	2,014
Changes in working capital :		
Trade and other receivables	(15,342)	(7,352)
Creditors and claims	37,322	6,227
Amount owing to related companies	-	(95)
Cash generated from operations	31,534	794
Tax paid	(680)	(76)
Net Cash Inflow From Operating Activities	30,854	718
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	11,753	2,635
Purchase of investments	(20,639)	(1,438)
Purchase of fixed assets	(2)	-
Gross dividends from investments	93	233
Interest income from investments	416	451
Interest on fixed deposits and bank balances	65	71
Net Cash (Outflow)/Inflow From Investing Activities	(8,314)	1,952
Translation difference on foreign subsidiary company	(128)	110
Net increase in cash and cash equivalents	22,412	2,780
Cash and cash equivalents at beginning of period	38,631	41,164
Effects of exchange rate changes on cash and cash equivalents	(132)	115
Cash and cash equivalents at end of period	60,911	44,059

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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 received in the first quarter was S\$31.65 million representing a 116.2% growth over the same period last year. Almost half of the growth was due to the transfer of the insurance business from Overseas Union Insurance, Limited (OUI) to the Company. Excluding this exceptional development, the growth rate was still a significant 54% or S\$7.9 million increase over the same period last year. Net Underwriting Profit increased by 21.2% to S\$874,000 quarter on quarter. Non-Underwriting Income rose by S\$1.59 million or 291.5% to S\$2.13 million over the same quarter last year which was attributable to the sales of trading securities.

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between 31 March 2004 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

The Company will continue to benefit from the absorption of the OUI portfolio. Barring unforeseen circumstances, bottom line profit is likely to be higher provided the positive market sentiments sustain for the rest of the year.

8. ACCOUNTING POLICY

The financial statements are prepared in accordance with Singapore Financial Reporting Standards and are expressed in Singapore Dollars. The accounting policies and computation methods adopted in the financial statements for the quarter ended 31 March 2004 were the same as those adopted in the audited financial statements for the year ended 31 December 2003.

9. DIVIDEND

No dividend has been declared for the quarter ended 31 March 2004.

BY ORDER OF THE BOARD

MRS VIVIEN CHAN
SECRETARY

Dated this 4th day of May 2004