

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 2004

	Group					
	1st Half	1st Half	Incr/	2nd	2nd	Incr/
	2004	2003	(Decr)	Quarter	Quarter	(Decr)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
(a) Gross premium income	46,731	25,307	84.7	15,077	10,663	41.4
Net earned premiums	7,670	5,258	45.9	4,900	3,002	63.2
Less/(Add) :						
Net claims incurred	4,230	1,809	133.8	2,758	512	438.7
Net commission	(1,999)	(1,357)	47.3	(960)	(539)	78.1
Management expenses :						
Staff cost	2,197	1,321	66.3	1,177	641	83.6
Rental expenses	223	300	(25.7)	112	149	(24.8)
Management fees	61	62	(1.6)	31	31	-
Depreciation	190	129	47.3	94	64	46.9
Foreign exchange (gain)/loss	(1)	-	NM	(5)	1	(600.0)
Other operating expenses	394	286	37.8	192	156	23.1
Underwriting profit	2,375	2,708	(12.3)	1,501	1,987	(24.5)
Gross dividends from investments	2,363	1,604	47.3	2,270	1,371	65.6
Interest income from investments	815	906	(10.0)	399	455	(12.3)
Interest on fixed deposits and bank balances	131	134	(2.2)	66	63	4.8
Miscellaneous income	8	7	14.3	4	4	-
Profit/(loss) on sale of investments	1,990	(162)	NM	238	(226)	NM
Loss on sale of fixed assets	(1)	-	NM	(1)	-	NM
Less/(Add) :						
Management expenses not charged to insurance revenue account :						
- Management fees	192	192	-	97	98	(1.0)
- Other operating expenses	115	99	16.2	44	73	(39.7)
Exchange differences	(27)	(1)	NM	(26)	3	(966.7)
Write back of provision for diminution in value of investments	(87)	(1,312)	(93.4)	(122)	(1,474)	(91.7)
Net profit before tax	7,488	6,219	20.4	4,484	4,954	(9.5)
Less:						
Taxation	1,527	1,386	10.2	1,026	1,108	(7.4)
Net profit after tax	5,961	4,833	23.3	3,458	3,846	(10.1)

Note : NM = Not Meaningful

(b) Annualised earnings per share (cents) **29.2** 23.7 **33.9** 37.7

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>30-Jun-04</u>	<u>31-Dec-03</u>	<u>30-Jun-04</u>	<u>31-Dec-03</u>
	S\$'000	S\$'000	S\$'000	S\$'000
(a) Share Capital - Issued & fully paid	40,770	40,770	40,770	40,770
Reserves	58,106	56,994	56,212	55,000
	98,876	97,764	96,982	95,770
Deferred Taxation	357	357	357	357
Technical Balances				
Reserve for unexpired risks	34,925	17,961	33,772	17,740
Outstanding claims	90,113	46,169	89,842	46,088
	125,038	64,130	123,614	63,828
Current Liabilities				
Insurance creditors	18,054	5,090	17,377	5,050
Non-trade creditors & other payables	3,532	2,288	3,459	2,240
Deferred acquisition cost	1,664	736	1,801	739
Provision for taxation	2,188	2,540	2,188	2,540
	25,438	10,654	24,825	10,569
Total Equity and Liabilities	249,709	172,905	245,778	170,524
Fixed Assets	1,182	1,352	1,182	1,352
Long-Term Investments	12,099	12,099	17,039	17,039
Non-Current Debtors	87	96	87	96
Statutory Deposit	500	500	500	500
Unsecured Term Loan	36	36	36	36
Reinsurers' Share of Technical Balances				
Reserve for unexpired risks	20,374	11,104	19,568	10,942
Outstanding claims	52,223	30,560	52,097	30,518
	72,597	41,664	71,665	41,460
Current Assets				
Insurance debtors	9,897	2,356	9,411	2,330
Non-trade debtors and other receivables	1,680	763	1,680	783
Investments	89,688	75,408	89,688	75,408
Cash and cash equivalents	61,943	38,631	54,490	31,520
	163,208	117,158	155,269	110,041
Total Assets	249,709	172,905	245,778	170,524
(b) Net asset value per share (S\$)	2.43	2.40	2.38	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	<u>Foreign Currency Translation 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	-	-	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)
Balance at 30 June 2004	40,770	14,880	543	42,683	98,876
Balance at 1 January 2003	40,770	13,880	610	39,074	94,334
Foreign currency translation differences	-	-	101	-	101
Net gains not recognised in income statement	-	-	101	-	101
Net profit	-	-	-	4,833	4,833
Total recognised gains for six months ended 30 June 2003	-	-	101	4,833	4,934
Dividend for Year 2002	-	-	-	(4,770)	(4,770)
Balance at 30 June 2003	40,770	13,880	711	39,137	94,498

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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 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	40,770	14,880	41,332	96,982
Balance at 1 January 2003	40,770	13,880	37,539	92,189
Total recognised gain for six months ended 30 June 2003				
- Net profit	-	-	4,914	4,914
Dividend for Year 2002	-	-	(4,770)	(4,770)
Balance at 30 June 2003	40,770	13,880	37,683	92,333

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4. CASH FLOW STATEMENT

	Group			
	1st Half	1st Half	2nd	2nd
	2004	2003	Quarter	Quarter
	\$'000	\$'000	2004	2003
			\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	7,488	6,219	4,484	4,954
Adjustments for :				
Foreign currency difference on unexpired risks	-	1	-	-
Increase in unexpired risks	8,622	1,553	9	98
Depreciation	190	129	94	64
Loss on sale of fixed assets	1	-	1	-
(Profit)/loss on sale of short-term investments	(1,990)	214	(238)	278
Profit on sale of long-term investments	-	(52)	-	(52)
Gross dividends from investments	(2,363)	(1,604)	(2,270)	(1,371)
Interest income from investments	(815)	(906)	(399)	(455)
Interest on fixed deposits and bank balances	(131)	(134)	(66)	(63)
Write back of provision for diminution in value of short-term investments	(87)	(1,312)	(122)	(1,474)
Exchange differences	(45)	104	(177)	219
Operating cash flow before working capital change	10,870	4,212	1,316	2,198
Changes in working capital :				
Trade and other receivables	(8,449)	(1,144)	6,893	6,208
Creditors and claims	36,572	5,805	(750)	(422)
Amount owing to related companies	(83)	(95)	(83)	-
Cash generated from operations	38,910	8,778	7,376	7,984
Tax paid	(1,879)	(779)	(1,199)	(703)
Net Cash Inflow From Operating Activities	37,031	7,999	6,177	7,281
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of short-term investments	29,752	10,209	17,999	7,574
Proceeds from sale of long-term investments	-	2,216	-	2,216
Purchase of investments	(41,955)	(18,548)	(21,316)	(17,110)
Purchase of fixed assets	(21)	(10)	(19)	(10)
Gross dividends from investments	2,363	1,604	2,270	1,371
Interest income from investments	815	906	399	455
Interest on fixed deposits and bank balances	131	134	66	63
Net Cash Outflow From Investing Activities	(8,915)	(3,489)	(601)	(5,441)
CASH FLOW FROM FINANCING ACTIVITY				
Dividend paid	(4,892)	(4,770)	(4,892)	(4,770)
Cash Outflow From Financing Activity	(4,892)	(4,770)	(4,892)	(4,770)
Translation difference on foreign subsidiary company	43	101	171	(9)
Net increase/(decrease) in cash and cash equivalents	23,267	(159)	855	(2,939)
Cash and cash equivalents at beginning of period	38,631	41,164	60,911	44,059
Effects of exchange rate changes on cash and cash equivalents	45	(104)	177	(219)
Cash and cash equivalents at end of period	61,943	40,901	61,943	40,901

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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 this first half year grew by 84.7% or S\$21.42 million to S\$46.73 million compared to the first half of 2003. The growth was mainly due to the transfer of business from Overseas Union Insurance, Limited (OUI) to the Company and new business generated from cross selling activities with the parent bank. Excluding the transfer of business from OUI, the growth rate would be 48.8% or an increase of S\$12.34 million.

Net underwriting profit this first half year decreased by 12.3% or S\$0.33 to S\$2.38 million compared to the first half of 2003 due mainly to higher net incurred claims, management expenses and the need to maintain higher unearned premium reserves of S\$7.07 million caused by the growth in business. Non-underwriting income rose by S\$1.60 million or 45.6% compared to the first half of 2003 due mainly to profits from the sale of investments.

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

The trend of premium rate erosion and uncertain investment climate will continue to pose a challenge for insurers. However, underwriting profitability will continue given the Group's prudent approach and widening customer base. With greater economies of scale, the Group will be able to raise productivity, cut costs and deliver competitive products as against simply cutting premium rates.

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 first half year ended 30 June 2004 were the same as those adopted in the audited financial statements for the year ended 31 December 2003.

9. DIVIDEND

The Directors are pleased to declare an interim dividend of 5% or 5 cents per share less 20% Singapore income tax (2003 interim dividend : 5% or 5 cents per share less 22% Singapore income tax) in respect of the financial year ending 31 December 2004. The total net interim dividend would amount to S\$1.63 million. The dividend will be paid on 27 August 2004.

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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 17 August 2004 to 18 August 2004, 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 16 August 2004 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 30th day of July 2004