

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. AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2003

	Group		Incr/ (Decr) %
	<u>2003</u> S\$'000	<u>2002</u> S\$'000	
(a) Gross premium income	<u>42,269</u>	<u>38,098</u>	10.9
Net earned premiums	12,173	11,406	6.7
Less/(Add) :			
Net claims incurred	4,504	4,595	(2.0)
Net commission	(2,619)	(3,381)	(22.5)
Management expenses :			
Staff cost	2,544	2,566	(0.9)
Rental expenses	635	592	7.3
Management fees	121	123	(1.6)
Depreciation	269	251	7.2
Foreign exchange (gain)/loss	(4)	5	nm
Other operating expenses	469	940	(50.1)
Underwriting profit	<u>6,254</u>	<u>5,715</u>	9.4
Gross dividends from investments	2,613	1,746	49.7
Interest income from investments	1,765	1,906	(7.4)
Interest on fixed deposits and bank balances	229	339	(32.4)
Miscellaneous income	14	24	(41.7)
Profit/(loss) on sale of investments	882	(427)	nm
Loss on sale of fixed assets	(28)	-	nm
Less/(Add) :			
Management expenses not charged to insurance revenue account:			
- Management fees	362	391	(7.4)
- Other operating expenses	287	297	(3.4)
Exchange differences	27	35	(22.9)
(Writeback of provision)/provision for diminution in value of investments	<u>(1,211)</u>	<u>1,099</u>	nm
Net profit before tax	<u>12,264</u>	<u>7,481</u>	63.9
Less:			
Taxation	<u>2,364</u>	<u>1,200</u>	97.0
Net profit after tax	<u>9,900</u>	<u>6,281</u>	57.6

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1. AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2003 (Cont'd)

	Group		Incr/ (Decr) %
	<u>2003</u> S\$'000	<u>2002</u> S\$'000	
(b) Gross premium income			
6 months ended 30 June	25,307	21,282	18.9
6 months ended 31 December	16,962	16,816	0.9
Total for the year	<u>42,269</u>	<u>38,098</u>	10.9
(c) Net profit after tax			
6 months ended 30 June	4,833	4,672	3.4
6 months ended 31 December	5,067	1,609	214.9
Total for the year	<u>9,900</u>	<u>6,281</u>	57.6
(d) Net earnings per share (cents)	24.3	15.4	

Note : nm = not meaningful

The provision for taxation contains an adjustment of S\$260,000 for over provision of tax in respect of prior years. There are no pre-acquisition profits.

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2. BALANCE SHEET

	<u>Group</u>		<u>Company</u>	
	<u>31-Dec-03</u> S\$'000	<u>31-Dec-02</u> S\$'000	<u>31-Dec-03</u> S\$'000	<u>31-Dec-02</u> S\$'000
(a) Share Capital - Issued & fully paid	40,770	40,770	40,770	40,770
Reserves	56,994	53,564	55,000	51,419
	97,764	94,334	95,770	92,189
Deferred Taxation	357	272	357	272
Technical Balances				
Unearned premium reserves	17,961	18,043	17,740	17,812
Outstanding claims	46,169	39,541	46,088	39,451
	64,130	57,584	63,828	57,263
Current Liabilities				
Insurance creditors	5,090	4,217	5,050	4,179
Non-trade creditors & other payables	2,288	1,626	2,240	1,580
Deferred acquisition cost	736	-	739	-
Provision for taxation	2,540	1,711	2,540	1,711
	10,654	7,554	10,569	7,470
Total Equity and Liabilities	172,905	159,744	170,524	157,194
Fixed Assets	1,352	908	1,352	908
Long-Term Investments	12,099	14,262	17,039	19,202
Non-Current Debtors	96	116	96	116
Statutory Deposit	500	500	500	500
Unsecured Term Loan	36	38	36	38
Reinsurers' Share of Technical Balances				
Unearned premium reserves	11,104	10,784	10,942	10,626
Outstanding claims	30,560	24,244	30,518	24,196
	41,664	35,028	41,460	34,822
Current Assets				
Insurance debtors	2,356	3,738	2,330	3,716
Non-trade debtors and other receivables	763	650	783	680
Deferred acquisition cost	-	299	-	296
Investments	75,408	63,041	75,408	63,041
Cash and cash equivalents	38,631	41,164	31,520	33,875
	117,158	108,892	110,041	101,608
Total Assets	172,905	159,744	170,524	157,194
(b) Net asset value per share (S\$)	2.40	2.31	2.35	2.26

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3. STATEMENT OF CHANGES IN EQUITY

<u>Group</u>	<u>Share Capital</u> S\$'000	<u>General Reserve</u> S\$'000	<u>Foreign Currency Translation Reserve</u> S\$'000	<u>Retained Profits</u> S\$'000	<u>Total</u> S\$'000
Balance at 1 January 2003	40,770	13,880	610	39,074	94,334
Foreign currency translation differences	-	-	(110)	-	(110)
Net losses not recognised in income statement	-	-	(110)	-	(110)
Net profit	-	-	-	9,900	9,900
Total recognised gains and (losses) for the financial year	-	-	(110)	9,900	9,790
Transfer from retained profits	-	1,000	-	(1,000)	-
Dividend for Year 2002	-	-	-	(4,770)	(4,770)
Dividend for Year 2003	-	-	-	(1,590)	(1,590)
Balance at 31 December 2003	40,770	14,880	500	41,614	97,764
Balance at 1 January 2002	40,770	12,880	1,079	40,153	94,882
Foreign currency translation differences	-	-	(469)	-	(469)
Net losses not recognised in income statement	-	-	(469)	-	(469)
Net profit	-	-	-	6,281	6,281
Total recognised gains and (losses) for the financial year	-	-	(469)	6,281	5,812
Transfer from retained profits	-	1,000	-	(1,000)	-
Dividend for Year 2001	-	-	-	(4,770)	(4,770)
Dividend for Year 2002	-	-	-	(1,590)	(1,590)
Balance at 31 December 2002	40,770	13,880	610	39,074	94,334

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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 the financial year - Net profit	-	-	9,941	9,941
Transfer from retained profits	-	1,000	(1,000)	-
Dividend for Year 2002	-	-	(4,770)	(4,770)
Dividend for Year 2003	-	-	(1,590)	(1,590)
Balance at 31 December 2003	40,770	14,880	40,120	95,770
Balance at 1 January 2002	40,770	12,880	38,610	92,260
Total recognised gain for the financial year - Net profit	-	-	6,289	6,289
Transfer from retained profits	-	1,000	(1,000)	-
Dividend for Year 2001	-	-	(4,770)	(4,770)
Dividend for Year 2002	-	-	(1,590)	(1,590)
Balance at 31 December 2002	40,770	13,880	37,539	92,189

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4. CASH FLOW STATEMENT

	Group	
	<u>2003</u>	<u>2002</u>
	S\$'000	S\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	12,264	7,481
Adjustments for :		
Foreign currency difference on unearned premium reserves	(3)	(4)
Increase in unearned premium reserves	636	1,758
Depreciation	269	251
Profit on sale of long-term investments	(52)	-
(Profit)/loss on sale of short-term investments	(830)	427
Loss on sale of fixed assets	28	-
Gross dividends from investments	(2,613)	(1,746)
Interest income from investments	(1,765)	(1,906)
Interest on fixed deposits and bank balances	(229)	(339)
(Writeback of provision)/provision for diminution in value of investments	(1,211)	1,099
Exchange differences	115	482
Operating cash flow before working capital change	<u>6,609</u>	<u>7,503</u>
Changes in working capital :		
Trade and other receivables	1,138	523
Creditors and claims	1,860	605
Amount owing by related companies	151	(52)
Amount owing to related companies	(13)	1
Cash generated from operations	<u>9,745</u>	<u>8,580</u>
Tax paid	(1,450)	(2,200)
Net Cash Inflow From Operating Activities	<u>8,295</u>	<u>6,380</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of short-term investments	<u>25,788</u>	25,980
Proceeds from sale of long-term investments	2,215	-
Proceeds from sale of fixed assets	2	1
Purchase of short-term investments	(36,114)	(20,457)
Purchase of long-term investments	-	(2,014)
Purchase of fixed assets	(743)	(73)
Unsecured term loan	2	3
Gross dividends from investments	2,613	1,746
Interest income from investments	1,765	1,906
Interest on fixed deposits and bank balances	229	339
Net Cash (Outflow)/Inflow From Investing Activities	<u>(4,243)</u>	<u>7,431</u>
CASH FLOW FROM FINANCING ACTIVITY		
Dividend paid	<u>(6,360)</u>	(6,360)
Cash Outflow From Financing Activity	<u>(6,360)</u>	<u>(6,360)</u>
Translation difference on foreign subsidiary company	<u>(110)</u>	(469)
Net (decrease)/increase in cash and cash equivalents	<u>(2,418)</u>	6,982
Cash and cash equivalents at beginning of year	41,164	34,664
Effects of exchange rate changes on cash and cash equivalents	<u>(115)</u>	(482)
Cash and cash equivalents at end of year	<u>38,631</u>	<u>41,164</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 for the year grew by 10.9% to S\$42.3 million. Net Underwriting Profit grew to S\$6.3 million, an increase of 9.4% over that achieved in the preceding year. Non-Underwriting Income rose by 240.3% to S\$6.0 million due mainly to an improvement in market sentiments. Consequently, Net Profit Before Tax rose by 63.9% to S\$12.3 million.

On 1 January 2004, the current business of Overseas Union Insurance, Limited ("OUI") a related company, were transferred to the Company in accordance with the Scheme for Transfer dated 29 August 2003 and confirmed by the High Court on 31 October 2003.

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

In view of the synergies derived from the enlarged UOB Group, the Company can expect Gross Premium to grow significantly in the year ahead. Underwriting discipline will be maintained and Net Underwriting Profit should be higher. Investment Income will continue to depend on market sentiments which appear likely to be better than the preceding 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 year ended 31 December 2003 were the same as those adopted in the preceding year.

9. DIVIDEND

The Directors recommend the payment of a final dividend of 15% or 15 cents per share (2002 final dividend : 15% or 15 cents per share) less 22% Singapore income in respect of the financial year ended 31 December 2003.

Together with the interim dividend of 5% or 5 cents per share paid previously, the total dividend for the financial year ended 31 December 2003 would be 20% or 20 cents per share (2002 : 20% or 20 cents) amounting to a total net dividend payment of S\$6.4 million (2002 : S\$6.4 million). If approved at the forthcoming Annual General Meeting, the proposed final dividend will be paid on 21 May 2004.

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10. CLOSURE OF BOOKS

Notice is hereby given that, subject to shareholders' approval of the payment of the abovementioned dividend at the Annual General Meeting scheduled for 29 April 2004, the Share Transfer Books and the Register of Members of the Company will be closed from 11 May 2004 to 12 May 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 10 May 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, if approved, 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 20th day of February 2004