

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 FIRST HALF/SECOND QUARTER ENDED 30 JUNE 2003

| | Group | | | | | |
|---|--------------------------------------|-----------------------------|-------------------------------|---|-----------------------------------|-------------------------------|
| | 1st Half 2003 S\$'000 | 1st Half 2002 S\$'000 | Incr/ (Decr) % | 2nd Quarter 2003 S\$'000 | 2nd Quarter 2002 S\$'000 | Incr/ (Decr) % |
| (a) Gross premium income | 25,307 | 21,282 | 18.9 | 10,663 | 12,281 | (13.2) |
| Net earned premiums | 5,258 | 7,240 | (27.4) | 3,002 | 4,090 | (26.6) |
| Less/(Add) : | | | | | | |
| Net claims incurred | 1,809 | 1,668 | 8.5 | 512 | 321 | 59.5 |
| Net commission | (1,357) | (841) | 61.4 | (539) | (760) | (29.1) |
| Management expenses : | | | | | | |
| Staff cost | 1,146 | 1,202 | (4.7) | 555 | 594 | (6.6) |
| Rental expenses | 300 | 296 | 1.4 | 149 | 148 | 0.7 |
| Management fees | 62 | 62 | - | 31 | 29 | 6.9 |
| Depreciation | 129 | 125 | 3.2 | 64 | 62 | 3.2 |
| Foreign exchange loss | - | 16 | (100.0) | 1 | 15 | (93.3) |
| Other operating expenses | 461 | 394 | 17.0 | 242 | 196 | 23.5 |
| Underwriting profit | 2,708 | 4,318 | (37.3) | 1,987 | 3,485 | (43.0) |
| Gross investment income | 2,644 | 2,450 | 7.9 | 1,889 | 1,734 | 8.9 |
| (Loss)/profit on sale of investments | (162) | (324) | (50.0) | (226) | 1,041 | NM |
| Other income | 7 | 18 | (61.1) | 4 | 14 | (71.4) |
| Less/(Add) : | | | | | | |
| Non-underwriting expenses : | | | | | | |
| Management fees | 192 | 200 | (4.0) | 98 | 100 | (2.0) |
| (Write back of provision)/provision for diminution in value of investments | (1,312) | 151 | NM | (1,474) | (132) | NM |
| Foreign exchange (gain)/loss | (1) | 26 | NM | 3 | 25 | (88.0) |
| Other operating expenses | 99 | 73 | 35.6 | 73 | 36 | 102.8 |
| Net profit before tax | 6,219 | 6,012 | 3.4 | 4,954 | 6,245 | (20.7) |
| Less: | | | | | | |
| Taxation | 1,386 | 1,340 | 3.4 | 1,108 | 1,338 | (17.2) |
| Net profit after tax | 4,833 | 4,672 | 3.4 | 3,846 | 4,907 | (21.6) |
| Note : NM = Not Meaningful | | | | | | |
| (b) Annualised earnings per share (cents) | 23.7 | 22.9 | | 37.7 | 48.1 | |

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.

UNITED OVERSEAS INSURANCE LIMITED
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2. BALANCE SHEET

| | <u>Group</u> | | <u>Company</u> | |
|---------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | <u>30-Jun-03</u> S\$'000 | <u>31-Dec-02</u> S\$'000 | <u>30-Jun-03</u> S\$'000 | <u>31-Dec-02</u> S\$'000 |
| (a) Fixed Assets | 789 | 908 | 789 | 908 |
| Long-Term Investments | 12,098 | 14,262 | 17,038 | 19,202 |
| Other Non-Current Debtors | 106 | 116 | 106 | 116 |
| Unsecured Term Loan | 38 | 38 | 38 | 38 |
| Current Assets (includes investments) | 159,042 | 144,420 | 151,182 | 136,930 |
| Less : Current Liabilities | 77,303 | 65,138 | 76,548 | 64,733 |
| Net Current Assets | 81,739 | 79,282 | 74,634 | 72,197 |
| Deferred Taxation | (272) | (272) | (272) | (272) |
| | 94,498 | 94,334 | 92,333 | 92,189 |
| Represented by :- | | | | |
| Issued & paid-up capital | 40,770 | 40,770 | 40,770 | 40,770 |
| Revenue Reserve | 53,728 | 53,564 | 51,563 | 51,419 |
| | 94,498 | 94,334 | 92,333 | 92,189 |
| (b) Net asset value per share (S\$) | 2.32 | 2.31 | 2.26 | 2.26 |

UNITED OVERSEAS INSURANCE LIMITED
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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 | - | - | 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 |
| 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 gain/(loss) for six months ended 30 June 2002 | - | - | (363) | 4,672 | 4,309 |
| Dividend for Year 2001 | - | - | - | (4,770) | (4,770) |
| Balance at 30 June 2002 | 40,770 | 12,880 | 716 | 40,055 | 94,421 |

UNITED OVERSEAS INSURANCE LIMITED
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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 six months ended 30 June 2002 | | | | |
| - 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 |
| Balance at 1 January 2002 | 40,770 | 12,880 | 38,610 | 92,260 |
| Total recognised gain for six months ended 30 June 2002 | | | | |
| - Net profit | - | - | 4,751 | 4,751 |
| Dividend for Year 2001 | - | - | (4,770) | (4,770) |
| Balance at 30 June 2002 | 40,770 | 12,880 | 38,591 | 92,241 |

UNITED OVERSEAS INSURANCE LIMITED
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4. CASH FLOW STATEMENT

| | Group | |
|--|--------------------------------------|--------------------------------------|
| | 1st Half 2003 S\$'000 | 1st Half 2002 S\$'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 6,219 | 6,012 |
| Adjustments for : | | |
| Foreign currency difference on unearned premium reserves | 1 | (3) |
| Increase/(decrease) in unearned premium reserves | 1,553 | (838) |
| Depreciation | 129 | 125 |
| Loss on sale of short-term investments | 214 | 324 |
| Profit on sale of long-term investments | (52) | - |
| Gross dividends from investments | (1,604) | (1,326) |
| Interest income from investments | (906) | (968) |
| Interest on fixed deposits and bank balances | (134) | (156) |
| (Write back of provision)/provision for diminution in value of short-term investments | (1,312) | 151 |
| Exchange differences | 104 | 373 |
| Operating cash flow before working capital change | 4,212 | 3,694 |
| Changes in working capital : | | |
| Trade and other receivables | (1,144) | (7,912) |
| Creditors and claims | 5,805 | 8,545 |
| Amount owing to related companies | (95) | (95) |
| Cash generated from operations | 8,778 | 4,232 |
| Tax paid | (779) | (1,551) |
| Net Cash Inflow From Operating Activities | 7,999 | 2,681 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sale of short-term investments | 10,209 | 23,074 |
| Proceeds from sale of long-term investments | 2,216 | - |
| Purchase of investments | (18,548) | (13,880) |
| Purchase of fixed assets | (10) | - |
| Gross dividends from investments | 1,604 | 1,326 |
| Interest income from investments | 906 | 968 |
| Interest on fixed deposits and bank balances | 134 | 156 |
| Net Cash (Outflow)/Inflow From Investing Activities | (3,489) | 11,644 |
| CASH FLOW FROM FINANCING ACTIVITY | | |
| Dividend paid | (4,770) | (4,770) |
| Cash Outflow From Financing Activity | (4,770) | (4,770) |
| Translation difference on foreign subsidiary company | 101 | (363) |
| Net (decrease)/increase in cash and cash equivalents | (159) | 9,192 |
| Cash and cash equivalents at beginning of period | 41,164 | 34,664 |
| Effects of exchange rate changes on cash and cash equivalents | (104) | (373) |
| Cash and cash equivalents at end of period | 40,901 | 43,483 |

UNITED OVERSEAS INSURANCE LIMITED
(Incorporated in the Republic of Singapore)**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

The growth in gross premium of 18.9% to S\$25.3 million was due mainly to new business from the enlarged UOB Group. The increase in unearned premium reserves due to growth in gross premium and revised basis of computing unearned premium reserves resulted in lower net earned premiums. Due to such premium reserve strain, underwriting profit was lower than that achieved in the preceding year. Non-underwriting income improved due mainly to write back in provision for diminution in value of investments. Net profit before tax increased by 3.4% to S\$6.2 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 June 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 satisfactory progress made to-date and the recent improvement in market sentiments, overall profit this year should be better than last year.

8. CHANGE IN ACCOUNTING POLICY

There was no change in accounting policy adopted in the preparation of the financial statement for the first half ended 30 June 2003 from those adopted for the preparation of the audited financial statement for year ended 31 December 2002.

9. DIVIDEND

The Directors are pleased to declare an interim dividend of 5% or 5 cents per share (2002 final dividend : 5% or 5 cents per share) less 22% Singapore income tax in respect of the financial year ending 31 December 2003. The total net interim dividend would amount to S\$1.6 million. The dividend will be paid on 29 August 2003.

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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 19 August 2003 to 20 August 2003, 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 18 August 2003 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 1st day of August 2003