

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 THREE MONTHS ENDED 31 MARCH 2003

	GROUP		Incr/ (Decr) %
	1st Qtr 2003 S\$'000	1st Qtr 2002 S\$'000	
(a) Gross premium income	14,644	9,001	62.7
Net earned premiums	2,256	3,150	(28.4)
Less/(Add) :			
Net claims incurred	1,297	1,347	(3.7)
Net commission	(818)	(81)	909.9
Management expenses :			
Staff cost	591	608	(2.8)
Rental expenses	151	148	2.0
Management fees	31	33	(6.1)
Depreciation	65	63	3.2
Foreign exchange (gain)/loss	(1)	1	NM
Other operating expenses	219	198	10.6
Underwriting Profit	721	833	(13.4)
Gross Investment income	755	716	5.4
Profit/(loss) on sale of investments	64	(1,365)	NM
Other income	3	4	(25.0)
Less/(Add) :			
Non-underwriting expenses :			
Management fees	94	100	(6.0)
Provision for diminution in value of Investments	162	283	(42.8)
Foreign exchange (gain)/loss	(4)	1	NM
Other operating expenses	26	37	(29.7)
Net profit/(loss) before tax	1,265	(233)	NM
Less:			
Taxation	278	2	NM
Net profit/(loss) after tax	987	(235)	NM
Note : NM = Not Meaningful			
(b) Annualised earnings per share (cents)	9.7	(2.3)	

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

	<u>GROUP</u>		<u>COMPANY</u>	
	As At <u>31.03.2003</u> S\$'000	As At 31.12.2002 S\$'000	As At <u>31.03.2003</u> S\$'000	As At 31.12.2002 S\$'000
(a) Fixed Assets	843	908	843	908
Long-Term Investments	14,262	14,262	19,202	19,202
Other Non-Current Debtors	111	116	111	116
Unsecured Term Loan	38	38	38	38
Current Assets (includes investments)	157,380	144,420	149,735	136,930
Less : Current Liabilities	76,931	65,138	76,485	64,733
Net Current Assets	80,449	79,282	73,250	72,197
Deferred Taxation	(272)	(272)	(272)	(272)
	95,431	94,334	93,172	92,189
Represented by :-				
Issued & paid-up Capital	40,770	40,770	40,770	40,770
Revenue Reserve	54,661	53,564	52,402	51,419
	95,431	94,334	93,172	92,189
(b) Net asset value per share (S\$)	2.34	2.31	2.29	2.26

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3. STATEMENT OF CHANGES IN EQUITY

<u>GROUP</u>	Share Capital \$'000	General Reserve \$'000	Foreign Currency Translation Reserve \$'000	Retained Profits \$'000	Total \$'000
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	-	-	-	987	987
Balance at 31 March 2003	40,770	13,880	720	40,061	95,431
Balance at 1 January 2002	40,770	12,880	1,079	40,153	94,882
Foreign currency translation differences	-	-	(46)	-	(46)
Net loss not recognised in income statement	-	-	(46)	-	(46)
Net loss	-	-	-	(235)	(235)
Total recognised loss for quarter ended 31 March 2002	-	-	-	(235)	(235)
Balance at 31 March 2002	40,770	12,880	1,033	39,918	94,601
<u>COMPANY</u>					
Balance at 1 January 2003					
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
Balance at 1 January 2002	40,770	12,880		38,610	92,260
Total recognised gain for quarter ended 31 March 2002					
- Net loss				(245)	(245)
Balance at 31 March 2002	40,770	12,880		38,365	92,015

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4. CASH FLOW STATEMENT - GROUP

	1st Qtr <u>2003</u> \$'000	1st Qtr <u>2002</u> \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	1,265	(233)
Adjustments for :		
Foreign currency difference on reserve for unexpired risks	1	(1)
Increase/(decrease) in reserve for unexpired risks	1,455	(46)
Depreciation	65	63
(Profit)/loss on sale of investments	(64)	1,365
Gross dividends from investments	(233)	(146)
Interest income from investments	(451)	(489)
Interest on fixed deposits and bank balances	(71)	(81)
Provision for diminution in value of short-term investments	162	283
Exchange differences	(115)	48
Operating cash flow before working capital change	<u>2,014</u>	<u>763</u>
Changes in working capital :		
Trade and other receivables	(7,352)	(3,982)
Creditors and claims	6,227	4,785
Amount owing to related companies	(95)	(95)
Cash generated from operations	<u>794</u>	<u>1,471</u>
Tax paid	(76)	(496)
Net Cash Inflow From Operating Activities	<u>718</u>	<u>975</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	2,635	8,962
Purchase of investments	(1,438)	(2,716)
Gross dividends from investments	233	146
Interest income from investments	451	489
Interest on fixed deposits and bank balances	71	81
Net Cash Inflow From Investing Activities	<u>1,952</u>	<u>6,962</u>
Translation difference on foreign subsidiary company	110	(46)
Net increase in cash and cash equivalents	<u>2,780</u>	<u>7,891</u>
Cash and cash equivalents at beginning of period	41,164	34,664
Effects of exchange rate changes on cash and cash equivalents	115	(48)
Cash and cash equivalents at end of period	<u>44,059</u>	<u>42,507</u>

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.

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6. REVIEW OF PERFORMANCE

The Group's gross premium grew by 62.7% to \$14.64 million due to new business synergies with the enlarged UOB Group and timing difference in booking of premiums. During the first quarter, a major portion of the gross premiums was required to be held back as unearned premium reserves. This resulted in comparatively lower net earned premiums. Due to this premium reserve strain, underwriting profit was lower than that achieved in the corresponding period. Non underwriting income improved due mainly to a comparison of the gain from sale of investments against the large loss sustained in the corresponding period. Net Profit before tax rose to S\$1.27 million as compared to a loss sustained in the same period last year.

The Group continued to benefit from the improved economies of scale derived from managing Overseas Union Insurance Limited (OUI).

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 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

Global political and business uncertainties continue to weigh heavily on business sentiments. With the maintenance of underwriting discipline and implementation of new business strategies, underwriting profit can be expected to remain satisfactory. Judicious management of the Group's investments will ensure positive contribution to the bottom line.

8. CHANGE IN ACCOUNTING POLICY

The same accounting policies and methods of computation have been followed in the financial statements for the quarter ended 31 March 2003 as compared to the audited financial statements for the year ended 31 December 2002.

9. DIVIDEND

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

BY ORDER OF THE BOARD

MRS VIVIEN CHAN
SECRETARY

Dated this 2nd day of May 2003