

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 2006

	Group		Incr/ (Decr)
	1st Qtr 2006 \$'000	1st Qtr 2005 \$'000	
(a) Gross premiums written	24,205	25,728	(5.9)
Net earned premiums	3,163	2,921	8.3
Less/(Add) :			
Net claims incurred	1,630	1,387	17.5
Net commissions	(2,990)	(1,698)	76.1
Management expenses :			
Staff cost	1,017	986	3.1
Rental expenses	112	112	-
Management fees	41	59	(30.5)
Depreciation	91	90	1.1
Foreign exchange loss	6	2	200.0
Other operating expenses	(56)	50	NM
Underwriting profit	3,312	1,933	71.3
Gross dividends from investments	260	397	(34.5)
Interest income	882	590	49.5
Miscellaneous income	3	1	200.0
Realised gains/(losses) on investments at fair value through profit or loss	1,967	(17)	NM
Unrealised gains on investments at fair value through profit or loss	2,721	1,800	51.2
Less/(Add) :			
Management expenses not charged to insurance revenue account:			
Management fees	117	104	12.5
Other operating expenses	55	69	(20.3)
Exchange differences	33	(26)	NM
Profit before tax	8,940	4,557	96.2
Less:			
Tax expense	1,783	910	95.9
Net profit	7,157	3,647	96.2

Note : NM = Not Meaningful

(b) Annualised earnings per share (cents) **70.2** 35.8

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>	
	<u>31-Mar-06</u>	<u>31-Dec-05</u>	<u>31-Mar-06</u>	<u>31-Dec-05</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
(a) Share capital - Issued & fully paid	40,770	40,770	40,770	40,770
Reserves	109,161	98,834	107,005	96,542
	149,931	139,604	147,775	137,312
Deferred tax liabilities	5,529	4,685	5,529	4,685
Technical balances				
Reserve for unexpired risks	37,286	29,245	36,264	28,350
Outstanding claims	98,300	95,378	96,994	93,964
	135,586	124,623	133,258	122,314
Current liabilities				
Insurance creditors	19,642	7,288	19,203	7,013
Non-trade creditors & other payables	4,223	3,290	4,184	3,246
Deferred acquisition cost - reinsurers	5,565	4,466	5,388	4,324
Amount owing to a related company	113	113	113	113
Tax payables	7,648	5,865	7,608	5,865
	37,191	21,022	36,496	20,561
Total equity and liabilities	328,237	289,934	323,058	284,872
Fixed assets	706	795	706	795
Investment in subsidiary	-	-	4,940	4,940
Available-for-sale investments	40,508	36,293	40,508	36,293
Non-current debtors	51	56	51	56
Statutory deposit	500	500	500	500
Unsecured term loan	31	31	31	31
Reinsurers' share of technical balances				
Reserve for unexpired risks	23,108	16,031	22,371	15,371
Outstanding claims	56,986	54,332	55,793	53,050
	80,094	70,363	78,164	68,421
Current assets				
Insurance debtors	20,252	6,321	19,794	5,986
Non-trade debtors and other receivables	956	1,010	928	1,006
Amount owing by related companies	-	52	121	144
Deferred acquisition cost - gross	3,851	3,486	3,567	3,274
Investments at fair value through profit or loss	97,365	97,724	97,365	97,724
Cash and cash equivalents	83,923	73,303	76,383	65,702
	206,347	181,896	198,158	173,836
Total assets	328,237	289,934	323,058	284,872
(b) Net asset value per share (S\$)	3.68	3.42	3.62	3.37

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3. STATEMENT OF CHANGES IN EQUITY

<u>Group</u>	Share <u>capital</u> \$'000	General <u>reserve</u> \$'000	Available- for-sale investment <u>reserve</u> \$'000	Foreign currency translation <u>reserve</u> \$'000	Retained <u>profits</u> \$'000	<u>Total</u> \$'000
Balance at 1 January 2006	40,770	16,880	17,871	358	63,725	139,604
Net valuation gain taken to equity	-	-	3,371	-	-	3,371
Foreign currency translation differences	-	-	-	(201)	-	(201)
Net gains/(losses) not recognised in profit and loss account	-	-	3,371	(201)	-	3,170
Net profit	-	-	-	-	7,157	7,157
Total recognised gains/(losses) for the quarter ended 31 March 2006	-	-	3,371	(201)	7,157	10,327
Balance at 31 March 2006	40,770	16,880	21,242	157	70,882	149,931
Balance at 1 January 2005						
- as previously reported	40,770	15,880	-	219	46,228	103,097
- effect of adopting FRS 39	-	-	13,150	-	9,354	22,504
- as restated	40,770	15,880	13,150	219	55,582	125,601
Net valuation gain taken to equity	-	-	849	-	-	849
Foreign currency translation differences	-	-	-	44	-	44
Net gains not recognised in profit and loss account	-	-	849	44	-	893
Net profit	-	-	-	-	3,647	3,647
Total recognised gains for quarter ended 31 March 2005	-	-	849	44	3,647	4,540
Balance at 31 March 2005	40,770	15,880	13,999	263	59,229	130,141

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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	Available- for-sale <u>investment reserve</u> \$'000	<u>Retained profits</u> \$'000	<u>Total</u> \$'000
Balance at 1 January 2006	40,770	16,880	17,871	61,791	137,312
Net valuation gain taken to equity	-	-	3,371	-	3,371
Net gains not recognised in profit and loss account	-	-	3,371	-	3,371
Net profit	-	-	-	7,092	7,092
Total recognised gains for the quarter ended 31 March 2006	-	-	3,371	7,092	10,463
Balance at 31 March 2006	40,770	16,880	21,242	68,883	147,775
Balance at 1 January 2005					
- as previously reported	40,770	15,880	-	44,637	101,287
- effect of adopting FRS 39	-	-	13,150	9,354	22,504
- as restated	40,770	15,880	13,150	53,991	123,791
Net valuation gain taken to equity	-	-	849	-	849
Net gains not recognised in profit and loss account	-	-	849	-	849
Net profit	-	-	-	3,582	3,582
Total recognised gains for quarter ended 31 March 2005	-	-	849	3,582	4,431
Balance at 31 March 2005	40,770	15,880	13,999	57,573	128,222

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4. CASH FLOW STATEMENT

	<u>Group</u>	
	<u>1st Qtr</u> <u>2006</u> \$'000	<u>1st Qtr</u> <u>2005</u> \$'000
Cash flows from operating activities		
Profit before taxation	8,940	4,557
Adjustments for:		
Foreign currency difference on reserve for unexpired risks (net of deferred acquisition cost)	(5)	1
Increase in reserve for unexpired risks (net of deferred acquisition cost)	1,703	2,666
Depreciation	91	90
Realised (gains)/losses on investments at fair value through profit or loss	(1,967)	17
Unrealised gains on investments at fair value through profit or loss	(2,721)	(1,800)
Gross dividends from investments	(260)	(397)
Interest income	(882)	(590)
Exchange differences	236	39
Operating profit before working capital change	5,135	4,583
Changes in working capital:		
Trade and other receivables	(13,872)	(12,044)
Creditors and claims	13,555	12,442
Amount owing by related companies	52	-
Cash generated from operations	4,870	4,981
Tax paid	-	(24)
Net cash inflow from operating activities	4,870	4,957
Cash flows from investing activities		
Proceeds from sale of investments at fair value through profit or loss	7,437	8,453
Purchase of investments as fair value through profit or loss	(2,414)	(6,727)
Purchase of fixed assets	(2)	-
Gross dividends from investments	260	397
Interest income	882	590
Net cash inflow from investing activities	6,163	2,713
Translation difference on foreign subsidiary company	(201)	44
Net increase in cash and cash equivalents	10,832	7,714
Cash and cash equivalents at beginning of period	73,303	57,551
Effects of exchange rate changes on cash and cash equivalents	(212)	(47)
Cash and cash equivalents at end of period	83,923	65,218

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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 premiums written decreased by S\$1.52 million or 5.9% to S\$24.21 million as compared with those of the corresponding period last year due mainly to timing difference in the booking of premiums, premium rate erosion arising from intense competition and the continued pruning of undesirable business in line with the Company's judicious underwriting policy.

Underwriting profit increased by S\$1.38 million or 71.3% to S\$3.31 million due mainly to improvements in net commissions and higher net earned premiums. Non-underwriting income also grew by S\$3.00 million or 114.5% to S\$5.63 million due largely to increase in profits from sale of investments and higher unrealised gains as compared with the same period last year.

Consequently, profit before tax rose by S\$4.38 million or 96.2% to S\$8.94 million due to improvement in both underwriting and investment income.

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 2006 and the date of this announcement which is likely to affect substantially the results of the Company and the Group for the current financial period.

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

The renewal of policies saw erosion of premium rates due to intense competition in a relatively small and matured domestic market. The continued underpricing of risks is expected to inhibit the growth of the local general insurance market. Notwithstanding these adverse developments, the Company expects to remain profitable and competitive. By leveraging on the parent bank's widening activities in the region, it will strive to expand its portfolio.

8. ACCOUNTING POLICY

The financial statements, expressed in Singapore dollars are prepared in accordance with Singapore Financial Reporting Standards (FRS). The accounting policies and computation methods adopted in the financial statements for the quarter ended 31 March 2006 are the same as those adopted in the preceding year.

9. DIVIDEND

No dividend has been declared for the quarter ended 31 March 2006.

BY ORDER OF THE BOARD

MRS VIVIEN CHAN
SECRETARY

Dated this 2nd May 2006