



**Overseas Union Securities Limited**  
(Incorporated in Singapore)

**Financial Statement Announcement For The Second Quarter Ended 30 June 2003**

**PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),  
HALF-YEAR AND FULL YEAR RESULTS**

**1(a) An income statement (for the group) together with a comparative statement for the  
corresponding period of the immediately preceding financial year**

Consolidated income statement for the six months/second quarter ended 30 June 2003

	Group					
	1H 2003 \$'000	1H 2002 \$'000	Incr / (Decr) %	2Q 2003 \$'000	2Q 2002 \$'000	Incr / (Decr) %
Profit on sale of non-current investments	442	6,075	(92.7)	187	2,725	(93.1)
Profit/(loss) on sale of trading securities	153	54	183.3	208	(23)	nm
Profit on sale of investments	595	6,129	(90.3)	395	2,702	(85.4)
Dividends	1,601	1,262	26.9	1,419	1,016	39.7
Other operating income						
Interest income	172	309	(44.3)	89	151	(41.1)
Foreign exchange gain/(loss)	77	(153)	nm	39	(140)	nm
Operating revenue	2,445	7,547	(67.6)	1,942	3,729	(47.9)
Operating expenses	(580)	(662)	(12.4)	(320)	(366)	(12.6)
<b>Operating profit</b>	<b>1,865</b>	<b>6,885</b>	<b>(72.9)</b>	<b>1,622</b>	<b>3,363</b>	<b>(51.8)</b>
Writeback of provision/(provision) for diminution in value of trading securities	473	(221)	nm	459	(270)	nm
<b>Profit before tax</b>	<b>2,338</b>	<b>6,664</b>	<b>(64.9)</b>	<b>2,081</b>	<b>3,093</b>	<b>(32.7)</b>
Tax	(216)	(1,507)	(85.7)	(184)	(734)	(74.9)
<b>Net profit</b>	<b>2,122</b>	<b>5,157</b>	<b>(58.9)</b>	<b>1,897</b>	<b>2,359</b>	<b>(19.6)</b>

nm : not meaningful

**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

	Group		Company	
	As at 30/06/2003 \$'000	As at 31/12/2002 \$'000	As at 30/06/2003 \$'000	As at 31/12/2002 \$'000
<b>Non-current assets</b>				
Investment in subsidiary	-	-	5,000	5,000
Investments	85,989	75,524	85,989	75,524
	<u>85,989</u>	<u>75,524</u>	<u>90,989</u>	<u>80,524</u>
<b>Current assets</b>				
Trading securities	4,679	3,055	-	-
Balances/deposits with holding company	7,767	6,403	7,506	5,258
Bank balances with fellow subsidiary company	25	341	23	339
Balances/deposits with other banks	2,248	4,020	1,559	2,949
Deposits with other financial institutions	446	1,162	297	1,013
Amount due from subsidiary company (non-trade)	-	-	81	53
Trade debtors	476	-	129	-
Other assets	306	344	278	322
	<u>15,947</u>	<u>15,325</u>	<u>9,873</u>	<u>9,934</u>
<b>Total assets</b>	<u>101,936</u>	<u>90,849</u>	<u>100,862</u>	<u>90,458</u>
<b>Current liabilities</b>				
Amount due to fellow subsidiary company	448	218	448	218
Amount due to holding company	3	-	2	-
Trade creditors	4,706	-	4,690	-
Provision for tax	455	984	455	984
Other liabilities	283	251	262	236
	<u>5,895</u>	<u>1,453</u>	<u>5,857</u>	<u>1,438</u>
<b>Net current assets</b>	<u>10,052</u>	<u>13,872</u>	<u>4,016</u>	<u>8,496</u>
<b>Non-current liability</b>				
Provision for deferred tax	3,387	2,285	2,947	1,845
<b>Total liabilities</b>	<u>9,282</u>	<u>3,738</u>	<u>8,804</u>	<u>3,283</u>
	<u>92,654</u>	<u>87,111</u>	<u>92,058</u>	<u>87,175</u>
<b>Shareholders' equity</b>				
Share capital	39,063	39,063	39,063	39,063
Investment fluctuation reserve	-	24,391	-	24,391
Unrealised surplus/(deficit) on revaluation of investments	4,308	(285)	4,308	(285)
Retained profits	49,283	23,942	48,687	24,006
	<u>92,654</u>	<u>87,111</u>	<u>92,058</u>	<u>87,175</u>

**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year (continued)**

**Composition of Net Assets**

	Group			
	<u>30/06/2003</u>		<u>31/12/2002</u>	
	\$'000	%	\$'000	%
Quoted equities and warrants	65,502	70.7	63,174	72.5
Quoted fixed income and other securities	20,487	22.1	12,350	14.2
Trading securities	4,679	5.1	3,055	3.5
Cash and net receivables	1,986	2.1	8,532	9.8
Total	<u>92,654</u>	<u>100.0</u>	<u>87,111</u>	<u>100.0</u>

**Group Total Assets by Currency Mix**

	<u>30/06/2003</u>	<u>31/12/2002</u>
	%	%
Singapore Dollar	47.4	63.0
United States Dollar	22.3	9.1
Hong Kong Dollar	6.9	8.9
Euro	5.9	1.7
Korean Won	5.0	3.2
Japanese Yen	3.6	2.7
Malaysian Ringgit	2.6	4.4
Australian Dollar	2.6	2.5
Taiwan Dollar	2.4	2.2
Others	1.3	2.3
	<u>100.0</u>	<u>100.0</u>

**Country Mix of Quoted Equities and Warrants**

	<u>30/06/2003</u>	<u>31/12/2002</u>
	%	%
Singapore	54.7	57.7
United States	13.9	3.4
South Korea	7.0	6.7
Japan	5.4	3.8
Hong Kong	4.5	11.0
Malaysia	4.1	5.7
Australia	3.7	3.2
Europe	2.4	3.0
Taiwan	1.9	2.9
Others	2.4	2.6
	<u>100.0</u>	<u>100.0</u>

**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year (continued)**

**Industry Mix of Quoted Equities and Warrants**

	<u>30/06/2003</u>	<u>31/12/2002</u>
	%	%
Industrial & Commercial	63.0	55.0
Finance	24.5	27.8
Hotel	6.5	6.3
Properties	6.0	10.9
	<u>100.0</u>	<u>100.0</u>

**Ten Largest Investment Holdings as at 30/06/2003**

	<u>As % of Group Net Assets</u>
Oversea-Chinese Banking Corporation Ltd	6.7
Singapore Press Holdings Ltd	6.5
Overseas Union Enterprise Ltd	4.5
DBS Group Holdings Ltd	3.9
City Developments Ltd	3.6
Singapore Airlines Ltd	3.5
Singapore Technologies Engineering Ltd	3.1
Venture Corporation Ltd	2.6
4.815% CDL Properties Ltd Bonds due 31-01-2006	2.3
6% DBS Bank Non-Cumulative Preference Shares	2.0

**1(b)(ii) Aggregate amount of group's borrowings and debt securities**

**Amount repayable in one year or less, or on demand**

<u>As at 30/06/2003</u>		<u>As at 31/12/2002</u>	
Secured	Unsecured	Secured	Unsecured
0	0	0	0

**Amount repayable after one year**

<u>As at 30/06/2003</u>		<u>As at 31/12/2002</u>	
Secured	Unsecured	Secured	Unsecured
0	0	0	0

**Details of any collateral**

Not applicable

1(c) **A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

Consolidated cash flow statement for the six months ended 30 June 2003

	Group	
	1 H	1 H
	2003	2002
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Net profit before tax	2,338	6,664
Adjustment for:		
Profit on sale of non-current investments	(442)	(6,075)
Dividend income	(1,601)	(1,262)
Interest income	(172)	(309)
(Writeback of provision)/provision for diminution in value of trading securities	(473)	221
Dividend received	1,832	1,239
Interest received	184	409
Operating cash flow before working capital changes	1,666	887
Changes in working capital:		
Trading securities	(1,151)	(1,629)
Trade debtors and other assets	(545)	(43)
Amount due to holding & fellow subsidiary companies	233	28
Trade creditors and other liabilities	50	7,993
Cash generated from operations	253	7,236
Income tax paid	(743)	(220)
<b>Net cash (outflow)/inflow from operating activities</b>	(490)	7,016
<b>Cash flows from investing activities</b>		
Purchase of non-current investments	(22,131)	(31,717)
Proceeds from sale of non-current investments	22,353	21,019
<b>Net cash inflow/(outflow) from investing activities</b>	222	(10,698)
<b>Cash flows from financing activities</b>		
Dividend paid	(1,172)	(1,172)
<b>Net cash outflow from financing activities</b>	(1,172)	(1,172)
<b>Net decrease in cash and cash equivalents</b>	(1,440)	(4,854)
<b>Cash and cash equivalents at the beginning of the financial period</b>	11,926	22,657
<b>Cash and cash equivalents at the end of the financial period</b>	10,486	17,803

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

	Share capital \$'000	Investment fluctuation reserve \$'000	Unrealised surplus/ (deficit) on revaluation of investments \$'000	Exchange fluctuation reserve \$'000	Retained profits \$'000	Total \$'000
<b>Group</b>						
Balance at 1 January 2003						
- as previously stated	39,063	24,391	(285)	1,176	22,766	87,111
- effect of adopting FRS 21	-	-	-	(1,176)	1,176	-
- as restated	39,063	24,391	(285)	-	23,942	87,111
Revaluation deficit	-	-	(2,675)	-	-	(2,675)
Deferred tax on revaluation	-	-	(17)	-	-	(17)
Net loss not recognised in income statement	-	-	(2,692)	-	-	(2,692)
Net profit	-	-	-	-	225	225
Total recognised gains and losses for the financial period	-	-	(2,692)	-	225	(2,467)
Balance at 31 March 2003	39,063	24,391	(2,977)	-	24,167	84,644
Balance at 1 April 2003	39,063	24,391	(2,977)	-	24,167	84,644
Revaluation surplus	-	-	8,358	-	-	8,358
Deferred tax on revaluation	-	-	(1,073)	-	-	(1,073)
Net gain not recognised in income statement	-	-	7,285	-	-	7,285
Net profit	-	-	-	-	1,897	1,897
Total recognised gains for the financial period	-	-	7,285	-	1,897	9,182
Transfer to retained profits *	-	(24,391)	-	-	24,391	-
Dividend for 2002	-	-	-	-	(1,172)	(1,172)
Balance at 30 June 2003	39,063	-	4,308	-	49,283	92,654

\* Following the repeal of Division 1 of Part XI of the Companies Act, Cap. 50, relating to Investment Companies which took effect on 15 May 2003, the balance in the Investment Fluctuation Reserve (IFR) account was transferred to Retained Profits. The IFR account was maintained to record the Company's net realised profits from the sale of investments held as non-current assets prior to 1 January 1994.

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (continued)**

	Share capital	Investment fluctuation reserve	Unrealised surplus/ (deficit) on revaluation of investments	Exchange fluctuation reserve	Retained profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</b>						
Balance at 1 January 2002						
- as previously stated	39,063	24,391	13,267	1,298	21,406	99,425
- effect of adopting FRS 21	-	-	-	(1,298)	1,298	-
- as restated	39,063	24,391	13,267	-	22,704	99,425
Revaluation surplus	-	-	2,978	-	-	2,978
Deferred tax on revaluation	-	-	80	-	-	80
Net gain not recognised in income statement	-	-	3,058	-	-	3,058
Net profit	-	-	-	-	2,798	2,798
Total recognised gains for the financial period	-	-	3,058	-	2,798	5,856
Balance at 31 March 2002	39,063	24,391	16,325	-	25,502	105,281
Balance at 1 April 2002	39,063	24,391	16,325	-	25,502	105,281
Revaluation deficit	-	-	(9,445)	-	-	(9,445)
Deferred tax on revaluation	-	-	1,257	-	-	1,257
Net loss not recognised in income statement	-	-	(8,188)	-	-	(8,188)
Net profit	-	-	-	-	2,359	2,359
Total recognised gains and losses for the financial period	-	-	(8,188)	-	2,359	(5,829)
Dividend for 2001	-	-	-	-	(1,172)	(1,172)
Balance at 30 June 2002	39,063	24,391	8,137	-	26,689	98,280

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (continued)**

	Share capital \$'000	Investment fluctuation reserve \$'000	Unrealised surplus/ (deficit) on revaluation of investments \$'000	Exchange fluctuation reserve \$'000	Retained profits \$'000	Total \$'000
<b><u>Company</u></b>						
Balance at 1 January 2003						
- as previously stated	39,063	24,391	(285)	1,176	22,830	87,175
- effect of adopting FRS 21	-	-	-	(1,176)	1,176	-
- as restated	39,063	24,391	(285)	-	24,006	87,175
Revaluation deficit	-	-	(2,675)	-	-	(2,675)
Deferred tax on revaluation	-	-	(17)	-	-	(17)
Net loss not recognised in income statement	-	-	(2,692)	-	-	(2,692)
Net profit	-	-	-	-	264	264
Total recognised gains and losses for the financial period	-	-	(2,692)	-	264	(2,428)
Balance at 31 March 2003	39,063	24,391	(2,977)	-	24,270	84,747
Balance at 1 April 2003	39,063	24,391	(2,977)	-	24,270	84,747
Revaluation surplus	-	-	8,358	-	-	8,358
Deferred tax on revaluation	-	-	(1,073)	-	-	(1,073)
Net gain not recognised in income statement	-	-	7,285	-	-	7,285
Net profit	-	-	-	-	1,198	1,198
Total recognised gains for the financial period	-	-	7,285	-	1,198	8,483
Transfer to retained profits *	-	(24,391)	-	-	24,391	-
Dividend for 2002	-	-	-	-	(1,172)	(1,172)
Balance at 30 June 2003	39,063	-	4,308	-	48,687	92,058

\* Following the repeal of Division 1 of Part XI of the Companies Act, Cap. 50, relating to Investment Companies which took effect on 15 May 2003, the balance in the Investment Fluctuation Reserve (IFR) account was transferred to Retained Profits. The IFR account was maintained to record the Company's net realised profits from the sale of investments held as non-current assets prior to 1 January 1994.



**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (continued)**

	Share capital	Investment fluctuation reserve	Unrealised surplus/ (deficit) on revaluation of investments	Exchange fluctuation reserve	Retained profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b><u>Company</u></b>						
Balance at 1 January 2002						
- as previously stated	39,063	24,391	13,267	1,298	20,841	98,860
- effect of adopting FRS 21	-	-	-	(1,298)	1,298	-
- as restated	39,063	24,391	13,267	-	22,139	98,860
Revaluation surplus	-	-	2,978	-	-	2,978
Deferred tax on revaluation	-	-	80	-	-	80
Net gain not recognised in income statement	-	-	3,058	-	-	3,058
Net profit	-	-	-	-	2,682	2,682
Total recognised gains for the financial period	-	-	3,058	-	2,682	5,740
Balance at 31 March 2002	39,063	24,391	16,325	-	24,821	104,600
Balance at 1 April 2002	39,063	24,391	16,325	-	24,821	104,600
Revaluation deficit	-	-	(9,445)	-	-	(9,445)
Deferred tax on revaluation	-	-	1,257	-	-	1,257
Net loss not recognised in income statement	-	-	(8,188)	-	-	(8,188)
Net profit	-	-	-	-	2,664	2,664
Total recognised gains and losses for the financial period	-	-	(8,188)	-	2,664	(5,524)
Dividend for 2001	-	-	-	-	(1,172)	(1,172)
Balance at 30 June 2002	39,063	24,391	8,137	-	26,313	97,904

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

Nil

2. **Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard**

These figures have not been audited or reviewed.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

The financial statements have been prepared in accordance with the same accounting policies and methods of computation adopted in the audited financial statements of the previous financial year, except as described in paragraph 5.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

With effect from 1 January 2003, the Company has changed its accounting policy to comply with Financial Reporting Standard ("FRS") 21 The Effects of Changes in Foreign Exchange Rates, which requires exchange differences on translation of foreign currency monetary assets and liabilities to be recognised in the income statement. Prior to 1 January 2003, exchange differences arising from the translation of foreign currency deposits of the Company were taken directly to reserves. The change in accounting policy has been applied retrospectively and the comparatives have been restated to conform to the changed policy.

The adjustments made to the comparative figures are as follows:

	<u>Group &amp; Company</u> \$'000
Decrease in net profit after tax for:-	
- second quarter 2002	(112)
- six months ended 30 June 2002	(118)
Decrease in exchange fluctuation reserve as at 31 December 2002	(1,176)
Increase in retained profits as at 31 December 2002	1,176

6. **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	<u>Group</u>			
	<u>1H</u> <u>2003</u> Cents	<u>1H</u> <u>2002</u> Cents	<u>2Q</u> <u>2003</u> Cents	<u>2Q</u> <u>2002</u> Cents
<b>Earnings per share *</b>				
(a) Based on the weighted average number of ordinary shares in issue	10.86	26.40	19.43	24.16
(b) On a fully diluted basis	10.86	26.40	19.43	24.16

\* Annualised

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial period**

	Group		Company	
	30/06/2003	31/12/2002	30/06/2003	31/12/2002
	\$	\$	\$	\$
Net asset value per share	2.37	2.23	2.36	2.23

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

First Half 2003 vs First Half 2002

The Group recorded an after-tax profit of \$2.1 million for the first half of 2003, representing a decline of \$3.1 million or 58.9% over the \$5.2 million profit for the same period last year. The drop in profit was mainly due to lower profit on sale of investments which was partially offset by lower income tax provision and a writeback of provision for diminution in value of trading securities by the subsidiary as against a provision made for the corresponding period last year. As a result, earnings per share on an annualised basis dipped to 10.86 cents from 26.40 cents in the first half of 2002.

Group shareholders' funds increased by \$5.5 million from \$87.1 million as at last year-end to \$92.6 million mainly attributed to unrealised revaluation gain on non-current investments. Consequently, Group net asset value per share increased 6.3% to \$2.37 from \$2.23 as at last year-end. However, this is after dividend payment of \$1.2 million in May 2003. Had this dividend not been paid, the net asset value as at 30 June 2003 would have been a higher \$2.40 per share, representing a higher increase of 7.6% over last year-end.

Second Quarter 2003 vs Second Quarter 2002

The Group recorded an after-tax profit of \$1.9 million for the second quarter of 2003 as compared to \$2.4 million for the same quarter last year. The decline in profit of \$0.5 million or 19.6% was mainly due to lower profit on sale of investments, partially offset by writeback of provision for diminution in value of trading securities by the subsidiary company and lower income tax provision.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

Not applicable.

10. **A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

Following the strong rallies in the equity markets in the second quarter, most markets have largely recovered from their lows of the year. The outlook for the next months will depend on the performance of the US economy. The expectation is that growth will be slow with Europe and Japan continuing to be weak. The other important factor will be the US Federal Reserve's determination to preempt deflation. This will mean monetary policy will be accommodative and interest rates should remain low. The backdrop for bonds remains supportive although the recent sharp declines may signal the end of the bull run.

## 11. Dividend

### (a) *Current Financial Period Reported On*

Any dividend declared for the current financial period report on? Yes

	<u>2003</u>
Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	4% per ordinary share (less tax)
Par Value of Shares	S\$1.00
Tax Rate	22%

### (b) *Corresponding Period of the Immediately Preceding Financial Year*

Any dividend declared for the corresponding period of the immediate preceding financial year? Yes

	<u>2002</u>
Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	4% per ordinary share (less tax)
Par Value of Shares	S\$1.00
Tax Rate	22%

### (c) **Date payable**

The dividend is payable on 22 August 2003.

### (d) **Books closure date**

NOTICE IS HEREBY GIVEN that the Share Transfer Books and the Register of Members of the Company will be closed on 12 August 2003 for the preparation of dividend warrants. Registrable transfers received by the Company's Registrar, KPMG, 138 Robinson Road #17-00, The Corporate Office, Singapore 068906, up to 5.00 pm on 11 August 2003 will be registered for the above dividend. In respect of shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), the above dividend, if approved, will be paid by the Company to CDP who will distribute the dividend to the holders of the securities accounts.

## 12 **If no dividend has been declared/recommended, a statement to that effect**

Not applicable.

**PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2 & Q3 or Half Year Results)**

- 13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the preceding year**

Not applicable to Q1, Q2 & Q3 results.

- 14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographic segments**

Not applicable to Q1, Q2 & Q3 results.

- 15. A breakdown of sales**

Not applicable to Q1, Q2 & Q3 results.

- 16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

Not applicable to Q1, Q2 & Q3 results.

Total Annual Dividend

	Latest Full Year (S\$'000)	Previous Full Year (S\$'000)
Ordinary		
Preference		
Total		

**BY ORDER OF THE BOARD**

Ms Jeannie Tng  
Company Secretary  
Dated this 24<sup>th</sup> day of July 2003