



## Overseas Union Securities Limited

(Incorporated in Singapore)

### First Quarter 2004 Financial Statement Announcement

#### 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 first quarter ended 31 March 2004

	Group		
	1 <sup>st</sup> Quarter 2004 \$'000	1 <sup>st</sup> Quarter 2003 \$'000	Incr / (Decr) %
Profit on sale of non-current investments	495	255	94.1
Profit/(loss) on sale of trading securities	640	(55)	nm
Profit on sale of investments	1,135	200	467.5
Dividends	226	182	24.2
Other operating income			
Interest income	267	83	221.7
Foreign exchange (loss)/gain	(71)	38	nm
Operating revenue	1,557	503	209.5
Operating expenses	(387)	(260)	48.8
<b>Operating profit</b>	<b>1,170</b>	<b>243</b>	<b>381.5</b>
Writeback of provision for diminution in value of trading securities	-	14	(100.0)
<b>Profit before tax</b>	<b>1,170</b>	<b>257</b>	<b>355.3</b>
Tax	411	(32)	nm
<b>Net profit</b>	<b>1,581</b>	<b>225</b>	<b>602.7</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	As at	As at	As at
	<u>31/03/2004</u>	<u>31/12/2003</u>	<u>31/03/2004</u>	<u>31/12/2003</u>
	\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>				
Investment in subsidiary	-	-	5,000	5,000
Investments	<u>97,477</u>	<u>94,952</u>	<u>97,477</u>	<u>94,952</u>
	<u>97,477</u>	<u>94,952</u>	<u>102,477</u>	<u>99,952</u>
<b>Current assets</b>				
Trading securities	6,234	6,025	-	-
Balances/deposits with holding company	3,931	976	3,484	441
Bank balances with fellow subsidiary company	56	616	52	613
Balances/deposits with other banks	1,012	5,977	537	5,645
Amount due from subsidiary company (non-trade)	-	-	18	59
Trade debtors	1,491	209	1,138	-
Other assets	<u>437</u>	<u>405</u>	<u>437</u>	<u>401</u>
	<u>13,161</u>	<u>14,208</u>	<u>5,666</u>	<u>7,159</u>
<b>Total assets</b>	<u>110,638</u>	<u>109,160</u>	<u>108,143</u>	<u>107,111</u>
<b>Current liabilities</b>				
Amount due to fellow subsidiary company (trade)	265	267	265	267
Amount due to holding company (non-trade)	8	-	6	-
Trade creditors	167	356	167	154
Provision for tax	2,462	2,909	2,417	2,364
Other liabilities	<u>337</u>	<u>311</u>	<u>314</u>	<u>291</u>
	<u>3,239</u>	<u>3,843</u>	<u>3,169</u>	<u>3,076</u>
<b>Net current assets</b>	<u>9,922</u>	<u>10,365</u>	<u>2,497</u>	<u>4,083</u>
<b>Non-current liability</b>				
Provision for deferred tax	<u>320</u>	<u>487</u>	<u>320</u>	<u>487</u>
<b>Total liabilities</b>	<u>3,559</u>	<u>4,330</u>	<u>3,489</u>	<u>3,563</u>
	<u>107,079</u>	<u>104,830</u>	<u>104,654</u>	<u>103,548</u>
<b>Shareholders' equity</b>				
Share capital	39,063	39,063	39,063	39,063
Unrealised surplus on revaluation of investments	14,400	13,732	14,400	13,732
Retained profits	<u>53,616</u>	<u>52,035</u>	<u>51,191</u>	<u>50,753</u>
	<u>107,079</u>	<u>104,830</u>	<u>104,654</u>	<u>103,548</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>31/03/2004</u>		<u>31/12/2003</u>	
	\$'000	%	\$'000	%
Quoted equities and warrants	77,478	72.4	75,446	72.0
Quoted bonds, notes and loan stocks	15,637	14.6	15,367	14.7
Unquoted bonds, notes and loan stocks	4,362	4.1	4,139	3.9
Trading securities	6,234	5.8	6,025	5.7
Cash and net receivables	3,368	3.1	3,853	3.7
Total	107,079	100.0	104,830	100.0

**Group Total Assets by Currency Mix**

	<u>31/03/2004</u>	<u>31/12/2003</u>
	%	%
Singapore Dollar	40.5	41.5
United States Dollar *	23.2	27.4
Hong Kong Dollar	10.3	7.2
Korean Won	7.0	4.7
Malaysian Ringgit	5.2	3.1
Australian Dollar	4.7	5.0
Euro	3.7	4.2
Japanese Yen	2.2	4.2
Taiwan Dollar	1.5	1.5
Others	1.7	1.2
	<u>100.0</u>	<u>100.0</u>

\* the USD currency holdings as at 31/03/2004 have been covered against SGD, reducing the exposure from 23.2% to 19.5% (31/12/2003: 27.4% to 15.3%).

**Country Mix of Quoted Equities and Warrants**

	<u>31/03/2004</u>	<u>31/12/2003</u>
	%	%
Singapore	50.4	54.7
United States	13.4	13.6
South Korea	9.1	5.9
Hong Kong	7.9	7.6
Malaysia	7.3	3.5
Australia	4.3	4.3
Japan	2.6	5.8
Europe	2.5	2.5
Taiwan	1.2	1.3
Others	1.3	0.8
	<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>31/03/2004</u>	<u>31/12/2003</u>
	%	%
Industrial & Commercial	64.6	60.6
Finance	24.4	26.1
Properties	6.0	7.9
Hotel	5.0	5.4
	<u>100.0</u>	<u>100.0</u>

**Ten Largest Investment Holdings as at 31/03/2004**

	<u>As % of Group Net Assets</u>
Oversea-Chinese Banking Corporation Ltd	7.1
Singapore Press Holdings Ltd	5.8
DBS Group Holdings Ltd	4.7
Overseas Union Enterprise Ltd	3.6
Singapore Technologies Engineering Ltd	3.2
City Developments Ltd	3.2
Singapore Airlines Ltd	3.0
Venture Corporation Ltd	2.3
SembCorp Industries Ltd	2.0
Samsung Electronics Company Ltd	1.9

**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 31/03/2004</u>		<u>As at 31/12/2003</u>	
Secured	Unsecured	Secured	Unsecured
0	0	0	0

**Amount repayable after one year**

<u>As at 31/03/2004</u>		<u>As at 31/12/2003</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 first quarter ended 31 March 2004

	Group	
	1 <sup>st</sup> Quarter	1 <sup>st</sup> Quarter
	<u>2004</u>	<u>2003</u>
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Net profit before tax	1,170	257
Adjustment for:		
Profit on sale of non-current investments	(495)	(255)
Dividend income	(226)	(182)
Interest income	(267)	(83)
Writeback of provision for diminution in value of trading securities	-	(14)
Dividend received	250	335
Interest received	262	111
Operating cash flow before working capital changes	<u>694</u>	<u>169</u>
Changes in working capital:		
Trading securities	(209)	70
Trade debtors and other assets	(197)	-
Amount due to holding & fellow subsidiary companies	6	228
Trade creditors and other liabilities	<u>(176)</u>	<u>23</u>
Cash generated from operations	118	490
Income tax paid	<u>(29)</u>	<u>(32)</u>
<b>Net cash inflow from operating activities</b>	<u>89</u>	<u>458</u>
<b>Cash flows from investing activities</b>		
Purchase of non-current investments	(9,825)	(4,024)
Proceeds from sale of non-current investments	<u>7,166</u>	<u>2,151</u>
<b>Net cash outflow from investing activities</b>	<u>(2,659)</u>	<u>(1,873)</u>
<b>Net decrease in cash and cash equivalents</b>	(2,570)	(1,415)
Cash and cash equivalents at the beginning of the financial period	7,569	11,926
<b>Cash and cash equivalents at the end     of the financial period</b>	<u><u>4,999</u></u>	<u><u>10,511</u></u>

**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	Retained profits \$'000	Total \$'000
<b><u>Group</u></b>					
Balance at 1 January 2004	39,063	-	13,732	52,035	104,830
Revaluation surplus	-	-	495	-	495
Deferred tax on revaluation	-	-	173	-	173
Net gain not recognised in income statement	-	-	668	-	668
Net profit	-	-	-	1,581	1,581
Total recognised gains for the financial period	-	-	668	1,581	2,249
Balance at 31 March 2004	39,063	-	14,400	53,616	107,079
Balance at 1 January 2003	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

**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	Retained profits \$'000	Total \$'000
<b><u>Company</u></b>					
Balance at 1 January 2004	39,063	-	13,732	50,753	103,548
Revaluation surplus	-	-	495	-	495
Deferred tax on revaluation	-	-	173	-	173
Net gain not recognised in income statement	-	-	668	-	668
Net profit	-	-	-	438	438
Total recognised gains for the financial period	-	-	668	438	1,106
Balance at 31 March 2004	39,063	-	14,400	51,191	104,654
Balance at 1 January 2003	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

- 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 auditing standard or practice.

The 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.

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.

Not applicable.

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.

	Group	
	1 <sup>st</sup> Quarter	1 <sup>st</sup> Quarter
	<u>2004</u>	<u>2003</u>
Earnings per share *	Cents	Cents
(a) Based on the weighted average number of ordinary shares in issue	16.19	2.30
(b) On a fully diluted basis	16.19	2.30

\* 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 year.

	Group		Company	
	<u>31/03/2004</u>	<u>31/12/2003</u>	<u>31/03/2004</u>	<u>31/12/2003</u>
	\$	\$	\$	\$
Net asset value per share	2.74	2.68	2.68	2.65



8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) **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; and**
- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

The Group recorded an after-tax profit of \$1.6 million for the three months ended 31 March 2004, an increase of \$1.4 million or 602.7% over the after-tax profit of \$0.2 million for the same period last year. The increase in profit was attributed mainly to higher profit on sale of investments mainly on Hong Kong and Singapore counters and write-back of prior years' tax provision by the subsidiary company upon approval by IRAS for the utilisation of its cumulative tax losses to set-off against 2003 taxable profits. Consequently, annualised earnings per share rose to 16.19 cents from 2.30 cents in first quarter 2003.

Group shareholders' funds increased by \$2.3 million from \$104.8 million as at last year-end to \$107.1 million due to the net profits and unrealised revaluation gain on non-current investments in first quarter 2004. As such, Group net asset value per share increased by 2.2% to \$2.74 from \$2.68 as at last year-end.

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

No forecast was made previously.

10. **A commentary at the date of the announcement of the significant trends and 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.**

Global economic growth is still strong with the two main engines, the US and China, both showing firm momentum. Downward revisions to Europe have been offset by upwards surprises in Japan, where the recovery may be spreading to the domestic sectors. Following the stronger than expected data from the US, the market has priced an increase in the Federal Reserve Board rates in the early part of second half of the year.

At the meeting of shareholders of the Company ("Shareholders") convened by the order of the High Court of Singapore held on 24 April 2004, the Shareholders have by the requisite majority voted in favour of the merger with United International Securities Limited ("UIS") by way of a scheme of arrangement (the "Scheme") under Section 210 of the Companies Act, Chapter 50.

The shareholders of UIS have also, at their extraordinary general meeting held on 24 April 2004, approved the merger with the Company via the Scheme.

Subject to the Scheme being sanctioned by the High Court of Singapore and an office copy of the order of the High Court being lodged with the Accounting and Corporate Regulatory Authority, the Scheme is expected to become effective on 8 June 2004, whereupon the Company will become a wholly-owned subsidiary of UIS.

**11. Dividend**

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

Any dividend declared for the current financial period report on?

None

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

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

None

**(c) *Date payable***

Not applicable.

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

Not applicable.

**12 If no dividend has been declared/recommendeded, a statement to that effect.**

No dividend has been declared or recommended for the first quarter ended 31 March 2004.

**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 immediately 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 (\$'000)	Previous Full Year (\$'000)
Ordinary		
Preference		
Total		

**BY ORDER OF THE BOARD**

Mrs Jeannie Tng  
Company Secretary  
Dated this 30<sup>th</sup> day of April 2004