

# OVERSEAS UNION SECURITIES LIMITED

## ANNOUNCEMENT

The Board of Directors of Overseas Union Securities Limited wishes to announce:  
**AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2001**

	The Group			The Company		
	2001	2000	+/( -)	2001	2000	+/( -)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit on sale of investments	12,524	2,316	440.8	14,280	2,850	401.1
Dividends	2,702	2,044	32.2	2,611	1,960	33.2
Interest and other income	824	504	63.5	671	488	37.5
Operating revenue	16,050	4,864	230.0	17,562	5,298	231.5
Operating expenses	(1,408)	(1,452)	(3.0)	(1,308)	(1,321)	(1.0)
<b>OPERATING PROFIT</b>	<b>14,642</b>	<b>3,412</b>	<b>329.1</b>	<b>16,254</b>	<b>3,977</b>	<b>308.7</b>
Writeback of provision/(Provision) for diminution in value of trading securities	908	(1,021)	n.m.	-	-	-
<b>NET PROFIT BEFORE TAX</b>	<b>15,550</b>	<b>2,391</b>	<b>550.4</b>	<b>16,254</b>	<b>3,977</b>	<b>308.7</b>
Tax	(821)	(579)	41.8	(791)	(541)	46.2
<b>NET PROFIT AFTER TAX</b>	<b>14,729</b>	<b>1,812</b>	<b>712.9</b>	<b>15,463</b>	<b>3,436</b>	<b>350.0</b>
Operating revenue						
-First Half	2,957	3,683	(19.7)	3,510	3,229	8.7
-Second Half	13,093	1,181	1,008.6	14,052	2,069	579.2
	<u>16,050</u>	<u>4,864</u>	230.0	<u>17,562</u>	<u>5,298</u>	231.5
Profit after Tax						
-First Half	2,025	1,691	19.8	2,333	2,231	4.6
-Second Half	12,704	121	10,399.2	13,130	1,205	989.6
	<u>14,729</u>	<u>1,812</u>	712.9	<u>15,463</u>	<u>3,436</u>	350.0
Profit after Tax as a percentage of Operating Revenue (%)	91.8	37.3	146.1	88.0	64.9	35.6
Profit after Tax as a percentage of Shareholders' Equity at end of year (%)	14.7	1.8	716.7	15.5	3.4	355.9
Earnings per share (cts)						
- basic and diluted	37.7	4.6	719.6	39.6	8.8	350.0
Net Tangible Asset Backing per share	2.57	2.63	(2.3)	2.56	2.60	(1.5)

n.m. : not meaningful

**SUMMARISED BALANCE SHEETS AS AT 31 DECEMBER 2001**

	The Group			The Company		
	2001	2000	+/( -)	2001	2000	+/( -)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>NON-CURRENT ASSETS</b>						
Subsidiary company	-	-	-	5,000	5,000	-
Investments	80,239	92,532	(13.3)	80,239	92,532	(13.3)
	<u>80,239</u>	<u>92,532</u>	(13.3)	<u>85,239</u>	<u>97,532</u>	(12.6)
<b>CURRENT ASSETS</b>	<u>24,253</u>	<u>15,676</u>	54.7	<u>18,245</u>	<u>8,966</u>	103.5
<b>TOTAL ASSETS</b>	<u>104,492</u>	<u>108,208</u>	(3.4)	<u>103,484</u>	<u>106,498</u>	(2.8)
<b>NON-CURRENT LIABILITY</b>						
Deferred tax	3,457	3,239	6.7	3,031	2,833	7.0
<b>CURRENT LIABILITIES</b>	<u>584</u>	<u>2,272</u>	(74.3)	<u>567</u>	<u>2,267</u>	(75.0)
<b>TOTAL LIABILITIES</b>	<u>4,041</u>	<u>5,511</u>	(26.7)	<u>3,598</u>	<u>5,100</u>	(29.5)
<b>NET ASSETS</b>	<u>100,451</u>	<u>102,697</u>	(2.2)	<u>99,886</u>	<u>101,398</u>	(1.5)
<b>SHAREHOLDERS' EQUITY</b>						
Share capital	39,063	39,063	-	39,063	39,063	-
Investment fluctuation reserve	24,391	24,391	-	24,391	24,391	-
Exchange fluctuation reserve	1,298	1,075	20.7	1,298	1,075	20.7
Unrealised surplus on revaluation of investments	14,293	29,147	(51.0)	14,293	29,147	(51.0)
Retained profits	21,406	9,021	137.3	20,841	7,722	169.9
	<u>100,451</u>	<u>102,697</u>	(2.2)	<u>99,886</u>	<u>101,398</u>	(1.5)

The income tax expense comprises the provision for taxes payable and deferred taxation in respect of significant timing differences using the current tax rate. There were adjustments for underprovision of tax in respect of prior years by the Company which amounted to S\$1,972. (2000 - overprovision for the Company : S\$3,224).

For the year ended 31 December 2001, there were no pre-acquisition profits.

## REVIEW OF RESULTS

The Group's profit before tax for the year was S\$15.6m, 550.4% higher than that of prior year. The substantial increase was mainly due to the profit on sale of shares in OUB arising from its acquisition by UOB.

Dividend income increased by 32.2% to S\$2.7m due to higher dividend payout by Singapore counters. Interest and other income also rose by 63.5% to S\$0.8m.

The substantial increase in operating income for the second half of the year was due to the profit on sale of shares in OUB.

Net tangible assets backing per share decreased by 2.3% to S\$2.57 as at 31 December 2001.

In the opinion of the Directors, the results of the Group and the Company for the period from the end of December 2001 to the date of this report have not been substantially affected by any item, transaction or event of a material and unusual nature.

## CURRENT YEAR'S PROSPECTS

2001 was a tumultuous year for global economies and equity markets despite continual interest rate cuts by the US Federal Reserve. The recession in the US with growing unemployment and muted consumption, Japan's deepening economic malaise and the slowdown in the Euro land economy were the main drag on Asian economies. The September 11 terrorist attacks marked the low point of investors' sentiment as Asian markets plunged to their lowest points in almost 3 years. Thereafter, widespread optimism on the prospects for a recovery in the US economy in the second half of 2002 led to a sharp rebound in Asian markets.

The outlook for 2002 is for a recovery in the global economy. This will have a positive impact on the export-dependent economies of Asia. This expectation is supported by forward-looking indicators, which predict a recovery in Asian electronics exports by mid 2002. In light of the slump in exports experienced in 2001, any recovery in 2002 will provide a substantial boost to economic growth. In terms of monetary conditions, with the benign outlook for inflation, central banks are likely to maintain high levels of liquidity, in order to support the economic recovery.

In the short term, equity markets are likely to consolidate their recent gains, while investors await clearer signs of the recovery. Of particular concern will be the breadth and strength of the recovery. However, in the medium term, we expect equity markets to have further upside as valuations are attractive, interest rates are low and inflation is subdued. In line with our views, we expect the company to benefit from the rise in share prices. In addition, we will look to increase our exposure to good quality companies that can be expected to benefit from the recovery.

## FINAL DIVIDEND

The Directors have recommended a final dividend of 3% or 3 cents per share, tax exempt (2000: 3% or 3 cents per share, tax exempt) making a total of 6% (2000: 6%) in respect of the financial year ended 31 December 2001.

Net Annual Dividend (Net):

	The Company	
	2001	2000
	S\$'000	S\$'000
Interim Dividend	1,172	1,172
Final Dividend	1,172	1,172
Total	<u>2,344</u>	<u>2,344</u>

The proposed dividend, if approved at the Annual General Meeting, will be paid on 21 May 2002.

## COMPOSITION OF ASSETS

	<b>S\$'000</b>	<b>%</b>
Equities	66,944	66.6
Fixed Income Securities	14,632	14.6
Cash & Other Assets	18,875	18.8
Total	<u>100,451</u>	<u>100.0</u>

## TOP TEN HOLDINGS

### Counter

United Overseas Bank Limited	Singapore Technologies Engineering Limited
Singapore Press Holdings Limited	Oversea-Chinese Banking Corporation Limited
6% DBS Non-Cumulative Preference shares due 15-05-2011	4.815% CDL Properties Bond due 31-01-2006
Overseas Union Enterprise Limited	6.7075% Bank Austria AG FRN due 25-02-2003
DBS Group Holdings Limited	HSBC Holdings PLC

## CLOSURE OF BOOKS

NOTICE IS HEREBY GIVEN that, subject to shareholders' approval of the payment of the aforementioned dividend at the Annual General Meeting to be held on 26 April 2002, the Share Transfer Books and Register of Members of the Company will be closed on 10 May 2002. Duly completed transfers received by the Company's Share Registrars, KPMG of 138 Robinson Road #17-00, The Corporate Office, Singapore 068906 up to the close of business at 5.00 p.m. on 9 May 2002 will be registered to determine shareholders' entitlements to the proposed dividend. In respect of shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), the said final dividend will be paid by the Company to CDP which will in turn distribute the dividend entitlements to holders of shares in accordance with its practice.

BY ORDER OF THE BOARD

JEANNIE TNG  
SECRETARY

SINGAPORE, 1 March 2002