



## Overseas Union Securities Limited

(Incorporated in Singapore)

### Full Year Financial Statement And Dividend 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

	Group		
	<u>2002</u>	<u>2001</u>	Increase /
	S\$'000	S\$'000	(Decrease)
			%
Profit on sale of non-current investments	4,018	14,280	(71.9)
Profit/(loss) on sale of trading securities	53	(1,756)	nm
Profit on sale of investments	4,071	12,524	(67.5)
Dividends	2,395	2,702	(11.4)
Other operating income			
Interest and other income	536	747	(28.2)
Foreign exchange (loss)/gain	(53)	77	nm
Operating revenue	6,949	16,050	(56.7)
Operating expenses	(1,154)	(1,408)	(18.0)
<b>Operating profit</b>	<b>5,795</b>	<b>14,642</b>	<b>(60.4)</b>
(Provision)/writeback of provision for diminution in value of investments	(631)	908	nm
<b>Profit before tax</b>	<b>5,164</b>	<b>15,550</b>	<b>(66.8)</b>
Tax	(1,413)	(821)	72.1
<b>Net profit</b>	<b>3,751</b>	<b>14,729</b>	<b>(74.5)</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	
	<u>31-12-2002</u>	<u>31-12-2001</u>	<u>31-12-2002</u>	<u>31-12-2001</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Investments	75,524	80,239	75,524	80,239
Unquoted shares in subsidiary	-	-	5,000	5,000
Current assets	15,325	24,253	9,934	18,245
Current liabilities	(1,453)	(584)	(1,438)	(567)
Net current assets	13,872	23,669	8,496	17,678
Deferred tax liability	(2,285)	(4,483)	(1,845)	(4,057)
<b>Net assets</b>	<u>87,111</u>	<u>99,425</u>	<u>87,175</u>	<u>98,860</u>
Share capital	39,063	39,063	39,063	39,063
Investment fluctuation reserve	24,391	24,391	24,391	24,391
Unrealised (deficit)/surplus on revaluation of investments	(285)	13,267	(285)	13,267
Exchange fluctuation reserve	1,176	1,298	1,176	1,298
Retained profits	22,766	21,406	22,830	20,841
<b>Shareholders' funds</b>	<u>87,111</u>	<u>99,425</u>	<u>87,175</u>	<u>98,860</u>

**Composition of Net Assets**

	Group	
	S\$'000	%
Equities	66,229	76.0
Fixed income and other securities	12,350	14.2
Cash and net receivables	8,532	9.8
Total	<u>87,111</u>	<u>100.0</u>

**Ten Largest Investment Holdings**

	As % of <u>Net Assets</u>
Singapore Press Holdings Ltd	6.9
Oversea-Chinese Banking Corporation Ltd	6.9
6% DBS Bank Non-Cumulative Preference Shares	6.0
Overseas Union Enterprise Ltd	4.5
DBS Group Holdings Ltd	4.4
City Developments Ltd	3.6
Singapore Technologies Engineering Ltd	3.1
4.815% CDL Properties Ltd Bonds due 31-01-2006	2.4
Venture Corporation Ltd	2.4
Samsung Electronics Co Ltd	2.2

**1(b)(ii) Aggregate amount of group's borrowings and debt securities****Amount repayable in one year or less, or on demand**

As at 31/12/2002		As at 31/12/2001	
Secured	Unsecured	Secured	Unsecured
0	0	0	0

**Amount repayable after one year**

As at 31/12/2002		As at 31/12/2001	
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**

	Group	
	<u>2002</u>	<u>2001</u>
	S\$'000	S\$'000
<b>Cash flows from operating activities</b>	(1,213)	3,459
<b>Cash flows from investing activities</b>		
Purchase of non-current investments	(33,015)	(8,820)
Proceeds from sale of non-current investments	26,010	18,614
Net cash (outflow)/inflow from investing activities	(7,005)	9,794
<b>Cash flows from financing activities</b>		
Dividends paid	(2,391)	(2,344)
Net cash outflow from financing activities	(2,391)	(2,344)
Exchange translation adjustment	(122)	223
<b>Net (decrease)/increase in cash and cash equivalents</b>	(10,731)	11,132
<b>Cash and cash equivalents at the beginning of the financial year</b>	22,657	11,525
<b>Cash and cash equivalents at the end of the financial year</b>	<u>11,926</u>	<u>22,657</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 <u>capital</u> S\$'000	Investment fluctuation <u>reserve</u> S\$'000	Unrealised (deficit)/ surplus on revaluation <u>of investments</u> S\$'000	Exchange fluctuation <u>reserve</u> S\$'000	Retained <u>profits</u> S\$'000	<u>Total</u> S\$'000
<b><u>Group</u></b>						
Balance at 1 January 2002						
- as previously stated	39,063	24,391	14,293	1,298	21,406	100,451
- effect of adopting SAS 12	-	-	(1,026)	-	-	(1,026)
- as restated	39,063	24,391	13,267	1,298	21,406	99,425
Revaluation deficit	-	-	(15,738)	-	-	(15,738)
Deferred tax on revaluation	-	-	2,186	-	-	2,186
Net exchange loss	-	-	-	(122)	-	(122)
Net losses not recognised in income statement	-	-	(13,552)	(122)	-	(13,674)
Net profit	-	-	-	-	3,751	3,751
Total recognised gains and losses for the financial year	-	-	(13,552)	(122)	3,751	(9,923)
Dividend for 2001	-	-	-	-	(1,172)	(1,172)
Dividend for 2002	-	-	-	-	(1,219)	(1,219)
Balance at 31 December 2002	39,063	24,391	(285)	1,176	22,766	87,111
Balance at 1 January 2001						
- as previously stated	39,063	24,391	29,147	1,075	9,021	102,697
- effect of adopting SAS 12	-	-	410	-	-	410
- as restated	39,063	24,391	29,557	1,075	9,021	103,107
Revaluation deficit	-	-	(14,854)	-	-	(14,854)
Deferred tax on revaluation	-	-	(1,436)	-	-	(1,436)
Net exchange gain	-	-	-	223	-	223
Net gains and losses not recognised in income statement	-	-	(16,290)	223	-	(16,067)
Net profit	-	-	-	-	14,729	14,729
Total recognised gains and losses for the financial year	-	-	(16,290)	223	14,729	(1,338)
Dividend for 2000	-	-	-	-	(1,172)	(1,172)
Dividend for 2001	-	-	-	-	(1,172)	(1,172)
Balance at 31 December 2001	39,063	24,391	13,267	1,298	21,406	99,425

<b>Company</b>	<b>Share capital S\$'000</b>	<b>Investment fluctuation reserve S\$'000</b>	<b>Unrealised (deficit)/ surplus on revaluation of investments S\$'000</b>	<b>Exchange fluctuation reserve S\$'000</b>	<b>Retained profits S\$'000</b>	<b>Total S\$'000</b>
Balance at 1 January 2002						
- as previously stated	39,063	24,391	14,293	1,298	20,841	99,886
- effect of adopting SAS 12	-	-	(1,026)	-	-	(1,026)
- as restated	39,063	24,391	13,267	1,298	20,841	98,860
Revaluation deficit	-	-	(15,738)	-	-	(15,738)
Deferred tax on revaluation	-	-	2,186	-	-	2,186
Net exchange loss	-	-	-	(122)	-	(122)
Net losses not recognised in income statement	-	-	(13,552)	(122)	-	(13,674)
Net profit	-	-	-	-	4,380	4,380
Total recognised gains and losses for the financial year	-	-	(13,552)	(122)	4,380	(9,294)
Dividend for 2001	-	-	-	-	(1,172)	(1,172)
Dividend for 2002	-	-	-	-	(1,219)	(1,219)
Balance at 31 December 2002	39,063	24,391	(285)	1,176	22,830	87,175
Balance at 1 January 2001						
- as previously stated	39,063	24,391	29,147	1,075	7,722	101,398
- effect of adopting SAS 12	-	-	410	-	-	410
- as restated	39,063	24,391	29,557	1,075	7,722	101,808
Revaluation deficit	-	-	(14,854)	-	-	(14,854)
Deferred tax on revaluation	-	-	(1,436)	-	-	(1,436)
Net exchange gain	-	-	-	223	-	223
Net gains and losses not recognised in income statement	-	-	(16,290)	223	-	(16,067)
Net profit	-	-	-	-	15,463	15,463
Total recognised gains and losses for the financial year	-	-	(16,290)	223	15,463	(604)
Dividend for 2000	-	-	-	-	(1,172)	(1,172)
Dividend for 2001	-	-	-	-	(1,172)	(1,172)
Balance at 31 December 2001	39,063	24,391	13,267	1,298	20,841	98,860

**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**

The figures have been audited in accordance with Singapore Standards of Auditing.

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

The auditors' report is appended at the end of the Announcement.

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

Except as disclosed in Item 5 below, there were no changes or deviation in the accounting policies or methods of computation adopted by the Group and the Company in the financial statements for the financial year ended 31 December 2002 as compared to those for the previous 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**

For purpose of complying with the Statements of Accounting Standard (SAS), the Group adopted the revised SAS 12 on Income Taxes on 1 January 2002. Comparatives for 2001 have been restated accordingly. The effect of adopting SAS 12 is disclosed in the Statement of Changes in Equity (Item 1(d)).

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	
		<u>2002</u>	<u>2001</u>
		Cents	Cents
<b>Earnings per share</b>			
(a)	Based on the weighted average number of ordinary shares on issue	9.60	37.71
(b)	On a fully diluted basis	9.60	37.71

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>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	S\$	S\$	S\$	S\$
Net asset value per share	2.23	2.55	2.23	2.53

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**

The Group recorded an after-tax profit of S\$3.7 million, a decline of S\$11.0 million or 74.5% over last year's profit of S\$14.7 million. The decrease in profit was due mainly to lower profit on sale of investments and provision for diminution in value of investments this year as against a writeback last year. As a result, earnings per share fell to 9.60 cents from 37.71 cents over the year.

Shareholders' funds of the Group decreased by S\$12.3 million from S\$99.4 million to S\$87.1 million due mainly to revaluation loss on investments as compared to revaluation gain last year. Consequently, net asset value per share fell 12.5% from S\$2.55 to S\$2.23. However, this is after dividend payment of S\$2.4 million in 2002. Had this dividend not been paid, the net asset value as at 31 December 2002 would have been a higher S\$2.29 per share, representing a smaller decrease of 10.2% over last year.

In the opinion of the Directors, no item, transaction or event of a material or unusual nature has arisen in the interval between 31 December 2002 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.

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**

Investing in global markets will be challenging in the near term due to the high oil prices and uncertain geopolitical developments, especially the possibility of war in Iraq. Although the US is experiencing a record low interest rate environment and may benefit from a further fiscal stimulus, any slowdown in consumer spending may put US economy at risk. However, despite a conservative outlook on the global economy, there may be opportunity in Asia ex-Japan supported by relatively cheap valuation and strong domestic demand particularly in China and Thailand.

## 11. Dividend

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

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

	2002	
Name of Dividend	Interim	Final
Dividend Type	Cash	Cash
Dividend Rate	4% per ordinary share (less tax)	3% per ordinary share (tax exempt)
Par value of shares	S\$1.00	S\$1.00
Tax Rate	22%	Nil

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

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

	2001	
Name of Dividend	Interim	Final
Dividend Type	Cash	Cash
Dividend Rate	3% per ordinary share (tax exempt)	3% per ordinary share (tax exempt)
Par value of shares	S\$1.00	S\$1.00
Tax Rate	Nil	Nil

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

The dividend is payable on 14 May 2003.

**11. Dividend (continued)****(d) Books closure date**

NOTICE IS HEREBY GIVEN that the Share Transfer Books and the Register of Members of the Company will be closed from 3 May 2003 to 5 May 2003, both dates inclusive, 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 2 May 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**

The business of the Company and its subsidiary is in investment holding and investment trading respectively, and is carried out wholly in Singapore.

<b><u>2002</u></b>	Investment <u>Holding</u> S\$'000	Investment <u>Trading</u> S\$'000	The <u>Group</u> S\$'000
Revenue	6,838	111	6,949
Profit/(loss) before tax	5,775	(611)	5,164
Tax	(1,395)	(18)	(1,413)
Net profit/(loss)	4,380	(629)	3,751
Total assets	85,405	5,444	90,849
Total liabilities	3,283	455	3,738
<b><u>2001</u></b>	Investment <u>Holding</u> S\$'000	Investment <u>Trading</u> S\$'000	The <u>Group</u> S\$'000
Revenue	17,562	(1,512)	16,050
Profit/(loss) before tax	16,254	(704)	15,550
Tax	(791)	(30)	(821)
Net profit/(loss)	15,463	(734)	14,729
Total assets	98,426	6,066	104,492
Total liabilities	4,624	443	5,067

The figures reported above are stated after elimination of intercompany transactions and balances.

**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**

Net profit for Investment Holding decreased by S\$11.1 million from S\$15.5 million to S\$4.4 million attributed mainly to lower profit on sale of investments. Investment Trading registered a lower loss of S\$0.6 million compared to last year's loss of S\$0.7 million.

Total assets of Investment Holding fell from S\$98.4 million to S\$85.4 million due mainly to revaluation loss on investments as compared to revaluation gain last year.

**15. A breakdown of sales**

	Group		
	<u>2002</u> S\$'000	<u>2001</u> S\$'000	Increase/ (Decrease) %
(a) Revenue reported for first half year	<u>7,665</u>	<u>2,957</u>	<u>159.2</u>
(b) Operating profit after tax before deducting minority interests reported for first half year	<u>5,275</u>	<u>2,025</u>	<u>160.5</u>
(c) Revenue reported for second half Year	<u>(716)</u>	<u>13,093</u>	<u>nm</u>
(d) Operating profit/(loss) after tax before deducting minority interests reported for second half year	<u>(1,524)</u>	<u>12,704</u>	<u>nm</u>

nm : not meaningful

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

Total Annual Dividend

	Full Year 2002 S\$'000	Full Year 2001 S\$'000
Ordinary	2,391	2,344
Preference	-	-
Total	2,391	2,344

**BY ORDER OF THE BOARD**

Jeannie Tng  
Secretary  
20 February 2003

**AUDITORS' REPORT TO THE MEMBERS OF  
OVERSEAS UNION SECURITIES LIMITED**

We have audited the financial statements of Overseas Union Securities Limited and the consolidated financial statements of the Group for the financial year ended 31 December 2002 set out on pages 8 to 32. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform our audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the accompanying financial statements of the Company and consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Singapore Companies Act ("Act") and Singapore Statements of Accounting Standard and so as to give a true and fair view of:
  - (i) the state of affairs of the Company and of the Group at 31 December 2002, the profit and changes in equity of the Company and of the Group, and the cash flows of the Group for the financial year ended on that date; and
  - (ii) the other matters required by section 201 of the Act to be dealt with in the financial statements of the Company and the consolidated financial statements of the Group; and
- (b) the accounting and other records, and the registers required by the Act to be kept by the Company and by the subsidiary incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiary that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purpose of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purpose.

The auditors' report on the financial statements of the subsidiary was not subject to any qualification and did not include any comment made under section 207(3) of the Act.

PricewaterhouseCoopers  
Certified Public Accountants

Singapore,  
20 February 2003