



## Overseas Union Securities Limited

(Incorporated in Singapore)

### Second 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 six months/second quarter ended 30 June 2004

	Group					
	1 <sup>st</sup> Half	1 <sup>st</sup> Half	Incr /	2 <sup>nd</sup> Quarter	2 <sup>nd</sup> Quarter	Incr /
	<u>2004</u>	<u>2003</u>	<u>(Decr)</u>	<u>2004</u>	<u>2003</u>	<u>(Decr)</u>
	\$'000	\$'000	%	\$'000	\$'000	%
(Loss)/profit on sale of non-current investments	(46)	442	nm	(541)	187	nm
Profit on sale of trading securities	872	153	469.9	232	208	11.5
Profit/(loss) on sale of investments	826	595	38.8	(309)	395	nm
Dividends	2,644	1,601	65.1	2,418	1,419	70.4
Other operating income						
Interest income	538	172	212.8	271	89	204.5
Foreign exchange (loss)/gain	(263)	77	nm	(192)	39	nm
Operating revenue	3,745	2,445	53.2	2,188	1,942	12.7
Operating expenses	(958)	(580)	65.2	(571)	(320)	78.4
<b>Operating profit</b>	<b>2,787</b>	<b>1,865</b>	<b>49.4</b>	<b>1,617</b>	<b>1,622</b>	<b>(0.3)</b>
(Provision)/writeback of provision for diminution in value of trading securities	(56)	473	nm	(56)	459	nm
<b>Profit before tax</b>	<b>2,731</b>	<b>2,338</b>	<b>16.8</b>	<b>1,561</b>	<b>2,081</b>	<b>(25.0)</b>
Tax	(56)	(216)	(74.1)	(467)	(184)	153.8
<b>Net profit</b>	<b>2,675</b>	<b>2,122</b>	<b>26.1</b>	<b>1,094</b>	<b>1,897</b>	<b>(42.3)</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>30/06/2004</u>	<u>31/12/2003</u>	<u>30/06/2004</u>	<u>31/12/2003</u>
	\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>				
Investment in subsidiary	-	-	5,000	5,000
Investments	90,923	94,952	90,923	94,952
	<u>90,923</u>	<u>94,952</u>	<u>95,923</u>	<u>99,952</u>
<b>Current assets</b>				
Trading securities	5,017	6,025	-	-
Balances/deposits with holding company	14,027	976	11,311	441
Bank balances with fellow subsidiary company	12	616	8	613
Balances/deposits with other banks	756	5,977	701	5,645
Amount due from subsidiary company (non-trade)	-	-	37	59
Trade debtors	1,979	209	1,842	-
Other assets	357	405	352	401
	<u>22,148</u>	<u>14,208</u>	<u>14,251</u>	<u>7,159</u>
<b>Total assets</b>	<u>113,071</u>	<u>109,160</u>	<u>110,174</u>	<u>107,111</u>
<b>Current liabilities</b>				
Amount due to fellow subsidiary company (trade)	261	267	261	267
Amount due to holding company (non-trade)	5	-	3	-
Trade creditors	5,396	356	5,189	154
Provision for tax	1,606	2,909	1,432	2,364
Other liabilities	369	311	362	291
	<u>7,637</u>	<u>3,843</u>	<u>7,247</u>	<u>3,076</u>
<b>Net current assets</b>	<u>14,511</u>	<u>10,365</u>	<u>7,004</u>	<u>4,083</u>
<b>Non-current liability</b>				
Provision for deferred tax	132	487	132	487
<b>Total liabilities</b>	<u>7,769</u>	<u>4,330</u>	<u>7,379</u>	<u>3,563</u>
	<u>105,302</u>	<u>104,830</u>	<u>102,795</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	12,701	13,732	12,701	13,732
Retained profits	53,538	52,035	51,031	50,753
	<u>105,302</u>	<u>104,830</u>	<u>102,795</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>30/06/2004</u>		<u>31/12/2003</u>	
	\$'000	%	\$'000	%
Quoted equities and warrants	73,353	69.6	75,446	72.0
Quoted bonds, notes and loan stocks	13,358	12.7	15,367	14.7
Unquoted bonds, notes and loan stocks	4,212	4.0	4,139	3.9
Trading securities	5,017	4.8	6,025	5.7
Cash and net receivables	9,362	8.9	3,853	3.7
Total	105,302	100.0	104,830	100.0

**Group Total Assets by Currency Mix**

	<u>30/06/2004</u>	<u>31/12/2003</u>
	%	%
Singapore Dollar	45.4	41.5
United States Dollar *	20.0	27.4
Hong Kong Dollar	8.9	7.2
Japanese Yen	8.5	4.2
Malaysian Ringgit	4.8	3.1
Korean Won	4.2	4.7
Euro	3.0	4.2
Australian Dollar	2.7	5.0
Taiwan Dollar	1.1	1.5
Others	1.4	1.2
	100.0	100.0

\* the USD currency holdings as at 30/06/2004 have been covered against SGD, reducing the exposure from 20.0% to 5.6% (31/12/2003: 27.4% to 15.3%).

**Country Mix of Quoted Equities and Warrants**

	<u>30/06/2004</u>	<u>31/12/2003</u>
	%	%
Singapore	47.3	54.7
Japan	12.8	5.8
United States	11.4	13.6
Hong Kong & China	9.1	7.6
Malaysia	7.2	3.5
South Korea	5.5	5.9
Europe	2.7	2.5
Australia	2.1	4.3
Taiwan	1.2	1.3
Others	0.7	0.8
	100.0	100.0

**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>30/06/2004</u>	<u>31/12/2003</u>
	%	%
Industrial & Commercial	66.2	60.6
Finance	21.3	26.1
Properties	6.9	7.9
Hotel	5.6	5.4
	<u>100.0</u>	<u>100.0</u>

**Ten Largest Investment Holdings as at 30/06/2004**

	<u>As % of Group Net Assets</u>
Singapore Press Holdings Ltd	5.5
DBS Group Holdings Ltd	4.8
Oversea-Chinese Banking Corporation Ltd	4.8
Overseas Union Enterprise Ltd	3.9
Singapore Technologies Engineering Ltd	3.3
Singapore Airlines Ltd	3.1
City Developments Ltd	2.9
Venture Corporation Ltd	2.2
CDL Properties Ltd Bonds 4.815% due 31/01/2006	1.7
Kimberly-Clark Corporation	1.7

**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 30/06/2004</u>		<u>As at 31/12/2003</u>	
Secured	Unsecured	Secured	Unsecured
0	0	0	0

**Amount repayable after one year**

<u>As at 30/06/2004</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 six months/second quarter ended 30 June 2004

	Group			
	1 <sup>st</sup> Half	1 <sup>st</sup> Half	2 <sup>nd</sup> Quarter	2 <sup>nd</sup> Quarter
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>				
Profit before tax	2,731	2,338	1,561	2,081
Adjustment for:				
Loss/(profit) on sale of non-current investments	46	(442)	541	(187)
Dividend income	(2,644)	(1,601)	(2,418)	(1,419)
Interest income	(538)	(172)	(271)	(89)
Provision/(writeback of provision) for diminution in value of trading securities	56	(473)	56	(459)
Dividend received	2,607	1,832	2,357	1,497
Interest received	562	184	300	73
Operating cash flow before working capital changes	2,820	1,666	2,126	1,497
Changes in working capital:				
Trading securities	952	(1,151)	1,161	(1,221)
Trade debtors and other assets	132	(545)	329	(545)
Amount due to holding & fellow subsidiary companies	(1)	233	(7)	5
Trade creditors and other liabilities	62	50	238	27
Cash generated from/(used in) operations	3,965	253	3,847	(237)
Income tax paid	(1,354)	(743)	(1,325)	(711)
<b>Net cash inflow/(outflow) from operating activities</b>	<u>2,611</u>	<u>(490)</u>	<u>2,522</u>	<u>(948)</u>
<b>Cash flows from investing activities</b>				
Purchase of non-current investments	(15,059)	(22,131)	(5,234)	(18,107)
Proceeds from sale of non-current investments	20,846	22,353	13,680	20,202
<b>Net cash inflow from investing activities</b>	<u>5,787</u>	<u>222</u>	<u>8,446</u>	<u>2,095</u>
<b>Cash flows from financing activities</b>				
Dividend paid	(1,172)	(1,172)	(1,172)	(1,172)
<b>Net cash outflow from financing activities</b>	<u>(1,172)</u>	<u>(1,172)</u>	<u>(1,172)</u>	<u>(1,172)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	7,226	(1,440)	9,796	(25)
Cash and cash equivalents at the beginning of the financial period	7,569	11,926	4,999	10,511
<b>Cash and cash equivalents at the end of the financial period</b>	<u>14,795</u>	<u>10,486</u>	<u>14,795</u>	<u>10,486</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	Unrealised surplus 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 April 2004	39,063	14,400	53,616	107,079
Revaluation deficit	-	(1,885)	-	(1,885)
Deferred tax on revaluation	-	186	-	186
Net loss not recognised in income statement	-	(1,699)	-	(1,699)
Net profit	-	-	1,094	1,094
Total recognised gains and losses for the financial period	-	(1,699)	1,094	(605)
Dividend for 2003	-	-	(1,172)	(1,172)
Balance at 30 June 2004	39,063	12,701	53,538	105,302

**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>Group</u></b>					
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
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)**

<u>Company</u>	<u>Share capital</u> \$'000	<u>Unrealised surplus on revaluation of investments</u> \$'000	<u>Retained profits</u> \$'000	<u>Total</u> \$'000
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 April 2004	39,063	14,400	51,191	104,654
Revaluation deficit	-	(1,885)	-	(1,885)
Deferred tax on revaluation	-	186	-	186
Net loss not recognised in income statement	-	(1,699)	-	(1,699)
Net profit	-	-	1,012	1,012
Total recognised gains and losses for the financial period	-	(1,699)	1,012	(687)
Dividend for 2003	-	-	(1,172)	(1,172)
Balance at 30 June 2004	39,063	12,701	51,031	102,795



**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 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
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)(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> Half 2004 Cents	1 <sup>st</sup> Half 2003 Cents	2 <sup>nd</sup> Quarter 2004 Cents	2 <sup>nd</sup> Quarter 2003 Cents
<b>Earnings per share *</b>				
(a) Based on the weighted average number of ordinary shares in issue	13.70	10.86	11.20	19.43
(b) On a fully diluted basis	13.70	10.86	11.20	19.43

\* 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	
	30/06/2004 \$	31/12/2003 \$	30/06/2004 \$	31/12/2003 \$
Net asset value per share	2.70	2.68	2.63	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.**

First Half 2004 vs First Half 2003

The Group recorded an after-tax profit of \$2.7 million for the first half of 2004, an increase of \$0.6 million or 26.1% over the profit of \$2.1 million for the same period last year. The improvement in profit was attributed mainly to higher dividend and interest income as well as higher profit on sale of investments. These were partially offset by provision for diminution in value of dealing securities made by subsidiary as against a write-back in the corresponding period last year and higher operating expenses due mainly to expenses incurred on the proposed merger with United International Securities Limited. Consequently, annualised earnings per share rose to 13.70 cents from 10.86 cents in first half of 2003.

Group shareholders' funds increased by \$0.5 million from \$104.8 million as at last year-end to \$105.3 million due to the current year profit which was partially offset by unrealised revaluation loss on non-current investments and a dividend payment made in the first half of 2004. As such, Group net asset value per share increased by 0.7% to \$2.70 from \$2.68 as at last year-end. Without taking into account the dividend payment of \$1.2 million in May 2004, the net asset value would have been a higher \$2.73 per share, representing an increase of 1.9% over last year-end.

Second Quarter 2004 vs Second Quarter 2003

The Group recorded a lower after-tax profit of \$1.1 million for the second quarter of 2004 as compared to \$1.9 million for the second quarter of 2003. The decline in profit of \$0.8 million or 42.3% was due mainly to the loss on sale of investments, the provision for diminution in value of dealing securities made by subsidiary as against a write-back in the same quarter last year, loss on foreign exchange, and higher tax and operating expenses. These were, however, partially offset by higher dividend income.

**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.**

The main factors affecting financial markets in the coming month will be the prospect for further monetary tightening in the US and whether the Chinese authorities can successfully engineer a moderate slowing down of the overheated economy. Further serious acts of terrorism can also introduce price volatility and destabilise markets.

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.

The Scheme was sanctioned by the High Court of Singapore on 6 July 2004. Subject to 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 12 August 2004, whereupon the Company will become a wholly-owned subsidiary of UIS. Thereafter, the Company's shares are expected to be delisted from the SGX-ST on 13 August 2004. Please refer to the announcement by the Company today for further details on other key events and dates.

**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? 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%

**(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 period ended 30 June 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 23<sup>rd</sup> day of July 2004