

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>	<u>Increase /</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>(Decrease)</u>
			<u>%</u>
Profit on sale of non-current investments	106	4,962	(97.9)
Loss on sale of trading securities	(3,727)	(3,909)	(4.7)
(Loss)/profit on sale of investments	(3,621)	1,053	nm
Dividends	3,325	3,585	(7.3)
Other operating income			
Interest and other income	2,729	3,142	(13.1)
Foreign exchange gain/(loss)	1,408	(1,139)	nm
Operating revenue	3,841	6,641	(42.2)
Operating expenses	(3,006)	(2,972)	1.1
Operating profit	835	3,669	(77.2)
Writeback of provision for diminution in value of investments	2,701	2,122	27.3
Profit before tax	3,536	5,791	(38.9)
Tax	(1,048)	951	nm
Net profit	2,488	6,742	(63.1)

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	
	31-12-2002	31-12-2001	31-12-2002	31-12-2001
	S\$'000	S\$'000	S\$'000	S\$'000
Investments	172,849	178,981	172,849	178,981
Unquoted shares in subsidiary	-	-	8,000	8,000
Current assets	14,698	34,069	7,971	26,336
Current liabilities	(1,800)	(2,038)	(1,764)	(2,003)
Net current assets	12,898	32,031	6,207	24,333
Deferred tax liability	-	(305)	-	(305)
Net assets	185,747	210,707	187,056	211,009
Share capital	139,042	139,042	139,042	139,042
Investment fluctuation reserve	21,436	21,436	21,436	21,436
Unrealised (deficit)/surplus on revaluation of investments	(3,608)	15,703	(3,608)	15,703
Exchange fluctuation reserve	(4,688)	(4,518)	(4,688)	(4,518)
Retained profits	33,565	39,044	34,874	39,346
Shareholders' funds	185,747	210,707	187,056	211,009

Composition of Net Assets

	Group	
	S\$'000	%
Equities	95,118	51.2
Fixed income and other securities	82,279	44.3
Cash and net receivables	8,350	4.5
Total	185,747	100.0

Largest Investment Holdings

	As % of Net Assets
<u>Top Ten Equity Holdings</u>	
United Overseas Bank Limited	13.2
United Overseas Land Limited	4.5
Singapore Press Holdings Limited	1.7
Lockheed Martin Corporation	1.6
Nestle S A	1.2
Hong Kong Electric Holdings Limited	1.2
United Technologies Corporation	1.2
SMRT Corporation Limited	1.1
BP PLC	1.0
Delgro Corporation Limited	0.9
<u>Top Five Fixed Income Holdings</u>	
Singapore Government Bond 4% Due 01/02/2005	8.6
United Kingdom Treasury Coupon Strip Due 07/12/2005	4.3
New Zealand Government Bond 6.5% Due 15/02/2005	4.0
United Global Emerging Market SGD	3.2
Singapore Government Bond 3.375% Due 15/05/2004	2.8

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
Cash flows from operating activities	3,834	41
Cash flows from investing activities		
Purchase of non-current investments	(142,045)	(76,211)
Proceeds from sale of non-current investments	128,385	82,851
Net cash (outflow)/inflow from investing activities	(13,660)	6,640
Cash flows from financing activities		
Dividends paid	(7,967)	(12,072)
Interest expense	(13)	(6)
Net cash outflow from financing activities	(7,980)	(12,078)
Exchange translation adjustment	(105)	270
Net decrease in cash and cash equivalents	(17,911)	(5,127)
Cash and cash equivalents at the beginning of the financial year	23,454	28,581
Cash and cash equivalents at the end of the financial year	<u>5,543</u>	<u>23,454</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 S\$'000	Investment fluctuation reserve S\$'000	Unrealised (deficit)/ surplus on revaluation of investments S\$'000	Exchange fluctuation reserve S\$'000	Retained profits S\$'000	Total S\$'000
Group						
Balance at 1 January 2002						
- as previously stated	139,042	21,436	16,008	(4,518)	39,044	211,012
- effect of adopting SAS 12	-	-	(305)	-	-	(305)
- as restated	139,042	21,436	15,703	(4,518)	39,044	210,707
Revaluation deficit	-	-	(19,833)	-	-	(19,833)
Deferred tax on revaluation	-	-	522	-	-	522
Net exchange loss	-	-	-	(105)	-	(105)
Net losses not recognised in income statement	-	-	(19,311)	(105)	-	(19,416)
Net profit	-	-	-	-	2,488	2,488
Total recognised gains and losses for the financial year	-	-	(19,311)	(105)	2,488	(16,928)
Net exchange gain transferred to income statement	-	-	-	(65)	-	(65)
Dividend for 2001	-	-	-	-	(7,967)	(7,967)
Balance at 31 December 2002	139,042	21,436	(3,608)	(4,688)	33,565	185,747
Balance at 1 January 2001						
- as previously stated	139,042	21,436	24,753	(4,760)	44,374	224,845
- effect of adopting SAS 12	-	-	3	-	-	3
- as restated	139,042	21,436	24,756	(4,760)	44,374	224,848
Revaluation deficit	-	-	(8,745)	-	-	(8,745)
Deferred tax on revaluation	-	-	(308)	-	-	(308)
Net exchange gain	-	-	-	270	-	270
Net gains and losses not recognised in income statement	-	-	(9,053)	270	-	(8,783)
Net profit	-	-	-	-	6,742	6,742
Total recognised gains and losses for the financial year	-	-	(9,053)	270	6,742	(2,041)
Net exchange gain transferred to income statement	-	-	-	(28)	-	(28)
Dividend for 2000	-	-	-	-	(12,072)	(12,072)
Balance at 31 December 2001	139,042	21,436	15,703	(4,518)	39,044	210,707

1(d)(i) (continue)

<u>Company</u>	<u>Share capital</u> S\$'000	<u>Investment fluctuation reserve</u> S\$'000	<u>Unrealised (deficit)/ surplus on revaluation of investments</u> S\$'000	<u>Exchange fluctuation reserve</u> S\$'000	<u>Retained profits</u> S\$'000	<u>Total</u> S\$'000
Balance at 1 January 2002						
- as previously stated	139,042	21,436	16,008	(4,518)	39,346	211,314
- effect of adopting SAS 12	-	-	(305)	-	-	(305)
- as restated	139,042	21,436	15,703	(4,518)	39,346	211,009
Revaluation deficit	-	-	(19,833)	-	-	(19,833)
Deferred tax on revaluation	-	-	522	-	-	522
Net exchange loss	-	-	-	(105)	-	(105)
Net losses not recognised in income statement	-	-	(19,311)	(105)	-	(19,416)
Net profit	-	-	-	-	3,495	3,495
Total recognised gains and losses for the financial year	-	-	(19,311)	(105)	3,495	(15,921)
Net exchange gain transferred to income statement	-	-	-	(65)	-	(65)
Dividend for 2001	-	-	-	-	(7,967)	(7,967)
Balance at 31 December 2002	139,042	21,436	(3,608)	(4,688)	34,874	187,056
Balance at 1 January 2001						
- as previously stated	139,042	21,436	24,753	(4,760)	42,325	222,796
- effect of adopting SAS 12	-	-	3	-	-	3
- as restated	139,042	21,436	24,756	(4,760)	44,325	222,799
Revaluation deficit	-	-	(8,745)	-	-	(8,745)
Deferred tax on revaluation	-	-	(308)	-	-	(308)
Net exchange gain	-	-	-	270	-	270
Net gains and losses not recognised in income statement	-	-	(9,053)	270	-	(8,783)
Net profit	-	-	-	-	9,093	9,093
Total recognised gains and losses for the financial year	-	-	(9,053)	270	9,093	310
Net exchange gain transferred to income statement	-	-	-	(28)	-	(28)
Dividend for 2000	-	-	-	-	(12,072)	(12,072)
Balance at 31 December 2001	139,042	21,436	15,703	(4,518)	39,346	211,009

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 1d).

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
Earnings per share		
(a) Based on the weighted average number of ordinary shares on issue	1.79	4.85
(b) On a fully diluted basis	1.79	4.85

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	1.34	1.52	1.35	1.52

- 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 registered an after-tax profit of S\$2.5 million which was S\$4.2 million or 63.1% lower than last year's profit of S\$6.7 million. The decrease in profit was due mainly to loss on sale of investments as compared to profit last year, coupled with lower interest and dividend income. These were partially offset by exchange gain on forward contracts versus exchange loss last year, as well as higher writeback of provision for diminution in value of investments. As a result, earnings per share dipped from 4.85 cents to 1.79 cents over the year.

Shareholders' funds of the Group reduced by S\$25.0 million from S\$210.7 million to S\$185.7 million attributed mainly to revaluation loss on investments as compared to revaluation gain last year. Consequently, net asset value per share fell 11.8% from S\$1.52 to S\$1.34. However, this is after dividend payment of S\$7.97 million in 2002. Had this dividend not been paid, the net asset value as at 31 December 2002 would have been a higher S\$1.39 per share, representing a smaller decrease of 8.6% 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**

Markets are expected to remain volatile in the first half of 2003 due to the possibility of war in Iraq and the corresponding impact of high oil prices on a fragile global economy. Business and consumer spending in the US is also expected to be weak. The growth outlook for Europe and Japan is also not encouraging.

In the fixed income area, yields are likely to remain low pending resolution of war uncertainties in Iraq. We will focus on both Singapore and US dollar denominated corporate bonds which offer attractive credit spreads.

Against this backdrop we will continue to maintain a defensive strategy and take advantage of periods of weakness to invest in companies offering strong fundamentals, particularly those in Asia ex Japan where growth is expected to be relatively stronger.

11. Dividend

(a) *Current Financial Period Reported On*

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

2002

Name of Dividend	2002	
	First & Final	First & Final
Dividend Type	Cash	Cash
Dividend Rate	3.5% per ordinary share (less tax)	3.0% 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	2001	
	First & Final	First & Final
Dividend Type	Cash	Cash
Dividend Rate	3.5% per ordinary share (less tax)	3.0% per ordinary share (tax exempt)
Par value of shares	S\$1.00	S\$1.00
Tax Rate	22%	Nil

(c) **Date payable**

The dividend is payable on 14 May 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 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, Lim Associates (Private) Ltd, 10 Collyer Quay #19-08, Ocean Building, Singapore 049315, up to 5.00 p.m. on 2 May 2003 will be registered for the above dividends. In respect of shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), the above dividends, if approved, will be paid by the Company to CDP who will distribute the dividends 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.

<u>2002</u>	Investment <u>Holding</u> S\$'000	Investment <u>Trading</u> S\$'000	<u>Group</u> S\$'000
Revenue	7,425	(3,584)	3,841
Profit/(loss) before tax	4,535	(999)	3,536
Tax	(1,040)	(8)	(1,048)
Net profit/(loss)	3,495	(1,007)	2,488
Total assets	180,820	6,727	187,547
Total liabilities	1,764	36	1,800
<u>2001</u>	Investment <u>Holding</u> S\$'000	Investment <u>Trading</u> S\$'000	<u>Group</u> S\$'000
Revenue	10,373	(3,732)	6,641
Profit/(loss) before tax	7,528	(1,737)	5,791
Tax	840	111	951
Net profit/(loss)	8,368	(1,626)	6,742
Total assets	205,317	7,733	213,050
Total liabilities	2,308	35	2,343

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\$4.9 million from S\$8.4 million to S\$3.5 million attributed mainly to lower profit from sale of investments. Investment Trading recorded a lower loss of S\$1.0 million compared to last year's loss of S\$1.6 million due mainly to higher writeback of provision for diminution in value of investments.

Total assets of Investment Holding fell from S\$205.3 million to S\$180.8 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	<u>Increase/ (Decrease)</u> %
(a) Revenue reported for first half year	<u>6,131</u>	<u>5,792</u>	<u>5.9</u>
(b) Operating profit after tax before deducting minority interests reported for first half year	<u>5,649</u>	<u>3,993</u>	<u>41.5</u>
(c) Revenue reported for second half year	<u>(2,290)</u>	<u>849</u>	<u>nm</u>
(d) Operating (loss)/profit after tax before deducting minority interests reported for second half year	<u>(3,161)</u>	<u>2,749</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	7,967	7,967
Preference	-	-
Total	7,967	7,967

BY ORDER OF THE BOARD

Mrs Vivien Chan
Company Secretary
Dated this 20th day of February 2003

AUDITORS' REPORT TO THE MEMBERS OF UNITED INTERNATIONAL SECURITIES LIMITED

We have audited the financial statements of United International Securities Limited and the consolidated financial statements of the Group for the financial year ended 31 December 2002 set out on pages 9 to 41. 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 purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

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