

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 st Half 2004 \$'000	1 st Half 2003 \$'000	Incr/ (Decr) %	2 nd Quarter 2004 \$'000	2 nd Quarter 2003 \$'000	Incr/ (Decr) %
Profit/(loss) on sale of non-current investments	1,492	2,464	(39.4)	(53)	5,206	nm
Profit/(loss) on sale of trading securities	1,210	(394)	nm	69	(503)	nm
Profit on sale of investments	2,702	2,070	30.5	16	4,703	(99.7)
Dividends	3,546	2,579	37.5	3,021	2,225	35.8
Other operating income						
Interest income	1,233	1,605	(23.2)	659	779	(15.4)
Foreign exchange (loss)/gain	(616)	(302)	104.0	(578)	154	nm
Operating revenue	6,865	5,952	15.3	3,118	7,861	(60.3)
Operating expenses	(1,366)	(1,469)	(7.0)	(696)	(792)	(12.1)
Operating profit	5,499	4,483	22.7	2,422	7,069	(65.7)
Writeback of provision for diminution in value of trading securities	-	1,381	(100.0)	-	1,536	(100.0)
Profit before tax	5,499	5,864	(6.2)	2,422	8,605	(71.9)
Tax	(1,283)	(652)	96.8	(654)	(658)	(0.6)
Net profit	4,216	5,212	(19.1)	1,768	7,947	(77.8)

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 30/06/2004	As at 31/12/2003	As at 30/06/2004	As at 31/12/2003
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Investment in subsidiary	-	-	8,000	8,000
Investments	194,756	195,632	194,756	195,632
	<u>194,756</u>	<u>195,632</u>	<u>202,756</u>	<u>203,632</u>
Current assets				
Trading securities	4,120	8,393	-	-
Trade debtors	1,261	1,593	853	1,575
Deposits/balances with UOB Group	28,269	2,001	22,583	1,695
Balances with other banks	1,148	15,253	904	14,770
Other assets	1,360	1,195	1,332	1,159
	<u>36,158</u>	<u>28,435</u>	<u>25,672</u>	<u>19,199</u>
Total assets	<u>230,914</u>	<u>224,067</u>	<u>228,428</u>	<u>222,831</u>
Current liabilities				
Trade creditors	9,367	153	9,367	153
Other liabilities	1,055	1,065	1,021	1,020
Provision for tax	2,302	2,848	2,302	2,848
	<u>12,724</u>	<u>4,066</u>	<u>12,690</u>	<u>4,021</u>
Net current assets	23,434	24,369	12,982	15,178
Non-current liability				
Provision for deferred tax	982	1,821	982	1,821
Total liabilities	<u>13,706</u>	<u>5,887</u>	<u>13,672</u>	<u>5,842</u>
	<u>217,208</u>	<u>218,180</u>	<u>214,756</u>	<u>216,989</u>
Shareholders' equity				
Share capital	139,042	139,042	139,042	139,042
Unrealised surplus on revaluation of investments	25,692	22,816	25,692	22,816
Retained profits	52,474	56,322	50,022	55,131
	<u>217,208</u>	<u>218,180</u>	<u>214,756</u>	<u>216,989</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			
	30/06/2004		31/12/2003	
	\$'000	%	\$'000	%
Quoted Equity Investments	138,095	63.5	142,316	65.2
Quoted Bonds, Notes, Loan Stocks and Unit Trusts	35,974	16.6	34,659	15.9
Other Quoted Investments	1,677	0.8	1,661	0.8
Unquoted Bonds, Notes, Loan Stocks and Unit Trusts	19,010	8.8	16,996	7.8
Trading Securities	4,120	1.9	8,393	3.8
Cash and Net Receivables	18,332	8.4	14,155	6.5
Total	217,208	100.0	218,180	100.0

Group Total Assets by Currency Mix

	30/06/2004	31/12/2003
	%	%
Singapore Dollar	47.3	40.1
United States Dollar *	24.4	27.3
Japanese Yen	8.0	5.4
Australian Dollar	4.8	6.8
Hong Kong Dollar	4.4	4.8
Swiss Franc	2.6	3.2
Korean Won	2.0	3.6
Euro	1.9	1.9
Indonesian Rupiah	1.4	0.5
Malaysian Ringgit	1.4	3.2
Taiwan Dollar	0.9	2.1
Thai Baht	0.5	0.7
Sterling Pound	0.4	0.4
	100.0	100.0

* the USD currency holdings have been covered against SGD, reducing the exposure from 24.4% to 10.0% (31/12/2003: 27.3% to 21.9%).

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)

Country Mix of Quoted Equity Investments

	<u>30/06/2004</u>	<u>31/12/2003</u>
	%	%
Singapore	49.3	39.1
Japan	13.4	7.9
United States	10.8	18.2
Australia	5.1	8.3
China	5.1	4.7
Switzerland	4.4	4.7
South Korea	3.4	5.4
Malaysia	2.0	4.7
Hong Kong	1.9	1.5
France	1.6	1.6
Taiwan	1.0	2.8
Thailand	0.7	-
United Kingdom	0.6	0.4
Germany	0.5	-
Finland	0.1	0.1
Indonesia	0.1	0.6
	<u>100.0</u>	<u>100.0</u>

Industry Mix of Quoted Equity Investments

	<u>30/06/2004</u>	<u>31/12/2003</u>
	%	%
Financials	41.8	29.3
Consumer Goods	17.1	25.9
Industrials	12.5	12.9
Information Technology	10.8	10.4
Healthcare	5.0	7.6
Materials	4.2	8.4
Energy	4.0	5.1
Real Estate Investment Trusts	2.5	-
Utilities	2.1	-
Telecom Services	-	0.4
	<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)

Largest Investment Holdings as at 30/06/2004

	<u>As % of Group Net Assets</u>
<u>Top Ten Equity Holdings</u>	
United Overseas Bank Limited	12.7
United Overseas Land Limited	5.5
Keppel Corporation Limited	2.2
Honda Motor Company Limited	2.1
IDT Holdings Singapore Limited	1.4
Singapore Press Holdings Limited	1.4
Pfizer Incorporated	1.3
Korea Tobacco & Ginseng Corporation	1.3
Nestle SA	1.3
Keppel Land Limited	1.3
<u>Top Five Fixed Income Holdings</u>	
United Global Emerging Market Portfolio - SGD	3.0
United Convertible Bond Fund – USD	2.8
Russia Federation Government Bond 8.25% Due 31/03/2010	1.3
United Overseas Land Limited Bond 1.5% Due 15/07/2004	1.2
National Power Corporation Bond 9.75% Due 01/07/2009	0.8

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30/06/2004		As at 31/12/2003	
Secured	Unsecured	Secured	Unsecured
0	0	0	0

Amount repayable after one year

As at 30/06/2004		As at 31/12/2003	
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 st Half 2004 \$'000	1 st Half 2003 \$'000	2 nd Quarter 2004 \$'000	2 nd Quarter 2003 \$'000
Cash flows from operating activities				
Profit before tax	5,499	5,864	2,422	8,605
Adjustment for:				
(Profit)/loss on sale of non-current investments	(1,492)	(2,464)	53	(5,206)
Dividend income	(3,546)	(2,579)	(3,021)	(2,225)
Interest income	(1,233)	(1,605)	(659)	(779)
Interest expense	-	5	-	2
Writeback of provision for diminution in value of trading securities	-	(1,381)	-	(1,536)
Dividend received	3,730	2,581	3,073	2,251
Interest received	1,176	1,314	562	332
Operating cash flow before working capital changes	4,134	1,735	2,430	1,444
Changes in working capital:				
Trading securities	4,273	(341)	5,429	43
Trade debtors and other assets	(1,494)	439	1,246	(1,929)
Trade creditors and other liabilities	(10)	489	(589)	350
Cash generated from/(used in) operations	6,903	2,322	8,516	(92)
Income tax paid	(1,871)	(636)	(1,495)	(598)
Net cash inflow/(outflow) from operating activities	5,032	1,686	7,021	(690)
Cash flows from investing activities				
Purchase of non-current investments	(54,906)	(66,575)	(26,566)	(34,944)
Proceeds from sale of non-current investments	70,101	81,745	43,409	51,154
Net cash inflow from investing activities	15,195	15,170	16,843	16,210
Cash flows from financing activities				
Dividends paid	(8,064)	(7,967)	(8,064)	(7,967)
Interest paid	-	(5)	-	(2)
Net cash outflow from financing activities	(8,064)	(7,972)	(8,064)	(7,969)
Net increase in cash and cash equivalents	12,163	8,884	15,800	7,551
Cash and cash equivalents at the beginning of the financial period	17,254	5,543	13,617	6,876
Cash and cash equivalents at the end of the financial period	29,417	14,427	29,417	14,427

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
<u>Group</u>				
Balance at 1 January 2004	139,042	22,816	56,322	218,180
Revaluation surplus	-	982	-	982
Deferred tax on revaluation	-	454	-	454
Net gain not recognised in income statement	-	1,436	-	1,436
Net profit	-	-	2,448	2,448
Total recognised gains for the financial period	-	1,436	2,448	3,884
Balance at 31 March 2004	139,042	24,252	58,770	222,064
Balance at 1 April 2004	139,042	24,252	58,770	222,064
Revaluation surplus	-	1,100	-	1,100
Deferred tax on revaluation	-	340	-	340
Net gain not recognised in income statement	-	1,440	-	1,440
Net profit	-	-	1,768	1,768
Total recognised gains for the financial period	-	1,440	1,768	3,208
Dividend for 2003	-	-	(8,064)	(8,064)
Balance at 30 June 2004	139,042	25,692	52,474	217,208

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)

Group	Share capital \$'000	Investment fluctuation reserve \$'000	Unrealised surplus / (deficit) on revaluation of investments \$'000	Retained profits \$'000	Total \$'000
Balance at 1 January 2003	139,042	21,436	(3,608)	28,877	185,747
Revaluation deficit	-	-	(1,988)	-	(1,988)
Deferred tax on revaluation	-	-	(5)	-	(5)
Net loss not recognised in income statement	-	-	(1,993)	-	(1,993)
Net loss	-	-	-	(2,735)	(2,735)
Total recognised losses for the financial period	-	-	(1,993)	(2,735)	(4,728)
Balance at 31 March 2003	139,042	21,436	(5,601)	26,142	181,019
Balance at 1 April 2003	139,042	21,436	(5,601)	26,142	181,019
Revaluation surplus	-	-	17,823	-	17,823
Deferred tax on revaluation	-	-	(497)	-	(497)
Net gain not recognised in income statement	-	-	17,326	-	17,326
Net profit	-	-	-	7,947	7,947
Total recognised gains for the financial period	-	-	17,326	7,947	25,273
Transfer to retained profits *	-	(21,436)	-	21,436	-
Dividend for 2002	-	-	-	(7,967)	(7,967)
Balance at 30 June 2003	139,042	-	11,725	47,558	198,325

* 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 as well as its profits and losses from options and futures trading 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)

	Share capital \$'000	Unrealised surplus on revaluation of investments \$'000	Retained profits \$'000	Total \$'000
<u>Company</u>				
Balance at 1 January 2004	139,042	22,816	55,131	216,989
Revaluation surplus	-	982	-	982
Deferred tax on revaluation	-	454	-	454
Net gain not recognised in income statement	-	1,436	-	1,436
Net profit	-	-	1,296	1,296
Total recognised gains for the financial period	-	1,436	1,296	2,732
Balance at 31 March 2004	139,042	24,252	56,427	219,721
Balance at 1 April 2004	139,042	24,252	56,427	219,721
Revaluation surplus	-	1,100	-	1,100
Deferred tax on revaluation	-	340	-	340
Net gain not recognised in income statement	-	1,440	-	1,440
Net profit	-	-	1,659	1,659
Total recognised gains for the financial period	-	1,440	1,659	3,099
Dividend for 2003	-	-	(8,064)	(8,064)
Balance at 30 June 2004	139,042	25,692	50,022	214,756

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>Investment fluctuation reserve</u> \$'000	<u>Unrealised surplus / (deficit) on revaluation of investments</u> \$'000	<u>Retained profits</u> \$'000	<u>Total</u> \$'000
Balance at 1 January 2003	139,042	21,436	(3,608)	30,186	187,056
Revaluation deficit	-	-	(1,988)	-	(1,988)
Deferred tax on revaluation	-	-	(5)	-	(5)
Net loss not recognised in income statement	-	-	(1,993)	-	(1,993)
Net loss	-	-	-	(2,684)	(2,684)
Total recognised losses for the financial period	-	-	(1,993)	(2,684)	(4,677)
Balance at 31 March 2003	139,042	21,436	(5,601)	27,502	182,379
Balance at 1 April 2003	139,042	21,436	(5,601)	27,502	182,379
Revaluation surplus	-	-	17,823	-	17,823
Deferred tax on revaluation	-	-	(497)	-	(497)
Net gain not recognised in income statement	-	-	17,326	-	17,326
Net profit	-	-	-	6,880	6,880
Total recognised gains for the financial period	-	-	17,326	6,880	24,206
Transfer to retained profits *	-	(21,436)	-	21,436	-
Dividend for 2002	-	-	-	(7,967)	(7,967)
Balance at 30 June 2003	139,042	-	11,725	47,851	198,618

* 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 as well as its profits and losses from options and futures trading 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 a 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 financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group			
	1 st Half	1 st Half	2 nd Quarter	2 nd Quarter
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	Cents	Cents	Cents	Cents
Earnings per share *				
(a) Based on the weighted average number of ordinary shares in issue	6.06	7.50	5.09	22.86
(b) On a fully diluted basis	6.06	7.50	5.09	22.86

* 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 financial period reported on; and (b) immediately preceding financial year.**

	Group		Company	
	<u>30/06/2004</u>	<u>31/12/2003</u>	<u>30/06/2004</u>	<u>31/12/2003</u>
	\$	\$	\$	\$
Net asset value per share	1.56	1.57	1.54	1.56

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 lower net profit after tax of \$4.2 million for the first half of 2004 as compared to \$5.2 million for the corresponding period last year. The decline in net profit of \$1.0 million or 19.1% was due largely to a writeback of provision for diminution in value of trading securities in the first half of 2003, coupled with higher tax provision attributed to certain losses on sale of non-current investments not deductible for tax and lower interest income. These were, however, partially offset by higher dividend income and higher profit on sale of investments. As a result, annualised earnings per share dipped to 6.06 cents from 7.50 cents in 2003.

Group shareholders' funds decreased by 0.5% from \$218.2 million as at last year-end to \$217.2 million as at 30 June 2004 due to lower retained earnings resulted from dividend payment of \$8.1 million in May 2004 which was partially offset by current year profit and higher unrealised surplus on revaluation of non-current investments. Consequently, NTA per share decreased marginally by 1 cent from \$1.57 as at last year-end to \$1.56 as at 30 June 2004. Without taking into account the dividend payment of \$8.1 million in May 2004, the net asset value would have been a higher \$1.62 per share, representing an increase of 3.2% over last year end.

Second Quarter 2004 vs Second Quarter 2003

For the second quarter of 2004, the Group registered net profit after tax of \$1.8 million which was \$6.1 million or 77.8% lower than the \$7.9 million profit in the second quarter of 2003. The decline in profit was due mainly to lower profit on sale of investments in second quarter 2004 and a writeback of provision for diminution in value of trading securities in the second quarter of 2003.

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 US Federal Reserve Board hiked the Fed Funds rate by 25 bps on 30 June 2004 for the first time in four years. This will likely be followed by further rate hikes if warranted by inflation and growth indicators. In the meantime, financial markets will be attempting to gauge the speed of China's economic slowdown.

At the extraordinary general meeting of the shareholders of the Company ("Shareholders") held on 24 April 2004, the Shareholders have approved the merger with Overseas Union Securities Limited ("OUS") by way of a scheme of arrangement (the "Scheme") under Section 210 of the Companies Act, Chapter 50.

The shareholders of OUS ("OUS Shareholders") have also by the requisite majority voted in favour of the Scheme at the meeting of the OUS Shareholders convened by the order of the High Court of Singapore held on 24 April 2004.

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 OUS will become a wholly-owned subsidiary of the Company. 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 reported 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 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 Vivien Chan
Company Secretary
Dated this 23rd day of July 2004