

Financial Statement Announcement For The Second Quarter Ended 30 June 2003

**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 2003

	Group					
	1H 2003 \$'000	1H 2002 \$'000	Incr/ (Decr) %	2Q 2003 \$'000	2Q 2002 \$'000	Incr/ (Decr) %
Profit on sale of non-current investments	2,464	4,060	(39.3)	5,206	7,404	(29.7)
Loss on sale of trading securities	(394)	(2,335)	(83.1)	(503)	(614)	(18.1)
Profit on sale of investments	2,070	1,725	20.0	4,703	6,790	(30.7)
Dividends	2,579	1,884	36.9	2,225	1,726	28.9
Other operating income						
Interest and other income	1,605	1,422	12.9	779	720	8.2
Foreign exchange (loss)/gain	(302)	892	nm	154	719	(78.6)
Operating revenue	5,952	5,923	0.5	7,861	9,955	(21.0)
Operating expenses	(1,469)	(1,589)	(7.6)	(792)	(813)	(2.6)
Operating profit	4,483	4,334	3.4	7,069	9,142	(22.7)
Writeback of provision/(provision) for diminution in value of trading securities	1,381	2,007	(31.2)	1,536	(345)	nm
Profit before tax	5,864	6,341	(7.5)	8,605	8,797	(2.2)
Tax	(652)	(900)	(27.6)	(658)	(238)	176.5
Net profit	5,212	5,441	(4.2)	7,947	8,559	(7.2)

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 30/06/2003	As at 31/12/2002	As at 30/06/2003	As at 31/12/2002
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Investment in subsidiary	-	-	8,000	8,000
Investments	179,777	172,849	179,777	172,849
	<u>179,777</u>	<u>172,849</u>	<u>187,777</u>	<u>180,849</u>
Current assets				
Trading securities	6,270	4,548	-	-
Trade debtors	37,771	3,125	37,734	2,879
Deposits/balances with UOB Group	2,873	4,265	2,490	2,763
Balances with other banks	13,312	1,278	12,282	872
Other assets	1,414	1,482	1,382	1,457
	<u>61,640</u>	<u>14,698</u>	<u>53,888</u>	<u>7,971</u>
Total assets	<u>241,417</u>	<u>187,547</u>	<u>241,665</u>	<u>188,820</u>
Current liabilities				
Bank overdraft	1,758	-	1,758	-
Trade creditors	38,519	-	38,519	-
Other liabilities	1,431	942	1,386	906
Provision for tax	916	858	916	858
	<u>42,624</u>	<u>1,800</u>	<u>42,579</u>	<u>1,764</u>
Net current assets	19,016	12,898	11,309	6,207
Non-current liability				
Provision for deferred tax	468	-	468	-
Total liabilities	<u>43,092</u>	<u>1,800</u>	<u>43,047</u>	<u>1,764</u>
	<u>198,325</u>	<u>185,747</u>	<u>198,618</u>	<u>187,056</u>
Shareholders' equity				
Share capital	139,042	139,042	139,042	139,042
Investment fluctuation reserve	-	21,436	-	21,436
Unrealised surplus/(deficit) on revaluation of investments	11,725	(3,608)	11,725	(3,608)
Retained profits	47,558	28,877	47,851	30,186
	<u>198,325</u>	<u>185,747</u>	<u>198,618</u>	<u>187,056</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			
	30/06/2003		31/12/2002	
	\$'000	%	\$'000	%
Quoted Equity Investments	124,867	63.0	90,570	48.8
Quoted Bonds, Notes, Loan Stocks and Unit Trusts	38,585	19.4	65,669	35.4
Unquoted Bonds, Notes, Loan Stocks and Unit Trusts	14,403	7.3	14,738	7.9
Cash and Net Receivables	12,278	6.1	8,350	4.5
Trading Securities	6,270	3.2	4,548	2.4
Other Quoted Investments	1,922	1.0	1,872	1.0
Total	198,325	100.0	185,747	100.0

Group Total Assets by Currency Mix

	30/06/2003	31/12/2002
	%	%
Singapore Dollar	43.6	48.3
United States Dollar *	33.7	23.7
New Zealand Dollar	7.1	4.0
Sterling Pound	4.4	7.1
Malaysian Ringgit	3.2	2.3
Japanese Yen	2.0	0.8
Korean Won	1.5	2.1
Swiss Franc	1.4	2.4
New Taiwan Dollar	1.3	1.8
Hong Kong Dollar	0.9	4.6
Euro	0.4	2.4
Indonesian Rupiah	0.3	0.2
Thai Baht	0.2	0.2
Philippines Peso	-	0.1
	100.0	100.0

* the USD currency holdings have been hedged against SGD, reducing the exposure from 33.7% to 22.5% (31/12/2002: 23.7% to 9.9%).

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>30/06/2003</u>	<u>31/12/2002</u>
	%	%
Singapore	46.1	51.3
United States	31.4	14.8
Malaysia	5.9	4.3
Japan	3.7	1.5
South Korea	3.4	4.4
Switzerland	2.7	4.9
Taiwan	2.4	2.5
United Kingdom	1.7	5.5
China	1.0	3.1
Indonesia	0.5	0.4
France	0.5	1.2
Thailand	0.3	0.4
Finland	0.2	0.2
Hong Kong	0.1	4.6
Philippines	0.1	0.2
Netherlands	-	0.7
	<u>100.0</u>	<u>100.0</u>

Industry Mix of Quoted Equity Investments

	<u>30/06/2003</u>	<u>31/12/2002</u>
	%	%
Financials	30.0	40.4
Consumer Discretionary	27.3	21.8
Information Technology	13.0	12.0
Healthcare	9.4	3.5
Consumer Staples	7.4	3.6
Industrials	4.5	9.8
Energy	4.5	3.6
Utilities	2.4	2.1
Telecom Services	1.3	1.7
Materials	0.2	1.4
Others	-	0.1
	<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 30/06/2003

	<u>As % of Group Net Assets</u>
<u>Top Ten Equity Holdings</u>	
United Overseas Bank Limited	13.0
United Overseas Land Limited	5.4
Baxter International Incorporated	2.6
Hewlett Packard Company	2.3
Exxon Mobil Corporation	2.2
Fraser & Neave Limited	2.1
ComfortDelgro Corporation Limited	2.0
Kimberly-Clark Corporation	1.9
Honda Motor Company Limited	1.8
Keppel Corporation Limited	1.7
<u>Top Five Fixed Income Holdings</u>	
New Zealand Government Bond 8% Due 15/04/2004	4.2
United Kingdom Government 9% Due 12/07/2011	4.1
United Global Emerging Market Portfolio - SGD	3.7
United Overseas Land Limited Bond 1.5% Due 15/07/2004	2.0
National Power Corporation 9.75% Due 01/07/2009	1.0

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

Amount repayable in one year or less, or on demand

\$'000

As at 30/06/2003		As at 31/12/2002	
Secured	Unsecured	Secured	Unsecured
0	1,758	0	0

Amount repayable after one year

\$'000

As at 30/06/2003		As at 31/12/2002	
Secured	Unsecured	Secured	Unsecured
0	0	0	0

Details of any collateral

None

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 ended 30 June 2003

	Group	
	1H 2003 \$'000	1H 2002 \$'000
Cash flows from operating activities		
Net profit before tax	5,864	6,341
Adjustment for:		
Profit on sale of non-current investments	(2,464)	(4,060)
Dividend income	(2,579)	(1,884)
Interest income	(1,605)	(1,321)
Interest expense	5	5
Writeback of provision for diminution in value of trading securities	(1,381)	(2,007)
Dividend received	2,581	1,798
Interest received	1,314	1,629
Operating cash flow before working capital changes	1,735	501
Changes in working capital:		
Trading securities	(341)	2,930
Trade debtors and other assets	439	1,760
Other liabilities	489	(142)
Cash generated from operations	2,322	5,049
Income tax (paid)/refund	(636)	420
Net cash inflow from operating activities	1,686	5,469
Cash flows from investing activities		
Purchase of non-current investments	(66,575)	(87,082)
Proceeds from sale of non-current investments	81,745	76,571
Net cash inflow/(outflow) from investing activities	15,170	(10,511)
Cash flows from financing activities		
Dividends paid	(7,967)	(7,967)
Interest paid	(5)	(5)
Net cash outflow from financing activities	(7,972)	(7,972)
Net increase/(decrease) in cash and cash equivalents	8,884	(13,014)
Cash and cash equivalents at the beginning of the financial period	5,543	23,454
Cash and cash equivalents at the end of the financial period	14,427	10,440

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	Investment fluctuation reserve \$'000	Unrealised surplus / (deficit) on revaluation of investments \$'000	Exchange fluctuation reserve \$'000	Retained profits \$'000	Total \$'000
Group						
Balance at 1 January 2003						
- as previously stated	139,042	21,436	(3,608)	(4,688)	33,565	185,747
- effect of adopting FRS 21	-	-	-	4,688	(4,688)	-
- as restated	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	Investment fluctuation reserve \$'000	Unrealised surplus / (deficit) on revaluation of investments \$'000	Exchange fluctuation reserve \$'000	Retained profits \$'000	Total \$'000
Group						
Balance at 1 January 2002						
- as previously stated	139,042	21,436	15,703	(4,518)	39,044	210,707
- effect of adopting FRS 21	-	-	-	4,518	(4,518)	-
- as restated	139,042	21,436	15,703	-	34,526	210,707
Revaluation surplus	-	-	17,077	-	-	17,077
Deferred tax on revaluation	-	-	(463)	-	-	(463)
Net gain not recognised in income statement	-	-	16,614	-	-	16,614
Net loss	-	-	-	-	(3,118)	(3,118)
Total recognised gains and losses for the financial period	-	-	16,614	-	(3,118)	13,496
Balance at 31 March 2002	139,042	21,436	32,317	-	31,408	224,203
Balance at 1 April 2002	139,042	21,436	32,317	-	31,408	224,203
Revaluation deficit	-	-	(25,670)	-	-	(25,670)
Deferred tax on revaluation	-	-	1,629	-	-	1,629
Net loss not recognised in income statement	-	-	(24,041)	-	-	(24,041)
Net profit	-	-	-	-	8,559	8,559
Total recognised gains and losses for the financial period	-	-	(24,041)	-	8,559	(15,482)
Dividend for 2001	-	-	-	-	(7,967)	(7,967)
Balance at 30 June 2002	139,042	21,436	8,276	-	32,000	200,754

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	Exchange fluctuation reserve \$'000	Retained profits \$'000	Total \$'000
<u>Company</u>						
Balance at 1 January 2003						
- as previously stated	139,042	21,436	(3,608)	(4,688)	34,874	187,056
- effect of adopting FRS 21	-	-	-	4,688	(4,688)	-
- as restated	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 profit	-	-	-	-	(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)(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	Exchange fluctuation reserve \$'000	Retained profits \$'000	Total \$'000
<u>Company</u>						
Balance at 1 January 2002						
- as previously stated	139,042	21,436	15,703	(4,518)	39,346	211,009
- effect of adopting FRS 21	-	-	-	4,518	(4,518)	-
- as restated	139,042	21,436	15,703	-	34,828	211,009
Revaluation surplus	-	-	17,077	-	-	17,077
Deferred tax on revaluation	-	-	(463)	-	-	(463)
Net gain not recognised in income statement	-	-	16,614	-	-	16,614
Net loss	-	-	-	-	(3,598)	(3,598)
Total recognised gains and losses for the financial period	-	-	16,614	-	(3,598)	13,016
Balance at 31 March 2002	139,042	21,436	32,317	-	31,230	224,025
Balance at 1 April 2002	139,042	21,436	32,317	-	31,230	224,025
Revaluation deficit	-	-	(25,670)	-	-	(25,670)
Deferred tax on revaluation	-	-	1,629	-	-	1,629
Net loss not recognised in income statement	-	-	(24,041)	-	-	(24,041)
Net profit	-	-	-	-	9,305	9,305
Total recognised gains and losses for the financial period	-	-	(24,041)	-	9,305	(14,736)
Dividend for 2001	-	-	-	-	(7,967)	(7,967)
Balance at 30 June 2002	139,042	21,436	8,276	-	32,568	201,322

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 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, except as described in paragraph 5.

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**

With effect from 1 January 2003, the Company has changed its accounting policy to comply with Financial Reporting Standard ("FRS") 21 The Effects of Changes in Foreign Exchange Rates, which requires exchange differences on translation of foreign currency monetary assets and liabilities to be recognised in the income statement. Prior to 1 January 2003, exchange differences were taken directly to reserves. The change in accounting policy has been applied retrospectively and the comparatives have been restated to conform to the changed policy.

The adjustments made to the comparative figures are as follows:

	<u>Group & Company</u> \$'000
Decrease in net profit after tax for:-	
- second quarter 2002	(177)
- six months ended 30 June 2002	(208)
Increase in exchange fluctuation reserve as at 31 December 2002	4,688
Decrease in retained profits as at 31 December 2002	(4,688)

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**

	<u>Group</u>			
	<u>1H</u> <u>2003</u> Cents	<u>1H</u> <u>2002</u> Cents	<u>2Q</u> <u>2003</u> Cents	<u>2Q</u> <u>2002</u> Cents
Earnings per share *				
(a) Based on the weighted average number of ordinary shares in issue	7.50	7.83	22.86	24.62
(b) On a fully diluted basis	7.50	7.83	22.86	24.62
* 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	
	<u>30/06/2003</u>	<u>31/12/2002</u>	<u>30/06/2003</u>	<u>31/12/2002</u>
	\$	\$	\$	\$
Net asset value per share	1.43	1.34	1.43	1.35

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**

First Half 2003 vs First Half 2002

The Group recorded a net profit after tax of \$5.2 million for the first half of 2003 as compared to \$5.4 million for the previous corresponding period. The decline of \$0.2 million or 4.2% was due mainly to exchange loss on forward exchange contracts and lower writeback of provision for diminution in value of trading securities by the subsidiary which were negated by higher dividend income as well as higher profit on sale of investments.

Shareholders funds of the Group increased by \$12.6 million or 6.8% to \$198.3 million from \$185.7 million as at last year-end due mainly to unrealised revaluation gain on non-current investments and net profit recorded in the first half of 2003. Consequently, net asset value per share increased by 9 cents to \$1.43 from \$1.34 as at last year-end. However, this is after dividend payment of \$8.0 million in May 2003. Had this dividend not been paid, the net asset value as at 30 June 2003 would have been a higher \$1.48 per share, representing a higher increase of 14 cents over last year-end.

Second Quarter 2003 vs Second Quarter 2002

For the second quarter of 2003, the Group registered a drop in after-tax profit of \$0.6 million or 7.2% to \$7.9 million from \$8.5 million in second quarter 2002. The decline in profit was attributed mainly to lower profit on sale of investments and lower exchange gain on forward exchange contracts, partially offset by a writeback of provision for diminution in value of trading securities by the subsidiary as against a provision made for the same quarter last 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**

Equities markets rallied strongly in the second quarter following the swift conclusion of the Iraq war and the effective control of the SARS virus in most of the affected countries. But the prospect of deflation put further downward pressure on interest rates and bond markets rose in tandem with equity markets for most of the quarter before falling back towards the end of June. The outlook for the next months will depend on the recovery of the US economy. Data so far is encouraging but not conclusive. The other critical factor will be the central banks' views on the threat of deflation and how they influence monetary policy in the medium term.

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? None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect

No dividend has been declared or recommended for this period.

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 (S\$'000)	Previous Full Year (S\$'000)
Ordinary		
Preference		
Total		

BY ORDER OF THE BOARD

Mrs Vivien Chan
Company Secretary
Dated this 24th day of July 2003