

ANNOUNCEMENT

The Board of Directors of Overseas Union Trust Limited wishes to announce:

1 UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2002

	The Group			The Company		
	30-6-2002	30-6-2001	+ / (-)	30-6-2002	30-6-2001	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest income	40,508	53,533	(24.3)	40,508	53,533	(24.3)
Less: Interest expense	11,300	22,424	(49.6)	11,300	22,424	(49.6)
Net interest income	29,208	31,109	(6.1)	29,208	31,109	(6.1)
Fees & commission	115	232	(50.4)	115	232	(50.4)
Dividends	1,307	554	135.9	3,432	678	406.2
Rental	774	776	(0.3)	774	776	(0.3)
Other income	65	90	(27.8)	65	90	(27.8)
Income before operating expenses	31,469	32,761	(3.9)	33,594	32,885	2.2
Less: Staff costs	2,424	3,445	(29.6)	2,424	3,445	(29.6)
Depreciation	352	423	(16.8)	352	423	(16.8)
Other operating expenses	3,245	2,926	10.9	3,245	2,926	10.9
Total operating expenses	6,021	6,794	(11.4)	6,021	6,794	(11.4)
Operating profit	25,448	25,967	(2.0)	27,573	26,091	5.7
Less: Provision for possible loan losses and diminution in value of other as	(721)	6,653	(110.8)	(721)	6,653	(110.8)
Net profit before share of associated companies' profit/(loss)	26,169	19,314	35.5	28,294	19,438	45.6
Share of associated companies' profit/(473	348	35.9	-	-	-
Net profit before tax	26,642	19,662	35.5	28,294	19,438	45.6
Less: Tax	5,880	4,902	20.0	6,299	4,855	29.7
Net profit after tax attributable to men	20,762	14,760	40.7	21,995	14,583	50.8
Earnings per share (EPS) (cts)						
- Basic	29.95	23.54	27.2	31.73	23.26	36.4
- Fully diluted	29.82	22.06	35.2	31.59	21.80	44.9

2 OTHER INFORMATION

	The Group			The Company		
	30-6-2002	30-6-2001	+ / (-) %	30-6-2002	30-6-2001	+ / (-) %
(a) Net profit after tax as a percentage of Interest Income (%)	51.25	27.57	85.9	54.30	27.24	99.3
(b) Net profit after tax as a percentage of issued capital & reserves (ROE) at end of the period (%)	6.42	4.95	29.7	6.96	5.04	38.1
(c) Net tangible asset backing (NTA) per share (S\$)	4.66	4.72	(1.3)	4.56	4.58	(0.4)
(d) Earnings per share (EPS) (cts)						
- Basic	29.95	23.54	27.2	31.73	23.26	36.4
- Fully diluted	29.82	22.06	35.2	31.59	21.80	44.9
Profit after tax attributable to members (S\$000)	20,762	14,760	40.7	21,995	14,583	50.8
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	69,327	62,704	10.6	69,327	62,704	10.6
Adjustment for assumed conversion of share options and warrants ('000)	300	4,204	(92.9)	300	4,204	(92.9)
Weighted average number of ordinary shares for diluted earnings per share ('000)	69,627	66,908	4.1	69,627	66,908	4.1

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial period.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted for the number of shares that could have been acquired at the average market price during the period based on the exercise price of the outstanding share options and warrants.

- (e) Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation on property, plant and equipment. Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiary and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

3 Balance Sheets

	<u>GROUP</u>		<u>COMPANY</u>	
	Balance As At 30.6.2002 S\$000	Balance As At 31.12.2001 S\$000	Balance As At 30.6.2002 S\$000	Balance As At 31.12.2001 S\$000
Share Capital				
Authorised				
Ordinary shares of S\$1.00 each	250,000	250,000	250,000	250,000
Issued & Fully Paid				
Ordinary shares of S\$1.00 each	69,347	69,271	69,347	69,271
Capital Reserves				
Statutory	66,902	66,902	66,902	66,902
Share premium	39,365	39,249	39,365	39,249
Foreign currency translation reserve	271	601	-	-
Other	843	843	815	815
Revenue Reserves				
Retained profits	146,733	129,217	139,723	120,974
Total Capital & Reserves	323,461	306,083	316,152	297,211
Non Current Liabilities				
Fixed & savings deposits & accrued interest	47,484	23,765	47,484	23,765
Deferred taxation	442	442	442	442
Loan from SPRING Singapore & Economic Development Board	21,233	25,111	21,233	25,111
Current Liabilities				
Fixed & savings deposits & accrued interest	1,535,938	1,745,176	1,535,938	1,745,176
Loan from SPRING Singapore & Economic Development Board	3,983	5,119	3,983	5,119
Sundry creditors and accrued liabilities	33,646	19,274	33,634	19,266
Taxation	19,083	15,608	19,083	15,608
	<u>1,985,270</u>	<u>2,140,578</u>	<u>1,977,949</u>	<u>2,131,698</u>

3 Balance Sheets (continued)

	<u>GROUP</u>		<u>COMPANY</u>	
	Balance As At 30.6.2002 S\$000	Balance As At 31.12.2001 S\$000	Balance As At 30.6.2002 S\$000	Balance As At 31.12.2001 S\$000
Fixed Assets	24,066	24,477	24,066	24,477
Investments				
Quoted equity investment in corporations	2,432	2,432	2,432	2,432
Unquoted equity investment in corporations	2,769	2,769	2,769	2,769
Unquoted equity investment in associated companies	10,594	12,157	3,286	3,286
Unquoted equity investment in subsidiary company	-	-	10	10
Non Current Assets				
Loans, advances and receivables	968,292	1,100,878	968,292	1,100,878
Singapore government securities	69,401	58,705	69,401	58,705
Current Assets				
Statutory deposit with MAS	40,406	44,360	40,406	44,360
Loans, advances and receivables	476,998	443,783	476,998	443,783
Singapore government securities	99,577	117,504	99,577	117,504
Bills of exchange payable by ultimate holding company	5,999	15,238	5,999	15,238
Other bills of exchange	4,738	5,994	4,738	5,994
Other debtors and prepayments	6,551	6,316	6,551	6,317
Fixed deposits with holding co & accrued interest	77,034	190,767	77,034	190,767
Fixed deposits with other banks/financial institutions & accrued interest	187,035	89,018	187,035	89,018
Bank balances with holding company & accrued interest	7,399	24,559	7,376	24,539
Bank balances with ultimate holding company & accrued interest	-	6	-	6
Other bank and cash balances & accrued interest	1,979	1,615	1,979	1,615
	<u>1,985,270</u>	<u>2,140,578</u>	<u>1,977,949</u>	<u>2,131,698</u>

4 REVIEW OF RESULTS

- (a) The Group's after tax profit for six months ended 30 June 2002 increased by 40.7% to S\$20.76 million. The increase was attributed mainly to lower loans provisioning.
- (b) Group's net provisions recognised in the unaudited results for the financial period was a writeback of S\$0.70 million, representing a writeback of S\$3.60 million (30 June 2001: additional provision of S\$2.78 million) for general provision which was offset by S\$2.90 million (30 June 2001: S\$3.86 million) of specific provision charged. The writeback of general provision was due to lower loan base.
- (c) Decrease in the Group's operating expenses of 11.4% to S\$6.02 million for the first six months this year was mainly due to decrease in staff costs and directors' fees.
- (d) The Group's ROE increased to 6.42% from 4.95% and basic EPS to 29.95 cents from 23.54 cents. NTA per share decreased to S\$4.66 from S\$4.72 due to increase in the number of shares in the Company consequent to the conversion of the Company's warrants to new ordinary shares in the Company.
- (e) Group's non-performing loans (NPLs) increased by 7.4% to S\$310.39 million (31 December 2001: S\$288.96 million).

NPLs are those classified as Substandard, Doubtful and Loss in accordance with MAS Notice 811. A loan is automatically classified as non-performing when the interest or principal payments are three months or more in arrears.

- (f) As at 30 June 2002, the Group's provision for possible loan losses stood at S\$98.01 million (31 December 2001: S\$102.58 million), covering 31.6% (31 December 2001: 35.5%) of the NPLs and 213.1% (31 December 2001: 220.4%) of the unsecured NPLs.
- (g) Shareholders' funds of the Group increased by 5.7% to S\$323.46 million. Loans before provisions decreased by 6.7% to S\$1.54 billion and total assets fell by 7.0% to S\$1.99 billion. Total deposits also decreased by 9.6% to S\$1.61 billion. Group's capital adequacy ratio under MAS guidelines improved to 24.09% (31 December 2001: 22.21%).

In the opinion of the Directors, the results of the Group and the Company for the financial period from the end of the financial year 2001 to the date of this report have not been substantially affected by any item, transaction or event of a material and unusual nature.

The results have been reported in accordance with Rule 25 of the Singapore Code on Takeovers and Mergers.

The provision for taxation for the Group and the Company did not include any prior year tax adjustments. There were also no pre-acquisition profits or profits from sale of investments or properties during the period under review.

5 CURRENT YEAR'S PROSPECTS

The Singapore economy is projected to grow by between 2% and 4%. However, uncertainties in the global economies, in particular the US economy, still prevail. Against this backdrop, the Company will remain cautious and selective in its lending and focus on risk management and remedial management.

Barring unforeseen circumstances, the Board of Directors continues to hold the view that the current year's results will show improvement over the previous year. For the avoidance of doubt, the foregoing supersedes the statements made by the Board of Directors of its expectations in relation to the current year's prospects in (i) the Company's Annual Report 2001 and (ii) the announcement dated 31 January 2002 by the Company of its full year financial statements for the financial year ended 31 December 2001.

6 SEGMENT INFORMATION

	Properties Loans \$000	Vehicles & Equipment Loans \$000	Others \$000	Group \$000
Six months ended				
30 June 2002				
Net interest income	18,564	9,294	1,350	29,208
Other income	107	27	2,127	2,261
	<u>18,671</u>	<u>9,321</u>	<u>3,477</u>	<u>31,469</u>
Segment result	17,301	7,421	2,481	27,203
Share of associates' results				473
Unallocated costs				(1,034)
Net profit before tax				<u>26,642</u>
Tax				5,880
Net profit after tax				<u>20,762</u>
Segment assets	995,581	401,396	515,598	1,912,575
Associates				10,594
Unallocated assets				62,101
Consolidated total assets				<u>1,985,270</u>
Segment liabilities	853,346	332,833	453,656	1,639,835
Unallocated liabilities				21,974
				<u>1,661,809</u>
Capital expenditure	-	-	-	-
Depreciation	-	-	174	174
Six months ended				
30 June 2001				
Net interest income	22,712	6,800	1,597	31,109
Other income	223	55	1,374	1,652
	<u>22,935</u>	<u>6,855</u>	<u>2,971</u>	<u>32,761</u>
Segment result	20,137	(1,493)	1,328	19,972
Share of associates' results				348
Unallocated costs				(658)
Net profit before tax				<u>19,662</u>
Tax				4,902
Net profit after tax				<u>14,760</u>
Segment assets	1,112,642	382,502	544,908	2,040,052
Associates				11,604
Unallocated assets				66,202
Consolidated total assets				<u>2,117,858</u>
Segment liabilities	940,693	320,628	484,811	1,746,132
Unallocated liabilities				73,607
				<u>1,819,739</u>
Capital expenditure	-	-	-	-
Depreciation	-	-	174	174

7 Consolidated Statement of Changes in Equity - Group

	Share Capital \$'000	Statutory Reserve \$'000	Share Premium \$'000	Foreign Currency Translation Reserve \$'000	# Other \$'000	Retained Profits \$'000	Total \$'000
Balance at 1 January 2002	69,271	66,902	39,249	601	843	129,217	306,083
Net gains not recognised in profit and loss account							
- Currency translation difference	-	-	-	(330)	-	-	(330)
Net profit	-	-	-	-	-	20,762	20,762
Total recognised gains for the financial year	-	-	-	(330)	-	20,762	20,432
Transfer from retained profits	-	-	-	-	-	-	-
Dividends for 2001	-	-	-	-	-	(3,246)	(3,246)
Issue of share capital	76	-	116	-	-	-	192
Balance at 30 June 2002	69,347	66,902	39,365	271	843	146,733	323,461
Balance at 1 January 2001							
- as previously reported	62,396	62,873	36,746	201	1,025	118,588	281,829
- effect of adopting SAS 10(2000)	-	-	-	-	-	2,827	2,827
- as restated	62,396	62,873	36,746	201	1,025	121,415	284,656
Net gains not recognised in profit and loss account							
- Currency translation difference	-	-	-	400	-	-	400
Net profit	-	-	-	-	-	16,423	16,423
Total recognised gains for the financial year	-	-	-	400	-	16,423	16,823
Transfer from retained profits	-	4,029	-	-	(182) @	(3,847)	-
Dividends for 2000	-	-	-	-	-	(2,859)	(2,859)
Dividends for 2001	-	-	-	-	-	(1,915)	(1,915)
Issue of share capital	6,875	-	2,503	-	-	-	9,378
Balance at 31 December 2001	69,271	66,902	39,249	601	843	129,217	306,083

Other reserve comprises the Company's share of capital reserves from its associated company and gain on sale of long term investments.

@ Amount represents the write-down of long term investment.

Statement of Changes in Equity - Company

	Share Capital \$'000	Statutory Reserve \$'000	Share Premium \$'000	# Other \$'000	Retained Profits \$'000	Total \$'000
Balance at 1 January 2002	69,271	66,902	39,249	815	120,974	297,211
Total recognised gains for the financial year						
- Net profit	-	-	-	-	21,995	21,995
Transfer from retained profits	-	-	-	-	-	-
Dividends for 2001	-	-	-	-	(3,246)	(3,246)
Issue of share capital	76	-	116	-	-	192
Balance at 30 June 2002	<u>69,347</u>	<u>66,902</u>	<u>39,365</u>	<u>815</u>	<u>139,723</u>	<u>316,152</u>
Balance at 1 January 2001						
- as previously reported	62,396	62,873	36,746	997	110,653	273,665
- effect of adopting SAS 10 (2000)	-	-	-	-	2,827	2,827
- as restated	<u>62,396</u>	<u>62,873</u>	<u>36,746</u>	<u>997</u>	<u>113,480</u>	<u>276,492</u>
Total recognised gains for the financial year						
- Net profit	-	-	-	-	16,115	16,115
Transfer from retained profits	-	4,029	-	(182) @	(3,847)	-
Dividends for 2000	-	-	-	-	(2,859)	(2,859)
Dividends for 2001	-	-	-	-	(1,915)	(1,915)
Issue of share capital	6,875	-	2,503	-	-	9,378
Balance at 31 December 2001	<u>69,271</u>	<u>66,902</u>	<u>39,249</u>	<u>815</u>	<u>120,974</u>	<u>297,211</u>

Other reserve comprises the gain on sale of long term investments.

@ Amount represents the write-down of long term investment.

8 Consolidated Cash Flow Statement

	<u>30 June 02</u>	<u>30 June 01</u>
	<u>\$'000</u>	<u>\$'000</u>
Cash flows from operating activities		
Net profit before taxation	26,642	19,662
Adjustments for:		
Profit from sale of fixed assets	77	-
Depreciation	352	423
Provision for possible loan losses (net)	(704)	6,654
Provision for/(writeback of) provision for diminution in value of long term investments	(17)	(1)
Amortisation of premium on Singapore Government Bonds	277	77
Dividend income	(1,307)	(554)
Property income	(445)	(430)
Interest on bonds	-	459
Share of profits from associates	1,127	(260)
	<u>(640)</u>	<u>6,368</u>
Operating cash flow before working capital changes	26,002	26,030
Changes in working capital		
Fixed and savings account deposits	(185,519)	91,015
Loan from SPRING Singapore and Economic Development Board	(5,014)	2,902
Other creditors and accrued liabilities	14,456	(951)
Other debtors and prepayments	(232)	(1,139)
Singapore government bonds and treasury bills	6,971	(2,210)
Loans, advances and receivables and bills of exchange	110,483	(125,570)
	<u>(58,855)</u>	<u>(35,953)</u>
Cash generated from/(used in) operations	(32,853)	(9,923)
Income taxes paid	(2,300)	(5,674)
Net cash generated from/(used in) operating activities	(35,153)	(15,597)
Cash flows from investing activities		
Purchase of fixed assets	(17)	(53)
Dividends received	1,307	565
Property income received (net)	445	430
Net cash from investing activities	1,735	942
Cash flows from financing activities		
Issue of shares upon conversion of warrants and exercise of options	192	1,269
Interest on bonds	-	294
Dividends paid	(3,246)	(2,781)
Net cash used in financing activities	(3,054)	(1,218)
Net increase in cash and cash equivalents	(36,472)	(15,873)
Cash and cash equivalents at 1 January	350,325	346,806
Cash and cash equivalents at 30 June	<u>313,853</u>	<u>330,933</u>
Represented by:		
Statutory deposit with the Monetary Authority of Singapore	40,406	44,629
Fixed deposits with holding company and accrued interest	77,034	231,356
Fixed deposits with financial institutions and accrued interest	187,035	38,018
Bank balances with immediate and ultimate holding companies and accrued interest	7,399	14,848
Other bank and cash balances and accrued interest	1,979	2,082
	<u>313,853</u>	<u>330,933</u>

9 SHARE CAPITAL

Between 1 January 2002 and 30 June 2002, the Company issued 76,000 ordinary shares of S\$1.00 each pursuant to the OUT Share Option Scheme. The number of new shares that would have been issued upon the exercise of all outstanding options as at 30 June 2002 was 591,041 (31 December 2001: 667,041).

10 ASSET VALUATION

The Company has recently conducted a valuation of real assets owned by the Company and its subsidiary. In compliance with Rule 720 of the Singapore Exchange Securities Trading Limited Listing Manual, the Company sets out the following information:

Date of valuation	Name of the valuer	Description of the asset	Valued amount of the asset
30.06.02	Knight Frank Pte Ltd	146 Robinson Road Singapore 068909. A 12-storey office building with a basement, held on a 99 year leasehold title with effect 3 June 1992	S\$26,000,000
30.06.02	Knight Frank Pte Ltd	1 Raffles Place #16-00 OUB Centre Singapore 048616 Office space within OUB Centre, a 60-storey office cum retail development on 999 years leasehold title	S\$12,200,000
30.06.02	Knight Frank Pte Ltd	Block 152 Bishan Street 11 #01-221 Singapore 570152 A shop unit with living quarters on the 1 st and 2 nd storeys respectively of a 4-storey HDB shop cum flat block, on a 99 year leasehold title with effect from 1 August 1998	S\$1,000,000

A copy of each of the valuation reports is available for inspection at the registered office of the Company during normal business hours for three months from the date of this Announcement.

11 BORROWINGS

	As at 30.06.2002		As at 30.06.2001	
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year
Unsecured Bonds	S\$NIL	S\$NIL	S\$50 million	S\$NIL

12 DIVIDEND

a) Present Period

Name of dividend	Interim
Dividend type	Cash
Dividend rate	4% or 4 cents per share gross less Singapore income tax
Par value of shares	S\$1.00
Tax rate	22%
Date of payment	30.08.2002

b) Previous corresponding Period

Name of dividend	Interim
Dividend type	Cash
Dividend rate	4% or 4 cents per share gross less Singapore income tax
Par value of shares	S\$1.00
Tax rate	24.5%
Date of payment	20.08.2001

Total ordinary dividends paid for the period ended 30 June 2002 is \$3.25 million (For the year ended 31 December 2001: \$4.77 million)

13 CLOSURE OF BOOKS

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 16.08.2002 (the "Books Closure Date"). Duly completed transfers received by the Company's Share Registrars, KPMG of 138 Robinson Road #17-00 The Corporate Office, Singapore 068906 up to the close of business at 5.00 p.m. on 15.08.2002 will be registered to determine shareholders' entitlements to the interim dividend. The expected payment date of the interim dividend by the Company is 30.08.2002. In respect of shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), the said interim dividend will be paid by the Company to CDP which will in turn distribute the dividend entitlements to holders of shares in accordance with its practice. In the event that the proposed scheme of arrangement to re-organise the share capital of the Company for the purpose of privatising the Company becomes effective before the Books Closure Date, shareholders of the Company, other than United Overseas Bank Limited, will not receive the interim dividend.

14 ACCOUNTING POLICY

The same accounting policies and methods of computation are followed in the financial statements as compared with the audited annual financial statements for the year ended 31 December 2001.

15 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

BY ORDER OF THE BOARD

JEANNIE TNG
SECRETARY
SINGAPORE, 30 July 2002