

Second Quarter Financial Statement and Dividend Announcement for the Period Ended 30 June 2015

PART I INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

- 1(a) **An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Consolidated Income Statement

	Note	3 months ended		+ / (-) %	6 months ended		+ / (-) %
		30.6.15 \$'000	30.6.14 \$'000		30.6.15 \$'000	30.6.14 \$'000	
Revenue	1	191,191	167,735	14	384,343	315,800	22
Cost of sales	2	(116,529)	(96,769)	20	(231,343)	(175,998)	31
Gross profit		74,662	70,966	5	153,000	139,802	9
Investment income	3	1,109	3,454	(68)	2,207	4,326	(49)
Other gains and losses		736	(544)	n.m.	1,040	79	1,216
Selling and distribution costs		(6,675)	(7,873)	(15)	(12,936)	(14,354)	(10)
Administrative expenses		(5,345)	(5,832)	(8)	(10,211)	(11,589)	(12)
Finance expenses		(2,765)	(1,916)	44	(5,543)	(2,532)	119
Share of results of associated companies		9,517	13,547	(30)	16,036	20,980	(24)
Share of results of joint ventures		5,460	9,597	(43)	12,418	18,318	(32)
Profit before fair valuation of investment properties		76,699	81,399	(6)	156,011	155,030	1
Fair value gain on investment properties	4	956	114,003	(99)	956	114,003	(99)
Profit before income tax	5	77,655	195,402	(60)	156,967	269,033	(42)
Income tax expense		(10,151)	(9,224)	10	(20,692)	(19,925)	4
Net profit		67,504	186,178	(64)	136,275	249,108	(45)
Profit attributable to:							
Equity holders of the Company		58,872	171,517	(66)	119,679	215,174	(44)
Non-controlling interests		8,632	14,661	(41)	16,596	33,934	(51)
		67,504	186,178	(64)	136,275	249,108	(45)

The above net profit attributable to equity holders of the Company can be analysed as follows:

Net profit from operations	56,319	54,248	4	117,126	97,905	20
Fair value gain on investment properties held by subsidiary and associated companies	2,553	117,269	(98)	2,553	117,269	(98)
Net attributable profit	58,872	171,517	(66)	119,679	215,174	(44)

n.m. - not meaningful

Consolidated Statement of Comprehensive Income

	3 months ended		6 months ended	
	30.6.15	30.6.14	30.6.15	30.6.14
	\$'000	\$'000	\$'000	\$'000
Net profit	67,504	186,178	136,275	249,108
Other comprehensive (expense)/income items that may be reclassified subsequently to income statement:				
Net currency translation differences of financial statements of foreign entities	(5,876)	(2,423)	4,718	(9,703)
Total comprehensive income	<u>61,628</u>	<u>183,755</u>	<u>140,993</u>	<u>239,405</u>
Total comprehensive income attributable to:				
Equity holders of the Company	53,635	169,723	123,869	208,037
Non-controlling interests	7,993	14,032	17,124	31,368
	<u>61,628</u>	<u>183,755</u>	<u>140,993</u>	<u>239,405</u>

The net currency translation loss of \$5.9 million for the 3 months ended 30 June 2015 (3 months ended 30 June 2014: \$2.4 million) was attributable mainly to the Rmb financial statements of associated company, Shanghai Jin Peng Realty Co Ltd.

Notes to the income statement

	3 months ended		6 months ended	
	30.6.15	30.6.14	30.6.15	30.6.14
	\$'000	\$'000	\$'000	\$'000
<u>1. Revenue</u>				
Gross rental income	67,197	68,280	135,324	136,849
Gross revenue from hotel operations	35,103	34,178	71,184	69,673
Sale of properties held for sale	62,281	42,350	124,854	60,787
Gross revenue from information technology operations	23,981	20,981	48,293	44,518
Car parking income, property services fees and income from supply of electricity	2,629	1,946	4,688	3,973
	<u>191,191</u>	<u>167,735</u>	<u>384,343</u>	<u>315,800</u>
<u>2. Cost of sales</u>				
Property operating expenses	20,212	18,620	38,620	36,208
Cost of sales from hotel operations	26,675	26,892	52,909	53,125
Cost of properties held for sale sold	47,795	32,258	95,802	46,259
Cost of sales from information technology operations	21,847	18,999	44,012	40,406
	<u>116,529</u>	<u>96,769</u>	<u>231,343</u>	<u>175,998</u>
<u>3. Investment income</u>				
Interest income	1,109	898	2,111	1,770
Dividend income	-	2,556	96	2,556
	<u>1,109</u>	<u>3,454</u>	<u>2,207</u>	<u>4,326</u>
<u>4. Fair value gain on investment properties</u>				
This relates to the valuation by independent professional valuers of investment properties held by subsidiary companies as at 30 June.				
<u>5. Profit before income tax</u>				
Profit before income tax is stated after charging:				
Depreciation	<u>5,971</u>	<u>5,859</u>	<u>11,975</u>	<u>11,877</u>

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Note	Group		Company	
		30.6.15 \$'000	31.12.14 \$'000	30.6.15 \$'000	31.12.14 \$'000
ASSETS					
Non-current assets					
Other receivables		173,933	171,065	-	-
Financial assets, available-for-sale		12,045	12,045	-	-
Investments in associated companies		533,620	520,256	-	-
Investments in joint ventures		69,650	57,232	-	-
Investments in subsidiary companies		-	-	1,226,623	1,226,623
Investment properties	1	6,021,900	5,989,900	-	-
Property, plant and equipment		500,136	509,151	427	484
		<u>7,311,284</u>	<u>7,259,649</u>	<u>1,227,050</u>	<u>1,227,107</u>
Current assets					
Cash and cash equivalents		61,500	80,950	483	1,420
Properties held for sale		1,063,588	1,038,939	-	-
Trade and other receivables	2	52,327	107,228	1,764,390	1,842,097
Inventories		2,230	2,217	-	-
		<u>1,179,645</u>	<u>1,229,334</u>	<u>1,764,873</u>	<u>1,843,517</u>
Total assets		8,490,929	8,488,983	2,991,923	3,070,624
LIABILITIES					
Current liabilities					
Trade and other payables	2	125,963	153,126	137,907	227,522
Current income tax liabilities		54,828	54,957	-	-
Borrowings		664,349	654,776	408,723	393,935
		<u>845,140</u>	<u>862,859</u>	<u>546,630</u>	<u>621,457</u>
Non-current liabilities					
Trade and other payables		67,290	65,530	1,624	1,624
Borrowings		897,563	1,011,517	597,100	596,500
Deferred income tax liabilities		50,527	51,010	-	-
		<u>1,015,380</u>	<u>1,128,057</u>	<u>598,724</u>	<u>598,124</u>
Total liabilities		1,860,520	1,990,916	1,145,354	1,219,581
NET ASSETS		<u>6,630,409</u>	<u>6,498,067</u>	<u>1,846,569</u>	<u>1,851,043</u>
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital		1,486,616	1,446,183	1,486,616	1,446,183
Reserves		4,330,347	4,246,435	359,953	404,860
		<u>5,816,963</u>	<u>5,692,618</u>	<u>1,846,569</u>	<u>1,851,043</u>
Non-controlling interests		813,446	805,449	-	-
TOTAL EQUITY		<u>6,630,409</u>	<u>6,498,067</u>	<u>1,846,569</u>	<u>1,851,043</u>

Notes to the statement of financial position

1. The increase in investment properties was due to \$31.0 million redevelopment and upgrading costs incurred during the first half of 2015 and \$1.0 million fair value gain on the Group's investment properties [see Section 1(a) note 4].
2. The Company's 'Other receivables' and non-current 'Trade and other payables', which include amounts due from and to subsidiary companies, decreased due to intercompany funding.

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

Amount repayable in one year or less, or on demand

At 30.6.15		At 31.12.14	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
76,626	587,723	1,811	652,965

Amount repayable after one year

At 30.6.15		At 31.12.14	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
300,463	597,100	415,017	596,500

Details of any collateral

The \$377.1 million loans are secured by way of mortgages over Pan Pacific Singapore hotel, Westin Tianjin hotel, certain property development projects and bank deposits pledged.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	3 months ended	
	30.6.15	30.6.14
	\$'000	\$'000
Cash flows from operating activities		
Profit before income tax	77,655	195,402
Adjustments to profits	(8,955)	(132,121)
Working capital changes	(33,326)	(22,271)
Interest paid	(6,869)	(4,700)
Income tax paid	(13,294)	(14,744)
Net cash provided by operating activities	<u>15,211</u>	<u>21,566</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(745)	(653)
Upgrading of investment properties	(1,136)	(1,458)
Redevelopment of investment properties	(17,954)	(19,138)
Proceeds from liquidation of an associated company	-	600
Loan to a joint venture	(50)	(550)
Dividend received from an unquoted equity investment	-	2,556
Dividends received from associated companies	5,415	5,560
Interest received	111	137
Net cash used in investing activities	<u>(14,359)</u>	<u>(12,946)</u>
Cash flows from financing activities		
(Repayment of)/Proceeds from borrowings	(11,752)	639,901
Decrease in bank deposits pledged as security	-	33,827
Proceeds from issuance of shares	129	1,674
Acquisition of shares from non-controlling shareholders	(1,707)	(692,153)
Dividends paid to equity holders of the Company	(3,370)	(3,380)
Dividends paid to non-controlling interests	(4,517)	(6,664)
Net cash used in financing activities	<u>(21,217)</u>	<u>(26,795)</u>
Net decrease in cash and cash equivalents	(20,365)	(18,175)
Cash and cash equivalents at 1 April	69,485	115,506
Cash and cash equivalents at 30 June	<u>49,120</u>	<u>97,331</u>

For the purposes of the Statement of Cash Flows, the cash and cash equivalents comprise the following:

	30.6.15	30.6.14
	\$'000	\$'000
Cash and cash equivalents (per Statement of Financial Position)	61,500	108,811
Less: Bank deposits pledged as security	(12,380)	(11,480)
Cash and cash equivalents (per Statement of Cash Flows)	<u>49,120</u>	<u>97,331</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.

Group	Attributable to equity holders of the Company						Total equity \$'000
	Share capital \$'000	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Total \$'000	Non-controlling interests \$'000	
2015							
Balance at 1 April 2015	1,448,058	4,245,662	40,397	31,457	5,765,574	812,532	6,578,106
Net profit	-	58,872	-	-	58,872	8,632	67,504
Other comprehensive expense	-	-	-	(5,237)	(5,237)	(639)	(5,876)
Total comprehensive income/(expense)	-	58,872	-	(5,237)	53,635	7,993	61,628
Employee share option scheme							
- value of employee services	-	-	-	140	140	-	140
- proceeds from shares issued	129	-	-	-	129	-	129
Issue of shares pursuant to scrip dividend scheme	38,429	-	-	-	38,429	-	38,429
Effect of acquisition of shares from non-controlling shareholders	-	855	-	-	855	(2,562)	(1,707)
Dividends paid							
- in cash	-	(3,370)	-	-	(3,370)	(4,517)	(7,887)
- in scrip	-	(38,429)	-	-	(38,429)	-	(38,429)
Total transactions with owners, recognised directly in equity	38,558	(40,944)	-	140	(2,246)	(7,079)	(9,325)
Balance at 30 June 2015	1,486,616	4,263,590	40,397	26,360	5,816,963	813,446	6,630,409
2014							
Balance at 1 April 2014	1,405,591	3,588,591	29,382	9,783	5,033,347	1,793,126	6,826,473
Net profit	-	171,517	-	-	171,517	14,661	186,178
Other comprehensive expense	-	-	-	(1,794)	(1,794)	(629)	(2,423)
Total comprehensive income/(expense)	-	171,517	-	(1,794)	169,723	14,032	183,755
Employee share option scheme							
- value of employee services	-	-	-	187	187	-	187
- proceeds from shares issued	1,674	-	-	-	1,674	-	1,674
Issue of shares under scrip dividend scheme	38,020	-	-	-	38,020	-	38,020
Effect of acquisition of shares from non-controlling shareholders	-	282,691	-	-	282,691	(974,844)	(692,153)
Dividends paid							
- in cash	-	(3,380)	-	-	(3,380)	(6,664)	(10,044)
- in scrip	-	(38,020)	-	-	(38,020)	-	(38,020)
Total transactions with owners, recognised directly in equity	39,694	241,291	-	187	281,172	(981,508)	(700,336)
Balance at 30 June 2014	1,445,285	4,001,399	29,382	8,176	5,484,242	825,650	6,309,892

Company	Share capital	Retained earnings	Share option reserve	Total equity
	\$'000	\$'000	\$'000	\$'000
2015				
Balance at 1 April 2015	1,448,058	397,908	5,480	1,851,446
Net loss and total comprehensive expense	-	(1,776)	-	(1,776)
Employee share option scheme				
- value of employee services	-	-	140	140
- proceeds from shares issued	129	-	-	129
Issue of shares under scrip dividend scheme	38,429	-	-	38,429
Dividends paid				
- in cash	-	(3,370)	-	(3,370)
- in scrip	-	(38,429)	-	(38,429)
Balance at 30 June 2015	<u>1,486,616</u>	<u>354,333</u>	<u>5,620</u>	<u>1,846,569</u>
2014				
Balance at 1 April 2014	1,405,591	394,281	4,899	1,804,771
Net loss and total comprehensive expense	-	(2,189)	-	(2,189)
Employee share option scheme				
- value of employee services	-	-	187	187
- proceeds from shares issued	1,674	-	-	1,674
Issue of shares under scrip dividend scheme	38,020	-	-	38,020
Dividends paid				
- in cash	-	(3,380)	-	(3,380)
- in scrip	-	(38,020)	-	(38,020)
Balance at 30 June 2014	<u>1,445,285</u>	<u>350,692</u>	<u>5,086</u>	<u>1,801,063</u>

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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, 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.

The changes in the Company's issued share capital for the 3 months ended 30 June 2015 were as follows:

	Number of ordinary shares '000
Issued share capital as at 1 April 2015	1,393,256
Issue of ordinary shares arising from the exercise of UIC share options	45
Issue of ordinary shares pursuant to scrip dividend scheme	11,716
Issued share capital as at 30 June 2015	<u>1,405,017</u>

As at 30 June 2015, there were 3,399,000 (30 June 2014: 4,061,000) ordinary shares which may be issued upon the exercise of the subscription rights in full by holders of options granted to executives of the Group under the UIC Share Option Scheme.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	30.6.15 '000	31.12.14 '000
Total number of issued shares	<u>1,405,017</u>	<u>1,392,592</u>

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

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 by the Company's auditors.

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 same accounting policies and methods of computation in the 2014 audited annual financial statements have been applied for the current reporting period.

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.

Nil.

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.

	Latest quarter 30.6.15	Previous quarter 30.6.14
Earnings per ordinary share		
(a) Based on the weighted average number of ordinary shares on issue		
- excluding fair value gain on investment properties	4.0 cents	3.9 cents
- including fair value gain on investment properties	4.2 cents	12.4 cents
(b) <u>On a fully diluted basis</u>		
For the purposes of calculating diluted earnings per share, the weighted average number of shares in issue is adjusted to take into account the dilutive effect arising from the outstanding options granted to employees, where such shares would have been issued at a price lower than the average market price in the current quarter. As the impact of the dilution is insignificant, diluted earnings per share is the same as basic earnings per share.		

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the :-**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	30.6.15	31.12.14
Net asset value per ordinary share		
Group	\$4.14	\$4.09
Company	\$1.31	\$1.33

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.

Comparison of 2nd quarter 2015 results with 2014

Revenue at \$191.2 million increased by \$23.5 million (14%) due mainly to higher trading property sales.

Sales of trading properties at \$62.3 million was higher by \$19.9 million (47%) with progressive sales recognition, on percentage of completion basis, for V on Shenton, Mon Jervois, Alex Residences and Pollen & Bleu.

Revenue from hotel operations increased slightly by \$0.9 million (3%) to \$35.1 million (2Q 2014: \$34.2 million) whilst gross rental income from investment properties decreased marginally to \$67.2 million (2Q 2014: \$68.3 million).

Share of results of associated companies decreased by \$4.0 million (30%) to \$9.5 million due primarily to lower share of fair value gain on an investment property held by an associated company of \$4.2 million (2Q 2014: \$7.4 million).

Lower contribution from the Archipelago joint venture residential property project with progressive recognition of development profits, on percentage of completion basis, led to the decrease in share of joint ventures' profit by \$4.1 million (43%) to \$5.5 million.

Capital values of investment properties held by subsidiary companies remained stable, with only a slight fair value gain of \$1.0 million (2Q 2014: \$114.0 million).

Non-controlling interests totalling \$8.6 million (2Q 2014: \$14.7 million) included \$2.6 million (2Q 2014: \$4.2 million) share of fair value gain on investment properties. Excluding this amount, non-controlling interests on the operating profit decreased by \$4.5 million (43%), mainly as a result of UIC's increased interest in Singapore Land to 99.7% following UIC's voluntary cash offer for Singapore Land Limited in 2014.

In summary, net profit from operations increased by \$2.1 million (4%) to \$56.3 million. The overall net attributable profit decreased by \$112.6 million (66%) to \$58.9 million attributable mainly to lower fair value gain on investment properties (2Q 2015: \$2.6 million; 2Q 2014: \$117.3 million).

Comparison of 6 months ended 30 June 2015 results with 2014

Revenue at \$384.3 million was higher by \$68.5 million (22%) due primarily to higher trading property sales.

With higher revenue and increased share of Singapore Land's operating profit, partially offset by lower contribution from the Archipelago joint venture residential project, net profit from operations increased by \$19.2 million (20%) to \$117.1 million. Including the fair value gain, net of non-controlling interests, of \$2.6 million (1H 2014: \$117.3 million), the overall net attributable profit amounted to \$119.7 million (1H 2014: \$215.2 million).

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 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.

Office rental in the Central Business District ("CBD") is likely to remain steady till the end of 2015 but expected to soften in 2016 due to new supply of office spaces.

Demand for retail spaces will be slow as retailers tackle manpower shortage, growing online shopping and competition. Supply of new and upgraded floor area will depress retail rental.

Residential property market is expected to remain weak with the prevailing cooling measures.

The hotel industry is expected to remain competitive due to new hotel room supply and declining tourist arrivals.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended 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 immediately 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/recommended for the quarter ended 30 June 2015.

13. If the Group has obtained a general mandate from shareholders for Interested Person Transactions "IPTs", the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained.

14. Negative confirmation pursuant to Rule 705(5).

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the unaudited financial results of the Group for the second quarter ended 30 June 2015 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Susie Koh
Company Secretary
31 July 2015