

**Second Quarter Financial Statement and Dividend Announcement for the Period Ended 30 June 2014**
**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**

	<b>Note</b>	<b>3 months ended</b>			<b>6 months ended</b>		
		<b>30.6.14</b>	<b>30.6.13</b>	<b>+ / (-)</b>	<b>30.6.14</b>	<b>30.6.13</b>	<b>+ / (-)</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Revenue	1	167,735	151,896	10	315,800	301,976	5
Cost of sales	2	(96,769)	(85,729)	13	(175,998)	(170,232)	3
Gross profit		70,966	66,167	7	139,802	131,744	6
Investment income	3	3,454	986	250	4,326	1,823	137
Other gains/(losses) - net		(544)	285	n.m.	79	649	(88)
Selling and distribution costs		(7,873)	(7,349)	7	(14,354)	(12,884)	11
Administrative expenses		(5,832)	(4,939)	18	(11,589)	(9,821)	18
Finance expenses		(1,916)	(743)	158	(2,532)	(1,445)	75
Share of results of associated companies		13,547	37,635	(64)	20,980	45,036	(53)
Share of results of joint ventures		9,597	4,307	123	18,318	8,265	122
Profit before fair valuation of investment properties		81,399	96,349	(16)	155,030	163,367	(5)
Fair value gain on investment properties	4	114,003	135,585	(16)	114,003	135,585	(16)
Profit before income tax	5	195,402	231,934	(16)	269,033	298,952	(10)
Income tax expense		(9,224)	(10,711)	(14)	(19,925)	(21,212)	(6)
Net profit		186,178	221,223	(16)	249,108	277,740	(10)
Profit attributable to:							
Equity holders of the Company		171,517	135,300	27	215,174	175,144	23
Non-controlling interests		14,661	85,923	(83)	33,934	102,596	(67)
		186,178	221,223	(16)	249,108	277,740	(10)

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

Net profit from operations	54,248	38,762	40	97,905	78,606	25
Fair value gain on investment properties held by subsidiary and associated companies	117,269	96,538	21	117,269	96,538	21
Net attributable profit	171,517	135,300	27	215,174	175,144	23

n.m. - not meaningful

## Consolidated Statement of Comprehensive Income

	3 months ended		6 months ended	
	30.6.14	30.6.13	30.6.14	30.6.13
	\$'000	\$'000	\$'000	\$'000
Net profit	186,178	221,223	249,108	277,740
Other comprehensive (expense)/income items that may be reclassified subsequently to income statement:				
Net exchange differences on translation of financial statements of foreign entities	(2,423)	7,389	(9,703)	12,398
Total comprehensive income	183,755	228,612	239,405	290,138
Total comprehensive income attributable to:				
Equity holders of the Company	169,723	140,645	208,037	184,120
Non-controlling interests	14,032	87,967	31,368	106,018
	183,755	228,612	239,405	290,138

The net currency translation loss of \$2.4 million for the 3 months ended 30 June 2014 (3 months ended 30 June 2013: net currency translation gain of \$7.4 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	
	30.6.14	30.6.13	30.6.14	30.6.13
	\$'000	\$'000	\$'000	\$'000
<b>1. Revenue</b>				
Gross rental income	68,280	66,224	136,849	132,652
Gross revenue from hotel operations	34,178	31,539	69,673	61,296
Sale of properties held for sale	42,350	32,814	60,787	62,429
Gross revenue from information technology operations	20,981	19,248	44,518	41,555
Car parking income and property services fees	1,946	2,071	3,973	4,044
	167,735	151,896	315,800	301,976
<b>2. Cost of sales</b>				
Property operating expenses	18,620	17,377	36,208	34,751
Cost of sales from hotel operations	26,892	25,577	53,125	50,422
Cost of properties held for sale sold	32,258	25,194	46,259	47,251
Cost of sales from information technology operations	18,999	17,581	40,406	37,808
	96,769	85,729	175,998	170,232
<b>3. Investment income</b>				
Interest income	898	986	1,770	1,823
Dividend income	2,556	-	2,556	-
	3,454	986	4,326	1,823
<b>4. Fair value gain on investment properties</b>				
This relates to the valuation by independent professional valuers of investment properties held by subsidiary companies as at 30 June.				
<b>5. Profit before income tax</b>				
Profit before income tax is stated after charging:				
Depreciation	5,859	5,884	11,877	11,792

**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	
		30.6.14	31.12.13	30.6.14	31.12.13
		\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Other receivables	1	168,907	166,834	1,785,922	1,135,730
Financial assets, available-for-sale		12,045	12,045	-	-
Investments in associated companies		499,395	490,052	-	-
Investments in joint ventures		38,329	20,011	-	-
Investments in subsidiary companies		-	-	1,226,361	1,226,361
Investment properties	2	5,881,700	5,738,500	-	-
Property, plant and equipment		513,316	527,812	541	589
		<u>7,113,692</u>	<u>6,955,254</u>	<u>3,012,824</u>	<u>2,362,680</u>
<b>Current assets</b>					
Cash and cash equivalents		108,811	112,032	530	1,329
Properties held for sale		1,038,759	1,023,032	-	-
Trade and other receivables		44,923	89,492	1,210	1,131
Inventories		2,416	2,652	-	-
	3	<u>1,194,909</u>	<u>1,227,208</u>	<u>1,740</u>	<u>2,460</u>
<b>Total assets</b>		<b>8,308,601</b>	<b>8,182,462</b>	<b>3,014,564</b>	<b>2,365,140</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables		136,034	149,149	2,680	3,121
Current income tax liabilities		62,022	65,023	-	-
Borrowings		1,239,197	593,866	1,077,838	427,260
	3	<u>1,437,253</u>	<u>808,038</u>	<u>1,080,518</u>	<u>430,381</u>
<b>Non-current liabilities</b>					
Trade and other payables		56,923	53,713	132,983	129,840
Borrowings		457,462	477,509	-	-
Deferred income tax liabilities		47,071	48,088	-	-
		<u>561,456</u>	<u>579,310</u>	<u>132,983</u>	<u>129,840</u>
<b>Total liabilities</b>		<b>1,998,709</b>	<b>1,387,348</b>	<b>1,213,501</b>	<b>560,221</b>
<b>NET ASSETS</b>		<b><u>6,309,892</u></b>	<b><u>6,795,114</u></b>	<b><u>1,801,063</u></b>	<b><u>1,804,919</u></b>
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital		1,445,285	1,403,772	1,445,285	1,403,772
Reserves		4,038,957	3,578,639	355,778	401,147
		<u>5,484,242</u>	<u>4,982,411</u>	<u>1,801,063</u>	<u>1,804,919</u>
Non-controlling interests		825,650	1,812,703	-	-
<b>TOTAL EQUITY</b>		<b><u>6,309,892</u></b>	<b><u>6,795,114</u></b>	<b><u>1,801,063</u></b>	<b><u>1,804,919</u></b>

Notes to the statement of financial position

1. The Company's 'Other receivables', comprising mainly amounts due from subsidiary companies, increased due to intercompany funding.
2. The increase in investment properties was due mainly to the \$114.0 million fair value gain on the Group's investment properties [see Section 1(a) note 4].
3. As at 30 June 2014, total current liabilities exceeds total current assets due mainly to additional borrowings for the acquisition of Singapore Land shares following UIC's voluntary cash offer for Singapore Land Limited in first half of 2014.

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

**Amount repayable in one year or less, or on demand**

At 30.6.14		At 31.12.13	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
1,059	1,238,138	1,756	592,110

**Amount repayable after one year**

At 30.6.14		At 31.12.13	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
457,462	-	477,509	-

**Details of any collateral**

The \$458.5 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.**

	<b>3 months ended</b>	
	<b>30.6.14</b>	<b>30.6.13</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Profit before income tax	195,402	231,934
Adjustments to profits	(132,121)	(170,682)
Working capital changes	(22,271)	49,160
Interest paid	(4,700)	(3,714)
Income tax paid	(14,744)	(16,681)
<b>Net cash provided by operating activities</b>	<b>21,566</b>	<b>90,017</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(653)	(991)
Upgrading of investment properties	(1,458)	(3,638)
Redevelopment of investment properties	(19,138)	(14,530)
Proceeds from liquidation of an associated company	600	-
Loans to joint ventures	(550)	(7,250)
Dividend received from an unquoted equity investment	2,556	-
Dividends received from associated companies	5,560	4,490
Interest received	137	263
<b>Net cash used in investing activities</b>	<b>(12,946)</b>	<b>(21,656)</b>
<b>Cash flows from financing activities</b>		
Proceeds from/(Repayment of) borrowings	639,901	(13,328)
Decrease/(Increase) in bank deposits pledged as security	33,827	(7,056)
Proceeds from issue of shares	1,674	1,323
Acquisition of shares from non-controlling shareholders [See Section 1(b)(i) note 3]	(692,153)	(7,622)
Dividends paid to shareholders	(3,380)	(41,356)
Dividends paid to non-controlling shareholders	(6,664)	(20,754)
<b>Net cash used in financing activities</b>	<b>(26,795)</b>	<b>(88,793)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(18,175)</b>	<b>(20,432)</b>
Cash and cash equivalents at 1 April	115,506	110,331
<b>Cash and cash equivalents at 30 June</b>	<b>97,331</b>	<b>89,899</b>

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

	<b>30.6.14</b>	<b>30.6.13</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash and cash equivalents (per Statement of Financial Position)	108,811	102,525
Less: Bank deposits pledged as security	(11,480)	(12,626)
<b>Cash and cash equivalents (per Statement of Cash Flows)</b>	<b>97,331</b>	<b>89,899</b>

**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.**

	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	
<b>Group</b>							
<b>2014</b>							
Balance at 1 April 2014	1,405,591	3,588,591	29,382	9,783	5,033,347	1,793,126	6,826,473
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)
Balance at 30 June 2014	1,445,285	4,001,399	29,382	8,176	5,484,242	825,650	6,309,892
<b>2013</b>							
Balance at 1 April 2013	1,402,271	3,293,185	29,382	6,117	4,730,955	1,715,006	6,445,961
Total comprehensive income	-	135,300	-	5,345	140,645	87,967	228,612
Employee share option scheme							
- value of employee services	-	-	-	210	210	-	210
- proceeds from shares issued	1,323	-	-	-	1,323	-	1,323
Effect of acquisition of shares from non-controlling shareholders	-	3,402	-	-	3,402	(11,024)	(7,622)
Dividends paid in cash	-	(41,356)	-	-	(41,356)	(20,754)	(62,110)
Balance at 30 June 2013	1,403,594	3,390,531	29,382	11,672	4,835,179	1,771,195	6,606,374
<b>Company</b>							
	Share capital \$'000	Retained earnings \$'000	Share option reserve \$'000	Total equity \$'000			
<b>2014</b>							
Balance at 1 April 2014	1,405,591	394,281	4,899	1,804,771			
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	1,445,285	350,692	5,086	1,801,063			
<b>2013</b>							
Balance at 1 April 2013	1,402,271	392,029	4,106	1,798,406			
Total comprehensive expense	-	(1,709)	-	(1,709)			
Employee share option scheme							
- value of employee services	-	-	210	210			
- proceeds from shares issued	1,323	-	-	1,323			
Dividends paid in cash	-	(41,356)	-	(41,356)			
Balance at 30 June 2013	1,403,594	348,964	4,316	1,756,874			

- 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 2014 were as follows:

	Number of ordinary shares '000
Issued share capital as at 1 April 2014	1,379,618
Issue of ordinary shares arising from the exercise of UIC share options	662
Issue of ordinary shares under scrip dividend scheme	11,994
Issued share capital as at 30 June 2014	<u>1,392,274</u>

As at 30 June 2014, there were 4,061,000 (30 June 2013: 4,861,000) 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.**

	<b>30.6.14</b> '000	<b>31.12.13</b> '000
Total number of issued shares	<u>1,392,274</u>	<u>1,378,924</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 as in the 2013 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.**

	<b>Latest quarter</b> <b>30.6.14</b>	<b>Previous quarter</b> <b>30.6.13</b>
Earnings per ordinary share		
(a) Based on the weighted average number of ordinary shares on issue		
- excluding fair value gain on investment properties	3.9 cents	2.8 cents
- including fair value gain on investment properties	12.4 cents	9.8 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.**

	<b>30.6.14</b>	<b>31.12.13</b>
Net asset value per ordinary share		
Group	\$3.94	\$3.61
Company	\$1.29	\$1.31

The increase in net asset value per share from \$3.61 to \$3.94 included a \$0.21 per share effect of acquisition of shares from non-controlling shareholders [see Section 1(d)(i)] attributable to UIC's voluntary cash offer for Singapore Land Limited.

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 2014 results with 2013

Revenue at \$167.7 million increased by \$15.8 million (10%) due mainly to higher trading property sales and higher revenue from hotel operations.

Sales of trading properties at \$42.4 million was higher by \$9.5 million (29%) with progressive sales recognition on percentage of completion basis for V on Shenton, Alex Residences and Mon Jervois, partially offset by absence of sales from The Trizon (fully sold in 1Q 2014).

Revenue from hotel operations increased by \$2.6 million (8%) to \$34.2 million with higher room and occupancy rates and higher food and beverage revenue in Pan Pacific Singapore hotel. The hotel re-opened in September 2012 after major refurbishment.

Gross rental income from investment properties increased slightly by \$2.1 million (3%) to \$68.3 million.

Share of results of associated companies decreased by \$24.1 million (64%) to \$13.5 million due primarily to lower share of fair value gain on an investment property held by an associated company of \$7.4 million (2Q 2013: \$30.9 million).

Higher contribution from the Archipelago joint venture residential property project with progressive recognition of development profits, on percentage of completion basis, led to the increase in share of joint ventures' profit by \$5.3 million (123%) to \$9.6 million.

The increase in capital values of investment properties held by subsidiary companies resulted in a fair value gain of \$114.0 million (2Q 2013: \$135.6 million).

Non-controlling interests totalling \$14.7 million (2Q 2013: \$85.9 million) decreased by \$71.3 million due mainly to lower fair value gain in Marina Square (which the Group has an effective interest of 52%) and lower minorities' share of Singapore Land's net profit as a result of UIC's increased interest in Singapore Land to 99% following UIC's voluntary cash offer for Singapore Land Limited.

In summary, net profit from operations increased by \$15.5 million (40%) to \$54.2 million and fair value gain, net of non-controlling interests, increased by \$20.7 million (21%) to \$117.3 million. The overall net attributable profit increased by \$36.2 million (27%) to \$171.5 million attributable mainly to higher revenue, higher contribution from a joint venture and increased share of Singapore Land's net profit.

Comparison of 6 months ended 30 June 2014 results with 2013

Revenue at \$315.8 million was higher by \$13.8 million (5%) due primarily to higher revenue from hotel operations and higher rental income.

With higher revenue, higher contribution from the Archipelago joint venture residential project and increased share of Singapore Land's operating profit, net profit from operations increased by \$19.3 million (25%) to \$97.9 million. The fair value gain, net of non-controlling interests, of \$117.3 million (1H 2013: \$96.5 million), resulted in an overall net attributable profit of \$215.2 million (1H 2013: \$175.1 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.**

The office leasing market is expected to strengthen gradually due to improved demand and lower new supply.

Despite substantial new retail space supply, retail rents are expected to remain stable with healthy demand from local retailers and international brands.

The tight foreign labour policies and rising business costs remain serious challenges to the hotel industry.

The property cooling measures and Total Debt Servicing Ratio (TDSR) rules continue to constrict the sales of residential properties.

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/recommendeded, a statement to that effect.**

No dividend has been declared/recommendeded for the quarter ended 30 June 2014.

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 2014 to be false or misleading in any material respect.

**BY ORDER OF THE BOARD**

Susie Koh  
Company Secretary  
1 August 2014