Third Quarter Financial Statement and Dividend Announcement for the Period Ended 30 September 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

		3 months ended			9 months ended		
	Note	**30.9.14**	**30.9.13**	**+/(-)**	**30.9.14**	**30.9.13**	**+/(-)**
		$'000	$'000	%	$'000	$'000	%
Revenue	1	178,376	152,381	17	494,176	454,357	9
Cost of sales	2	(103,339)	(83,525)	24	(279,337)	(253,757)	10
Gross profit		75,037	68,856	9	214,839	200,600	7
Investment income	3	846	3,367	(75)	5,172	5,190	(0)
Other gains/(losses) - net		1,413	936	51	1,492	1,585	(6)
Selling and distribution costs		(6,937)	(7,711)	(10)	(21,291)	(20,595)	3
Administrative expenses		(5,007)	(4,912)	2	(16,596)	(14,733)	13
Finance expenses		(2,609)	(629)	315	(5,141)	(2,074)	148
Share of results of associated companies		6,702	6,914	(3)	27,682	51,950	(47)
Share of results of joint ventures		9,001	4,821	87	27,319	13,086	109
Profit before fair valuation of investment properties		78,446	71,642	9	233,476	235,009	(1)
Fair value gain on investment properties	4	-	-	-	114,003	135,585	(16)
Profit before income tax	5	78,446	71,642	9	347,479	370,594	(6)
Income tax expense		(10,517)	(10,992)	(4)	(30,442)	(32,204)	(5)
Net profit		67,929	60,650	12	317,037	338,390	(6)
Profit attributable to:							
Equity holders of the Company		59,692	43,415	37	274,866	218,559	26
Non-controlling interests		8,237	17,235	(52)	42,171	119,831	(65)
		67,929	60,650	12	317,037	338,390	(6)

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

Net profit from operations	59,692	43,415	37	157,597	122,021	29
Fair value gain on investment properties held by subsidiary and associated companies	-	-	-	117,269	96,538	21
Net attributable profit	59,692	43,415	37	274,866	218,559	26

Consolidated Statement of Comprehensive Income

	3 months ended		9 months ended	
	30.9.14	**30.9.13**	**30.9.14**	**30.9.13**
	$'000	$'000	$'000	$'000
Net profit	67,929	60,650	317,037	338,390
Other comprehensive income/(expense) items that may be reclassified subsequently to income statement:				
Net exchange differences on translation of financial statements of foreign entities	7,201	(1,240)	(2,501)	11,158
Total comprehensive income	75,130	59,410	314,536	349,548
Total comprehensive income attributable to:				
Equity holders of the Company	66,046	42,549	274,084	226,669
Non-controlling interests	9,084	16,861	40,452	122,879
	75,130	59,410	314,536	349,548

The net currency translation gain of $7.2 million for the 3 months ended 30 September 2014 (3 months ended 30 September 2013: net currency translation loss of $1.2 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		9 months ended	
	30.9.14	**30.9.13**	**30.9.14**	**30.9.13**
	$'000	$'000	$'000	$'000
1. Revenue				
Gross rental income	68,487	68,035	205,335	200,687
Gross revenue from hotel operations	38,627	34,099	108,300	95,395
Sale of properties held for sale	52,485	31,557	113,272	93,986
Gross revenue from information technology operations	16,802	16,639	61,320	58,194
Car parking income and property services fees	1,975	2,051	5,949	6,095
	178,376	152,381	494,176	454,357
2. Cost of sales				
Property operating expenses	18,115	16,820	54,323	51,571
Cost of sales from hotel operations	29,209	27,719	82,334	78,141
Cost of properties held for sale sold	40,883	24,160	87,142	71,411
Cost of sales from information technology operations	15,132	14,826	55,538	52,634
	103,339	83,525	279,337	253,757
3. Investment income				
Interest income	846	945	2,616	2,768
Dividend income	-	2,422	2,556	2,422
	846	3,367	5,172	5,190

4. Fair value gain on investment properties

This relates to the valuation by independent professional valuers of investment properties held by subsidiary companies as at 30 June. Valuations are carried out half yearly in June and December.

5. Profit before income tax				
Profit before income tax is stated after charging:				
Depreciation	5,826	5,901	17,703	17,693

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.

		Group		Company	
		30.9.14	31.12.13	30.9.14	31.12.13
	Note	$'000	$'000	$'000	$'000
ASSETS					
Non-current assets					
Other receivables	1	170,336	166,834	1,829,563	1,135,730
Financial assets, available-for-sale		12,045	12,045	-	-
Investments in associated companies		509,999	490,052	-	-
Investments in joint ventures		47,330	20,011	-	-
Investments in subsidiary companies		-	-	1,226,361	1,226,361
Investment properties	2	5,895,319	5,738,500	-	-
Property, plant and equipment		511,289	527,812	512	589
		7,146,318	6,955,254	3,056,436	2,362,680
Current assets					
Cash and cash equivalents		88,695	112,032	374	1,329
Properties held for sale		1,066,395	1,023,032	-	-
Trade and other receivables		39,498	89,492	1,206	1,131
Inventories		2,350	2,652	-	-
	3	1,196,938	1,227,208	1,580	2,460
Total assets		8,343,256	8,182,462	3,058,016	2,365,140
LIABILITIES					
Current liabilities					
Trade and other payables		130,770	149,149	2,770	3,121
Current income tax liabilities		57,567	65,023	-	-
Borrowings		1,254,830	593,866	1,073,010	427,260
	3	1,443,167	808,038	1,075,780	430,381
Non-current liabilities					
Trade and other payables	1	57,296	53,713	181,821	129,840
Borrowings		435,927	477,509	-	-
Deferred income tax liabilities		47,120	48,088	-	-
		540,343	579,310	181,821	129,840
Total liabilities		1,983,510	1,387,348	1,257,601	560,221
NET ASSETS		6,359,746	6,795,114	1,800,415	1,804,919
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital		1,446,155	1,403,772	1,446,155	1,403,772
Reserves		4,115,187	3,578,639	354,260	401,147
		5,561,342	4,982,411	1,800,415	1,804,919
Non-controlling interests		798,404	1,812,703	-	-
TOTAL EQUITY		6,359,746	6,795,114	1,800,415	1,804,919

Notes to the statement of financial position

1. The Company's 'Other receivables' and non-current 'Trade and other payables', which include amounts due from and to 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 September 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 2014.

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

Amount repayable in one year or less, or on demand

At 30.9.14		At 31.12.13	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
1,820	1,253,010	1,756	592,110

Amount repayable after one year

At 30.9.14		At 31.12.13	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
435,927	-	477,509	-

Details of any collateral

The $437.7 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	
	30.9.14	**30.9.13**
	$'000	$'000
Cash flows from operating activities		
Profit before income tax	78,446	71,642
Adjustments to profit	(7,022)	(8,509)
Working capital changes	(24,631)	16,031
Interest paid	(5,602)	(3,804)
Income tax paid	(15,367)	(16,861)
Net cash provided by operating activities	25,824	58,499
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,283)	(1,339)
Upgrading of investment properties	(1,086)	(6,669)
Redevelopment of investment properties	(11,975)	(5,312)
Repayment of loan by an associated company	-	771
Loan to a joint venture	(650)	(1,800)
Dividend received from an unquoted equity investment	-	2,422
Proceeds from liquidation of an associated company	204	-
Interest received	97	191
Net cash used in investing activities	(14,693)	(11,736)
Cash flows from financing activities		
Repayment of borrowings	(5,902)	(30,841)
Bank deposits pledged as security for banker's guarantee	-	(13,311)
Proceeds from issue of shares	870	178
Acquisition of shares from non-controlling shareholders [See Section 1(b)(i) note 3]	(21,991)	(6,673)
Dividends paid to non-controlling shareholders	(4,224)	-
Net cash used in financing activities	(31,247)	(50,647)
Net decrease in cash and cash equivalents	(20,116)	(3,884)
Cash and cash equivalents at 1 July	97,331	89,899
Cash and cash equivalents at 30 September	77,215	86,015

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

	30.9.14	**30.9.13**
	$'000	$'000
Cash and cash equivalents (per Statement of Financial Position)	88,695	111,952
Less: Bank deposits pledged as security	(11,480)	(25,937)
Cash and cash equivalents (per Statement of Cash Flows)	77,215	86,015

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						
Group	**Share capital** $'000	**Retained earnings** $'000	**Asset revaluation reserve** $'000	**Other reserves** $'000	**Total** $'000	**Non-controlling interests** $'000	**Total equity** $'000
2014							
Balance at 1 July 2014	1,445,285	4,001,399	29,382	8,176	5,484,242	825,650	6,309,892
Total comprehensive income	-	59,692	-	6,354	66,046	9,084	75,130
Employee share option scheme							
- value of employee services	-	-	-	69	69	-	69
- proceeds from shares issued	870	-	-	-	870	-	870
Effect of acquisition of shares from non-controlling shareholders	-	10,115	-	-	10,115	(32,106)	(21,991)
Dividends paid	-	-	-	-	-	(4,224)	(4,224)
Balance at 30 September 2014	1,446,155	4,071,206	29,382	14,599	5,561,342	798,404	6,359,746
2013							
Balance at 1 July 2013	1,403,594	3,390,531	29,382	11,672	4,835,179	1,771,195	6,606,374
Total comprehensive income/(expense)	-	43,415	-	(866)	42,549	16,861	59,410
Employee share option scheme							
- value of employee services	-	-	-	208	208	-	208
- proceeds from shares issued	178	-	-	-	178	-	178
Effect of acquisition of shares from non-controlling shareholders	-	2,879	-	-	2,879	(9,552)	(6,673)
Balance at 30 September 2013	1,403,772	3,436,825	29,382	11,014	4,880,993	1,778,504	6,659,497

Company	**Share capital** $'000	**Retained earnings** $'000	**Share option reserve** $'000	**Total equity** $'000
2014				
Balance at 1 July 2014	1,445,285	350,692	5,086	1,801,063
Total comprehensive expense	-	(1,587)	-	(1,587)
Employee share option scheme				
- value of employee services	-	-	69	69
- proceeds from shares issued	870	-	-	870
Balance at 30 September 2014	1,446,155	349,105	5,155	1,800,415
2013				
Balance at 1 July 2013	1,403,594	348,964	4,316	1,756,874
Total comprehensive expense	-	(1,661)	-	(1,661)
Employee share option scheme				
- value of employee services	-	-	208	208
- proceeds from shares issued	178	-	-	178
Balance at 30 September 2013	1,403,772	347,303	4,524	1,755,599

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 September 2014 were as follows:

	Number of ordinary shares '000
Issued share capital as at 1 July 2014	1,392,274
Issue of ordinary shares arising from the exercise of UIC share options	308
Issued share capital as at 30 September 2014	1,392,582

As at 30 September 2014, there were 3,518,000 (30 September 2013: 4,786,000) 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.

	30.9.14	**31.12.13**
	'000	'000
Total number of issued shares	1,392,582	1,378,924

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.

	Latest quarter	**Previous quarter**
	30.9.14	**30.9.13**
Earnings per ordinary share		
(a) Based on the weighted average number of ordinary shares on issue	4.3 cents	3.1 cents
(b) On a fully diluted basis 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.

	30.9.14	31.12.13
Net asset value per ordinary share		
Group	$3.99	$3.61
Company	$1.29	$1.31

The increase in net asset value per share from $3.61 to $3.99 included a $0.22 per share effect of acquisition of shares from non-controlling shareholders 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 3rd quarter 2014 results with 2013

Revenue at $178.4 million increased by $26.0 million (17%) due mainly to higher trading property sales and higher revenue from hotel operations.

Sales of trading properties at $52.5 million was higher by $20.9 million (66%) 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 $4.5 million (13%) to $38.6 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 marginally by $0.5 million (1%) to $68.5 million.

Higher contributions from the Archipelago and Thomson Three joint venture residential property projects with progressive recognition of development profits, on percentage of completion basis, led to the increase in share of joint ventures' profit by $4.2 million (87%) to $9.0 million.

Non-controlling interests totalling $8.2 million (3Q 2013: $17.2 million) decreased by $9.0 million (52%) due mainly to lower minorities' share of Singapore Land's net profit as a result of UIC's increased interest in Singapore Land to 99.5% following UIC's voluntary cash offer for Singapore Land Limited.

Overall, net attributable profit increased by $16.3 million (37%) to $59.7 million attributable mainly to higher revenue, higher contributions from joint ventures and increased share of Singapore Land's net profit.

Comparison of 9 months ended 30 September 2014 results with 2013

Revenue at $494.2 million was higher by $39.8 million (9%) due primarily to higher trading property sales, higher revenue from hotel operations and higher rental income.

With higher revenue, higher contribution from the joint venture residential projects and increased share of Singapore Land's operating profit, net profit from operations increased by $35.6 million (29%) to $157.6 million. Adding the fair value gain, net of non-controlling interests, of $117.3 million (YTD 3Q 2013: $96.5 million), resulted in an overall net attributable profit of $274.9 million (YTD 3Q 2013: $218.6 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.

Prime office rental is expected to remain buoyant as Singapore continues to be a top city of choice for business start-ups and regional head office operations.

Retail rental will remain steady as new retail brands and up-market food and beverage chains pick Singapore to expand their reach in the South East Asian Market.

Residential property market is expected to remain flat as property cooling measures and TDSR (Total Debt Servicing Ratio) rules continue to inhibit prospective investors, although to a lesser extent.

Hotel operations will stay firm despite slower growth in visitor arrivals, due primarily to longer stay as a result of increasing variety of attractions, good image, and a safe and friendly environment.

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 September 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 third quarter ended 30 September 2014 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Susie Koh
Company Secretary
31 October 2014