



OUE LIMITED

(Company Registration No. 196400050E)

THIRD QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE QUARTER ENDED 30 SEPTEMBER 2014 (UNAUDITED)

1(a)(i) Statement of Comprehensive Income

	Notes	The Group					
		Third Quarter ended 30/9/14 \$'000	Third Quarter ended 30/9/13 \$'000	Change %	Nine Months ended 30/9/14 \$'000	Nine Months ended 30/9/13 \$'000	Change %
Revenue	A	106,286	119,134	(10.8)	313,367	336,543	(6.9)
Cost of sales		(62,855)	(59,204)	6.2	(172,863)	(165,987)	4.1
Gross profit		43,431	59,930	(27.5)	140,504	170,556	(17.6)
Marketing expenses		(3,315)	(3,268)	1.4	(8,810)	(11,091)	(20.6)
Administrative expenses		(10,936)	(13,761)	(20.5)	(40,042)	(38,694)	3.5
Other operating expenses		(3,805)	(7,827)	(51.4)	(10,316)	(17,412)	(40.8)
		25,375	35,074	(27.7)	81,336	103,359	(21.3)
Finance expenses	B	(13,173)	(25,267)	(47.9)	(54,852)	(79,587)	(31.1)
Finance income		627	366	71.3	2,661	1,402	89.8
Share of results of associates and jointly controlled entity, net of tax		12,887	4,653	>100.0	30,005	13,901	>100.0
		25,716	14,826	73.5	59,150	39,075	51.4
Other gains/(losses) - net	C	3,641	(4,836)	n.m.	1,038,008	(4,076)	n.m.
Profit before tax	D	29,357	9,990	>100.0	1,097,158	34,999	>100.0
Tax (expense)/credit	E	(7,872)	4,949	n.m.	(53,436)	(3,448)	>100.0
Profit after tax		21,485	14,939	43.8	1,043,722	31,551	>100.0
Other comprehensive income							
Items that may be reclassified subsequently to profit or loss:							
Currency translation differences relating to foreign operations		13,051	(9,551)	n.m.	(5,596)	6,617	n.m.
Fair value loss on available-for-sale financial assets		(108)	-	n.m.	(108)	-	n.m.
Currency translation differences transferred to profit and loss arising from disposal of subsidiaries		-	(7,763)	n.m.	-	(7,763)	n.m.
Effective portion of changes in fair value of cash flow hedges of subsidiaries		1,531	(2,437)	n.m.	(340)	(2,437)	(86.0)
Hedging reserve transferred to profit or loss upon disposal of a subsidiary		-	-	-	889	-	n.m.
Share of other comprehensive income of associates		779	-	n.m.	498	-	n.m.
Share of foreign currency translation differences of associates		525	(685)	n.m.	10	724	(98.6)
Other comprehensive income/(loss), net of tax		15,778	(20,436)	n.m.	(4,647)	(2,859)	62.5
Total comprehensive income/(loss)		37,263	(5,497)	n.m.	1,039,075	28,692	>100.0
Profit attributable to:							
Owners of the Company	F	16,477	13,383	23.1	966,538	29,710	>100.0
Non-controlling interests		5,008	1,556	>100.0	77,184	1,841	>100.0
		21,485	14,939	43.8	1,043,722	31,551	>100.0
Total comprehensive income attributable to:							
Owners of the Company		26,084	(6,173)	n.m.	965,027	27,041	>100.0
Non-controlling interests		11,179	676	>100.0	74,048	1,651	>100.0
		37,263	(5,497)	n.m.	1,039,075	28,692	>100.0

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Third Quarter Ended 30 September 2014

(ii) Notes to the Statement of Comprehensive Income

	The Group					
	Third Quarter ended 30/9/14 \$'000	Third Quarter ended 30/9/13 \$'000	Change %	Nine Months ended 30/9/14 \$'000	Nine Months ended 30/9/13 \$'000	Change %
(A) Revenue						
Hospitality income	53,230	59,096	(9.9)	154,813	175,281	(11.7)
Investment property income	37,977	39,581	(4.1)	119,203	96,315	23.8
Development property income	11,825	19,198	(38.4)	32,148	60,981	(47.3)
Dividend income	900	-	n.m.	1,840	900	>100.0
Others	2,354	1,259	87.0	5,363	3,066	74.9
	<u>106,286</u>	<u>119,134</u>	(10.8)	<u>313,367</u>	<u>336,543</u>	(6.9)
(B) Finance expenses						
Finance expenses	16,111	29,192	(44.8)	63,833	91,535	(30.3)
Less: Finance expense capitalised in development property	(2,938)	(3,925)	(25.1)	(8,981)	(11,948)	(24.8)
	<u>13,173</u>	<u>25,267</u>	(47.9)	<u>54,852</u>	<u>79,587</u>	(31.1)
(C) Other gains/(losses) - net						
Allowance for foreseeable loss on a development property	-	-	-	(105,000)	-	n.m.
Fair value gains on investment properties	-	953	n.m.	153,077	893	>100.0
Net change in fair value of other investments designated at fair value through profit or loss	3,641	(776)	n.m.	3,544	38	>100.0
Net gain/(loss) on disposal of subsidiaries	-	(5,013)	n.m.	986,387	(5,007)	n.m.
	<u>3,641</u>	<u>(4,836)</u>	n.m.	<u>1,038,008</u>	<u>(4,076)</u>	n.m.
(D) Profit before tax						
Profit before tax is stated after charging/(crediting):						
Borrowing cost	14,486	21,447	(32.5)	53,526	62,977	(15.0)
(Gain)/Loss on foreign exchange	(1,313)	(591)	>100.0	1,326	14,141	(90.6)
Net change in fair value of derivatives	-	4,411	n.m.	(361)	2,469	n.m.
Depreciation of property, plant and equipment	2,679	5,709	(53.1)	9,402	18,282	(48.6)
Allowance for impairment on trade receivables	141	-	n.m.	141	-	n.m.
Bad debts written off on trade receivables	-	-	-	-	66	n.m.
Loss on disposal of property, plant and equipment	156	2,573	(93.9)	181	2,658	(93.2)
(E) Tax expense/(credit)						
The charge for income tax expense includes the following:						
(Over)/Underprovision in preceding financial years	(13)	(83)	(84.3)	624	(404)	n.m.
Deferred tax on fair value gains of an investment property	-	-	-	38,269	-	n.m.
(F) Profit attributable to Owners of the Company						
Attributable profit before tax, fair value and other gains	20,187	13,270	52.1	37,935	37,150	2.1
Tax (expense)/credit	(7,351)	4,949	n.m.	(13,752)	(3,364)	>100.0
Allowance for foreseeable loss on a development property	-	-	-	(105,000)	-	n.m.
Fair value gains on investment properties ¹	-	953	n.m.	57,424	893	>100.0
Net gain/(loss) on disposal of subsidiaries	-	(5,013)	n.m.	986,387	(5,007)	n.m.
Net change in fair value of other investments designated at fair value through profit or loss	3,641	(776)	n.m.	3,544	38	>100.0
Net attributable profit	<u>16,477</u>	<u>13,383</u>	23.1	<u>966,538</u>	<u>29,710</u>	>100.0

n.m. - Not meaningful

¹ - Net of deferred tax provision relating to fair value gain on investment properties

OUE LIMITED
Third Quarter Ended 30 September 2014

1(b)(i) Statements of Financial Position

	The Group		The Company	
	30/09/14	31/12/13	30/09/14	31/12/13
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Current assets				
Cash and cash equivalents	172,478	730,613	45,897	551,331
Trade and other receivables	26,135	22,250	674,621	582,564
Inventories	713	790	171	163
Other investments	288,117	9,478	-	-
Development property	798,086	846,806	-	-
Other assets	15,914	11,444	7,148	27,161
Loans to subsidiaries	-	-	1,521,666	1,415,146
	1,301,443	1,621,381	2,249,503	2,576,365
Non-current assets				
Available-for-sale financial assets	196,345	193,304	182,716	182,716
Investments in associates and jointly controlled entity	1,101,075	720,474	514,202	125,621
Investments in subsidiaries	-	-	363,893	834,920
Loans to subsidiaries	-	-	72,864	72,847
Other assets	2,251	1,533	-	1,704
Investment properties	3,477,672	3,467,003	-	-
Property, plant and equipment	250,242	366,795	15,136	15,841
Intangible assets	43,200	43,200	-	-
Derivative assets	576	4,507	-	-
	5,071,361	4,796,816	1,148,811	1,233,649
Total assets	6,372,804	6,418,197	3,398,314	3,810,014
LIABILITIES				
Current liabilities				
Trade and other payables	144,375	86,848	136,121	314,103
Current tax liabilities	12,796	10,724	2,724	3,304
Borrowings	586,487	349,747	199,540	349,747
	743,658	447,319	338,385	667,154
Non-current liabilities				
Borrowings	1,416,850	2,392,273	496,230	694,544
Deferred tax liabilities	80,917	38,322	385	113
Other liabilities	26,098	19,531	29,068	646
Derivative liabilities	1,251	5,728	-	-
	1,525,116	2,455,854	525,683	695,303
Total liabilities	2,268,774	2,903,173	864,068	1,362,457
Net Assets	4,104,030	3,515,024	2,534,246	2,447,557
EQUITY				
Capital and reserves attributable to the owners of the Company				
Share capital	693,315	693,315	693,315	693,315
Other reserves	(27,274)	7,917	(2,363)	(2,363)
Accumulated profits	3,026,316	2,190,308	1,843,294	1,756,605
	3,692,357	2,891,540	2,534,246	2,447,557
Non-controlling interests	411,673	623,484	-	-
Total equity	4,104,030	3,515,024	2,534,246	2,447,557

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

	As at 30/09/14		As at 31/12/13	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Amount repayable in one year or less, or on demand	386,947	199,540	-	349,747
Amount repayable after one year	920,620	496,230	1,697,729	694,544

Details of any collateral

Secured borrowings are collateralised by:

- pledging of the borrowing companies' properties/assets and/or
- assignment of all rights and benefits to sale, lease and/or insurance proceeds with respect to the properties

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1(c) Consolidated Statement of Cash Flows

	The Group			
	Third	Third	Nine Months	Nine Months
	Quarter ended	Quarter ended	ended	ended
	30/9/14	30/9/13	30/9/14	30/9/13
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit after tax	21,485	14,939	1,043,722	31,551
Adjustments for:				
Depreciation of property, plant and equipment	2,679	5,709	9,402	18,282
Dividend income	(900)	-	(1,840)	(900)
Allowance for foreseeable loss on a development property	-	-	105,000	-
Fair value gains on investment properties	-	(953)	(153,077)	(893)
Net change in fair value of other investments	(3,641)	776	(3,544)	(38)
Finance expense	13,173	25,267	54,852	79,587
Finance income	(627)	(366)	(2,661)	(1,402)
Net loss/(gain) on disposal of subsidiaries	-	5,013	(986,387)	5,007
Loss on disposal of property, plant and equipment	156	2,573	181	2,658
Share of results of associates and jointly controlled entity, net of tax	(12,887)	(4,653)	(30,005)	(13,901)
Tax expense/(credit)	7,872	(4,949)	53,436	3,448
	<u>27,310</u>	<u>43,356</u>	<u>89,079</u>	<u>123,399</u>
Changes in trade and other receivables and other assets	(6,652)	(12,030)	(16,481)	7,021
Changes in inventories	22	(275)	81	(373)
Changes in development property	(14,432)	(17,073)	(37,263)	(18,900)
Changes in trade and other payables and other liabilities	1,532	7,897	19,174	4,021
Cash generated from operating activities	<u>7,780</u>	<u>21,875</u>	<u>54,590</u>	<u>115,168</u>
Tax paid	(5,584)	(9,780)	(10,862)	(21,267)
Net cash from operating activities	<u>2,196</u>	<u>12,095</u>	<u>43,728</u>	<u>93,901</u>
Cash flows from investing activities				
Acquisition of jointly controlled entity	-	-	-	(25,131)
Acquisition of subsidiaries, net of cash acquired	-	-	(127,664)	-
Additions to investment properties	(14,813)	(5,273)	(47,298)	(485,382)
Dividend received from:				
- associates, net of tax	16,823	-	25,094	10,582
- available-for-sale financial assets, net of tax	900	-	1,840	900
- other investments, net of tax	135	-	339	-
Interest received	2,017	493	2,105	2,169
Loan repayment from jointly controlled entity	-	-	-	32,134
Proceeds from sale of other investments	-	5,793	19,776	16,668
Proceeds from disposal of property, plant and equipment	4	732	4	736
Proceeds from disposal of subsidiaries, net of cash disposed	-	131,461	-	131,559
Proceeds from dilution of interest in a subsidiary	-	30,541	15,195	30,541
Net cash outflow arising from disposal of subsidiaries	-	-	(58,153)	-
Purchase of available-for-sale financial assets	(3,140)	(73)	(3,140)	(73)
Purchase of other investments	(260,433)	(4,355)	(294,871)	(20,242)
Purchase of property, plant and equipment	(1,545)	(15,881)	(5,236)	(21,404)
Net cash (used in)/from investing activities	<u>(260,052)</u>	<u>143,438</u>	<u>(472,009)</u>	<u>(326,943)</u>
Cash flows from financing activities				
Dividends paid	(20,082)	-	(59,059)	(72,791)
Finance expense (including amounts capitalised in development property)	(16,341)	(29,141)	(64,387)	(75,358)
Proceeds from borrowings	20,592	587,000	524,389	637,000
Repayment of borrowings	(3,080)	(750,000)	(860,980)	(750,000)
Proceeds from issuance of units by a subsidiary	-	600,000	346,400	600,000
Unit issue costs of a subsidiary	(30)	(22,836)	(16,217)	(22,836)
Net cash (used in)/from financing activities	<u>(18,941)</u>	<u>385,023</u>	<u>(129,854)</u>	<u>316,015</u>
Net (decrease)/increase in cash and cash equivalents	<u>(276,797)</u>	<u>540,556</u>	<u>(558,135)</u>	<u>82,973</u>
Cash and cash equivalents at the beginning of financial period	449,275	147,054	730,613	604,637
Cash and cash equivalents at the end of financial period	<u>172,478</u>	<u>687,610</u>	<u>172,478</u>	<u>687,610</u>

OUÉ LIMITED
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1(d)(i) Statement of Changes in Equity

THE GROUP	Attributable to Owners of the Company					Non-controlling interests	Total Equity
	Share Capital	Other Reserves	Accumulated Profits	Total			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2014	693,315	(36,881)	3,018,938	3,675,372	411,477	4,086,849	
Total comprehensive income for the period							
Profit for the period	-	-	16,477	16,477	5,008	21,485	
Other comprehensive income							
Currency translation differences relating to foreign operations	-	7,679	-	7,679	5,372	13,051	
Fair value loss on available-for-sale financial assets	-	(108)	-	(108)	-	(108)	
Share of effective portion of changes in fair value of cash flow hedges of a subsidiary	-	732	-	732	799	1,531	
Share of other comprehensive income of associates	-	779	-	779	-	779	
Share of foreign currency translation differences of associates and jointly controlled entity	-	525	-	525	-	525	
Total other comprehensive income, net of tax	-	9,607	-	9,607	6,171	15,778	
Total comprehensive income for the period	-	9,607	16,477	26,084	11,179	37,263	
Transactions with owners of the Company, recognised directly in equity							
Contributions by and distributions to owners of the Company							
Dividends paid	-	-	(9,099)	(9,099)	-	(9,099)	
Dividends paid to non-controlling interests	-	-	-	-	(10,983)	(10,983)	
Total transactions with owners of the Company	-	-	(9,099)	(9,099)	(10,983)	(20,082)	
At 30 September 2014	693,315	(27,274)	3,026,316	3,692,357	411,673	4,104,030	
At 1 July 2013	693,315	5,940	2,433,801	3,133,056	1,848	3,134,904	
Total comprehensive income for the period							
Profit for the period	-	-	13,383	13,383	1,556	14,939	
Other comprehensive income							
Currency translation differences relating to foreign operations	-	(10,005)	-	(10,005)	454	(9,551)	
Currency translation differences realised and transferred to profit and loss	-	(7,763)	-	(7,763)	-	(7,763)	
Share of effective portion of changes in fair value of cash flow hedges of a subsidiary	-	(1,103)	-	(1,103)	(1,334)	(2,437)	
Share of foreign currency translation differences of associates	-	(685)	-	(685)	-	(685)	
Total other comprehensive income, net of tax	-	(19,556)	-	(19,556)	(880)	(20,436)	
Total comprehensive income for the period	-	(19,556)	13,383	(6,173)	676	(5,497)	
Transactions with owners of the Company, recognised directly in equity							
Contributions by and distributions to owners of the Company							
Share of unit issue costs of a subsidiary	-	(10,938)	-	(10,938)	(11,898)	(22,836)	
Changes in ownership interests in subsidiaries							
Disposal of interest in subsidiaries	-	-	-	-	(2,190)	(2,190)	
Proceeds from issuance of units by a subsidiary	-	-	-	-	600,000	600,000	
Changes in ownership interests in a subsidiary without loss of control	-	-	465	465	30,076	30,541	
Total transactions with owners of the Company	-	(10,938)	465	(10,473)	615,988	605,515	
At 30 September 2013	693,315	(24,554)	2,447,649	3,116,410	618,512	3,734,922	

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Third Quarter Ended 30 September 2014

THE COMPANY	Share Capital \$'000	Other Reserves \$'000	Accumulated Profits \$'000	Total Equity \$'000
At 1 July 2014	693,315	(2,363)	1,682,747	2,373,699
Total comprehensive income for the period				
Profit for the period	-	-	169,646	169,646
Total comprehensive income for the period	-	-	169,646	169,646
Transactions with owners of the Company, recognised directly in equity				
Contributions by and distributions to owners of the Company				
Dividends paid	-	-	(9,099)	(9,099)
Total transactions with owners of the Company	-	-	(9,099)	(9,099)
At 30 September 2014	<u>693,315</u>	<u>(2,363)</u>	<u>1,843,294</u>	<u>2,534,246</u>
At 1 July 2013	693,315	5,219	924,682	1,623,216
Total comprehensive income for the period				
Profit for the period	-	-	1,008,636	1,008,636
Total comprehensive income for the period	-	-	1,008,636	1,008,636
Transactions with owners of the Company, recognised directly in equity				
Contributions by and distributions to owners of the Company				
Reversal of revaluation reserve on disposal of property, plant and equipment	-	(36,142)	36,142	-
Total transactions with owners of the Company	-	(36,142)	36,142	-
At 30 September 2013	<u>693,315</u>	<u>(30,923)</u>	<u>1,969,460</u>	<u>2,631,852</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 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.**

There is no change in the Company's share capital in 3Q 2014.

As at 30 September 2014, the Company held 71,716,000 treasury shares (31 December 2013: 71,716,000).

- 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.**

As at 30 September 2014, the Company's total number of issued shares excluding treasury shares is 909,885,860 (31 December 2013: 909,885,860).

- 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.**

These 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.**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and method of computation in the financial statements for the current financial period as those of the audited financial statements for the year ended 31 December 2013.

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.

The Group adopted a number of new standards, amendments to standards and interpretations that are effective for annual periods beginning on 1 January 2014. The adoption of these new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group, except for the following:-

Amendments to FRS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities

Amendments to FRS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*, which clarifies the existing criteria for net presentation on the face of the statement of financial position. Under the amendments, to qualify for offsetting, the right to set off a financial asset and a financial liability must not be contingent on a future event and must be enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

The Group previously offsets intercompany receivables and payables due from/to the same counterparty. Upon the adoption of the Amendments to FRS 32, the Group presents the intercompany receivables and payables due from/to the same counterparty at their gross amounts.

The change in accounting policy has been applied retrospectively. The effects of the adoption of the Amendments to FRS 32 resulted in the Company's total assets and total liabilities as at 31 December 2013 to be increased by \$14,005,000 respectively.

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.

	The Group			
	Third Quarter Ended 30/09/14	Third Quarter Ended 30/09/13	Nine Months Ended 30/09/14	Nine Months Ended 30/09/13
Based on weighted average number of ordinary shares in issue (cents per share)	1.81	1.47	106.23	3.27
Weighted average number of ordinary shares in issue	909,885,860	909,885,860	909,885,860	909,885,860
On a fully diluted basis (cents per share) (a)	1.81	1.47	106.23	3.27

* Diluted earnings per share are the same as basic earnings per share as there are no dilutive potential ordinary shares.

(a) Diluted earnings per share is the same as basic earnings per share as there are no dilutive potential ordinary shares.

7 Net asset value (for the issuer and group) per ordinary share based on issue share capital of the issuer at the end of the:-

- (a) current financial period reported on; and**
(b) immediately preceding financial year.

	The Group		The Company	
	30/09/14	31/12/13	30/09/14	31/12/13
	\$	\$	\$	\$
Net asset value per ordinary share	4.06	3.18	2.79	2.69

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.

FINANCIAL HIGHLIGHTS	Third Quarter ended 30/9/14 \$'000	Third Quarter ended 30/9/13 \$'000	Change %
Revenue	106,286	119,134	(10.8)
Earnings before interest and tax (EBIT)	38,262	39,727	(3.7)
Profit attributable to Owners of the Company	16,477	13,383	23.1

In 3Q 2014, the Group recorded total revenue of \$106.3 million as compared to \$119.1 million over the same period in the previous financial year. The decrease in the Group's total revenue was mainly due to lower contribution from the Hospitality and Development Property divisions, offset partially by dividend income.

Hospitality Division

In 3Q 2014, hospitality division revenue decreased \$5.9 million to \$53.2 million as a result of the absence of contribution from the China hotels. The China Hotels were disposed in 3Q 2013. Excluding the contribution from the two disposed China hotels, hospitality revenue would have increased \$1.6 million year-on-year.

Property Investment Division

Revenue from the property investment division decreased from \$39.6 million to \$38.0 million (down 4.1% year-on-year) as 3Q 2013 included contribution from Mandarin Gallery, which is currently held through the Group's associate, OUE H-TRUST. This decrease is partially offset by revenue contribution from Lippo Plaza, which was acquired by OUE Commercial REIT ("OUE C-REIT") on 27 January 2014.

Property Development Division

The decrease in development property revenue to \$11.8 million is due mainly to lower sales in the current quarter.

Gross profit decreased to \$43.4 million in the current quarter due mainly to lower revenue and a higher cost of sales. Cost of sales for the current quarter included the recognition of rental expense to OUE Hospitality Trust ("OUE H-TRUST").

Administrative expenses decreased by \$2.8 million to \$10.9 million mainly due to lower legal and professional fee incurred in 3Q 2014.

Decrease in other operating expenses of \$4.0 million is mainly attributable to absence of loss on disposal of property, plant and equipment arising from upgrading works on the hotels in 3Q 2013.

Share of results of associates and jointly controlled entity increased \$8.2 million to \$12.9 million due mainly to the recognition of the Group's share of results of OUE H-TRUST in 3Q 2014 and increased contribution from One Raffles Place with the opening of its revamped retail mall in May 2014.

Consequently, EBIT was in line year-on-year at \$38.3 million as the Group achieved positive contributions from its various business segments.

Finance expenses decreased by \$12.1 million to \$13.2 million for the quarter due mainly to lower borrowings in the current quarter.

Other gains in 3Q 2014 comprise fair value changes in the investments held by the Group, which are designated as fair value through profit and loss. Other losses in 3Q 2013 relates mainly to loss on sale of the China hotels in September 2013.

The increase in tax expense in 3Q 2014 is largely attributable to taxable distribution income received from OUE H-TRUST in the current quarter, as well as tax relating to contribution from Lippo Plaza. Tax credit in 3Q 2013 arose from the reversal of deferred tax upon the sale Mandarin Orchard Singapore ("MOS") to OUE H-TRUST.

At post-tax level, the Group recorded attributable profit of \$16.5 million as compared to \$13.4 million in 3Q 2013. The increase was due mainly to lower finance expenses from lower borrowings, coupled with positive contributions from its various business segments.

Statements of Financial Position

The decrease in the Group's "Cash and cash equivalent" of \$558.1 million was largely due to repayments of the \$300.0 million fixed rate note due in April 2014 and a \$50.0 million revolving credit facility by the Company. The Group also invested \$254.2 million (US\$200.0 million) in a mutual fund in 3Q 2014 to optimise return on available funds.

The Group's "Other investments" as at September 2014 of \$288.1 million relates to investments in a mutual fund and quoted equity securities.

The Group's "Development property" decreased \$48.7 million to \$798.1 million as at September 2014 mainly due to the allowance for foreseeable loss of \$105.0 million made on the property.

"Investments in associates and jointly controlled entity" increased from \$720.5 million to \$1,101.1 million due to the recognition of OUE H-TRUST as an associate.

The Group's "Investment properties" increased \$10.7 million to \$3.5 billion as at September 2014 as a result of acquisition of Lippo Plaza by OUE C-REIT in January 2014, as well as fair value gain recognised on Lippo Plaza. This was offset by de-recognition of Mandarin Gallery upon deconsolidation of OUE H-TRUST in 1Q 2014.

The Group's "Property, plant and equipment" decreased \$116.6 million to \$250.2 million as at September 2014. The carrying value of MOS is de-recognised upon the deconsolidation of OUE H-TRUST in 1Q 2014.

The increase in "Trade and other payables and other liabilities" of \$64.1 million relates largely to provision for upgrading works on the hotel properties of the Group.

The decrease in the Group's "Borrowings" by \$738.7 million arises mainly from the repayment of borrowings by the Group.

"Deferred tax liabilities" increased \$42.6 million to \$80.9 million as a result of deferred tax on fair value gain on Lippo Plaza.

The decrease in "Non-controlling interests" of \$211.8 million largely relates to de-recognition of non-controlling interest's share of the fair value of the net assets of OUE H-TRUST upon deconsolidation in 1Q 2014. This is offset by non-controlling interest's share in the fair value of the net assets of OUE C-REIT.

Commitments

As at 30 September 2014, the Group and the Company have the following capital commitments:

	The Group		The Company	
	30/09/14	31/12/13	30/09/14	31/12/13
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment	67,550	12,048	193	8,905
Investment properties	208,069	142,170	-	-
Development property	51,362	58,149	-	-
Available-for-sale financial assets	879	2,019	-	-

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement has been previously disclosed.

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.

Based on the Ministry of Trade and Industry's ("MTI") advanced GDP estimates, the Singapore economy grew by 1.2% on a quarter-on-quarter seasonally-adjusted annualised basis, a reversal from the 0.1% contraction in the preceding quarter.

Asset enhancement at OUE Downtown is on track and the lobby renovation and observation deck projects at US Bank Tower are currently underway. The Group will continue to focus on active lease management to generate returns from its commercial property portfolio.

The Group has also commenced the development of the 10-storey extension building to the Crowne Plaza Changi Airport hotel ("CPCA") in August 2014. The extension will add 243 hotel rooms to the existing 320 hotel rooms of CPCA upon completion.

The market environment for high-end residential property remains challenging. The Group will continue to drive the sale of its only development project at Leonie Hill, Twin Peaks, which is scheduled to complete in 2015.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared/proposed for the current financial period reported on? No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

Not applicable.

13 If the Group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), 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.

The Group has not obtained a general mandate from shareholders for any Interested Person Transactions.

BY ORDER OF THE BOARD

NG NGAI
COMPANY SECRETARY
4 November 2014

OUE LIMITED
Third Quarter Ended 30 September 2014

Pursuant to SGX-ST Rule 705(5), the Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the financial results of the Company and the Group for the quarter ended 30 September 2014 to be false or misleading.

On behalf of the Board of Directors

Dr Stephen Riady
Executive Chairman

Mr Thio Gim Hock
Chief Executive Officer