



## OUE LIMITED

(Company Registration No. 196400050E)

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### SECOND QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE QUARTER ENDED 30 JUNE 2016 (UNAUDITED)

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Item No.	TABLE OF CONTENTS Description	Page No.
1 (a)(i)	Statement of Comprehensive Income	2
1 (a)(ii)	Explanatory Notes to Statement of Comprehensive Income	3 – 5
1 (b)(i)	Statements of Financial Position	6 – 7
1 (b)(ii)	Group's Borrowings and Debt Securities	7
1 (c)	Consolidated Statements of Cash Flows	8 – 9
1 (d)(i)	Statement of Changes in Equity	10 – 11
1 (d)(ii)	Changes in the Company's Issued Share Capital	11
1 (d)(iii)	Treasury Shares	11
1 (d)(iv)	Changes in the Company's Treasury Shares	11
2 & 3	Audit Statement	11 – 12
4 & 5	Accounting Policies	12
6	Earnings per Share	12
7	Net Asset Value per Share	12
8	Review of Performance	13
9	Variance from Prospect Statement	14
10	Outlook and Prospect	14
11 & 12	Dividend	15
13	Interested Person Transactions	15
14	Confirmation Pursuant to Rule 720(1) of the Listing Manual	16
15	Confirmation Pursuant to Rule 705(5) of the Listing Manual	17

**1(a)(i) Statement of Comprehensive Income**

	Notes	The Group					
		Second Quarter ended 30/6/16 \$'000	Second Quarter ended 30/6/15 \$'000	Change	Six Months ended 30/6/16 \$'000	Six Months ended 30/6/15 \$'000	Change
				%			%
Revenue	A	134,287	95,663	40.4	256,750	203,637	26.1
Cost of sales		(76,576)	(58,773)	30.3	(144,764)	(126,669)	14.3
Gross profit		57,711	36,890	56.4	111,986	76,968	45.5
Marketing expenses	B	(11,946)	(4,126)	>100.0	(15,891)	(8,015)	98.3
Administrative expenses		(11,213)	(11,355)	(1.3)	(22,597)	(28,490)	(20.7)
Other operating expenses		(3,817)	(2,855)	33.7	(7,033)	(5,859)	20.0
Share of results of equity-accounted investees, net of tax	C	7,305	14,732	(50.4)	40,265	30,403	32.4
		38,040	33,286	14.3	106,730	65,007	64.2
Finance expenses	D	(31,221)	(22,186)	40.7	(71,063)	(37,237)	90.8
Finance income	E	2,870	771	>100.0	1,344	3,479	(61.4)
Other gains/(losses) - net	F	28,087	(20,548)	n.m.	22,863	51,911	(56.0)
Profit/(Loss) before tax	G	37,776	(8,677)	n.m.	59,874	83,160	(28.0)
Tax expense	H	(6,187)	(2,716)	>100.0	(13,026)	(12,011)	8.5
<b>Profit/(Loss) after tax</b>		<b>31,589</b>	<b>(11,393)</b>	<b>n.m.</b>	<b>46,848</b>	<b>71,149</b>	<b>(34.2)</b>
<b>Other comprehensive income</b>							
<b>Items that are or may be reclassified subsequently to profit or loss:</b>							
Currency translation differences relating to foreign operations		(21,178)	(15,064)	40.6	(42,979)	13,896	n.m.
Share of currency translation differences of equity-accounted investees		(10,751)	(5,083)	>100.0	(24,600)	(3,419)	>100.0
Share of other reserves of equity-accounted investees		1,372	(914)	n.m.	(4,478)	316	n.m.
Fair value (loss)/gain on available-for-sale financial assets, net of tax		(330)	(41)	>100.0	(470)	63	n.m.
Effective portion of changes in fair value of cash flow hedges		(2,891)	(1,364)	>100.0	(19,870)	764	n.m.
<b>Other comprehensive income, net of tax</b>		<b>(33,778)</b>	<b>(22,466)</b>	<b>50.4</b>	<b>(92,397)</b>	<b>11,620</b>	<b>n.m.</b>
<b>Total comprehensive income for the period</b>		<b>(2,189)</b>	<b>(33,859)</b>	<b>(93.5)</b>	<b>(45,549)</b>	<b>82,769</b>	<b>n.m.</b>
<b>Profit attributable to:</b>							
Owners of the Company		25,727	(16,280)	n.m.	34,017	60,894	(44.1)
Non-controlling interests		5,862	4,887	20.0	12,831	10,255	25.1
		<b>31,589</b>	<b>(11,393)</b>	<b>n.m.</b>	<b>46,848</b>	<b>71,149</b>	<b>(34.2)</b>
<b>Total comprehensive income attributable to:</b>							
Owners of the Company		(3,278)	(33,070)	(90.1)	(42,173)	67,480	n.m.
Non-controlling interests		1,089	(789)	n.m.	(3,376)	15,289	n.m.
		<b>(2,189)</b>	<b>(33,859)</b>	<b>(93.5)</b>	<b>(45,549)</b>	<b>82,769</b>	<b>n.m.</b>

n.m.: Not meaningful

**1 (a)(ii) Explanatory Notes to Statement of Comprehensive Income**

**A) Revenue**

	Second Quarter ended 30/6/16 \$'000	Second Quarter ended 30/6/15 \$'000	Change %	Six Months ended 30/6/16 \$'000	Six Months ended 30/6/15 \$'000	Change %
Hospitality income	44,770	46,606	(3.9)	96,465	96,777	(0.3)
Investment properties income	67,613	42,683	58.4	131,881	85,214	54.8
Development property income	18,697	3,301	>100.0	23,394	16,661	40.4
Dividend income	900	900	-	900	900	-
Others	2,307	2,173	6.2	4,110	4,085	0.6
	<u>134,287</u>	<u>95,663</u>	40.4	<u>256,750</u>	<u>203,637</u>	26.1

**B) Marketing expenses**

Marketing expenses increased \$7.8 million to \$11.9 million for 2Q 2016. The increase was mainly due to higher sales commission expenses incurred with the increase in OUE Twin Peaks units sold and marketing expenses relating to the opening of the observation deck at US Bank Tower (i.e. OUE Skyspace LA) in June 2016.

**C) Share of results of equity-accounted investees, net of tax**

Share of results of equity-accounted investees for 2Q 2016 relates primarily to the Group's share of results of OUE Hospitality Trust ("OUE H-Trust") and Gemdale Properties and Investment Corporation Limited ("Gemdale"). Contribution from equity-accounted investees decreased \$7.4 million to \$7.3 million for 2Q 2016 mainly due to the absence of contribution from OUB Centre Limited ("OUBC"), which owns One Raffles Place. The Group acquired additional interest in OUBC in October 2015 and has since begun consolidating the results of OUBC as a subsidiary. OUBC was previously equity-accounted for in 2Q 2015.

**D) Finance expenses**

	Second Quarter ended 30/6/16 \$'000	Second Quarter ended 30/6/15 \$'000	Change %	Six Months ended 30/6/16 \$'000	Six Months ended 30/6/15 \$'000	Change %
Borrowing costs	29,292	20,674	41.7	58,487	39,041	49.8
Less: Borrowing costs capitalised in development property	-	-	-	-	(1,804)	(100.0)
	<u>29,292</u>	<u>20,674</u>	41.7	<u>58,487</u>	<u>37,237</u>	57.1
Net foreign exchange loss	-	1,512	(100.0)	8,407	-	n.m.
Ineffective portion of changes in fair value of cash flow hedges	1,929	-	n.m.	4,169	-	n.m.
	<u>31,221</u>	<u>22,186</u>	40.7	<u>71,063</u>	<u>37,237</u>	90.8

The increase in borrowing cost in 2Q 2016 was largely attributed to borrowings drawn down in October 2015 to fund the acquisition of OUBC.

**1 (a)(ii) Explanatory Notes to Statement of Comprehensive Income**

**E) Finance income**

	Second Quarter ended 30/6/16 \$'000	Second Quarter ended 30/6/15 \$'000	Change %	Six Months ended 30/6/16 \$'000	Six Months ended 30/6/15 \$'000	Change %
Interest income	746	505	47.7	1,199	1,206	(0.6)
Net foreign exchange gain	1,979	-	n.m.	-	1,888	(100.0)
Others	145	266	(45.5)	145	385	(62.3)
	<u>2,870</u>	<u>771</u>	>100.0	<u>1,344</u>	<u>3,479</u>	(61.4)

**F) Other gains/(losses) – net**

	Second Quarter ended 30/6/16 \$'000	Second Quarter ended 30/6/15 \$'000	Change %	Six Months ended 30/6/16 \$'000	Six Months ended 30/6/15 \$'000	Change %
Reversal of impairment loss on a development property	27,831	-	n.m.	27,831	-	n.m.
Net change in fair value of investments designated at fair value through profit or loss	256	(20,548)	n.m.	(4,968)	(5,873)	(15.4)
Gain on disposal of property, plant and equipment	-	-	-	-	57,784	(100.0)
	<u>28,087</u>	<u>(20,548)</u>	n.m.	<u>22,863</u>	<u>51,911</u>	(56.0)

The gain on disposal of property, plant and equipment of \$57.8 million relates to the gain recognised on sale of Crowne Plaza Changi Airport in 1Q 2015.

**G) Profit/(Loss) before tax**

	Second Quarter ended 30/6/16 \$'000	Second Quarter ended 30/6/15 \$'000	Change %	Six Months ended 30/6/16 \$'000	Six Months ended 30/6/15 \$'000	Change %
Profit/Loss before tax is stated after charging/(crediting):						
Borrowing costs	29,292	20,674	41.7	58,487	37,237	57.1
Net foreign exchange (gain)/loss	(1,979)	1,512	n.m.	8,407	(1,888)	n.m.
Ineffective portion of changes in fair value of cash flow hedges	1,929	-	n.m.	4,169	-	n.m.
Depreciation of property, plant and equipment	1,091	996	9.5	2,179	1,943	12.1
Writeback for impairment of trade and other receivables	(66)	(12)	>100.0	(64)	(36)	77.8
Bad debts written off	177	-	n.m.	177	-	n.m.
(Gain)/Loss on disposal of property, plant and equipment	<u>(70)</u>	<u>1</u>	n.m.	<u>(101)</u>	<u>(12)</u>	>100.0

**1 (a)(ii) Explanatory Notes to Statement of Comprehensive Income**

**H) Tax expense**

	<b>Second Quarter ended 30/6/16 \$'000</b>	<b>Second Quarter ended 30/6/15 \$'000</b>	<b>Change %</b>	<b>Six Months ended 30/6/16 \$'000</b>	<b>Six Months ended 30/6/15 \$'000</b>	<b>Change %</b>
The charge for income tax expense includes the following:						
Overprovision in respect of prior years						
- Current tax	(18)	(84)	(78.6)	(12)	(87)	(86.2)

n.m.: Not meaningful

**OUE LIMITED**  
**Second Quarter Ended 30 June 2016**

**1(b)(i) Statements of Financial Position**

	Notes	The Group		The Company	
		30/06/16	31/12/15	30/06/16	31/12/15
		\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents		171,781	172,353	44,406	83,782
Trade and other receivables		38,117	38,931	900,116	789,848
Inventories		1,011	727	238	246
Other investments	A	271,058	371,399	-	-
Development properties	B	896,849	859,269	-	-
Other assets		36,882	35,589	1,821	1,753
Loans to subsidiaries		-	-	2,188,122	2,394,206
Derivative assets	C	45	32	-	-
		<u>1,415,743</u>	<u>1,478,300</u>	<u>3,134,703</u>	<u>3,269,835</u>
<b>Non-current assets</b>					
Available-for-sale financial assets		175,834	174,223	157,262	157,262
Investments in equity-accounted investees	D	911,419	812,695	469,587	391,224
Investments in subsidiaries		-	-	334,792	334,792
Loan to a subsidiary		-	-	171,411	124,750
Other investments	A	13,009	-	-	-
Other assets		3,709	3,255	-	976
Investment properties		5,626,745	5,627,266	-	-
Property, plant and equipment		20,321	21,337	13,589	14,139
Deferred tax assets		9,183	6,189	916	1,273
Derivative assets	C	-	6,573	-	-
		<u>6,760,220</u>	<u>6,651,538</u>	<u>1,147,557</u>	<u>1,024,416</u>
<b>Total assets</b>		<b><u>8,175,963</u></b>	<b><u>8,129,838</u></b>	<b><u>4,282,260</u></b>	<b><u>4,294,251</u></b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	E	212,020	237,740	49,364	67,595
Borrowings	F	839,740	157,195	389,560	152,000
Provision		-	-	5,898	4,665
Loans from subsidiaries		-	-	306,702	216,702
Current tax liabilities		32,406	27,373	4,449	1,957
		<u>1,084,166</u>	<u>422,308</u>	<u>755,973</u>	<u>442,919</u>
<b>Non-current liabilities</b>					
Borrowings	F	2,343,304	2,767,352	496,540	795,250
Deferred tax liabilities		118,105	119,664	291	392
Deferred income	G	37,851	-	-	-
Other payables		58,201	56,142	404	390
Provision		-	-	6,116	8,395
Derivative liabilities	C	17,659	180	-	-
		<u>2,575,120</u>	<u>2,943,338</u>	<u>503,351</u>	<u>804,427</u>
<b>Total liabilities</b>		<b><u>3,659,286</u></b>	<b><u>3,365,646</u></b>	<b><u>1,259,324</u></b>	<b><u>1,247,346</u></b>
<b>Net Assets</b>		<b><u>4,516,677</u></b>	<b><u>4,764,192</u></b>	<b><u>3,022,936</u></b>	<b><u>3,046,905</u></b>
<b>EQUITY</b>					
Share capital		693,315	693,315	693,315	693,315
Other reserves		(125,649)	(51,672)	(39,769)	(39,769)
Accumulated profits		3,328,202	3,288,829	2,369,390	2,393,359
<b>Equity attributable to owners of the Company</b>		<b>3,895,868</b>	<b>3,930,472</b>	<b>3,022,936</b>	<b>3,046,905</b>
Non-controlling interests	H	620,809	833,720	-	-
<b>Total equity</b>		<b><u>4,516,677</u></b>	<b><u>4,764,192</u></b>	<b><u>3,022,936</u></b>	<b><u>3,046,905</u></b>

**Notes:**

- A) The decrease in “Other investments” of \$87.3 million was mainly due to the partial redemption of the Group’s investment in a mutual fund amounting to \$95.4 million, slightly offset by additional investments in the current quarter.
- B) The increase in “Development properties” of \$37.6 million mainly relates to the costs incurred on the development of the extension of Crowne Plaza Changi Airport.
- C) “Derivative assets” and “derivative liabilities” relate to the fair value of the interest rate swaps entered into to hedge floating interest rates exposure.
- D) The increase in “Investments in equity-accounted investees” of \$98.7 million was mainly due to the Group’s subscription of new stapled securities in OUE H-Trust via a rights issue in April 2016 amounting to \$78.5 million. The increase was also contributed by the acquisition of additional shares in Gemdale, through a joint venture of the Group in March 2016.
- E) The decrease in “Trade and other payables” of \$25.7 million was mainly due to payment of development costs incurred on the investment properties and development properties.
- F) The increase in “Borrowings” of \$258.5 million was primarily due to additional loan drawn down mainly for the Group’s asset enhancement initiatives and acquisition in additional investment in equity-accounted investees.
- G) “Deferred income” relates to the non-refundable deposits received from the OUE Twin Peaks units sold under deferred payment schemes. Revenue from units sold under deferred payment schemes are deferred and will be recognised on completion of the sale of the unit.
- H) The decrease in “Non-controlling interests” of \$212.9 million was largely due to the Group’s acquisition in additional unitholding in OUE Commercial Real Estate Investment Trust in February 2016.

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

	As at 30/6/16			As at 31/12/15		
	Secured \$’000	Unsecured \$’000	Total \$’000	Secured \$’000	Unsecured \$’000	Total \$’000
<b>Amount repayable in one year or less, or on demand</b>	450,180	389,560	839,740	5,195	152,000	157,195
<b>Amount repayable after one year</b>	1,846,764	496,540	2,343,304	1,972,102	795,250	2,767,352

**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

**OUE LIMITED**  
**Second Quarter Ended 30 June 2016**

**1(c) Consolidated Statement of Cash Flows**

	The Group			
	Second Quarter ended 30/6/16 \$'000	Second Quarter ended 30/6/15 \$'000	Six Months ended 30/6/16 \$'000	Six Months ended 30/6/15 \$'000
<b>Cash flows from operating activities</b>				
Profit/(Loss) after tax	31,589	(11,393)	46,848	71,149
Adjustments for:				
Depreciation of property, plant and equipment	1,091	996	2,179	1,943
Dividend income	(900)	(900)	(900)	(900)
Reversal of impairment loss on a development property	(27,831)	-	(27,831)	-
Net change in fair value of investments designated at fair value through profit or loss	(256)	20,548	4,968	5,873
Finance expenses	31,221	22,186	71,063	37,237
Finance income	(2,870)	(771)	(1,344)	(3,479)
(Gain)/Loss on disposal of property, plant and equipment	(70)	1	(101)	(57,796)
Share of results of equity-accounted investees, net of tax	(7,305)	(14,732)	(40,265)	(30,403)
Tax expense	6,187	2,716	13,026	12,011
	<u>30,856</u>	<u>18,651</u>	<u>67,643</u>	<u>35,635</u>
Changes in:				
- trade and other receivables and other assets	8,682	(4,072)	3,324	(35,686)
- inventories	(354)	2	(284)	46
- development properties	(31,019)	(11,712)	(42,877)	20,865
- trade and other payables and provisions	30,167	11,341	7,396	7,730
- deferred income	37,851	-	37,851	-
Cash generated from operations	<u>76,183</u>	<u>14,210</u>	<u>73,053</u>	<u>28,590</u>
Tax paid	<u>(5,829)</u>	<u>(5,326)</u>	<u>(6,880)</u>	<u>(8,042)</u>
<b>Net cash from operating activities</b>	<b><u>70,354</u></b>	<b><u>8,884</u></b>	<b><u>66,173</u></b>	<b><u>20,548</u></b>
<b>Cash flows from investing activities</b>				
Acquisition of additional investment in an associate	(78,486)	-	(78,486)	-
Acquisition of available-for-sale financial assets	(2,689)	-	(2,689)	(340)
Acquisition of other investments	(13,309)	(194,839)	(13,309)	(247,822)
Additions to property, plant and equipment	(1,002)	(2,320)	(1,279)	(2,827)
Additions to investment properties	(42,787)	(49,092)	(73,328)	(60,531)
Dividends from:				
- equity-accounted investees, net of tax	7,329	17,587	14,816	25,427
- available-for-sale financial assets, net of tax	900	900	900	900
- other investments, net of tax	144	266	144	385
Interest received	340	442	628	836
Repayment of advance from a joint venture partner	25,247	-	-	-
Loan to joint venture	-	-	(25,247)	(131,777)
Proceeds from sale of other investments	-	68,926	95,373	90,754
Proceeds from disposal of property, plant and equipment	-	-	31	290,106
<b>Net cash used in investing activities</b>	<b><u>(104,313)</u></b>	<b><u>(158,130)</u></b>	<b><u>(82,446)</u></b>	<b><u>(34,889)</u></b>



**OUE LIMITED**  
**Second Quarter Ended 30 June 2016**

	The Group			
	Second Quarter ended 30/6/16 \$'000	Second Quarter ended 30/6/15 \$'000	Six Months ended 30/6/16 \$'000	Six Months ended 30/6/15 \$'000
<b>Cash flows from financing activities</b>				
Acquisition of non-controlling interests	-	-	(165,970)	-
Dividends paid	(19,033)	(9,099)	(34,615)	(21,936)
Finance expense paid (including amounts capitalised in development property)	(28,624)	(20,712)	(60,284)	(38,374)
Proceeds from borrowings	159,000	668,000	479,500	682,000
Repayment of borrowings	(128,275)	(454,383)	(202,930)	(469,533)
Changes in pledged deposits	1,013	1,032	1,450	286
<b>Net cash (used in)/from financing activities</b>	<b>(15,919)</b>	<b>184,838</b>	<b>17,151</b>	<b>152,443</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(49,878)</b>	<b>35,592</b>	<b>878</b>	<b>138,102</b>
Cash and cash equivalents at beginning of the financial period	207,649	249,390	156,893	146,880
<b>Cash and cash equivalents at the end of the financial period<sup>1</sup></b>	<b>157,771</b>	<b>284,982</b>	<b>157,771</b>	<b>284,982</b>

<sup>1</sup> Cash and cash equivalents as at 30 June 2016 excludes the Group's pledged deposits of \$14,010,000 (31/12/15: \$15,460,000).

**1(d)(i) Statement of Changes in Equity**

	Attributable to Owners of the Company					Total Equity \$'000
	Share Capital \$'000	Other Reserves \$'000	Accumulated Profits \$'000	Total \$'000	Non-controlling interests \$'000	
<b>THE GROUP</b>						
<b>At 1 April 2016</b>	<b>693,315</b>	<b>(95,280)</b>	<b>3,311,270</b>	<b>3,909,305</b>	<b>629,975</b>	<b>4,539,280</b>
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	25,727	25,727	5,862	31,589
<b>Other comprehensive income</b>						
Currency translation differences relating to foreign operations	-	(17,433)	-	(17,433)	(3,745)	(21,178)
Share of currency translation differences of equity-accounted investees	-	(10,751)	-	(10,751)	-	(10,751)
Share of other reserves of equity-accounted investees	-	1,372	-	1,372	-	1,372
Fair value loss on available-for-sale financial assets, net of tax	-	(330)	-	(330)	-	(330)
Effective portion of changes in fair value of cash flow hedges	-	(1,863)	-	(1,863)	(1,028)	(2,891)
Total other comprehensive income, net of tax	-	(29,005)	-	(29,005)	(4,773)	(33,778)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(29,005)</b>	<b>25,727</b>	<b>(3,278)</b>	<b>1,089</b>	<b>(2,189)</b>
<b>Transactions with owners, recognised directly in equity</b>						
<b>Contributions by and distributions to owners</b>						
Dividends paid	-	-	(9,033)	(9,033)	(10,000)	(19,033)
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>-</b>	<b>(9,033)</b>	<b>(9,033)</b>	<b>(10,000)</b>	<b>(19,033)</b>
<b>Changes in ownership interests in subsidiaries</b>						
Changes in ownership interests in a subsidiary without a change in control	-	17	238	255	(255)	-
<b>Total changes in ownership interests in subsidiaries</b>	<b>-</b>	<b>17</b>	<b>238</b>	<b>255</b>	<b>(255)</b>	<b>-</b>
<b>Total transactions with owners</b>	<b>-</b>	<b>17</b>	<b>(8,795)</b>	<b>(8,778)</b>	<b>(10,255)</b>	<b>(19,033)</b>
Share of reserves of an equity-accounted investee	-	(1,381)	-	(1,381)	-	(1,381)
<b>At 30 June 2016</b>	<b>693,315</b>	<b>(125,649)</b>	<b>3,328,202</b>	<b>3,895,868</b>	<b>620,809</b>	<b>4,516,677</b>
<b>At 1 April 2015</b>	<b>693,315</b>	<b>29,605</b>	<b>3,231,388</b>	<b>3,954,308</b>	<b>488,930</b>	<b>4,443,238</b>
<b>Total comprehensive income for the period</b>						
Loss for the period	-	-	(16,280)	(16,280)	4,887	(11,393)
<b>Other comprehensive income</b>						
Currency translation differences relating to foreign operations	-	(10,095)	-	(10,095)	(4,969)	(15,064)
Share of currency translation differences of equity-accounted investees	-	(5,083)	-	(5,083)	-	(5,083)
Share of other reserves of equity-accounted investees	-	(914)	-	(914)	-	(914)
Fair value loss on available-for-sale financial assets	-	(41)	-	(41)	-	(41)
Effective portion of changes in fair value of cash flow hedges	-	(657)	-	(657)	(707)	(1,364)
Total other comprehensive income, net of tax	-	(16,790)	-	(16,790)	(5,676)	(22,466)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(16,790)</b>	<b>(16,280)</b>	<b>(33,070)</b>	<b>(789)</b>	<b>(33,859)</b>
<b>Transactions with owners, recognised directly in equity</b>						
<b>Contributions by and distributions to owners</b>						
Dividends paid	-	-	(9,099)	(9,099)	-	(9,099)
Share of reserves of an equity-accounted investee	-	394	-	394	-	394
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>394</b>	<b>(9,099)</b>	<b>(8,705)</b>	<b>-</b>	<b>(8,705)</b>
<b>Changes in ownership interests in subsidiaries</b>						
Changes in ownership interests in a subsidiary without a change in control	-	4	213	217	(217)	-
<b>Total changes in ownership interests in subsidiaries</b>	<b>-</b>	<b>4</b>	<b>213</b>	<b>217</b>	<b>(217)</b>	<b>-</b>
<b>Total transactions with owners</b>	<b>-</b>	<b>398</b>	<b>(8,886)</b>	<b>(8,488)</b>	<b>(217)</b>	<b>(8,705)</b>
<b>At 30 June 2015</b>	<b>693,315</b>	<b>13,213</b>	<b>3,206,222</b>	<b>3,912,750</b>	<b>487,924</b>	<b>4,400,674</b>

**OUE LIMITED**  
**Second Quarter Ended 30 June 2016**

THE COMPANY	Share Capital \$'000	Other Reserves \$'000	Accumulated Profits \$'000	Total Equity \$'000
At 1 April 2016	693,315	(39,769)	2,388,455	3,042,001
Total comprehensive income for the period				
Loss for the period	-	-	(10,032)	(10,032)
Total comprehensive income for the period	-	-	(10,032)	(10,032)
Transactions with owners of the Company, recognised directly in equity				
Contributions by and distributions to owners of the Company				
Dividends paid	-	-	(9,033)	(9,033)
Total transactions with owners of the Company	-	-	(9,033)	(9,033)
At 30 June 2016	693,315	(39,769)	2,369,390	3,022,936
At 1 April 2015	693,315	16,545	1,875,525	2,585,385
Total comprehensive income for the period				
Profit for the period	-	-	549,685	549,685
Total comprehensive income for the period	-	-	549,685	549,685
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 June 2015	693,315	16,545	2,416,111	3,125,971

- 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 2Q 2016.

As at 30 June 2016, the Company held 78,305,000 (31/12/15: 78,305,000) treasury shares.

- 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 June 2016, the Company's total number of issued shares excluding treasury shares is 903,296,860 (31/12/15: 903,296,860).

- 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 2015.

- 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 2016. 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.

- 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			
	Second Quarter Ended 30/6/16	Second Quarter Ended 30/6/15	Six Months Ended 30/6/16	Six Months Ended 30/6/15
Weighted average number of ordinary shares in issue	903,296,860	909,885,860	903,296,860	909,885,860
Basic and diluted earnings per share (cents per share) <sup>(a)</sup>	2.85	(1.79)	3.77	6.69

(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	
	30/06/16	31/12/15	30/06/16	31/12/15
Number of issued shares (excluding treasury shares)	903,296,860	903,296,860	903,296,860	903,296,860
Net asset value per ordinary share (\$)	4.31	4.35	3.35	3.37

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.

<b>FINANCIAL HIGHLIGHTS</b>	<b>2Q 2016 \$'000</b>	<b>2Q 2015 \$'000</b>	<b>Change %</b>
Revenue	134,287	95,663	40.4
Earnings before interest and tax (EBIT)	38,040	33,286	14.3
Profit attributable to Owners of the Company	25,727	(16,280)	n.m.

#### ***Revenue***

In 2Q 2016, the Group recorded revenue of \$134.3 million (2Q 2015: \$95.7 million), an increase of 40.4%. The increase was mainly due to higher contribution from property investments and property development divisions, partially offset by lower contribution from the hospitality division.

#### ***Hospitality Division***

Revenue from hospitality division decreased \$1.8 million to \$44.8 million (2Q 2015: \$46.6 million). The decrease was mainly attributed to lower room revenue recorded by the hotels.

#### ***Property Investments Division***

Revenue from property investments division increased \$24.9 million to \$67.6 million in 2Q 2016 (2Q 2015: \$42.7 million). The increase was mainly due to the consolidation of revenue of One Raffles Place ("ORP") following the acquisition of additional interests in OUBC in October 2015. Prior to the additional interest acquired, results of OUBC were equity-accounted.

#### ***Property Development Division***

Revenue from property development division increased \$15.4 million to \$18.7 million in 2Q 2016 (2Q 2015: \$3.3 million) due to increase in OUE Twin Peaks units sold. The revenue recognised in current quarter relates only to the units sold where completion of the sale had occurred. The revenue relating to the units sold under deferred payment schemes are deferred until completion of the sale of the unit although non-refundable deposits were collected.

#### ***EBIT***

EBIT increased \$4.8 million to \$38.0 million in 2Q 2016 (2Q 2015: \$33.3 million) mainly due to higher contribution from ORP.

#### ***Profit attributable to owners of the Company***

At post-tax level, profit attributable to owners of the Company increased \$42.0 million from a loss of \$16.3 million in 2Q 2015 to a profit of \$25.7 million in 2Q 2016. The increase was mainly due to higher operating results contributed by ORP, reversal of impairment losses on OUE Twin Peaks and fair value gain from marked-to-market of investments. This was partially offset by higher marketing expenses and borrowing costs on higher borrowings.

**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.**

The outcome of the vote for United Kingdom to exit European Union added to the uncertainties in current global economic conditions<sup>1</sup>. In Singapore, based on the report released by the Ministry of Trade and Industry on 14 July 2016, the economy grew by 2.2% on a year-on-year basis in 2Q 2016, marginally higher than the 2.1% growth in the previous quarter.

Against the backdrop of slow-paced global economic recovery, Singapore tourism industry continues to face headwinds in the near term. Weak business sentiments are expected to impact business travel as corporates evaluate their options and the hospitality sector will remain competitive with the expected supply of new hotel rooms.

The Singapore office market remained sluggish in 2Q 2016. Demand continued to be weak amidst an uncertain global economic outlook with leasing activity primarily from “flight to quality” tenants seeking new office buildings. Grade A CBD Core rents declined for the fifth consecutive quarter, contracting 4.0%<sup>2</sup> quarter-on-quarter. The completion of major new office developments in the coming six to nine months is expected to impact occupancy in the market.

In Downtown Los Angeles, asking lease rates increased a moderate 2.1%<sup>3</sup> during 2Q 2016, up a substantial 9.3% year-on-year as the submarket continued to gather traction and trophy landlords pushed rents higher. According to CBRE Econometric Advisors, office employment is projected to continue on an upward trend and vacancy levels are expected to remain steady over the next 12 months. Over at Shanghai, rental outlook is expected to be subdued with new supply coming on stream for the rest of 2016.

The Singapore residential market saw a pickup in buying activity in 2Q 2016. Prices of private residential properties decreased by 0.4%<sup>2</sup> quarter-on-quarter in 2Q 2016 as compared to the 0.7% decline in 1Q 2016. The Group’s property development division recorded higher sales from active marketing activities and will continue to drive the sale of OUE Twin Peaks in current challenging market.

Asset enhancement initiatives continue at OUE Downtown.

On 1 August 2016, the Group completed the divestment of Crowne Plaza Changi Airport Extension to OUE H-Trust for a consideration of \$205 million.

<sup>1</sup> International Monetary Fund, World Economic Outlook Update, July 2016

<sup>2</sup> CBRE Research, Singapore MarketView, Q2 2016

<sup>3</sup> CBRE Research, Greater Los Angeles Office MarketView, Q2 2016

**11 Dividend**

**(a) Current Financial Period Reported On**

**Any dividend declared/proposed for the current financial period reported on? Yes.**

Name of dividend	Interim	Special
Dividend type	Cash	Cash
Dividend per share (In cents)	1 cent	2 cents
Tax rate	Tax exempt (one-tier)	Tax exempt (one-tier)

**(b) Corresponding Period of the Immediately Preceding Financial Year**

**Any dividend declared for the corresponding period of the immediately preceding financial year? Yes.**

Name of dividend	Interim	Special
Dividend type	Cash	Cash
Dividend per share (In cents)	1 cent	3 cents
Tax rate	Tax exempt (one-tier)	Tax exempt (one-tier)

**(c) Date payable**

30 September 2016.

**(d) Books closure date**

NOTICE IS HEREBY GIVEN that the Share Transfer Books and the Register of Members of the Company will be closed on 21 September 2016, for the preparation of dividend warrants. Duly completed transfers received by the Company's Share Registrar, M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902 up to the close of business at 5.00 p.m. on 20 September 2016 will be registered to determine shareholders' entitlements to the proposed interim and special dividends. In respect of shares in securities accounts with the Central Depository (Pte) Limited ("CDP"), the said interim and special dividends will be paid by the Company to CDP, which will in turn distribute the dividend entitlement to holders of shares in accordance with its practice.

**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.

**14 Confirmation Pursuant to Rule 720(1) of the Listing Manual**

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

**BY ORDER OF THE BOARD**

**NG NGAI**  
**COMPANY SECRETARY**  
**3 August 2016**



**15 Confirmation Pursuant to Rule 705(5) of the Listing Manual**

Pursuant to SGX-ST Rule 705(5), the Directors confirm that, to the best of their knowledge, nothing has come up the attention of the Board of Directors which may render the financial results of the Company and the Group for the quarter ended 30 June 2016 to be false or misleading.

On behalf of the Board of Directors

**Dr Stephen Riady**  
**Executive Chairman**

**Mr Thio Gim Hock**  
**Chief Executive Officer**