



## OUE LIMITED

(Company Registration No. 196400050E)

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### SECOND QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE QUARTER ENDED 30 JUNE 2018 (UNAUDITED)

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

	Notes	The Group					
		Second Quarter ended 30/06/18 \$'000	Second Quarter ended 30/06/17 \$'000	Change %	Six Months ended 30/06/18 \$'000	Six Months ended 30/06/17 \$'000 (Restated) <sup>1</sup>	Change %
Revenue	A	150,679	187,334	(19.6)	296,291	383,614	(22.8)
Cost of sales		(73,473)	(119,045)	(38.3)	(150,482)	(253,655)	(40.7)
Gross profit		77,206	68,289	13.1	145,809	129,959	12.2
Marketing expenses	B	(3,987)	(8,385)	(52.5)	(8,574)	(17,625)	(51.4)
Administrative expenses		(26,384)	(22,954)	14.9	(42,201)	(47,325)	(10.8)
Other operating expenses		(3,646)	(2,025)	80.0	(7,251)	(5,067)	43.1
Share of results of equity-accounted investees, net of tax	C	7,423	15,120	(50.9)	17,433	25,088	(30.5)
		50,612	50,045	1.1	105,216	85,030	23.7
Finance expenses	D	(37,353)	(33,011)	13.2	(72,811)	(64,852)	12.3
Finance income	E	5,017	2,837	76.8	8,794	4,497	95.6
Other gains/(losses) - net	F	2,666	4,030	(33.8)	(5,463)	23,222	n.m.
Profit before tax	G	20,942	23,901	(12.4)	35,736	47,897	(25.4)
Tax expense	H	(8,339)	(8,978)	(7.1)	(14,784)	(16,096)	(8.2)
<b>Profit after tax</b>		<b>12,603</b>	<b>14,923</b>	<b>(15.5)</b>	<b>20,952</b>	<b>31,801</b>	<b>(34.1)</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		20,746	(1,777)	n.m.	16,705	(20,943)	n.m.
Share of currency translation differences of equity-accounted investees		3,355	1,129	>100.0	9,913	(7,270)	n.m.
Share of currency translation differences of an equity-accounted investee reclassified to profit or loss on disposal		(2,667)	-	n.m.	(2,667)	742	n.m.
Share of other reserves of equity-accounted investees		954	1,807	(47.2)	2,917	2,502	16.6
Share of other reserves of an equity-accounted investee reclassified to profit or loss on disposal		(1,674)	-	n.m.	(1,674)	-	n.m.
Net change in fair value of available-for-sale financial assets, net of tax		-	(224)	(100.0)	-	(436)	(100.0)
Cash flow hedges:							
- effective portion of changes in fair value of cash flow hedges		1,595	(5,428)	n.m.	6,515	(8,788)	n.m.
- hedging reserve reclassified to profit or loss		181	171	5.8	369	353	4.5
		22,490	(4,322)	n.m.	32,078	(33,840)	n.m.
<b>Items that will not be reclassified subsequently to profit or loss:</b>							
Share of other reserves of an equity-accounted investee		(1,017)	-	n.m.	(3,378)	-	n.m.
Net change in fair value of investments at fair value through other comprehensive income, net of tax		(28,563)	-	n.m.	(28,805)	-	n.m.
		(29,580)	-	n.m.	(32,183)	-	n.m.
<b>Other comprehensive income, net of tax</b>		<b>(7,090)</b>	<b>(4,322)</b>	<b>64.0</b>	<b>(105)</b>	<b>(33,840)</b>	<b>(99.7)</b>
<b>Total comprehensive income for the period</b>		<b>5,513</b>	<b>10,601</b>	<b>(48.0)</b>	<b>20,847</b>	<b>(2,039)</b>	<b>n.m.</b>
<b>Profit attributable to:</b>							
Owners of the Company		5,323	7,057	(24.6)	6,354	18,116	(64.9)
Non-controlling interests		7,280	7,866	(7.4)	14,598	13,685	6.7
		<b>12,603</b>	<b>14,923</b>	<b>(15.5)</b>	<b>20,952</b>	<b>31,801</b>	<b>(34.1)</b>
<b>Total comprehensive income attributable to:</b>							
Owners of the Company		(3,443)	4,647	n.m.	(4,446)	(8,294)	(46.4)
Non-controlling interests		8,956	5,954	50.4	25,293	6,255	>100.0
		<b>5,513</b>	<b>10,601</b>	<b>(48.0)</b>	<b>20,847</b>	<b>(2,039)</b>	<b>n.m.</b>

n.m.: Not meaningful

Note:

- The results for the six months ended 30 June 2017 are restated following the adoption of the new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)s). Refer to Item No. 4 and 5 for the details on the financial impact from the adoption of SFRS(I)s.

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

**A) Revenue**

	Second Quarter ended 30/06/18 \$'000	Second Quarter ended 30/06/17 \$'000	Change %	Six Months ended 30/06/18 \$'000	Six Months ended 30/06/17 \$'000	Change %
Investment properties income	69,808	66,985	4.2	139,341	135,003	3.2
Hospitality income	54,032	48,655	11.1	112,987	100,587	12.3
Development property income	-	55,187	(100.0)	-	127,831	(100.0)
Healthcare income	9,494	11,208	(15.3)	19,337	11,208	72.5
Dividend income	12,567	900	>100.0	12,567	900	>100.0
Others	4,778	4,399	8.6	12,059	8,085	49.2
	<u>150,679</u>	<u>187,334</u>	<u>(19.6)</u>	<u>296,291</u>	<u>383,614</u>	<u>(22.8)</u>

**B) Marketing expenses**

Marketing expenses decreased by \$4.4 million to \$4.0 million for 2Q 2018. The decrease was mainly due to the absence of marketing expenses incurred on OUE Twin Peaks.

**C) Share of results of equity-accounted investees**

Share of results of equity-accounted investees decreased \$7.7 million to \$7.4 million for 2Q 2018. The decrease was mainly due to the absence of contribution from the joint venture that held equity interests in Gemdale Properties and Investment Corporation Limited ("Gemdale").

In May 2018, the Group terminated the joint venture and as a result, the Group now holds its share of interests in Gemdale via a wholly-owned subsidiary. The termination of the joint venture was accounted for as a disposal of an equity-accounted investee and the interests in Gemdale is now recognised as other investments on the statement of financial position at fair value through other comprehensive income.

**D) Finance expenses**

	Second Quarter ended 30/06/18 \$'000	Second Quarter ended 30/06/17 \$'000	Change %	Six Months ended 30/06/18 \$'000	Six Months ended 30/06/17 \$'000	Change %
Borrowing costs	33,432	31,133	7.4	64,294	56,732	13.3
Net foreign exchange loss	3,698	1,377	>100.0	8,065	5,385	49.8
Unwinding of discount of non-current rental deposits	42	-	n.m.	83	-	n.m.
Change in fair value of financial derivatives	-	330	n.m.	-	2,382	(100.0)
Hedging reserve reclassified from equity	181	171	5.8	369	353	4.5
	<u>37,353</u>	<u>33,011</u>	<u>13.2</u>	<u>72,811</u>	<u>64,852</u>	<u>12.3</u>

The hedging reserve reclassified from equity pertains to the cumulative net fair value movements of certain interest rate swaps and was reclassified to profit or loss due to the discontinuation of hedge accounting.

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

**E) Finance income**

	Second Quarter ended 30/06/18 \$'000	Second Quarter ended 30/06/17 \$'000	Change %	Six Months ended 30/06/18 \$'000	Six Months ended 30/06/17 \$'000	Change %
Interest income	1,784	1,571	13.6	5,345	2,912	83.6
Ineffective portion of changes in fair value of cash flow hedges	829	1,156	(28.3)	1,127	1,475	(23.6)
Change in fair value of financial derivatives	1,874	-	n.m.	1,746	-	n.m.
Others	530	110	>100.0	576	110	>100.0
	<u>5,017</u>	<u>2,837</u>	<u>76.8</u>	<u>8,794</u>	<u>4,497</u>	<u>95.6</u>

**F) Other gains/(losses) – net**

	Second Quarter ended 30/06/18 \$'000	Second Quarter ended 30/06/17 \$'000	Change %	Six Months ended 30/06/18 \$'000	Six Months ended 30/06/17 \$'000 (Restated) <sup>1</sup>	Change %
Reversal of impairment loss on a development property	-	4,224	(100.0)	-	18,448	(100.0)
Change in fair value of investment properties	-	-	-	-	4,095	(100.0)
Net change in fair value of investments designated at fair value through profit or loss	13,050	(194)	n.m.	4,921	1,461	>100.0
Loss on disposal of interests in equity-accounted investees	(10,384)	-	n.m.	(10,384)	(782)	>100.0
	<u>2,666</u>	<u>4,030</u>	<u>(33.8)</u>	<u>(5,463)</u>	<u>23,222</u>	<u>n.m.</u>

<sup>1</sup> Refer to Item No. 4 and 5.

The reversal of impairment loss on a development property pertained to the write-back of impairment on OUE Twin Peaks units that were sold under deferred payment schemes in 2017.

The change in fair value of investment properties recognised in 2017 pertained to the fair value gain on the 22 OUE Twin Peaks units that were transferred from development properties to investment properties.

Net change in fair value of investments designated at fair value through profit or loss relate to marked-to-market fair value movements on investments.

Loss on disposal of interests in equity-accounted investees of \$10.4 million relates to the disposal of the joint venture that held interests in Gemdale. The loss is non-cash and arises mainly as a result of the difference between the market value of the Gemdale shares at the point of the joint venture disposal and the book value of the joint venture (including the negative goodwill previously recognised on the acquisition of equity interests in Gemdale).

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

**G) Profit before tax**

	Second Quarter ended 30/06/18 \$'000	Second Quarter ended 30/06/17 \$'000	Change %	Six Months ended 30/06/18 \$'000	Six Months ended 30/06/17 \$'000	Change %
Profit before tax is stated after charging/(crediting):						
- Depreciation of property, plant and equipment	1,829	1,493	22.5	3,840	2,622	46.5
- Amortisation of intangible assets	61	58	5.2	120	58	>100.0
- Amortisation of lease prepayments	174	75	>100.0	349	75	>100.0
- Allowance for/(Reversal of) impairment on trade and other receivables	6	(7)	n.m.	18	(7)	n.m.
- Gain on disposal of property, plant and equipment	(50)	(1,466)	(96.6)	(50)	(1,464)	(96.6)

**H) Tax expense**

	Second Quarter ended 30/06/18 \$'000	Second Quarter ended 30/06/17 \$'000	Change %	Six Months ended 30/06/18 \$'000	Six Months ended 30/06/17 \$'000	Change %
The charge for income tax expense includes the following:						
- (Over)/Under provision of current tax in respect of prior years	(73)	1,837	n.m.	(98)	2,059	n.m.

n.m.: Not meaningful

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

	Notes	The Group		The Company	
		30/06/18	31/12/17	30/06/18	31/12/17
		\$'000	\$'000	\$'000	\$'000
		(Restated) <sup>1</sup>			
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents		295,148	535,249	26,080	42,614
Trade and other receivables		64,995	65,451	1,294,137	1,239,260
Inventories		1,765	2,009	233	222
Other investments	A	359,200	179,639	-	-
Development properties		524,222	521,181	-	-
Other assets		24,443	79,330	5,844	3,967
Loans to subsidiaries		-	-	1,896,734	1,860,509
Derivative assets	B	93	-	-	-
Assets held for sale	C	241,288	-	-	-
		<u>1,511,154</u>	<u>1,382,859</u>	<u>3,223,028</u>	<u>3,146,572</u>
<b>Non-current assets</b>					
Intangible assets and goodwill	D	22,535	19,626	-	-
Investments in equity-accounted investees	E	573,593	955,013	497,750	495,745
Investments in subsidiaries		-	-	334,712	334,712
Loans to subsidiaries		-	-	221,597	193,567
Lease prepayments		29,630	29,821	-	-
Other investments	A	558,270	206,977	171,271	171,271
Other assets		8,188	5,897	795	796
Investment properties		6,430,788	6,390,048	-	-
Property, plant and equipment		30,656	31,494	9,718	10,567
Deferred tax assets		13,413	12,410	164	264
Derivative assets	B	186	-	-	-
		<u>7,667,259</u>	<u>7,651,286</u>	<u>1,236,007</u>	<u>1,206,922</u>
<b>Total assets</b>		<b><u>9,178,413</u></b>	<b><u>9,034,145</u></b>	<b><u>4,459,035</u></b>	<b><u>4,353,494</u></b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables		227,347	255,043	105,609	101,891
Borrowings	F	1,257,441	1,081,828	-	35,000
Provision		46,000	46,000	2,517	4,115
Loans from subsidiaries		-	-	396,341	539,278
Current tax liabilities		36,042	34,913	5,520	6,575
Deferred income	G	50,268	12,579	-	-
Derivative liabilities	B	727	487	-	-
Liabilities directly associated with the assets held for sale	C	134	-	-	-
		<u>1,617,959</u>	<u>1,430,850</u>	<u>509,987</u>	<u>686,859</u>
<b>Non-current liabilities</b>					
Borrowings	F	2,332,791	2,399,107	788,717	497,300
Deferred income	G	45,554	83,111	-	-
Deferred tax liabilities		186,779	182,042	-	-
Other payables		52,078	52,603	187	180
Provision		-	-	-	287
Derivative liabilities	B	4,843	10,705	1,699	-
		<u>2,622,045</u>	<u>2,727,568</u>	<u>790,603</u>	<u>497,767</u>
<b>Total liabilities</b>		<b><u>4,240,004</u></b>	<b><u>4,158,418</u></b>	<b><u>1,300,590</u></b>	<b><u>1,184,626</u></b>
<b>Net Assets</b>		<b><u>4,938,409</u></b>	<b><u>4,875,727</u></b>	<b><u>3,158,445</u></b>	<b><u>3,168,868</u></b>
<b>EQUITY</b>					
Share capital		693,315	693,315	693,315	693,315
Other reserves		(82,635)	(77,139)	(23,769)	(29,073)
Accumulated profits		3,434,465	3,408,742	2,488,899	2,504,626
<b>Equity attributable to owners of the Company</b>		<b><u>4,045,145</u></b>	<b><u>4,024,918</u></b>	<b><u>3,158,445</u></b>	<b><u>3,168,868</u></b>
Non-controlling interests	H	893,264	850,809	-	-
<b>Total equity</b>		<b><u>4,938,409</u></b>	<b><u>4,875,727</u></b>	<b><u>3,158,445</u></b>	<b><u>3,168,868</u></b>

**Note:**

- The statement of financial position as at 31 December 2017 is restated following the adoption of the new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)s). Refer to Item No. 4 and 5 for the details on the financial impact from the adoption of SFRS(I)s.

**Notes:**

- A) "Other investments" increased \$530.9 million to \$917.5 million as at 30 June 2018 mainly due to the classification of the Group's interests in Gemdale as investment at fair value through other comprehensive income subsequent to the termination of the joint venture. The Group now holds its share of interests in Gemdale through its wholly-owned subsidiary, whereas the Group previously held such interests through the joint venture.
- B) "Derivative assets" and "derivative liabilities" relate to the fair value of the interest rate swaps entered into to hedge the Group's exposure to floating interest rates on its borrowings; as well as the embedded derivative liability relating to the exchangeable bonds that were issued in April 2018.
- C) On 30 March 2018, the Group announced that it had entered into a conditional share sale and purchase agreement for the sale and transfer of shares of a wholly-owned subsidiary group, PT Alpha Sentra Prima and its subsidiaries ("Alpha Group"). Consequently, the assets and liabilities directly related to Alpha Group have been reclassified to "Assets held for sale" and "Liabilities directly associated with the assets held for sale" respectively as at 30 June 2018.
- D) "Intangible assets and goodwill" includes \$2.9 million provisional goodwill recognised by OUE Lippo Healthcare Limited ("OUE Lippo Healthcare"), a listed subsidiary of the Group, on its acquisition of equity interests in Brainy World Holdings Limited in January 2018. OUE Lippo Healthcare is currently performing a purchase price allocation ("PPA") exercise on its investment in Brainy World Holdings Limited. Accordingly, the fair value of the assets acquired and the liabilities assumed at the acquisition date may be adjusted subsequently when the PPA exercise is completed by the end of the financial year.
- E) "Investments in equity-accounted investees" decreased by \$381.4 million mainly due to the termination of the joint venture that holds interests in Gemdale in May 2018, as elaborated in (A) above.
- F) "Borrowings" increased by \$109.3 million mainly due to the issuance of \$150.0 million exchangeable bonds and \$154.8 million convertible bonds in April 2018; partially offset by repayments of borrowings.
- 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 increase in "Non-controlling interests" of \$42.5 million was mainly due to the dilution of the Group's interests in OUE Lippo Healthcare subsequent to their allotment and issuance of shares to Brownly Healthcare Pte Ltd, a wholly-owned subsidiary of ITOCHU Corporation, which is listed on the Tokyo Stock Exchange.

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

	As at 30/06/18			As at 31/12/17		
	Secured \$'000	Unsecured \$'000	Total \$'000	Secured \$'000	Unsecured \$'000	Total \$'000
<b>Amount repayable in one year or less, or on demand</b>	1,223,763	33,678	1,257,441	769,836	311,992	1,081,828
<b>Amount repayable after one year</b>	997,856	1,334,935	2,332,791	1,356,102	1,043,005	2,399,107
	<u>2,221,619</u>	<u>1,368,613</u>	<u>3,590,232</u>	<u>2,125,938</u>	<u>1,354,997</u>	<u>3,480,935</u>

**Details of any collateral**

Secured borrowings are collateralised by:

- pledging of the borrowing companies' properties/assets and/or
- first priority fixed charge over the shares of certain subsidiaries and/or
- assignment of all rights and benefits to sale, lease and/or insurance proceeds with respect to the properties

As at 30 June 2018, the Group has borrowings amounting to \$1.3 billion that will be due in the next twelve months. \$0.5 billion of these borrowings pertain to OUE C-REIT which will mature in 2H 2018, where negotiations to complete the refinancing are already in progress. \$0.2 billion of borrowings will mature in 4Q 2018 where refinancing negotiation is in progress and approximately \$0.6 billion will mature in 1Q 2019.

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

	The Group			
	Second Quarter ended 30/06/18 \$'000	Second Quarter ended 30/06/17 \$'000	Six Months ended 30/06/18 \$'000	Six Months ended 30/06/17 \$'000 (Restated) <sup>1</sup>
<b>Cash flows from operating activities</b>				
Profit after tax	12,603	14,923	20,952	31,801
Adjustments for:				
Depreciation of property, plant and equipment	1,829	1,493	3,840	2,622
Dividend income	(12,567)	(900)	(12,567)	(900)
Amortisation of intangible assets	61	58	120	58
Amortisation of lease prepayments	174	75	349	75
Reversal of impairment loss on a development property	-	(4,224)	-	(18,448)
Change in fair value of investment properties	-	-	-	(4,095)
Net change in fair value of investments designated at fair value through profit or loss	(13,050)	194	(4,921)	(1,461)
Loss on disposal of interests in equity-accounted investees	10,384	-	10,384	782
Gain on disposal of property, plant and equipment, net of transaction costs	(50)	(1,466)	(50)	(1,464)
Finance expenses	37,353	33,011	72,811	64,852
Finance income	(5,017)	(2,837)	(8,794)	(4,497)
Share of results of equity-accounted investees, net of tax	(7,423)	(15,120)	(17,433)	(25,088)
Tax expense	8,339	8,978	14,784	16,096
	<u>32,636</u>	<u>34,185</u>	<u>79,475</u>	<u>60,333</u>
Changes in:				
- trade and other receivables and other assets	9,585	3,897	(327)	(10,517)
- inventories	340	(271)	244	(189)
- development properties	(1,356)	43,302	(3,041)	108,971
- trade and other payables and provision	(7,874)	3,278	(34,361)	(7,568)
- deferred income	132	6,508	132	19,479
Cash generated from operations	<u>33,463</u>	<u>90,899</u>	<u>42,122</u>	<u>170,509</u>
Tax paid	<u>(11,203)</u>	<u>(8,556)</u>	<u>(13,292)</u>	<u>(10,508)</u>
<b>Net cash from operating activities</b>	<b><u>22,260</u></b>	<b><u>82,343</u></b>	<b><u>28,830</u></b>	<b><u>160,001</u></b>
<b>Cash flows from investing activities</b>				
Acquisition of subsidiaries, net of cash acquired	-	-	(2,120)	(83,712)
Acquisition of other investments	(410,020)	(864)	(413,437)	(1,220)
Additions to property, plant and equipment	(1,394)	(4,687)	(3,277)	(4,810)
Additions to investment properties	(10,399)	(45,589)	(23,130)	(85,704)
Deposits placed for investments	-	-	(159,408)	-
Dividends from:				
- equity-accounted investees, net of tax	8,136	8,342	15,575	16,309
- available-for-sale financial assets, net of tax	-	900	-	900
- other investments, net of tax	13,097	106	13,143	106
Interest received	673	213	1,212	620
Loan to an associate	(2,000)	(2,500)	(2,000)	(2,500)
Proceeds from sale of other investments	231,207	-	231,207	-
Proceeds from disposal of interests in equity-accounted investees	8,970	-	8,970	28,639
Proceeds from disposal of property, plant and equipment	194	2,280	194	2,280
<b>Net cash used in investing activities</b>	<b><u>(161,536)</u></b>	<b><u>(41,799)</u></b>	<b><u>(333,071)</u></b>	<b><u>(129,092)</u></b>



**OUE LIMITED**  
**Second Quarter Ended 30 June 2018**

	The Group			
	Second Quarter ended 30/06/18 \$'000	Second Quarter ended 30/06/17 \$'000	Six Months ended 30/06/18 \$'000	Six Months ended 30/06/17 \$'000 (Restated) <sup>1</sup>
<b>Cash flows from financing activities</b>				
Acquisition of non-controlling interests	-	(19,711)	-	(40,669)
Dividends paid	(25,236)	(30,151)	(40,919)	(41,440)
Finance expense paid	(38,223)	(25,612)	(59,291)	(61,111)
Proceeds from borrowings	311,750	334,008	691,387	1,555,523
Repayment of borrowings	(294,654)	(234,447)	(577,718)	(1,489,314)
Proceeds from issuance of share capital by a subsidiary	-	-	78,750	-
Proceeds from issuance of units by a subsidiary	-	-	-	150,000
Share capital issue costs of a subsidiary	-	-	(1,300)	-
Units issue costs of a subsidiary	-	(126)	-	(906)
Repurchase of own shares	(476)	-	(476)	-
Changes in pledged deposits	(233)	2,466	(78)	5,443
<b>Net cash (used in)/from financing activities</b>	<b>(47,072)</b>	<b>26,427</b>	<b>90,355</b>	<b>77,526</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(186,348)</b>	<b>66,971</b>	<b>(213,886)</b>	<b>108,435</b>
Cash and cash equivalents at the beginning of the financial period	362,976	266,879	527,327	225,415
Cash and cash equivalents reclassified to assets held for sale	110,520	-	(26,293)	-
<b>Cash and cash equivalents at the end of the financial period<sup>2</sup></b>	<b>287,148</b>	<b>333,850</b>	<b>287,148</b>	<b>333,850</b>

1 Refer to Item No. 4 and 5.

2 Cash and cash equivalents as at 30 June 2018 excludes the Group's pledged deposits of \$8,000,000 (31/12/17: \$7,922,000).

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

	Attributable to Owners of the Company					Non-controlling Interests	Total Equity
	Share Capital	Other Reserves	Accumulated Profits	Total			
THE GROUP	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 April 2018</b>	<b>693,315</b>	<b>(79,173)</b>	<b>3,447,205</b>	<b>4,061,347</b>	<b>891,481</b>	<b>4,952,828</b>	
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	5,323	5,323	7,280	12,603	
<b>Other comprehensive income</b>							
Currency translation differences relating to foreign operations	-	19,865	-	19,865	881	20,746	
Share of currency translation differences of equity-accounted investees	-	3,355	-	3,355	-	3,355	
Share of currency translation differences of an equity-accounted investee reclassified to profit or loss on disposal	-	(2,667)	-	(2,667)	-	(2,667)	
Share of other reserves of equity-accounted investees	-	(63)	-	(63)	-	(63)	
Share of other reserves of an equity-accounted investee reclassified to profit or loss on disposal	-	(1,674)	-	(1,674)	-	(1,674)	
Net change in fair value of investments at fair value through other comprehensive income, net of tax	-	(28,563)	-	(28,563)	-	(28,563)	
Cash flow hedges:							
- effective portion of changes in fair value of cash flow hedges	-	887	-	887	708	1,595	
- hedging reserve reclassified to profit or loss	-	94	-	94	87	181	
Total other comprehensive income, net of tax	-	(8,766)	-	(8,766)	1,676	(7,090)	
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(8,766)</b>	<b>5,323</b>	<b>(3,443)</b>	<b>8,956</b>	<b>5,513</b>	
<b>Transactions with owners, recognised directly in equity</b>							
<b>Contributions by and distributions to owners</b>							
Own shares acquired	-	(476)	-	(476)	-	(476)	
Dividends paid	-	-	(18,036)	(18,036)	(7,200)	(25,236)	
Equity portion of convertible bonds issued	-	5,780	-	5,780	-	5,780	
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>5,304</b>	<b>(18,036)</b>	<b>(12,732)</b>	<b>(7,200)</b>	<b>(19,932)</b>	
<b>Changes in ownership interests in subsidiaries</b>							
Changes in ownership interests in subsidiaries without a change in control	-	-	(27)	(27)	27	-	
<b>Total changes in ownership interests in subsidiaries</b>	<b>-</b>	<b>-</b>	<b>(27)</b>	<b>(27)</b>	<b>27</b>	<b>-</b>	
<b>Total transactions with owners</b>	<b>-</b>	<b>5,304</b>	<b>(18,063)</b>	<b>(12,759)</b>	<b>(7,173)</b>	<b>(19,932)</b>	
<b>At 30 June 2018</b>	<b>693,315</b>	<b>(82,635)</b>	<b>3,434,465</b>	<b>4,045,145</b>	<b>893,264</b>	<b>4,938,409</b>	

**QUE LIMITED**  
**Second Quarter Ended 30 June 2018**

	Attributable to Owners of the Company					
	Share Capital	Other Reserves	Accumulated Profits	Total	Non-controlling Interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>THE GROUP</b>						
<b>At 1 April 2017, as previously reported</b>	<b>693,315</b>	<b>(128,747)</b>	<b>3,401,477</b>	<b>3,966,045</b>	<b>838,173</b>	<b>4,804,218</b>
Effect of adopting SFRS(I) 1 <sup>1</sup>	-	38,137	(38,137)	-	-	-
<b>At 1 April 2017, as restated</b>	<b>693,315</b>	<b>(90,610)</b>	<b>3,363,340</b>	<b>3,966,045</b>	<b>838,173</b>	<b>4,804,218</b>
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	7,057	7,057	7,866	14,923
<b>Other comprehensive income</b>						
Currency translation differences relating to foreign operations	-	(2,280)	-	(2,280)	503	(1,777)
Share of currency translation differences of equity-accounted investees	-	1,129	-	1,129	-	1,129
Share of other reserves of equity-accounted investees	-	1,807	-	1,807	-	1,807
Net change in fair value of available-for-sale financial assets, net of tax	-	(224)	-	(224)	-	(224)
Cash flow hedges:						
- effective portion of changes in fair value of cash flow hedges	-	(2,931)	-	(2,931)	(2,497)	(5,428)
- hedging reserve reclassified to profit or loss	-	89	-	89	82	171
Total other comprehensive income, net of tax	-	(2,410)	-	(2,410)	(1,912)	(4,322)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(2,410)</b>	<b>7,057</b>	<b>4,647</b>	<b>5,954</b>	<b>10,601</b>
<b>Transactions with owners, recognised directly in equity</b>						
<b>Contributions by and distributions to owners</b>						
Dividends paid	-	-	(18,036)	(18,036)	(12,115)	(30,151)
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>-</b>	<b>(18,036)</b>	<b>(18,036)</b>	<b>(12,115)</b>	<b>(30,151)</b>
<b>Changes in ownership interests in subsidiaries</b>						
Changes in ownership interests in a subsidiary without a change in control	-	-	(2,270)	(2,270)	(17,641)	(19,911)
<b>Total changes in ownership interests in subsidiaries</b>	<b>-</b>	<b>-</b>	<b>(2,270)</b>	<b>(2,270)</b>	<b>(17,641)</b>	<b>(19,911)</b>
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>(20,306)</b>	<b>(20,306)</b>	<b>(29,756)</b>	<b>(50,062)</b>
Transfer from asset revaluation reserve to accumulated profits	-	(965)	965	-	-	-
<b>At 30 June 2017, as restated</b>	<b>693,315</b>	<b>(93,985)</b>	<b>3,351,056</b>	<b>3,950,386</b>	<b>814,371</b>	<b>4,764,757</b>

<sup>1</sup> Refer to Item No. 4 and 5.

**OUE LIMITED**  
**Second Quarter Ended 30 June 2018**

	Share Capital	Other Reserves	Accumulated Profits	Total Equity
	\$'000	\$'000	\$'000	\$'000
<b>THE COMPANY</b>				
<b>At 1 April 2018</b>	<b>693,315</b>	<b>(29,073)</b>	<b>2,491,656</b>	<b>3,155,898</b>
<b>Total comprehensive income for the period</b>				
Profit for the period	-	-	15,279	15,279
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>15,279</b>	<b>15,279</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>				
<b>Contributions by and distributions to owners of the Company</b>				
Own shares acquired	-	(476)	-	(476)
Dividends paid	-	-	(18,036)	(18,036)
Equity portion of convertible bonds issued	-	5,780	-	5,780
<b>Total transactions with owners of the Company</b>	<b>-</b>	<b>5,304</b>	<b>(18,036)</b>	<b>(12,732)</b>
<b>At 30 June 2018</b>	<b>693,315</b>	<b>(23,769)</b>	<b>2,488,899</b>	<b>3,158,445</b>
<b>At 1 April 2017</b>	<b>693,315</b>	<b>(55,574)</b>	<b>2,506,896</b>	<b>3,144,637</b>
<b>Total comprehensive income for the period</b>				
Loss for the period	-	-	(2,292)	(2,292)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(2,292)</b>	<b>(2,292)</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>				
<b>Contributions by and distributions to owners of the Company</b>				
Dividends paid	-	-	(18,036)	(18,036)
<b>Total transactions with owners of the Company</b>	<b>-</b>	<b>-</b>	<b>(18,036)</b>	<b>(18,036)</b>
Transfer from asset revaluation reserve to accumulated profits	-	(965)	965	-
<b>At 30 June 2017</b>	<b>693,315</b>	<b>(56,539)</b>	<b>2,487,533</b>	<b>3,124,309</b>

- 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.**

**Issued Share Capital**

There is no change in the Company's share capital in 2018.

**Convertible Bonds**

The Company has the following convertible bonds which remain outstanding as at 30 June 2018:

Principal Amount \$'000	Year of Maturity	Conversion Price \$	No. of ordinary shares convertible into
154,750	2023	2.112	73,271,780

There has been no conversion of the convertible bonds since the date of issue.

The number of ordinary shares that may be issued, assuming the convertible bonds are fully converted based on the above conversion price, would be 73,271,780 (31/12/17: Nil).

- 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 2018, the Company's total number of issued shares excluding treasury shares is 901,515,860 (31/12/17: 901,815,860).

As at 30 June 2018, the Company held 80,086,000 (31/12/17: 79,786,000) treasury shares.

- 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 Item No. 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 2017.

**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 has adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)s), on 1 January 2018 and has prepared its first set of financial information under SFRS(I)s.

In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. The Group's opening statements of financial position under SFRS(I)s has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I)s.

Application of SFRS(I) 1

The Group has elected for the optional exemption to reset its cumulative currency translation reserve for all foreign operations to nil at the date of transition at 1 January 2017. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

The effects of the adoption of SFRS(I) 1 are as follows:

	<b>The Group</b>	
	<b>31/12/2017</b>	<b>01/01/2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Statement of financial position</b>		
Increase in other reserves	42,443	38,137
Decrease in accumulated profits	(42,443)	(38,137)
<b>Statement of comprehensive income</b>		
Decrease in net profit attributable to owners of the Company	(4,306)	-

In addition, during the current financial year, the Group and the Company has adopted the following new SFRS(I)s, amendments and interpretations of SFRS(I)s which took effect from the financial year beginning 1 January 2018:

- SFRS(I) 9 *Financial Instruments*
- SFRS(I) 15 *Revenue from Contracts with Customers* and Amendments to SFRS(I) 15
- Amendments to SFRS(I) 1-40 *Transfer of Investment Property*
- Amendments to SFRS(I) 1 *Deletion of Short-term Exemptions for First-time Adopters*
- Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*

The adoption of theses SFRS(I)s, amendments and interpretations of SFRS(I)s did not have 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 30/06/18	Second Quarter Ended 30/06/17	Six Months ended 30/06/18	Six Months ended 30/06/17 (Restated)
Weighted average number of ordinary shares in issue				
- basic	901,769,706	901,815,860	901,792,656	901,815,860
- diluted (*)	970,663,783	901,815,860	933,773,156	901,815,860
Basic earnings per share (cents)	0.59	0.78	0.70	2.01
Diluted earnings per share (cents)	0.38	0.78	0.50	2.01

(\*) For computation of diluted earnings per share, the weighted average number of ordinary shares has been adjusted for any dilutive effect arising from the conversion of all the outstanding convertible bonds to 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	
	30/06/18	31/12/17	30/06/18	31/12/17
Number of issued shares (excluding treasury shares)	901,515,860	901,815,860	901,515,860	901,815,860
Net asset value per ordinary share (\$)	4.49	4.46	3.50	3.51

- 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	2Q 2018 \$'000	2Q 2017 \$'000	Change %
Revenue	150,679	187,334	(19.6)
Earnings before interest and tax (EBIT)	50,612	50,045	1.1
Profit attributable to Owners of the Company	5,323	7,057	(24.6)

#### **Revenue**

The Group recorded revenue of \$150.7 million in 2Q 2018 (2Q 2017: \$187.3 million). The decrease is mainly due to the absence of contribution from the development property division. Excluding the development property division, revenue increased by \$18.5 million in 2Q 2018 as contribution increased across most business divisions.

*Investment Properties Division*

Revenue from investment properties division increased \$2.8 million to \$69.8 million in 2Q 2018 (2Q 2017: \$67.0 million). The increase was mainly due to rental income from full quarter contribution from Downtown Gallery, which opened in May 2017.

*Hospitality Division*

Revenue from the hospitality division increased \$5.4 million to \$54.0 million in 2Q 2018 (2Q 2017: \$48.7 million). The increase was mainly due to contribution from full quarter contribution from Oakwood Premier OUE Singapore, the serviced apartments at OUE Downtown, which opened in June 2017.

*Development Property Division*

There was no contribution from the development property division in the current quarter as there was no completion of sale of units. 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.

*Healthcare Division*

Revenue from the healthcare division pertains to revenue contribution from OUE Lippo Healthcare. The decrease in revenue was mainly due to lower revenue recorded by operations in China. Contribution from the nursing facilities in Japan remain stable but reported revenue declined due to the weakening of the Japanese Yen in 2Q 2018.

*Dividend Income*

Dividend income comprises dividends received from Gemdale in the current quarter.

*Others*

Other revenue comprises mainly the contribution from OUE Skyspace LA, the observation deck at US Bank Tower as well as food and beverages operations of the Group.

**EBIT**

EBIT increased by \$0.6 million to \$50.6 million in 2Q 2018. The increase was mainly due to higher contribution from Downtown Gallery and Oakwood Premier OUE Singapore; partially offset by absence of contribution from OUE Twin Peaks.

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

Profit attributable to shareholders decreased \$1.7 million to \$5.3 million in 2Q 2018 (2Q 2017: \$7.1 million). The decrease was mainly due to higher finance expenses 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.**

Based on advance estimates by the Ministry of Trade and Industry ("MIT"), GDP grew by 3.8%, moderating from the 4.3% growth in 1Q 2018. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded at a slower pace of 1.0% compared to 1.5% growth in the preceding quarter<sup>1</sup>.

Singapore Tourism Board reported 6.9%<sup>2</sup> year-on-year increase in international visitor arrivals for the first five months of 2018. Major events in the second half of 2018 such as the OSEA 2018 and ASEAN Summit are expected to drive demand for hotel accommodation. However, the hospitality market environment remains competitive as the market continues to absorb additional room supply that came on stream in the second half of 2017 although new room supply is expected to slow down in 2018.

Core CBD office occupancy remained unchanged at 94.1%<sup>3</sup> as at 2Q 2018. The relatively tight vacancy environment drives rental growth for Grade A CBD Core office where rents increased 4.1%<sup>3</sup> quarter-on-quarter to S\$10.10 psf per month.

Overall vacancy rates for the Greater Los Angeles office improved by 0.5% quarter-on-quarter to 14.5%, with overall asking rents also increasing by US\$0.28 to US\$3.38 psf per month year-on-year<sup>4</sup>. In Shanghai, firm economic growth supported the demand for prime office space and rental rates in CBD market increased by 0.8% quarter-on-quarter to RMB10.36 psm per day<sup>5</sup> in 2Q 2018.

<sup>1</sup>Singapore Ministry of Trade and Industry Press Release, 13 July 2018

<sup>2</sup>Singapore Tourism Board, International Visitor Arrivals Statistics, 13 July 2018

<sup>3</sup>CBRE, Singapore Marketview 2Q 2018

<sup>4</sup>CBRE MarketView Greater Los Angeles Office, Q2 2018

<sup>5</sup>Colliers International Quarterly Q2 2018 Shanghai Office, 30 July 2018

**11 Dividend**

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

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

<b>Name of dividend</b>	Interim
<b>Dividend type</b>	Cash
<b>Dividend per share</b>	1 cent
<b>Tax rate</b>	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.**

<b>Name of dividend</b>	Interim
<b>Dividend type</b>	Cash
<b>Dividend per share</b>	1 cent
<b>Tax rate</b>	Tax exempt (one-tier)

**(c) Date payable**

27 September 2018

**(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 18 September 2018, 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 17 September 2018 will be registered to determine shareholders' entitlements to the proposed interim dividend. In respect of shares in securities accounts with the Central Depository (Pte) Limited ("CDP"), the said interim dividend 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 2018**

**15 Negative 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 to the attention of the Board of Directors which may render the unaudited consolidated financial results of the Company and the Group for the quarter ended 30 June 2018 to be false or misleading.

On behalf of the Board of Directors

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

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