

UNAUDITED FIRST QUARTER FINANCIAL STATEMENT

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Income Statement

	Note	The Group		
		First Quarter Ended 31 March		
		2019	2018	+ / (-)
		\$'000	(Restated) \$'000	%
Revenue	A	741,214	663,689	12
Cost of sales		(427,192)	(416,176)	3
Gross profit		314,022	247,513	27
Other income				
- Finance income	B	4,322	2,011	115
- Miscellaneous income		3,911	4,069	(4)
Expenses				
- Marketing and distribution	C	(19,481)	(21,447)	(9)
- Administrative	D	(29,510)	(30,103)	(2)
- Finance	E	(28,610)	(20,746)	38
- Other operating	F	(104,700)	(40,235)	160
Share of profit of associated companies		1,382	1,319	5
Share of loss of a joint venture company		(379)	(132)	187
Profit before other gains and income tax		140,957	142,249	(1)
Other gains	G	-	32	(100)
Profit before income tax	H	140,957	142,281	(1)
Income tax expense	I	(29,356)	(27,692)	6
Net profit		111,601	114,589	(3)
<u>Attributable to:</u>				
Equity holders of the Company		72,359	76,055	(5)
Non-controlling interests		39,242	38,534	2
		111,601	114,589	(3)

1(a)(ii) Explanatory Notes to the Consolidated Income Statement

	The Group		
	First Quarter Ended 31 March		
	2019	2018	+ / (-)
	\$'000	(Restated) \$'000	%
A Revenue			
Revenue from property development	390,872	314,884	24
Revenue from property investments	139,248	134,275	4
Revenue from hotel ownership and operations	163,420	173,458	(6)
Revenue from management services and technologies	47,674	40,940	16
Dividend income from financial assets at fair value through other comprehensive income	-	132	(100)
	741,214	663,689	12
B Finance income			
Interest income	3,072	1,775	73
Currency exchange gains (net)	1,250	236	430
	4,322	2,011	115
C Marketing and distribution expense			
Advertising and promotion	5,897	6,533	(10)
Marketing and distribution payroll and related expenses	7,663	7,511	2
Sales commissions	3,231	5,405	(40)
Showflat expenses	2,030	1,338	52
Others	660	660	-
	19,481	21,447	(9)
D Administrative expenses			
Administrative payroll and related expenses	19,916	19,816	1
Corporate expenses	3,659	4,144	(12)
Credit card commissions	2,030	2,136	(5)
Information technology related expenses	1,876	1,859	1
Property tax for corporate offices and other taxes	228	365	(38)
Bank loan fees and other bank charges	178	233	(24)
Others	1,623	1,550	5
	29,510	30,103	(2)
E Finance expense			
Bank facility fees	1,859	1,370	36
Interest expense	28,755	19,425	48
Less: borrowing costs capitalised (See footnote 1 on page 3)	(2,004)	(49)	3,990
	28,610	20,746	38
F Other operating expense			
Property taxes	14,083	13,493	4
Amortisation of development property backlog (See footnote 2 on page 3)	76,397	10,251	645
Repairs, maintenance and security	3,468	3,786	(8)
Heat, light and power	5,250	5,457	(4)
Others	5,502	7,248	(24)
	104,700	40,235	160
G Other gains			
Gain on liquidation of a subsidiary	-	32	(100)
H Profit before income tax			
Profit before income tax is stated after charging:			
Depreciation and amortisation (See footnote 3 on page 3)	104,813	45,814	129
Property, plant and equipment written off and net loss on disposals	51	419	(88)
Impairment loss/(write-back of impairment loss) on financial assets	79	(39)	303
I Income tax expense			
Tax expense attributable to profit is made up of:			
- Profit for the financial year:			
Current income tax			
- Singapore	19,826	18,729	6
- Foreign	9,509	2,500	280
- Withholding tax paid	107	93	15
Deferred income tax	126	7,344	(98)
	29,568	28,666	3
- (Over)/under provision in prior financial periods:			
Current income tax			
- Singapore	3	(508)	(101)
- Foreign	(215)	(42)	412
Deferred income tax	-	(424)	(100)
	29,356	27,692	6

1(a)(ii) Explanatory Notes to the Consolidated Income Statement (cont'd)

- 1 Borrowing costs capitalised relate mainly to borrowings for the development of Pan Pacific Orchard and One Bishopsgate Plaza.
- 2 Development property backlog relates to the recognition of fair value uplift relating to the sold development units in Park Eleven, Shanghai and The Clement Canopy arising from the Purchase Price Allocation ("PPA") exercise on consolidation of UIC Group and the common associated and joint venture companies of UIC Group and UOL Group in August 2017. The development property backlog is amortised as and when development profits are recognised. With the completion of Park Eleven, Shanghai and The Clement Canopy as of end of the first quarter 2019, all development property backlog previously recognised in respect of units sold as of August 2017 have been fully amortised. The impact of the amortisation to profit after tax and non-controlling interest (PATMI) for the first quarter of 2019 was \$31.9 million (1Q 2018: \$6.3 million) and the PATMI of the Group would have been higher by this amount should there be no PPA adjustments previously recognised in 2017.
- 3 Depreciation and amortisation for the first quarter of 2019 was higher mainly from higher amortisation of development property backlog (See footnote 2 above).

1(a)(iii) Consolidated Statement of Comprehensive Income

	Note	The Group		
		First Quarter Ended 31 March		
		2019	2018	+ / (-)
		\$'000	(Restated) \$'000	%
Net profit		111,601	114,589	(3)
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to profit or loss:				
Cash flow hedges		(521)	2,327	(122)
Currency translation differences arising from consolidation of foreign operations	A	4,819	9,864	(51)
		4,298	12,191	(65)
Items that will not be reclassified subsequently to profit or loss:				
Financial assets, at fair value through other comprehensive income - Fair value gains	B	32,921	45,837	(28)
Currency translation differences arising from consolidation of foreign operations		4,789	959	399
Other comprehensive income, net of tax		42,008	58,987	(29)
Total comprehensive income		153,609	173,576	(12)
Total comprehensive income attributable to:				
Equity holders of the Company		107,187	133,636	(20)
Non-controlling interests		46,422	39,940	16
		153,609	173,576	(12)

n.m. : not meaningful

1(a)(iv) Explanatory Notes to the Consolidated Statement of Comprehensive Income

A Currency translation differences arising from consolidation of foreign operations

The currency translation differences arose mainly from the translation of the net assets of the Group's foreign subsidiaries which are denominated in RMB, GBP, AUD, MYR, VND, USD and IDR.

B Fair value gains on financial assets at fair value through other comprehensive income

The quoted financial assets at fair value through other comprehensive income are stated at their fair values based on the quoted closing bid prices as at the reporting date. The fair value gains recorded for the first quarter of 2019 was due to the increase in the closing bid prices of the relevant quoted equity shares from the previous quarter.

1 (b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Note	The Group			The Company	
		31.03.19	31.12.18	31.12.17	31.03.19	31.12.18
		\$'000	(Restated) \$'000	(Restated) \$'000	\$'000	\$'000
ASSETS						
Current assets						
Cash and bank balances		719,372	677,172	816,446	984	2,490
Trade and other receivables	A	664,925	575,648	395,299	6,248	4,269
Derivative financial instrument		1,166	1,958	14	-	-
Developed properties held for sale	B	823,942	985,376	393,435	-	-
Development properties	B	2,349,902	2,641,025	2,458,787	-	-
Inventories		4,169	4,248	4,991	-	-
Other assets		46,521	51,123	75,238	1,698	775
Current income tax assets		201	125	220	-	-
		4,610,198	4,936,675	4,144,430	8,930	7,534
Non-current assets						
Trade and other receivables		113,622	108,654	92,924	1,085,353	1,096,239
Other assets		30,325	23,451	-	-	-
Derivative financial instrument		-	-	1,538	-	-
Available-for-sale financial assets		-	-	1,131,702	-	-
Financial assets at fair value through other comprehensive income		1,108,456	1,075,536	-	842,075	820,642
Investments in associated companies		281,806	281,480	285,511	-	-
Investments in joint venture companies		716	1,095	970	-	-
Investments in subsidiaries		-	-	-	1,986,203	1,971,775
Investment properties		11,278,816	11,264,120	10,917,340	477,250	477,250
Property, plant and equipment		2,804,422	2,807,688	2,856,164	1,555	1,665
Intangibles	C	45,716	122,691	180,951	712	758
Deferred income tax assets		16,062	1,931	1,005	-	-
		15,679,941	15,686,646	15,468,105	4,393,148	4,368,329
Total assets		20,290,139	20,623,321	19,612,535	4,402,078	4,375,863
LIABILITIES						
Current liabilities						
Trade and other payables	D	486,619	802,588	927,594	914,022	920,417
Current income tax liabilities		119,626	107,282	108,581	1,890	1,845
2.5% unsecured fixed rate notes due 2018		-	-	174,961	-	-
Bank loans	E	1,492,927	1,762,719	797,583	266,608	319,269
Finance lease liabilities		1,056	252	270	-	-
Derivative financial instrument		133	322	377	133	322
Loan from non-controlling shareholder of a subsidiary	F	13,868	80,168	-	-	-
		2,114,229	2,753,331	2,009,366	1,182,653	1,241,853
Non-current liabilities						
Trade and other payables		217,077	200,633	214,879	2,058	2,430
Finance lease liabilities		14,272	3,367	3,614	-	-
Bank loans	E	2,647,888	2,522,149	2,568,187	64,166	-
2.5% unsecured fixed rate notes due 2020		239,660	239,600	239,360	-	-
Derivative financial instrument		2,537	2,419	1,708	217	-
Loan from non-controlling shareholder of a subsidiary		102,881	101,561	63,009	-	-
Provision for retirement benefits		6,404	6,203	5,621	-	-
Deferred income tax liabilities		352,072	357,448	369,622	3,888	3,717
		3,582,791	3,433,380	3,466,000	70,329	6,147
Total liabilities		5,697,020	6,186,711	5,475,366	1,252,982	1,248,000
NET ASSETS		14,593,119	14,436,610	14,137,169	3,149,096	3,127,863
Capital & reserves attributable to equity holders of the Company						
Share capital		1,558,736	1,556,201	1,549,744	1,558,736	1,556,201
Reserves		849,812	814,629	916,889	664,315	642,560
Retained earnings		7,325,541	7,253,182	6,973,061	926,045	929,102
		9,734,089	9,624,012	9,439,694	3,149,096	3,127,863
Non-controlling interests		4,859,030	4,812,598	4,697,475	-	-
TOTAL EQUITY		14,593,119	14,436,610	14,137,169	3,149,096	3,127,863

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year. (cont'd)

Explanatory Notes to the Statement of Financial Position

A Current trade and other receivables

Current trade and other receivables increased due mainly to the recognition of receivables for the balance of progress payments for The Clement Canopy upon the receipt of temporary occupation permit ("TOP") in end March 2019.

B Developed properties held for sale/Development properties

The decrease in developed properties held for sale was due mainly to the handover of sold units at Park Eleven, Shanghai to purchasers (where revenue for the development is recognised on a completed contract basis upon handover). The decrease in development properties was due mainly to the receipt of TOP by The Clement Canopy.

C Intangibles

The reduction in intangibles was due mainly to the full amortisation of development property backlog previously recorded as an intangible arising from the Purchase Price Allocation exercise on consolidation of UIC Group. See also footnote 2 on page 3.

D Current trade and other payables

Current trade and other payables have decreased due mainly to the recognition of revenue from sales proceeds received in advance from the sale of residential units in Park Eleven, Shanghai upon the handover of the remaining 103 units out of the 150 units sold as at end 2018.

E Current and non-current bank loans

The net decrease in current and non-current bank loans was due mainly to loan repayments with proceeds mainly from the TOP of Principal Garden in December 2018.

F Current loan from non-controlling shareholder of a subsidiary

The decrease from end 2018 arose mainly from the repayment of loan from the non-controlling shareholder of Secure Venture Development (Alexandra) Pte. Ltd. with proceeds from the TOP of Principal Garden.

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

	As at 31.03.19		As at 31.12.18	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Amount repayable in one year or less, or on demand	32,495	1,474,921	100,661	1,743,810
Amount repayable after one year	1,255,374	1,743,987	1,217,580	1,654,499

Details of any collaterals

The borrowings are secured by bank deposits, mortgages on the borrowing subsidiaries' investment properties, hotel properties, development properties, and/or assignment of all rights and benefits with respect to the properties and/or corporate guarantees from the Company or other Group subsidiaries.

- 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Cash Flows for the first quarter ended 31 March

	Note	The Group	
		1st Qtr	1st Qtr
		2019	2018
		(Restated)	
		\$'000	\$'000
Cash flows from operating activities			
Net profit		111,601	114,589
Adjustments for:			
Income tax expense		29,356	27,692
Non-cash items	i	109,419	40,854
Interest income		(3,072)	(1,907)
Interest expense		28,610	20,746
Gain on liquidation of a subsidiary		-	(32)
		275,914	201,942
Change in working capital			
Receivables		6,894	(517)
Development properties	ii	342,908	(91,715)
Inventories		79	(115)
Payables	iii	(286,668)	(78,314)
		63,213	(170,661)
Cash generated from operations		339,127	31,281
Income tax paid		(19,691)	(11,226)
Retirement benefits paid		(12)	-
Net cash from operating activities		319,424	20,055
Cash flows from investing activities			
Payment to non-controlling shareholder on liquidation of a subsidiary		-	(477)
Payments for intangibles		(39)	(265)
Loans to an associated company and joint venture companies		(5,624)	(1,750)
Net proceeds from disposal of property, plant and equipment		37	21
Purchase of property, plant and equipment and investment properties	iv	(12,429)	(16,261)
Interest received		3,072	1,775
Dividends received		700	475
Net cash used in investing activities		(14,283)	(16,482)
Cash flows from financing activities			
Proceeds from shares issued		2,535	4,068
Payment to non-controlling shareholders for purchase of shares in subsidiaries		-	(1,548)
Net proceeds from issue of shares to non-controlling shareholders of subsidiaries		-	908
Loan from non-controlling shareholder of a subsidiary		1,320	-
Repayment of loan from non-controlling shareholder of a subsidiary	v	(66,300)	-
Proceeds from borrowings	vi	941,774	263,729
Repayment of borrowings	vi	(1,111,647)	(316,567)
Expenditure relating to bank borrowings		(1,045)	(55)
Interest paid		(29,472)	(21,251)
Payment of finance lease liabilities		(463)	(68)
Net cash used in financing activities		(263,298)	(70,784)
Net increase/(decrease) in cash and cash equivalents		41,843	(67,211)
Cash and cash equivalents at the beginning of the financial period		673,418	816,445
Effects of currency translation on cash and cash equivalents		357	291
Cash and cash equivalents at the end of the financial period	vii	715,618	749,525

Explanatory Notes to the Consolidated Statement of Cash Flows

i. Non-cash items

Non-cash items consist mainly of share of profit of associated and joint venture companies and depreciation and amortisation expenses.

ii. Development properties

The cash inflow for development properties for the first quarter of 2019 resulted mainly from the TOP of The Clement Canopy and handover of sold units at Park Eleven.

iii. Payables

The movement in payables arose mainly from the recognition of revenue from sales proceeds received in advance from the sale of residential units in Park Eleven, Shanghai amounting to \$272.2 million. The sales proceeds received in advance were previously recognised as a payable until the handover of the units to the purchasers as the project is accounted for using the completion of construction method.

iv. Purchase of property, plant and equipment and investment properties

Purchases of property, plant and equipment and investment properties relates mainly to expenditure for the redevelopment of Pan Pacific Orchard and on-going upgrading and improvements to the Group's hotel and investment properties.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year. (cont'd)

v. Repayment of loan from non-controlling shareholder of a subsidiary

Repayments were made to the loan from the non-controlling shareholder of Secure Venture Development (Alexandra) Pte. Ltd. with sales proceeds from Principal Garden which obtained TOP in December 2018.

vi. Proceeds from borrowings/Repayment of borrowings

The net repayment of borrowings arose mainly from payments made from sales proceeds from Principal Garden.

vii. Cash and cash equivalents

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

	The Group	
	31.03.19	31.03.18
	\$'000	\$'000
Fixed deposits with financial institutions	477,074	427,036
Cash at bank and on hand	242,298	322,489
Cash and bank balances per Statement of Financial Position	719,372	749,525
Less: Bank deposits pledged as security	(3,754)	-
Cash and cash equivalents per Statement of Financial Position	715,618	749,525

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Changes in Equity for the first quarter ended 31 March

	Share capital	Reserves	Retained earnings	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
The Group 2019					
Balance at 1 January 2019, as previously reported	1,556,201	814,629	7,277,078	4,822,230	14,470,138
Effects of change in accounting policy on capitalisation of borrowing costs	-	-	(23,896)	(9,632)	(33,528)
Balance at 1 January 2019, as restated	1,556,201	814,629	7,253,182	4,812,598	14,436,610
Profit for the period	-	-	72,359	39,242	111,601
Other comprehensive income for the period	-	34,828	-	7,180	42,008
Total comprehensive income for the period	-	34,828	72,359	46,422	153,609
Employee share option scheme					
- value of employee services	-	355	-	10	365
- proceeds from shares issued	2,535	-	-	-	2,535
Total transactions with owners, recognised directly in equity	2,535	355	-	10	2,900
Balance at 31 March 2019	1,558,736	849,812	7,325,541	4,859,030	14,593,119
The Group 2018					
Balance at 1 January 2018, as previously reported	1,549,744	916,889	6,984,500	4,702,674	14,153,807
Effects of change in accounting policy on capitalisation of borrowing costs	-	-	(11,439)	(5,199)	(16,638)
Balance at 1 January 2018, as restated	1,549,744	916,889	6,973,061	4,697,475	14,137,169
Profit for the period	-	-	76,055	38,534	114,589
Other comprehensive income for the period	-	57,581	-	1,406	58,987
Total comprehensive income for the period	-	57,581	76,055	39,940	173,576
Employee share option scheme					
- value of employee services	-	380	-	39	419
- proceeds from shares issued	4,068	-	-	-	4,068
Acquisition of interests from non-controlling shareholders	-	-	(1,346)	(203)	(1,549)
Issue of shares to non-controlling shareholders	-	-	-	908	908
Liquidation of a subsidiary	-	-	-	(510)	(510)
Total transactions with owners, recognised directly in equity	4,068	380	(1,346)	234	3,336
Balance at 31 March 2018	1,553,812	974,850	7,047,770	4,737,649	14,314,081

- 1 (d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.
(cont'd)

Statement of Changes in Equity for the first quarter ended 31 March

	Share capital \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
The Company				
2019				
Balance at 1 January 2019	1,556,201	642,560	929,102	3,127,863
Loss for the period	-	-	(3,057)	(3,057)
Other comprehensive income for the period	-	21,410	-	21,410
Total comprehensive income/(loss) for the period	-	21,410	(3,057)	18,353
Employee share option scheme				
- value of employee services	-	345	-	345
- proceeds from shares issued	2,535	-	-	2,535
Total transactions with owners, recognised directly in equity	2,535	345	-	2,880
Balance at 31 March 2019	1,558,736	664,315	926,045	3,149,096
2018				
Balance at 1 January 2018	1,549,744	703,865	971,672	3,225,281
Loss for the period	-	-	(5,610)	(5,610)
Other comprehensive income for the period	-	35,489	-	35,489
Total comprehensive income/(loss) for the period	-	35,489	(5,610)	29,879
Employee share option scheme				
- value of employee services	-	341	-	341
- proceeds from shares issued	4,068	-	-	4,068
Total transactions with owners, recognised directly in equity	4,068	341	-	4,409
Balance at 31 March 2018	1,553,812	739,695	966,062	3,259,569

- 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

During the quarter ended 31 March 2019, the changes in the issued share capital of the Company were as follows:

	Number of Ordinary Shares
Issued share capital as at 1 January 2019	842,679,232
Issue of ordinary shares arising from the exercise of:	
2011 Options at exercise price of S\$4.62 per share	9,000
2012 Options at exercise price of S\$5.40 per share	12,000
2013 Options at exercise price of S\$6.55 per share	120,000
2014 Options at exercise price of S\$6.10 per share	120,000
2016 Options at exercise price of S\$5.87 per share	20,000
2017 Options at exercise price of S\$6.61 per share	120,000
Ordinary shares issued upon exercise of options	401,000
Issued share capital as at 31 March 2019	843,080,232

As at 31 March 2019, there were 5,331,000 (31.03.2018: 4,994,000) ordinary shares which may be issued upon the exercise of options under the UOL 2000 Share Option Scheme and UOL 2012 Share Option Scheme.

The Company did not hold any treasury shares and there were no subsidiary holdings as of 31 March 2019 and 31 March 2018.

- 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.

	The Company	
	31.03.19	31.12.18
Total number of issued shares, excluding treasury shares	843,080,232	842,679,232

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.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There were no sales, transfers, disposal, cancellation and/or use of subsidiary holdings during the financial period ended 31 March 2019.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have neither been audited nor reviewed by the Company's auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as stated in Note 5, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year as those of the audited financial statements for the financial year ended 31 December 2018.

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.

On 1 January 2019, the Group adopted the standards, amendments and interpretations to existing standards that are mandatory for application from that date. The following are the new or amended financial reporting standards that are relevant to the Group:

- SFRS(I) 16 Leases
- SFRS(I) 1-23 Borrowing Costs - Agenda Decision by the International Financial Reporting Interpretations Committee
- SFRS(I) INT 23 Uncertainty Over Income Tax Treatments

The adoption of the above standards and interpretations did not result in any substantial change to the Group's accounting policies nor any significant impact on the financial statements except for the following:

SFRS(I) 16 Leases

SFRS(I) 16 removes the distinction between operating and finance leases and results in the recognition of an asset (the right to use the leased item) and a financial liability to pay rentals in the statement of financial position for leases except those that are short term or have low value.

The Group has applied the standard from its mandatory adoption date of 1 January 2019 and adopted the simplified transition approach which allows for no restatement of comparative amounts for the year prior to first adoption. Right-of-use assets for property leases was measured on transition as if the new rules had always been applied and all other right-of-use assets was measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

Right-of-use assets and lease liabilities of approximately \$11.9 million respectively have been recognised by the Group on 1 January 2019 in its statement of financial position while the impact to the consolidated income statement is not significant. There is also no significant impact on the financial statements from the Group's activities as a lessor except for some additional disclosures which will be required in the full year Annual Report.

SFRS(I) 1-23 Borrowing Costs

In 2018, the International Financial Reporting Standards Interpretations Committee ("Interpretations Committee"), which works with the International Accounting Standards Board in supporting the application of IFRS Standards, received a submission on whether a real estate developer capitalises borrowing costs as part of the cost of units for a residential multi-unit real estate development, for which the developer recognises revenue over time for the sale of individual units in the development based on IFRS 15 Revenue from Contracts with Customers.

In November 2018, the Committee issued a Tentative Agenda Decision containing explanatory material for the decision and how the applicable principles and requirements in IAS 23 Borrowing Costs apply to the fact pattern in the submission. The Interpretations Committee tentatively concluded that such an entity should not capitalise borrowing costs. This tentative agenda decision was finalised in its original form on 20 March 2019.

As SFRS(I) 1-23 and SFRS(I) 15 Revenue from Contracts with Customers (the accounting standards applicable to the Group) are aligned to IAS 23 and IFRS 15 respectively, the above Agenda Decision has relevant impact to the Group's activities as a property developer. Following this Agenda Decision, borrowing costs which were previously capitalised for development projects over the period of development are now expensed as incurred to the income statement.

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. (cont'd)

The effects of the change in accounting policy on capitalisation of borrowings costs on the results and financial position of the Group are as follows:

	First Quarter Ended 31 March 2018		
	As previously reported \$'000	Effects of adoption \$'000	As restated \$'000
<u>Effect on Consolidated Income Statement</u>			
Cost of sales	(427,830)	12,341	(415,489)
Finance expenses	(12,181)	(8,565)	(20,746)
Income tax expense	(27,065)	(627)	(27,692)
Net profit	111,440	3,149	114,589
Net profit attributable to:			
- Equity holders of the Company	73,819	2,236	76,055
- Non-controlling interests	37,621	913	38,534
	111,440	3,149	114,589
Basic earnings per share (cents)*	8.77	0.27	9.04
Diluted earnings per share (cents)*	8.76	0.27	9.03

	31.12.18			1.1.18		
	As previously reported \$'000	Effects of adoption \$'000	As restated \$'000	As previously reported \$'000	Effects of adoption \$'000	As restated \$'000
<u>Effect on Statement of Financial Position</u>						
Developed properties held for sale	317,298	(4,934)	312,364	399,786	(6,351)	393,435
Development properties	3,349,490	(35,453)	3,314,037	2,472,402	(13,615)	2,458,787
Current income tax liabilities	107,758	(476)	107,282	109,186	(605)	108,581
Deferred income tax liabilities	363,831	(6,383)	357,448	372,345	(2,723)	369,622
Retained earnings	7,277,078	(23,896)	7,253,182	6,984,500	(11,439)	6,973,061
Non-controlling interest	4,822,230	(9,632)	4,812,598	4,702,674	(5,199)	4,697,475
Net asset value per ordinary share (\$)*	11.45	(0.03)	11.42	11.23	(0.01)	11.22
Net tangible asset backing per ordinary share (\$)*	11.30	(0.03)	11.28	11.01	(0.01)	11.00

*The amounts may not add up due to rounding.

6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	The Group	
	1st Qtr 2019	1st Qtr 2018 (Restated)
Earnings per ordinary share for the period		
(i) Based on weighted average number of ordinary shares in issue	cents 8.59	cents 9.04
(ii) On a fully diluted basis	cents 8.59	cents 9.03

Earnings per share is calculated by reference to the weighted average number of ordinary shares in issue during the financial period.

For the purposes of calculating diluted earnings per share, the weighted average number of shares in issue is adjusted to take into account the dilutive effect arising from the outstanding options granted to employees, where such shares would have been issued at a price lower than market value.

- 7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.

	The Group		The Company	
	31.03.19	31.12.18 (Restated)	31.03.19	31.12.18
Net asset value per ordinary share	\$11.55	\$11.42	\$3.74	\$3.71
Net tangible asset backing per ordinary share	\$11.49	\$11.28	\$3.73	\$3.71

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Revenue

Group revenue in the first quarter of 2019 increased by \$77.5 million or 12% to \$741.2 million from \$663.7 million in the corresponding period of 2018 due mainly to recognition of property development revenue from sales at Park Eleven, Shanghai where the remaining 103 units of the 150 units sold as at the end of 2018 were handed over in the first quarter of 2019. The higher revenue from Park Eleven was offset partially by lower progressive recognition of revenue from development projects, Principal Garden, The Clement Canopy and Botanique at Bartley which obtained TOP in December 2018, March 2019 and April 2019 respectively.

Revenue from property investments also increased with higher revenue from UIC Building and new contribution from 72 Christie Street, Sydney which was acquired in December 2018. Hotel operations recorded a \$10 million decline mainly from the closure of Pan Pacific Orchard for redevelopment and lower revenue from the Group's Australian hotels.

Gross profit margin

Gross profit margin of 42% for the first quarter of 2019 was higher than the 37% margin for 2018 due mainly to higher property development margins achieved in the first quarter of 2019 and the absence of accelerated depreciation for Pan Pacific Orchard recognised in the first quarter of 2018.

Finance income

Finance income was \$4.8 million higher due mainly to exchange gains on the Group's borrowings in certain foreign currencies and higher interest income from loan to a joint venture company, Secure Venture Development (No.1) Pte. Ltd. for its development project, MEYERHOUSE.

Expenses

The increase in other operating expenses resulted mainly from the amortisation of development property backlog amounting to \$76.4 million on sold development units in Park Eleven and The Clement Canopy. The development property backlog arose from the Purchase Price Allocation exercise in relation to the consolidation of UIC Group in August 2017 and is amortised as and when development profits are recognised. With the completion of Park Eleven, Shanghai and The Clement Canopy as of the end of the first quarter 2019, all development property backlog previously recognised in respect of units sold as of August 2017 have been fully amortised.

Finance expenses have increased with higher borrowings in the first quarter of 2019 compared to first quarter of 2018 arising mainly from borrowings for the development site at Silat Avenue, now named as Avenue South Residence and the acquisition of an investment property, 72 Christie Street, Sydney in December 2018.

Profit & Loss

The pre-tax profit was \$141.0 million, a marginal decrease of 1% from the profit of \$142.3 million in the first quarter of 2018 as higher profits from the property development segment was affected by 1) the accounting reversal of development property backlog of \$76.4 million compared to \$10.3 million in the first quarter of 2018; and 2) borrowing costs not capitalised for Singapore development projects due to the decision on the interpretation of SFRS(I) 1-23 Borrowing Costs amounting to \$17.1 million compared to \$8.6 million in the first quarter of 2018.

Profit after tax and non-controlling interest for the first quarter of 2019 was \$72.4 million, a 5% decrease from the profit of \$76.1 million in the first quarter of 2018 due mainly to a higher proportion of overseas profits with higher taxes and profits with higher non-controlling interests such as from the Park Eleven, Shanghai development. Excluding the accounting reversal of development property backlog, profit after tax and non-controlling interest for the first quarter of 2019 would have increased 27% to \$104.3 million from \$82.4 million in the first quarter of 2018.

Net tangible asset and gearing

The Group's shareholders' funds increased from \$9.62 billion as at 31 December 2018 to \$9.73 billion as at 31 March 2019 due mainly to profits recognised in the first quarter of 2019 and fair value gains on financial assets at fair value through other comprehensive income. Consequently the net tangible asset per ordinary share of the Group increased to \$11.49 as at 31 March 2019 from \$11.28 (restated) as at 31 December 2018.

The Group's gearing ratio decreased from 0.28 as at 31 December 2018 to 0.26 as at 31 March 2019 due mainly to loan repayments from the TOP proceeds of Principal Garden.

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

Nil.

- 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 & Industry's advance estimates, Singapore's GDP growth for the first quarter of 2019 moderated to 1.3% on a year-on-year basis from the 1.9% growth in the previous quarter. According to the Urban Redevelopment Authority, prices of private residential property declined by 0.7% in the first quarter of 2019. Buying sentiment in the private residential market is expected to remain muted due to the cooling measures. Steady demand and tightening vacancy should support office rents. Retail rents remain under pressure amidst competition from e-commerce and a tight labour market.

Economic and political uncertainties could weigh on the London property market although leasing activities remain resilient in Midtown where the Group owns two properties.

Notwithstanding the recent moderation in the economic outlook, tourist arrivals to the Asia Pacific is expected to show steady growth and this should benefit the Group's hotels though trading conditions for the Group's hotels in Myanmar and People's Republic of China remain challenging. Performance for hotels in Singapore in particular, should improve given the limited supply over the next few years.

- 11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Name of dividend	:	N.A.
Dividend Type	:	N.A.
Dividend Rate	:	NIL
Tax Rate	:	N.A.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Name of dividend	:	N.A.
Dividend Type	:	N.A.
Dividend Rate	:	NIL
Tax Rate	:	N.A.

(c) Date payable : N.A.

(d) Books closure date : N.A.

- 12 If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for the first quarter ended 31 March 2019 as it is not the usual practice of the Group to declare interim dividends.

- 13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

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

CONFIRMATION BY DIRECTORS

The Board of Directors of the Company hereby 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 for the first quarter ended 31 March 2019 to be false or misleading.

CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS (IN THE FORMAT SET OUT IN APPENDIX 7.7) UNDER RULE 720(1)

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

Foo Thiam Fong Wellington
Company Secretary
10 May 2019