



First Quarter Financial Statement and Dividend Announcement for the Period Ended 31 March 2010

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

- 1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Income Statement

	Note	3 months ended		+ / (-) %
		31.3.10 \$'000	31.3.09 \$'000	
Revenue	1	261,512	195,846	34
Cost of sales	2	(154,519)	(105,134)	47
Gross profit		106,993	90,712	18
Investment income		292	216	35
Other gains/(losses) - net		561	339	65
Selling and distribution costs		(4,759)	(4,212)	13
Administrative expenses		(6,792)	(4,872)	39
Finance expenses		(3,181)	(4,435)	(28)
Share of results of associated companies		5,256	12,006	(56)
Profit before income tax	3	98,370	89,754	10
Income tax (expense)/credit	4	(16,090)	16,695	n.m.
Net profit		82,280	106,449	(23)
Attributable to:				
Owners of the parent		59,498	73,502	(19)
Minority interests		22,782	32,947	(31)
		82,280	106,449	(23)

n.m. - not meaningful

Consolidated Statement of Comprehensive Income

	3 months ended	
	31.3.10	31.3.09
	\$'000	\$'000
Net profit	82,280	106,449
Other comprehensive (expense)/income taken directly to equity:		
Net exchange differences on translation of financial statements of foreign entities	(208)	8,133
Effect of reduction in deferred income tax liability on asset revaluation reserve	-	1,629
	<u>(208)</u>	<u>9,762</u>
Total comprehensive (expense)/income	<u>82,072</u>	<u>116,211</u>
Total comprehensive (expense)/income attributable to:		
Owners of the parent	59,347	78,889
Minority interests	22,725	37,322
	<u>82,072</u>	<u>116,211</u>

Certain comparative figures have been reclassified to conform with the current year's presentation.

Notes to the income statement

	3 months ended	
	31.3.10	31.3.09
	\$'000	\$'000
<u>1. Revenue</u>		
Gross rental income	74,308	76,916
Gross revenue from hotel operations	26,467	21,261
Sale of properties held for sale	141,418	80,628
Gross revenue from information technology operations	17,267	14,943
Car parking income and property management fees	2,052	2,098
	<u>261,512</u>	<u>195,846</u>
<u>2. Cost of sales</u>		
Property operating expenses	17,390	20,354
Cost of sales from hotel operations	20,462	14,311
Cost of properties held for sale sold	101,706	57,499
Cost of sales from information technology operations	14,961	12,970
	<u>154,519</u>	<u>105,134</u>
<u>3. Profit before income tax</u>		
Profit before income tax is stated after charging:		
Depreciation	3,977	2,906
	<u>3,977</u>	<u>2,906</u>
<u>4. Income tax (expense)/credit</u>		
Income tax (expense)/credit includes the following:		
One-time write-back of deferred income tax liability resulting from reduction in corporate tax rate from 18% to 17%	-	30,643
	<u>-</u>	<u>30,643</u>

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

	Note	Group		Company	
		31.3.10 \$'000	31.12.09 \$'000	31.3.10 \$'000	31.12.09 \$'000
ASSETS					
Non-current assets					
Other receivables		16,052	16,029	1,086,528	1,101,233
Financial assets, available-for-sale		12,045	12,045	-	-
Investment in associated companies		225,394	220,138	-	-
Investment in subsidiary companies		-	-	1,227,519	1,227,519
Investment properties	1	4,598,201	4,597,500	-	-
Property, plant and equipment		496,812	493,071	147	153
		<u>5,348,504</u>	<u>5,338,783</u>	<u>2,314,194</u>	<u>2,328,905</u>
Current assets					
Cash and cash equivalents		115,827	162,599	598	805
Properties held for sale		906,468	892,186	-	-
Trade and other receivables		36,395	45,712	354	250
Inventories, at cost		6,917	1,727	-	-
		<u>1,065,607</u>	<u>1,102,224</u>	<u>952</u>	<u>1,055</u>
Total assets		6,414,111	6,441,007	2,315,146	2,329,960
LIABILITIES					
Current liabilities					
Trade and other payables		191,652	195,700	2,046	3,060
Current income tax liabilities		52,317	49,518	657	724
Borrowings		613,950	657,545	501,036	516,293
		<u>857,919</u>	<u>902,763</u>	<u>503,739</u>	<u>520,077</u>
Non-current liabilities					
Trade and other payables		106,745	107,895	19,396	16,697
Borrowings		355,015	418,295	-	-
Deferred income tax liabilities		482,103	475,936	-	-
		<u>943,863</u>	<u>1,002,126</u>	<u>19,396</u>	<u>16,697</u>
Total liabilities		1,801,782	1,904,889	523,135	536,774
NET ASSETS		4,612,329	4,536,118	1,792,011	1,793,186
EQUITY					
Equity attributable to owners of the parent					
Share capital		1,400,927	1,400,927	1,400,927	1,400,927
Reserves		1,719,947	1,658,498	391,084	392,259
		<u>3,120,874</u>	<u>3,059,425</u>	<u>1,792,011</u>	<u>1,793,186</u>
Minority interests		1,491,455	1,476,693	-	-
TOTAL EQUITY		4,612,329	4,536,118	1,792,011	1,793,186

Notes to the balance sheet

1. Investment properties are stated at 31 December 2009 valuations by independent professional valuers, with \$0.7 million upgrading costs incurred during the first quarter of 2010. Valuations are carried out half yearly in June and December.

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

Amount repayable in one year or less, or on demand

At 31.3.10		At 31.12.09	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	613,950	-	657,545

Amount repayable after one year

At 31.3.10		At 31.12.09	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
228,015	127,000	269,295	149,000

Details of any collateral

The \$228.0 million (31 December 2009: \$269.3 million) loans are secured by way of mortgages over certain property development projects.

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

	3 months ended	
	31.3.10	31.3.09
	\$'000	\$'000
Cash flows from operating activities		
Profit before income tax	98,370	89,754
Adjustments for profit	1,924	3,991
Working capital changes	(10,727)	(18,286)
Interest paid	(7,433)	(10,026)
Income tax paid	(7,733)	(1,892)
Net cash provided by operating activities	74,401	63,541
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,869)	(681)
Purchase of shares from minority shareholders	(6,028)	-
Upgrading of investment properties	(701)	(584)
Interest received	300	131
Net cash used in investing activities	(14,298)	(1,134)
Cash flows from financing activity		
Repayment of borrowings	(106,875)	(66,670)
Net cash used in financing activity	(106,875)	(66,670)
Net decrease in cash and cash equivalents	(46,772)	(4,263)
Cash and cash equivalents at 1 January	162,599	122,109
Cash and cash equivalents at 31 March	115,827	117,846

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.

	Group		Company	
	31.3.10	31.3.09	31.3.10	31.3.09
	\$'000	\$'000	\$'000	\$'000
<u>Share capital</u>				
Balance at 1 January and 31 March	1,400,927	1,400,927	1,400,927	1,400,927
<u>Retained earnings</u>				
Balance at 1 January	1,623,342	1,783,003	389,850	388,612
Total comprehensive income/(expense)	59,498	73,502	(1,342)	(1,653)
- net profit/(loss)				
Effect of purchase of shares from minority shareholders	1,935	-	-	-
Balance at 31 March	1,684,775	1,856,505	388,508	386,959
<u>Foreign currency reserve</u>				
Balance at 1 January	3,365	4,737	-	-
Total comprehensive (expense)/income				
- net exchange differences on translation	(151)	4,761	-	-
Balance at 31 March	3,214	9,498	-	-
<u>Share option reserve</u>				
Balance at 1 January	2,409	1,635	2,409	1,635
Value of employee services (employee share option scheme)	167	276	167	276
Balance at 31 March	2,576	1,911	2,576	1,911
<u>Asset revaluation reserve</u>				
Balance at 1 January	29,382	28,756	-	-
Total comprehensive income				
- effect of reduction in deferred income tax liability	-	626	-	-
Balance at 31 March	29,382	29,382	-	-
<u>Minority interests</u>				
Balance at 1 January	1,476,693	1,613,304	-	-
Total comprehensive income	22,725	37,322	-	-
Effect of purchase of shares from minority shareholders	(7,963)	-	-	-
Balance at 31 March	1,491,455	1,650,626	-	-
<u>Total equity</u>				
Balance at 1 January	4,536,118	4,832,362	1,793,186	1,791,174
Total comprehensive income/(expense)	82,072	116,211	(1,342)	(1,653)
Value of employee services (employee share option scheme)	167	276	167	276
Effect of purchase of shares from minority shareholders	(6,028)	-	-	-
Balance at 31 March	4,612,329	4,948,849	1,792,011	1,789,797

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 was no change in the Company's share capital for the three months ended 31 March 2010.

The following number of ordinary shares may be issued upon the exercise of the subscription rights in full by holders of options granted to executives of the Group under the "United Industrial Corporation Limited Share Option Scheme", approved at a shareholders' meeting in 2001:

	31.3.10	31.12.09
- 2007 Options granted at the exercise price of \$2.70 per share	2,358,000	2,382,000
- 2008 Options granted at the exercise price of \$2.91 per share	1,044,000	1,068,000
- 2009 Options granted at the exercise price of \$1.07 per share	728,000	760,000
- 2010 Options granted at the exercise price of \$2.03 per share	656,000	-
	<u>4,786,000</u>	<u>4,210,000</u>

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current period and as at the end of the immediately preceding year.

	31.3.10	31.12.09
Total number of issued shares	<u>1,377,481,220</u>	<u>1,377,481,220</u>

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

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

The figures have not been audited or reviewed by the Company's auditors.

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

Not applicable.

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

The same accounting policies and methods of computation as in the 2009 audited annual financial statements have been applied for the current reporting period.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Nil.

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

	Latest quarter	Previous quarter
	31.3.10	31.3.09
Earnings per ordinary share		
(a) Based on the weighted average number of ordinary shares on issue	4.3 cents	5.3 cents
(b) <u>On a fully diluted basis</u> For the purposes of calculating diluted earnings per share, the weighted average number of shares in issue is adjusted to take into account the dilutive effect arising from the outstanding options granted to employees, where such shares would have been issued at a price lower than the average market price in the current quarter. As the impact of the dilution is insignificant, diluted earnings per share is the same as basic earnings per share.		

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the :-**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	31.3.10	31.12.09
Net asset value per ordinary share		
Group	\$2.27	\$2.22
Company	\$1.30	\$1.30

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.

Revenue at \$261.5 million was higher by \$65.7 million (34%) due mainly to higher progressive recognition of sales of trading properties and higher revenue from hotel operations, partially offset by lower rental income. Sales of trading properties at \$141.4 million was higher by \$60.8 million (75%) due mainly to progressive sales recognition on percentage of completion basis for One Amber, Park Natura and The Trizon residential projects. Revenue from Pan Pacific Singapore hotel increased by \$4.2 million (20%) to \$25.4 million with higher occupancy and higher F&B revenue. In addition, Westin Tianjin hotel which opened in February 2010 contributed \$1.0 million to revenue. Gross rental income at \$74.3 million was lower by \$2.6 million (3%) with lower rental rates and occupancy.

Share of operating results of associated companies decreased by \$6.8 million (56%) to \$5.3 million due mainly to absence of \$6.2 million contribution in Q1 2009 from The Sixth Avenue Residences project (fully sold and completed in August 2009).

In Q1 2009, the minority interests of \$32.9 million included a \$9.7 million one-time write-back of deferred income tax attributable to minority shareholders.

Following the reduction in corporate tax rate from 18% to 17% last year, the Group recognised a one-time write-back of deferred income tax of \$30.6 million (as reflected in the previous corresponding quarter ended 31 March 2009). Consequently, the Group's attributable net profit decreased by \$14.0 million (19%) to \$59.5 million. Excluding the \$21.7 million one-time write-back of deferred income tax (net of minority interests) in Q1 2009, the Group's net profit from operations increased by \$7.7 million (15%) to \$59.5 million.

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

Not applicable.

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Despite economic recovery, the office rental market will remain challenging because of the large new supply.

Supported by expected growth in tourist arrivals and improving consumer confidence, the retail rental market is expected to be firm.

11. **Dividend**

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared/recommended for the quarter ended 31 March 2010.

Confirmation by Directors

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the unaudited financial results of the Group for the first quarter ended 31 March 2010 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Susie Koh
Company Secretary
23 April 2010