

Full Year Financial Statement and Dividend Announcement for the Year Ended 31 December 2009
**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	2009 \$'000	2008 \$'000	+ / (-) %
Revenue	1	1,010,613	892,295	13
Cost of sales	2	(588,448)	(516,736)	14
Gross profit		422,165	375,559	12
Investment income	3	4,025	4,354	(8)
Other gains/(losses) - net		2,845	486	485
Selling and distribution costs		(21,800)	(26,708)	(18)
Administrative expenses		(22,943)	(21,619)	6
Finance expenses		(17,026)	(17,857)	(5)
Share of results of associated companies		29,234	34,009	(14)
Profit before fair value loss on investment properties		396,500	348,224	14
Fair value loss on investment properties	4	(658,464)	(397,043)	66
Loss before income tax	5	(261,964)	(48,819)	437
Income tax credit	6	77,371	6,239	1,140
Net loss		(184,593)	(42,580)	334
Attributable to:				
Owners of the parent		(142,770)	(74,638)	91
Minority interests		(41,823)	32,058	n.m.
		(184,593)	(42,580)	334

The above net loss attributable to owners of the parent can be analysed as follows:

Net profit from operations	240,824	187,495	28
Net fair value loss on investment properties held by subsidiary and associated companies	(383,594)	(262,133)	46
Net attributable loss	(142,770)	(74,638)	91

n.m. - not meaningful

Consolidated Statement of Comprehensive Income

	2009 \$'000	2008 \$'000
Net loss	(184,593)	(42,580)
Other comprehensive (expense)/income taken directly to equity:		
Net exchange differences on translation of financial statements of foreign entities	(2,419)	6,126
Effect of reduction in deferred income tax liability on asset revaluation reserve	1,629	-
	(790)	6,126
Total comprehensive expense	(185,383)	(36,454)
Total comprehensive (expense)/income attributable to:		
Owners of the parent	(143,516)	(70,933)
Minority interests	(41,867)	34,479
	(185,383)	(36,454)

Notes to the income statement

	2009 \$'000	2008 \$'000
<u>1. Revenue</u>		
Gross rental income	310,309	277,469
Gross revenue from hotel operations	90,469	117,414
Sale of properties held for sale	547,529	427,489
Gross revenue from information technology operations	54,006	60,760
Car parking income and property management fees	8,300	9,163
	1,010,613	892,295
<u>2. Cost of sales</u>		
Property operating expenses	74,923	85,660
Cost of sales from hotel operations	60,484	72,612
Cost of properties held for sale sold	407,023	307,013
Cost of sales from information technology operations	46,018	51,451
	588,448	516,736

The decrease in property operating expenses was due mainly to lower property tax.

3. Investment income

Interest income	1,318	1,558
Dividend income	2,707	2,796
	4,025	4,354

4. Fair value loss on investment properties

This relates to the year end revaluation of investment properties held by subsidiary companies.

5. Loss before income tax

Loss before income tax is stated after charging:

Depreciation	11,657	11,816
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6. Income tax credit

Income tax credit includes the following:

Write-back of deferred income tax liability attributable to the fair value loss on investment properties held by subsidiary companies	109,528	72,232
One-time write-back of deferred income tax liability resulting from reduction in corporate tax rate from 18% to 17%		
- attributable to investment properties	28,481	-
- attributable to accelerated tax depreciation and deferred development profits	2,162	-
Over/(Under)provision in preceding financial years	4,597	(2,907)

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.

		Group		Company	
	Note	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
ASSETS					
Non-current assets					
Other receivables	1	16,029	29,007	1,101,233	1,175,278
Financial assets, available-for-sale		12,045	12,045	-	-
Investment in associated companies		220,138	220,084	-	-
Investment in subsidiary companies		-	-	1,227,519	1,227,519
Investment properties	2	4,597,500	5,248,437	-	-
Property, plant and equipment	3	493,071	397,531	153	184
Deferred income tax assets		-	92	-	-
		<u>5,338,783</u>	<u>5,907,196</u>	<u>2,328,905</u>	<u>2,402,981</u>
Current assets					
Cash and cash equivalents		162,599	122,109	805	1,004
Properties held for sale	4	892,186	1,018,946	-	-
Trade and other receivables		45,712	31,358	250	520
Inventories, at cost		1,727	2,775	-	-
Tax recoverable		-	585	-	-
		<u>1,102,224</u>	<u>1,175,773</u>	<u>1,055</u>	<u>1,524</u>
Total assets		6,441,007	7,082,969	2,329,960	2,404,505
LIABILITIES					
Current liabilities					
Trade and other payables		195,700	168,443	3,060	3,434
Current income tax liabilities		49,518	39,951	724	200
Borrowings		657,545	878,673	516,293	545,056
		<u>902,763</u>	<u>1,087,067</u>	<u>520,077</u>	<u>548,690</u>
Non-current liabilities					
Trade and other payables	5	107,895	110,439	16,697	64,641
Borrowings		418,295	452,879	-	-
Deferred income tax liabilities		475,936	600,222	-	-
		<u>1,002,126</u>	<u>1,163,540</u>	<u>16,697</u>	<u>64,641</u>
Total liabilities		1,904,889	2,250,607	536,774	613,331
NET ASSETS		<u>4,536,118</u>	<u>4,832,362</u>	<u>1,793,186</u>	<u>1,791,174</u>
EQUITY					
Equity attributable to owners of the parent					
Share capital		1,400,927	1,400,927	1,400,927	1,400,927
Reserves		1,658,498	1,818,131	392,259	390,247
		<u>3,059,425</u>	<u>3,219,058</u>	<u>1,793,186</u>	<u>1,791,174</u>
Minority interests		1,476,693	1,613,304	-	-
TOTAL EQUITY		<u>4,536,118</u>	<u>4,832,362</u>	<u>1,793,186</u>	<u>1,791,174</u>

Notes to the balance sheet

1. The Company's other receivables, comprising mainly amounts due from subsidiary companies, decreased due to intercompany funding.

2. Investment properties decreased due to the \$658.5 million fair value loss on revaluation of the Group's investment properties at year end.

Notes to the balance sheet (Continued)

3. Property, plant and equipment increased due to construction costs incurred for Westin Tianjin hotel (a component of the Tianjin Jun Long Square project) during the financial year.
4. Properties held for sale decreased due mainly to the transfer of the remaining development cost of the fully sold Northwood residential project to cost of sales following the completion of the project during the financial year.
5. The Company's trade and other payables, comprising mainly amounts due to subsidiary companies, decreased due to intercompany funding.

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

Amount repayable in one year or less, or on demand

At 31.12.09		At 31.12.08	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	657,545	18,000	860,673

Amount repayable after one year

At 31.12.09		At 31.12.08	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
269,295	149,000	247,379	205,500

Details of any collateral

The \$269.3 million (31 December 2008: \$265.4 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.**

	2009 \$'000	2008 \$'000
Cash flows from operating activities:		
Loss before income tax	(261,964)	(48,819)
Adjustments for profit		
Depreciation of property, plant and equipment	11,657	11,816
Employee share option expense	774	1,040
Loss on disposal of property, plant and equipment	335	1,666
Share of results of associated companies	(29,234)	(34,009)
Fair value loss on investment properties	658,464	397,043
Investment income	(4,025)	(4,354)
Interest expense	17,026	17,857
Operating cash flow before working capital changes	393,033	342,240
Change in operating assets and liabilities:		
Properties held for sale	137,116	(95,778)
Inventories	1,048	(349)
Trade and other receivables	(13,444)	(3,986)
Trade and other payables	25,716	51,356
Cash generated from operations	543,469	293,483
Interest paid	(31,081)	(34,722)
Income tax paid	(34,792)	(22,727)
Net cash provided by operating activities	477,596	236,034
Cash flows from investing activities		
Purchase of property, plant and equipment	(107,554)	(9,490)
Proceeds from disposal of property, plant and equipment	7	27
Purchase of shares from minority shareholders	(38,314)	-
Development and upgrading of investment properties	(7,527)	(24,470)
Purchase of units in an investment property	-	(110,804)
Repayment of loans by associated companies	10,549	335
Dividends received from unquoted equity investments	2,707	2,796
Dividends received from associated companies	28,280	21,450
Interest received	3,779	1,394
Net cash used in investing activities	(108,073)	(118,762)
Cash flows from financing activities		
Repayment of borrowings	(277,628)	(89,996)
Proceeds from borrowings	21,916	61,778
Dividends paid to shareholders	(41,324)	(41,324)
Dividends paid to minority shareholders	(31,997)	(31,797)
Net cash used in financing activities	(329,033)	(101,339)
Net increase in cash and cash equivalents	40,490	15,933
Cash and cash equivalents at beginning of financial year	122,109	106,176
Cash and cash equivalents at end of financial year	162,599	122,109

- 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	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<u>Share capital</u>				
Beginning and end of financial year	<u>1,400,927</u>	<u>1,400,927</u>	<u>1,400,927</u>	<u>1,400,927</u>
<u>Retained earnings</u>				
Beginning of financial year	1,783,003	1,898,965	388,612	379,138
Total comprehensive (expense)/income	(142,770)	(74,638)	42,562	50,798
- net (loss)/profit				
Effect of purchase of shares from minority shareholders (see paragraph 4)	24,433	-	-	-
Dividends paid	(41,324)	(41,324)	(41,324)	(41,324)
End of financial year	<u>1,623,342</u>	<u>1,783,003</u>	<u>389,850</u>	<u>388,612</u>
<u>Foreign currency reserve</u>				
Beginning of financial year	4,737	1,032	-	-
Total comprehensive (expense)/income				
- net exchange differences on translation	(1,372)	3,705	-	-
End of financial year	<u>3,365</u>	<u>4,737</u>	<u>-</u>	<u>-</u>
<u>Share option reserve</u>				
Beginning of financial year	1,635	595	1,635	595
Value of employee services (employee share option scheme)	774	1,040	774	1,040
End of financial year	<u>2,409</u>	<u>1,635</u>	<u>2,409</u>	<u>1,635</u>
<u>Asset revaluation reserve</u>				
Beginning of financial year	28,756	28,756	-	-
Total comprehensive income				
- effect of reduction in deferred income tax liability	626	-	-	-
End of financial year	<u>29,382</u>	<u>28,756</u>	<u>-</u>	<u>-</u>
<u>Minority interests</u>				
Beginning of financial year	1,613,304	1,610,622	-	-
Total comprehensive (expense)/income	(41,867)	34,479	-	-
Effect of purchase of shares from minority shareholders	(62,747)	-	-	-
Dividends paid	(31,997)	(31,797)	-	-
End of financial year	<u>1,476,693</u>	<u>1,613,304</u>	<u>-</u>	<u>-</u>
<u>Total equity</u>				
Beginning of financial year	4,832,362	4,940,897	1,791,174	1,780,660
Total comprehensive (expense)/income	(185,383)	(36,454)	42,562	50,798
Value of employee services (employee share option scheme)	774	1,040	774	1,040
Effect of purchase of shares from minority shareholders	(38,314)	-	-	-
Dividends paid	(73,321)	(73,121)	(41,324)	(41,324)
End of financial year	<u>4,536,118</u>	<u>4,832,362</u>	<u>1,793,186</u>	<u>1,791,174</u>

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There was no change in the Company's share capital for the financial year ended 31 December 2009.

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:

	31.12.09	31.12.08
- 2007 Options granted at the exercise price of \$2.70 per share	2,382,000	2,418,000
- 2008 Options granted at the exercise price of \$2.91 per share	1,068,000	1,068,000
- 2009 Options granted at the exercise price of \$1.07 per share	760,000	-
	<u>4,210,000</u>	<u>3,486,000</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.**

	31.12.09	31.12.08
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 2008 audited annual financial statements have been applied for the current reporting period except for the adoption of the revised Financial Reporting Standard 27 - Consolidated and Separate Financial Statements ("FRS 27"), the effects of which are set out below.

FRS 27 is to be applied for financial year beginning on or after 1 July 2009 but the Group has elected to early adopt the standard. Previously, negative goodwill (being the surplus of the incremental share of the carrying value of net assets of the subsidiary company over the consideration paid) arising from purchase of shares from minority shareholders, was recognised in the income statement. FRS 27 now requires such negative goodwill be taken directly to equity.

Arising from the purchase of additional shares in subsidiary company, Singapore Land Limited, a negative goodwill of \$24.4 million (2008: Nil) has been taken directly to retained earnings for the financial year ended 31 December 2009. Had the previous accounting policy been applied, this amount would have been recognised in the income statement.

The Group has adopted the revised Financial Reporting Standard 1 - Presentation of Financial Statements ("FRS 1"), which is effective for financial year beginning 1 January 2009. The key impact of the application of the revised FRS 1 is the presentation of an additional primary statement, that is, the Statement of Comprehensive Income.

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.

Please refer to paragraph 4 above.

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 year	Previous year
	31.12.09	31.12.08
Earnings/(Loss) per ordinary share		
(a) Based on the weighted average number of ordinary shares on issue		
- excluding fair value loss on investment properties	17.5 cents	13.6 cents
- including fair value loss on investment properties	(10.4) cents	(5.4) 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 market value. 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.

	31.12.09	31.12.08
Net asset value per ordinary share		
Group	\$2.22	\$2.34
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 \$1,010.6 million was higher by \$118.3 million (13%) due to higher progressive recognition of sales of trading properties and higher rental income, partially offset by lower revenue from Pan Pacific Singapore hotel. Sales of trading properties at \$547.5 million was higher by \$120.0 million (28%) due mainly to progressive sales recognition, on percentage of completion basis, for One Amber, Park Natura and The Trizon residential projects. With improvement in average rental rates, gross rental income at \$310.3 million was higher by \$32.8 million (12%). Revenue from Pan Pacific Singapore hotel decreased by \$26.9 million (23%) to \$90.5 million with lower room rates and lower F&B revenue.

Based on year end valuation by professional valuers on the investment properties held by subsidiary companies, a fair value loss of \$658.5 million (2008: \$397.0 million) was charged to the profit and loss account.

Net loss of \$41.8 million (2008: profit of \$32.1 million) attributable to minority shareholders included their share of fair value loss on investment properties amounting to \$154.4 million (2008: \$70.4 million).

In summary, net profit from operations increased by \$53.3 million (28%) to \$240.8 million (2008: \$187.5 million). After deducting the fair value loss net of deferred income tax adjustments and minority interests of \$383.6 million (2008: \$262.1 million), the Group registered an overall loss of \$142.8 million (2008: \$74.6 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.**

The office leasing market will be competitive with the large supply of new office space coming onstream.

The expected economic recovery will be supportive of retail rents.

Sentiment in the private residential market remains cautiously optimistic.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes

Name of dividend	First and Final
Dividend Type	Cash
Dividend Amount per Share (in cents)	3.0 cents per ordinary share
Tax rate	Tax exempt (One-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Name of dividend	First and Final
Dividend Type	Cash
Dividend Amount per Share (in cents)	3.0 cents per ordinary share
Tax rate	Tax exempt (One-tier)

(c) Date payable

The proposed dividend is payable on 24 May 2010.

(d) Books closure date

Notice is hereby given that the Share Transfer Books and Register of Members will be closed from 11 May 2010 to 12 May 2010, both dates inclusive, for the preparation of dividend warrants. Registrable transfers received by the Registrars, KCK CorpServe Pte Ltd at 333 North Bridge Road, #08-00, KH KEA Building, Singapore 188721 up to 5.00 pm on 10 May 2010 will be registered before entitlements to the dividends are determined. In respect of shares registered in securities accounts with Central Depository (Pte) Limited ("CDP"), the dividend will be paid by the Company to CDP for distribution to the respective shareholders.

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

Not applicable.

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

	Property investment		Property trading	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Revenue - external sales	318,609	286,593	547,529	427,528
Segment results	237,759	193,480	123,882	104,589
Unallocated costs				
Investment income				
Finance expenses				
Share of results of associated companies	(3,839)	(3,875)	25,248	20,003
Fair value loss on investment properties	(658,464)	(397,043)	-	-
Loss before income tax				
	Hotel		Technologies	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Revenue - external sales	90,469	117,414	54,006	60,760
Segment results	21,582	32,423	2,484	2,806
Unallocated costs				
Investment income				
Finance expenses				
Share of results of associated companies	7,825	17,881	-	-
Fair value loss on investment properties	-	-	-	-
Loss before income tax				
	Group			
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Revenue - external sales	1,010,613	892,295		
Segment results	385,707	333,298		
Unallocated costs	(5,440)	(5,580)		
Interest income	1,318	1,558		
Dividend income	2,707	2,796		
Finance expenses	(17,026)	(17,857)		
Share of results of associated companies	29,234	34,009		
Fair value loss on investment properties	396,500	348,224		
Loss before income tax	(658,464)	(397,043)		
	(261,964)	(48,819)		

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Share of results of associated companies in the property trading segment was higher this year due to higher contribution from The Sixth Avenue Residences and The Regency @ Tiong Bahru residential projects with progressive recognition of profit on a percentage of completion basis.

Share of results of associated companies in the hotel segment was lower this year due mainly to lower contributions from Marina Mandarin and Mandarin Oriental hotels with lower room rates and lower F&B revenue.

15. A breakdown of revenue.

	2009 \$'000	2008 \$'000	+ / (-) %
(a) Revenue			
- first half	467,339	370,310	26
- second half	543,274	521,985	4
	<u>1,010,613</u>	<u>892,295</u>	13
(b) Net (loss)/profit			
- first half	(240,628)	157,759	n.m.
- second half	56,035	(200,339)	n.m.
	<u>(184,593)</u>	<u>(42,580)</u>	334

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	Latest Full Year (S\$'000)	Previous Full Year (S\$'000)
	Recommended	Declared
Ordinary	41,324	41,324
Preference	-	-
Total	41,324	41,324

The Directors propose to recommend a First and Final Dividend (one-tier tax exempt) of 3.0 cents per share (2008: 3.0 cents per share) amounting to \$41.3 million (2008: \$41.3 million) in respect of the financial year ended 31 December 2009. The proposed dividend if approved at the forthcoming Annual General Meeting, will be paid on 24 May 2010. The 48th Annual General Meeting of the Company will be held at 80 Raffles Place, 61st storey, UOB Plaza 1, Singapore 048624, on Friday, 23 April 2010, at 3.00 pm.

BY ORDER OF THE BOARD

Susie Koh
Company Secretary
12 February 2010