



## Third Quarter Financial Statement and Dividend Announcement for the Period Ended 30 September 2010

## PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 &amp; 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		+ / (-) %	9 months ended		+ / (-) %
		30.9.10 \$'000	30.9.09 \$'000		30.9.10 \$'000	30.9.09 \$'000	
Revenue	1	236,033	314,763	(25)	789,297	782,102	1
Cost of sales	2	(139,213)	(188,566)	(26)	(467,695)	(452,837)	3
Gross profit		96,820	126,197	(23)	321,602	329,265	(2)
Investment income	3	1,049	2,889	(64)	1,509	3,280	(54)
Other gains/(losses) - net		468	1,074	(56)	1,287	1,635	(21)
Selling and distribution costs		(4,530)	(6,081)	(26)	(15,424)	(14,562)	6
Administrative expenses		(4,753)	(5,070)	(6)	(16,448)	(14,864)	11
Finance expenses		(2,074)	(4,268)	(51)	(7,832)	(12,962)	(40)
Share of results of associated companies		5,857	10,912	(46)	19,464	31,430	(38)
Profit before fair value gain/loss on investment properties		92,837	125,653	(26)	304,158	323,222	(6)
Fair value gain/(loss) on investment properties	4	-	-	-	19,828	(526,144)	n.m.
Profit/(Loss) before income tax	5	92,837	125,653	(26)	323,986	(202,922)	n.m.
Income tax (expense)/credit	6	(15,952)	(18,817)	(15)	(53,635)	69,130	n.m.
Net profit/(loss)		76,885	106,836	(28)	270,351	(133,792)	n.m.
Attributable to:							
Owners of the parent		56,596	74,773	(24)	195,236	(103,479)	n.m.
Minority interests		20,289	32,063	(37)	75,115	(30,313)	n.m.
		76,885	106,836	(28)	270,351	(133,792)	n.m.

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

Net profit from operations	56,596	74,773	(24)	184,179	191,193	(4)
Net fair value gain/(loss) on investment properties held by subsidiary and associated companies	-	-	-	11,057	(294,672)	n.m.
Net attributable profit/(loss)	56,596	74,773	(24)	195,236	(103,479)	n.m.

n.m. - not meaningful

## Consolidated Statement of Comprehensive Income

	3 months ended		9 months ended	
	30.9.10	30.9.09	30.9.10	30.9.09
	\$'000	\$'000	\$'000	\$'000
Net profit/(loss)	76,885	106,836	270,351	(133,792)
Other comprehensive (expense)/income taken directly to equity:				
Net exchange differences on translation of financial statements of foreign entities	(7,495)	(2,452)	(6,801)	(1,456)
Effect of reduction in deferred income tax liability on asset revaluation reserve	-	-	-	1,629
	(7,495)	(2,452)	(6,801)	173
<b>Total comprehensive income/(expense)</b>	<b>69,390</b>	<b>104,384</b>	<b>263,550</b>	<b>(133,619)</b>
Total comprehensive income/(expense) attributable to:				
Owners of the parent	52,102	73,408	191,203	(103,596)
Minority interests	17,288	30,976	72,347	(30,023)
	69,390	104,384	263,550	(133,619)

### Notes to the income statement

	3 months ended		9 months ended	
	30.9.10	30.9.09	30.9.10	30.9.09
	\$'000	\$'000	\$'000	\$'000
<b>1. Revenue</b>				
Gross rental income	74,686	77,836	223,708	232,033
Gross revenue from hotel operations	32,486	21,065	90,033	62,967
Sale of properties held for sale	111,478	201,128	419,465	437,866
Gross revenue from information technology operations	15,202	12,736	49,762	42,994
Car parking income and property management fees	2,181	1,998	6,329	6,242
	236,033	314,763	789,297	782,102
<b>2. Cost of sales</b>				
Property operating expenses	17,617	17,426	52,532	56,552
Cost of sales from hotel operations	24,089	14,588	65,794	43,079
Cost of properties held for sale sold	84,331	145,840	306,001	316,038
Cost of sales from information technology operations	13,176	10,712	43,368	37,168
	139,213	188,566	467,695	452,837
<b>3. Investment income</b>				
Interest income	227	182	687	573
Dividend income	822	2,707	822	2,707
	1,049	2,889	1,509	3,280

### 4. Fair value gain/(loss) on investment properties

The fair value gain of \$19.8 million relates to the revaluation of investment properties held by subsidiary companies in June 2010. Valuations are carried out half yearly in June and December.

### 5. Profit/(Loss) before income tax

Profit/(Loss) before income tax is stated after charging:

Depreciation	4,486	2,882	13,027	8,704
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### 6. Income tax (expense)/credit

Income tax (expense)/credit includes the following:

(Provision for)/Write-back of deferred income tax liability attributable to the fair value gain/loss on investment properties held by subsidiary companies

One-time write-back of deferred income tax liability resulting from reduction in corporate tax rate from 18% to 17%	-	-	(3,376)	88,734
- attributable to investment properties	-	-	-	28,481
- attributable to accelerated tax depreciation and deferred taxable development profits	-	-	-	2,162
Adjustment in respect of prior years	-	897	-	897

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	
		30.9.10	31.12.09	30.9.10	31.12.09
		\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Other receivables		4,257	16,029	1,058,173	1,101,233
Financial assets, available-for-sale		12,045	12,045	-	-
Investment in associated companies		215,421	220,138	-	-
Investment in subsidiary companies		-	-	1,227,519	1,227,519
Investment properties	1	4,782,403	4,597,500	-	-
Property, plant and equipment		497,318	493,071	134	153
		<u>5,511,444</u>	<u>5,338,783</u>	<u>2,285,826</u>	<u>2,328,905</u>
<b>Current assets</b>					
Cash and cash equivalents		148,910	162,599	468	805
Properties held for sale	2	434,371	892,186	-	-
Trade and other receivables	2	203,343	45,712	275	250
Inventories, at cost		2,604	1,727	-	-
		<u>789,228</u>	<u>1,102,224</u>	<u>743</u>	<u>1,055</u>
<b>Total assets</b>		<b>6,300,672</b>	<b>6,441,007</b>	<b>2,286,569</b>	<b>2,329,960</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables		178,622	195,700	1,521	3,060
Current income tax liabilities		81,777	49,518	660	724
Borrowings		617,811	657,545	487,208	516,293
		<u>878,210</u>	<u>902,763</u>	<u>489,389</u>	<u>520,077</u>
<b>Non-current liabilities</b>					
Trade and other payables	3	53,600	107,895	32,649	16,697
Borrowings		245,225	418,295	-	-
Deferred income tax liabilities		460,791	475,936	-	-
		<u>759,616</u>	<u>1,002,126</u>	<u>32,649</u>	<u>16,697</u>
<b>Total liabilities</b>		<b>1,637,826</b>	<b>1,904,889</b>	<b>522,038</b>	<b>536,774</b>
<b>NET ASSETS</b>		<b>4,662,846</b>	<b>4,536,118</b>	<b>1,764,531</b>	<b>1,793,186</b>
<b>EQUITY</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital		1,400,927	1,400,927	1,400,927	1,400,927
Reserves		1,824,783	1,658,498	363,604	392,259
		<u>3,225,710</u>	<u>3,059,425</u>	<u>1,764,531</u>	<u>1,793,186</u>
Minority interests		1,437,136	1,476,693	-	-
<b>TOTAL EQUITY</b>		<b>4,662,846</b>	<b>4,536,118</b>	<b>1,764,531</b>	<b>1,793,186</b>

Notes to the balance sheet

1. The increase in investment properties was due mainly to the payment of development charge of \$160.1 million to the Urban Redevelopment Authority for the proposed redevelopment of UIC Building.
2. The decrease in properties held for sale and increase in trade and other receivables was due mainly to higher progress billings for the Grand Duchess and One Amber residential property projects following their completion in the quarter ended 30 June 2010.
3. The Group's trade and other payables decreased due to repayment of loan to a minority shareholder of a subsidiary company.

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

**Amount repayable in one year or less, or on demand**

At 30.9.10		At 31.12.09	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	617,811	-	657,545

**Amount repayable after one year**

At 30.9.10		At 31.12.09	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
182,725	62,500	269,295	149,000

**Details of any collateral**

The \$182.7 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.**

	<b>3 months ended</b>	
	<b>30.9.10</b>	<b>30.9.09</b>
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Profit before income tax	92,837	125,653
Adjustments for profit	1,082	(6,479)
Working capital changes	24,645	(30,155)
Interest paid	(4,225)	(8,444)
Income tax paid	(13,927)	(15,408)
<b>Net cash provided by operating activities</b>	<u>100,412</u>	<u>65,167</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,347)	(2,575)
Purchase of shares from minority shareholders	(17,933)	(27,677)
Redevelopment of an investment property	(160,137)	-
Upgrading of investment properties	(1,766)	(2,254)
Dividends received from unquoted equity investments	822	2,707
Interest received	377	122
<b>Net cash used in investing activities</b>	<u>(179,984)</u>	<u>(29,677)</u>
<b>Cash flows from financing activities</b>		
Proceeds from/(Repayment of) borrowings	53,392	(23,477)
Dividends paid to minority shareholders of subsidiary companies	(13,916)	(800)
<b>Net cash provided by/(used in) financing activities</b>	<u>39,476</u>	<u>(24,277)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(40,096)	11,213
Cash and cash equivalents at 1 July	<u>189,006</u>	<u>116,828</u>
<b>Cash and cash equivalents at 30 September</b>	<u>148,910</u>	<u>128,041</u>

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	
	30.9.10	30.9.09	30.9.10	30.9.09
	\$'000	\$'000	\$'000	\$'000
<u>Share capital</u>				
<b>Balance at 1 July and 30 September</b>	1,400,927	1,400,927	1,400,927	1,400,927
<u>Retained earnings</u>				
<b>Balance at 1 July</b>	1,731,705	1,563,427	346,067	344,370
Total comprehensive income/(expense)				
- net profit/(loss)	56,596	74,773	15,051	(309)
Effect of purchase of shares from minority shareholders	5,282	18,352	-	-
<b>Balance at 30 September</b>	1,793,583	1,656,552	361,118	344,061
<u>Foreign currency reserve</u>				
<b>Balance at 1 July</b>	3,826	5,359	-	-
Total comprehensive expense				
- net exchange differences on translation	(4,494)	(1,365)	-	-
<b>Balance at 30 September</b>	(668)	3,994	-	-
<u>Share option reserve</u>				
<b>Balance at 1 July</b>	2,434	2,092	2,434	2,092
Value of employee services (employee share option scheme)	52	192	52	192
<b>Balance at 30 September</b>	2,486	2,284	2,486	2,284
<u>Asset revaluation reserve</u>				
<b>Balance at 1 July and 30 September</b>	29,382	29,382	-	-
<u>Minority interests</u>				
<b>Balance at 1 July</b>	1,456,979	1,526,739	-	-
Total comprehensive income	17,288	30,976	-	-
Effect of purchase of shares from minority shareholders	(23,215)	(46,029)	-	-
Dividends paid	(13,916)	(800)	-	-
<b>Balance at 30 September</b>	1,437,136	1,510,886	-	-
<u>Total equity</u>				
<b>Balance at 1 July</b>	4,625,253	4,527,926	1,749,428	1,747,389
Total comprehensive income/(expense)	69,390	104,384	15,051	(309)
Value of employee services (employee share option scheme)	52	192	52	192
Effect of purchase of shares from minority shareholders	(17,933)	(27,677)	-	-
Dividends paid	(13,916)	(800)	-	-
<b>Balance at 30 September</b>	4,662,846	4,604,025	1,764,531	1,747,272

**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 30 September 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:

	<b>30.9.10</b>	<b>30.9.09</b>
- 2007 Options granted at the exercise price of \$2.70 per share	2,046,000	2,382,000
- 2008 Options granted at the exercise price of \$2.91 per share	900,000	1,068,000
- 2009 Options granted at the exercise price of \$1.07 per share	648,000	760,000
- 2010 Options granted at the exercise price of \$2.03 per share	656,000	-
	4,250,000	4,210,000

**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.**

	<b>30.9.10</b>	<b>31.12.09</b>
Total number of issued shares	1,377,481,220	1,377,481,220

**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.**

	<b>Latest quarter</b>	<b>Previous quarter</b>
	<b>30.9.10</b>	<b>30.9.09</b>
Earnings per ordinary share		
(a) Based on the weighted average number of ordinary shares on issue	4.1 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 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.**

	<b>30.9.10</b>	<b>31.12.09</b>
Net asset value per ordinary share		
Group	\$2.34	\$2.22
Company	\$1.28	\$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.**

Comparison of 3rd quarter 2010 results with 2009

Revenue at \$236.0 million was lower by \$78.7 million (25%) due mainly to lower sale of trading properties following the completion of several projects and lower rental income, partially offset by higher revenue from hotel operations. Progressive sales recognition of trading properties declined by \$89.6 million (45%) to \$111.5 million following the completion of One Amber (April 2010), Grand Duchess (April 2010), Northwood (September 2009) and Tianjin Jun Long Square (January 2010) projects. Gross rental income at \$74.7 million was lower by \$3.1 million (4%) attributable to lower rental rates, as renewal rates are still lower than current expiry rates. Revenue from Pan Pacific Singapore hotel increased by \$6.2 million (29%) to \$27.3 million with higher room and F&B revenue. Westin Tianjin hotel, which opened in February 2010, contributed \$5.2 million to revenue from hotel operations.

The decrease in share of operating results of associated companies by \$5.1 million (46%) to \$5.9 million was due to absence of the contribution (\$7.1 million in 3Q 2009) from The Sixth Avenue Residences and The Regency @ Tiong Bahru residential property projects (fully sold and completed in August 2009 and March 2010 respectively), partially offset by higher contributions from Mandarin Oriental and Marina Mandarin hotels (higher room and F&B revenue).

Minority interests' share of the operating results at \$20.3 million was lower by \$11.8 million (37%) in line with the lower contributions from One Amber (which the Group has 62% effective interest) and Tianjin Jun Long Square (51% interest).

Overall, net profit decreased by \$18.2 million (24%) to \$56.6 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 market continues to strengthen notwithstanding rising new supply and demand for office space is expected to improve.

Whilst the outlook for the retail leasing sector remains positive, underpinned by strong visitor arrivals and good economic growth prospects, the market is expected to be competitive in view of new supply.

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 30 September 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 third quarter ended 30 September 2010 to be false or misleading in any material respect.

**BY ORDER OF THE BOARD**

Susie Koh  
Company Secretary  
9 November 2010