



First Quarter Financial Statement and Dividend Announcement for the Period Ended 31 March 2011

**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

		3 months ended		
	Note	31.3.11	31.3.10	+ / (-)
		\$'000	\$'000	%
			(restated)	
Revenue	1	195,528	252,912	(23)
Cost of sales	2	(109,963)	(146,371)	(25)
Gross profit		85,565	106,541	(20)
Investment income		99	292	(66)
Other gains/(losses) - net		419	561	(25)
Selling and distribution costs		(4,619)	(4,759)	(3)
Administrative expenses	3	(4,359)	(6,792)	(36)
Finance expenses		(1,581)	(3,181)	(50)
Share of results of associated companies		5,358	5,256	2
Profit before income tax	4	80,882	97,918	(17)
Income tax expense		(13,286)	(16,090)	(17)
Net profit		67,596	81,828	(17)
Attributable to:				
Equity holders of the Company		46,927	59,162	(21)
Non-controlling interests		20,669	22,666	(9)
		67,596	81,828	(17)

Consolidated Statement of Comprehensive Income

	3 months ended	
	31.3.11	31.3.10
	\$'000	\$'000
		(restated)
Net profit	67,596	81,828
Other comprehensive expense taken directly to equity:		
Net exchange differences on translation of financial statements of foreign entities	(3,043)	(208)
Total comprehensive income	64,553	81,620
Total comprehensive income attributable to:		
Equity holders of the Company	44,939	59,011
Non-controlling interests	19,614	22,609
	64,553	81,620

Notes to the income statement

	3 months ended	
	31.3.11	31.3.10
	\$'000	\$'000
		(restated)
<u>1. Revenue</u>		
Gross rental income	73,003	74,308
Gross revenue from hotel operations	32,793	26,467
Sale of properties held for sale	62,547	132,818
Gross revenue from information technology operations	25,036	17,267
Car parking income and property management fees	2,149	2,052
	195,528	252,912
<u>2. Cost of sales</u>		
Property operating expenses	17,090	17,390
Cost of sales from hotel operations	23,290	20,462
Cost of properties held for sale sold	46,763	93,558
Cost of sales from information technology operations	22,820	14,961
	109,963	146,371
<u>3. Administrative expenses</u>		
The decrease in administrative expenses was due to the absence of pre-operating expenses for the Westin Tianjin hotel in the previous quarter ended 31 March 2010.		
<u>4. Profit before income tax</u>		
Profit before income tax is stated after charging:		
Depreciation	4,560	3,977

5. Restatement of comparative figures

In the 2010 full year financial results announcement in February 2011, the Group disclosed that it had early adopted Interpretation of Financial Reporting Standard "INT FRS" 115 – Agreements for the Construction of Real Estate. As the adoption of INT FRS 115 was effected only in the 2010 full year financial results and not in the quarterly results for that year, the comparatives for the 3 months ended 31 March 2010 have been accordingly restated to take into account the adoption of INT FRS 115. The Group's revenue and net attributable profit for first quarter 2010 were reduced by \$8.6 million and \$0.3 million respectively.

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	
		31.3.11	31.12.10	31.3.11	31.12.10
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Non-current assets					
Other receivables	1	49,105	4,305	1,091,057	1,057,239
Financial assets, available-for-sale		12,045	12,045	-	-
Investments in associated companies	2	346,437	233,325	-	-
Investments in subsidiary companies		-	-	1,227,519	1,227,519
Investment properties	3	5,460,035	5,458,000	-	-
Property, plant and equipment		486,075	491,518	137	143
		<u>6,353,697</u>	<u>6,199,193</u>	<u>2,318,713</u>	<u>2,284,901</u>
Current assets					
Cash and cash equivalents		118,373	140,028	345	580
Properties held for sale		522,640	496,872	-	-
Trade and other receivables		139,432	182,468	294	188
Inventories		2,536	2,561	-	-
		<u>782,981</u>	<u>821,929</u>	<u>639</u>	<u>768</u>
Total assets		7,136,678	7,021,122	2,319,352	2,285,669
LIABILITIES					
Current liabilities					
Trade and other payables		253,402	252,317	1,497	2,294
Current income tax liabilities		87,336	83,729	673	673
Borrowings		770,313	649,675	488,638	468,068
		<u>1,111,051</u>	<u>985,721</u>	<u>490,808</u>	<u>471,035</u>
Non-current liabilities					
Trade and other payables		35,485	50,245	34,546	19,391
Borrowings		94,484	114,741	-	-
Deferred income tax liabilities		585,229	582,970	-	-
		<u>715,198</u>	<u>747,956</u>	<u>34,546</u>	<u>19,391</u>
Total liabilities		1,826,249	1,733,677	525,354	490,426
NET ASSETS		<u>5,310,429</u>	<u>5,287,445</u>	<u>1,793,998</u>	<u>1,795,243</u>
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital		1,400,927	1,400,927	1,400,927	1,400,927
Reserves		2,397,087	2,334,662	393,071	394,316
		<u>3,798,014</u>	<u>3,735,589</u>	<u>1,793,998</u>	<u>1,795,243</u>
Non-controlling interests		1,512,415	1,551,856	-	-
TOTAL EQUITY		<u>5,310,429</u>	<u>5,287,445</u>	<u>1,793,998</u>	<u>1,795,243</u>

Notes to the balance sheet

- The Company's other receivables, comprising mainly amounts due from subsidiary companies, increased due to intercompany funding.
The Group's other receivables include loans to associated companies.
- The Group's investments in associated companies increased due mainly to additional capital contribution to associated company, Shanghai Jin Peng Realty Co Ltd.
- Investment properties are stated at 31 December 2010 valuations by independent professional valuers, with \$1.8 million upgrading costs incurred during the first quarter of 2011. Valuations are carried out half yearly in June and December.
- As at 31 March 2011, total current liabilities exceeds total current assets due to current borrowings to fund contributions to associated companies (for development projects) and for payment of \$160.1 million development charge (in third quarter 2010) for the proposed redevelopment of UIC Building (classified under investment properties).

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

Amount repayable in one year or less, or on demand

At 31.3.11		At 31.12.10	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
123,275	647,038	134,835	514,840

Amount repayable after one year

At 31.3.11		At 31.12.10	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
16,984	77,500	17,241	97,500

Details of any collateral

The \$140.3 million (31 December 2010: \$152.1 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	
	31.3.11	31.3.10
	\$'000	\$'000
		(restated)
Cash flows from operating activities		
Profit before income tax	80,882	97,918
Adjustments for profit	865	1,924
Working capital changes	4,788	(10,275)
Interest paid	(3,185)	(7,433)
Income tax paid	(7,244)	(7,733)
Net cash provided by operating activities	76,106	74,401
Cash flows from investing activities		
Purchase of property, plant and equipment	(703)	(7,869)
Upgrading of investment properties	(1,792)	(701)
Investment in an associated company	(109,351)	-
Loan to an associated company	(44,800)	-
Interest received	231	300
Net cash used in investing activities	(156,415)	(8,270)
Cash flows from financing activities		
Proceeds from/(Repayment of) borrowings	100,381	(106,875)
Purchase of shares from non-controlling shareholders	(41,727)	(6,028)
Net cash provided by/(used in) financing activities	58,654	(112,903)
Net decrease in cash and cash equivalents	(21,655)	(46,772)
Cash and cash equivalents at 1 January	140,028	162,599
Cash and cash equivalents at 31 March	118,373	115,827

- 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.

<u>Group</u>	Attributable to equity holders of the Company					Non-controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Total \$'000		
<u>2011</u>							
Balance at 1 January 2011	1,400,927	2,303,356	29,382	1,924	3,735,589	1,551,856	5,287,445
Total comprehensive income/(expense)	-	46,927	-	(1,988)	44,939	19,614	64,553
Employee share option scheme - value of employee services	-	-	-	158	158	-	158
Effect of purchase of shares from non-controlling shareholders	-	17,328	-	-	17,328	(59,055)	(41,727)
Balance at 31 March 2011	1,400,927	2,367,611	29,382	94	3,798,014	1,512,415	5,310,429
<u>2010</u>							
(restated)							
Balance at 1 January 2010	1,400,927	1,623,342	29,382	5,774	3,059,425	1,476,693	4,536,118
Total comprehensive income/(expense)	-	59,162	-	(151)	59,011	22,609	81,620
Employee share option scheme - value of employee services	-	-	-	167	167	-	167
Effect of purchase of shares from non-controlling shareholders	-	1,935	-	-	1,935	(7,963)	(6,028)
Balance at 31 March 2010	1,400,927	1,684,439	29,382	5,790	3,120,538	1,491,339	4,611,877
<u>Company</u>							
<u>2011</u>							
Balance at 1 January 2011	1,400,927	391,702	2,614	1,795,243			
Total comprehensive expense	-	(1,403)	-	(1,403)			
Employee share option scheme - value of employee services	-	-	158	158			
Balance at 31 March 2011	1,400,927	390,299	2,772	1,793,998			
<u>2010</u>							
Balance at 1 January 2010	1,400,927	389,850	2,409	1,793,186			
Total comprehensive expense	-	(1,342)	-	(1,342)			
Employee share option scheme - value of employee services	-	-	167	167			
Balance at 31 March 2010	1,400,927	388,508	2,576	1,792,011			

- 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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.**

There was no change in the Company's share capital for the three months ended 31 March 2011.

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:

	31.3.11	31.3.10
- 2007 Options granted at the exercise price of \$2.70 per share	2,046,000	2,358,000
- 2008 Options granted at the exercise price of \$2.91 per share	900,000	1,044,000
- 2009 Options granted at the exercise price of \$1.07 per share	648,000	728,000
- 2010 Options granted at the exercise price of \$2.03 per share	656,000	656,000
- 2011 Options granted at the exercise price of \$2.78 per share	894,000	-
	<u>5,144,000</u>	<u>4,786,000</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.**

	31.3.11	31.12.10
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 2010 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
	31.3.11	31.3.10
Earnings per ordinary share		
(a) Based on the weighted average number of ordinary shares on issue	3.4 cents	4.3 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 the total number of shares excluding treasury shares of the issuer at the end of the :-**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	31.3.11	31.12.10
Net asset value per ordinary share		
Group	\$2.76	\$2.71
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.

Total revenue at \$195.5 million was lower by \$57.4 million (23%) due mainly to lower sales recognition of trading properties and lower rental income, partially offset by higher revenue from hotel operations.

Progressive sales recognition of trading properties at \$62.5 million declined by \$70.3 million (53%) following completion of One Amber (April 2010), Grand Duchess (April 2010) and Tianjin Jun Long Square (January 2010) projects. Although occupancy rates have improved, gross rental income at \$73.0 million was lower by \$1.3 million (2%) as renewal rental rates were still lower than the expiry rates.

Revenue contribution from Westin Tianjin hotel of \$4.3 million was higher by \$3.3 million with three full months of contribution in 2011 (hotel opened in February 2010). Revenue from Pan Pacific Singapore hotel increased by \$3.1 million (12%) to \$28.5 million with higher room and occupancy rates, and F&B revenue.

Overall, net attributable profit decreased by \$12.2 million (21%) to \$46.9 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 the supply of new and secondary office space coming on-stream, the Singapore office rental market is expected to improve amidst healthy take-up rates.

The retail leasing market is likely to remain stable especially in the suburban malls, underpinned by good catchment demand.

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/recommendeded, a statement to that effect.**

No dividend has been declared/recommendeded for the quarter ended 31 March 2011.

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 2011 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Susie Koh
Company Secretary
27 April 2011