

**Second Quarter Financial Statement and Dividend Announcement for the Period Ended 30 June 2012**

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

1(a) **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	3 months ended		+ / (-) %	6 months ended		+ / (-) %
		30.6.12 \$'000	30.6.11 \$'000 (restated)		30.6.12 \$'000	30.6.11 \$'000 (restated)	
Revenue	1	139,277	235,725	(41)	372,830	431,253	(14)
Cost of sales	2	(78,908)	(139,897)	(44)	(232,185)	(249,860)	(7)
Gross profit		60,369	95,828	(37)	140,645	181,393	(22)
Investment income		450	369	22	925	468	98
Other gains/(losses) - net		913	806	13	1,494	1,225	22
Selling and distribution costs		(6,391)	(5,047)	27	(11,089)	(9,666)	15
Administrative expenses		(4,482)	(4,704)	(5)	(9,317)	(9,063)	3
Finance expenses		(849)	(1,502)	(43)	(1,340)	(3,083)	(57)
Share of results of associated companies		9,308	12,581	(26)	16,326	17,939	(9)
Share of results of a joint venture	3	(1,809)	-	n.m.	(3,114)	-	n.m.
Profit before fair valuation of investment properties		57,509	98,331	(42)	134,530	179,213	(25)
Fair value gain on investment properties	4	51,952	147,789	(65)	51,952	147,789	(65)
Profit before income tax	5	109,461	246,120	(56)	186,482	327,002	(43)
Income tax expense		(10,912)	(13,619)	(20)	(23,642)	(26,905)	(12)
Net profit		98,549	232,501	(58)	162,840	300,097	(46)
Attributable to:							
Equity holders of the Company		82,214	152,679	(46)	126,503	199,606	(37)
Non-controlling interests		16,335	79,822	(80)	36,337	100,491	(64)
		98,549	232,501	(58)	162,840	300,097	(46)

The above net profit attributable to equity holders of the Company can be analysed as follows:

Net profit from operations	32,732	55,655	(41)	77,021	102,582	(25)
Fair value gain on investment properties held by subsidiary and associated companies	49,482	97,024	(49)	49,482	97,024	(49)
Net attributable profit	82,214	152,679	(46)	126,503	199,606	(37)

n.m. - not meaningful

## Consolidated Statement of Comprehensive Income

	3 months ended		6 months ended	
	30.6.12	30.6.11	30.6.12	30.6.11
	\$'000	\$'000	\$'000	\$'000
		(restated)		(restated)
Net profit	98,549	232,501	162,840	300,097
Other comprehensive expense taken directly to equity:				
Net exchange differences on translation of financial statements of foreign entities	(2,490)	(2,214)	(10,002)	(5,257)
Total comprehensive income	<u>96,059</u>	<u>230,287</u>	<u>152,838</u>	<u>294,840</u>
Total comprehensive income attributable to:				
Equity holders of the Company	80,450	151,209	119,420	196,148
Non-controlling interests	15,609	79,078	33,418	98,692
	<u>96,059</u>	<u>230,287</u>	<u>152,838</u>	<u>294,840</u>

### Notes to the income statement

	3 months ended		6 months ended	
	30.6.12	30.6.11	30.6.12	30.6.11
	\$'000	\$'000	\$'000	\$'000
<b><u>1. Revenue</u></b>				
Gross rental income	67,505	70,641	135,510	143,644
Gross revenue from hotel operations	8,305	33,418	42,216	66,211
Sale of properties held for sale	41,434	107,576	145,633	170,123
Gross revenue from information technology operations	19,425	21,810	44,268	46,846
Car parking income and property services fees	2,608	2,280	5,203	4,429
	<u>139,277</u>	<u>235,725</u>	<u>372,830</u>	<u>431,253</u>
<b><u>2. Cost of sales</u></b>				
Property operating expenses	16,277	17,319	33,256	34,409
Cost of sales from hotel operations	15,914	23,201	44,309	46,491
Cost of properties held for sale sold	29,272	79,891	114,604	126,654
Cost of sales from information technology operations	17,445	19,486	40,016	42,306
	<u>78,908</u>	<u>139,897</u>	<u>232,185</u>	<u>249,860</u>

### 3. Share of results of a joint venture

The share of loss is attributable mainly to the advertising and marketing expenses of the Archipelago residential property project.

### 4. Fair value gain on investment properties

This relates to the valuation by independent professional valuers of investment properties held by subsidiary companies as at 30 June.

### 5. Profit before income tax

Profit before income tax is stated after charging:

Depreciation	<u>6,404</u>	<u>4,526</u>	<u>15,979</u>	<u>9,086</u>
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Depreciation for the 3 months and 6 months ended 30 June 2012 included the accelerated depreciation of \$2.0 million and \$7.0 million respectively, on certain plant and equipment to be replaced in the major renovation of Pan Pacific Singapore hotel which commenced in April 2012.

### 6. Restatement of comparative figures

Following the adoption of amendments to Financial Reporting Standard ("FRS") 12 – *Deferred Tax: Recovery of Underlying Assets*, certain comparative figures have been restated resulting in the increase in the Group's net attributable profit for the 3 months and 6 months ended 30 June 2011 by \$16.0 million compared with the results reported previously.

Please refer to Section 5 for details.

**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	Group		Company	
		30.6.12 \$'000	31.12.11 \$'000 (restated)	30.6.12 \$'000	31.12.11 \$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Other receivables	1	81,695	73,381	1,155,794	1,231,507
Financial assets, available-for-sale		12,045	12,045	-	-
Investments in associated companies		389,948	382,348	-	-
Investment in a joint venture		-	-	-	-
Investments in subsidiary companies		-	-	1,228,519	1,227,519
Investment properties	2	5,276,300	5,219,900	-	-
Property, plant and equipment		470,950	479,774	733	737
		<u>6,230,938</u>	<u>6,167,448</u>	<u>2,385,046</u>	<u>2,459,763</u>
<b>Current assets</b>					
Cash and cash equivalents		121,127	100,052	573	565
Properties held for sale		824,066	878,932	-	-
Trade and other receivables	3	163,499	96,479	1,420	1,405
Inventories		2,016	1,995	-	-
		<u>1,110,708</u>	<u>1,077,458</u>	<u>1,993</u>	<u>1,970</u>
<b>Total assets</b>		<b>7,341,646</b>	<b>7,244,906</b>	<b>2,387,039</b>	<b>2,461,733</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables		258,303	273,971	2,340	3,252
Current income tax liabilities		71,254	85,513	701	696
Borrowings		697,850	744,205	455,850	505,425
		<u>1,027,407</u>	<u>1,103,689</u>	<u>458,891</u>	<u>509,373</u>
<b>Non-current liabilities</b>					
Trade and other payables	4	52,931	54,412	174,135	154,518
Borrowings		121,000	41,440	-	-
Deferred income tax liabilities		69,856	65,242	-	-
		<u>243,787</u>	<u>161,094</u>	<u>174,135</u>	<u>154,518</u>
<b>Total liabilities</b>		<b>1,271,194</b>	<b>1,264,783</b>	<b>633,026</b>	<b>663,891</b>
<b>NET ASSETS</b>		<b>6,070,452</b>	<b>5,980,123</b>	<b>1,754,013</b>	<b>1,797,842</b>
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital		1,401,843	1,401,382	1,401,843	1,401,382
Reserves		2,985,305	2,906,849	352,170	396,460
		<u>4,387,148</u>	<u>4,308,231</u>	<u>1,754,013</u>	<u>1,797,842</u>
Non-controlling interests		1,683,304	1,671,892	-	-
<b>TOTAL EQUITY</b>		<b>6,070,452</b>	<b>5,980,123</b>	<b>1,754,013</b>	<b>1,797,842</b>

Notes to the statement of financial position

1. The Company's other receivables, comprising mainly amounts due from subsidiary companies, decreased due to intercompany funding.
2. The increase in investment properties was due mainly to the \$52.0 million fair value gain on the Group's investment properties (see Section 1(a) note 3).
3. The increase in trade and other receivables was due mainly to higher progress billings for The Trizon residential property project following its completion in the quarter ended 30 June 2012.
4. The Company's non-current trade and other payables, comprising mainly amounts due to subsidiary companies, increased 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 30.6.12		At 31.12.11	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
1,000	696,850	2,080	742,125

**Amount repayable after one year**

At 30.6.12		At 31.12.11	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
121,000	-	41,440	-

**Details of any collateral**

The \$122.0 million (31 December 2011: \$43.5 million) loans are secured by way of mortgages over Pan Pacific Singapore hotel, Westin Tianjin hotel and a property development project.

**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.**

	<b>3 months ended</b>	
	<b>30.6.12</b>	<b>30.6.11</b>
	\$'000	\$'000
		(restated)
<b>Cash flows from operating activities</b>		
Profit before income tax	109,461	246,120
Adjustments to profit	(52,089)	(154,489)
Working capital changes	47,865	161,767
Interest paid	(2,713)	(2,607)
Income tax paid	(20,032)	(26,887)
<b>Net cash provided by operating activities</b>	<b>82,492</b>	<b>223,904</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(9,097)	(1,129)
Upgrading of investment properties	(2,177)	(2,407)
Redevelopment of an investment property	(151)	(1,336)
Loan to a joint venture	(4,000)	(23,194)
Dividends received from associated companies	3,245	5,050
Interest received	119	309
<b>Net cash used in investing activities</b>	<b>(12,061)</b>	<b>(22,707)</b>
<b>Cash flows from financing activities</b>		
Proceeds from/(Repayment of) borrowings	27,345	(117,600)
Proceeds from issue of shares	111	455
Purchase of shares from non-controlling shareholders	-	(2,166)
Dividends paid to shareholders	(41,342)	(41,334)
Dividends paid to non-controlling shareholders	(22,006)	(40,785)
<b>Net cash used in financing activities</b>	<b>(35,892)</b>	<b>(201,430)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>34,539</b>	<b>(233)</b>
Cash and cash equivalents at 1 April	86,588	118,373
<b>Cash and cash equivalents at 30 June</b>	<b>121,127</b>	<b>118,140</b>

**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				Total	Non-controlling interests	Total equity
	Share capital	Retained earnings	Asset revaluation reserve	Other reserves			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2012</b>							
Balance at 1 April 2012	1,401,732	2,909,159	29,382	7,447	4,347,720	1,689,701	6,037,421
Total comprehensive income/(expense)	-	82,214	-	(1,764)	80,450	15,609	96,059
Employee share option scheme							
- value of employee services	-	-	-	209	209	-	209
- proceeds from shares issued	111	-	-	-	111	-	111
Dividends paid	-	(41,342)	-	-	(41,342)	(22,006)	(63,348)
Balance at 30 June 2012	1,401,843	2,950,031	29,382	5,892	4,387,148	1,683,304	6,070,452
<b>2011</b>							
Balance at 1 April 2011							
- as previously reported	1,400,927	2,359,905	29,382	94	3,790,308	1,512,415	5,302,723
- effect of adopting FRS 12	-	379,777	-	-	379,777	123,611	503,388
Balance at 1 April 2011, as restated	1,400,927	2,739,682	29,382	94	4,170,085	1,636,026	5,806,111
Total comprehensive income/(expense)	-	152,679	-	(1,470)	151,209	79,078	230,287
Employee share option scheme							
- value of employee services	-	-	-	175	175	-	175
- proceeds from shares issued	455	-	-	-	455	-	455
Effect of purchase of shares from non-controlling shareholders	-	6,187	-	-	6,187	(8,353)	(2,166)
Dividends paid	-	(41,334)	-	-	(41,334)	(40,785)	(82,119)
Balance at 30 June 2011	1,401,382	2,857,214	29,382	(1,201)	4,286,777	1,665,966	5,952,743
<b>Company</b>							
	Share capital	Retained earnings	Share option reserve	Total equity			
	\$'000	\$'000	\$'000	\$'000			
<b>2012</b>							
Balance at 1 April 2012	1,401,732	391,612	3,352	1,796,696			
Total comprehensive expense	-	(1,661)	-	(1,661)			
Employee share option scheme							
- value of employee services	-	-	209	209			
- proceeds from shares issued	111	-	-	111			
Dividends paid	-	(41,342)	-	(41,342)			
Balance at 30 June 2012	1,401,843	348,609	3,561	1,754,013			
<b>2011</b>							
Balance at 1 April 2011	1,400,927	390,299	2,772	1,793,998			
Total comprehensive income	-	19,820	-	19,820			
Employee share option scheme							
- value of employee services	-	-	175	175			
- proceeds from shares issued	455	-	-	455			
Dividends paid	-	(41,334)	-	(41,334)			
Balance at 30 June 2011	1,401,382	368,785	2,947	1,773,114			

**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.**

The changes in the Company's issued share capital for the 3 months ended 30 June 2012 were as follows:

	Number of ordinary shares '000
Issued share capital as at 1 April 2012	1,377,987
Issue of ordinary shares arising from the exercise of UIC share options	104
Issued share capital as at 30 June 2012	<u>1,378,091</u>

As at 30 June 2012, there were 4,990,000 (30 June 2011: 4,798,000) ordinary shares which may be issued upon the exercise of the subscription rights in full by holders of options granted to executives of the Group under the UIC Share Option Scheme.

**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.**

	<b>30.6.12</b>	<b>31.12.11</b>
	'000	'000
Total number of issued shares	1,378,091	<u>1,377,815</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 2011 audited annual financial statements have been applied for the current reporting period, except as disclosed in Section 5 below.

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.**

The amendments to Financial Reporting Standard (“FRS”) 12 – *Deferred Tax: Recovery of Underlying Assets* (effective for annual periods beginning 1 January 2012) introduced an exception to the existing principle for the measurement of deferred income tax assets or liabilities on investment properties measured at fair value, where it is presumed that the carrying amount of an investment property is recovered entirely through sale unless this presumption is rebutted. Previously, FRS 12 requires an entity to measure the deferred income tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale.

Upon adoption of the amended FRS 12 on 1 January 2012, the Group's deferred income tax provision as at 31 December 2011 is no longer required and was written back retrospectively.

The effect of this change in accounting policy on the Group's results for the 3 months and 6 months ended 30 June 2011 are as follows:

	<b>3 months ended 30 June 2011</b>			<b>6 months ended 30 June 2011</b>		
	Previously reported	Restated	Increase/ (Decrease)	Previously reported	Restated	Increase/ (Decrease)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b><u>Income statement</u></b>						
Share of results of associated companies	12,043	12,581	538	17,401	17,939	538
Income tax expense	(38,743)	(13,619)	(25,124)	(52,029)	(26,905)	(25,124)
Net profit	206,839	232,501	25,662	274,435	300,097	25,662
Attributable to :						
- Equity holders of the Company	136,659	152,679	16,020	183,586	199,606	16,020
- Non-controlling interests	70,180	79,822	9,642	90,849	100,491	9,642
	206,839	232,501	25,662	274,435	300,097	25,662
Basic and diluted earnings per share (cents)	9.9	11.1	1.2	13.3	14.5	1.2

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>30.6.12</b>	<b>30.6.11</b>
Earnings per ordinary share		(restated)
(a) Based on the weighted average number of ordinary shares on issue		
- excluding fair value gain on investment properties	2.4 cents	4.0 cents
- including fair value gain on investment properties	6.0 cents	11.1 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 issued shares excluding treasury shares of the issuer at the end of the :-**  
**(a) current financial period reported on; and**  
**(b) immediately preceding financial year.**

	<b>30.6.12</b>	<b>31.12.11</b>
Net asset value per ordinary share		(restated)
Group	\$3.18	\$3.13
Company	\$1.27	\$1.30

The net asset value per ordinary share of the Group as at 31 December 2011 was restated upwards by \$0.27 to \$3.13 (please refer to Section 5).

**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 2nd quarter 2012 results with 2011

Total revenue decreased by \$96.4 million (41%) to \$139.3 million.

Progressive sales recognition of trading properties at \$41.4 million was lower by \$66.1 million (61%) due to lower progressive sales recognition of The Trizon project, with lower percentage of completion as the project was completed in May 2012 and the absence of contribution from Park Natura project which was completed in May 2011.

Revenue from hotel operations decreased by \$25.1 million (75%) to \$8.3 million due to the closure of Pan Pacific Singapore hotel for major renovation from April 2012. The hotel is due to reopen in stages from August 2012.

Gross rental income at \$67.5 million was lower by \$3.1 million (4%) with the absence of \$4.1 million revenue contribution from UIC Building which was completely vacated by end 2011.

Share of results of associated companies totalling \$9.3 million (2Q 2011: \$12.6 million) included share of fair value gain on an investment property held by an associated company of \$1.6 million (2Q 2011: \$6.7 million).

Based on valuations by independent professional valuers as at 30 June 2012 on the investment properties held by subsidiary companies, a fair value gain of \$52.0 million (2Q 2011: \$147.8 million) was credited to the income statement.

Non-controlling interests totalling \$16.3 million (2Q 2011: \$79.8 million) included \$4.1 million (2Q 2011: \$57.5 million) share of fair value gain on investment properties. Excluding this amount, non-controlling interests on the operating profit decreased by \$10.1 million (45%), mainly as a result of lower contribution from the Pan Pacific Singapore hotel, which the Group has an effective 42% interest.

In summary, net profit from operations decreased by \$22.9 million (41%) to \$32.7 million. The fair value gain, net of non-controlling interests, of \$49.5 million (2Q 2011: \$97.0 million), resulted in an overall net attributable profit of \$82.2 million (2Q 2011: \$152.7 million).

Comparison of 6 months ended 30 June 2012 results with 2011

Revenue at \$372.8 million was lower by \$58.4 million (14%) with lower revenue from hotel operations, lower sales of trading properties and lower rental income.

In line with the lower revenue, net profit from operations decreased by \$25.6 million (25%) to \$77.0 million. The fair value gain, net of non-controlling interests, of \$49.5 million (1H 2011: \$97.0 million), resulted in an overall net attributable profit of \$126.5 million (1H 2011: \$199.6 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.**

Office rental market will continue to be competitive amidst the uncertain global environment.

The robust domestic consumption, healthy visitor arrivals and interests from international retailers will help the retail rental and hospitality markets to stay resilient.

With high liquidity, low interest rates and the good leasing demand, the local private residential sales market is expected to remain stable.

**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 June 2012.

**13. If the Group has obtained a general mandate from shareholders for Interested Person Transactions "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.**

No IPT mandate has been obtained.

**14. Negative confirmation pursuant to Rule 705(5).**

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 second quarter ended 30 June 2012 to be false or misleading in any material respect.

**BY ORDER OF THE BOARD**

Susie Koh  
Company Secretary  
3 August 2012