

Second Quarter Financial Statement and Dividend Announcement for the Period Ended 30 June 2016

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		+ / (-) %
		30.6.16 \$'000	30.6.15 \$'000		30.6.16 \$'000	30.6.15 \$'000	
Revenue	1	236,457	191,191	24	437,734	384,343	14
Cost of sales	2	(157,128)	(116,529)	35	(278,332)	(231,343)	20
Gross profit		79,329	74,662	6	159,402	153,000	4
Investment income	3	1,008	1,109	(9)	1,946	2,207	(12)
Other gains and losses		31	736	(96)	547	1,040	(47)
Selling and distribution costs		(5,396)	(6,675)	(19)	(9,835)	(12,936)	(24)
Administrative expenses		(5,277)	(5,345)	(1)	(10,545)	(10,211)	3
Finance expenses		(2,284)	(2,765)	(17)	(5,054)	(5,543)	(9)
Share of operating results of associated companies		5,086	5,317	(4)	12,278	11,836	4
Share of operating results of joint ventures		5,049	5,460	(8)	7,640	12,418	(38)
Profit before fair valuation of investment properties		77,546	72,499	7	156,379	151,811	3
Fair value gain/(loss) on investment properties							
- held by subsidiary companies	4	25,370	956	2,554	25,370	956	2,554
- held by associated company	5	(2,400)	4,200	n.m.	(2,400)	4,200	n.m.
Profit before income tax	6	100,516	77,655	29	179,349	156,967	14
Income tax expense		(11,956)	(10,151)	18	(23,955)	(20,692)	16
Net profit		88,560	67,504	31	155,394	136,275	14
Profit attributable to:							
Equity holders of the Company		111,923	58,872	90	171,592	119,679	43
Non-controlling interests	7	(23,363)	8,632	n.m.	(16,198)	16,596	n.m.
		88,560	67,504	31	155,394	136,275	14

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

Net profit from operations		60,437	56,319	7	120,106	117,126	3
Fair value gain on investment properties							
held by subsidiary and associated companies		51,486	2,553	1,917	51,486	2,553	1,917
Net attributable profit		111,923	58,872	90	171,592	119,679	43

n.m. - not meaningful

Consolidated Statement of Comprehensive Income

	3 months ended		6 months ended	
	30.6.16	30.6.15	30.6.16	30.6.15
	\$'000	\$'000	\$'000	\$'000
Net profit	88,560	67,504	155,394	136,275
Other comprehensive (expense)/income items that may be reclassified subsequently to income statement:				
Net currency translation differences of financial statements of foreign entities	(6,877)	(5,876)	(17,322)	4,718
Total comprehensive income	<u>81,683</u>	<u>61,628</u>	<u>138,072</u>	<u>140,993</u>
Total comprehensive income/(expense) attributable to:				
Equity holders of the Company	105,751	53,635	156,069	123,869
Non-controlling interests	(24,068)	7,993	(17,997)	17,124
	<u>81,683</u>	<u>61,628</u>	<u>138,072</u>	<u>140,993</u>

Notes to the income statement

	3 months ended		6 months ended	
	30.6.16	30.6.15	30.6.16	30.6.15
	\$'000	\$'000	\$'000	\$'000
1. Revenue				
Gross rental income	67,829	67,197	136,504	135,324
Gross revenue from hotel operations	34,880	35,103	71,000	71,184
Sale of properties held for sale	104,022	62,281	174,386	124,854
Gross revenue from information technology operations	27,112	23,981	50,622	48,293
Car parking income, property services fees and other income	2,614	2,629	5,222	4,688
	<u>236,457</u>	<u>191,191</u>	<u>437,734</u>	<u>384,343</u>
2. Cost of sales				
Property operating expenses	19,502	20,212	37,719	38,620
Cost of sales from hotel operations	26,453	26,675	52,798	52,909
Cost of properties held for sale sold	85,835	47,795	141,111	95,802
Cost of sales from information technology operations	25,338	21,847	46,704	44,012
	<u>157,128</u>	<u>116,529</u>	<u>278,332</u>	<u>231,343</u>
3. Investment income				
Interest income	1,008	1,109	1,946	2,111
Dividend income	-	-	-	96
	<u>1,008</u>	<u>1,109</u>	<u>1,946</u>	<u>2,207</u>
4. Fair value gain on investment properties held by subsidiary companies				
This relates to the valuation by independent professional valuers of investment properties held by subsidiary companies as at 30 June.				
5. Fair value (loss)/gain on investment property held by associated company				
This relates to the Group's share of fair value loss (2015: fair value gain) on an investment property (Novena Square) held by an associated company.				
6. Profit before income tax				
Profit before income tax is stated after charging:				
Depreciation	<u>5,969</u>	<u>5,971</u>	<u>11,963</u>	<u>11,975</u>
7. Non-controlling interests				
Non-controlling interests include:				
Share of fair value loss/(gain) on investment properties	<u>28,516</u>	<u>(2,603)</u>	<u>28,516</u>	<u>(2,603)</u>

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.

	Group		Note	Company	
	30.6.16	31.12.15		30.6.16	31.12.15
Note	\$'000	\$'000	Note	\$'000	\$'000
ASSETS					
Non-current assets					
Other receivables	61,769	14,551		-	-
Financial assets, available-for-sale	12,045	12,045		-	-
Investments in associated companies	535,435	542,075		-	-
Investments in joint ventures	87,956	86,316		-	-
Investments in subsidiary companies	-	-		1,228,098	1,228,098
Investment properties	1	6,163,900	6,095,400	-	-
Property, plant and equipment	476,222	491,926		343	376
	<u>7,337,327</u>	<u>7,242,313</u>		<u>1,228,441</u>	<u>1,228,474</u>
Current assets					
Cash and cash equivalents	83,953	82,054		617	698
Properties held for sale	1,041,810	1,071,065		-	-
Trade and other receivables	163,564	140,319	2	1,834,933	1,791,971
Inventories	2,466	2,707		-	-
	<u>1,291,793</u>	<u>1,296,145</u>		<u>1,835,550</u>	<u>1,792,669</u>
Total assets	8,629,120	8,538,458		3,063,991	3,021,143
LIABILITIES					
Current liabilities					
Trade and other payables	166,257	181,454	2	241,455	151,563
Current income tax liabilities	48,085	45,486		-	-
Borrowings	778,419	638,775	3	333,790	374,700
	<u>992,761</u>	<u>865,715</u>		<u>575,245</u>	<u>526,263</u>
Non-current liabilities					
Trade and other payables	73,181	73,297		1,624	1,624
Borrowings	602,522	768,377		598,300	597,700
Deferred income tax liabilities	49,500	50,050		-	-
	<u>725,203</u>	<u>891,724</u>		<u>599,924</u>	<u>599,324</u>
Total liabilities	1,717,964	1,757,439		1,175,169	1,125,587
NET ASSETS	<u>6,911,156</u>	<u>6,781,019</u>		<u>1,888,822</u>	<u>1,895,556</u>
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	1,525,315	1,486,638		1,525,315	1,486,638
Reserves	4,587,213	4,472,829		363,507	408,918
	<u>6,112,528</u>	<u>5,959,467</u>		<u>1,888,822</u>	<u>1,895,556</u>
Non-controlling interests	798,628	821,552		-	-
TOTAL EQUITY	<u>6,911,156</u>	<u>6,781,019</u>		<u>1,888,822</u>	<u>1,895,556</u>

Notes to the statement of financial position

1. The increase in investment properties was due to \$43.1 million redevelopment and upgrading costs incurred during the first half of 2016 and \$25.4 million fair value gain on the Group's investment properties [see Section 1(a) note 4].
2. The Company's current trade and other receivables and trade and other payables, comprising mainly amounts due to subsidiary companies, increased due to intercompany funding.
3. The Company's borrowings decreased due to repayment of borrowings via intercompany funding from subsidiary companies.

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

Amount repayable in one year or less, or on demand

At 30.6.16		At 31.12.15	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
245,229	533,190	177,075	461,700

Amount repayable after one year

At 30.6.16		At 31.12.15	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
4,222	598,300	170,677	597,700

Details of any collateral

The \$249.5 million loans are secured by way of mortgages over Pan Pacific Singapore hotel, Westin Tianjin hotel and certain property development projects.

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.

	3 months ended	
	30.6.16	30.6.15
	\$'000	\$'000
Cash flows from operating activities		
Profit before income tax	100,516	77,655
Adjustments to profits	(26,458)	(8,955)
Working capital changes	9,579	(33,326)
Interest paid	(6,808)	(6,869)
Income tax paid	(13,879)	(13,294)
Net cash provided by operating activities	<u>62,950</u>	<u>15,211</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(796)	(745)
Upgrading of investment properties	(3,057)	(1,136)
Redevelopment of investment properties	(23,759)	(17,954)
Proceeds from liquidation of an associated company	1,252	-
Loans to joint ventures	(6,350)	(50)
Investment in a joint venture	(2,000)	-
Dividends received from associated companies	5,010	5,415
Dividends received from a joint venture	8,000	-
Interest received	171	111
Net cash used in investing activities	<u>(21,529)</u>	<u>(14,359)</u>
Cash flows from financing activities		
Repayment of borrowings	(25,861)	(11,752)
Decrease in bank deposits pledged as security	7,000	-
Proceeds from issuance of shares	-	129
Acquisition of shares from non-controlling shareholders	-	(1,707)
Dividends paid to equity holders of the Company	(3,534)	(3,370)
Dividends paid to non-controlling interests	(4,224)	(4,517)
Net cash used in financing activities	<u>(26,619)</u>	<u>(21,217)</u>
Net increase/(decrease) in cash and cash equivalents	14,802	(20,365)
Cash and cash equivalents at 1 April	69,151	69,485
Cash and cash equivalents at 30 June	<u>83,953</u>	<u>49,120</u>

For the purposes of the Statement of Cash Flows, the cash and cash equivalents comprise the following:

	30.6.16	30.6.15
	\$'000	\$'000
Cash and cash equivalents (per Statement of Financial Position)	83,953	61,500
Less: Bank deposits pledged as security	-	(12,380)
Cash and cash equivalents (per Statement of Cash Flows)	<u>83,953</u>	<u>49,120</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	Attributable to equity holders of the Company						Total equity \$'000
	Share capital \$'000	Retained earnings \$'000	revaluation reserve \$'000	Other reserves \$'000	Total \$'000	Non-controlling interests \$'000	
2016							
Balance at 1 April 2016	1,486,698	4,464,680	40,437	18,392	6,010,207	826,920	6,837,127
Net profit/(loss)	-	111,923	-	-	111,923	(23,363)	88,560
Other comprehensive expense	-	-	-	(6,172)	(6,172)	(705)	(6,877)
Total comprehensive income/(expense)	-	111,923	-	(6,172)	105,751	(24,068)	81,683
Employee share option scheme							
- value of employee services	-	-	-	104	104	-	104
Issue of shares pursuant to scrip dividend scheme	38,617	-	-	-	38,617	-	38,617
Dividends paid							
- in cash	-	(3,534)	-	-	(3,534)	(4,224)	(7,758)
- in scrip	-	(38,617)	-	-	(38,617)	-	(38,617)
Total transactions with owners, recognised directly in equity	38,617	(42,151)	-	104	(3,430)	(4,224)	(7,654)
Balance at 30 June 2016	1,525,315	4,534,452	40,437	12,324	6,112,528	798,628	6,911,156
2015							
Balance at 1 April 2015	1,448,058	4,245,662	40,397	31,457	5,765,574	812,532	6,578,106
Net profit	-	58,872	-	-	58,872	8,632	67,504
Other comprehensive expense	-	-	-	(5,237)	(5,237)	(639)	(5,876)
Total comprehensive income/(expense)	-	58,872	-	(5,237)	53,635	7,993	61,628
Employee share option scheme							
- value of employee services	-	-	-	140	140	-	140
- proceeds from shares issued	129	-	-	-	129	-	129
Issue of shares pursuant to scrip dividend scheme	38,429	-	-	-	38,429	-	38,429
Effect of acquisition of shares from non-controlling shareholders	-	855	-	-	855	(2,562)	(1,707)
Dividends paid							
- in cash	-	(3,370)	-	-	(3,370)	(4,517)	(7,887)
- in scrip	-	(38,429)	-	-	(38,429)	-	(38,429)
Total transactions with owners, recognised directly in equity	38,558	(40,944)	-	140	(2,246)	(7,079)	(9,325)
Balance at 30 June 2015	1,486,616	4,263,590	40,397	26,360	5,816,963	813,446	6,630,409

<u>Company</u>	Share capital \$'000	Retained earnings \$'000	Share option reserve \$'000	Total equity \$'000
2016				
Balance at 1 April 2016	1,486,698	401,560	5,859	1,894,117
Net loss and total comprehensive expense	-	(1,865)	-	(1,865)
Employee share option scheme				
- value of employee services	-	-	104	104
Issue of shares pursuant to scrip dividend scheme	38,617	-	-	38,617
Dividends paid				
- in cash	-	(3,534)	-	(3,534)
- in scrip	-	(38,617)	-	(38,617)
Balance at 30 June 2016	<u>1,525,315</u>	<u>357,544</u>	<u>5,963</u>	<u>1,888,822</u>
2015				
Balance at 1 April 2015	1,448,058	397,908	5,480	1,851,446
Net loss and total comprehensive expense	-	(1,776)	-	(1,776)
Employee share option scheme				
- value of employee services	-	-	140	140
- proceeds from shares issued	129	-	-	129
Issue of shares pursuant to scrip dividend scheme	38,429	-	-	38,429
Dividends paid				
- in cash	-	(3,370)	-	(3,370)
- in scrip	-	(38,429)	-	(38,429)
Balance at 30 June 2015	<u>1,486,616</u>	<u>354,333</u>	<u>5,620</u>	<u>1,846,569</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 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 2016 were as follows:

	Number of ordinary shares '000
Issued share capital as at 1 April 2016	1,405,047
Issue of ordinary shares pursuant to scrip dividend scheme	14,042
Issued share capital as at 30 June 2016	<u>1,419,089</u>

As at 30 June 2016, there were 3,706,000 (30 June 2015: 3,399,000) 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.**

	30.6.16 '000	31.12.15 '000
Total number of issued shares	<u>1,419,089</u>	<u>1,405,025</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 in the 2015 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 30.6.16	Previous quarter 30.6.15
Earnings per ordinary share		
(a) Based on the weighted average number of ordinary shares on issue		
- excluding fair value gain on investment properties	4.3 cents	4.0 cents
- including fair value gain on investment properties	7.9 cents	4.2 cents
(b) On a fully diluted basis		
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.

	30.6.16	31.12.15
Net asset value per ordinary share		
Group	\$4.31	\$4.24
Company	\$1.33	\$1.35

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 2016 results with 2015

Revenue at \$236.5 million increased by \$45.3 million (24%) due mainly to higher revenue recognised on sales of trading property.

Compared to the 2nd quarter 2015, sales of trading properties at \$104.0 million was higher by \$41.7 million (67%) with progressive revenue recognition and higher sales for the Group's residential projects, particularly from Alex Residences and Mon Jervois.

Revenue from information technology operations increased by \$3.1 million (13%) to \$27.1 million (2Q 2015: \$24.0 million) whilst gross rental income from investment properties increased slightly by \$0.6 million (1%) to \$67.8 million (2Q 2015: \$67.2 million). Revenue from hotel operations remained stable at \$35 million.

Based on valuation by professional valuers as at 30 June 2016 on the investment properties held by the Group's subsidiary and associated companies, fair value gain (net of non-controlling interests) of \$51.5 million (2Q 2015: \$2.6 million) was recognised in the income statement.

Net profit from operations increased by \$4.1 million (7%) to \$60.4 million. Including the fair value gain (net of non-controlling interests) of \$51.5 million (2Q 2015: \$2.6 million), the Group's attributable profit for the 2nd quarter 2016 recorded \$111.9 million, an increase of \$53.1 million (90%) compared to 2Q 2015.

Comparison of 6 months ended 30 June 2016 results with 2015

Revenue at \$437.7 million was higher by \$53.4 million (14%) due primarily to higher revenue recognition from sales of the Group's residential projects.

Net profit from operations increased by \$3.0 million (3%) to \$120.1 million in line with higher revenue. After adding the fair value gain (net of non-controlling interests) of \$51.5 million (1H 2015: \$2.6 million), the Group recorded a net attributable profit of \$171.6 million (1H 2015: \$119.7 million) for the 6 months ended 30 June 2016, an increase of \$51.9 million (43%) compared to the corresponding period last year.

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.

Softening office rental in the Central Business District will continue with new supply and cautious demand arising from global uncertainty, especially in the financial sector.

Growing inventory and ongoing cooling measures are twin challenges to the residential property market.

Continued consolidation in the retail sector would increase vacancy, slow take-up and depress rental.

Notwithstanding increased supply, the hotel sector will remain competitive but steady.

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 2016.

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 2016 to be false or misleading in any material respect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirms that it has procured undertakings from all of its directors and executive officers in the format set out in Appendix 7.7 of the Listing Manual.

BY ORDER OF THE BOARD

Susie Koh
Company Secretary
29 July 2016