

UNAUDITED SECOND QUARTER FINANCIAL STATEMENT

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

 1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	Notes	Group					
		Second Quarter Ended 30 June			Six Months Ended 30 June		
		2003	2002	+ / (-)	2003	2002	+ / (-)
		\$'000	\$'000	%	\$'000	\$'000 (restated)	%
Revenue	A	96,033	114,815	(16)	212,503	200,915	6
Cost of sales		(68,421)	(76,628)	(11)	(145,795)	(124,832)	17
Gross profit		27,612	38,187	(28)	66,708	76,083	(12)
Other operating income		26,851	26,618	1	31,810	31,500	1
Marketing and distribution expenses		(3,519)	(3,453)	2	(6,946)	(6,384)	9
Administrative expenses		(5,484)	(7,608)	(28)	(12,050)	(14,113)	(15)
Other operating expenses		(7,519)	(11,201)	(33)	(18,074)	(21,209)	(15)
Operating profit	B	37,941	42,543	(11)	61,448	65,877	(7)
Finance income	C	1,229	1,172	5	1,817	1,012	80
Finance costs	D	(7,775)	(8,351)	(7)	(15,553)	(17,242)	(10)
Share of results of associates		500	3,119	(84)	1,829	5,596	(67)
Profit before exceptional items		31,895	38,483	(17)	49,541	55,243	(10)
Exceptional items	E	1,339	-	N.A.	2,206	83,509	(97)
Profit before tax		33,234	38,483	(14)	51,747	138,752	(63)
Tax	F	(8,108)	(9,477)	(14)	(12,621)	(14,122)	(11)
Profit after tax		25,126	29,006	(13)	39,126	124,630	(69)
Minority interests		(1,396)	(1,878)	(26)	(3,838)	(4,180)	(8)
Profit attributable to shareholders		23,730	27,128	(13)	35,288	120,450	(71)

Note : The comparatives for the corresponding period in the preceding year has been restated to take into account the effect of adopting SAS 12.

1(a)(ii) Notes to the Income Statement

	Group					
	Second Quarter Ended 30 June			Six Months Ended 30 June		
	2003	2002	+ / (-)	2003	2002	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000 (restated)	%
A <u>Turnover</u>						
Revenue from property development	33,607	40,070	(16)	74,788	51,586	45
Revenue from property investments	25,861	27,137	(5)	53,842	54,836	(2)
Gross revenue from hotel operations	31,413	43,570	(28)	74,104	86,010	(14)
Revenue from trading, retail and management services	5,152	4,038	28	9,769	8,483	15
Revenue	96,033	114,815	(16)	212,503	200,915	6
Investment income	20,348	20,079	1	20,348	20,079	1
Turnover	116,381	134,894	(14)	232,851	220,994	5
B <u>Operating profit</u>						
Operating profit is stated after charging :						
Depreciation and amortisation and after crediting :	8,300	8,687	(4)	16,507	16,924	(2)
Investment income	20,348	20,079	1	20,348	20,079	1
C <u>Finance income</u>						
Interest income	531	573	(7)	968	1,012	(4)
Foreign exchange gain (net)	698	599	17	849	-	N.A.
	1,229	1,172	5	1,817	1,012	80
D <u>Finance costs</u>						
Interest expense	4,847	5,585	(13)	9,698	11,444	(15)
Amortisation of bond discount	2,928	2,766	6	5,855	5,532	6
Foreign exchange loss (net)	-	-	-	-	266	N.A.
	7,775	8,351	(7)	15,553	17,242	(10)
E <u>Exceptional items</u>						
Gain on disposal of subsidiary	5	-	N.A.	5	-	N.A.
Gain on liquidation of subsidiary	596	-	N.A.	596	-	N.A.
Claim by Dermajaya Sdn Bhd against Premium Properties Sdn Bhd ("PPSB"), net of amount indemnified by previous shareholders of PPSB	(367)	-	N.A.	(367)	-	N.A.
Share of distribution on sale of common property at Tiong Bahru Plaza	1,105	-	N.A.	1,105	-	N.A.
Profit on sale of investment properties	-	-	-	867	83,509	(99)
	1,339	-	N.A.	2,206	83,509	(97)
F <u>Tax</u>						
Adjustment for under/(over) provision of tax in respect of prior years	-	-	-	-	-	-

N.A. : Not applicable

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

	The Group		The Company	
	30.06.03	31.12.02	30.06.03	31.12.02
	\$'000	\$'000	\$'000	\$'000
Non-current Assets				
Fixed assets	2,236,202	2,209,785	217,484	216,745
Subsidiary companies	-	-	823,287	961,687
Associated companies	57,454	65,966	10,200	20,000
Other investments	302,916	302,916	48,811	48,811
Intangibles	2,184	2,400	-	-
Expenditure carried forward	933	1,399	658	1,057
	2,599,689	2,582,466	1,100,440	1,248,300
Current Assets				
Properties under development	147,590	220,246	6,405	25,000
Investments	175,353	175,353	175,353	175,353
Inventories	6,314	6,744	-	-
Trade debtors and other receivables	83,764	29,370	664	751
Deposits with financial institutions	60,000	47,757	2,013	12
Bank and cash balances	19,943	15,730	550	132
	492,964	495,200	184,985	201,248
Current Liabilities				
Trade creditors and other payables	(77,680)	(82,612)	(5,674)	(8,887)
Rental deposits	(10,631)	(8,283)	(1,700)	(1,044)
Bank overdrafts	(2,507)	(967)	-	(172)
Bank loans	(176,889)	(71,932)	(4,000)	(4,000)
3.1% Unsecured Bonds due 2003	-	(140,000)	-	(140,000)
Taxation	(26,231)	(24,954)	(4,572)	(3,842)
	(293,938)	(328,748)	(15,946)	(157,945)
Net Current Assets	199,026	166,452	169,039	43,303
Non-current Liabilities				
1.5% Unsecured Bonds due 2004	(177,157)	(173,546)	(177,157)	(173,546)
Transferable term loan	(110,124)	(107,880)	(110,124)	(107,880)
Bank loans	(499,271)	(457,904)	-	-
Loans from minority shareholders of subsidiaries	-	(5,990)	-	-
Rental deposits	(12,742)	(16,327)	(1,514)	(2,648)
Provision for retirement benefits	(2,791)	(2,939)	(772)	(707)
Deferred liability	(16,610)	(20,817)	-	-
Deferred taxation	(55,569)	(57,705)	(15,468)	(16,756)
	(874,264)	(843,108)	(305,035)	(301,537)
	1,924,451	1,905,810	964,444	990,066
Share Capital & Reserves				
Share capital	617,000	613,414	617,000	613,414
Share premium	186,271	184,511	186,271	184,511
Reserves	428,796	416,278	119,480	120,208
Retained earnings	473,873	486,431	41,693	71,933
Interests of the Shareholders	1,705,940	1,700,634	964,444	990,066
Minority Interests	218,511	205,176	-	-
	1,924,451	1,905,810	964,444	990,066

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

	As At 30.6.03		As At 31.12.02	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Amount repayable in one year or less, or on demand	64,265	115,131	35,054	177,845
Amount repayable after one year	437,269	362,002	396,829	367,065

Details of any collateral

The borrowings are secured by mortgages on the borrowing subsidiaries' land and buildings, development properties for sale and/or hotel properties; and /or assignment of all rights and benefits with respect to the properties.

- 1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

Group Cash Flow Statement for the second quarter ended 30 June

	Group	
	2nd Qtr 2003	2nd Qtr 2002
	\$'000	\$'000
Cash flows from operating activities		
Profit before tax and share of results of associates	32,734	35,364
Adjustment for non-cash items	10,034	12,012
Share of distribution on sale of common property at Tiong Bahru Plaza	(1,105)	-
Profit on disposal of fixed assets	(47)	(2)
Profit on sale of properties under development	(2,157)	(2,166)
Investment and interest income	(20,879)	(20,652)
Interest expense	4,847	5,585
Operating profit before working capital changes	23,427	30,141
Debtors *	(43,662)	2,404
Inventories	(256)	(674)
Rental deposits	(809)	(214)
Creditors and other payables	(6,800)	(14,289)
Changes in working capital	(51,527)	(12,773)
Progress billings	111,034	15,272
Expenditure on properties under development	(16,170)	(11,951)
Retirement benefits paid	(14)	-
Income taxes paid	(6,825)	(5,633)
Net cash from operating activities	59,925	15,056
Cash flows from investing activities		
Payment for interest in associated companies	-	(391)
Net proceeds from disposal of fixed assets	102	-
Net proceeds from sale of common property at Tiong Bahru Plaza	1,105	-
Net proceeds from disposal of long-term investments	-	37
Net proceeds from liquidation of subsidiary/ associated company	8	74
Amount received from a previous shareholder of PPSB in respect of indemnity given by the shareholder for the claim by Dermajaya Sdn Bhd	6,853	-
Redemption of preference shares in associated company	9,800	-
Purchase of fixed assets	(13,634)	(11,121)
Retention monies withheld	319	256
Dividends received	16,124	15,833
Interest received	531	573
Net cash from investing activities	21,208	5,261
Cash flows from financing activities		
Proceeds from issue of shares	4,603	121
Proceeds from issue of shares to minority shareholders of subsidiary	-	1,005
Repayment of loans from minority shareholders of subsidiary	(6,747)	-
Net (repayments)/ borrowings	(6,697)	16,633
Dividends paid	(49,356)	(37,368)
Interest paid	(4,328)	(5,061)
Net cash used in financing activities	(62,525)	(24,670)
Net increase/ (decrease) in cash and cash equivalents	18,608	(4,353)
Cash and cash equivalents at 1 April	58,828	66,811
Cash and cash equivalents at 30 June	77,436	62,458

* Decrease in debtors is due mainly to progress billings of development projects during the quarter.

- 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 Statement of Changes in Equity for the second quarter ended 30 June 2003

	<u>Share Capital</u>	<u>Share Premium</u>	<u>Reserves</u>	<u>Retained Earnings</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>The Group</u>					
Balance at 1 April 2003	613,426	184,514	423,186	497,989	1,719,115
Currency translation differences	-	-	6,460	-	6,460
Net profit	-	-	-	23,730	23,730
Negative goodwill	-	-	(122)	-	(122)
Dividends	-	-	-	(47,846)	(47,846)
Issue of share capital	3,574	1,757	(728)	-	4,603
Balance at 30 June 2003	<u>617,000</u>	<u>186,271</u>	<u>428,796</u>	<u>473,873</u>	<u>1,705,940</u>

Group Statement of Changes in Equity for the second quarter ended 30 June 2002

	<u>Share Capital</u>	<u>Share Premium</u>	<u>Reserves</u>	<u>Retained Earnings</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000
(restated)					
<u>The Group</u>					
Balance at 1 April 2002	613,083	184,375	496,106	454,215	1,747,779
Currency translation differences	-	-	(1,270)	-	(1,270)
Adjustment due to changes in tax rate from 24.5% to 22.0%	-	-	3,401	-	3,401
Net profit	-	-	-	27,128	27,128
Negative goodwill	-	-	(140)	-	(140)
Dividends	-	-	-	(35,859)	(35,859)
Issue of share capital	86	35	-	-	121
Balance at 30 June 2002	<u>613,169</u>	<u>184,410</u>	<u>498,097</u>	<u>445,484</u>	<u>1,741,160</u>

Company Statement of Changes in Equity for the second quarter ended 30 June 2003

	<u>Share Capital</u>	<u>Share Premium</u>	<u>Reserves</u>	<u>Retained Earnings</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>The Company</u>					
Balance at 1 April 2003	613,426	184,514	120,208	70,215	988,363
Net profit	-	-	-	19,324	19,324
Dividends	-	-	-	(47,846)	(47,846)
Issue of share capital	3,574	1,757	(728)	-	4,603
Balance at 30 June 2003	<u>617,000</u>	<u>186,271</u>	<u>119,480</u>	<u>41,693</u>	<u>964,444</u>

Company Statement of Changes in Equity for the second quarter ended 30 June 2002

	<u>Share Capital</u>	<u>Share Premium</u>	<u>Reserves</u>	<u>Retained Earnings</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000
					(restated)
<u>The Company</u>					
Balance at 1 April 2002	613,083	184,375	143,326	56,236	997,020
Net profit	-	-	-	17,414	17,414
Adjustment due to changes in tax rate from 24.5% to 22.0%	-	-	2,414	-	2,414
Dividends	-	-	-	(35,859)	(35,859)
Issue of share capital	86	35	-	-	121
Balance at 30 June 2002	<u>613,169</u>	<u>184,410</u>	<u>145,740</u>	<u>37,791</u>	<u>981,110</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.

During the period, the issued share capital was increased as follows:

	\$
Issued capital as at 1 April 2003	613,426,428
Issue of ordinary shares of S\$1.00 each arising from the exercise of:	
UOL Warrants 2004	3,049,045
1999 Options granted under the UOL Executives Share Option Scheme	114,000
2000 Options granted under the UOL Executives Share Option Scheme	120,000
2001 Options granted under the UOL 2000 Share Option Scheme	291,000
Issued capital as at 30 June 2003	<u>617,000,473</u>

The following number of ordinary shares of \$1.00 each would be issued upon the exercise of the subscription rights in full by holders of the:

	<u>30.06.03</u>	<u>30.06.02</u>
UOL Warrants 2004 at any time on or before 12 June 2004 at the subscription price, presently \$1.25 per share	174,127,006	177,195,407
Options granted under the UOL Executives Share Options and UOL 2000 Share Option Scheme :		
- 1998 Options during the option period from 29 April 1999 to 28 January 2003 at the offer price of \$1.20	-	18,000
- 1999 Options during the option period from 6 May 2000 to 5 February 2004 at the offer price of \$1.60	277,000	406,000
- 2000 Options during the option period from 15 May 2001 to 14 February 2005 at the offer price of \$1.24	264,000	510,000
- 2001 Options during the option period from 31 May 2002 to 30 May 2011 at the offer price of \$1.58	843,000	1,260,000
- 2002 Options during the option period from 27 June 2003 to 26 June 2012 at the offer price of \$1.81	1,405,000	-
	<u>176,916,006</u>	<u>179,389,407</u>

On 27 June 2003, 1,646,000 options were granted pursuant to the UOL 2000 Share Option Scheme to executives of the Company and its subsidiaries to subscribe for ordinary shares of \$1.00 each in the Company at the offer price of \$2.05. The option period begins on 27 June 2004 and expires on 26 June 2013 or on the date of termination of employment, whichever is earlier. 1,646,000 of the options granted were accepted by the executives at the close of offer.

2 Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have neither been audited nor reviewed by the Company's auditors.

3 Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of 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 Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those of the audited financial statements for the year ended 31 December 2002.

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

Not applicable.

6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group	
	2nd Quarter 2003	2nd Quarter 2002
Earnings per ordinary share for the period		
(i) Based on weighted average number of ordinary shares in issue	3.87 cents	4.43 cents
(ii) On a fully diluted basis	3.72 cents	4.23 cents

Earnings per share is calculated by reference to the weighted average number of ordinary shares in issue during the period.

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 and warrants issued, where such shares would have been issued at a price lower than market value.

- 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 period reported on and (b) immediately preceding financial year

	Group		Company	
	30.06.03	31.12.02	30.06.03	31.12.02
Net asset value per ordinary share	\$2.76	\$2.77	\$1.56	\$1.61
Net tangible asset backing per ordinary share	\$2.76	\$2.77	\$1.56	\$1.61

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Total turnover for the Group for second quarter 2003 decreased by 14% to S\$116.4 million from S\$134.9 million in the previous corresponding period. Revenue from hotel operations showed the largest decline to S\$31.4 million from S\$43.6 million in the same period last year, as the full impact of the outbreak of severe acute respiratory syndrome ("SARS") was felt during the quarter under review. In addition, on-going refurbishment works had also affected the performance of the two Malaysian hotels. Revenue from property development also declined to S\$33.6 million from S\$40.1 million in 2nd quarter 2002 as three of the Group's residential projects were completed during the quarter.

Following the outbreak of SARS, the Group took additional steps to reduce costs and this is reflected in the lower administrative and other operating expenses for 2nd quarter 2003 as compared to the previous corresponding period.

Reflecting the decline in turnover, pre-tax profit for the Group decreased by 14% to \$33.2 million from S\$38.5 million in 2nd quarter 2002. At the attributable level, profit declined by 13% to S\$23.7 million as compared to S\$27.1 million in the same period last year.

During the quarter under review, the S\$140 million 3.1% unsecured bonds due 2003 was redeemed on its maturity date. The redemption was financed by proceeds from the sales of its development projects and bank loans.

- 9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

In the announcement of the full year results for 2002, the Directors stated that the profit of the Group in the current year is unlikely to match those of 2002 in the absence of the significant exceptional gains. The current announced results are in line with the prospect statement previously disclosed.

- 10 A commentary at the date of this announcement of the 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

While conditions in the retail and residential property sector in Singapore appear to have stabilised, the sluggish demand and oversupply situation in the office property market is likely to persist.

Occupancy rates of the Group's hotels in Singapore, Vietnam, China and Malaysia are expected to improve although it will take some time for room rates to move up to pre-SARS level. The Group's hotels in Australia are expected to benefit from the Rugby World Cup due to be held in Perth and Sydney in October/November 2003.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Name of dividend : N.A.
 Dividend Type : N.A.
 Dividend Rate : Nil
 Par value of shares : N.A.
 Tax Rate : N.A.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Name of dividend : N.A.
 Dividend Type : N.A.
 Dividend Rate : Nil
 Par value of shares : N.A.
 Tax Rate : N.A.

(c) Date payable : N.A.

(d) Books closure date : N.A.

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

No dividend has been declared or recommended for the second quarter ended 30 June 2003.

13 Interested person transactions for the second quarter ended 30 June 2003

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 \$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$'000
Sales of approximately 159 sq.m. of common property by the Management Corporation in which the Group has majority interest to United Overseas Bank Limited	NIL	3,430

BY ORDER OF THE BOARD

Foo Thiam Fong Wellington
 Company Secretary
 29 July 2003