

**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		
		2004	2003	+ / (-)	2004	2003	+ / (-)
		\$'000	\$'000	%	\$'000	\$'000	%
Revenue	A	102,436	96,033	7	204,821	212,503	(4)
Cost of sales		(59,127)	(68,421)	(14)	(117,462)	(145,795)	(19)
Gross profit		43,309	27,612	57	87,359	66,708	31
Other operating income		34,136	26,851	27	39,461	31,810	24
Marketing and distribution expenses		(4,312)	(3,519)	23	(8,141)	(6,946)	17
Administrative expenses		(7,933)	(5,484)	45	(15,438)	(12,050)	28
Other operating expenses		(12,402)	(7,519)	65	(24,393)	(18,074)	35
Exceptional items	B	136	1,339	(90)	136	2,206	(94)
Operating profit	C	52,934	39,280	35	78,984	63,654	24
Finance income	D	650	1,229	(47)	1,331	1,817	(27)
Finance costs	E	(6,994)	(7,775)	(10)	(14,107)	(15,553)	(9)
Share of results of associates		501	500	-	966	1,829	(47)
Profit before tax		47,091	33,234	42	67,174	51,747	30
Tax	F	(9,409)	(8,108)	16	(11,099)	(12,621)	(12)
Profit after tax		37,682	25,126	50	56,075	39,126	43
Minority interests		(2,794)	(1,396)	100	(6,392)	(3,838)	67
Profit attributable to shareholders		34,888	23,730	47	49,683	35,288	41

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

	Group					
	Second Quarter Ended 30 June			Six Months Ended 30 June		
	2004	2003	+ / (-)	2004	2003	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
<b>A Turnover</b>						
Revenue from property development	19,248	33,607	(43)	37,391	74,788	(50)
Revenue from property investments	26,216	25,861	1	52,860	53,842	(2)
Gross revenue from hotel operations	52,596	31,413	67	105,641	74,104	43
Revenue from trading, retail and management services	4,376	5,152	(15)	8,929	9,769	(9)
Revenue	102,436	96,033	7	204,821	212,503	(4)
Investment income	29,491	20,348	45	30,251	20,348	49
Turnover	131,927	116,381	13	235,072	232,851	1
<b>B Exceptional items</b>						
Gain on disposal of subsidiaries	136	5	2,620	136	5	2,620
Surplus on liquidation of subsidiary	-	596	(100)	-	596	(100)
Provision for settlement of claim	-	(367)	(100)	-	(367)	(100)
Share of distribution on sale of common property	-	1,105	(100)	-	1,105	(100)
Gain on disposal of investment property	-	-	-	-	867	(100)
	136	1,339	(90)	136	2,206	(94)
<b>C Operating profit</b>						
Operating profit is stated after charging :						
Depreciation and amortisation	8,707	8,300	5	17,336	16,507	5
<b>D Finance income</b>						
Interest income	650	531	22	1,331	968	38
Foreign exchange gain (net)	-	698	(100)	-	849	(100)
	650	1,229	(47)	1,331	1,817	(27)
<b>E Finance costs</b>						
Interest expense	3,579	4,847	(26)	7,490	9,698	(23)
Amortisation of bond discount	3,101	2,928	6	6,201	5,855	6
Foreign exchange loss (net)	314	-	n.m.	416	-	n.m.
	6,994	7,775	(10)	14,107	15,553	(9)
<b>F Tax</b>						
The charge for taxation includes the following :						
Adjustment for under/(over) provision of tax in respect of prior years	318	-	n.m.	318	-	n.m.
Adjustment to deferred taxation arising from change in tax rate from 22% to 20% with effect from year of assessment 2005	-	-	-	(2,132)	-	n.m.

n.m. : not meaningful

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	
	<u>30.06.04</u>	<u>31.12.03</u>	<u>30.06.04</u>	<u>31.12.03</u>
	\$'000	\$'000	\$'000	\$'000
<b>Non-current Assets</b>				
Property, plant and equipment	581,246	600,054	1,496	1,598
Investment properties	1,582,010	1,579,330	205,732	203,340
Subsidiary companies	-	-	1,248,372	1,117,227
Associated companies	40,737	42,206	400	400
Investments	296,369	303,914	48,811	48,811
Expenditure carried forward	166	550	24	341
Intangibles	13,732	13,972	-	-
Deferred tax assets	536	590	-	-
	<u>2,514,796</u>	<u>2,540,616</u>	<u>1,504,835</u>	<u>1,371,717</u>
<b>Current Assets</b>				
Properties under development	156,340	125,439	-	-
Developed properties for resale	8,348	18,415	-	-
Investments	176,117	176,117	176,117	176,117
Inventories	4,022	6,976	-	-
Tax recoverable	1,468	1,481	-	-
Trade and other receivables	78,153	75,463	419	5,382
Other current assets	3,424	5,199	270	208
Cash and cash equivalents	122,737	109,994	40,246	27,760
	<u>550,609</u>	<u>519,084</u>	<u>217,052</u>	<u>209,467</u>
<b>Current Liabilities</b>				
Trade and other payables	91,998	95,249	7,500	9,552
Bank overdrafts	112	724	-	-
Bank loans	13,918	17,728	-	-
1.5% Unsecured Bonds due 2004	184,705	180,881	184,705	180,881
Transferable term loan due 2004	114,817	112,440	114,817	112,440
Taxation	27,839	25,829	6,214	5,546
	<u>433,389</u>	<u>432,851</u>	<u>313,236</u>	<u>308,419</u>
<b>Net Current Assets/ (Liabilities)</b>	<u>117,220</u>	<u>86,233</u>	<u>(96,184)</u>	<u>(98,952)</u>
<b>Non-current Liabilities</b>				
Bank loans	432,235	543,516	-	-
Loans from subsidiaries	-	-	228,651	192,073
Loans from minority shareholder of subsidiary	3,300	-	-	-
Rental deposits	14,003	12,973	1,714	1,940
Provision for retirement benefits	2,672	2,856	626	816
Deferred liability	7,686	11,966	-	-
Deferred tax liabilities	52,614	58,968	10,715	13,150
	<u>512,510</u>	<u>630,279</u>	<u>241,706</u>	<u>207,979</u>
	<u>2,119,506</u>	<u>1,996,570</u>	<u>1,166,945</u>	<u>1,064,786</u>
<b>Share Capital &amp; Reserves</b>				
Share capital	790,869	696,741	790,869	696,741
Share premium	273,040	225,586	273,040	225,586
Reserves	303,779	330,809	61,275	83,652
Retained earnings	525,659	517,375	41,761	58,807
<b>Interests of the Shareholders</b>	<u>1,893,347</u>	<u>1,770,511</u>	<u>1,166,945</u>	<u>1,064,786</u>
<b>Minority Interests</b>	<u>226,159</u>	<u>226,059</u>	<u>-</u>	<u>-</u>
	<u>2,119,506</u>	<u>1,996,570</u>	<u>1,166,945</u>	<u>1,064,786</u>

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

	As At 30.6.04		As At 31.12.03	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Amount repayable in one year or less, or on demand	11,082	302,948	8,567	309,885
Amount repayable after one year	384,801	50,734	483,328	60,188

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

Consolidated Cash Flow Statement for the second quarter ended 30 June

	Notes	Group	
		2nd Qtr 2004	2nd Qtr 2003
		\$'000	\$'000
<b>Cash flows from operating activities</b>			
Profit before tax and share of results of associates		46,590	32,734
Adjustment for non-cash items		8,286	10,034
Share of distribution on sale of common property		-	(1,105)
Loss/ (Profit) on disposal of property, plant and equipment		104	(47)
Profit on sale of properties under development		(2,750)	(2,157)
Investment and interest income		(30,141)	(20,879)
Interest expense		3,579	4,847
Operating profit before working capital changes		25,668	23,427
Receivables		17,077	(43,662)
Inventories		320	(256)
Rental deposits		(393)	(809)
Payables		419	(6,800)
Changes in working capital		17,423	(51,527)
Progress billings	(i)	36,673	111,034
Expenditure on properties under development	(ii)	(72,507)	(16,170)
Retirement benefits paid		(26)	(14)
Income taxes paid		(5,642)	(6,825)
<b>Net cash inflow from operating activities</b>		<b>1,589</b>	<b>59,925</b>
<b>Cash flows from investing activities</b>			
Loans to associated companies		(66)	-
Purchase of investments		(19)	-
Net proceeds from disposal of property, plant and equipment		117	102
Net proceeds from capital reduction of unquoted investments		8,225	-
Net proceeds from disposal of subsidiary company		1,697	8
Share of proceeds from disposal of common property		-	1,105
Amount received from a previous shareholder of a subsidiary 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 property, plant and equipment and investment properties	(iii)	(5,672)	(13,634)
Retention monies (released)/ withheld		(233)	319
Interest received		652	531
Dividends received		25,471	16,124
<b>Net cash inflow from investing activities</b>		<b>30,172</b>	<b>21,208</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	(iv)	112,009	4,603
Loans from minority shareholders of subsidiary		3,150	(6,747)
Net borrowings		(52,699)	(6,697)
Interest paid		(2,312)	(4,328)
Dividends paid to shareholders of United Overseas Land Limited		(41,804)	(47,846)
Dividends paid to minority shareholders of subsidiaries		(1,548)	(1,510)
<b>Net cash inflow/ (outflow) from financing activities</b>		<b>16,796</b>	<b>(62,525)</b>
<b>Net increase in cash and cash equivalents</b>		<b>48,557</b>	<b>18,608</b>
Cash and cash equivalents at 1 April		74,068	58,828
<b>Cash and cash equivalents at 30 June</b>	(v)	<b>122,625</b>	<b>77,436</b>

## Notes to the Consolidated Cash Flow Statement

### i. Progress billings

The decrease in progress billing is mainly due to the completion of most of the Group's development projects in the previous corresponding period.

### ii. Expenditure on properties under development

Increased expenditure on properties under development relates mainly to the costs incurred for the purchase of the property at Newton Road known as Newton Court and the Princess' Flats at Kim Tian Road.

### iii. Purchase of property, plant and equipment and investment properties

Reduction in expenditure is mainly due to the completion of the major refurbishment and upgrading works at the Grand Plaza Parkroyal Kuala Lumpur and Grand Plaza Parkroyal Penang in 2003.

### iv. Proceeds from issue of shares

The proceeds from the issue of shares arose principally from the exercise of approximately 88.9 million UOL Warrants 2004 into the same number of ordinary shares of \$1.00 each at an exercise price of \$1.25 per share. Details on the issue of shares during the second quarter are set out in paragraph 1(d)(ii).

### v. Cash and cash equivalents

For the purposes of the consolidated cash flow statement, the cash and cash equivalents comprise the following:

	The Group	
	<u>30 Jun 04</u>	<u>30 Jun 03</u>
	\$'000	\$'000
Cash at bank and on hand and fixed deposits	122,737	79,943
Less : Bank overdrafts	(112)	(2,507)
Cash and cash equivalents per consolidated cash flow statement	<u>122,625</u>	<u>77,436</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 Statement of Changes in Equity for the second quarter ended 30 June 2004

	<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 2004	701,434	227,958	328,398	532,170	1,789,960
Currency translation differences	-	-	(1,706)	-	(1,706)
Net profit	-	-	-	34,888	34,888
Dividends	-	-	-	(41,804)	(41,804)
Transfer of capital reserves to retained earnings upon expiry of UOL Warrants 2004	-	-	(405)	405	-
Issue of share capital	89,435	45,082	(22,508)	-	112,009
Balance at 30 June 2004	<u>790,869</u>	<u>273,040</u>	<u>303,779</u>	<u>525,659</u>	<u>1,893,347</u>

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	421,479	497,989	1,717,408
Currency translation differences	-	-	6,460	-	6,460
Net profit	-	-	-	23,730	23,730
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>427,211</u>	<u>473,873</u>	<u>1,704,355</u>

Company Statement of Changes in Equity for the second quarter ended 30 June 2004

	<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 2004	701,434	227,958	84,188	57,176	1,070,756
Net profit	-	-	-	25,984	25,984
Dividends	-	-	-	(41,804)	(41,804)
Transfer of capital reserves to retained earnings upon expiry of UOL Warrants 2004	-	-	(405)	405	-
Issue of share capital	89,435	45,082	(22,508)	-	112,009
Balance at 30 June 2004	<u>790,869</u>	<u>273,040</u>	<u>61,275</u>	<u>41,761</u>	<u>1,166,945</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>



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 2004	701,434,040
Issue of ordinary shares of S\$1.00 each arising from the exercise of:	
UOL Warrants 2004	88,916,114
2000 Options granted under the UOL Executives Share Option Scheme	48,000
2001 Options granted under the UOL 2000 Share Option Scheme	209,000
2002 Options granted under the UOL 2000 Share Option Scheme	262,000
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Issued capital as at 30 June 2004	<u>790,869,154</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>30.06.04</u>	<u>30.06.03</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
Options granted under the UOL Executives Share Options and UOL 2000 Share Option Scheme :		
- 1999 Options during the option period from 6 May 2000 to 5 February 2004 at the exercise price of \$1.60 per share	-	277,000
- 2000 Options during the option period from 15 May 2001 to 14 February 2005 at the exercise price of \$1.24 per share	167,000	264,000
- 2001 Options during the option period from 31 May 2002 to 30 May 2011 at the exercise price of \$1.58 per share	400,000	843,000
- 2002 Options during the option period from 27 June 2003 to 26 June 2012 at the exercise price of \$1.81 per share	840,000	1,405,000
- 2003 Options during the option period from 27 June 2004 to 26 June 2013 at the exercise price of \$2.05 per share	1,475,000	-
- 2004 Options during the option period from 21 May 2005 to 20 May 2014 at the exercise price of \$2.28 per share	1,334,000	-
	<hr/>	<hr/>
	<u>4,216,000</u>	<u>176,916,006</u>

2 Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standards 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 2003.

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 2004	2nd Quarter 2003
Earnings per ordinary share for the period		
(i) Based on weighted average number of ordinary shares in issue	cents 4.94	cents 3.87
(ii) On a fully diluted basis	cents 4.94	cents 3.72

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, 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	
	30.06.04	31.12.03	30.06.04	31.12.03
Net asset value per ordinary share	\$2.39	\$2.54	\$1.48	\$1.53
Net tangible asset backing per ordinary share	\$2.38	\$2.52	\$1.48	\$1.53

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.

Group turnover in the second quarter of 2004 increased by 13% to \$131.9 million from \$116.4 million in the second quarter of 2003. Revenue from hotel operations showed the largest improvement, increasing by \$21.2 million or 67% to \$52.6 million. Investment income had also increased during the period under review due to higher dividends from quoted investments. However, revenue from property development was lower as a number of the Group's residential development projects were completed in the previous year.

Gross profit of the Group for the second quarter of 2004 increased by \$15.7 million or 57% to \$43.3 million. This was largely due to higher profit contribution from hotel operations. Other operating expenses have increased due to higher property taxes and utilities cost.

Group pre-tax profit for the second quarter of 2004 increased by \$13.9 million or 42% to \$47.1 million compared to corresponding period in 2003. The increase is due mainly to higher revenues from hotel operations and higher dividends from quoted investments. At the attributable level, profit for the second quarter 2004 increased by \$11.2 million or 47% to \$34.9 million as compared to corresponding period in 2003.

For the first half year of 2004, the Group made a net attributable profit after tax and minority interests of \$49.7 million compared to \$35.3 million in the previous corresponding period.

During the second quarter of 2004, the issued and paid-up capital of the Company increased from \$701.4 million to \$790.9 million due mainly to the exercise of subscription rights by holders of approximately 88.9 million UOL Warrants 2004 at the exercise price of \$1.25 per share. The net proceeds from the issue of shares of approximately \$112.0 million were principally applied towards reducing bank borrowings.

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

Nil.

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

The Singapore economy continued to grow strongly and with improvement in business sentiments, the outlook for the retail and residential property market is now more positive. Rental rates for office space have now stabilised after three years of decline.

With the recovery in the tourism sector, hotel occupancy and room rates in Singapore are expected to improve further. The Group's hotels in Australia, China, Malaysia and Vietnam have benefitted from improved occupancy and/or room rates and could also see improvements in profits although operating conditions remain difficult for the hotel in Myanmar.

Since the Company's announced intention to dispose of its 4.2% shareholding in United Overseas Bank Limited ("UOB") on 9 July 2004, no disposal of UOB shares has been effected to date. As and when the Company dispose of its shareholding in UOB, the net gain from such disposal will accrue to the profit and loss accounts of the Group. Thus, the results of the Group in the next 12 months may include the net gain from any disposal of its shareholding in UOB.

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 2004.

**BY ORDER OF THE BOARD**

Foo Thiam Fong Wellington  
Company Secretary  
27 July 2004