UOL Group Limited

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NEWS RELEASE

UOL'S 2Q 2012 NET ATTRIBUTABLE PROFIT DOWN 19% TO $172 MILLION

- *Revenue 34% lower at $298.8 million due mainly to decline in revenue from sale of development properties*
- *Share of profits from associates down 29% to $23.5 million*
- *Katong Regency fully sold in second quarter*

Singapore, 10 August 2012 - UOL Group today announced a 19% decline in net attributable profit to $171.7 million for the second quarter ended 30 June 2012 (2Q 2012) down from $212.9 million in the previous corresponding period, due mainly to lower income from property development sales and lower fair value gains from investment properties.

For the six months ended 30 June 2012, UOL's net attributable profit was down 42% from $442.9 million to $255.7 million, on revenue of $596.6 million, which was 49% lower than the restated $1.2 billion in the same period of FY 2011. The decrease in earnings was due mainly to lower income from property development and associated companies and lower fair value gains on investment properties of the Group and associated companies. The decline was also due to the adoption of INT FRS 115 for sale of units in Duchess Residences and Panorama, where recognition of development profits used the completion of construction method.

The Group's revenue fell 34% from $455.9 million to $298.8 million for the three months to June 30 2012, due to lower revenues from property development and dividend income from available-for-sale financial assets. Revenue from property investments and hotel ownership and operations enjoyed modest growth during the period.

Revenue from property development fell 51% from $305.7 million to $148.5 million as some of the Group's development projects were completed in 2011 and the first quarter of 2012. Dividend income from available-for-sale financial assets dropped by 16% to $15.8 million in the absence of the 2Q 2011 special dividends received from United Overseas Bank Limited. Revenue from property investments rose 5% at $41.3 million. Hotel ownership and operations improved revenue by 2% at $89.5 million respectively.

The results in the second quarter were also affected by the cessation of rentals from the Furniture Mall at The Plaza, Beach Road in May 2012 as the space makes way for the redevelopment of the 180-unit Pan Pacific Serviced Suites Beach Road and a column-free ballroom and meeting rooms for the adjoining PARKROYAL on Beach Road.

Share of profit from associated companies declined 29% from $33.2 million to $23.5 million in 2Q due mainly to lower contribution from United Industrial Corporation Limited.

Fair value gains on Group investment properties including those of associated companies were down by 32% from $121.7 million to $82.4 million.

Gross profit margin in the second quarter of 43% was higher than the 34% recorded in the previous corresponding period mainly due to higher revenue in the second quarter of 2011 from property development which has a higher cost margin.

The Group’s expenses rose 16% from $49.6 million to $57.3 million in the second quarter. Marketing and distribution accounted for a large part of the increase, up 66% to $11.1 million. Sales commissions and marketing expenses were incurred for the launch of Katong Regency, which was fully sold within a week of the launch.

Gwee Lian Kheng, UOL’s Group Chief Executive, said: “Our second quarter results were largely affected by the absence of development profits from Nassim Park Residences and Duchess Residences which were completed in 2011.”

Mr Gwee added: “We remain cautious in our outlook for the second half due to a weak US recovery, uncertainties in the Europe situation and the slowing growth engines in Asia. We expect demand for new homes in the mass- and mid- market segment to remain stable, supported by high liquidity and low interest rates. Tourist arrivals grew by 12.3% year-on-year for the first five months. The introduction of new attractions is expected to draw more visitors which will benefit our hotel portfolio in Singapore."

The 363-room PARKROYAL on Pickering and the 13-storey One Upper Pickering office building are scheduled to open towards the end of this year while Pan Pacific Serviced Suites Beach Road will open in the first quarter of 2013.

Shareholders' funds increased to $5.5 billion as at 30 June 2012 from $5.3 billion as at end December 2011. In the same period, net tangible asset per ordinary share rose to $7.15 from $6.84. The Group's gearing ratio decreased to 0.33 as at 30 June 2012 from 0.35 as at December 2011 mainly due to the effects of the increase in total equity.

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About UOL Group

UOL Group Ltd is one of Singapore's leading public-listed property companies with an extensive portfolio in investment and development properties, hotels and serviced suites.

With a track record of nearly 50 years, UOL strongly believes in delivering product excellence and quality service in all its business ventures. Its impressive list of property development projects includes best selling residential units, award-winning office towers, shopping centres, hotels and serviced suites. UOL, together with its listed hotel subsidiary Pan Pacific Hotels Group Limited (PPHG), owns two acclaimed brands namely Pan Pacific and Parkroyal. PPHG now owns, manages and/or markets over 25 hotels in Asia, Australia and North America with over 8,000 rooms in its portfolio.

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