

**UNAUDITED SECOND QUARTER FINANCIAL STATEMENT**

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

 1(a)(i) 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	The Group					
		Second Quarter Ended 30 June			Six Months Ended 30 June		
		2019	2018	+ / (-)	2019	2018	+ / (-)
		\$'000	(Restated) \$'000	%	\$'000	(Restated) \$'000	%
Revenue	A	512,302	637,901	(20)	1,253,516	1,301,591	(4)
Cost of sales		(261,088)	(376,982)	(31)	(688,280)	(790,864)	(13)
Gross profit		251,214	260,919	(4)	565,236	510,727	11
Other income							
- Finance income	B	4,737	3,371	41	9,059	5,146	76
- Miscellaneous income		3,314	3,526	(6)	7,226	7,596	(5)
Expenses							
- Marketing and distribution	C	(22,483)	(23,113)	(3)	(41,964)	(44,560)	(6)
- Administrative	D	(30,149)	(30,597)	(1)	(59,659)	(60,700)	(2)
- Finance	E	(29,030)	(22,745)	28	(57,640)	(43,255)	33
- Other operating	F	(34,989)	(38,793)	(10)	(139,690)	(81,324)	72
Share of profit of associated companies		377	252	50	1,759	1,570	12
Share of loss of a joint venture company		(1,148)	(757)	52	(1,527)	(1,629)	(6)
Profit before fair value and other gains and income tax		141,843	152,063	(7)	282,800	293,571	(4)
Other gains	G	-	-	-	-	32	(100)
Fair value gains on the Group's investment properties		181,860	64,414	182	181,860	64,414	182
Profit before income tax	H	323,703	216,477	50	464,660	358,017	30
Income tax expense	I	(21,925)	(24,392)	(10)	(51,281)	(52,084)	(2)
Net profit		301,778	192,085	57	413,379	305,933	35
<u>Attributable to:</u>							
Equity holders of the Company		195,384	131,894	48	267,743	207,208	29
Non-controlling interests		106,394	60,191	77	145,636	98,725	48
		301,778	192,085	57	413,379	305,933	35
The above net profit attributable to equity holders of the Company can be analysed as follows:							
Attributable profit before fair value and other gains		91,667	92,575	(1)	164,026	167,857	(2)
Other gains		-	-	-	-	32	(100)
Fair value gains on the Group's investment properties		103,717	39,319	164	103,717	39,319	164
Net attributable profit		195,384	131,894	48	267,743	207,208	29

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

	The Group					
	Second Quarter Ended 30 June			Six Months Ended 30 June		
	2019	2018	+ / (-)	2019	2018	+ / (-)
	\$'000	(Restated) \$'000	%	\$'000	(Restated) \$'000	%
<b>A Revenue</b>						
Revenue from property development	145,303	280,553	(48)	536,175	595,437	(10)
Revenue from property investments	137,813	134,220	3	277,061	268,495	3
Revenue from hotel ownership and operations	151,252	155,334	(3)	314,672	328,793	(4)
Revenue from management services and technologies	45,183	40,143	13	92,857	81,083	15
Dividend income from financial assets at fair value through other comprehensive income	32,751	27,651	18	32,751	27,783	18
	512,302	637,901	(20)	1,253,516	1,301,591	(4)
<b>B Finance income</b>						
Interest income	3,386	3,371	0	6,458	5,146	25
Currency exchange gains (net)	1,351	-	n.m.	2,601	-	n.m.
	4,737	3,371	41	9,059	5,146	76
<b>C Marketing and distribution expense</b>						
Advertising and promotion	7,458	7,586	(2)	13,355	14,119	(5)
Marketing and distribution payroll and related expenses	7,562	7,677	(1)	15,225	15,188	0
Sales commissions	4,219	5,783	(27)	7,450	11,188	(33)
Showflat expenses	2,245	1,351	66	4,275	2,688	59
Others	999	716	40	1,659	1,377	20
	22,483	23,113	(3)	41,964	44,560	(6)
<b>D Administrative expenses</b>						
Administrative payroll and related expenses	18,929	19,886	(5)	38,845	39,702	(2)
Corporate expenses	3,613	4,604	(22)	7,273	8,748	(17)
Credit card commissions	2,174	1,928	13	4,204	4,064	3
Information technology related expenses	1,834	2,050	(11)	3,710	3,909	(5)
Property tax for corporate offices and other taxes	227	210	8	455	574	(21)
Bank loan fees and other bank charges	563	107	426	740	341	117
Others	2,809	1,812	55	4,432	3,362	32
	30,149	30,597	(1)	59,659	60,700	(2)
<b>E Finance expense</b>						
Bank facility fees	933	1,229	(24)	2,792	2,599	7
Interest expense	30,951	20,849	48	59,706	40,274	48
Less: borrowing costs capitalised (See footnote 1 on page 3)	(2,854)	(142)	1,910	(4,858)	(191)	2,443
Currency exchange losses (net)	-	809	(100)	-	573	(100)
	29,030	22,745	28	57,640	43,255	33
<b>F Other operating expense</b>						
Property taxes	13,579	14,125	(4)	27,662	27,619	0
Amortisation of development property backlog (See footnote 2 on page 3)	-	5,041	(100)	76,397	15,292	400
Repairs, maintenance and security	5,387	5,465	(1)	8,855	10,066	(12)
Heat, light and power	7,368	6,319	17	12,618	12,857	(2)
Others	8,655	7,843	10	14,158	15,490	(9)
	34,989	38,793	(10)	139,690	81,324	72
<b>G Other gains</b>						
Gain on liquidation of a subsidiary	-	-	-	-	32	(100)
<b>H Profit before income tax</b>						
Profit before income tax is stated after charging:						
Depreciation and amortisation (See footnote 3 on page 3)	24,702	33,353	(26)	129,515	79,167	64
Property, plant and equipment written off and net loss on disposals	364	220	65	415	639	(35)
(Write-back of impairment loss)/impairment loss on financial assets	(13)	7	(289)	66	(32)	306

n.m. : not meaningful

1(a)(ii) Explanatory Notes to the Consolidated Income Statement (cont'd)

	The Group					
	Second Quarter Ended 30 June			Six Months Ended 30 June		
	2019	2018	+ / (-)	2019	2018	+ / (-)
	\$'000	(Restated) \$'000	%	\$'000	(Restated) \$'000	%
<b>I</b>						
<u>Income tax expense</u>						
Tax expense attributable to profit is made up of:						
- Profit for the financial year:						
Current income tax						
- Singapore	19,298	16,879	14	39,124	35,608	10
- Foreign	4,955	1,742	184	14,464	4,242	241
- Withholding tax paid	109	97	12	217	190	14
Deferred income tax						
- fair value loss of investment properties	(323)	(261)	24	(323)	(261)	24
Deferred income tax	(1,922)	5,922	(132)	(1,796)	13,266	(114)
	22,117	24,379	(9)	51,686	53,045	(3)
- (Over)/under provision in prior financial periods:						
Current income tax						
- Singapore	(192)	(411)	(53)	(190)	(919)	(79)
- Foreign	-	-	-	(215)	(42)	412
Deferred income tax	-	424	(100)	-	-	-
	21,925	24,392	(10)	51,281	52,084	(2)

<sup>1</sup> Borrowing costs capitalised relate mainly to borrowings for the development of Pan Pacific Orchard and One Bishopsgate Plaza.

<sup>2</sup> Development property backlog relates to the recognition of fair value uplift relating to the sold units under development in Park Eleven, Shanghai and The Clement Canopy arising from the Purchase Price Allocation ("PPA") exercise on consolidation of UIC Group and the common associated and joint venture companies of UIC Group and UOL Group in August 2017. The development property backlog is amortised as and when development profits are recognised. With the completion of Park Eleven, Shanghai and The Clement Canopy as of end of the first quarter 2019, all development property backlog previously recognised in respect of units sold as of August 2017 have been fully amortised.

<sup>3</sup> Depreciation and amortisation for the first half of 2019 was higher mainly from higher amortisation of development property backlog (See footnote 2 above).

1(a)(iii) Consolidated Statement of Comprehensive Income

	Note	The Group					
		Second Quarter Ended 30 June			Six Months Ended 30 June		
		2019	2018	+ / (-)	2019	2018	+ / (-)
		\$'000	(Restated) \$'000	%	\$'000	(Restated) \$'000	%
Net profit		301,778	192,085	57	413,379	305,933	35
<b>Other comprehensive (loss)/income:</b>							
Items that may be reclassified subsequently to profit or loss:							
Cash flow hedges		(4,153)	(773)	(437)	(4,675)	1,553	(401)
Currency translation differences arising from consolidation of foreign operations	A	(23,524)	177	n.m.	(18,705)	10,041	(286)
		(27,677)	(596)	n.m.	(23,380)	11,594	(302)
Items that will not be reclassified subsequently to profit or loss:							
Financial assets, at fair value through other comprehensive income - Fair value gains/(losses)	B	40,554	(28,152)	244	73,475	17,686	315
Currency translation differences arising from consolidation of foreign operations		(10,100)	(4,029)	151	(5,311)	(3,070)	73
<b>Other comprehensive income/(loss), net of tax</b>		<b>2,777</b>	<b>(32,777)</b>	<b>(108)</b>	<b>44,784</b>	<b>26,210</b>	<b>71</b>
<b>Total comprehensive income</b>		<b>304,555</b>	<b>159,308</b>	<b>91</b>	<b>458,163</b>	<b>332,143</b>	<b>38</b>
<b>Total comprehensive income attributable to:</b>							
Equity holders of the Company		208,788	103,392	102	315,975	236,287	34
Non-controlling interests		95,767	55,916	71	142,188	95,856	48
		<b>304,555</b>	<b>159,308</b>	<b>91</b>	<b>458,163</b>	<b>332,143</b>	<b>38</b>

n.m. : not meaningful

1(a)(iv) Explanatory Notes to the Consolidated Statement of Comprehensive Income

A Currency translation differences arising from consolidation of foreign operations

The currency translation differences arose mainly from the translation of the net assets of the Group's foreign subsidiaries which are denominated in RMB, GBP, AUD, MYR, VND, USD and IDR.

B Fair value gains/(losses) on financial assets at fair value through other comprehensive income

The quoted financial assets at fair value through other comprehensive income are stated at their fair values based on the quoted closing bid prices as at the reporting date. The fair value gains recorded for the second quarter of 2019 was due to the increase in the closing bid prices of the relevant quoted equity shares from the previous quarter.

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	The Group			The Company		
	30.06.19	31.12.18	31.12.17	30.06.19	31.12.18	
	\$'000	(Restated) \$'000	(Restated) \$'000	\$'000	\$'000	
<b>ASSETS</b>						
<b>Current assets</b>						
	Cash and bank balances	613,144	677,172	816,446	4,438	2,490
	Trade and other receivables	615,974	575,648	395,299	5,967	4,269
	Derivative financial instrument	587	1,958	14	-	-
	Developed properties held for sale	752,292	985,376	393,435	-	-
A	Development properties	2,077,799	2,641,025	2,458,787	-	-
	Inventories	3,430	4,248	4,991	-	-
	Other assets	45,701	51,123	75,238	4,112	775
	Current income tax assets	230	125	220	-	-
		4,109,157	4,936,675	4,144,430	14,517	7,534
<b>Non-current assets</b>						
	Trade and other receivables	115,415	106,787	92,924	881,963	1,096,239
	Other assets	28,978	23,451	-	-	-
	Derivative financial instrument	-	-	1,538	-	-
	Available-for-sale financial assets	-	-	1,131,702	-	-
	Financial assets at fair value through other comprehensive income	1,149,010	1,075,536	-	872,870	820,642
	Investments in associated companies	279,895	281,480	285,511	-	-
	Investments in joint venture companies	-	-	970	-	-
	Investments in subsidiaries	-	-	-	1,986,203	1,971,775
B	Investment properties	11,436,317	11,264,120	10,917,340	477,290	477,250
	Property, plant and equipment	2,780,616	2,807,688	2,856,164	1,616	1,665
C	Intangibles	52,048	122,691	180,951	676	758
	Deferred income tax assets	18,975	1,931	1,005	-	-
		15,861,254	15,683,684	15,468,105	4,220,618	4,368,329
	<b>Total assets</b>	19,970,411	20,620,359	19,612,535	4,235,135	4,375,863
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
	Trade and other payables	423,566	802,588	927,594	1,083,907	920,417
	Current income tax liabilities	104,542	107,282	108,581	2,378	1,845
	2.5% unsecured fixed rate notes due 2018	-	-	174,961	-	-
	Bank loans	1,373,402	1,762,719	797,583	17,084	319,269
	Finance lease liabilities	1,053	252	270	-	-
	Derivative financial instrument	-	322	377	-	322
	Loan from non-controlling shareholder of a subsidiary	13,868	80,168	-	-	-
		1,916,431	2,753,331	2,009,366	1,103,369	1,241,853
<b>Non-current liabilities</b>						
	Trade and other payables	220,292	200,633	214,879	3,282	2,430
	Finance lease liabilities	14,059	3,367	3,614	-	-
	Bank loans	2,867,178	2,522,149	2,568,187	63,132	-
	2.5% unsecured fixed rate notes due 2020	239,720	239,600	239,360	-	-
	3.0% unsecured fixed rate notes due 2024	199,033	-	-	-	-
	Derivative financial instrument	7,069	2,419	1,708	1,030	-
	Loan from non-controlling shareholder of a subsidiary	105,681	101,561	63,009	-	-
	Provision for retirement benefits	6,474	6,203	5,621	-	-
	Deferred income tax liabilities	351,544	357,448	369,622	3,741	3,717
		4,011,050	3,433,380	3,466,000	71,185	6,147
	<b>Total liabilities</b>	5,927,481	6,186,711	5,475,366	1,174,554	1,248,000
<b>NET ASSETS</b>						
		14,042,930	14,433,648	14,137,169	3,060,581	3,127,863
<b>Capital &amp; reserves attributable to equity holders of the Company</b>						
	Share capital	1,559,168	1,556,201	1,549,744	1,559,168	1,556,201
	Reserves	863,524	814,629	916,889	694,823	642,560
	Retained earnings	7,379,854	7,250,220	6,973,061	806,590	929,102
		9,802,546	9,621,050	9,439,694	3,060,581	3,127,863
<b>Non-controlling interests</b>						
G		4,240,384	4,812,598	4,697,475	-	-
	<b>TOTAL EQUITY</b>	14,042,930	14,433,648	14,137,169	3,060,581	3,127,863

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. (cont'd)

Explanatory Notes to the Statement of Financial Position

A Developed properties held for sale/Development properties

The decrease in developed properties held for sale was due mainly to the handover of sold units at Park Eleven, Shanghai to purchasers (where revenue for the development is recognised on a completed contract basis upon handover). The decrease in development properties was due mainly to the receipt of Temporary Occupation Permit ("TOP") for The Clement Canopy and Botanique at Bartley in March 2019 and April 2019 respectively.

B Investment properties

Investment properties are stated at valuation as determined by independent professional valuers. It is the practice of the Group to revalue its investment properties half yearly. The increase in investment properties arose mainly from the recognition of fair value gains totaling \$181.9 million mainly from Singapore Land Tower, Novena Square, The Gateway and UIC Building.

C Intangibles

The reduction in intangibles was due mainly to the full amortisation of development property backlog previously recorded as an intangible arising from the Purchase Price Allocation exercise on consolidation of UIC Group. See also footnote 2 on page 3.

D Current trade and other payables

Current trade and other payables have decreased due mainly to the recognition of revenue from sales proceeds received in advance from the sale of residential units in Park Eleven, Shanghai upon the handover of the remaining 103 units out of the 150 units sold as at end 2018.

E Current and non-current bank loans/3.0% unsecured fixed rate notes due 2024

The Group raised \$200 million by issuing unsecured fixed rate notes with a coupon rate of 3.0% and maturing in 2024 in the second quarter of 2019, with the proceeds used to repay some of the Group's short term borrowings. The net increase in borrowings totaling \$154.7 million was due mainly to the acquisition of shares in Marina Centre Holdings Private Limited ("MCH") and Aquamarina Hotel Private Limited ("AHPL") for \$675.3 million. This was offset in part by loan repayments from proceeds received upon the issue of TOP for Principal Garden in December 2018, The Clement Canopy in March 2019, and Botanique at Bartley in April 2019.

F Current loan from non-controlling shareholder of a subsidiary

The decrease from end 2018 arose mainly from the repayment of loan from the non-controlling shareholder of Secure Venture Development (Alexandra) Pte. Ltd. with proceeds from the construction completion of Principal Garden.

G Non-controlling interests

The decrease in non-controlling interests was due mainly to the Group's acquisition of shares in subsidiaries, MCH and AHPL, from non-controlling shareholders. With this acquisition, the Group's aggregate interest (direct and deemed) in MCH increased from 75.73% to 100%; and in AHPL increased from 75% to 100%.

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

	As at 30.06.19		As at 31.12.18	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Amount repayable in one year or less, or on demand	15,024	1,372,748	100,661	1,743,810
Amount repayable after one year	1,226,793	2,194,237	1,217,580	1,654,499

Details of any collaterals

The borrowings are secured by bank deposits, mortgages on the borrowing subsidiaries' investment properties, hotel properties, development properties, and/or assignment of all rights and benefits with respect to the properties and/or corporate guarantees from the Company or other Group subsidiaries.

- 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.

Consolidated Statement of Cash Flows for the second quarter ended 30 June

	Note	The Group	
		2nd Qtr	2nd Qtr
		2019	2018
		(Restated)	
		\$'000	\$'000
<b>Cash flows from operating activities</b>			
Net profit		301,778	192,085
Adjustments for:			
Income tax expense		21,925	24,392
Non-cash items	i	56,328	38,284
Dividend income and interest income		(36,137)	(31,022)
Interest expense		29,030	21,936
Fair value gains on the Group's investment properties		(181,860)	(64,414)
		191,064	181,261
Change in working capital			
Receivables	ii	(24,614)	(230,994)
Development properties	iii	394,473	59,788
Inventories		740	584
Payables		(45,793)	(7,943)
		324,806	(178,565)
Cash generated from operations		515,870	2,696
Income tax paid		(63,937)	(40,636)
Retirement benefits paid		(40)	(8)
<b>Net cash from/(used in) operating activities</b>		<b>451,893</b>	<b>(37,948)</b>
<b>Cash flows from investing activities</b>			
Payments for intangibles		(96)	(320)
Loans to an associated company and a joint venture company		(5,500)	(3,941)
Net proceeds from disposal of property, plant and equipment		6	441
Purchase of property, plant and equipment and investment properties	iv	(20,711)	(13,279)
Interest received		3,386	3,371
Dividends received		35,157	4,792
<b>Net cash from/(used in) investing activities</b>		<b>12,242</b>	<b>(8,936)</b>
<b>Cash flows from financing activities</b>			
Proceeds from shares issued		432	1,134
Payment to non-controlling shareholders for purchase of shares in subsidiaries		(678,095)	(10,684)
Net proceeds from issue of shares to non-controlling shareholders of subsidiaries		105	175
Loan from non-controlling shareholder of a subsidiary		2,800	60,045
Proceeds from 3.0% unsecured fixed rate notes due 2024	v	200,000	-
Repayment of 2.5% unsecured fixed rate notes due 2018		-	(175,000)
Proceeds from borrowings	v	813,251	942,801
Repayment of borrowings	v	(700,747)	(588,676)
Expenditure relating to bank borrowings		(1,622)	-
Interest paid		(29,842)	(21,838)
Payment of finance lease liabilities		(465)	(66)
Dividends paid to equity holders of the Company		(147,543)	(147,418)
Dividends paid to non-controlling interests		(27,021)	(23,811)
<b>Net cash (used in)/from financing activities</b>		<b>(568,747)</b>	<b>36,662</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(104,612)</b>	<b>(10,222)</b>
Cash and cash equivalents at the beginning of the financial period		715,618	749,525
Effects of currency translation on cash and cash equivalents		(1,616)	397
<b>Cash and cash equivalents at the end of the financial period</b>	vi	<b>609,390</b>	<b>739,700</b>

Explanatory Notes to the Consolidated Statement of Cash Flows

i. Non-cash items

Non-cash items consist mainly of depreciation and amortisation expenses and unrealised translation gains/losses.

ii. Receivables

The cash flow changes for receivables for the second quarter of 2018 arose mainly from payment of a deposit of \$300.2 million being tender deposit and stamp duties for the site at Silat Avenue.

iii. Development properties

The cash inflow for development properties for the second quarter of 2019 resulted mainly from the TOP of Botanique at Bartley.

iv. Purchase of property, plant and equipment and investment properties

Purchases of property, plant and equipment and investment properties relates mainly to expenditure for the redevelopment of Pan Pacific Orchard and on-going upgrading and improvements to the Group's hotel and investment properties.

- 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. (cont'd)

Explanatory Notes to the Consolidated Statement of Cash Flows

v. Proceeds from 3.0% unsecured fixed rate notes due 2024/Proceeds from borrowings/Repayment of borrowings

The net proceeds from borrowings including those from the issue of the 3.0% unsecured fixed rate notes due 2024 arose mainly from funding obtained for the acquisition of shares in Marina Centre Holdings Private Limited and Aquamarina Hotel Private Limited.

vi. Cash and cash equivalents

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

	The Group	
	30.06.19	30.06.18
	\$'000	\$'000
Fixed deposits with financial institutions	587,029	409,828
Cash at bank and on hand	26,115	329,872
Cash and bank balances per Statement of Financial Position	613,144	739,700
Less: Bank deposits pledged as security	(3,754)	-
Cash and cash equivalents per Statement of Financial Position	<u>609,390</u>	<u>739,700</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.

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

	Share capital	Reserves	Retained earnings	Non- controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>The Group</u>					
<b>2019</b>					
Balance at 1 April 2019	1,558,736	849,812	7,322,579	4,859,030	14,590,157
Profit for the period	-	-	195,384	106,394	301,778
Other comprehensive income/(loss) for the period	-	13,404	-	(10,627)	2,777
Total comprehensive income for the period	-	13,404	195,384	95,767	304,555
Employee share option scheme					
- value of employee services	-	308	-	42	350
- proceeds from shares issued	432	-	-	-	432
Dividends	-	-	(147,543)	(27,021)	(174,564)
Acquisition of interests from non-controlling shareholders	-	-	9,434	(687,529)	(678,095)
Issue of shares to non-controlling shareholders	-	-	-	105	105
Total transactions with owners, recognised directly in equity	432	308	(138,109)	(714,403)	(851,772)
Balance at 30 June 2019	<u>1,559,168</u>	<u>863,524</u>	<u>7,379,854</u>	<u>4,240,394</u>	<u>14,042,940</u>

The Group

**2018**

Balance at 1 April 2018	1,553,812	974,850	7,041,273	4,734,445	14,304,380
Profit for the period	-	-	131,894	60,191	192,085
Other comprehensive loss for the period	-	(28,502)	-	(4,275)	(32,777)
Total comprehensive (loss)/income for the period	-	(28,502)	131,894	55,916	159,308
Employee share option scheme					
- value of employee services	-	562	-	39	601
- proceeds from shares issued	1,134	-	-	-	1,134
Dividends	-	-	(147,418)	(23,811)	(171,229)
Acquisition of interests from non-controlling shareholders	-	-	6,317	(17,000)	(10,683)
Issue of shares to non-controlling shareholders	-	-	-	175	175
Total transactions with owners, recognised directly in equity	1,134	562	(141,101)	(40,597)	(180,002)
Balance at 30 June 2018	<u>1,554,946</u>	<u>946,910</u>	<u>7,032,066</u>	<u>4,749,764</u>	<u>14,283,686</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.  
(cont'd)

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

	Share capital \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
<b>The Company</b>				
<b>2019</b>				
Balance at 1 April 2019	1,558,736	664,315	926,045	3,149,096
Profit for the period	-	-	28,088	28,088
Other comprehensive income for the period	-	30,231	-	30,231
Total comprehensive income for the period	-	30,231	28,088	58,319
Employee share option scheme				
- value of employee services	-	277	-	277
- proceeds from shares issued	432	-	-	432
Dividends	-	-	(147,543)	(147,543)
Total transactions with owners, recognised directly in equity	432	277	(147,543)	(146,834)
Balance at 30 June 2019	1,559,168	694,823	806,590	3,060,581
<b>2018</b>				
Balance at 1 April 2018	1,553,812	739,695	966,062	3,259,569
Profit for the period	-	-	29,893	29,893
Other comprehensive loss for the period	-	(20,735)	-	(20,735)
Total comprehensive (loss)/income for the period	-	(20,735)	29,893	9,158
Employee share option scheme				
- value of employee services	-	525	-	525
- proceeds from shares issued	1,134	-	-	1,134
Dividends	-	-	(147,418)	(147,418)
Total transactions with owners, recognised directly in equity	1,134	525	(147,418)	(145,759)
Balance at 30 June 2018	1,554,946	719,485	848,537	3,122,968

- 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 quarter ended 30 June 2019, the changes in the issued share capital of the Company were as follows:

	Number of Ordinary Shares
Issued share capital as at 1 April 2019	843,080,232
Issue of ordinary shares arising from the exercise of:	
2011 Options at exercise price of S\$4.62 per share	18,000
2013 Options at exercise price of S\$6.55 per share	5,000
2014 Options at exercise price of S\$6.10 per share	24,000
2016 Options at exercise price of S\$5.87 per share	29,000
Ordinary shares issued upon exercise of options	76,000
Issued share capital as at 30 June 2019	843,156,232

As at 30 June 2019, there were 5,237,000 (30.06.2018: 4,811,000) ordinary shares which may be issued upon the exercise of options under the UOL 2000 Share Option Scheme and UOL 2012 Share Option Scheme.

The Company did not hold any treasury shares and there were no subsidiary holdings as of 30 June 2019 and 30 June 2018.

- 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.

	The Company	
	30.06.19	31.12.18
Total number of issued shares, excluding treasury shares	843,156,232	842,679,232

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.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There were no sales, transfers, disposal, cancellation and/or use of subsidiary holdings during the financial period ended 30 June 2019.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have neither been audited nor 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.

Except as stated in Note 5, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year as those of the audited financial statements for the financial year ended 31 December 2018.

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.

On 1 January 2019, the Group adopted the standards, amendments and interpretations to existing standards that are mandatory for application from that date. The following are the new or amended financial reporting standards that are relevant to the Group:

- SFRS(I) 16 Leases
- SFRS(I) 1-23 Borrowing Costs - Agenda Decision by the International Financial Reporting Interpretations Committee
- SFRS(I) INT 23 Uncertainty Over Income Tax Treatments

The adoption of the above standards and interpretations did not result in any substantial change to the Group's accounting policies nor any significant impact on the financial statements except for the following:

#### SFRS(I) 16 Leases

SFRS(I) 16 removes the distinction between operating and finance leases and results in the recognition of an asset (the right to use the leased item) and a financial liability to pay rentals in the statement of financial position for leases except those that are short term or have low value.

The Group has applied the standard from its mandatory adoption date of 1 January 2019 and adopted the simplified transition approach which allows for no restatement of comparative amounts for the year prior to first adoption. Right-of-use assets for property leases was measured on transition as if the new rules had always been applied and all other right-of-use assets was measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

Right-of-use assets and lease liabilities of approximately \$11.9 million respectively have been recognised by the Group on 1 January 2019 in its statement of financial position while the impact to the consolidated income statement is not significant. There is also no significant impact on the financial statements from the Group's activities as a lessor except for some additional disclosures which will be required in the full year Annual Report.

#### SFRS(I) 1-23 Borrowing Costs

In 2018, the International Financial Reporting Standards Interpretations Committee ("Interpretations Committee"), which works with the International Accounting Standards Board in supporting the application of IFRS Standards, received a submission on whether a real estate developer capitalises borrowing costs as part of the cost of units for a residential multi-unit real estate development, for which the developer recognises revenue over time for the sale of individual units in the development based on IFRS 15 Revenue from Contracts with Customers.

In November 2018, the Committee issued a Tentative Agenda Decision containing explanatory material for the decision and how the applicable principles and requirements in IAS 23 Borrowing Costs apply to the fact pattern in the submission. The Interpretations Committee tentatively concluded that such an entity should not capitalise borrowing costs. This tentative agenda decision was finalised in its original form on 20 March 2019.

As SFRS(I) 1-23 and SFRS(I) 15 Revenue from Contracts with Customers (the accounting standards applicable to the Group) are aligned to IAS 23 and IFRS 15 respectively, the above Agenda Decision has relevant impact to the Group's activities as a property developer. Following this Agenda Decision, borrowing costs which were previously capitalised for development projects over the period of development are now expensed as incurred to the income statement.

- 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. (cont'd)

The effects of the change in accounting policy on capitalisation of borrowings costs on the results and financial position of the Group are as follows:

	Second Quarter Ended 30 June 2018			Six Months Ended 30 June 2018		
	As previously reported \$'000	Effects of adoption \$'000	As restated \$'000	As previously reported \$'000	Effects of adoption \$'000	As restated \$'000
<u>Effect on Consolidated Income Statement</u>						
Cost of sales	(386,643)	9,661	(376,982)	(812,865)	22,001	(790,864)
Finance expenses	(13,068)	(9,677)	(22,745)	(25,013)	(18,242)	(43,255)
Share of loss of a joint venture company	(16)	(741)	(757)	(148)	(1,481)	(1,629)
Income tax expense	(24,410)	18	(24,392)	(51,475)	(609)	(52,084)
Net profit	192,824	(739)	192,085	304,264	1,669	305,933
Net profit attributable to:						
- Equity holders of the Company	132,666	(772)	131,894	206,485	723	207,208
- Non-controlling interests	60,158	33	60,191	97,779	946	98,725
	192,824	(739)	192,085	304,264	1,669	305,933
Basic earnings per share (cents)*	15.76	(0.09)	15.67	24.53	0.09	24.61
Diluted earnings per share (cents)*	15.75	(0.09)	15.65	24.50	0.09	24.59

	31.12.18			1.1.18		
	As previously reported \$'000	Effects of adoption \$'000	As restated \$'000	As previously reported \$'000	Effects of adoption \$'000	As restated \$'000
<u>Effect on Statement of Financial Position</u>						
Developed properties held for sale	317,298	(4,934)	312,364	399,786	(6,351)	393,435
Development properties	3,349,490	(35,453)	3,314,037	2,472,402	(13,615)	2,458,787
Investments in joint venture companies	1,095	(2,962)	(1,867)	970	-	970
Current income tax liabilities	107,758	(476)	107,282	109,186	(605)	108,581
Deferred income tax liabilities	363,831	(6,383)	357,448	372,345	(2,723)	369,622
Retained earnings	7,277,078	(26,858)	7,250,220	6,984,500	(11,439)	6,973,061
Non-controlling interest	4,822,230	(9,632)	4,812,598	4,702,674	(5,199)	4,697,475
Net asset value per ordinary share (\$)*	11.45	(0.03)	11.42	11.23	(0.01)	11.22
Net tangible asset backing per ordinary share (\$)*	11.30	(0.03)	11.27	11.01	(0.01)	11.00

\*The amounts may not add up due to rounding.

- 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.

	The Group	
	2nd Qtr 2019	2nd Qtr 2018 (Restated)
Earnings per ordinary share for the period		
(i) Based on weighted average number of ordinary shares in issue	cents 23.18	cents 15.67
(ii) On a fully diluted basis	cents 23.18	cents 15.65

Earnings per share is calculated by reference to the weighted average number of ordinary shares in issue during the financial 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 the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.

	The Group		The Company	
	30.06.19	31.12.18 (Restated)	30.06.19	31.12.18
Net asset value per ordinary share	\$11.63	\$11.42	\$3.63	\$3.71
Net tangible asset backing per ordinary share	\$11.56	\$11.27	\$3.63	\$3.71

- 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.

#### **Revenue**

Group revenue in the second quarter of 2019 decreased by \$125.6 million or 20% to \$512.3 million from \$637.9 million in the corresponding period of 2018 due mainly to lower progressive recognition of revenue from development projects, Principal Garden, The Clement Canopy and Botanique at Bartley which obtained TOP in December 2018, March 2019 and April 2019 respectively.

The decrease was offset partially by 1) higher revenue from property investments mainly from UIC Building and new contribution from 72 Christie Street, Sydney which was acquired in December 2018; 2) higher revenue for the Group's management services and technologies segment mainly from the provision of IT related sales and services; and 3) an increase in dividend income from the Group's quoted investments in United Overseas Bank Limited and Haw Par Corporation Limited.

Hotel operations recorded a 3% decline mainly from lower occupancies and room rates at Marina Mandarin and PARKROYAL Darling Harbour and ongoing refurbishments at PARKROYAL on Kitchener Road.

#### **Gross profit margin**

Gross profit margin of 49% for the second quarter of 2019 was higher than the 41% margin for 2018 due mainly to lower revenue from property development which has a higher cost ratio and higher dividend income with minimal associated costs.

#### **Expenses**

The decrease in other operating expenses resulted mainly from the absence of amortisation of development property backlog for which an amount of \$5.0 million was recorded in the second quarter of 2018 on sold units under development in The Clement Canopy. The development property backlog arose from the Purchase Price Allocation exercise in relation to the consolidation of UIC Group in August 2017 and is amortised as and when development profits are recognised. With the completion of Park Eleven, Shanghai and The Clement Canopy as of the end of the first quarter 2019, all development property backlog previously recognised in respect of units sold as of August 2017 have been fully amortised.

Finance expenses have increased with higher borrowings for the acquisition of shares in Marina Centre Holdings Private Limited and Aquamarina Hotel Private Limited.

#### **Profit & Loss**

##### **Second quarter ended 30 June 2019/2018**

The pre-tax profit before fair value and other gains/(losses) for the second quarter of 2019 was \$141.8 million, a decrease of 7% compared to the profit of \$152.1 million for the second quarter of 2018. The decrease was attributed mainly to lower profit from property development and higher finance expenses.

The Group recorded a pre-tax profit of \$323.7 million, an increase of 50% from the profit of \$216.5 million in the second quarter of 2018 with the recognition of higher fair value gains on investment properties. Profit after tax and non-controlling interest was \$195.4 million, an increase of 48% from the profit of \$131.9 million in the corresponding quarter of 2018.

##### **Six months ended 30 June 2019/2018**

The pre-tax profit before fair value and other gains/(losses) was \$282.8 million, a decrease of 4% or \$10.8 million from the profit of \$293.6 million for the first half of 2018 due mainly to 1) the accounting reversal of development property backlog of \$76.4 million compared to \$15.3 million in the first half of 2018; and 2) higher interest expenses on borrowings.

With higher attributable fair value and other gains of \$103.7 million recognised for the first half of 2019 compared to \$39.4 million in the previous corresponding period, profit after tax and non-controlling interest increased by 29% to \$267.7 million from the profit of \$207.2 million in the corresponding period of 2018.

#### **Net tangible asset and gearing**

The Group's shareholders' funds increased from \$9.62 billion as at 31 December 2018 to \$9.80 billion as at 30 June 2019 due mainly to profits recognised in the second quarter of 2019 and fair value gains on financial assets at fair value through other comprehensive income. Consequently the net tangible asset per ordinary share of the Group increased to \$11.56 as at 30 June 2019 from \$11.27 (restated) as at 31 December 2018.

The Group's gearing ratio increased from 0.28 as at 31 December 2018 to 0.30 as at 30 June 2019 due mainly to borrowings for the acquisition of shares in Marina Centre Holdings Private Limited and Aquamarina Hotel Private Limited.

- 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 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.

Based on the Ministry of Trade & Industry's advance estimates, the Singapore economy grew by 0.1% on a year-on-year basis in the second quarter of 2019, much slower than the 1.1% growth in the previous quarter. Notwithstanding the slowing economy, prices of private residential property increased by 1.5% in the second quarter of 2019 compared with the 0.7% decrease in the previous quarter. Prices for new private homes are expected to remain relatively stable.

Steady demand and tightening vacancy should support office rents though the outlook could be clouded by global economic headwinds. Retail rents remain under pressure amidst weak demand and tepid economic growth.

In the United Kingdom, the Brexit uncertainty could still weigh on the London residential property market. Leasing activities remain resilient in Midtown where the Group owns two commercial properties.

Whilst global economic concerns may affect the near-term outlook, tourist arrivals to the Asia Pacific are expected to grow steadily in the medium term and this should benefit the Group's hotels. However trading conditions for the Group's hotels in Myanmar and People's Republic of China remain challenging.

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
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
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 and the reason(s) for the decision.

No dividend has been declared or recommended for the second quarter ended 30 June 2019 as it is not the usual practice of the Group to declare interim dividends.

13 If the Group has obtained a general mandate from shareholders for 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.

The Company has not obtained a general mandate from shareholders for Interested Person Transactions.

**CONFIRMATION BY DIRECTORS**

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited consolidated financial results for the six months / second quarter ended 30 June 2019 to be false or misleading.

**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 its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

**BY ORDER OF THE BOARD**

Foo Thiam Fong Wellington  
Company Secretary  
8 August 2019