UOL Group Limited
华业集团有限公司

Company Registration No. 196300438C

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 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

		The Group					
		Second Quarter Ended 30 June			Six Months Ended 30 June		
	Note	2013	2012	+ / (-)	2013	2012	+ / (-)
		$'000	$'000	%	$'000	$'000	%
Revenue	A	304,313	298,842	2	552,097	596,575	(7)
Cost of sales		(155,601)	(169,995)	(8)	(287,861)	(349,568)	(18)
Gross profit		148,712	128,847	15	264,236	247,007	7
Other income							
- Finance income	B	1,080	885	22	2,140	1,909	12
- Miscellaneous income		2,650	3,802	(30)	5,856	7,056	(17)
Expenses							
- Marketing and distribution	C	(8,348)	(11,110)	(25)	(16,641)	(17,556)	(5)
- Administrative		(18,964)	(16,225)	17	(36,614)	(32,509)	13
- Finance	D	(15,574)	(12,926)	20	(26,820)	(16,470)	63
- Other operating	E	(18,856)	(17,020)	11	(36,861)	(33,155)	11
Share of profit of associated companies excluding fair value gains of associated companies' investment properties		20,229	23,479	(14)	43,061	51,233	(16)
Share of profit of joint venture companies		4,404	-	n.m.	8,630	-	n.m.
Profit before fair value and other gains and income tax		115,333	99,732	16	206,987	207,515	(0)
Other gains	F	1,077	366	194	2,024	938	116
Fair value gains on associated companies' investment properties		66,226	22,839	190	66,226	22,839	190
Fair value gains on the Group's investment properties		334,043	59,588	461	334,043	59,588	461
Profit before income tax	G	516,679	182,525	183	609,280	290,880	109
Income tax (expense)/credit	H	(15,641)	2,340	768	(30,570)	(12,297)	149
Net profit		501,038	184,865	171	578,710	278,583	108
Attributable to:							
Equity holders of the Company		431,395	171,677	151	503,083	255,683	97
Non-controlling interests		69,643	13,188	428	75,627	22,900	230
		501,038	184,865	171	578,710	278,583	108
The above net profit attributable to equity holders of the Company can be analysed as follows:							
Attributable profit before fair value and other gains		93,613	93,737	(0)	164,354	177,171	(7)
Other gains		1,077	366	194	2,024	938	116
Fair value gains on investment properties including those of associated companies		336,705	77,574	334	336,705	77,574	334
Net attributable profit		431,395	171,677	151	503,083	255,683	97

n.m. : not meaningful

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

		The Group					
		Second Quarter Ended 30 June			Six Months Ended 30 June		
		2013	2012	+ / (-)	2013	2012	+ / (-)
		$'000	$'000	%	$'000	$'000	%
A	Revenue						
	Revenue from property development	133,171	148,516	(10)	234,797	301,735	(22)
	Revenue from property investments	43,994	41,311	6	86,059	83,204	3
	Gross revenue from hotel ownership and operations	102,682	89,450	15	201,860	186,280	8
	Revenue from hotel and other management services	4,431	3,768	18	9,346	9,559	(2)
	Dividend income from available-for-sale financial assets	20,035	15,797	27	20,035	15,797	27
		304,313	298,842	2	552,097	596,575	(7)
B	Finance income						
	Interest income	1,080	885	22	2,140	1,751	22
	Currency exchange gains (net)	-	-	-	-	158	n.m.
		1,080	885	22	2,140	1,909	12
C	Marketing and distribution expense[1]						
	Sales commissions	718	2,677	(73)	1,261	2,709	(53)
	Showflat expenses	114	514	(78)	273	543	(50)
	Advertising and promotion	4,176	5,012	(17)	8,446	8,401	1
	Marketing and distribution payroll expenses	3,340	2,907	15	6,661	5,903	13
		8,348	11,110	(25)	16,641	17,556	(5)
D	Finance expense						
	Bank facility fees	408	381	7	768	942	(18)
	Interest expense	7,681	7,906	(3)	15,422	15,528	(1)
	Currency exchange losses (net)	7,485	4,639	61	10,630	-	n.m.
		15,574	12,926	20	26,820	16,470	63
E	Other operating expense[1]						
	Property and other taxes	5,192	4,350	19	10,230	9,084	13
	Repairs, maintenance and security	2,046	2,009	2	4,025	4,159	(3)
	Heat, light and power	6,278	6,559	(4)	12,348	11,644	6
	Others	5,340	4,102	30	10,258	8,268	24
		18,856	17,020	11	36,861	33,155	11
F	Other gains						
	Negative goodwill on acquisition of interests in an associated company	1,077	366	194	2,024	938	116

n.m. : not meaningful

[1] Included in expenses for the second quarter of 2013 were $1.1 million, $0.4 million and $3.0 million of administrative expenses, marketing and distribution expenses and other operating expenses respectively, incurred for PARKROYAL on Pickering which opened in the first quarter of 2013 and Pan Pacific Serviced Suites Beach Road which opened in the second quarter of 2013.

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

	The Group					
	Second Quarter Ended 30 June			Six Months Ended 30 June		
	2013	2012	+ / (-)	2013	2012	+ / (-)
	$'000	$'000	%	$'000	$'000	%
G Profit before income tax						
Profit before income tax is stated after charging:						
Depreciation and amortisation[2]	14,554	11,475	27	29,121	22,922	27
H Income tax expense/(credit)[3]						
Tax expense attributable to profit is made up of:						
- Profit from current financial year:						
Current income tax						
- Singapore	16,127	6,250	158	22,481	12,461	80
- Foreign	2,476	1,351	83	5,339	4,248	26
- Withholding tax paid	122	121	1	245	294	(17)
Deferred income tax	(3,116)	4,916	(163)	2,473	10,242	(76)
	15,609	12,638	24	30,538	27,245	12
- Under/(over) provision in preceding financial years:						
Current income tax						
- Singapore	39	(14,978)	n.m.	39	(14,948)	n.m.
- Foreign	(7)	-	n.m.	(7)	-	n.m.
	15,641	(2,340)	768	30,570	12,297	149

n.m. : not meaningful

[2] Higher depreciation charges were recognised in the second quarter of 2013 in comparison with the corresponding quarter in 2012 due mainly to (a) the commencement of depreciation for PARKROYAL on Pickering which opened in January 2013; and (b) depreciation charges for Pan Pacific Orchard and PARKROYAL Darling Harbour which were refurbished in 2012.

[3] The higher effective tax rate for the second quarter of 2013 (excluding fair value gains on investment properties and share of profit of associated and joint venture companies which have no tax impact) was due mainly to (a) higher profit contributions from the overseas properties which have higher corporate tax rates; and (b) higher expenses not deductible for tax purposes.

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

		The Group					
		Second Quarter Ended 30 June			Six Months Ended 30 June		
	Note	2013	2012	+ / (-)	2013	2012	+ / (-)
		$'000	$'000	%	$'000	$'000	%
Net profit		501,038	184,865	171	578,710	278,583	108
Other comprehensive income/(loss):							
Fair value (losses)/gains on available-for-sale financial assets	A	(17,522)	8,772	(300)	4,190	109,048	(96)
Fair value gains/(losses) on cash-flow hedges		43	(118)	136	(12)	(118)	90
Currency translation differences arising from consolidation of foreign operations	B	(3,917)	(3,543)	(11)	5,459	(11,591)	147
Share of other comprehensive income/(loss) of an associated company		2,416	(300)	905	4,078	(2,511)	262
Other comprehensive income for the period, net of tax		(18,980)	4,811	(495)	13,715	94,828	(86)
Total comprehensive income for the period		482,058	189,676	154	592,425	373,411	59
Attributable to:							
Equity holders of the Company		414,124	177,941	133	517,005	352,380	47
Non-controlling interests		67,934	11,735	479	75,420	21,031	259
		482,058	189,676	154	592,425	373,411	59

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

A Fair value (losses)/gains on available-for-sale financial assets

The quoted available-for-sale financial assets are stated at their fair values based on the quoted closing bid prices as at the reporting date. The decrease in value for the second quarter ended 30 June 2013 was due to the decrease in the closing bid prices of the relevant quoted equity shares from the previous quarter.

B 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 USD, AUD, RMB, MYR and VND.

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	
		30.06.13	31.12.12	30.06.13	31.12.12
		$'000	$'000	$'000	$'000
ASSETS					
Current assets					
Cash and bank balances	A	415,115	260,061	21,289	11,092
Trade and other receivables	B	292,611	202,526	72,854	88,408
Development properties	C	759,037	995,915	-	-
Inventories		671	783	-	-
Available-for-sale financial assets		526,412	522,226	526,412	522,226
Other assets	D	88,437	12,045	2,370	1,286
Current income tax assets		108	415	-	-
		2,082,391	1,993,971	622,925	623,012
Non-current assets					
Trade and other receivables		158,875	148,691	857,786	928,021
Derivative financial instrument		694	873	695	873
Available-for-sale financial assets		284,200	283,484	89,351	89,270
Investments in associated companies		2,695,677	2,633,129	161,289	161,289
Investments in joint venture companies		8,766	-	-	-
Investments in subsidiaries		-	-	1,517,900	1,519,419
Investment properties	E	3,707,410	3,342,754	380,690	330,990
Property, plant and equipment		1,127,625	1,130,024	1,651	1,627
Intangibles		27,136	27,607	721	866
Deferred income tax assets		3,521	3,789	30	27
		8,013,904	7,570,351	3,010,113	3,032,382
Total assets		10,096,295	9,564,322	3,633,038	3,655,394
LIABILITIES					
Current liabilities					
Trade and other payables		295,424	278,260	74,836	75,411
Current income tax liabilities		57,338	50,672	5,291	5,842
Bank loans	F	573,453	658,738	135,481	178,212
Finance lease liabilities		308	331	-	-
		926,523	988,001	215,608	259,465
Non-current liabilities					
Trade and other payables		159,249	163,021	3,124	3,612
Finance lease liabilities		4,120	4,419	-	-
Bank loans	F	1,077,107	951,652	199,739	199,639
2.5% unsecured fixed rate notes due 2014		299,700	299,550	299,700	299,550
2.493% unsecured fixed rate notes due 2015		174,676	174,588	174,676	174,588
3.043% unsecured fixed rate notes due 2017		74,711	74,674	74,711	74,674
Derivative financial instrument		176	162	177	162
Loans from non-controlling shareholders of subsidiaries		15,901	9,957	-	-
Provision for retirement benefits		3,175	2,942	-	-
Deferred income tax liabilities		179,025	176,430	79,836	79,124
		1,987,840	1,857,395	831,963	831,349
Total liabilities		2,914,363	2,845,396	1,047,571	1,090,814
NET ASSETS		7,181,932	6,718,926	2,585,467	2,564,580
Capital & reserves attributable to equity holders of the Company					
Share capital		1,049,534	1,046,954	1,049,534	1,046,954
Reserves		821,993	805,738	414,930	409,053
Retained earnings		4,680,293	4,289,920	1,121,003	1,108,573
		6,551,820	6,142,612	2,585,467	2,564,580
Non-controlling interests		630,112	576,314	-	-
TOTAL EQUITY		7,181,932	6,718,926	2,585,467	2,564,580

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 Cash and bank balances

The increase in Cash and bank balances arose mainly from receipts from progress billings for on-going development projects including Waterbank at Dakota which obtained its temporary occupation permit ("TOP") in the second quarter of 2013.

B Current Trade and other receivables

The increase in current Trade and other receivables was due mainly to the recognition of receivables for the balance of payments for Waterbank at Dakota upon the receipt of TOP.

C Development properties

The decrease in Development properties from the balance as of 31 December 2012 resulted mainly from 1) the completion of Waterbank at Dakota; and 2) progressive billings for on-going development projects.

D Other assets

The increase in Other assets includes a deposit of $65.5 million paid to the Housing & Development Board for the award of tender for a land parcel at Sengkang West Way.

E Investment properties

Investment properties are stated at valuation as determined by independent professional valuers at 30 June 2013. It is the practice of the Group to revalue its investment properties half yearly. In addition to the recognition of fair valuation gains on investment properties, the increase from 31 December 2012 arose mainly from additional construction costs capitalised for OneKM, Pan Pacific Serviced Suites Beach Road and The Esplanade in Tianjin.

F Current and non-current Bank loans

The decrease in current bank loans was due mainly to repayment with proceeds from progressive billings of development projects, Spottiswoode Residences and Waterbank at Dakota. The increase in non-current bank loans was due mainly to additional loans drawn for the construction of PARKROYAL on Pickering, One Upper Pickering, Pan Pacific Serviced Suites Beach Road and for the acquisition of a land parcel at Sengkang West Way.

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

	As at 30.06.13		As at 31.12.12	
	Secured	Unsecured	Secured	Unsecured
	$'000	$'000	$'000	$'000
Amount repayable in one year or less, or on demand	95,902	477,574	148,446	511,397
Amount repayable after one year	755,734	890,773	750,895	764,444

Details of any collaterals

The borrowings are secured by 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 2013 $'000	The Group 2nd Qtr 2012 $'000
Cash flows from operating activities			
Net profit		501,038	184,865
Adjustments for:			
Income tax expense		15,641	(2,340)
Non-cash items		(69,132)	(29,856)
Dividend income and interest income		(21,115)	(16,682)
Interest expense		8,089	8,287
Fair value gains on the Group's investment properties		(334,043)	(59,588)
Negative goodwill on acquisition of interests in an associated company		(1,077)	(366)
		99,401	84,320
Change in working capital			
Receivables	i	(91,598)	33,145
Development properties	i	137,787	10,334
Derivative financial instrument		26	(639)
Inventories		48	(46)
Payables	ii	32,948	(15,055)
		79,211	27,739
Cash generated from operations		178,612	112,059
Income tax paid		(18,304)	(32,772)
Retirement benefits paid		(18)	(6)
Net cash provided by operating activities		160,290	79,281
Cash flows from investing activities			
Payments for intangibles		(778)	(172)
Payments for interests in an associated company		(5,573)	(2,320)
Loans to joint venture companies		(7,269)	(4,000)
Net proceeds from disposal of property, plant and equipment		35	7
Purchase of property, plant and equipment and investment properties	iii	(38,311)	(35,518)
Interest received		1,080	884
Dividends received	iv	68,604	48,637
Net cash from investing activities		17,788	7,518
Cash flows from financing activities			
Proceeds from shares issued		2,396	282
Loans from non-controlling shareholders of subsidiaries		5,965	1,604
Proceeds from unsecured fixed rate notes due 2015/2017		-	250,000
Repayment of unsecured fixed and floating rate notes due 2012		-	(250,000)
Proceeds from borrowings	v	175,133	390,611
Repayment of borrowings	v	(75,222)	(369,120)
Expenditure relating to bank borrowings		(666)	(1,430)
Interest paid		(12,436)	(11,327)
Dividends paid to equity holders of the Company		(115,485)	(115,237)
Dividends paid to non-controlling interests		(21,622)	(8,774)
Net cash used in financing activities		(41,937)	(113,391)
Net increase/(decrease) in cash and cash equivalents		136,141	(26,592)
Cash and cash equivalents at 1 April		273,235	328,878
Effects of currency translation on cash and cash equivalents		336	(1,080)
Cash and cash equivalents at 30 June	vi	409,712	301,206

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

i. Receivables/Development properties

The changes in Receivables and Development properties were due mainly to progressive billings of on-going development projects including Waterbank at Dakota which obtained its TOP in the second quarter of 2013.

ii. Payables

The cash inflows for payables relate mainly to the receipt of advance sales proceeds for the sale of residential and office units in The Esplanade, Tianjin. The advance sales proceeds are recognised as a payable in the statement of financial position until the completion of the project as the project is accounted for using the completion of construction method.

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

Purchases of property, plant and equipment and investment properties arose mainly from payments for the construction of Pan Pacific Serviced Suites Beach Road, OneKM and The Esplanade in Tianjin.

iv. Dividends received

Dividends were received mainly from quoted investments and associated companies, Premier Land Development Pte Ltd and United Industrial Corporation Limited.

v. Proceeds from borrowings/Repayment of borrowings

Net proceeds from borrowings in the second quarter of 2013 were mainly for the acquisition of a land parcel at Sengkang West and for the construction of Pan Pacific Serviced Suites Beach Road.

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	
	30.06.13	30.06.12
	$'000	$'000
Fixed deposits with financial institutions	280,002	228,134
Cash at bank and on hand	135,113	78,452
Cash and bank balances per Statement of Financial Position	415,115	306,586
Less: Bank deposits pledged as security	(5,403)	(5,380)
Cash and cash equivalents per Consolidated Statement of Cash Flows	409,712	301,206

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
The Group					
2013					
Balance at 1 April 2013	1,047,138	839,264	4,362,903	583,800	6,833,105
Employee share option scheme - proceeds from shares issued	2,396	-	-	-	2,396
Dividends	-	-	(115,485)	(21,622)	(137,107)
Share of an associated company's acquisition of interests from non-controlling shareholders	-	-	1,480	-	1,480
Total comprehensive income for the period	-	(17,271)	431,395	67,934	482,058
Balance at 30 June 2013	1,049,534	821,993	4,680,293	630,112	7,181,932
2012					
Balance at 1 April 2012	1,040,941	751,358	3,666,246	491,504	5,950,049
Employee share option scheme - proceeds from shares issued	282	-	-	-	282
Dividends	-	-	(115,237)	(8,774)	(124,011)
Total comprehensive income for the period	-	6,264	171,677	11,735	189,676
Balance at 30 June 2012	1,041,223	757,622	3,722,686	494,465	6,015,996

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

	Share capital	Reserves	Retained earnings	Total equity
	$'000	$'000	$'000	$'000
The Company				
2013				
Balance at 1 April 2013	1,047,138	426,431	1,129,422	2,602,991
Employee share option scheme - proceeds from shares issued	2,396	-	-	2,396
Dividends	-	-	(115,485)	(115,485)
Total comprehensive income for the period	-	(11,501)	107,066	95,565
Balance at 30 June 2013	1,049,534	414,930	1,121,003	2,585,467
2012				
Balance at 1 April 2012	1,040,941	354,737	1,076,644	2,472,322
Employee share option scheme - proceeds from shares issued	282	-	-	282
Dividends	-	-	(115,237)	(115,237)
Total comprehensive income for the period	-	7,419	64,530	71,949
Balance at 30 June 2012	1,041,223	362,156	1,025,937	2,429,316

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

During the quarter ended 30 June 2013, the changes in the issued share capital of the Company were as follows:

	Number of Ordinary Shares
Issued capital as at 1 April 2013	769,941,154
Issue of ordinary shares arising from the exercise of:	
2004 Options at exercise price of S$2.28 per share	10,000
2007 Options at exercise price of S$4.91 per share	54,000
2008 Options at exercise price of S$3.68 per share	62,000
2010 Options at exercise price of S$3.95 per share	222,000
2011 Options at exercise price of S$4.62 per share	217,000
Issued share capital as at 30 June 2013	770,506,154

As at 30 June 2013, there were unexercised options for 4,877,000 (30.6.2012: 4,175,000) of unissued ordinary shares under the UOL 2000 Share Option Scheme and UOL 2012 Share Option Scheme.

The Company did not hold any treasury shares as of 30 June 2013 and 30 June 2012.

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	
	30.06.13	31.12.12
Total number of issued shares, excluding treasury shares	770,506,154	769,897,154

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

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

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 period as those of the audited financial statements for the financial year ended 31 December 2012.

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 2013, the Group adopted the Financial Reporting Standards ("FRS") 113 - Fair Value Measurement, that was mandatory for application from that date. The adoption of FRS 113 did not result in any substantial change to the Group's accounting policies nor any significant impact on the financial statements.

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 2013	2nd Qtr 2012
Earnings per ordinary share for the period		
(i) Based on weighted average number of ordinary shares in issue	cents 56.03	cents 22.34
(ii) On a fully diluted basis	cents 55.94	cents 22.33

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 issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.

	The Group		The Company	
	30.06.13	31.12.12	30.06.13	31.12.12
Net asset value per ordinary share	$8.50	$7.98	$3.36	$3.33
Net tangible asset backing per ordinary share	$8.47	$7.94	$3.35	$3.33

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) seasonable 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 2013 increased by $5.5 million or 2% to $304.3 million from $298.8 million in the corresponding period of 2012. All segments with the exception of development properties recorded improved revenue with the increase attributed mainly to 1) higher revenue from PARKROYAL Yangon and PARKROYAL on Pickering which opened in the first quarter of 2013; and 2) higher dividend income from quoted investments. Revenue from the sale of development properties has declined arising from 1) the completion of Double Bay Residences and Waterbank at Dakota in the third quarter of 2012 and second quarter of 2013 respectively; and 2) a slower development progress for Katong Regency in comparison with the second quarter of 2012.

Expenses

Gross profit margin of 49% for the second quarter of 2013 was higher than the 43% recorded for the second quarter of 2012 due mainly to 1) lower revenue contribution from property development which has a higher cost margin; and 2) higher profit margins achieved for on-going property development projects in the second quarter of 2013.

The decrease in marketing and distribution expenses was due mainly to sales commissions and sales launch expenses for Katong Regency incurred in the second quarter of 2012. Other operating expenses have increased by $1.8 million or 11%, due mainly to the opening of PARKROYAL on Pickering ("PRP") in the first quarter of 2013 and Pan Pacific Serviced Suites Beach Road ("PPSSBR") in the second quarter of 2013. In addition to the opening of PRP and PPSSBR in 2013, the increase in administrative expenses by $2.7 million or 17% was due to higher share option expenses arising from the timing of the grant in the second quarter of 2013 in comparison with third quarter in 2012. The higher finance expenses for the second quarter of 2013 arose mainly from unrealised currency exchange losses from the Group's borrowings in US Dollars to fund its investments in the People's Republic of China.

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) seasonable 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. (cont'd)

Associated companies

Share of profit of associated companies in the second quarter of 2013 decreased from the corresponding quarter of 2012 with lower contribution from Premier Land Development Pte Ltd following the completion of its development project, Terrene at Bukit Timah, in January 2013.

Joint venture companies

The share of profit of joint venture companies for the second quarter of 2013 was mainly from United Venture Development (Bedok) Pte Ltd for its development project, Archipelago.

Profit & Loss

Second quarter ended 30 June 2013/2012

The pre-tax profit before fair value and other gains for the second quarter of 2013 was $115.3 million compared with $99.7 million for the second quarter of 2012. The increase was attributed mainly to higher profit margins, lower marketing and distribution expenses and higher share of profit of joint venture companies.

The Group recorded a pre-tax profit of $516.7 million, an increase of 183% from $182.5 million in the corresponding period of 2012 with higher fair value gains recognised for the investment properties of the Group and its associated companies. Profit after tax and non-controlling interest was $431.4 million, representing a 151% increase from the profit of $171.7 million in the corresponding period of 2012.

Six Months Ended 30 June 2013/2012

For the six months ended 30 June 2012, pre-tax profit before fair value and other gains was $207.0 million as compared to the profit of $207.5 million in the corresponding period of 2012. The marginal decrease resulted mainly from unrealised currency exchange losses, lower share of profit from associated companies and higher expenses from the newly opened PRP and PPSSBR.

Including fair value and other gains amounting to $402.3 million (first half 2012: $83.4 million), profit before tax for the six months ended 30 June 2013 was $609.3 million, an increase of 109% from the profit of $290.9 million for the corresponding period in 2012. Profit after tax and non-controlling interests was $503.1 million or a 97% increase from the profit of $255.7 million for the first six months of 2012.

Net tangible asset and gearing

The Group shareholders' funds increased from $6.1 billion as at 31 December 2012 to $6.6 billion as at 30 June 2013 due mainly to profits recognised in the first six months of 2013. Consequently the net tangible asset per ordinary share of the Group increased to $8.47 as at 30 June 2013 from $7.94 as at 31 December 2012.

The Group's gearing ratio has decreased to 0.25 as at 30 June 2013 from 0.28 as at 31 December 2012 due mainly to the effects of the increase in total equity.

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

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 recent introduction of a debt servicing framework for property loans would likely dampen demand for residential properties. Rentals of office space which rose marginally by 0.2% in second quarter 2013, are expected to be stable. The retail leasing market is expected to be muted as retailers hold back expansion plans in the face of labour shortage.

The increase in the supply of hotel rooms and the restrictions on foreign labour will affect the performance of the Group's hotels and serviced suites in Singapore. The economic uncertainties in the developed economies will continue to affect hotel occupancy and average room rates in the Asia Pacific region.

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.

No dividend has been declared or recommended for the second quarter ended 30 June 2013.

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 2013 to be false or misleading.

BY ORDER OF THE BOARD

Foo Thiam Fong Wellington
Company Secretary
7 August 2013