

UNAUDITED FIRST 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

	Note	The Group		
		First Quarter Ended 31 March		
		2018	2017	+ / (-)
		\$'000	(Restated) \$'000	%
Revenue	A	661,036	350,681	89
Cost of sales		(427,830)	(234,923)	82
Gross profit		233,206	115,758	101
Other income				
- Finance income	B	2,011	3,252	(38)
- Miscellaneous income		6,035	4,578	32
Expenses				
- Marketing and distribution	C	(21,447)	(16,007)	34
- Administrative	D	(30,103)	(19,431)	55
- Finance	E	(12,181)	(8,009)	52
- Other operating	F	(40,235)	(18,759)	114
Share of profit of associated companies		1,319	31,486	(96)
Share of (loss)/profit of joint venture companies		(132)	3,742	(104)
Profit before other gains and income tax		138,473	96,610	43
Other gains	H	32	915	97
Profit before income tax	I	138,505	97,525	42
Income tax expense	J	(27,065)	(11,132)	143
Net profit		111,440	86,393	29
<u>Attributable to:</u>				
Equity holders of the Company		73,819	80,344	(8)
Non-controlling interests		37,621	6,049	522
		111,440	86,393	29

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

	The Group		
	First Quarter Ended 31 March		
	2018	2017	+ / (-)
	\$'000	(Restated) \$'000	%
A Revenue			
Revenue from property development	314,884	183,264	72
Revenue from property investments	131,622	56,542	133
Revenue from hotel ownership and operations	173,458	104,583	66
Revenue from management services and technologies	40,940	6,292	551
Dividend income from financial assets at fair value through other comprehensive income	132	-	n.m.
	661,036	350,681	89
B Finance income			
Interest income	1,775	1,269	40
Currency exchange gains (net)	236	1,983	(88)
	2,011	3,252	(38)
C Marketing and distribution expense			
Advertising and promotion	6,533	5,988	9
Marketing and distribution payroll and related expenses	7,511	5,095	47
Sales commissions	5,405	3,575	51
Showflat expenses	1,338	1,349	(1)
Others	660	-	n.m.
	21,447	16,007	34
D Administrative expenses			
Administrative payroll and related expenses	19,816	13,374	48
Corporate expenses	4,144	2,665	55
Credit card commissions	2,136	1,521	40
Information technology related expenses	1,859	1,116	67
Property tax for corporate offices and other taxes	365	116	215
Bank loan fees and other bank charges	233	181	29
Others	1,550	458	238
	30,103	19,431	55
E Finance expense			
Bank facility fees	1,370	980	40
Interest expense	19,425	12,152	60
Less: borrowing costs capitalised	(8,614)	(5,123)	68
	12,181	8,009	52
F Other operating expense			
Property taxes	13,493	6,534	107
Amortisation of development property backlog (See footnote 2 on page 3)	10,251	-	n.m.
Repairs, maintenance and security	3,786	2,848	33
Heat, light and power	5,457	4,611	18
Others	7,248	4,766	52
	40,235	18,759	114
H Other gains			
Negative goodwill on acquisition of interests in an associated company	-	915	(100)
Gain on liquidation of a subsidiary	32	-	n.m.
	32	915	(97)
I Profit before income tax			
Profit before income tax is stated after charging:			
Depreciation and amortisation (See footnote 3 on page 3)	45,814	17,073	168

n.m. : not meaningful

¹ On 31 August 2017, the Group completed the acquisition of 60 million shares in United Industrial Corporation Limited ("UIC") from a wholly owned subsidiary of Haw Par Corporation Limited. Following this acquisition, UIC Group (including its subsidiary, Marina Centre Holdings Limited) and the common associated and joint venture companies of UOL Group and UIC Group have been accounted as subsidiaries of UOL Group in accordance with the Financial Reporting Standards ("FRS") 110 Consolidated Financial Statements. The consolidation of these subsidiaries have resulted in higher revenue and expenses and lower share of profit from associated and joint venture companies for the first quarter of 2018 in comparison with the corresponding period in 2017.

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

	The Group		
	First Quarter Ended 31 March		
	2018	2017	+ / (-)
	\$'000	(Restated) \$'000	%
J Income tax expense			
Tax expense attributable to profit is made up of:			
- Profit for the financial period:			
Current income tax			
- Singapore	18,102	6,930	161
- Foreign	2,500	1,740	44
- Withholding tax paid	93	123	(24)
Deferred income tax	7,344	3,447	113
	28,039	12,240	129
- Over provision in prior financial periods:			
Current income tax			
- Singapore	(508)	(1,108)	(54)
- Foreign	(42)	-	n.m.
Deferred income tax	(424)	-	n.m.
	27,065	11,132	143

n.m. : not meaningful

- ² Development property backlog relates to the recognition of fair value uplift to the sold development units in The Clement Canopy arising from the purchase price allocation exercise ("PPA exercise") leading to the consolidation of UIC Group and the common associated and joint venture companies of UIC Group and UOL Group commencing 1 September 2017. The development property backlog is amortised as and when development profits are recognised.
- ³ Depreciation and amortisation for the first quarter of 2018 has increased mainly from 1) accelerated depreciation of the 206-room Pan Pacific Orchard which ceased operation from second quarter 2018 for redevelopment into a new 340-room hotel; 2) new depreciation of Pan Pacific Melbourne which was acquired in July 2017; 3) depreciation of Pan Pacific Singapore, Marina Mandarin and Westin Tianjin which were consolidated from 1 September 2017 together with the depreciation on the fair value uplifts to these hotels arising from the PPA exercise; and 4) amortisation of development property backlog (see footnote 1 on page 2).

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

	Note	The Group		
		First Quarter Ended 31 March		
		2018	2017	+ / (-)
		\$'000	(Restated) \$'000	%
Net profit		111,440	86,393	29
Other comprehensive income/(loss):				
Fair value gains on financial assets at fair value through other comprehensive income	A	45,837	68,327	(33)
Cash flow hedges		2,327	87	2,575
Currency translation differences arising from consolidation of foreign operations	B	10,823	(10,181)	206
Share of other comprehensive loss of an associated company		-	(2,316)	(100)
Other comprehensive income, net of tax		58,987	55,917	5
Total comprehensive income		170,427	142,310	20
<u>Attributable to:</u>				
Equity holders of the Company		131,400	136,170	(4)
Non-controlling interests		39,027	6,140	536
		170,427	142,310	20

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

A Fair value gains 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 increase in value for the first quarter ended 31 March 2018 was due to the increase 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 RMB, GBP, AUD, MYR, VND, and USD.

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	
		31.03.18	31.12.17	31.12.16	31.03.18	31.12.17
		\$'000	(Restated) \$'000	(Restated) \$'000	\$'000	\$'000
ASSETS						
Current assets						
Cash and bank balances	A	749,525	816,446	301,512	873	16,294
Trade and other receivables		390,279	395,299	99,597	4,721	3,566
Derivative financial instrument		53	14	-	-	-
Developed properties held for sale		387,128	399,786	31,878	-	-
Development properties	B	2,597,179	2,472,402	1,142,342	-	-
Inventories		5,107	4,991	651	-	-
Other assets		76,952	75,238	27,786	807	303
Current income tax assets		305	220	157	-	-
		4,206,528	4,164,396	1,603,923	6,401	20,163
Non-current assets						
Trade and other receivables		94,050	92,924	128,780	1,166,588	1,152,269
Derivative financial instrument		3,492	1,538	207	-	-
Financial assets at fair value through other comprehensive income		1,177,539	1,131,702	855,051	900,873	865,966
Investments in associated companies		285,704	285,511	3,413,911	-	-
Investments in joint venture companies		837	970	77,747	-	-
Investments in subsidiaries		-	-	-	1,943,625	1,943,625
Investment properties		10,944,369	10,917,340	4,299,597	431,100	431,100
Property, plant and equipment		2,827,736	2,856,164	1,165,536	1,553	1,570
Intangibles		170,026	180,951	24,361	266	284
Deferred income tax assets		4,480	1,005	3,904	-	-
		15,508,233	15,468,105	9,969,094	4,444,005	4,394,814
Total assets		19,714,761	19,632,501	11,573,017	4,450,406	4,414,977
LIABILITIES						
Current liabilities						
Trade and other payables	C	839,893	927,594	203,125	871,543	859,583
Current income tax liabilities		120,250	109,186	50,699	1,478	1,423
3.043% unsecured fixed rate notes due 2017		-	-	74,974	-	-
2.5% unsecured fixed rate notes due 2018		175,000	174,961	-	-	-
Bank loans		779,810	797,583	653,429	123,698	142,251
Finance lease liabilities		264	270	272	-	-
Derivative financial instrument		216	377	-	-	-
		1,915,433	2,009,971	982,499	996,719	1,003,257
Non-current liabilities						
Trade and other payables		218,198	214,879	157,013	4,139	2,310
Finance lease liabilities		3,532	3,614	3,634	-	-
Bank loans		2,559,608	2,568,187	1,200,202	185,499	179,040
2.5% unsecured fixed rate notes due 2020		239,420	239,360	239,120	-	-
2.5% unsecured fixed rate notes due 2018		-	-	174,803	-	-
Derivative financial instrument		1,006	1,708	4,272	1,006	1,708
Loan from non-controlling shareholder of a subsidiary		63,009	63,009	63,009	-	-
Provision for retirement benefits		5,903	5,621	4,927	-	-
Deferred income tax liabilities		381,082	372,345	95,122	3,474	3,381
		3,471,758	3,468,723	1,942,102	194,118	186,439
Total liabilities		5,387,191	5,478,694	2,924,601	1,190,837	1,189,696
NET ASSETS		14,327,570	14,153,807	8,648,416	3,259,569	3,225,281
Capital & reserves attributable to equity holders of the Company						
Share capital		1,553,812	1,549,744	1,269,853	1,553,812	1,549,744
Reserves		974,850	916,889	916,785	739,695	703,865
Retained earnings		7,056,973	6,984,500	5,952,320	966,062	971,672
		9,585,635	9,451,133	8,138,958	3,259,569	3,225,281
Non-controlling interests		4,741,935	4,702,674	509,458	-	-
TOTAL EQUITY		14,327,570	14,153,807	8,648,416	3,259,569	3,225,281

- 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 decrease in cash and bank balances was due mainly to 1) \$58.0 million paid for the lease top up of the development property site at Potong Pasir ("Potong Pasir site"); 2) development charge of \$20.0 million paid for the redevelopment of Pan Pacific Orchard; and 3) payment of trade liabilities outstanding as of the end of 2017.

B Development properties

Development properties have increased due mainly to development costs incurred for on-going projects and the payment for lease top up for the Potong Pasir site.

C Trade payables

Trade payables have decreased due to the payment of trade liabilities outstanding as of the end of 2017 such as billings by main contractors for development projects and a development charge of \$20.0 million for the redevelopment of Pan Pacific Orchard.

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

	As at 31.03.18		As at 31.12.17	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Amount repayable in one year or less, or on demand	169,920	785,222	255,540	717,699
Amount repayable after one year	856,589	2,015,150	846,784	2,034,388

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 first quarter ended 31 March

	Note	The Group	
		1st Qtr 2018	1st Qtr 2017 (Restated)
		\$'000	\$'000
Cash flows from operating activities			
Net profit		111,440	86,393
Adjustments for:			
Income tax expense		27,065	11,132
Non-cash items		40,854	(19,646)
Interest income		(1,907)	(1,269)
Interest expense		12,181	8,009
Negative goodwill on acquisition of interests in an associated company		-	(915)
Gain on liquidation of a subsidiary		(32)	-
		189,601	83,704
Change in working capital			
Receivables		(517)	(32,373)
Development properties	i	(79,374)	40,734
Inventories		(115)	78
Payables	ii	(78,314)	(34,004)
		(158,320)	(25,565)
Cash generated from operations		31,281	58,139
Income tax paid		(11,226)	(1,299)
Retirement benefits paid		-	(11)
Net cash from operating activities		20,055	56,829
Cash flows from investing activities			
Payment to non-controlling shareholders on liquidation of a subsidiary		(477)	-
Payments for intangibles		(265)	(427)
Payments for interests in associated and joint venture companies		-	(14,416)
Payment to non-controlling shareholders for purchase of shares in subsidiaries		(1,548)	-
Loans to an associated company and joint venture companies		(1,750)	(21,952)
Net proceeds from disposal of property, plant and equipment		21	29
Purchase of property, plant and equipment and investment properties	iii	(16,261)	(7,661)
Interest received		1,775	1,269
Dividends received		475	523
Net cash used in investing activities		(18,030)	(42,635)
Cash flows from financing activities			
Proceeds from shares issued		4,068	495
Net proceeds from issue of shares to non-controlling shareholders of a subsidiary		908	-
Proceeds from borrowings	iv	263,729	38,344
Repayment of borrowings	iv	(316,567)	(91,565)
Expenditure relating to bank borrowings		(55)	-
Interest paid		(21,251)	(12,684)
Payment of finance lease liabilities		(68)	(70)
Net cash used in financing activities		(69,236)	(65,480)
Net decrease in cash and cash equivalents		(67,211)	(51,286)
Cash and cash equivalents at the beginning of the financial period		816,445	301,312
Effects of currency translation on cash and cash equivalents		291	(1,200)
Cash and cash equivalents at the end of the financial period	v	749,525	248,826

Explanatory Notes to the Consolidated Statement of Cash Flows

i. Development properties

The cash outflow for development properties in the first quarter of 2018 arose from development costs incurred for on-going projects and the payment for lease top up for the Potong Pasir site.

ii. Payables

The cash outflow for payables resulted from the payment of trade liabilities outstanding as of the end of 2017 such as billings by main contractors for development projects and a development charge for the redevelopment of Pan Pacific Orchard.

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

Purchases of property, plant and equipment and investment properties relates mainly to expenditure for 1) construction of new rooms at PARKROYAL Yangon; 2) refurbishments at PARKROYAL on Beach Road and PARKROYAL Penang; 3) the redevelopment of Pan Pacific Orchard; and 4) on-going upgrading and improvements to the Group's 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)

iv. Proceeds from borrowings/Repayment of borrowings

The net repayment of borrowings in the first quarter of 2018 arose mainly from funds received from the progress billings of development projects, in particular V on Shenton and Alex Residences which were completed in late 2017.

v. Cash and cash equivalents

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

	The Group	
	31.03.18	31.03.17
	\$'000	\$'000
Fixed deposits with financial institutions	427,036	175,693
Cash at bank and on hand	322,489	73,333
Cash and bank balances per Statement of Financial Position	749,525	249,026
Less: Bank deposits pledged as security	-	(200)
Cash and cash equivalents per Consolidated Statement of Cash Flows	749,525	248,826

- 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 first quarter ended 31 March

	Share capital \$'000	Reserves \$'000	Retained earnings \$'000	Non-controlling interests \$'000	Total equity \$'000
The Group					
2018					
Balance at 1 January 2018, as previously reported	1,549,744	907,272	6,988,104	4,701,171	14,146,291
Effects of adoption of new accounting standards	-	9,617	(3,604)	1,503	7,516
Balance at 1 January 2018, as restated	1,549,744	916,889	6,984,500	4,702,674	14,153,807
Profit for the period	-	-	73,819	37,621	111,440
Other comprehensive income for the period	-	57,581	-	1,406	58,987
Total comprehensive income for the period	-	57,581	73,819	39,027	170,427
Employee share option scheme					
- value of employee services	-	380	-	39	419
- proceeds from shares issued	4,068	-	-	-	4,068
Acquisition of interests from non-controlling shareholders	-	-	(1,346)	(203)	(1,549)
Issue of shares to non-controlling shareholders	-	-	-	908	908
Liquidation of a subsidiary	-	-	-	(510)	(510)
Total transactions with owners, recognised directly in equity	4,068	380	(1,346)	234	3,336
Balance at 31 March 2018	1,553,812	974,850	7,056,973	4,741,935	14,327,570
2017					
Balance at 1 January 2017, as previously reported	1,269,853	912,147	5,945,154	508,210	8,635,364
Effects of adoption of new accounting standards	-	4,638	7,166	1,248	13,052
Balance at 1 January 2017, as restated	1,269,853	916,785	5,952,320	509,458	8,648,416
Profit for the period	-	-	80,344	6,049	86,393
Other comprehensive income for the period	-	55,826	-	91	55,917
Total comprehensive income for the period	-	55,826	80,344	6,140	142,310
Employee share option scheme					
- value of employee services	-	216	-	-	216
- proceeds from shares issued	495	-	-	-	495
Total transactions with owners, recognised directly in equity	495	216	-	-	711
Balance at 31 March 2017	1,270,348	968,189	6,025,498	514,350	8,778,385

- 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 first quarter ended 31 March

	Share capital \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
The Company				
2018				
Balance at 1 January 2018	1,549,744	703,865	971,672	3,225,281
Loss for the period	-	-	(5,610)	(5,610)
Other comprehensive income for the period	-	35,489	-	35,489
Total comprehensive income/(loss) for the period	-	35,489	(5,610)	29,879
Employee share option scheme				
- value of employee services	-	341	-	341
- proceeds from shares issued	4,068	-	-	4,068
Total transactions with owners, recognised directly in equity	4,068	341	-	4,409
Balance at 31 March 2018	1,553,812	739,695	966,062	3,259,569
2017				
Balance at 1 January 2017	1,269,853	503,144	1,068,225	2,841,222
Loss for the period	-	-	(2,249)	(2,249)
Other comprehensive income for the period	-	52,126	-	52,126
Total comprehensive income/(loss) for the period	-	52,126	(2,249)	49,877
Employee share option scheme				
- value of employee services	-	216	-	216
- proceeds from shares issued	495	-	-	495
Total transactions with owners, recognised directly in equity	495	216	-	711
Balance at 31 March 2017	1,270,348	555,486	1,065,976	2,891,810

- 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 31 March 2018, the changes in the issued share capital of the Company were as follows:

	Number of Ordinary Shares
Issued share capital as at 1 January 2018	841,643,232
Issue of ordinary shares arising from the exercise of:	
2012 Options at exercise price of S\$5.40 per share	120,000
2013 Options at exercise price of S\$6.55 per share	72,000
2014 Options at exercise price of S\$6.10 per share	26,000
2015 Options at exercise price of S\$7.67 per share	127,000
2016 Options at exercise price of S\$5.87 per share	84,000
2017 Options at exercise price of S\$6.61 per share	200,000
Ordinary shares issued upon exercise of options	629,000
Issued share capital as at 31 March 2018	842,272,232

As at 31 March 2018, there were 4,994,000 (31.3.2017: 5,062,000) 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 31 March 2018 and 31 March 2017.

- 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	
	31.03.18	31.12.17
Total number of issued shares, excluding treasury shares	842,272,232	841,643,232

- 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 31 March 2018.

- 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 2017.

- 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 2018, 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 FRS that are relevant to the Group:

- FRS 109 Financial instruments
- FRS 115 Revenue from contracts with customers
- INT FRS 122 Foreign Currency Transactions and Advance Considerations
- FRS 116 Leases

As required by the listing requirements of the Singapore Exchange, the Group has also adopted the Singapore Financial Reporting Standards (International) ("SFRS(I)s") on 1 January 2018. The SFRS(I)s were introduced by the Singapore Accounting Standards Council and are identical to the International Financial Reporting Standards as issued by the International Accounting Standards Board.

In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) ("SFRS(I) 1"). The Group has also concurrently applied new major SFRS(I) 9 Financial Instruments ("SFRS(I) 9") and SFRS(I) 15 Revenue from Contracts with Customers ("SFRS(I) 15"). The impact arising from the adoption of SFRS(I)s on the Group's financial statements are as follows:

Application of SFRS(I) 1

The Group is required to retrospectively apply all SFRS(I) effective at the end of the first SFRS(I) reporting period (financial year ending 31 December 2018), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1. The Group has elected the relevant optional exemptions which result in adjustments to the Group's financial statements prepared under SFRS(I)s as follows:

- (i) Cumulative translation differences

The Group has elected to set the cumulative translation differences for all foreign operations to be zero as at the date of transition to SFRS(I) on 1 January 2017.

- (ii) Deemed cost exemption

The Group has elected and regarded the carrying amount of certain property, plant and equipment as their deemed cost at the date of transition to SFRS(I) on 1 January 2017. As a result, \$20,790,000 of the Group's asset revaluation reserve was reclassified directly into retained earnings on the date of initial adoption.

- 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)

Application of SFRS(I) 9

The Group has elected to apply the short-term exemption under SFRS(I) 1 to adopt SFRS(I) 9 on 1 January 2018. Accordingly, requirements of SFRS 39 Financial Instruments: Recognition and Measurement will continue to apply to financial instruments up to the financial year ended 31 December 2017.

The Group has assessed the business models that are applicable on 1 January 2018 to financial assets so as to classify them into the appropriate categories under SFRS(I) 9. The Group has elected to recognise changes in the fair value of all its equity investments not held for trading and previously classified as available-for-sale in other comprehensive income. Accordingly, 'Available-for-sale financial assets' on the statement of financial position has been redesignated as 'Financial assets at fair value through other comprehensive income'.

Adoption of SFRS(I) 15

In accordance with the requirements of SFRS(I) 1, the Group has adopted SFRS(I) 15 retrospectively. The Group has identified that it is affected by the accounting for certain costs incurred in fulfilling a contract where such costs which have previously been expensed are required to be recognised as an asset under SFRS(I) 15.

The effects of the adoption of the above standards on the results and financial position of the Group are as follows:

	First Quarter Ended 31 March 2017		
	As previously reported \$'000	Effects of adoption \$'000	As restated \$'000
<u>Effect on Consolidated Income Statement</u>			
Marketing and distribution expenses	(15,149)	(858)	(16,007)
Share of profit of associated companies	32,127	(641)	31,486
Share of profit of joint venture companies	2,314	1,428	3,742
Income tax expense	(11,278)	146	(11,132)
Net profit	86,318	75	86,393
Net profit attributable to:			
- Equity holders of the Company	80,280	64	80,344
- Non-controlling interests	6,038	11	6,049
	86,318	75	86,393
Basic earnings per share (cents)	9.98	0.01	9.99
Diluted earnings per share (cents)	9.97	0.01	9.98

	31.12.17			1.1.17		
	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>						
Other assets - prepayments	66,183	9,055	75,238	16,993	10,793	27,786
Investments in associated companies	285,511	-	285,511	3,409,827	4,084	3,413,911
Deferred income tax liabilities	370,806	1,539	372,345	93,297	1,825	95,122
Reserves	907,272	9,617	916,889	912,147	4,638	916,785
Retained earnings	6,988,104	(3,604)	6,984,500	5,945,154	7,166	5,952,320
Non-controlling interest	4,701,171	1,503	4,702,674	508,210	1,248	509,458
Net asset value per ordinary share (\$)*	11.22	0.01	11.23	10.10	0.01	10.12
Net tangible asset backing per ordinary share (\$)*	11.01	0.01	11.01	10.07	0.01	10.09

*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	
	1st Qtr 2018	1st Qtr 2017 (Restated)
Earnings per ordinary share for the period		
(i) Based on weighted average number of ordinary shares in issue	cents 8.77	cents 9.99
(ii) On a fully diluted basis	cents 8.76	cents 9.98

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	
	31.03.18	31.12.17 (Restated)	31.03.18	31.12.17□
Net asset value per ordinary share	\$11.38	\$11.23	\$3.87	\$3.83
Net tangible asset backing per ordinary share	\$11.18	\$11.01	\$3.87	\$3.83

- 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 first quarter of 2018 increased by \$310.4 million or 89% to \$661.0 million from \$350.7 million in the first quarter of 2017 due mainly to additional \$316.2 million revenue contribution from UIC Group and the associated and joint venture companies of UOL Group and UIC Group following the consolidation of these entities from 1 September 2017. Excluding the effects of this consolidation, revenue from property development was lower by \$12.1 million or 7% with the completion of Riverbank@Fernvale in March 2017. Revenue from hotel operations improved by 9% or \$9.0 million mainly with new revenue from Pan Pacific Melbourne which was acquired in end July 2017. Revenue from property investments was lower by 4% or \$2.3 million mainly due to lower revenue from OneKM mall.

Gross profit margin

Gross profit margin of 35% for the first quarter of 2018 was higher than the 33% margin for the first quarter 2017 due mainly to a higher proportion of revenue from property investments which has higher margins. The proportion of revenue from property investments was higher due to the consolidation of the investment properties of UIC Group from 1 September 2017.

Finance income

Finance income was \$1.2 million lower in the first quarter of 2018 due mainly to lower exchange gains from the Group's borrowings in United States Dollars.

Miscellaneous income

Miscellaneous income has increased due mainly to \$1.9 million from the consolidation of UIC Group and Aquamarina Hotel Pte Ltd.

Expenses

The increase in marketing and distribution, administrative and other operating expenses compared to the first quarter of 2017 was mainly from the consolidation of UIC Group commencing 1 September 2017. The increase in finance expenses was due mainly to higher borrowings for the construction of One Bishopsgate Plaza and the acquisition of Pan Pacific Melbourne in July 2017.

Associated and joint venture companies

Share of profit of associated companies is lower as the results of UIC Group and the common associated and joint venture companies of UIC and UOL Group are no longer equity accounted but are consolidated with those of the Group from 1 September 2017 onwards.

Profit & Loss

Pre-tax profit for the first quarter of 2018 increased 42% from \$97.6 million for the first quarter of 2017 to \$138.5 million for the current quarter due mainly to higher profit from all core segments.

Profit after tax and non-controlling interest was \$73.8 million, a decrease of \$6.5 million or 8% from the profit of \$80.3 million in the corresponding period of 2017. The profit would have been higher if not for 1) higher attributable amortisation and depreciation of fair value uplifts of \$7.6 million from the purchase price allocation exercise in relation to the consolidation of UIC Group; and 2) accelerated depreciation charge of \$6.6 million recorded in respect of Pan Pacific Orchard which ceased operation from second quarter 2018 for redevelopment.

Net tangible asset and gearing

The Group's shareholders' funds increased from \$9.45 billion as at 31 December 2017 to \$9.59 billion as at 31 March 2018 due mainly to profits recognised in the first quarter of 2018 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 \$11.18 as at 31 March 2018 from \$11.01 as at 31 December 2017.

The Group's gearing ratio as at 31 March 2018 and 31 December 2017 remained unchanged at 0.21.

- 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 Ministry of Trade and Industry's advance estimates, Singapore's GDP grew by 4.3% on a year-on-year basis in the first quarter of 2018. Prices of private residential properties in Singapore are trending upwards, with prices increasing by 3.9% in first quarter 2018. Steady demand together with decreasing supply should support office rents. Notwithstanding growth in retail sales, retail rents remain under pressure with competition from e-commerce.

Economic and political uncertainties could weigh on the London property market although leasing activities remain steady in Midtown where the Group owns two properties.

Improvements in the global economic outlook should benefit the Group's hotels in the Asia Pacific though trading conditions for the Group's hotels in Myanmar and 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.

No dividend has been declared or recommended for the first quarter ended 31 March 2018.

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 first quarter ended 31 March 2018 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
11 May 2018