UOL 华业集团

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

	Note	The Group					
		Second Quarter Ended 30 June			Six Months Ended 30 June		
		2018	2017	+ / (-)	2018	2017	+ / (-)
		$'000	(Restated) $'000	%	$'000	(Restated) $'000	%
Revenue	A	635,449	399,094	59	1,296,486	749,775	73
Cost of sales		(388,234)	(267,149)	45	(816,064)	(502,071)	63
Gross profit		247,215	131,945	87	480,422	247,704	94
Other income							
- Finance income	B	3,371	1,318	156	5,146	4,165	24
- Miscellaneous income		5,224	3,940	33	11,259	8,517	32
Expenses							
- Marketing and distribution	C	(23,113)	(16,143)	43	(44,560)	(32,150)	39
- Administrative	D	(30,597)	(19,711)	55	(60,700)	(39,142)	55
- Finance	E	(13,068)	(9,280)	41	(25,013)	(16,883)	48
- Other operating	F	(36,448)	(18,737)	95	(76,683)	(37,496)	105
Share of profit of associated companies excluding fair value losses of associated companies' investment properties		252	41,468	(99)	1,570	72,954	(98)
Share of (loss)/profit of joint venture companies excluding fair value gains of a joint venture company's investment property		(16)	3,883	(100)	(148)	7,625	(102)
Profit before fair value and other gains/(losses) and income tax		152,820	118,683	29	291,293	215,294	35
Other gains	H	-	1,494	(100)	32	2,409	(99)
Fair value losses on associated and joint venture companies' investment properties		-	(1,094)	(100)	-	(1,094)	(100)
Fair value gains on the Group's investment properties		64,414	13,249	386	64,414	13,249	386
Profit before income tax	I	217,234	132,332	64	355,739	229,858	55
Income tax expense	J	(24,410)	(10,581)	131	(51,475)	(21,714)	137
Net profit		192,824	121,751	58	304,264	208,144	46
Attributable to:							
Equity holders of the Company		132,666	109,205	21	206,485	189,549	9
Non-controlling interests		60,158	12,546	379	97,779	18,595	426
		192,824	121,751	58	304,264	208,144	46
The above net profit attributable to equity holders of the Company can be analysed as follows:							
Attributable profit before fair value and other gains		93,347	99,995	(7)	167,134	179,424	(7)
Other gains		-	1,494	(100)	32	2,409	(99)
Fair value gains on investment properties including those of associated and joint venture companies		39,319	7,716	410	39,319	7,716	410
Net attributable profit		132,666	109,205	21	206,485	189,549	9

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

		The Group					
		Second Quarter Ended 30 June			Six Months Ended 30 June		
		2018	2017	+ / (-)	2018	2017	+ / (-)
		$'000	(Restated) $'000	%	$'000	(Restated) $'000	%
A	Revenue						
	Revenue from property development	280,553	221,234	27	595,437	404,498	47
	Revenue from property investments	131,768	56,385	134	263,390	112,927	133
	Revenue from hotel ownership and operations	155,334	100,144	55	328,793	204,727	61
	Revenue from management services and technologies	40,143	5,504	629	81,083	11,796	587
	Dividend income from financial assets at fair value through other comprehensive income	27,651	15,827	75	27,783	15,827	76
		635,449	399,094	59	1,296,486	749,775	73
B	Finance income						
	Interest income	3,371	1,318	156	5,146	2,588	99
	Currency exchange gains (net)	-	-	-	-	1,577	(100)
		3,371	1,318	156	5,146	4,165	24
C	Marketing and distribution expense						
	Advertising and promotion	7,586	6,010	26	14,119	11,997	18
	Marketing and distribution payroll and related expenses	7,677	4,827	59	15,188	9,923	53
	Sales commissions	5,783	4,535	28	11,188	8,110	38
	Showflat expenses	1,351	771	75	2,688	2,120	27
	Others	716	-	n.m.	1,377	-	n.m.
		23,113	16,143	43	44,560	32,150	39
D	Administrative expenses						
	Administrative payroll and related expenses	19,886	13,550	47	39,702	26,924	47
	Corporate expenses	4,604	3,099	49	8,748	6,035	45
	Credit card commissions	1,928	1,379	40	4,064	2,900	40
	Information technology related expenses	2,050	1,191	72	3,909	2,307	69
	Property tax for corporate offices and other taxes	210	111	89	574	227	153
	Bank loan fees and other bank charges	107	127	(16)	341	308	11
	Others	1,812	254	613	3,362	441	662
		30,597	19,711	55	60,700	39,142	55
E	Finance expense						
	Bank facility fees	1,229	790	56	2,599	1,770	47
	Interest expense	20,849	12,467	67	40,274	24,619	64
	Less: borrowing costs capitalised	(9,819)	(4,383)	124	(18,433)	(9,506)	94
	Currency exchange losses (net)	809	406	99	573	-	n.m.
		13,068	9,280	41	25,013	16,883	48
F	Other operating expense						
	Property taxes	14,125	6,739	110	27,619	13,273	108
	Amortisation of development property backlog (See footnote 2 on page 3)	5,041	-	n.m.	15,292	-	n.m.
	Repairs, maintenance and security	4,576	2,824	62	8,362	5,672	47
	Heat, light and power	5,245	4,516	16	10,701	9,127	17
	Others	7,461	4,658	60	14,709	9,424	56
		36,448	18,737	95	76,683	37,496	105
H	Other gains/(losses)						
	Negative goodwill on acquisition of interests in an associated company	-	1,898	(100)	-	2,813	(100)
	Gain on liquidation of a subsidiary	-	-	-	32	-	n.m.
	Acquisition of Hilton Melbourne South Wharf - Business acquisition costs	-	(404)	(100)	-	(404)	(100)
		-	1,494	(100)	32	2,409	(99)

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		
	2018	2017	+ / (-)	2018	2017	+ / (-)
	$'000	(Restated) $'000	%	$'000	(Restated) $'000	%
I Profit before income tax						
Profit before income tax is stated after charging:						
Depreciation and amortisation (See footnote 3)	33,353	17,073	95	79,167	17,073	364
J Income tax expense						
Tax expense attributable to profit is made up of:						
- Profit for the financial period:						
Current income tax						
- Singapore	16,897	7,217	134	34,999	14,147	147
- Foreign	1,742	1,233	41	4,242	2,974	43
- Withholding tax paid	97	108	(10)	190	231	(18)
Deferred income tax						
- fair value loss of investment properties	(261)	(601)	(57)	(261)	(601)	(57)
Deferred income tax	5,922	2,596	128	13,266	6,043	120
	24,397	10,553	131	52,436	22,794	130
- Under/(over) provision in prior financial periods:						
Current income tax						
- Singapore	(411)	(11)	n.m.	(919)	(1,119)	(18)
- Foreign	-	39	(100)	(42)	39	(208)
Deferred income tax	424	-	n.m.	-	-	-
	24,410	10,581	131	51,475	21,714	137

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 second quarter of 2018 in comparison with the corresponding period in 2017.

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") in relation 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 second quarter of 2018 has increased mainly from 1) new depreciation of Pan Pacific Melbourne which was acquired in July 2017; 2) 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 3) amortisation of development property backlog (see footnote 2).

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

		The Group					
		Second Quarter Ended 30 June			Six Months Ended 30 June		
	Note	2018	2017	+ / (-)	2018	2017	+ / (-)
		$'000	(Restated) $'000	%	$'000	(Restated) $'000	%
Net profit		192,824	121,751	58	304,264	208,144	46
Other comprehensive (loss)/income:							
Fair value (losses)/gains on financial assets at fair value through other comprehensive income	A	(28,152)	44,603	(163)	17,686	112,930	(84)
Cash flow hedges		(773)	421	(284)	1,553	507	206
Currency translation differences arising from consolidation of foreign operations	B	(3,852)	552	(798)	6,971	(9,629)	172
Share of other comprehensive income/(loss) of an associated company		-	227	(100)	-	(2,089)	(100)
Other comprehensive (loss)/income, net of tax		(32,777)	45,803	(172)	26,210	101,719	(74)
Total comprehensive income		160,047	167,554	(4)	330,474	309,863	7
Attributable to:							
Equity holders of the Company		104,164	154,948	(33)	235,564	291,117	(19)
Non-controlling interests		55,883	12,606	343	94,910	18,746	406
		160,047	167,554	(4)	330,474	309,863	7

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

A Fair value (losses)/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 decrease in value for the second quarter ended 30 June 2018 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 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 30.06.18 $'000	The Group 31.12.17 (Restated) $'000	The Group 31.12.16 (Restated) $'000	The Company 30.06.18 $'000	The Company 31.12.17 $'000
ASSETS						
Current assets						
Cash and bank balances		739,700	816,446	301,512	2,555	16,294
Trade and other receivables	A	287,378	395,299	99,597	4,698	3,566
Derivative financial instrument		367	14	-	-	-
Developed properties held for sale		352,386	399,786	31,878	-	-
Development properties	B	2,590,304	2,472,402	1,142,342	-	-
Inventories		4,523	4,991	651	-	-
Other assets	C	379,140	75,238	27,786	1,145	303
Current income tax assets		301	220	157	-	-
		4,354,099	4,164,396	1,603,923	8,398	20,163
Non-current assets						
Trade and other receivables		99,389	92,924	128,780	1,149,794	1,152,269
Derivative financial instrument		2,191	1,538	207	-	-
Financial assets at fair value through other comprehensive income		1,174,726	1,131,702	855,051	899,135	865,966
Investments in associated companies		284,429	285,511	3,413,911	-	-
Investments in joint venture companies		822	970	77,747	-	-
Investments in subsidiaries		-	-	-	1,943,625	1,943,625
Investment properties	D	10,991,344	10,917,340	4,299,597	437,050	431,100
Property, plant and equipment		2,807,046	2,856,164	1,165,536	1,597	1,570
Intangibles		164,697	180,951	24,361	249	284
Deferred income tax assets		4,578	1,005	3,904	-	-
		15,529,222	15,468,105	9,969,094	4,431,450	4,394,814
Total assets		19,883,321	19,632,501	11,573,017	4,439,848	4,414,977
LIABILITIES						
Current liabilities						
Trade and other payables	E	834,699	927,594	203,125	897,352	859,583
Current income tax liabilities		99,699	109,186	50,699	1,950	1,423
3.043% unsecured fixed rate notes due 2017		-	-	74,974	-	-
2.5% unsecured fixed rate notes due 2018		-	174,961	-	-	-
Bank loans	F	1,301,104	797,583	653,429	230,256	142,251
Finance lease liabilities		262	270	272	-	-
Derivative financial instrument		-	377	-	-	-
		2,235,764	2,009,971	982,499	1,129,558	1,003,257
Non-current liabilities						
Trade and other payables		216,980	214,879	157,013	2,770	2,310
Finance lease liabilities		3,507	3,614	3,634	-	-
Bank loans	F	2,364,917	2,568,187	1,200,202	180,127	179,040
2.5% unsecured fixed rate notes due 2020		239,480	239,360	239,120	-	-
2.5% unsecured fixed rate notes due 2018		-	-	174,803	-	-
Derivative financial instrument		1,060	1,708	4,272	948	1,708
Loan from non-controlling shareholder of a subsidiary	G	123,052	63,009	63,009	-	-
Provision for retirement benefits		6,096	5,621	4,927	-	-
Deferred income tax liabilities		384,850	372,345	95,122	3,477	3,381
		3,339,942	3,468,723	1,942,102	187,322	186,439
Total liabilities		5,575,706	5,478,694	2,924,601	1,316,880	1,189,696
NET ASSETS		14,307,615	14,153,807	8,648,416	3,122,968	3,225,281
Capital & reserves attributable to equity holders of the Company						
Share capital		1,554,946	1,549,744	1,269,853	1,554,946	1,549,744
Reserves		946,910	916,889	916,785	719,485	703,865
Retained earnings		7,048,538	6,984,500	5,952,320	848,537	971,672
		9,550,394	9,451,133	8,138,958	3,122,968	3,225,281
Non-controlling interests		4,757,221	4,702,674	509,458	-	-
TOTAL EQUITY		14,307,615	14,153,807	8,648,416	3,122,968	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 Current trade and other receivables

Current trade and receivables have decreased due mainly to progress billings collected in 2018 from completed projects in 2017 such as V on Shenton, Alex Residences and Riverbank@Fernvale.

B Development properties

Development properties have increased due mainly to development costs incurred for on-going projects and the payment of $58.0 million for the lease top up of the residential site at Potong Pasir now named as The Tre Ver.

C Other assets

Included in other assets as at 30 June 2018 was an amount of $300.2 million being tender deposit and stamp duties for a residential site at Silat Avenue (with commercial use) awarded by Urban Redevelopment Authority at a tender price of $1,035.3 million. The Group has an effective 65% interest in the development project with 50% in direct interest and 15% through United Industrial Corporation.

D 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 fair value gains totaling $64.4 million recognised in the first half of 2018 were mainly from Singapore Land Tower, The Gateway, UIC Building and SGX Centre 2.

E Trade and other payables

Trade and other payables have decreased due mainly 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.

F Current and non-current bank loans

The net increase in current and non-current bank loans was due mainly to short term lines drawn for the payment of tender deposit and stamp duties in relation to the acquisition of the development site at Silat Avenue.

G Loan from non-controlling shareholder of a subsidiary

The increase from 2017 relates to shareholders' loans from a non-controlling shareholder by United Venture Development (Silat) Pte. Ltd. which was incorporated to undertake the development of the site at Silat Avenue.

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

	As at 30.06.18		As at 31.12.17	
	Secured	Unsecured	Secured	Unsecured
	$'000	$'000	$'000	$'000
Amount repayable in one year or less, or on demand	150,490	1,150,750	255,540	717,699
Amount repayable after one year	774,301	1,961,773	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 second quarter ended 30 June

	Note	The Group 2nd Qtr 2018 $'000	2nd Qtr 2017 (Restated) $'000
Cash flows from operating activities			
Net profit		192,824	121,751
Adjustments for:			
Income tax expense		24,410	10,581
Non-cash items		37,543	(27,109)
Interest income		(31,022)	(17,145)
Interest expense		12,259	8,874
Fair value gains on the Group's investment properties		(64,414)	(13,249)
Negative goodwill on acquisition of interests in an associated company		-	(1,898)
		171,600	81,805
Change in working capital			
Receivables	i	(230,994)	344
Development properties	ii	69,449	28,634
Inventories		584	25
Payables		(7,943)	8,631
		(168,904)	37,634
Cash generated from operations		2,696	119,439
Income tax paid		(40,636)	(20,363)
Retirement benefits paid		(8)	-
Net cash (used in)/from operating activities		(37,948)	99,076
Cash flows from investing activities			
Proceeds from liquidation of associated companies		-	235
Payments for interests in associated and joint venture companies		-	(7,234)
Payment to non-controlling shareholders for purchase of shares in subsidiaries	iii	(10,684)	-
Loans to an associated company and joint venture companies	iv	(3,941)	(46,085)
Net proceeds from disposal of property, plant and equipment		441	25
Purchase of property, plant and equipment and investment properties	v	(13,279)	(8,731)
Interest received		3,371	1,318
Dividends received		4,792	29,040
Net cash used in investing activities		(19,620)	(31,432)
Cash flows from financing activities			
Proceeds from shares issued		1,134	3,235
Net proceeds from issue of shares to non-controlling shareholders of a subsidiary		175	-
Loans from non-controlling shareholder of a subsidiary		60,045	-
Repayment of 2.5% unsecured fixed rate notes due 2018	vi	(175,000)	-
Repayment of 3.043% unsecured fixed rate notes due 2017		-	(75,000)
Proceeds from borrowings	vi	942,801	257,835
Repayment of borrowings	vi	(588,676)	(146,622)
Expenditure relating to bank borrowings		-	(890)
Interest paid		(21,838)	(13,024)
Payment of finance lease liabilities		(66)	(68)
Dividends paid to equity holders of the Company	vii	(147,418)	(71,948)
Dividends paid to non-controlling interests		(23,811)	(2,000)
Net cash from/(used in) financing activities		47,346	(48,482)
Net (decrease)/increase in cash and cash equivalents		(10,222)	19,162
Cash and cash equivalents at the beginning of the financial period		749,525	248,826
Effects of currency translation on cash and cash equivalents		397	531
Cash and cash equivalents at the end of the financial period	viii	739,700	268,519

Explanatory Notes to the Consolidated Statement of Cash Flows

i. 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.

ii. Development properties

The cash inflow for development properties in the second quarter of 2018 resulted mainly from progress billings in excess of development costs incurred for on-going projects.

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)

iii. Payment to non-controlling shareholders for purchase of shares in subsidiaries

The payment was for the acquisition of an additional 3,281,100 UIC shares in the second quarter of 2018. The Group's shareholding interests in UIC increased to 717,092,350 ordinary shares (50.058%) as at 30 June 2018.

iv. Loans to an associated company and joint venture companies

Additional loans were made out mainly to 1) City Square Hotel Co. Ltd for the operations of Pan Pacific Yangon; and 2) Secure Venture Development (No.1) Pte. Ltd. for the development of the freehold site at Meyer Road.

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

Purchases of property, plant and equipment and investment properties relate mainly to expenditure for 1) refurbishments at PARKROYAL on Beach Road and PARKROYAL Penang Resort; 2) the redevelopment of Pan Pacific Orchard and carpark at PARKROYAL Kuala Lumpur; and 3) on-going upgrading and improvements to the Group's properties.

vi. Repayment of 2.5% unsecured fixed rate notes due 2018/Proceeds from borrowings/Repayment of borrowings

The net proceeds from borrowings in the second quarter of 2018 arose mainly from loans drawn for the payment of tender deposit for the site at Silat Avenue, offset partially by repayments with funds received from the progress billings of development projects.

vii. Dividends paid to equity holders of the Company

The higher cash outflow for dividends was due to 1) higher dividends of 17.5 cents per share paid in the second quarter of 2018 compared to 15 cents per share in the corresponding period of 2017; and 2) $48.8 million paid by way of scrip dividends in the second quarter of 2017.

viii. Cash and cash equivalents

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

	The Group	
	30.06.18	30.06.17
	$'000	$'000
Fixed deposits with financial institutions	409,828	191,354
Cash at bank and on hand	329,872	77,365
Cash and bank balances per Statement of Financial Position	739,700	268,719
Less: Bank deposits pledged as security	-	(200)
Cash and cash equivalents per Consolidated Statement of Cash Flows	739,700	268,519

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 $'000	Reserves $'000	Retained earnings $'000	Non-controlling interests $'000	Total equity $'000
The Group					
2018					
Balance at 1 April 2018	1,553,812	974,850	7,056,973	4,741,935	14,327,570
Profit for the period	-	-	132,666	60,158	192,824
Other comprehensive loss for the period	-	(28,502)	-	(4,275)	(32,777)
Total comprehensive (loss)/income for the period	-	(28,502)	132,666	55,883	160,047
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	1,554,946	946,910	7,048,538	4,757,221	14,307,615

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)

Consolidated Statement of Changes in Equity for the second quarter ended 30 June (cont'd)

	Share capital $'000	Reserves $'000	Retained earnings $'000	Non-controlling interests $'000	Total equity $'000
The Group					
2017					
Balance at 1 April 2017	1,270,348	972,827	6,032,664	515,598	8,791,437
Profit for the period	-	-	109,205	12,546	121,751
Other comprehensive income for the period	-	45,743	-	60	45,803
Total comprehensive income for the period	-	45,743	109,205	12,606	167,554
Employee share option scheme					
- value of employee services	-	386	-	-	386
- proceeds from shares issued	3,235	-	-	-	3,235
Dividends	-	-	(120,717)	(2,000)	(122,717)
Issue of shares under scrip dividend scheme	48,769	-	-	-	48,769
Total transactions with owners, recognised directly in equity	52,004	386	(120,717)	(2,000)	(70,327)
Balance at 30 June 2017	1,322,352	1,018,956	6,021,152	526,204	8,888,664

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

	Share capital $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
The Company				
2018				
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
2017				
Balance at 1 April 2017	1,270,348	555,486	1,065,976	2,891,810
Profit for the period	-	-	16,491	16,491
Other comprehensive income for the period	-	34,430	-	34,430
Total comprehensive income for the period	-	34,430	16,491	50,921
Employee share option scheme				
- value of employee services	-	386	-	386
- proceeds from shares issued	3,235	-	-	3,235
Dividends	-	-	(120,717)	(120,717)
Issue of shares under scrip dividend scheme	48,769	-	-	48,769
Total transactions with owners, recognised directly in equity	52,004	386	(120,717)	(68,327)
Balance at 30 June 2017	1,322,352	590,302	961,750	2,874,404

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

		Number of Ordinary Shares
Issued share capital as at 1 April 2018		842,272,232
Issue of ordinary shares arising from the exercise of:		
2010 Options at exercise price of S$3.95 per share	12,000	
2013 Options at exercise price of S$6.55 per share	10,000	
2014 Options at exercise price of S$6.10 per share	14,000	
2016 Options at exercise price of S$5.87 per share	48,000	
2017 Options at exercise price of S$6.61 per share	99,000	
Ordinary shares issued upon exercise of options		183,000
Issued share capital as at 30 June 2018		842,455,232

As at 30 June 2018, there were 4,811,000 (30.6.2017: 5,747,000) 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 2018 and 30 June 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	
	30.06.18	31.12.17
Total number of issued shares, excluding treasury shares	842,455,232	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

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 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.

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:

	Second Quarter Ended 30 June 2017			Six Months Ended 30 June 2017		
	As previously reported $'000	Effects of adoption $'000	As restated $'000	previously reported $'000	Effects of adoption $'000	As restated $'000
Effect on Consolidated Income Statement						
Marketing and distribution expenses	(16,042)	(101)	(16,143)	(31,191)	(959)	(32,150)
Share of profit of associated companies	42,013	(545)	41,468	74,140	(1,186)	72,954
Share of profit of joint venture companies	3,339	544	3,883	5,653	1,972	7,625
Income tax expense	(10,598)	17	(10,581)	(21,877)	163	(21,714)
Net profit	121,836	(85)	121,751	208,154	(10)	208,144
Net profit attributable to:						
- Equity holders of the Company	109,414	(209)	109,205	189,694	(145)	189,549
- Non-controlling interests	12,422	124	12,546	18,460	135	18,595
	121,836	(85)	121,751	208,154	(10)	208,144
Basic earnings per share (cents)	13.59	(0.03)	13.57	23.57	(0.02)	23.55
Diluted earnings per share (cents)	13.58	(0.03)	13.55	23.55	(0.02)	23.53

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)

	31.12.17			1.1.17		
	As previously reported $'000	Effects of adoption $'000	As restated $'000	previously reported $'000	Effects of adoption $'000	As restated $'000
Effect on Statement of Financial Position						
Other assets - prepayments	66,183	9,055	75,238	16,993	10,793	27,786
Investments in associated companies	285,511	-	285,511	3,409,827	4,084	3,413,911
Deferred income tax liabilities	370,806	1,539	372,345	93,297	1,825	95,122
Reserves	907,272	9,617	916,889	912,147	4,638	916,785
Retained earnings	6,988,104	(3,604)	6,984,500	5,945,154	7,166	5,952,320
Non-controlling interest	4,701,171	1,503	4,702,674	508,210	1,248	509,458
Net asset value per ordinary share ($)*	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	
	2nd Qtr 2018	2nd Qtr 2017 (Restated)
Earnings per ordinary share for the period		
(i) Based on weighted average number of ordinary shares in issue	cents 15.76	cents 13.57
(ii) On a fully diluted basis	cents 15.75	cents 13.55

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	
	30.06.18	31.12.17 (Restated)	30.06.18	31.12.17☐
Net asset value per ordinary share	$11.34	$11.23	$3.71	$3.83
Net tangible asset backing per ordinary share	$11.14	$11.01	$3.71	$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) 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 2018 increased by $236.4 million or 59% to $635.4 million from $399.1 million in the second quarter of 2017 due mainly to additional $295.5 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 $69.0 million or 31% with 1) lower progressive recognition of revenue from Principal Garden as the project approaches completion in end 2018; 2) absence of contribution from Riverbank@Fernvale which was fully sold in August 2017; offset in part by revenue from Amber 45 which was launched in May 2018. Revenue from hotel operations remained flat as the loss of revenue from the closure of Pan Pacific Orchard for redevelopment was largely replaced by new revenue from Pan Pacific Melbourne which was acquired in end July 2017. Revenue from property investments was lower by 4% or $2.0 million mainly due to lower revenue from OneKM mall. The increase in dividend income was mainly from United Overseas Bank Limited which declared higher ordinary and special dividends in the current quarter totaling 65 cents per share compared to 35 cents per share in the second quarter of 2017.

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)

Gross profit margin

Gross profit margin of 39% for the second quarter of 2018 was higher than the 33% margin for the second 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 $2.1 million higher in the second quarter of 2018 due mainly to the inclusion of interest income from UIC Group and interest income from loan to a joint venture company, Secure Venture Development (No.1) Pte. Ltd. for the en-bloc acquisition and development of the freehold site at Meyer Road.

Miscellaneous income

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

Expenses

The increase in marketing and distribution, administrative, other operating expenses and finance expenses compared to the second quarter of 2017 was mainly from the consolidation of UIC Group commencing 1 September 2017. The increase in other operating expenses was also due to $5.0 million in amortisation of development property backlog arising from the purchase price allocation exercise.

Associated and joint venture companies

Share of profit of associated and joint venture 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

Second quarter ended 30 June 2018/2017

The pre-tax profit before fair value and other gains/(losses) for the second quarter of 2018 was $152.8 million, an increase of 29% compared to the profit of $118.7 million for the second quarter of 2017. The increase was due mainly to higher profit from property development and property investment as well as higher dividend income received.

The Group recorded a pre-tax profit of $217.2 million, an increase of 64% from the profit of $132.3 million in the second quarter of 2017 with the recognition of higher fair value gains on investment properties. Profit after tax and non-controlling interest was $132.7 million, an increase of 21% from the profit of $109.2 million in the corresponding quarter of 2017.

Six Months Ended 30 June 2018/2017

The pre-tax profit before fair value and other gains/(losses) was $291.3 million, an increase of 35% from the profit of $215.3 million in 2017 due mainly to higher profits from all segments.

With higher attributable fair value and other gains of $39.4 million recognised for the six months ended 30 June 2018 compared to $10.1 million in the previous corresponding period, profit after tax and non-controlling interest was $206.5 million, an increase of 9% from the profit of $189.5 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 $13.1 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 $9.55 billion as at 30 June 2018 due mainly to profits recognised in the first half 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 $11.14 as at 30 June 2018 from $11.01 as at 31 December 2017.

The Group's gearing ratio increased from 0.21 as at 31 December 2017 to 0.23 as at 30 June 2018 due mainly to higher borrowings for acquisition of the URA land parcel at Silat Avenue.

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.

The Singapore economy is estimated to grow by 3.8% in second quarter of 2018, moderating from the 4.3% growth in the previous quarter. The recent tightening of property cooling measures will dampen sentiments in the Singapore residential property market. Office rents are expected to improve given the limited new supply. Retail rents appear to be stabilising although it still face challenges from e-commerce and manpower shortage.

The London property market continues to face economic and political uncertainties. However, leasing of office in Midtown remains steady.

Total visitor arrivals in Singapore for the first 5 months of 2018 increased by 6.9% to 7.7 million and this augurs well for the Group's hotels in Singapore. The rest of the Group's hotels in the Asia Pacific should benefit from the improving economic conditions though trading conditions for the Group's hotels in Myanmar remain difficult.

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 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 six months / second quarter ended 30 June 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
3 August 2018