

UNAUDITED THIRD 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					
		Third Quarter Ended 30 September			Nine Months Ended 30 September		
		2018	2017	+ / (-)	2018	2017	+ / (-)
		\$'000	(Restated) \$'000	%	\$'000	(Restated) \$'000	%
Revenue	A	523,766	537,891	(3)	1,820,252	1,287,665	41
Cost of sales		(288,792)	(369,722)	(22)	(1,104,856)	(871,794)	27
Gross profit		234,974	168,169	40	715,396	415,871	72
Other income							
- Finance income	B	3,707	2,790	33	8,853	6,955	27
- Miscellaneous income		4,382	5,600	(22)	15,641	14,118	11
Expenses							
- Marketing and distribution	C	(21,697)	(20,575)	5	(66,257)	(52,726)	26
- Administrative	D	(30,071)	(25,136)	20	(90,772)	(64,278)	41
- Finance	E	(9,408)	(11,335)	(17)	(34,421)	(28,217)	22
- Other operating	F	(33,686)	(28,411)	19	(110,368)	(65,907)	67
Share of profit of associated companies excluding fair value losses of associated companies' investment properties		1,801	32,358	(94)	3,371	105,313	(97)
Share of (loss)/profit of joint venture companies excluding fair value gains of a joint venture company's investment property		(73)	4,014	(102)	(221)	11,639	(102)
Profit before fair value and other gains/(losses) and income tax		149,929	127,474	18	441,222	342,768	29
Other gains	G	-	520,712	(100)	32	523,121	(100)
Fair value losses on associated and joint venture companies' investment properties		-	-	-	-	(1,094)	(100)
Fair value gains on the Group's investment properties		-	-	-	64,414	13,249	386
Profit before income tax	H	149,929	648,186	(77)	505,668	878,044	(42)
Income tax expense	I	(20,835)	(16,770)	24	(72,310)	(38,485)	88
Net profit		129,094	631,416	(80)	433,358	839,559	(48)
<u>Attributable to:</u>							
Equity holders of the Company		92,807	609,207	(85)	299,292	798,756	(63)
Non-controlling interests		36,287	22,209	63	134,066	40,803	229
		129,094	631,416	(80)	433,358	839,559	(48)
The above net profit attributable to equity holders of the Company can be analysed as follows:							
Attributable profit before fair value and other gains		92,807	88,495	5	259,941	267,919	(3)
Other gains		-	520,712	(100)	32	523,121	(100)
Fair value gains on investment properties including those of associated and joint venture companies		-	-	-	39,319	7,716	410
Net attributable profit		92,807	609,207	(85)	299,292	798,756	(63)

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

	The Group					
	Third Quarter Ended 30 September			Nine Months Ended 30 September		
	2018	2017	+ / (-)	2018	2017	+ / (-)
	\$'000	(Restated) \$'000	%	\$'000	(Restated) \$'000	%
A Revenue						
Revenue from property development	164,955	291,546	(43)	760,393	696,044	9
Revenue from property investments	132,472	82,736	60	395,863	195,663	102
Revenue from hotel ownership and operations	172,244	136,898	26	501,036	341,625	47
Revenue from management services and technologies	33,732	12,771	164	114,815	24,566	367
Dividend income from financial assets at fair value through other comprehensive income	20,363	13,940	46	48,145	29,767	62
	523,766	537,891	(3)	1,820,252	1,287,665	41
B Finance income						
Interest income	3,707	1,938	91	8,853	4,526	96
Currency exchange gains (net)	-	852	(100)	-	2,429	(100)
	3,707	2,790	33	8,853	6,955	27
C Marketing and distribution expense						
Advertising and promotion	7,806	6,681	17	21,924	18,678	17
Marketing and distribution payroll and related expenses	7,478	6,037	24	22,666	15,960	42
Sales commissions	3,016	6,323	(52)	14,204	14,433	(2)
Showflat expenses	2,329	1,265	84	5,018	3,386	48
Others	1,068	269	297	2,445	269	809
	21,697	20,575	5	66,257	52,726	26
D Administrative expenses						
Administrative payroll and related expenses	19,555	15,518	26	59,257	42,442	40
Corporate expenses	4,559	4,704	(3)	13,307	10,739	24
Credit card commissions	2,011	1,638	23	6,076	4,538	34
Information technology related expenses	2,020	1,322	53	5,929	3,629	63
Property tax for corporate offices and other taxes	272	120	127	846	347	144
Bank loan fees and other bank charges	128	126	1	469	434	8
Others	1,526	1,708	(11)	4,888	2,149	127
	30,071	25,136	20	90,772	64,278	41
E Finance expense						
Bank facility fees	1,199	911	32	3,798	2,680	42
Interest expense	25,543	16,455	55	65,817	41,073	60
Less: borrowing costs capitalised	(17,590)	(6,031)	192	(36,023)	(15,536)	132
Currency exchange losses (net)	256	-	n.m.	829	-	n.m.
	9,408	11,335	(17)	34,421	28,217	22
F Other operating expense						
Property taxes	13,620	8,357	63	41,238	21,630	91
Amortisation of development property backlog (See footnote 2 on page 3)	3,430	6,014	(43)	18,722	6,014	211
Repairs, maintenance and security	4,132	3,326	24	12,494	8,998	39
Heat, light and power	5,574	5,035	11	16,275	14,162	15
Others	6,930	5,679	22	21,639	15,103	43
	33,686	28,411	19	110,368	65,907	67
G Other gains/(losses)						
Negative goodwill on acquisition of a subsidiary and loss on derecognition of associated and joint venture companies (See footnote 1 on page 3)	-	535,609	(100)	-	535,609	(100)
Negative goodwill on acquisition of interests in an associated company	-	-	-	-	2,814	(100)
Gain on liquidation of a subsidiary	-	-	-	32	-	n.m.
Acquisition of Hilton Melbourne South Wharf - Business acquisition costs (See footnote 3 on page 3)	-	(14,897)	(100)	-	(15,302)	(100)
	-	520,712	(100)	32	523,121	(100)

n.m. : not meaningful

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

	The Group					
	Third Quarter Ended 30 September			Nine Months Ended 30 September		
	2018	2017	+ / (-)	2018	2017	+ / (-)
	\$'000	(Restated) \$'000	%	\$'000	(Restated) \$'000	%
H <u>Profit before income tax</u> Profit before income tax is stated after charging: Depreciation and amortisation (See footnote 4)	31,178	43,283	(28)	110,345	77,185	43
I <u>Income tax expense</u> Tax expense attributable to profit is made up of:						
- Profit for the financial period:						
Current income tax						
- Singapore	17,553	9,824	79	52,702	23,971	120
- Foreign	3,403	2,237	52	7,493	5,211	44
- Withholding tax paid	430	122	252	620	353	76
Deferred income tax						
- fair value loss of investment properties	-	-	-	(259)	(601)	(57)
- others	1,013	4,669	(78)	14,280	10,712	33
	22,399	16,852	33	74,836	39,646	89
- (Over)/under provision in prior financial periods:						
Current income tax						
- Singapore	(1,569)	(203)	673	(2,641)	(1,322)	100
- Foreign	5	(82)	106	115	(42)	374
Deferred income tax	-	203	(100)	-	203	(100)
	20,835	16,770	24	72,310	38,485	88

- 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 were accounted as subsidiaries of UOL Group in accordance with the Financial Reporting Standards ("FRS") 110 Consolidated Financial Statements.

Acquisition accounting was applied in accordance with FRS 103 Business Combinations ("FRS103") (commonly known as purchase price allocation ("PPA")) requiring a fair valuation of all identifiable assets and liabilities of the acquired entities. This resulted in a negative goodwill on acquisition net of the loss on derecognition of associated and joint venture companies recognised in the third quarter of 2017 totaling \$535.6 million (restated from the previously reported amount of \$542.1 million, see paragraph 5 on the adoption of SRFS(I) 15 on 1 January 2018).

With the consolidation taking effect from 1 September 2017, the results for the third quarter of 2018 has included 3 months of consolidated income and expenses of the acquired entities compared to 1 month for the third quarter of 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 PPA exercise in relation to the consolidation of UIC Group and the common associated and joint venture companies of UIC Group and UOL Group. The development property backlog is amortised as and when development profits are recognised.
- ³ Business acquisition costs for Hilton Melbourne South Wharf in the third quarter of 2017 relates mainly to stamp duty and professional fees incurred for the Group's acquisition of the hotel and are recorded in the income statement as the transaction was deemed a business combination under the FRS 103. The acquisition was completed on 28 July 2017 and the hotel was rebranded as Pan Pacific Melbourne.
- ⁴ Depreciation and amortisation for the third quarter of 2018 was lower as the third quarter of 2017 included \$15.3 million in accelerated depreciation on the 206-room Pan Pacific Orchard which ceased operation from 1 April 2018 for redevelopment into a new 340-room hotel.

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

	Note	The Group					
		Third Quarter Ended 30 September			Nine Months Ended 30 September		
		2018	2017	+ / (-)	2018	2017	+ / (-)
Net profit		\$'000	(Restated) \$'000	%	\$'000	(Restated) \$'000	%
129,094			631,416	(80)	433,358	839,559	(48)
Other comprehensive income/(loss):							
Fair value gains on financial assets at fair value through other comprehensive income	A	10,624	15,983	(34)	28,310	128,913	(78)
Cash flow hedges		212	2,185	(90)	1,765	2,692	(34)
Currency translation differences arising from consolidation of foreign operations	B	(38,400)	(3,359)	1,043	(31,429)	(12,987)	(142)
Share of other comprehensive income/(loss) of an associated company		-	1,244	(100)	-	(845)	(100)
Other comprehensive (loss)/income, net of tax		(27,564)	16,053	(272)	(1,354)	117,773	(101)
Total comprehensive income		101,530	647,469	(84)	432,004	957,332	(55)
Attributable to:							
Equity holders of the Company		77,536	626,170	(88)	313,100	917,287	(66)
Non-controlling interests		23,993	21,299	13	118,903	40,045	197
		101,529	647,469	(84)	432,003	957,332	(55)

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 fair value gain recorded for the third quarter ended 30 September 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	
		<u>30.09.18</u>	<u>31.12.17</u> (Restated)	<u>31.12.16</u> (Restated)	<u>30.09.18</u>	<u>31.12.17</u>
		\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS						
Current assets						
Cash and bank balances		698,661	816,446	301,512	1,649	16,294
Trade and other receivables	A	278,146	395,299	99,597	5,252	3,566
Derivative financial instrument		148	14	-	-	-
Developed properties held for sale		342,736	399,786	31,878	-	-
Development properties	B	3,678,603	2,472,402	1,142,342	-	-
Inventories		3,572	4,991	651	-	-
Other assets		95,519	75,238	27,786	1,144	303
Current income tax assets		294	220	157	-	-
		5,097,679	4,164,396	1,603,923	8,045	20,163
Non-current assets						
Trade and other receivables		106,625	92,924	128,780	1,037,641	1,152,269
Derivative financial instrument		2,353	1,538	207	-	-
Financial assets at fair value through other comprehensive income		1,182,368	1,131,702	855,051	907,157	865,966
Investments in associated companies		286,148	285,511	3,413,911	-	-
Investments in joint venture companies		749	970	77,747	-	-
Investments in subsidiaries		-	-	-	1,942,925	1,943,625
Investment properties	C	10,986,713	10,917,340	4,299,597	437,050	431,100
Property, plant and equipment		2,778,516	2,856,164	1,165,536	1,618	1,570
Intangibles		160,417	180,951	24,361	231	284
Deferred income tax assets		4,718	1,005	3,904	-	-
		15,508,607	15,468,105	9,969,094	4,326,622	4,394,814
Total assets		20,606,286	19,632,501	11,573,017	4,334,667	4,414,977
LIABILITIES						
Current liabilities						
Trade and other payables	D	838,538	927,594	203,125	794,242	859,583
Current income tax liabilities		90,315	109,186	50,699	2,122	1,423
3.043% unsecured fixed rate notes due 2017		-	-	74,974	-	-
2.5% unsecured fixed rate notes due 2018		-	174,961	-	-	-
Bank loans	E	1,507,140	797,583	653,429	383,702	142,251
Finance lease liabilities		258	270	272	-	-
Derivative financial instrument		592	377	-	592	-
		2,436,843	2,009,971	982,499	1,180,658	1,003,257
Non-current liabilities						
Trade and other payables		211,095	214,879	157,013	2,171	2,310
Finance lease liabilities		3,449	3,614	3,634	-	-
Bank loans	E	2,735,688	2,568,187	1,200,202	-	179,040
2.5% unsecured fixed rate notes due 2020		239,540	239,360	239,120	-	-
2.5% unsecured fixed rate notes due 2018		-	-	174,803	-	-
Derivative financial instrument		320	1,708	4,272	-	1,708
Loan from non-controlling shareholder of a subsidiary	F	183,329	63,009	63,009	-	-
Provision for retirement benefits		6,079	5,621	4,927	-	-
Deferred income tax liabilities		384,060	372,345	95,122	3,565	3,381
		3,763,560	3,468,723	1,942,102	5,736	186,439
Total liabilities		6,200,403	5,478,694	2,924,601	1,186,394	1,189,696
NET ASSETS		14,405,883	14,153,807	8,648,416	3,148,273	3,225,281
Capital & reserves attributable to equity holders of the Company						
Share capital		1,555,395	1,549,744	1,269,853	1,555,395	1,549,744
Reserves		932,203	916,889	916,785	728,326	703,865
Retained earnings		7,141,345	6,984,500	5,952,320	864,552	971,672
		9,628,943	9,451,133	8,138,958	3,148,273	3,225,281
Non-controlling interests		4,776,940	4,702,674	509,458	-	-
TOTAL EQUITY		14,405,883	14,153,807	8,648,416	3,148,273	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 projects completed in 2017 such as V on Shenton, Alex Residences and Riverbank@Fernvale.

B Development properties

Development properties have increased due mainly to 1) acquisition of residential site at Silat Avenue (with commercial use) awarded by Urban Redevelopment Authority at a tender price of \$1,035.3 million; and 2) payment of \$58.0 million for the lease top up of the residential site at Potong Pasir now named as The Tre Ver.

C 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. 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.

D Current 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.

E Current and non-current bank loans

The net increase in current and non-current bank loans was due mainly to loans drawn for the acquisition of the development site at Silat Avenue.

F Loan from non-controlling shareholder of a subsidiary

The increase from 2017 relates to shareholders' loans from a non-controlling shareholder of 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 30.09.18		As at 31.12.17	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Amount repayable in one year or less, or on demand	58,308	1,449,128	255,540	717,699
Amount repayable after one year	1,297,737	1,870,991	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 third quarter ended 30 September

	Note	The Group	
		3rd Qtr 2018	3rd Qtr 2017 (Restated)
		\$'000	\$'000
Cash flows from operating activities			
Net profit		129,094	631,416
Adjustments for:			
Income tax expense		20,835	16,770
Non-cash items		38,116	5,901
Dividend and interest income		(24,070)	(15,878)
Interest expense		9,152	11,335
Negative goodwill on acquisition of subsidiaries, net of loss on derecognition of associated and joint venture companies		-	(535,609)
		173,127	113,935
Change in working capital			
Receivables	i	291,383	(229,678)
Development properties	ii	(1,085,488)	283,681
Inventories		951	(386)
Payables		(5,871)	51,319
		(799,025)	104,936
Cash (used in)/generated from operations		(625,898)	218,871
Income tax paid		(30,165)	(24,837)
Retirement benefits paid		(33)	-
Net cash (used in)/from operating activities		(656,096)	194,034
Cash flows from investing activities			
Payment to non-controlling shareholders on liquidation of a subsidiary		(1,679)	-
Payments for intangibles		-	(48)
Payment to non-controlling shareholders for purchase of shares in subsidiaries		(1,556)	-
Loans to an associated company and joint venture companies		(7,250)	(2,253)
Net proceeds from disposal of property, plant and equipment		177	-
Acquisition of subsidiaries, net of cash acquired	iii	-	469,761
Acquisition of a business	iv	-	(264,436)
Purchase of property, plant and equipment and investment properties	v	(19,332)	(19,221)
Interest received		4,875	1,941
Dividends received		23,345	2,337
Net cash (used in)/from investing activities		(1,420)	188,081
Cash flows from financing activities			
Proceeds from shares issued		449	4,069
Net proceeds from issue of shares to non-controlling shareholders of a subsidiary		15	276
Loans from non-controlling shareholder of a subsidiary		60,277	-
Proceeds from borrowings	vi	877,427	853,224
Repayment of borrowings	vi	(288,059)	(775,142)
Expenditure relating to bank borrowings		(2,919)	(765)
Interest paid		(27,464)	(13,651)
Payment of finance lease liabilities		(65)	(70)
Dividends paid to non-controlling interests		(1,092)	-
Net cash from financing activities		618,569	67,941
Net (decrease)/increase in cash and cash equivalents		(38,947)	450,056
Cash and cash equivalents at the beginning of the financial period		739,699	268,518
Effects of currency translation on cash and cash equivalents		(2,091)	398
Cash and cash equivalents at the end of the financial period	vii	698,661	718,972

Explanatory Notes to the Consolidated Statement of Cash Flows

i. Receivables

The cash inflow for receivables in the third quarter of 2018 relates mainly to a tender deposit and stamp duties totaling \$300.2 million for the site at Silat Avenue included in receivables in the second quarter of 2018, now reclassified to development properties upon completion of the acquisition during the current quarter.

ii. Development properties/Net cash used in operating activities

The cash outflow for development properties and net cash used in operating activities in the third quarter of 2018 resulted mainly from the acquisition of the site at Silat Avenue.

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. Acquisition of subsidiaries, net of cash acquired

The amount for the third quarter of 2017 relates to the acquisition of 60 million UIC shares which resulted in the consolidation of UIC Group and the associated and joint venture companies of UOL Group and UIC Group (see footnote 1 on page 3). The cash inflow was made up mainly of the cash and bank balances of the acquired entities as the acquisition was paid via the issue of new UOL shares.

iv. Acquisition of a business

The acquisition of a business in the third quarter of 2017 relates to the Group's purchase of Hilton Melbourne South Wharf which was renamed Pan Pacific Melbourne subsequent to the acquisition.

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, PARKROYAL Penang, PARKROYAL Yangon, Pan Pacific Melbourne and Pan Pacific Perth; 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. Proceeds from borrowings/Repayment of borrowings

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

vii. Cash and cash equivalents

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

	The Group	
	30.09.18	30.09.17
	\$'000	\$'000
Fixed deposits with financial institutions	353,166	270,248
Cash at bank and on hand	345,495	448,924
Cash and bank balances per Statement of Financial Position	698,661	719,172
Less: Bank deposits pledged as security	-	(200)
Cash and cash equivalents per Consolidated Statement of Cash Flows	698,661	718,972

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 third quarter ended 30 September

	Share capital	Reserves	Retained earnings	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>The Group</u>					
2018					
Balance at 1 July 2018	1,554,946	946,910	7,048,538	4,757,221	14,307,615
Profit for the period	-	-	92,807	36,287	129,094
Other comprehensive loss for the period	-	(15,270)	-	(12,294)	(27,564)
Total comprehensive (loss)/income for the period	-	(15,270)	92,807	23,993	101,530
Employee share option scheme					
- value of employee services	-	563	-	38	601
- proceeds from shares issued	449	-	-	-	449
Dividends	-	-	-	(1,092)	(1,092)
Acquisition of interests from non-controlling shareholders	-	-	-	(1,556)	(1,556)
Issue of shares to non-controlling shareholders	-	-	-	15	15
Liquidation of a subsidiary	-	-	-	(1,679)	(1,679)
Total transactions with owners, recognised directly in equity	449	563	-	(4,274)	(3,262)
Balance at 30 September 2018	1,555,395	932,203	7,141,345	4,776,940	14,405,883

- 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 third quarter ended 30 September (cont'd)

	Share capital \$'000	Reserves \$'000	Retained earnings \$'000	Non- controlling interests \$'000	Total equity \$'000
<u>The Group</u>					
2017					
Balance at 1 July 2017	1,322,352	1,018,956	6,021,152	526,204	8,888,664
Profit for the period	-	-	609,207	22,209	631,416
Other comprehensive income/(loss) for the period	-	16,963	-	(910)	16,053
Total comprehensive income for the period	-	16,963	609,207	21,299	647,469
Employee share option scheme					
- value of employee services	-	400	-	14	414
- proceeds from shares issued	4,069	-	-	-	4,069
Issue of shares for the acquisition of shares in a subsidiary	219,000	-	-	-	219,000
Issue of shares to non-controlling shareholders	-	-	-	276	276
Acquisition of subsidiaries	-	(231,564)	228,238	4,172,394	4,169,068
Total transactions with owners, recognised directly in equity	223,069	(231,164)	228,238	4,172,684	4,392,827
Balance at 30 September 2017	1,545,421	804,755	6,858,597	4,720,187	13,928,960

Statement of Changes in Equity for the third quarter ended 30 September

	Share capital \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
<u>The Company</u>				
2018				
Balance at 1 July 2018	1,554,946	719,485	848,537	3,122,968
Profit for the period	-	-	16,015	16,015
Other comprehensive profit for the period	-	8,317	-	8,317
Total comprehensive income for the period	-	8,317	16,015	24,332
Employee share option scheme				
- value of employee services	-	524	-	524
- proceeds from shares issued	449	-	-	449
Total transactions with owners, recognised directly in equity	449	524	-	973
Balance at 30 September 2018	1,555,395	728,326	864,552	3,148,273
2017				
Balance at 1 July 2017	1,322,352	590,302	961,750	2,874,404
Profit for the period	-	-	6,920	6,920
Other comprehensive income for the period	-	12,807	-	12,807
Total comprehensive income for the period	-	12,807	6,920	19,727
Employee share option scheme				
- value of employee services	-	386	-	386
- proceeds from shares issued	4,069	-	-	4,069
Issue of shares for the acquisition of shares in a subsidiary	219,000	-	-	219,000
Total transactions with owners, recognised directly in equity	223,069	386	-	223,455
Balance at 30 September 2017	1,545,421	603,495	968,670	3,117,586

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

	Number of Ordinary Shares
Issued share capital as at 1 July 2018	842,455,232
Issue of ordinary shares arising from the exercise of:	
2009 Options at exercise price of S\$1.65 per share	10,000
2010 Options at exercise price of S\$3.95 per share	12,000
2011 Options at exercise price of S\$4.62 per share	5,000
2013 Options at exercise price of S\$6.55 per share	18,000
2017 Options at exercise price of S\$6.61 per share	37,000
Ordinary shares issued upon exercise of options	82,000
Issued share capital as at 30 September 2018	842,537,232

As at 30 September 2018, there were 4,693,000 (30.9.2017: 4,980,000) 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 September 2018 and 30 September 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	
	30.09.18	31.12.17
Total number of issued shares, excluding treasury shares	842,537,232	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 September 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:

	Third Quarter Ended 30 Sept 2017			Nine Months Ended 30 Sept 2017		
	As previously reported \$'000	Effects of adoption \$'000	As restated \$'000	As previously reported \$'000	Effects of adoption \$'000	As restated \$'000
<u>Effect on Consolidated Income Statement</u>						
Marketing and distribution expenses	(19,289)	(1,286)	(20,575)	(50,481)	(2,245)	(52,726)
Share of profit of associated companies	33,104	(746)	32,358	107,244	(1,931)	105,313
Share of profit of joint venture companies	4,064	(50)	4,014	9,717	1,922	11,639
Other gains of the Group	527,178	(6,466)	520,712	529,587	(6,466)	523,121
Income tax expense	(16,989)	219	(16,770)	(38,866)	381	(38,485)
Net profit	639,745	(8,329)	631,416	847,898	(8,339)	839,559
Net profit attributable to:						
- Equity holders of the Company	618,061	(8,854)	609,207	807,755	(8,999)	798,756
- Non-controlling interests	21,684	525	22,209	40,143	660	40,803
	<u>639,745</u>	<u>(8,329)</u>	<u>631,416</u>	<u>847,898</u>	<u>(8,339)</u>	<u>839,559</u>
Basic earnings per share (cents)*	76.35	(1.09)	75.25	99.78	(1.11)	98.67
Diluted earnings per share (cents)*	76.27	(1.09)	75.17	99.71	(1.11)	98.60

- 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		
	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	
	3rd Qtr 2018	3rd Qtr 2017 (Restated)
Earnings per ordinary share for the period		
(i) Based on weighted average number of ordinary shares in issue	cents 11.02	cents 75.25
(ii) On a fully diluted basis	cents 11.02	cents 75.17

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	
	30.09.18	31.12.17 (Restated)	30.09.18	31.12.17
Net asset value per ordinary share	\$11.43	\$11.23	\$3.74	\$3.83
Net tangible asset backing per ordinary share	\$11.24	\$11.01	\$3.74	\$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 third quarter of 2018 decreased by \$14.1 million or 3% to \$523.8 million from \$537.9 million in the third quarter of 2017. The decrease was from property development which saw lower revenue recognition from 1) Alex Residences which completed in September 2017; and 2) Principal Garden and Botanique at Bartley as the projects approach completion in fourth quarter 2018 and first quarter 2019 respectively. The revenue decline was offset in part by revenue from Amber 45 which was launched in May 2018 and higher revenue from The Clement Canopy project arising from the consolidation of UIC Group and the common associated and joint venture companies of UOL Group and UIC Group from 1 September 2017.

Revenue from hotel operations, property investments and management services and technologies were higher due mainly to the consolidation of revenue from 1) the investment properties of UIC Group and Holborn Island; 2) the hotels under the UIC Group; and 3) the technologies arm of UIC Group, with 3 months of revenue consolidated for the third quarter of 2018 compared to 1 month for the third quarter of 2017. The increase in dividend income was mainly from United Overseas Bank Limited which declared higher dividends in the current quarter totaling 50 cents per share compared to 35 cents per share in the third quarter of 2017.

Gross profit margin

Gross profit margin of 45% for the third quarter of 2018 was higher than the 31% margin for the third quarter 2017 due mainly to lower revenue from property development which has higher cost margins. The margin for the third quarter of 2017 was also affected by the accelerated depreciation expenses of \$15.3 million for Pan Pacific Orchard which commenced redevelopment in the second quarter 2018.

- 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. (cont'd)

Miscellaneous income

Miscellaneous income has decreased due mainly to a one-time compensation of \$1.5 million received in the third quarter of 2017 for the termination of a hotel management contract.

Expenses

The increase in marketing and distribution, administrative and other operating expenses compared to the third quarter of 2017 was mainly from the consolidation of UIC Group commencing 1 September 2017 with 3 months of expenses consolidated for the third quarter of 2018 compared to 1 month for the third quarter of 2017.

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.

Profit & Loss

Third quarter ended 30 September 2018/2017

The pre-tax profit before fair value and other gains/(losses) for the third quarter of 2018 was \$149.9 million, an increase of 18% compared to the profit of \$127.5 million for the third quarter of 2017. The increase was due mainly to higher profit from property investments and higher dividend income received.

The Group recorded a pre-tax profit of \$149.9 million, a decrease of 77% from the profit of \$648.2 million in the third quarter of 2017 which included \$535.6 million (restated) in negative goodwill on acquisition net of the loss on derecognition of associated and joint venture companies arising from the UIC consolidation. Profit after tax and non-controlling interest was \$92.8 million, a decrease of 85% from the profit of \$609.2 million in the corresponding quarter of 2017.

Nine Months Ended 30 September 2018/2017

The pre-tax profit before fair value and other gains/(losses) was \$441.2 million, an increase of 29% from the profit of \$342.8 million in 2017 due mainly to higher profits from all segments with the exception of management services and technologies which recorded a small decrease.

Profit after tax and non-controlling interest for the nine months ended 30 September 2018 was \$299.3 million, a decrease of 63% from the profit of \$798.8 million in the corresponding period of 2017 due mainly to lower attributable fair value and other gains of \$39.4 million compared to \$530.8 million in the previous corresponding period.

Net tangible asset and gearing

The Group's shareholders' funds increased from \$9.45 billion as at 31 December 2017 to \$9.63 billion as at 30 September 2018 due mainly to profits recognised in the first nine months of 2018. Consequently the net tangible asset per ordinary share of the Group increased to \$11.24 as at 30 September 2018 from \$11.01 as at 31 December 2017.

The Group's gearing ratio increased from 0.21 as at 31 December 2017 to 0.28 as at 30 September 2018 due mainly to higher borrowings for acquisition of the site 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 grew by an estimated 2.6% in third quarter of 2018, moderating from the 4.1% growth in the previous quarter. The on-going trade conflicts between United States and its key trading partners could have an adverse impact on global trade flows and economic growth. The recent raising of Additional Buyer's Stamp Duty ("ABSD") (including the additional 5% non-remittable ABSD for developers) and tightening of loan-to-value limits on housing loans have affected sentiment in the Singapore residential market. Office rents are expected to improve given the strong demand from a wide range of sectors and limited new supply. Retail rents continue to be soft as the retail scene continues to evolve in the face of challenges from e-commerce and manpower shortage.

The London property market continues to be affected by political uncertainties over Brexit. Nonetheless, leasing of office in Midtown remains steady.

Total visitor arrivals in Singapore for the first 8 months of 2018 grew by 7.5% to 12.6 million and this should benefit 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 and the People's Republic of China are expected to remain competitive.

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 third quarter ended 30 September 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 nine months / third quarter ended 30 September 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
13 November 2018