

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 (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	Notes	The Group					
		Third Quarter Ended 30 September			Nine Months Ended 30 September		
		2010	2009	+ / (-)	2010	2009	+ / (-)
		\$'000	\$'000	%	\$'000	\$'000	%
Revenue	A	81,610	72,800	12	237,466	205,120	16
Cost of sales ^(a)		(40,206)	(36,628)	10	(116,781)	(105,293)	11
Gross profit		41,404	36,172	14	120,685	99,827	21
Other income							
- Finance	B	895	596	50	2,660	1,810	47
- Miscellaneous		359	166	116	1,289	375	244
Expenses							
- Marketing and distribution		(4,068)	(3,882)	5	(11,657)	(10,978)	6
- Administrative ^(b)		(8,871)	(7,363)	20	(25,892)	(21,318)	21
- Finance	C	(877)	(892)	(2)	(4,232)	(2,324)	82
- Other operating ^(c)		(12,681)	(11,222)	13	(35,180)	(32,992)	7
Share of profit of associated companies		223	183	22	860	804	7
Profit before other gain, fair value adjustment and income tax		16,384	13,758	19	48,533	35,204	38
Fair value gain/(loss) on investment properties		-	-	-	4,757	(1,487)	420
Gain on liquidation of a subsidiary ^(d)		-	-	-	157	-	n.a.
Profit before income tax	D	16,384	13,758	19	53,447	33,717	59
Income tax expense	E	(4,037)	(3,311)	22	(12,919)	(5,694)	127
Total profit		12,347	10,447	18	40,528	28,023	45
Attributable to:							
Equity holders of the Company		11,978	10,105	19	39,165	26,981	45
Minority interests		369	342	8	1,363	1,042	31
		12,347	10,447	18	40,528	28,023	45

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

	The Group			The Group		
	Third Quarter Ended 30 September			Nine Months Ended 30 September		
	2010	2009	+ / (-)	2010	2009	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
A Revenue						
Hotel ownership	72,755	65,838	11	211,281	185,722	14
Hotel management services	4,311	3,234	33	12,490	9,842	27
Property investments	4,544	3,728	22	12,954	9,414	38
Dividend income	-	-	-	741	142	422
	81,610	72,800	12	237,466	205,120	16
B Finance income						
Interest income	895	596	50	2,660	1,712	55
Foreign exchange gain (net)	-	-	-	-	98	(100)
	895	596	50	2,660	1,810	47
C Finance expense						
Interest expense	657	739	(11)	2,119	2,324	(9)
Foreign exchange loss (net) ^(e)	220	153	44	2,113	-	n.a.
	877	892	(2)	4,232	2,324	82
D Profit before income tax						
Profit before income tax is stated after charging :						
Depreciation and amortisation ^(a)	8,579	7,616	13	24,808	22,384	11
E Income tax expense						
Tax expense attributable to profit is made up of:						
Current income tax						
. Singapore	1,628	1,187	37	4,714	2,927	61
. Foreign	2,482	2,110	18	7,448	4,993	49
Deferred income tax	(31)	14	321	716	(65)	n.m.
	4,079	3,311	23	12,878	7,855	64
Effect of change in tax rate on deferred taxation						
- Singapore	-	-	-	-	(2,161)	(100)
(Over)/under provision of tax in prior years						
- Current income tax	(42)	-	-	(10)	-	n.a.
- Deferred income tax	-	-	-	51	-	n.a.
	4,037	3,311	22	12,919	5,694	127

1(a)(ii) Notes to the Income Statement (Cont'd)

Explanatory notes

(a) The increase in cost of sales was due mainly to (i) higher payroll cost as a result of annual increments and the lifting of hiring freeze; (ii) higher depreciation charge arising largely from the completion in 2009 of extension and refurbishment works at Pan Pacific Suzhou and PARKROYAL Serviced Suites respectively; and (iii) increase in other operating costs in line with the increase in revenue.

(b) The increase in administrative expenses was due mainly to (i) higher payroll costs as a result of annual increments and the lifting of hiring freeze; and (ii) increase in expenses in line with higher revenue.

(c) Included in other operating expenses were the following:

	<u>9M2010</u>	<u>9M2009</u>	<u>+ / (-)</u>
	\$'000	\$'000	%
Property tax	4,585	3,689	24
Repairs and maintenance	9,424	8,544	10
Heat, light and power	12,347	10,840	14
Management fees paid to third-party hotel operators	3,533	3,179	11

(d) The member's voluntary liquidation of a wholly-owned subsidiary, HPL Overseas Investments Pte Ltd was finalised in January 2010.

(e) The exchange loss arose mainly from the repayment of US dollar-denominated shareholder loans by subsidiaries. These loans are deemed to be part of the Company's investments in the subsidiaries and movement in currency translation are taken to equity. These exchange differences are transferred from equity and recognised in the Group's income statement upon realisation, i.e. when repayments were made by the subsidiaries.

1(a)(iii) Statements of Comprehensive Income

	The Group					
	Third Quarter Ended 30 September			Nine Months Ended 30 September		
	2010	2009	+ / (-)	2010	2009	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Total profit	12,347	10,447	18	40,528	28,023	45
Other comprehensive income:						
- Fair value gains/(losses) on available-for-sale financial assets	371	1,606	(77)	(1,112)	2,841	(139)
- Fair value loss on cash flow hedge	(91)	(291)	69	(204)	(44)	(364)
- Currency translation differences arising from consolidation of foreign operations and translation of foreign currency loans ^(a)	2,721	5,490	(50)	1,223	30,385	(96)
- Change in tax rate	-	-	-	-	162	(100)
	3,001	6,805	(56)	(93)	33,344	(100)
Total comprehensive income	15,348	17,252	(11)	40,435	61,367	(34)
Attributable to:						
Equity holders of the Company	14,601	15,304	(5)	39,495	54,484	(28)
Minority interests	747	1,948	(62)	940	6,883	(86)
	15,348	17,252	(11)	40,435	61,367	(34)

Note

- (a) The currency translation differences arose mainly from the translation of the net assets of the Group's foreign subsidiaries which are denominated in AUD, USD and MYR.

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Notes	The Group		The Company	
		30.09.10	31.12.09	30.09.10	31.12.09
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Current Assets					
Cash and bank balances		85,497	93,117	391	9,632
Trade and other receivables		22,984	19,991	28,343	36,505
Advance to holding company	a.	50,618	55,662	50,618	55,662
Inventories		2,419	2,580	225	280
Other assets		4,319	3,332	354	221
		<u>165,837</u>	<u>174,682</u>	<u>79,931</u>	<u>102,300</u>
Non-current Assets					
Trade and other receivables	b.	-	-	140,297	257,102
Available-for-sale financial assets		16,921	18,032	16,921	18,032
Associated companies		7,267	6,954	9,820	9,820
Subsidiaries	b.	-	-	324,641	201,819
Investment properties	c.	160,238	155,481	160,238	155,481
Property, plant and equipment		483,272	491,716	43,210	41,484
Property under construction		264,854	248,122	-	-
Intangibles		26,655	27,200	-	204
Deferred income tax assets		3,213	3,330	-	-
		<u>962,420</u>	<u>950,835</u>	<u>695,127</u>	<u>683,942</u>
Total Assets		<u>1,128,257</u>	<u>1,125,517</u>	<u>775,058</u>	<u>786,242</u>
LIABILITIES					
Current Liabilities					
Trade and other payables		50,767	54,273	8,022	9,255
Current income tax liabilities		16,064	14,848	6,392	6,553
Borrowings		7,669	6,087	118	-
Loans from a subsidiary		-	-	-	4,653
		<u>74,500</u>	<u>75,208</u>	<u>14,532</u>	<u>20,461</u>
Non-current Liabilities					
Derivative financial instruments		684	439	-	-
Borrowings		160,880	176,031	-	-
Loans from subsidiaries		-	-	104,501	106,663
Rental deposits		3,042	2,882	2,910	2,715
Provision for retirement benefits		2,509	2,316	-	-
Deferred income tax liabilities		49,230	48,222	31,380	30,572
		<u>216,345</u>	<u>229,890</u>	<u>138,791</u>	<u>139,950</u>
Total Liabilities		<u>290,845</u>	<u>305,098</u>	<u>153,323</u>	<u>160,411</u>
Net Assets		<u>837,412</u>	<u>820,419</u>	<u>621,735</u>	<u>625,831</u>
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital		557,333	557,333	557,333	557,333
Reserves	d.	22,608	22,278	30,934	32,046
Retained earnings		229,031	210,866	33,468	36,452
		<u>808,972</u>	<u>790,477</u>	<u>621,735</u>	<u>625,831</u>
Interests of the Shareholders		<u>808,972</u>	<u>790,477</u>	<u>621,735</u>	<u>625,831</u>
Minority Interests		<u>28,440</u>	<u>29,942</u>	<u>-</u>	<u>-</u>
Total Equity		<u>837,412</u>	<u>820,419</u>	<u>621,735</u>	<u>625,831</u>

1(b)(i) Notes to the Balance Sheet

a. Advance to holding company

Fund which exceeds the Group's current requirement is on-lent to the holding company, UOL Group Limited at the same rate of interest as the bank loan of a subsidiary.

b. Trade and other receivables / Subsidiaries

The increase in interest in subsidiaries was due mainly to the capitalisation of \$125 million in shareholder's loans to Hotel Plaza Property (Singapore) Pte. Ltd., the company developing the Upper Pickering Project.

c. Investment properties

Investment properties are carried at fair values as determined by independent professional valuers. It is the practice of the Group to revalue its investment properties on a half yearly basis on 30 June and 31 December.

d. Reserves

Reserves comprised the following:

	The Group		The Company	
	30.09.10 \$'000	31.12.09 \$'000	30.09.10 \$'000	31.12.09 \$'000
Fair value reserve	6,344	7,456	6,344	7,456
Asset revaluation reserve	23,070	23,070	24,590	24,590
Currency translation reserves ^(a)	(6,238)	(7,884)	-	-
Hedging reserve ^(b)	(568)	(364)	-	-
	<u>22,608</u>	<u>22,278</u>	<u>30,934</u>	<u>32,046</u>

(a) The movement in currency translation reserves resulted primarily from the translation of the net assets of the Group's subsidiaries which are denominated in AUD, USD and MYR.

(b) The hedging reserve arose from a subsidiary's SGD interest rate swap to hedge floating rate payments on borrowings of \$40 million that will mature in October 2011. The interest rate swap terminates on the same date.

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

	As At 30.09.10		As At 31.12.09	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Amount repayable in one year or less, or on demand	7,551	118	6,087	-
Amount repayable after one year	162,158	-	177,709	-

Details of any collateral

The bank borrowings are secured by mortgages on the borrowing subsidiaries' hotel properties or property under development and/or assignment of all rights and benefits with respect to the properties.

- 1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Cash Flow Statement for the Third Quarter Ended 30 September

	Notes	Group	
		3rd Qtr 2010 \$'000	3rd Qtr 2009 \$'000
Cash flows from operating activities			
Total profit		12,347	10,447
Adjustments for :			
Income tax expense		4,037	3,311
Depreciation and amortisation		8,579	7,616
Property, plant and equipment written off and net loss on disposals		161	220
Interest income		(895)	(596)
Interest expense		657	739
Net provision for retirement benefits		92	72
Share of profit of associated companies		(223)	(183)
Unrealised translation loss		3,011	2,694
Operating cash flow before working capital changes		27,766	24,320
Change in operating assets and liabilities			
Inventories		150	39
Receivables		(2,472)	8,448
Payables		1,309	4,016
Rental deposits		122	365
Cash generated from operations		26,875	37,188
Income tax paid		(6,313)	(4,891)
Retirement benefits paid		(83)	(38)
Net cash from operating activities		20,479	32,259
Cash flows from investing activities			
Advance to holding company		(5,500)	(2,759)
Repayment of advances from holding company		500	-
Payment for purchase of subsidiary, net of cash acquired		-	69
Net proceeds from disposal of property, plant and equipment		-	51
Purchase of property, plant and equipment		(7,455)	(5,060)
Expenditure on property under construction		(6,510)	(2,482)
Interest received		888	596
Dividend received		131	-
Net cash used in investing activities		(17,946)	(9,585)
Cash flows from financing activities			
Proceeds from borrowings		(64)	-
Repayment of borrowings		(7,775)	(4,260)
Interest paid		(837)	(992)
Dividends paid to minority shareholders of subsidiaries		(1,012)	-
Net cash used in financing activities		(9,688)	(5,252)
Net (decrease)/increase in cash and cash equivalents		(7,155)	17,422
Cash and cash equivalents at 1 July		92,534	70,235
Cash and cash equivalents at 30 September	1(c) i.	85,379	87,657

1(c) Notes to the Consolidated Cash Flow Statement

i. Cash and cash equivalents

For the purposes of the consolidated cash flow statement, the consolidated cash and cash equivalents at the end of the quarter comprised the following :

	<u>The Group</u>	
	<u>30.09.10</u>	<u>30.09.09</u>
	\$'000	\$'000
Bank, cash balances and deposits (as stated in Balance Sheet)	85,497	87,657
Less : Bank overdrafts	(118)	-
Cash and cash equivalents per consolidated cash flow statement	<u>85,379</u>	<u>87,657</u>

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Changes in Equity for the Third Quarter Ended 30 September

	<u>Share Capital</u>	<u>Reserves</u>	<u>Retained Earnings</u>	<u>Minority Interests</u>	<u>Total Equity</u>
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>The Group</u>					
<u>2010</u>					
Balance at 1 July 2010	557,333	19,985	217,053	27,693	822,064
Total comprehensive income for the period	-	2,623	11,978	747	15,348
Balance at 30 September 2010	<u>557,333</u>	<u>22,608</u>	<u>229,031</u>	<u>28,440</u>	<u>837,412</u>
<u>2009</u>					
Balance at 1 July 2009	557,333	13,225	188,430	28,398	787,386
Total comprehensive income for the period	-	5,199	10,105	1,948	17,252
Balance at 30 September 2009	<u>557,333</u>	<u>18,424</u>	<u>198,535</u>	<u>30,346</u>	<u>804,638</u>
<u>The Company</u>					
<u>2010</u>					
Balance at 1 July 2010	557,333	30,564	28,909	-	616,806
Total comprehensive income for the period	-	370	4,559	-	4,929
Balance at 30 September 2010	<u>557,333</u>	<u>30,934</u>	<u>33,468</u>	<u>-</u>	<u>621,735</u>
<u>2009</u>					
Balance at 1 July 2009	557,333	28,218	20,476	-	606,027
Total comprehensive income for the period	-	1,606	1,627	-	3,233
Balance at 30 September 2009	<u>557,333</u>	<u>29,824</u>	<u>22,103</u>	<u>-</u>	<u>609,260</u>

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as 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.

NIL

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.

	<u>30.09.10</u>	<u>31.12.09</u>
	'000	'000
Total number of issued shares, excluding treasury shares	<u>600,000</u>	<u>600,000</u>

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

NIL

2 Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have neither been audited nor reviewed by the Company's auditors.

3 Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter)

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed under note 5, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those of the Group's most recently audited financial statements for the year ended 31 December 2009.

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

The Group adopted the new/revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are applicable for the financial period beginning on or after 1 January 2010. The following are the new or amended FRS that are relevant to the Group:

Amendment to FRS 39	Financial Instruments : Recognition and Measurement - Eligible Hedged Items
INT FRS 117	Distributions of Non-Cash Assets to Owners
INT FRS 118	Transfer of Assets from Customers
FRS 27 (Revised)	Consolidated and Separate Financial Statements
FRS 103 (Revised)	Business Combinations

The adoption of the above FRS and INT FRS did not result in any substantial change to the Group's accounting policies nor any significant impact on the financial statements.

- 6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group	
	2010	2009
Earnings per ordinary share for the third quarter ended 30 September		
(i) Based on weighted average number of ordinary shares in issue ^(a)	cents 2.00	cents 1.68
(ii) On a fully diluted basis ^(b)	cents 2.00	cents 1.68
<u>Notes</u>		
(a) Weighted average number of ordinary shares in issue during the period (in '000)	600,000	600,000
(b) Diluted earnings per share are the same as basic earnings per share as there is no potential dilutive ordinary shares.		

- 7 Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group		Company	
	30.09.10	31.12.09	30.09.10	31.12.09
Net asset value per ordinary share	\$1.35	\$1.32	\$1.04	\$1.04
Net tangible asset backing per ordinary share	\$1.30	\$1.27	\$1.04	\$1.04

- 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.

The Group's revenue in the third quarter 2010 increased by \$8.8 million (12%) to \$81.6 million from \$72.8 million achieved in the corresponding quarter of 2009. The increase was a result of better performance across all business segments.

With the exception of the hotels in Penang and Suzhou, all the Group's hotels registered increase in revenue per available room ("RevPAR").

Revenue from hotel management services in the third quarter 2010 increased by \$1 million or 33% to \$4.3 million on the back of better performance from hotels under management.

Revenue from property investment of \$4.5 million in the third quarter 2010 was 22% higher than the corresponding quarter in 2009 due to higher rental from the commercial properties and better performance of the Group's serviced suites at The Plaza.

Reflecting the better performance from all business segments, the Group's profit before other gain, fair value adjustment and income tax for the third quarter 2010 increased by \$2.6 million or 19% to \$16.4 million compared to \$13.8 million in the corresponding quarter of 2009.

The Group's net attributable profit for third quarter 2010 of \$12.0 million was \$1.9 million or 19% higher than the profit of \$10.1 million in the corresponding quarter of 2009.

For the nine months ended 30 September 2010, the Group's net attributable profit increased by \$12.2 million (45%) to \$39.2 million as compared to the profit of \$27.0 million in the corresponding period of 2009. The increase was due largely to better operating performance from all business segments, fair value gain on investment properties and partly offset by higher exchange loss and absence of deferred tax provision write-back.

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 this announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The Group's hotels should continue to benefit from the growth in the tourism sector in Singapore and the region.

11 Dividend

(a) Current Financial Period Reported On

NIL.

(b) Corresponding Period of the Immediately Preceding Financial Year

NIL.

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 2010.

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 2010 to be false or misleading.

BY ORDER OF THE BOARD

Foo Thiam Fong Wellington
Company Secretary
10 November 2010

13 Interested Person Transactions for the Third Quarter Ended 30 September 2010

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	\$'000	\$'000
UOL Group Limited ("UOL")		
Advance to UOL	-	50,618
Interest received on advance to UOL	-	272
Management and corporate support services provided to the Pan Pacific Hotels Group by UOL		
- Share of payroll	-	519
- Administrative fee	-	21
UOL Claymore Investment Pte. Ltd.*		
Fees received for the franchise of hotel	-	209
UOL Somerset Investments Pte. Ltd.*		
Fees received for the management of serviced suites	-	256
Hua Ye Xiamen Hotel Limited*		
Fees received for the management of hotel	-	176
Hotel Marina City Pte Ltd**		
Fees received for the management of hotel	-	1,614

* These companies are subsidiaries of UOL, a controlling shareholder.

** This is an associated company of UOL.