



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		
		2011	2010	+ / (-)	2011	2010	+ / (-)
		\$'000	\$'000	%	\$'000	\$'000	%
Revenue	A	91,389	81,610	12	258,025	237,466	9
Cost of sales		(48,758)	(40,206)	21	(132,615)	(116,781)	14
Gross profit		42,631	41,404	3	125,410	120,685	4
Other income							
- Finance	B	256	895	(71)	994	2,660	(63)
- Miscellaneous		1,395	359	289	2,787	1,289	116
Expenses							
- Marketing and distribution		(4,643)	(4,068)	14	(12,714)	(11,657)	9
- Administrative		(11,446)	(9,330)	23	(31,779)	(27,255)	17
- Finance	C	(2,907)	(877)	231	(8,940)	(4,232)	111
- Other operating		(10,558)	(12,222)	(14)	(35,803)	(33,817)	6
Share of profit of associated companies		228	223	2	843	860	(2)
Profit before other gains/(losses), fair value adjustment and income tax		14,956	16,384	(9)	40,798	48,533	(16)
Fair value gain on investment properties		-	-	-	6,917	4,757	45
Business acquisition cost ^(a)		-	-	-	(8,143)	-	-
Gain on liquidation of a subsidiary		-	-	-	-	157	(100)
Profit before income tax	D	14,956	16,384	(9)	39,572	53,447	(26)
Income tax expense	E	(3,761)	(4,037)	(7)	(10,938)	(12,919)	(15)
Net profit		11,195	12,347	(9)	28,634	40,528	(29)
Attributable to:							
Equity holders of the Company		11,074	11,978	(8)	27,917	39,165	(29)
Non-controlling interests		121	369	(67)	717	1,363	(47)
		11,195	12,347	(9)	28,634	40,528	(29)

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

	The Group			The Group		
	Third Quarter Ended 30 September			Nine Months Ended 30 September		
	2011	2010	+ / (-)	2011	2010	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
A Revenue						
Hotel ownership	81,540	72,755	12	229,295	211,281	9
Hotel management services	5,191	4,311	20	14,134	12,490	13
Property investments	4,658	4,544	3	13,855	12,954	7
Dividend income	-	-	-	741	741	-
	91,389	81,610	12	258,025	237,466	9
B Finance income						
Interest income	256	895	(71)	994	2,660	(63)
C Finance expense						
Interest expense	3,138	657	378	7,587	2,119	258
Foreign exchange loss (net) ^(b)	(231)	220	(205)	1,353	2,113	(36)
	2,907	877	231	8,940	4,232	111
D Profit before income tax						
Profit before income tax is stated after charging :						
Depreciation and amortisation ^(c)	9,673	8,579	13	27,560	24,808	11
E Income tax expense						
Tax expense attributable to profit is made up of:						
Current income tax						
. Singapore	1,707	1,628	5	5,178	4,714	10
. Foreign	2,038	2,482	(18)	4,630	7,448	(38)
Deferred income tax	(31)	(31)	-	1,083	716	51
	3,714	4,079	(9)	10,891	12,878	(15)
Underprovision of tax in prior years						
- Current income tax	47	(42)	(212)	47	(10)	(570)
- Deferred income tax	-	-	-	-	51	(100)
	3,761	4,037	(7)	10,938	12,919	(15)

Explanatory notes

- (a) Transaction costs comprising mainly of stamp duty, legal fees and other professional fees amounting to \$8.1 million for the acquisition of PARKROYAL Melbourne Airport was charged to the income statement as the transaction was deemed a business combination under Financial Reporting Standard 103 Business Combinations.
- (b) The exchange loss arose mainly from the repayment of US dollar-denominated shareholder loan by a subsidiary. The loan is deemed to be part of the Company's investment in the subsidiary and movement in currency translation is taken to equity. The exchange difference is transferred from equity and recognised in the Group's income statement upon realisation, i.e. when repayment is made by the subsidiary.
- (c) Depreciation and amortisation expenses in the third quarter of 2011 increased by 13% over the corresponding quarter of 2010 due mainly to depreciation charge of PARKROYAL Melbourne Airport which was acquired in April 2011 and amortisation of software costs of a new information system for the Group.

1(a)(iii) Statements of Comprehensive Income

	The Group					
	Third Quarter Ended 30 September			Nine Months Ended 30 September		
	2011	2010	+ / (-)	2011	2010	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Net profit	11,195	12,347	(9)	28,634	40,528	(29)
Other comprehensive income:						
- Fair value losses on available-for-sale financial assets	(1,977)	371	(633)	(2,470)	(1,112)	(122)
- Fair value gain/(loss) on cash flow hedge	-	(91)	100	199	(204)	198
- Currency translation differences arising from consolidation of foreign operations ^(a)	3,946	2,721	45	(2,698)	1,223	(321)
	1,969	3,001	(34)	(4,969)	(93)	nm
Total comprehensive income	13,164	15,348	(14)	23,665	40,435	(41)
Attributable to:						
Equity holders of the Company	13,222	14,601	(9)	22,739	39,495	(42)
Non-controlling interests	(58)	747	(108)	926	940	(1)
	13,164	15,348	(14)	23,665	40,435	(41)

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 USD, AUD 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	
		30.09.11	31.12.10	30.09.11	31.12.10
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Current Assets					
Cash and bank balances		53,478	57,904	28	2,089
Trade and other receivables		31,742	24,619	16,925	16,263
Advance to holding company	a.	15,250	49,630	15,250	49,630
Inventories		1,965	1,531	93	103
Other current assets	b.	6,293	17,153	446	237
		<u>108,728</u>	<u>150,837</u>	<u>32,742</u>	<u>68,322</u>
Non-current Assets					
Trade and other receivables		-	-	180,766	149,154
Available-for-sale financial assets		14,697	17,167	14,697	17,167
Associated companies		6,795	7,394	9,820	9,820
Subsidiaries		-	-	379,598	369,666
Investment properties	c.	172,377	165,460	172,377	165,460
Property, plant and equipment	d.	617,887	480,544	49,633	43,786
Properties under construction		295,436	273,778	-	-
Intangibles	e.	29,828	30,772	501	589
Deferred income tax assets		2,706	2,783	-	-
		<u>1,139,726</u>	<u>977,898</u>	<u>807,392</u>	<u>755,642</u>
Total Assets		<u>1,248,454</u>	<u>1,128,735</u>	<u>840,134</u>	<u>823,964</u>
LIABILITIES					
Current Liabilities					
Trade and other payables		69,715	61,933	12,740	9,230
Derivative financial instruments		217	457	-	-
Current income tax liabilities		16,299	16,040	4,151	4,308
Borrowings	f.	211,397	70,663	-	-
		<u>297,628</u>	<u>149,093</u>	<u>16,891</u>	<u>13,538</u>
Non-current Liabilities					
Trade and other payables		6,814	5,125	244	2,928
Borrowings	f.	89,597	120,564	12,569	28,609
Loans from subsidiaries		-	-	101,520	100,857
Provision for retirement benefits		2,691	2,539	-	-
Deferred income tax liabilities		50,376	49,731	32,988	31,812
		<u>149,478</u>	<u>177,959</u>	<u>147,321</u>	<u>164,206</u>
Total Liabilities		<u>447,106</u>	<u>327,052</u>	<u>164,212</u>	<u>177,744</u>
Net Assets		<u>801,348</u>	<u>801,683</u>	<u>675,922</u>	<u>646,220</u>
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital		557,333	557,333	557,333	557,333
Reserves	g.	20,537	25,715	28,711	31,181
Retained earnings		222,552	218,635	89,878	57,706
		<u>800,422</u>	<u>801,683</u>	<u>675,922</u>	<u>646,220</u>
Interests of the Shareholders		<u>800,422</u>	<u>801,683</u>	<u>675,922</u>	<u>646,220</u>
Non-controlling interests		926	-	-	-
Total Equity		<u>801,348</u>	<u>801,683</u>	<u>675,922</u>	<u>646,220</u>

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

a. Advance to holding company

Reduction in advance to the holding company was due to dividend payment by the Company and progress payments for properties under construction.

b. Other current assets

The decrease in other current assets arose from the reclassification of the deposit of \$13.8 million paid for the acquisition of PARKROYAL Melbourne Airport Hotel to property, plant and equipment upon completion of the acquisition on 1 April 2011.

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. Property, plant and equipment

The increase in property, plant and equipment was due to the acquisition of PARKROYAL Melbourne Airport Hotel at a fair value of \$145.9 million.

e. Intangibles

Intangibles comprise of goodwill on consolidation, computer software licences and management contract acquisition expenses.

f. Borrowings

The increase in borrowings arose from the drawdown of bank loans to fund the acquisition of PARKROYAL Melbourne Airport Hotel.

The bank facilities of certain subsidiaries will be expiring within the next 12 months. Arrangement to refinance these facilities are on-going.

g. Reserves

Reserves comprised the following:

	The Group		The Company	
	<u>30.09.11</u>	<u>31.12.10</u>	<u>30.09.11</u>	<u>31.12.10</u>
	\$'000	\$'000	\$'000	\$'000
Fair value reserve	4,121	6,591	4,121	6,591
Asset revaluation reserve	23,070	23,070	24,590	24,590
Hedging reserve ^(a)	(180)	(379)	-	-
Currency translation reserves ^(b)	(6,474)	(3,567)	-	-
	<u>20,537</u>	<u>25,715</u>	<u>28,711</u>	<u>31,181</u>

(a) 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.

(b) 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.

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

	As At 30.09.11		As At 31.12.10	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Amount repayable in one year or less, or on demand	211,754	-	70,825	8
Amount repayable after one year	89,890	-	121,461	-

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	3rd Qtr
		2011	2010
		\$'000	\$'000
Cash flows from operating activities			
Net profit		11,195	12,347
Adjustments for :			
Income tax expense		3,761	4,037
Depreciation and amortisation		9,673	8,579
Property, plant and equipment written off and net loss on disposals		57	161
Interest income		(256)	(895)
Interest expense		3,138	657
Net provision for retirement benefits		93	92
Share of profit of associated companies		(228)	(223)
Unrealised translation loss		1,241	1,403
Operating cash flow before working capital changes		28,674	26,158
Change in operating assets and liabilities			
Inventories		281	150
Receivables		(3,692)	(2,472)
Payables		8,126	1,309
Rental deposits		304	122
Cash generated from operations		33,693	25,267
Income tax paid		(2,414)	(6,313)
Retirement benefits paid		(30)	(83)
Net cash from operating activities		31,249	18,871
Cash flows from investing activities			
Advance to holding company		-	(5,500)
Repayment of advances from holding company		3,399	500
Payment for intangible assets		18	-
Net proceeds from disposal of property, plant and equipment		11	-
Purchase of property, plant and equipment		(4,768)	(7,455)
Expenditure on properties under construction		(10,563)	(6,510)
Interest received		256	888
Dividend received		314	131
Net cash used in investing activities		(11,333)	(17,946)
Cash flows from financing activities			
Proceeds from borrowings		149	(64)
Repayment of borrowings		(12,848)	(7,775)
Interest paid		(3,308)	(837)
Dividends paid to non-controlling interests of subsidiaries		-	(1,012)
Net cash used in financing activities		(16,007)	(9,688)
Net increase/(decrease) in cash and cash equivalents		3,909	(8,763)
Cash and cash equivalents at 1 July		49,255	92,534
Effects of currency translation on cash and cash equivalents		314	1,608
Cash and cash equivalents at 30 September	1(c) i.	53,478	85,379

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>30.09.11</u>	<u>30.09.10</u>
	\$'000	\$'000
Bank, cash balances and deposits (as stated in Balance Sheet)	53,478	85,497
Less : Bank overdrafts	-	(118)
Cash and cash equivalents per consolidated cash flow statement	<u>53,478</u>	<u>85,379</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>Non- controlling Interests</u>	<u>Total Equity</u>
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>The Group</u>					
<u>2011</u>					
Balance at 1 July 2011	557,333	18,389	211,478	984	788,184
Total comprehensive income for the period	-	2,148	11,074	(58)	13,164
Balance at 30 September 2011	<u>557,333</u>	<u>20,537</u>	<u>222,552</u>	<u>926</u>	<u>801,348</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>The Company</u>					
<u>2011</u>					
Balance at 1 July 2011	557,333	30,688	85,708	-	673,729
Total comprehensive income for the period	-	(1,977)	4,170	-	2,193
Balance at 30 September 2011	<u>557,333</u>	<u>28,711</u>	<u>89,878</u>	<u>-</u>	<u>675,922</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>

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>30.09.11</u>	<u>31.12.10</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 2010.

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 2011. The following are the new or amended FRS that are relevant to the Group:

Amendments to FRS 24	Related party disclosures
Amendments to FRS 32	Financial instruments : Presentation - Classification of rights issues
Amendments to INT FRS 114	Prepayments of a minimum funding requirement
INT FRS 119	Extinguishing financial liabilities with equity instruments

The adoption of the above FRS did not result in any substantial change to the Group's accounting policies nor any significant impact on the financial statements except for the amendments to FRS 24.

The amendments to FRS 24 clarifies and simplifies the definition of a related party. Under the revised definition of a related party, banks and insurance companies in which certain directors of the holding company have non-controlling interests will not be deemed related to the Group and disclosures of transactions with these banks and insurance companies will no longer be required in the financial statements. This will result in changes in the relevant disclosures in the Group's annual report.

- 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	
	2011	2010
Earnings per ordinary share for the third quarter ended 30 September		
(i) Based on weighted average number of ordinary shares in issue ^(a)	cents 1.85	cents 2.00
(ii) On a fully diluted basis ^(b)	cents 1.85	cents 2.00
<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	
	30.09.11	31.12.10	30.09.11	31.12.10
Net asset value per ordinary share	\$1.33	\$1.34	\$1.13	\$1.08
Net tangible asset backing per ordinary share	\$1.28	\$1.28	\$1.13	\$1.08

- 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.

Group revenue in the third quarter of 2011 increased by \$9.8 million or 12% to \$91.4 million from \$81.6 million achieved in the corresponding quarter of 2010 due largely to revenue from the PARKROYAL Melbourne Airport ("PMA") which was acquired in April 2011.

Interest income for the third quarter of 2011 was 71% or \$0.6 million lower than the third quarter of 2010 due mainly to the utilisation of cash balances to partially fund the acquisition of PMA.

Administrative expenses in the third quarter of 2011 increased by 23% or \$2.1 million to \$11.4 million from \$9.3 million in the third quarter of 2010 due to higher payroll and related expenses and the acquisition of PMA.

Interest expense for the third quarter of 2011 increased by 378% to \$3.1 million from \$0.7 million in the corresponding quarter of 2010 due to higher interest incurred on Australian dollar borrowings taken in November 2010 and April 2011 to fund the purchase of the remaining interests in a subsidiary and the acquisition of PMA respectively.

Reflecting the above, the Group's profit before income tax for the third quarter of 2011 decreased by \$1.4 million or 9% to \$15.0 million compared to \$16.4 million in the corresponding quarter of 2010.

8 Review of performance of the Group (continued)

The Group's profit after tax and non-controlling interest for the third quarter of 2011 was \$11.1 million or a decrease of 8% compared with the profit of \$12.0 million in the corresponding quarter of 2010.

For the nine months ended 30 September 2011, the Group's profit after tax and non-controlling interest decreased by \$11.2 million or 29% to \$27.9 million as compared to the profit of \$39.2 million in the corresponding period of 2010. The decrease was due largely to write-off of transaction costs relating to the acquisition of PMA, higher finance expense, expenses incurred on the rebranding of the Australian hotels and partly offset by higher fair value gain on investment properties.

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 outlook for our hotels in Singapore is expected to remain encouraging while some of the Group's hotels in the Asia Pacific region could face challenges.

Rentals for the space let out to the Furniture Mall at The Plaza, Beach Road would cease as from May 2012 to facilitate the development of serviced suites, meeting rooms and ballrooms.

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 2011.

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 2011 to be false or misleading.

BY ORDER OF THE BOARD

Foo Thiam Fong Wellington
Company Secretary
11 November 2011

13 Interested Person Transactions for the Third Quarter Ended 30 September 2011

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	-	15,250
Interest received on advance to UOL	-	84
Management and corporate support services provided to the Pan Pacific Hotels Group by UOL		
- Share of payroll	-	637
- Administrative fee	-	31
UOL Claymore Investment Pte. Ltd.*		
Fees received for the franchise of hotel	-	234
UOL Somerset Investments Pte. Ltd.*		
Fees received for the management of serviced suites	-	283
Hua Ye Xiamen Hotel Limited*		
Fees received for the management of hotel	-	226
UOL Serviced Residences Sdn Bhd*		
Fees received for the management of serviced suites	-	124
Hotel Marina City Pte Ltd**		
Fees received for the management of hotel	-	1,951

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

** This is an associated company of UOL.