

**Second Quarter Financial Statement Announcement for the Period Ended 30/6/2006****PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS****1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.****Consolidated Income Statement for the 3 months ended 30 June 2006**

	Note	3 months ended		+ / (-) %	6 months ended		+ / (-) %
		30.6.06 \$'000	30.6.05 \$'000		30.6.06 \$'000	30.6.05 \$'000	
Revenue	1	51,947	37,601	38	103,062	81,225	27
Cost of sales	2	(21,174)	(18,397)	15	(42,211)	(39,250)	8
Gross profit		30,773	19,204	60	60,851	41,975	45
Investment income	3	5,375	3,581	50	6,801	4,519	50
Other income	4	932	5,272	(82)	1,415	8,267	(83)
Selling and distribution costs		(2,677)	(1,573)	70	(4,303)	(2,155)	100
Administrative expenses		(1,053)	(930)	13	(1,874)	(1,901)	(1)
Other operating expenses		(111)	(913)	(88)	(954)	(2,256)	(58)
Gain on sale of investment property	5	-	7,041	(100)	-	7,041	(100)
Finance expenses	6	(2,735)	(1,450)	89	(5,387)	(4,908)	10
Share of results of associated companies		5,348	1,717	211	10,902	4,377	149
Profit before income tax		35,852	31,949	12	67,451	54,959	23
Income tax expense		(5,627)	(3,246)	73	(10,764)	(7,687)	40
Net profit		30,225	28,703	5	56,687	47,272	20
Attributable to:							
Equity holders of the Company		25,770	28,337	(9)	48,279	46,644	4
Minority interests		4,455	366	1,117	8,408	628	1,239
		30,225	28,703	5	56,687	47,272	20

Certain comparative figures have been reclassified to conform with the current period's presentation.

Notes to the consolidated income statement

	3 months ended		6 months ended	
	30.6.06	30.6.05	30.6.06	30.6.05
	\$'000	\$'000	\$'000	\$'000
1. Revenue				
Gross rental income	38,613	26,775	74,508	53,873
Sales of residential properties	11,915	9,457	25,742	24,584
Car parking income and property management fees	1,419	1,369	2,812	2,768
	<u>51,947</u>	<u>37,601</u>	<u>103,062</u>	<u>81,225</u>
2. Cost of sales				
Property operating expenses	12,615	10,797	23,692	19,731
Cost of residential properties sold	10,217	8,363	22,210	22,916
Writeback of allowance for foreseeable losses on properties held for sale	(1,658)	(763)	(3,691)	(3,397)
	<u>21,174</u>	<u>18,397</u>	<u>42,211</u>	<u>39,250</u>
3. Investment income				
Interest income	1,868	800	3,294	1,738
Dividend income	3,507	2,781	3,507	2,781
	<u>5,375</u>	<u>3,581</u>	<u>6,801</u>	<u>4,519</u>
4. Other income				
Other income includes the following:				
Office reinstatement compensation	-	4,818	-	4,818
Liquidated damages from tenants for early lease termination	-	16	-	2,258

5. The gain on sale of investment property relates to the sale of the Group's investment property, Atrium Court in June 2005.

6. Finance expenses were higher due to higher interest rate and the cessation of capitalisation of interest expense attributable to the remodelling works in Marina Square which was substantially completed at end 2005.

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.

Balance Sheets as at 30 June 2006

	Note	Group		Company	
		30.6.06	31.12.05	30.6.06	31.12.05
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Non-current assets					
Investment properties		2,699,084	2,698,017	-	-
Property, plant and equipment		3,843	3,955	-	-
Subsidiary companies		-	-	1,165,572	1,200,146
Associated companies	1	453,701	399,256	59,032	64,853
Other investments		12,926	12,926	220	220
Deferred income tax assets		360	1,098	-	-
		<u>3,169,914</u>	<u>3,115,252</u>	<u>1,224,824</u>	<u>1,265,219</u>
Current assets					
Properties held for sale		9,284	27,815	-	-
Inventories, at cost		459	447	-	-
Trade and other receivables		15,791	25,303	63	81
Tax recoverable		30	84	-	-
Other current assets		576	432	-	-
Cash and cash equivalents		45,912	89,263	116	11,803
		<u>72,052</u>	<u>143,344</u>	<u>179</u>	<u>11,884</u>
Total assets		3,241,966	3,258,596	1,225,003	1,277,103
LIABILITIES					
Current liabilities					
Trade and other payables		34,695	38,374	760	864
Current income tax liabilities		19,269	18,012	955	724
Borrowings		195,000	195,000	-	-
		<u>248,964</u>	<u>251,386</u>	<u>1,715</u>	<u>1,588</u>
Non-current liabilities					
Trade and other payables		31,227	28,983	-	-
Borrowings		71,500	79,500	-	-
Deferred income tax liabilities		16,078	12,968	901	901
Amounts due to subsidiary companies		-	-	175,138	163,512
		<u>118,805</u>	<u>121,451</u>	<u>176,039</u>	<u>164,413</u>
Total liabilities		367,769	372,837	177,754	166,001
NET ASSETS		<u>2,874,197</u>	<u>2,885,759</u>	<u>1,047,249</u>	<u>1,111,102</u>
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	2	840,349	412,478	840,349	412,478
Reserves	2	1,670,075	2,115,663	206,900	698,624
		<u>2,510,424</u>	<u>2,528,141</u>	<u>1,047,249</u>	<u>1,111,102</u>
Minority interests		363,773	357,618	-	-
TOTAL EQUITY		<u>2,874,197</u>	<u>2,885,759</u>	<u>1,047,249</u>	<u>1,111,102</u>

1. Associated companies increased due to shareholder's loan granted to an associated company for a residential development project.

2. Following the amendments to the Companies Act effective from 30 January 2006, the amount in a company's share premium account shall become part of the company's share capital. Accordingly, the Company's share premium account balance of \$427.9 million in reserves has been transferred to share capital. The number of issued ordinary shares of the Company remains unchanged at 412.5 million.

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

Amount repayable in one year or less, or on demand

At 30.6.06		At 31.12.05	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
195,000	-	195,000	-

Amount repayable after one year

At 30.6.06		At 31.12.05	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	71,500	-	79,500

Details of any collateral

The secured loan as at 30.6.2006 is secured on the Group's investment property, Clifford Centre.

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 3 months ended 30 June 2006

	3 months ended	
	30.6.06	30.6.05
	\$'000	\$'000
Cash flows from operating activities:		
Profit before income tax	35,852	31,949
Adjustments to profit	(9,486)	(11,594)
Working capital changes	16,903	4,583
Interest paid	(2,735)	(2,115)
Income tax paid	(6,067)	(9,956)
Net cash provided by operating activities	34,467	12,867
Cash flows from investing activities:		
Interest and dividends received	4,200	6,796
Upgrading of investment properties	(198)	(8,444)
Purchase of property, plant and equipment	(25)	(229)
(Loans to)/repayment of loan by associated companies	(41,170)	1,650
Proceeds from disposal of property, plant and equipment	2	-
Proceeds from sale of investment property	-	64,177
Net cash (used in)/provided by investing activities	(37,191)	63,950

Cash flows from financing activities:

Net (repayment of)/proceeds from borrowings	(2,000)	35,000
Dividends paid to group shareholders	(65,996)	(49,497)
Dividends paid to minority shareholders	(2,253)	(2,254)
Net cash used in financing activities	(70,249)	(16,751)

Net (decrease)/increase in cash and cash equivalents held

Net (decrease)/increase in cash and cash equivalents held	(72,973)	60,066
Cash and cash equivalents at 1 April	118,885	76,277
Cash and cash equivalents at 30 June	45,912	136,343

- 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.**

	Group		Company	
	30.6.06	30.6.05	30.6.06	30.6.05
	\$'000	\$'000	\$'000	\$'000
<u>Equity holders of the Company</u>				
Balance at 1 April	2,550,650	2,373,070	1,112,208	1,117,146
Net profit for the financial period	25,770	28,337	1,037	328
Dividends paid	(65,996)	(49,497)	(65,996)	(49,497)
Balance at 30 June	2,510,424	2,351,910	1,047,249	1,067,977
<u>Minority interests</u>				
Balance at 1 April	361,571	319,077	-	-
Net profit for the financial period	4,455	366	-	-
Dividends paid by a subsidiary company	(2,253)	(2,254)	-	-
Balance at 30 June	363,773	317,189	-	-
<u>Total equity</u>				
Balance at 1 April	2,912,221	2,692,147	1,112,208	1,117,146
Net profit for the financial period	30,225	28,703	1,037	328
Dividends paid	(65,996)	(49,497)	(65,996)	(49,497)
Dividends paid by a subsidiary company to minority shareholders	(2,253)	(2,254)	-	-
Balance at 30 June	2,874,197	2,669,099	1,047,249	1,067,977

- 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.

2. **Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or 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.**

The same accounting policies and methods of computation as in the 2005 audited annual financial statements have been applied for the current reporting period.

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.**

NIL.

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

	Group	
	Latest quarter	Previous quarter
	30.6.06	30.6.05
Earnings per ordinary share		
(a) Based on the weighted average number of ordinary shares on issue	6.2 cents	6.9 cents
(b) On a fully diluted basis	6.2 cents	6.9 cents

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 financial period reported on; and
(b) immediately preceding financial year.

	At 30.6.06	At 31.12.05
Net asset value per ordinary share		
Group	\$6.09	\$6.13
Company	\$2.54	\$2.69

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following :-

(a) 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; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Comparison of 2nd quarter 2006 results with 2005

Revenue at \$51.9 million was higher by \$14.3 million (38%) due mainly to higher rental income. Rental income at \$38.6 million was higher by \$11.8 million (44%) attributable mainly to higher contribution from Marina Square following substantial completion of its remodelling works at end 2005.

Share of associates' results increased by \$3.6 million (211%) due to better performance in Marina Mandarin hotel whose operation in the corresponding quarter ended 30 June 2005 was affected by renovation works carried out.

In line with higher net profits in Marina Centre Holdings ("MCH") which owns Marina Square, minority interests at \$4.5 million was higher by \$4.1 million. The Group holds an effective interest of 53% in MCH.

Despite higher rental income, the Group's overall net profit decreased by \$2.6 million (9%) to \$25.8 million due to the absence of \$7.0 million divestment gain and \$4.8 million office reinstatement compensation income in respect of Atrium Court in second quarter of 2005.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

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.

With limited new office supply and strong demand for office space, the Singapore office market is expected to improve further.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect.

No dividend has been declared/recommendeded for the quarter ended 30 June 2006.

BY ORDER OF THE BOARD

Susie Koh
Company Secretary
4/8/2006