



Second Quarter Financial Statement Announcement for the Period Ended 30/6/2007

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.**

	Note	3 months ended		+ / (-) %	6 months ended		+ / (-) %
		30.6.07 \$'000	30.6.06 \$'000		30.6.07 \$'000	30.6.06 \$'000	
Revenue	1	69,037	51,947	33	114,028	103,062	11
Cost of sales	2	(25,914)	(21,174)	22	(38,454)	(42,211)	(9)
Gross profit		43,123	30,773	40	75,574	60,851	24
Investment income	3	3,307	5,375	(38)	4,311	6,801	(37)
Other gains/(losses) - net		673	821	(18)	1,066	461	131
Selling and distribution costs		(1,766)	(2,677)	(34)	(2,504)	(4,303)	(42)
Administrative expenses		(2,542)	(1,053)	141	(3,396)	(1,874)	81
Finance expenses		(3,502)	(2,735)	28	(4,760)	(5,387)	(12)
Share of results of associated companies		8,753	5,348	64	16,868	10,902	55
Profit before income tax	4	48,046	35,852	34	87,159	67,451	29
Income tax expense		(7,056)	(5,627)	25	(10,916)	(10,764)	1
Net profit		40,990	30,225	36	76,243	56,687	34
Attributable to:							
Equity holders of the Company		33,911	25,770	32	62,041	48,279	29
Minority interests		7,079	4,455	59	14,202	8,408	69
		40,990	30,225	36	76,243	56,687	34

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

Notes to the income statement

	3 months ended		6 months ended	
	30.6.07 \$'000	30.6.06 \$'000	30.6.07 \$'000	30.6.06 \$'000
<u>1. Revenue</u>				
Gross rental income	45,383	38,613	89,052	74,508
Gross revenue from hotel operations	22,006	-	22,006	-
Sales of residential properties	-	11,915	-	25,742
Car parking income and property management fees	1,648	1,419	2,970	2,812
	69,037	51,947	114,028	103,062
<u>2. Cost of sales</u>				
Property operating expenses	12,399	12,615	24,939	23,692
Cost of sales from hotel operations	13,515	-	13,515	-
Cost of residential properties sold	-	10,217	-	22,210
Writeback of allowance for foreseeable losses on properties held for sale	-	(1,658)	-	(3,691)
	25,914	21,174	38,454	42,211
<u>3. Investment income</u>				
Interest income	965	1,868	1,969	3,294
Dividend income	2,342	3,507	2,342	3,507
	3,307	5,375	4,311	6,801
<u>4. Profit before income tax</u>				
Profit before income tax is stated after charging:				
Depreciation	2,479	152	2,635	312

The increase in depreciation charge was due mainly to the consolidation of the results of Hotel Marina City Pte Ltd (see paragraph 8).

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.**

	Note	Group		Company	
		30.6.07	31.12.06	30.6.07	31.12.06
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Non-current assets					
Other receivables	1	92,082	138,015	224,003	300,822
Financial assets, available-for-sale		12,706	12,706	-	-
Investments in associated companies	2	285,873	340,595	350	350
Investments in subsidiary companies		-	-	965,514	965,514
Investment properties	3	3,231,097	3,223,068	-	-
Property, plant and equipment	4	370,509	3,592	-	-
		<u>3,992,267</u>	<u>3,717,976</u>	<u>1,189,867</u>	<u>1,266,686</u>
Current assets					
Cash and cash equivalents		20,274	21,055	237	93
Properties held for sale	5	37,353	-	-	-
Trade and other receivables		10,547	5,752	75	45
Inventories, at cost		943	481	-	-
Other current assets	6	44,894	2,909	-	-
		<u>114,011</u>	<u>30,197</u>	<u>312</u>	<u>138</u>
Total assets		4,106,278	3,748,173	1,190,179	1,266,824
LIABILITIES					
Current liabilities					
Trade and other payables		54,099	35,974	831	1,327
Current income tax liabilities		23,061	24,810	1,652	1,152
Borrowings		245,415	107,318	82,422	92,600
		<u>322,575</u>	<u>168,102</u>	<u>84,905</u>	<u>95,079</u>
Non-current liabilities					
Trade and other payables	7	34,911	36,377	138,817	54,818
Borrowings		257,000	56,000	-	-
Deferred income tax liabilities		22,456	15,552	-	-
		<u>314,367</u>	<u>107,929</u>	<u>138,817</u>	<u>54,818</u>
Total liabilities		636,942	276,031	223,722	149,897
NET ASSETS		<u>3,469,336</u>	<u>3,472,142</u>	<u>966,457</u>	<u>1,116,927</u>
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital		840,349	840,349	840,349	840,349
Reserves		2,201,560	2,251,371	126,108	276,578
		<u>3,041,909</u>	<u>3,091,720</u>	<u>966,457</u>	<u>1,116,927</u>
Minority interests		427,427	380,422	-	-
TOTAL EQUITY		<u>3,469,336</u>	<u>3,472,142</u>	<u>966,457</u>	<u>1,116,927</u>

Notes to the balance sheet

1. The Group's other receivables decreased due mainly to the partial repayment of shareholder's loan granted to an associated company for a residential development project. The Company's other receivables, comprising mainly amounts due from subsidiary companies, decreased due to intercompany funding.
2. Investments in associated companies decreased mainly as Hotel Marina City Pte Ltd ceased to be an associated company (see paragraph 8).
3. Investment properties are stated at 31 December 2006 independent professional valuations. The value as at 30 June 2007 includes upgrading costs of \$8.0 million incurred during the six months period.
4. Property, plant and equipment ("PPE") increased mainly due to the inclusion of PPE (mainly leasehold land and building) of Hotel Marina City Pte Ltd (see paragraph 8).
5. Properties held for sale increased due to the purchase of land for a residential project in Chengdu, People's Republic of China.
6. The Group's other current assets increased due to payment of deposit for the purchase of land for a residential development project.
7. The Company's trade and other payables, comprising mainly amounts due to subsidiary companies, increased due to intercompany funding.

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

Amount repayable in one year or less, or on demand

At 30.6.07		At 31.12.06	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	245,415	-	107,318

Amount repayable after one year

At 30.6.07		At 31.12.06	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	257,000	-	56,000

1(c)

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

	3 months ended	
	30.6.07	30.6.06
	\$'000	\$'000
Cash flows from operating activities:		
Profit before income tax	48,046	35,852
Adjustments to profit	(5,415)	(9,486)
Working capital changes	(57,036)	16,903
Interest paid	(1,751)	(2,735)
Income tax paid	(15,492)	(6,067)
Net cash (used in)/provided by operating activities	<u>(31,648)</u>	<u>34,467</u>
Cash flows from investing activities:		
Interest and dividends received	4,689	4,200
Acquisition of a subsidiary company, net of cash acquired	(139,479)	-
Upgrading of investment properties	(3,100)	(198)
Purchase of property, plant and equipment	(4,215)	(25)
Repayment of loans by/(Loans to) associated companies	13,280	(41,170)
Proceeds from disposal of property, plant and equipment	-	2
Net cash used in investing activities	<u>(128,825)</u>	<u>(37,191)</u>
Cash flows from financing activities:		
Proceeds from/(Repayment of) borrowings	325,478	(2,000)
Dividends paid to shareholders	(152,204)	(65,996)
Dividends paid to minority shareholders	(2,309)	(2,253)
Net cash provided by/(used in) financing activities	<u>170,965</u>	<u>(70,249)</u>
Net increase/(decrease) in cash and cash equivalents held	10,492	(72,973)
Cash and cash equivalents at 1 April	9,351	118,885
Cash and cash equivalents at 30 June	<u>19,843</u>	<u>45,912</u>
Cash and cash equivalents at 30 June comprise the following:		
Cash and bank balances	20,274	45,912
Bank overdrafts (unsecured)	(431)	-
	<u>19,843</u>	<u>45,912</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.**

	Group		Company	
	30.6.07	30.6.06	30.6.07	30.6.06
	\$'000	\$'000	\$'000	\$'000
<u>Equity holders of the Company</u>				
Balance at 1 April	3,119,850	2,550,650	1,116,927	1,112,208
Surplus on revaluation of property, plant and equipment (see note *)	39,706	-	-	-
Exchange gain on translation of financial statement of a foreign entity	646	-	-	-
Net profit recognised directly in equity	40,352	-	-	-
Net profit for the financial period	33,911	25,770	1,734	1,037
Dividends paid	(152,204)	(65,996)	(152,204)	(65,996)
Balance at 30 June	<u>3,041,909</u>	<u>2,510,424</u>	<u>966,457</u>	<u>1,047,249</u>
<u>Minority interests</u>				
Balance at 1 April	387,545	361,571	-	-
Surplus on revaluation of property, plant and equipment (see note *)	35,112	-	-	-
Net profit recognised directly in equity	35,112	-	-	-
Net profit for the financial period	7,079	4,455	-	-
Dividends paid by a subsidiary company	(2,309)	(2,253)	-	-
Balance at 30 June	<u>427,427</u>	<u>363,773</u>	<u>-</u>	<u>-</u>
<u>Total equity</u>				
Balance at 1 April	3,507,395	2,912,221	1,116,927	1,112,208
Surplus on revaluation of property, plant and equipment (see note *)	74,818	-	-	-
Exchange gain on translation of financial statement of a foreign entity	646	-	-	-
Net profit recognised directly in equity	75,464	-	-	-
Net profit for the financial period	40,990	30,225	1,734	1,037
Dividends paid	(152,204)	(65,996)	(152,204)	(65,996)
Dividends paid by a subsidiary company to minority shareholders	(2,309)	(2,253)	-	-
Balance at 30 June	<u>3,469,336</u>	<u>2,874,197</u>	<u>966,457</u>	<u>1,047,249</u>

* The revaluation surplus arose from the fair value adjustment of the property, plant and equipment of Hotel Marina City Pte Ltd upon acquisition (see paragraph 8).

- 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 2006 audited annual financial statements have been applied for the current reporting period except for the adoption of Financial Reporting Standard ("FRS") 40 - *Investment Property* that is effective for the Group's financial year beginning 1 January 2007.

FRS 40 - Investment property

Prior to 1 January 2007, the Group had accounted for its investment properties under FRS 25 - *Accounting for Investments*, where the changes in fair values of investment properties were taken to the asset revaluation reserve. Under FRS 40, changes in fair values of investment properties are required to be included in the income statement for the period in which the changes arise. In accordance with past practice, the Group's investment properties will be revalued at year end and any surplus or deficit arising from the revaluation shall be taken to the income statement at year end.

On transition to FRS 40 on 1 January 2007, the asset revaluation reserve as at 31 December 2006 of \$1,223 million was transferred to the opening retained earnings at 1 January 2007.

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.

Please refer to paragraph 4 above.

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
	30.6.07	30.6.06
Earnings per ordinary share		
(a) Based on the weighted average number of ordinary shares on issue	8.2 cents	6.2 cents
(b) On a fully diluted basis	8.2 cents	6.2 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 30.6.07	At 31.12.06
Net asset value per ordinary share		
Group	\$7.37	\$7.50
Company	\$2.34	\$2.71

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 2007 results with 2006

Revenue increased by \$17.1 million (33%) to \$69.0 million due to the contribution from Pan Pacific Singapore hotel (\$22.0 million) and higher rental income, despite absence of \$11.9 million sales of The Paterson residential property which was fully sold in 2006.

Following Marina Centre Holding Pte Ltd's ("MCH") acquisition of the remaining 50% interest in Hotel Marina City Pte Ltd ("HMC") which owns the Pan Pacific Singapore hotel in April 2007, HMC became a wholly-owned subsidiary of the Group. Starting from April 2007, HMC's assets and liabilities and income and expenses are consolidated on a line by-line basis. For the first quarter 2007, HMC was reflected in the balance sheet as investments in associated companies and its net profit was equity accounted for under "share of results of associated companies".

Gross rental income at \$45.4 million was higher by \$6.8 million (17%) attributable to higher rental rates and improved occupancy.

Share of associates' results increased by \$3.4 million (64%) due mainly to higher contribution from the One Amber residential project in which the Group has a 35% interest.

In line with higher net profit in 53% owned subsidiary MCH, which has interests in the Marina Square Complex, minority interests at \$7.1 million was higher by \$2.6 million.

Overall, the Group's net profit increased by \$8.1 million (32%) to \$33.9 million.

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 the expected strong economic growth, the outlook of Singapore property market remains bright for the office, residential and retail sectors.

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 2007.

Confirmation by Directors

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the unaudited financial results of the Group for the second quarter ended 30 June 2007 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Susie Koh
Company Secretary
3 August 2007