



Second Quarter Financial Statement Announcement for the Period Ended 30/6/2008

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		+ / (-) %
		30.6.08 \$'000	30.6.07 \$'000		30.6.08 \$'000	30.6.07 \$'000	
Revenue	1	89,287	71,697	25	172,329	116,688	48
Cost of sales	2	(35,450)	(28,574)	24	(68,946)	(41,114)	68
Gross profit		53,837	43,123	25	103,383	75,574	37
Investment income	3	2,901	3,307	(12)	3,415	4,311	(21)
Fair value gain on investment properties	4	54,624	-	n.m.	54,624	-	n.m.
Other gains/(losses) - net		496	673	(26)	807	1,066	(24)
Selling and distribution costs		(3,072)	(1,766)	74	(6,173)	(2,504)	147
Administrative expenses		(2,880)	(2,542)	13	(5,339)	(3,396)	57
Finance expenses		(2,430)	(3,502)	(31)	(5,207)	(4,760)	9
Share of results of associated companies		14,366	8,753	64	22,656	16,868	34
Profit before income tax	5	117,842	48,046	145	168,166	87,159	93
Income tax expense	6	(18,752)	(7,056)	166	(26,766)	(10,916)	145
Net profit		99,090	40,990	142	141,400	76,243	85
Attributable to:							
Equity holders of the Company		67,992	33,911	101	101,649	62,041	64
Minority interests		31,098	7,079	339	39,751	14,202	180
		99,090	40,990	142	141,400	76,243	85

The above net profit attributable to equity holders of the Company can be analysed as follows:

Net profit before fair value gain on investment properties		43,985	33,911	30	77,642	62,041	25
Net fair value gain on investment properties held by subsidiary and associated companies		24,007	-	n.m.	24,007	-	n.m.
Net attributable profit		67,992	33,911	101	101,649	62,041	64

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

n.m. - not meaningful

Notes to the income statement

	3 months ended		6 months ended	
	30.6.08	30.6.07	30.6.08	30.6.07
	\$'000	\$'000	\$'000	\$'000
<u>1. Revenue</u>				
Gross rental income	56,784	45,383	108,977	89,052
Gross revenue from hotel operations	30,849	24,666	60,279	24,666
Car parking income and property management fees	1,654	1,648	3,073	2,970
	<u>89,287</u>	<u>71,697</u>	<u>172,329</u>	<u>116,688</u>
<u>2. Cost of sales</u>				
Property operating expenses	16,639	12,399	31,652	24,939
Cost of sales from hotel operations	18,811	16,175	37,294	16,175
	<u>35,450</u>	<u>28,574</u>	<u>68,946</u>	<u>41,114</u>
<u>3. Investment income</u>				
Interest income	456	965	970	1,969
Dividend income	2,445	2,342	2,445	2,342
	<u>2,901</u>	<u>3,307</u>	<u>3,415</u>	<u>4,311</u>
4. This relates to the revaluation of the investment properties held by subsidiary companies.				
<u>5. Profit before income tax</u>				
Profit before income tax is stated after charging:				
Depreciation	<u>2,784</u>	<u>2,479</u>	<u>5,601</u>	<u>2,635</u>
<u>6. Income tax expense</u>				
Income tax expense includes the following:				
Deferred income tax expense provided on fair value gain on investment properties held by subsidiary companies	<u>9,832</u>	<u>-</u>	<u>9,832</u>	<u>-</u>

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	
		30.6.08 \$'000	31.12.07 \$'000	30.6.08 \$'000	31.12.07 \$'000
ASSETS					
Non-current assets					
Other receivables	1	81,279	84,510	265,698	341,662
Financial assets, available-for-sale		12,045	12,045	-	-
Investments in associated companies		354,995	336,590	350	350
Investments in subsidiary companies		-	-	965,514	965,698
Investment properties	2	4,778,080	4,702,961	-	-
Property, plant and equipment		400,208	400,716	-	-
		<u>5,626,607</u>	<u>5,536,822</u>	<u>1,231,562</u>	<u>1,307,710</u>
Current assets					
Cash and cash equivalents		58,125	25,675	283	170
Properties held for sale		399,484	385,751	-	-
Trade and other receivables		11,793	13,088	258	211
Inventories, at cost		958	984	-	-
Tax recoverable		-	4,999	-	4,999
Other current assets		1,121	532	-	-
		<u>471,481</u>	<u>431,029</u>	<u>541</u>	<u>5,380</u>
Total assets		6,098,088	5,967,851	1,232,103	1,313,090
LIABILITIES					
Current liabilities					
Trade and other payables		66,968	64,510	1,059	1,323
Current income tax liabilities		28,477	25,953	503	-
Borrowings		316,442	259,472	190,286	192,624
		<u>411,887</u>	<u>349,935</u>	<u>191,848</u>	<u>193,947</u>
Non-current liabilities					
Trade and other payables		44,110	37,706	64,547	61,651
Borrowings		473,723	479,000	-	-
Deferred income tax liabilities		567,589	556,821	-	-
		<u>1,085,422</u>	<u>1,073,527</u>	<u>64,547</u>	<u>61,651</u>
Total liabilities		1,497,309	1,423,462	256,395	255,598
NET ASSETS		4,600,779	4,544,389	975,708	1,057,492
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital		840,349	840,349	840,349	840,349
Reserves		3,272,097	3,252,642	135,359	217,143
		<u>4,112,446</u>	<u>4,092,991</u>	<u>975,708</u>	<u>1,057,492</u>
Minority interests		488,333	451,398	-	-
TOTAL EQUITY		4,600,779	4,544,389	975,708	1,057,492

Notes to the balance sheet

1. The Company's other receivables, comprising mainly amounts due from subsidiary companies, decreased due to intercompany funding.

2. Investment properties increased due mainly to the \$54.6 million fair value gain on the Group's investment properties (see paragraph 1(a) note 4).

1(b)(ii) Aggregate amount of group's borrowings and debt securities.**Amount repayable in one year or less, or on demand**

At 30.6.08		At 31.12.07	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	316,442	-	259,472

Amount repayable after one year

At 30.6.08		At 31.12.07	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
231,723	242,000	231,000	248,000

Details of any collateral

The \$231.7 million (31 December 2007: \$231.0 million) loan is secured by way of a legal mortgage over a residential property development project.

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	
	30.6.08	30.6.07
	\$'000	\$'000
Cash flows from operating activities:		
Profit before income tax	117,842	48,046
Adjustments to profit	(65,944)	(5,415)
Working capital changes	7,438	(57,036)
Interest paid	(4,694)	(1,751)
Income tax paid	(8,303)	(15,492)
Net cash provided by/(used in) operating activities	46,339	(31,648)
Cash flows from investing activities:		
Interest and dividends received	6,822	4,689
Acquisition of a subsidiary company, net of cash acquired	-	(139,479)
Development and upgrading of investment properties	(8,239)	(3,100)
Purchase of property, plant and equipment	(2,038)	(4,215)
Repayment of loans by associated companies	1,500	13,280
Net cash used in investing activities	(1,955)	(128,825)
Cash flows from financing activities:		
Proceeds from borrowings	75,703	325,478
Dividends paid to shareholders	(82,496)	(152,204)
Dividends paid to minority shareholders	(2,816)	(2,309)
Net cash (used in)/provided by financing activities	(9,609)	170,965
Net increase in cash and cash equivalents held	34,775	10,492
Cash and cash equivalents at 1 April	23,350	9,351
Cash and cash equivalents at 30 June	58,125	19,843
Cash and cash equivalents at 30 June comprise the following:		
Cash and bank balances	58,125	20,274
Bank overdrafts (unsecured)	-	(431)
	58,125	19,843

- 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	
	30.6.08	30.6.07	30.6.08	30.6.07
	\$'000	\$'000	\$'000	\$'000
<u>Equity holders of the Company</u>				
Balance at 1 April	4,126,554	3,119,850	1,058,032	1,118,041
Surplus on revaluation of property, plant and equipment (see note *)	-	39,706	-	-
Exchange gain on translation of financial statement of a foreign entity	396	646	-	-
Net income recognised directly in equity	396	40,352	-	-
Net profit	67,992	33,911	172	620
Total recognised income	68,388	74,263	172	620
Dividends paid	(82,496)	(152,204)	(82,496)	(152,204)
Balance at 30 June	4,112,446	3,041,909	975,708	966,457
<u>Minority interests</u>				
Balance at 1 April	460,051	387,545	-	-
Surplus on revaluation of property, plant and equipment (see note *)	-	35,112	-	-
Net income recognised directly in equity	-	35,112	-	-
Net profit	31,098	7,079	-	-
Total recognised income	31,098	42,191	-	-
Dividends paid by a subsidiary company	(2,816)	(2,309)	-	-
Balance at 30 June	488,333	427,427	-	-
<u>Total equity</u>				
Balance at 1 April	4,586,605	3,507,395	1,058,032	1,118,041
Surplus on revaluation of property, plant and equipment (see note *)	-	74,818	-	-
Exchange gain on translation of financial statement of a foreign entity	396	646	-	-
Net income recognised directly in equity	396	75,464	-	-
Net profit	99,090	40,990	172	620
Total recognised income	99,486	116,454	172	620
Dividends paid	(82,496)	(152,204)	(82,496)	(152,204)
Dividends paid by a subsidiary company to minority shareholders	(2,816)	(2,309)	-	-
Balance at 30 June	4,600,779	3,469,336	975,708	966,457

* The revaluation surplus arose from the fair value adjustment of the property, plant and equipment of Hotel Marina City Pte Ltd upon acquisition in April 2007.

- 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 2007 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.**

	Latest quarter	Previous quarter
	30.6.08	30.6.07
Earnings per ordinary share		
(a) Based on the weighted average number of ordinary shares on issue		
- excluding fair value gain on investment properties	10.7 cents	8.2 cents
- including fair value gain on investment properties	16.5 cents	8.2 cents
(b) <u>On a fully diluted basis</u> Diluted earnings per share is the same as basic earnings per share as the Company has not issued any options or warrants which would have a dilutive effect on earnings per share when exercised.		

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 30.6.08	At 31.12.07
Net asset value per ordinary share		
Group	\$9.97	\$9.92
Company	\$2.37	\$2.56

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 2008 results with 2007

Revenue increased by \$17.6 million (25%) to \$89.3 million with higher rental income and higher revenue from the Pan Pacific Singapore hotel operations. Gross rental income at \$56.8 million was higher by \$11.4 million (25%) attributable to higher rental rates. Gross revenue from the hotel operations at \$30.8 million increased by \$6.2 million (25%) due mainly to higher room revenue.

Based on professional valuations carried out as at 30 June 2008 on the investment properties held by subsidiary companies, a fair value gain of \$54.6 million was credited to the income statement. In prior years, revaluations of the Group's investment properties were performed only at year end.

Excluding the Group's share of fair value gain on investment properties held by associated companies of \$1.2 million, share of results of associated companies increased by \$4.4 million due mainly to higher contribution from The Sixth Avenue Residences residential project with progressive recognition of profits on a percentage of completion basis.

Minority interests for the 3 months ended 30 June 2008 included \$22.0 million (2Q 2007: Nil) fair value gain attributable to the investment properties, Marina Square Retail Mall and Marina Bayfront, owned by Marina Centre Holdings Pte Ltd, which the Group has a 53% interest.

Overall, the Group's net profit for the 3 months ended 30 June 2008 is \$68.0 million, of which \$44.0 million (2Q 2007: \$33.9 million) was derived from operations and \$24.0 million from 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.

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 uncertainties in the global financial market as well as increasing supply of properties, the growth in office and retail rental market is expected to moderate whilst the residential market is expected to soften.

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 2008.

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 2008 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Susie Koh
Company Secretary
4 August 2008