



## Second Quarter Financial Statement and Dividend Announcement for the Period Ended 30 June 2009

## PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 &amp; 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

	Note	3 months ended			6 months ended		
		30.6.09 \$'000	30.6.08 \$'000	+ / (-) %	30.6.09 \$'000	30.6.08 \$'000	+ / (-) %
Revenue	1	85,703	89,287	(4)	171,870	172,329	(0)
Cost of sales	2	(29,638)	(35,450)	(16)	(61,055)	(68,946)	(11)
Gross profit		56,065	53,837	4	110,815	103,383	7
Investment income	3	292	2,901	(90)	649	3,415	(81)
Other gains/(losses) - net		163	496	(67)	364	807	(55)
Selling and distribution costs		(1,968)	(3,072)	(36)	(4,596)	(6,173)	(26)
Administrative expenses		(2,143)	(2,880)	(26)	(4,234)	(5,339)	(21)
Finance expenses		(1,991)	(2,430)	(18)	(4,020)	(5,207)	(23)
Share of results of associated companies		13,927	14,366	(3)	30,085	22,656	33
Operating profit (before fair value loss/gain on investment properties)		64,345	63,218	2	129,063	113,542	14
Fair value (loss)/gain on investment properties	4	(492,072)	54,624	n.m.	(492,072)	54,624	n.m.
(Loss)/Profit before income tax	5	(427,727)	117,842	n.m.	(363,009)	168,166	n.m.
Income tax credit/(expense)	6	73,886	(18,752)	n.m.	91,665	(26,766)	n.m.
Net (loss)/profit		(353,841)	99,090	n.m.	(271,344)	141,400	n.m.
Profit attributable to:							
Owners of the parent		(344,749)	67,992	n.m.	(271,599)	101,649	n.m.
Minority interests		(9,092)	31,098	n.m.	255	39,751	n.m.
		(353,841)	99,090	n.m.	(271,344)	141,400	n.m.
The above net (loss)/profit attributable to equity holders of the Company can be analysed as follows:							
Net profit from operations		50,970	43,985	16	98,577	77,642	27
Net one-time write-back of deferred income tax (resulting from reduction in corporate income tax)		-	-	-	25,543	-	n.m.
Net fair value (loss)/gain on investment properties held by subsidiary and associated companies		(395,719)	24,007	n.m.	(395,719)	24,007	n.m.
Net attributable (loss)/profit		(344,749)	67,992	n.m.	(271,599)	101,649	n.m.

n.m. - not meaningful

**Consolidated Statement of Comprehensive Income**

	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.6.09</b>	<b>30.6.08</b>	<b>30.6.09</b>	<b>30.6.08</b>
	\$'000	\$'000	\$'000	\$'000
(Loss)/Profit net of tax	(353,841)	99,090	(271,344)	141,400
Other comprehensive (expense)/income (taken directly to equity):				
Exchange (loss)/gain on translation of financial statement of a foreign entity	(2,510)	396	537	302
Effect of reduction in deferred income tax on asset revaluation reserve	-	-	1,629	-
	<u>(2,510)</u>	<u>396</u>	<u>2,166</u>	<u>302</u>
Total comprehensive (expense)/income for the period	<u>(356,351)</u>	<u>99,486</u>	<u>(269,178)</u>	<u>141,702</u>
Total comprehensive (expense)/income attributable to:				
Owners of the parent	(347,259)	68,388	(270,198)	101,951
Minority interests	(9,092)	31,098	1,020	39,751
	<u>(356,351)</u>	<u>99,486</u>	<u>(269,178)</u>	<u>141,702</u>

Notes to the income statement

	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.6.09</b>	<b>30.6.08</b>	<b>30.6.09</b>	<b>30.6.08</b>
	\$'000	\$'000	\$'000	\$'000
<u>1. Revenue</u>				
Gross rental income	63,588	56,784	127,074	108,977
Gross revenue from hotel operations	20,641	30,849	41,902	60,279
Car parking income and property management fees	1,474	1,654	2,894	3,073
	<u>85,703</u>	<u>89,287</u>	<u>171,870</u>	<u>172,329</u>
<u>2. Cost of sales</u>				
Property operating expenses	15,458	16,639	32,564	31,652
Cost of sales from hotel operations	14,180	18,811	28,491	37,294
	<u>29,638</u>	<u>35,450</u>	<u>61,055</u>	<u>68,946</u>
<u>3. Investment income</u>				
Interest income	292	456	649	970
Dividend income	-	2,445	-	2,445
	<u>292</u>	<u>2,901</u>	<u>649</u>	<u>3,415</u>

4. This relates to the revaluation of investment properties held by subsidiary companies.

5. (Loss)/Profit before income tax

(Loss)/Profit before income tax is stated after charging:

Depreciation	<u>2,838</u>	<u>2,784</u>	<u>5,670</u>	<u>5,601</u>
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6. Income tax credit/(expense)

Income tax credit/(expense) includes the following:

Deferred income tax credit/(expense) on fair value loss/gain on investment properties held by subsidiary companies	82,941	(9,832)	82,941	(9,832)
One-time write-back of deferred income tax resulting from reduction in corporate tax rate from 18% to 17%	-	-	26,426	-
	<u>-</u>	<u>-</u>	<u>26,426</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	
		30.6.09 \$'000	31.12.08 \$'000	30.6.09 \$'000	31.12.08 \$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Other receivables	1	80,930	85,066	226,638	174,393
Financial assets, available-for-sale		12,045	12,045	-	-
Investment in associated companies		377,504	351,720	350	350
Investment in subsidiary companies		-	-	972,442	972,442
Investment properties	2	3,916,798	4,406,687	-	-
Property, plant and equipment		392,182	396,750	-	-
		<u>4,779,459</u>	<u>5,252,268</u>	<u>1,199,430</u>	<u>1,147,185</u>
<b>Current assets</b>					
Cash and cash equivalents		34,766	46,849	227	198
Properties held for sale		440,341	423,190	-	-
Trade and other receivables		14,031	10,951	116	152
Inventories, at cost		853	1,031	-	-
Other current assets		904	627	-	-
		<u>490,895</u>	<u>482,648</u>	<u>343</u>	<u>350</u>
<b>Total assets</b>		<b>5,270,354</b>	<b>5,734,916</b>	<b>1,199,773</b>	<b>1,147,535</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables		73,620	79,966	1,647	1,316
Current income tax liabilities		33,767	33,940	570	424
Borrowings		251,450	236,825	194,624	60,624
		<u>358,837</u>	<u>350,731</u>	<u>196,841</u>	<u>62,364</u>
<b>Non-current liabilities</b>					
Trade and other payables		46,351	45,030	25,591	25,591
Borrowings		443,942	452,879	-	-
Deferred income tax liabilities		394,518	505,080	-	-
		<u>884,811</u>	<u>1,002,989</u>	<u>25,591</u>	<u>25,591</u>
<b>Total liabilities</b>		<b>1,243,648</b>	<b>1,353,720</b>	<b>222,432</b>	<b>87,955</b>
<b>NET ASSETS</b>		<b>4,026,706</b>	<b>4,381,196</b>	<b>977,341</b>	<b>1,059,580</b>
<b>EQUITY</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital		840,349	840,349	840,349	840,349
Reserves		2,702,716	3,055,410	136,992	219,231
		<u>3,543,065</u>	<u>3,895,759</u>	<u>977,341</u>	<u>1,059,580</u>
Minority interests		483,641	485,437	-	-
<b>TOTAL EQUITY</b>		<b>4,026,706</b>	<b>4,381,196</b>	<b>977,341</b>	<b>1,059,580</b>

Notes to the balance sheet

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

2. Investment properties decreased due to the \$492.1 million fair value loss 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 30.6.09		At 31.12.08	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	251,450	-	236,825

**Amount repayable after one year**

At 30.6.09		At 31.12.08	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
270,442	173,500	247,379	205,500

**Details of any collateral**

The \$270.4 million (31 December 2008: \$247.4 million) loans are secured by way of mortgages over certain property development projects.

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

	<b>3 months ended</b>	
	<b>30.6.09</b>	<b>30.6.08</b>
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
(Loss)/Profit before income tax	(427,727)	117,842
Adjustments to profit	482,799	(65,944)
Working capital changes	(7,988)	7,438
Interest paid	(2,947)	(4,694)
Income tax paid	(15,390)	(8,303)
<b>Net cash provided by operating activities</b>	<u>28,747</u>	<u>46,339</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(762)	(2,038)
Development and upgrading of investment properties	(1,630)	(8,239)
Repayment of loan by an associated company	1,850	1,500
Dividends received from associated companies	4,300	4,250
Interest and dividend received	56	2,572
<b>Net cash provided by/(used in) investing activities</b>	<u>3,814</u>	<u>(1,955)</u>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	45,937	75,703
Dividends paid to shareholders	(82,496)	(82,496)
Dividends paid to minority shareholders	(2,816)	(2,816)
<b>Net cash used in financing activities</b>	<u>(39,375)</u>	<u>(9,609)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(6,814)	34,775
Cash and cash equivalents at 1 April	<u>41,580</u>	<u>23,350</u>
<b>Cash and cash equivalents at 30 June</b>	<u>34,766</u>	<u>58,125</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	
	30.6.09	30.6.08	30.6.09	30.6.08
	\$'000	\$'000	\$'000	\$'000
<u>Share capital</u>				
<b>Balance at 1 April and 30 June</b>	840,349	840,349	840,349	840,349
<u>Retained earnings</u>				
<b>Balance at 1 April</b>	3,085,977	3,246,424	219,661	217,683
Total comprehensive (expense)/income				
- net (loss)/profit	(344,749)	67,992	(173)	172
Dividends paid	(82,496)	(82,496)	(82,496)	(82,496)
<b>Balance at 30 June</b>	2,658,732	3,231,920	136,992	135,359
<u>Foreign currency reserve</u>				
<b>Balance at 1 April</b>	5,924	75	-	-
Total comprehensive (expense)/income				
- exchange (loss)/gain on translation of financial statement of a foreign entity	(2,510)	396	-	-
<b>Balance at 30 June</b>	3,414	471	-	-
<u>Asset revaluation reserve</u>				
<b>Balance at 1 April and 30 June</b>	40,570	39,706	-	-
<u>Minority interests</u>				
<b>Balance at 1 April</b>	495,549	460,051	-	-
Total comprehensive (expense)/income	(9,092)	31,098	-	-
Dividends paid by a subsidiary company to minority shareholders	(2,816)	(2,816)	-	-
<b>Balance at 30 June</b>	483,641	488,333	-	-
<u>Total equity</u>				
<b>Balance at 1 April</b>	4,468,369	4,586,605	1,060,010	1,058,032
Total comprehensive (expense)/income	(356,351)	99,486	(173)	172
Dividends paid	(82,496)	(82,496)	(82,496)	(82,496)
Dividends paid by a subsidiary company to minority shareholders	(2,816)	(2,816)	-	-
<b>Balance at 30 June</b>	4,026,706	4,600,779	977,341	975,708

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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, 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.**

	<b>30.6.09</b>	<b>31.12.08</b>
Total number of issued shares	412,477,559	412,477,559

**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.**

Not applicable.

**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 2008 audited annual financial statements have been applied for the current reporting period.

The Group has adopted the revised Financial Reporting Standard ("FRS") 1 *Presentation of Financial Statements*, which is effective for financial year beginning 1 January 2009. The key impact of the application of the revised FRS 1 is the presentation of an additional primary statement, that is, the Statement of Comprehensive Income.

**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.**

	<b>Latest quarter</b>	<b>Previous quarter</b>
	<b>30.6.09</b>	<b>30.6.08</b>
(Loss)/Earnings per ordinary share		
(a) Based on the weighted average number of ordinary shares on issue		
- excluding fair value loss/gain on investment properties	12.4 cents	10.7 cents
- including fair value loss/gain on investment properties	(83.6) cents	16.5 cents
(b) <u>On a fully diluted basis</u>		
Diluted (loss)/earnings per share is the same as basic (loss)/earnings per share as the Company has not issued any options or warrants which would have a dilutive effect on (loss)/earnings per share when exercised.		

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of shares excluding treasury shares of the issuer at the end of the :-**

- (a) current financial period reported on; and  
(b) immediately preceding financial year.**

	<b>30.6.09</b>	<b>31.12.08</b>
Net asset value per ordinary share		
Group	\$8.59	\$9.44
Company	\$2.37	\$2.57

**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 2009 results with 2008

The Group's revenue decreased by \$3.6 million (4%) to \$85.7 million due to lower revenue in Pan Pacific Singapore hotel which was partially offset by higher rental income. Revenue in Pan Pacific Singapore hotel decreased by \$10.2 million (33%) to \$20.6 million with lower room rates and occupancy, and lower F&B revenue. Gross rental income from investment properties at \$63.6 million was higher by \$6.8 million (12%) attributable to higher rental rates.

Excluding the Group's share of fair value (revaluation) loss on investment property held by an associated company of \$2.4 million (2Q 2008: share of fair value gain \$1.2 million), share of operating results of associated companies increased by \$3.1 million (24%) to \$16.3 million due mainly to higher contributions from the One Amber and The Sixth Avenue Residences projects (with the progressive recognition of development profits on percentage of completion basis) partially offset by lower contributions from Marina Mandarin and Mandarin Oriental hotels.

Based on professional valuations as at 30 June 2009 on the investment properties held by subsidiary companies, a fair value loss of \$492.1 million (2Q 2008: fair value gain of \$54.6 million) was charged to the income statement.

Arising from the fair value loss on investment properties, \$82.9 million of deferred income tax liability provided on prior years' fair value gain was written back resulting in an overall income tax credit of \$73.9 million (2Q 2008: income tax expense of \$18.8 million).

Minority interests' share of loss included a \$15.8 million share of the net fair value loss (2Q 2008: share of fair value gain \$22.0 million) on Marina Square, owned by Marina Centre Holdings which the Group has a 53% interest.

In summary, net profit from operations increased by \$7.0 million (16%) to \$51.0 million (2Q 2008: \$44.0 million). A deduction of the fair value loss net of deferred income tax and minority interests of \$395.7 million (2Q 2008: net gain of \$24.0 million) resulted in an overall net loss of \$344.7 million (2Q 2008: net profit of \$68.0 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.**

The office and retail leasing environment is expected to be soft, given the substantial new supply in the pipeline.

With the pick up in transaction volume of residential properties in recent months, sentiment for the housing market has improved.

- 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 2009.

**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 2009 to be false or misleading in any material respect.

**BY ORDER OF THE BOARD**

Susie Koh  
Company Secretary  
7 August 2009