



## Second Quarter Financial Statement and Dividend Announcement for the Period Ended 30 June 2010

## 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		
		30.6.10 \$'000	30.6.09 \$'000	+ / (-) %	30.6.10 \$'000	30.6.09 \$'000	+ / (-) %
Revenue	1	144,215	85,703	68	260,402	171,870	52
Cost of sales	2	(80,502)	(29,638)	172	(137,324)	(61,055)	125
Gross profit		63,713	56,065	14	123,078	110,815	11
Investment income		126	292	(57)	282	649	(57)
Other gains/(losses) - net		141	163	(13)	570	364	57
Selling and distribution costs		(4,313)	(1,968)	119	(7,206)	(4,596)	57
Administrative expenses		(2,404)	(2,143)	12	(4,482)	(4,234)	6
Finance expenses		(981)	(1,991)	(51)	(1,948)	(4,020)	(52)
Share of results of associated companies		18,965	13,927	36	29,998	30,085	(0)
Profit before fair value gain/loss on investment properties		75,247	64,345	17	140,292	129,063	9
Fair value gain/(loss) on investment properties	3	10,133	(492,072)	n.m.	10,133	(492,072)	n.m.
Profit/(Loss) before income tax	4	85,380	(427,727)	n.m.	150,425	(363,009)	n.m.
Income tax (expense)/credit	5	(12,041)	73,886	n.m.	(21,135)	91,665	n.m.
Net profit/(loss)		73,339	(353,841)	n.m.	129,290	(271,344)	n.m.
Profit/(Loss) attributable to:							
Owners of the parent		59,993	(344,749)	n.m.	108,146	(271,599)	n.m.
Minority interests		13,346	(9,092)	n.m.	21,144	255	n.m.
		73,339	(353,841)	n.m.	129,290	(271,344)	n.m.

The above net profit/(loss) attributable to owners of the parent can be analysed as follows:

Net profit from operations	50,575	50,970	(1)	98,728	100,094	(1)
Net fair value gain/(loss) on investment properties held by subsidiary and associated companies	9,418	(395,719)	n.m.	9,418	(371,693)	n.m.
Net attributable profit/(loss)	59,993	(344,749)	n.m.	108,146	(271,599)	n.m.

n.m. - not meaningful

**Consolidated Statement of Comprehensive Income**

	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.6.10</b>	<b>30.6.09</b>	<b>30.6.10</b>	<b>30.6.09</b>
	\$'000	\$'000	\$'000	\$'000
Net profit/(loss)	73,339	(353,841)	129,290	(271,344)
Other comprehensive income/(expense) taken directly to equity:				
Net exchange differences on translation of financial statement of a foreign entity	713	(2,510)	502	537
Effect of reduction in deferred income tax liability on asset revaluation reserve	-	-	-	1,629
	713	(2,510)	502	2,166
<b>Total comprehensive income/(expense)</b>	<b>74,052</b>	<b>(356,351)</b>	<b>129,792</b>	<b>(269,178)</b>

Total comprehensive income/(expense) attributable to:

Owners of the parent	60,706	(347,259)	107,883	(270,198)
Minority interests	13,346	(9,092)	21,909	1,020
	74,052	(356,351)	129,792	(269,178)

Notes to the income statement

	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.6.10</b>	<b>30.6.09</b>	<b>30.6.10</b>	<b>30.6.09</b>
	\$'000	\$'000	\$'000	\$'000
<b>1. Revenue</b>				
Gross rental income	61,746	63,588	123,191	127,074
Gross revenue from hotel operations	27,586	20,641	53,025	41,902
Sales of properties held for sale	53,467	-	81,367	-
Car parking income and property management fees	1,416	1,474	2,819	2,894
	144,215	85,703	260,402	171,870
<b>2. Cost of sales</b>				
Property operating expenses	14,283	15,458	28,841	32,564
Cost of sales from hotel operations	17,840	14,180	35,214	28,491
Cost of properties held for sale sold	48,379	-	73,269	-
	80,502	29,638	137,324	61,055

3. This relates to the valuation by independent professional valuers of investment properties held by subsidiary companies as at 30 June.

4. Profit/(Loss) before income tax

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

Depreciation	2,820	2,838	5,640	5,670
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5. Income tax (expense)/credit

Income tax (expense)/credit includes the following:

(Provision for)/Write-back of deferred income tax liability attributable to the fair value gain/loss on investment properties held by subsidiary companies	(1,728)	82,941	(1,728)	82,941
One-time write-back of deferred income tax liability resulting from reduction in corporate tax rate from 18% to 17%				
- attributable to investment properties	-	-	-	24,992
- attributable to accelerated tax depreciation	-	-	-	1,434

**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	
		30.6.10 \$'000	31.12.09 \$'000	30.6.10 \$'000	31.12.09 \$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Other receivables	1	21,599	72,810	153,276	256,798
Financial assets, available-for-sale		12,045	12,045	-	-
Investment in associated companies		379,345	364,530	350	350
Investment in subsidiary companies		-	-	972,442	972,442
Investment properties		3,816,500	3,803,500	-	-
Property, plant and equipment		386,415	389,753	-	-
		<u>4,615,904</u>	<u>4,642,638</u>	<u>1,126,068</u>	<u>1,229,590</u>
<b>Current assets</b>					
Cash and cash equivalents		76,798	88,861	217	277
Properties held for sale	2	337,663	389,579	-	-
Trade and other receivables		10,565	10,353	179	173
Inventories, at cost		947	929	-	-
		<u>425,973</u>	<u>489,722</u>	<u>396</u>	<u>450</u>
<b>Total assets</b>		<b>5,041,877</b>	<b>5,132,360</b>	<b>1,126,464</b>	<b>1,230,040</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables		77,012	88,707	1,107	1,606
Current income tax liabilities		40,834	41,387	1,545	1,572
Borrowings		153,123	141,252	106,123	141,252
		<u>270,969</u>	<u>271,346</u>	<u>108,775</u>	<u>144,430</u>
<b>Non-current liabilities</b>					
Trade and other payables		42,877	43,750	39,992	25,565
Borrowings		272,865	407,945	-	-
Deferred income tax liabilities		374,043	371,268	-	-
		<u>689,785</u>	<u>822,963</u>	<u>39,992</u>	<u>25,565</u>
<b>Total liabilities</b>		<b>960,754</b>	<b>1,094,309</b>	<b>148,767</b>	<b>169,995</b>
<b>NET ASSETS</b>		<b><u>4,081,123</u></b>	<b><u>4,038,051</u></b>	<b><u>977,697</u></b>	<b><u>1,060,045</u></b>
<b>EQUITY</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital		840,349	840,349	840,349	840,349
Reserves		2,733,318	2,707,165	137,348	219,696
		<u>3,573,667</u>	<u>3,547,514</u>	<u>977,697</u>	<u>1,060,045</u>
Minority interests		507,456	490,537	-	-
<b>TOTAL EQUITY</b>		<b><u>4,081,123</u></b>	<b><u>4,038,051</u></b>	<b><u>977,697</u></b>	<b><u>1,060,045</u></b>

Notes to the balance sheet

1. The Group's and Company's other receivables, decreased due to repayment of loans by associated companies. The Company's other receivables, which include amounts due from subsidiary companies, were further reduced due to intercompany funding.
2. Properties held for sale decreased due mainly to higher progress billings of residential property projects sold.

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

**Amount repayable in one year or less, or on demand**

At 30.6.10		At 31.12.09	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	153,123	-	141,252

**Amount repayable after one year**

At 30.6.10		At 31.12.09	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
201,365	71,500	258,945	149,000

**Details of any collateral**

The \$201.4 million (31 December 2009: \$258.9 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>30.6.10</b>	<b>30.6.09</b>
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Profit/(Loss) before income tax	85,380	(427,727)
Adjustments to profit	(25,403)	482,799
Working capital changes	42,263	(7,988)
Interest paid	(1,813)	(2,947)
Income tax paid	(11,327)	(15,390)
<b>Net cash provided by operating activities</b>	<b>89,100</b>	<b>28,747</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(2,276)	(762)
Upgrading of investment properties	(2,170)	(1,630)
Repayment of loans by associated companies	48,570	1,850
Dividends received from associated companies	13,851	4,300
Interest received	2	56
<b>Net cash provided by investing activities</b>	<b>57,977</b>	<b>3,814</b>
<b>Cash flows from financing activities</b>		
(Repayment of)/Proceeds from borrowings	(31,591)	45,937
Dividends paid to shareholders	(82,496)	(82,496)
Dividends paid to minority shareholders	(4,224)	(2,816)
<b>Net cash used in financing activities</b>	<b>(118,311)</b>	<b>(39,375)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>28,766</b>	<b>(6,814)</b>
Cash and cash equivalents at 1 April	48,032	41,580
<b>Cash and cash equivalents at 30 June</b>	<b>76,798</b>	<b>34,766</b>

- 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	
	30.6.10	30.6.09	30.6.10	30.6.09
	\$'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>	2,712,521	3,085,977	219,859	219,661
Total comprehensive income/(expense)				
- net profit/(loss)	59,993	(344,749)	(15)	(173)
Dividends paid	(82,496)	(82,496)	(82,496)	(82,496)
<b>Balance at 30 June</b>	2,690,018	2,658,732	137,348	136,992
<u>Foreign currency reserve</u>				
<b>Balance at 1 April</b>	2,016	5,924	-	-
Total comprehensive income/(expense)				
- net exchange differences on translation	713	(2,510)	-	-
<b>Balance at 30 June</b>	2,729	3,414	-	-
<u>Asset revaluation reserve</u>				
<b>Balance at 1 April and 30 June</b>	40,570	40,570	-	-
<u>Minority interests</u>				
<b>Balance at 1 April</b>	498,335	495,549	-	-
Total comprehensive income/(expense)	13,346	(9,092)	-	-
Dividends paid by a subsidiary to minority shareholders	(4,224)	(2,816)	-	-
<b>Balance at 30 June</b>	507,457	483,641	-	-
<u>Total equity</u>				
<b>Balance at 1 April</b>	4,093,791	4,468,369	1,060,208	1,060,010
Total comprehensive income/(expense)	74,052	(356,351)	(15)	(173)
Dividends paid	(86,720)	(85,312)	(82,496)	(82,496)
<b>Balance at 30 June</b>	4,081,123	4,026,706	977,697	977,341

- 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>30.6.10</b>	<b>31.12.09</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 2009 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.**

	<b>Latest quarter</b>	<b>Previous quarter</b>
	<b>30.6.10</b>	<b>30.6.09</b>
Earnings/(Loss) per ordinary share		
(a) Based on the weighted average number of ordinary shares on issue		
- excluding fair value gain/loss on investment properties	12.3 cents	12.4 cents
- including fair value gain/loss on investment properties	14.5 cents	(83.6) cents
(b) <u>On a fully diluted basis</u>		
Diluted earnings/(loss) per share is the same as basic earnings/(loss) per share as the Company has not issued any options or warrants which would have a dilutive effect on earnings/(loss) 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>30.6.10</b>	<b>31.12.09</b>
Net asset value per ordinary share		
Group	\$8.66	\$8.60
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 2010 results with 2009

Revenue increased by \$58.5 million (68%) to \$144.2 million due to sales of The Trizon and The Excellency (Chengdu) residential property projects and higher revenue in Pan Pacific Singapore hotel, partially offset by lower rental income. Progressive revenue recognition of The Trizon and The Excellency amounted to \$53.5 million. Revenue in Pan Pacific Singapore hotel increased by \$6.9 million (34%) to \$27.6 million with higher room and F&B revenue. Gross rental income from investment properties at \$61.7 million was lower by \$1.8 million (3%) with lower rental and occupancy rates.

Excluding the Group's share of fair value gain on investment properties held by associated companies of \$5.6 million (2Q 2009: share of fair value loss of \$2.4 million), share of operating results of associated companies decreased by \$2.9 million (18%) to \$13.4 million due mainly to absence of the \$5.6 million contribution in 2Q 2009 from The Sixth Avenue Residences project (fully sold and completed in August 2009), partially offset by higher contributions from Mandarin Oriental and Marina Mandarin hotels (higher room and F&B revenue).

Based on valuations by independent professional valuers as at 30 June 2010 on the investment properties held by subsidiary companies, a fair value gain of \$10.1 million (2Q 2009: fair value loss of \$492.1 million) was credited to the income statement.

Minority interests' share of profit included a \$4.6 million share of the net fair value gain (2Q 2009: share of fair value loss \$15.8 million) on Marina Square, owned by Marina Centre Holdings which the Group has a 53% interest.

In summary, net profit from operations decreased by \$0.4 million (1%) to \$50.6 million. After adding the fair value gain on investment properties, net of deferred income tax and minority interests, of \$9.4 million (2Q 2009: fair value loss of \$395.7 million), the Group's overall results show a net attributable profit of \$60.0 million (2Q 2009: net loss of \$344.7 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 market has shown signs of improvement.

Despite the significant increase in retail space, the Singapore retail leasing market is expected to be relatively stable with rising consumer confidence and tourist arrivals.

**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/recommended, a statement to that effect.**

No dividend has been declared/recommended for the quarter ended 30 June 2010.

**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 2010 to be false or misleading in any material respect.

**BY ORDER OF THE BOARD**

Susie Koh  
Company Secretary  
6 August 2010